

Notice of Audit & Risk Committee Meeting



MEMBERSHIP

Cr Irena Zagladov (*Presiding Member*)

Cr Rob Unger

Mr Ross Haslam

(*Independent Member*)

Mr Daniel Edgecombe
(*Independent Member*)

Ms Deanne Bear

(*Independent Member*)

NOTICE is given pursuant to Sections 87 and 88 of the Local Government Act 1999 that the next AUDIT & RISK COMMITTEE MEETING will be held in the Civic Centre, 571 Montague Road, Modbury on WEDNESDAY 6 SEPTEMBER 2023 commencing at 6.30pm

A copy of the Agenda for the above meeting is supplied.

Members of the community are welcome to attend the meeting.

RYAN MCMAHON
CHIEF EXECUTIVE OFFICER

Dated: 01 September 2023

CITY OF TEA TREE GULLY

AUDIT & RISK COMMITTEE MEETING

6 SEPTEMBER 2023

AGENDA

1. Opening and Welcome

2. Attendance Record:

- 2.1 Present
- 2.2 Apologies
- 2.3 Record of Officers in Attendance
- 2.4 Record of Number of Persons in the Public Gallery
- 2.5 Record of Media in Attendance

3. Confirmation of Minutes of the Previous Meeting

That the Minutes of the Audit & Risk Committee Meeting held on 17 May 2023 and Special Meeting of Audit & Risk Committee held on 19 July 2023 be confirmed as true and accurate records of proceedings.

4. Public Forum

Available to the public to address the Committee on policy, strategic matters or items that are currently before the Committee. Total time 10 mins with maximum of 2 mins per speaker. For more information refer to Council's website www.cttg.sa.gov.au

5. Deputations

Requests from the public to address the meeting must be received in writing prior to the meeting and approved by the Presiding Member. For more information refer to Council's website www.cttg.sa.gov.au

6. Presentations

Requests to present to the meeting must be received in writing 5 days prior to the meeting and approved by the Presiding Member. For more information refer to Council's website www.cttg.sa.gov.au

7. Petitions - Nil

8. Declarations of Conflicts of Interest

Members are invited to declare any conflicts of interest in matters appearing before the Committee.

9. Adjourned Business - Nil

10. Motions Lying on the Table - Nil

11. Management Reports

Office of the Chief Executive Officer

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City Operations - Nil

Corporate Services - Nil

Community Services - Nil

Strategy & Finance

11.2 Internal Audit Report - Strategic Asset Management 21

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11.4 Audited Financial Statements 2022-2023..... 60

12. Motion(s) on Notice - Nil

13. Motion(s) without Notice

14. Question(s) on Notice - Nil

15.	Questions without Notice	
16.	Information Reports	
16.1	Internal Audit Agreed Actions Update	142
16.2	Council Insurance Policy and Premiums Analysis 2023-2024	155
16.3	Internal Audit Plan Status Update	159
17.	Status Report on Resolutions	
17.1	Status Report on Audit & Risk Committee Resolutions	161
18.	Other Business - emerging risks	
19.	Section 90(2) Local Government Act 1999 – Confidential Items - Nil	
	<i>A record must be kept on the grounds that this decision is made.</i>	
20.	Date of Next Ordinary Meeting	
	6 December 2023	
	A Special Audit & Risk Committee will be held on 11 October 2023	
21.	Closure	

RISK MANAGEMENT POLICY

Responsible Manager: Manager Corporate Governance

In accordance with the Audit and Risk Committee Terms of Reference, the revised Risk Management Policy is provided to the Audit and Risk Committee for consideration and endorsement for Council adoption.

Background

The Risk Management Policy was last reviewed in October 2020. In line with the policy review cycle, Corporate Governance undertook a scheduled review of the policy.

Discussion

Ordinarily a policy that has been reviewed would provide a 'marked up' copy which highlights any changes made. However, in this instance Corporate Governance undertook a significant review of the Risk Management Policy to clearly define the intent and application of risk management activities across the organisation.

The previous version of the policy duplicated the risk management principles defined in the Australian and international standard (AS ISO 31000:2018). While the new recommended policy still refers to the standard, it removes any duplication, and provides additional information on accountability for risk management across the organisation.

As a result of the review, the new version of the policy (Attachment 1) now:

- **defines Council's** approach to risk management in line with AS ISO 31000:2018 principles, framework and process
- documents risk types

- defines roles and responsibilities
- provides guidance and oversight for decision makers through:
 - formalised review and reporting structure
 - communication and consultation process.

The previous policy is provided as Attachment 2 for reference purposes.

Key stakeholders have been consulted as part of the policy review and development.

The Enterprise Risk Management Framework (framework) is currently being reviewed to support the revised policy. The framework will change, in title, to the Risk Management Procedure and will:

- detail risk management processes (step-by-step)
- provide relevant tools to undertake risk management activities.

The implementation of the revised policy and subsequent procedure will be supported by:

- departmental risk review workshops (facilitated by Corporate Governance)
- updated guidance tools available on the intranet
- training and awareness support from Corporate Governance.

RECOMMENDATION

That the Audit & Risk Committee Meeting recommends to Council:

That the “Risk Management Policy” as reviewed by the Audit & Risk Committee Meeting on 6 September 2023 be adopted.

Summary of changes		
Page No.	Heading	Comments
Nil	Nil	Whole policy changed, as outlined in above report

Attachments

1. [↓](#) Risk Management Policy - reviewed version for ARC September 20238
2. [↓](#) Risk Management Policy - Audit Committee - 30 September 202015

Risk Management Policy



1. PURPOSE

The purpose of this policy is to clearly define the intent and application of risk management activities across the organisation to mitigate risks and inform decision making in the delivery of Strategic and Organisational Plans.

This policy applies to all employees when undertaking risk management processes for strategic, organisational and departmental risks; and risks associated with new business opportunities and initiatives. This policy is supported by processes and tools documented in the Risk Management Procedure.

2. POLICY

The City of Tea Tree Gully is committed to managing risks and embracing opportunities in accordance with the *AS ISO 31000:2018 Risk management – Guidelines*.

This policy **integrates the City of Tea Tree Gully's** approach to risk management by:

- establishing a structured and consistent process to identify, analyse, evaluate, control, treat, monitor, review and report on risks
- enabling and informing staff on how to manage uncertainties, minimise impacts of potential adverse events and effectively leverage opportunities
- promoting risk awareness, continuous improvement and culture through the identification of responsibilities and integration of risk management processes
- providing oversight and assurance to Council allowing informed decision making.

2.1. Risk Types

Risks are categorised into four types:

- Strategic - risks associated with achieving strategic objectives that align with the Strategic Plan. These are external facing risks.
- Organisational - risks associated with achieving organisational objectives that align with the Organisational Plan. These are internal facing risks.
- Departmental - risks that impact on the achievement of an activity, process or system relating to a specific departmental objective.

- Program/Project and Event - risks relating to the delivery of a program, project or event.

Program, project and event risks are supported by this policy and governed in line with the Program Delivery Model, Project Management Framework, Major Events Policy.

Work Health and Safety risks are managed in accordance with the WHS and Return to Work Policy and Incident Reporting and Investigation Procedure.

2.2. Risk Management Process

The risk management process is consistent with the Australian and international standard and is supported by the Risk Management Procedure. The process provides a systematic approach and consists of the following key functions:

2.2.1. Risk Assessment

Risks assessments are conducted to:

- identify, analyse, evaluate and treat new and emerging risks or opportunities within the risk scope, context and criteria
- review existing risks to ensure assessments are accurate, taking into consideration progress and developments against controls and treatments.

The risk assessment matrix must be used to determine the consequence, likelihood and overall risk rating to ensure a consistent approach across all risk types.

2.2.2. Review and Report

Risks are formally reviewed, recorded, monitored and reported on based on the risk type, noting risks can be reviewed at any time.

Risk Type	Frequency	Review	Endorsement	Noting
Strategic and Organisational	Biannually	Executive Leadership Team (facilitated by Corporate Governance)	Executive Leadership Team	Audit and Risk Committee
Departmental	Biannually	Department Managers (in conjunction with relevant staff)	General Manager	Executive Leadership Team
Program, Project and Events	As per the requirements of Program Delivery Model and Project Management Framework.			

Corporate Governance prepare the formal reporting for all strategic, operational and departmental risks.

2.2.3. Consultation and Communications

Consultation and communication of risks will occur with relevant stakeholders throughout the risk management process to promote risk awareness and support informed decision making.

2.3. Training and Awareness

Corporate Governance are responsible for the provision of risk management training and awareness programs to:

- promote risk management awareness
- support and facilitate the risk review process
- ensure compliance with the policy and procedure.

2.4. Roles and Responsibilities

Roles and responsibilities are assigned to provide a governance structure to ensure accountability throughout the risk management process and support the achievement of Council objectives. The following roles and responsibilities have been defined:

Elected Members ('the Council')	<ul style="list-style-type: none"> • Review and endorse major changes to the Risk Management Policy • Ensure risks are adequately considered when setting Council strategies and objectives • Understand risks facing Council in pursuit of its objectives • Apply risk management principles to the decision making process
Audit and Risk Committee	<ul style="list-style-type: none"> • Review and recommend endorsement of the Risk Management Policy • Ensure implementation of adequate risk management systems and processes • Monitor strategic and organisational risk profiles • Review reports from auditors and monitor management of risks and opportunities
Chief Executive Officer	<ul style="list-style-type: none"> • Ensure the effective implementation of risk management throughout Council operations
Executive Leadership Team	<ul style="list-style-type: none"> • Review and endorse strategic and organisational risks register, including controls and treatments • Establish the risk appetite and tolerance • Ensure risk management process is followed • Endorse the escalation of risk types
Corporate Leaders	<ul style="list-style-type: none"> • Undertake departmental risk reviews to identify, manage and report risks • Monitor departmental risk registers, including the effectiveness of controls and progress against treatments

	<ul style="list-style-type: none"> • Actively engage staff in Council's risk identification and management practices
Corporate Governance	<ul style="list-style-type: none"> • Develop and review the risk management policy, procedure and supporting documentation • Provide risk management advice, support and training • Facilitate strategic, organisational and departmental risk reviews • Prepare risk management reports • Promote risk management and awareness
Employees	<ul style="list-style-type: none"> • Contribute to the identification, assessment and management of risks • Proactively identify risks and inform corporate leaders of potential risks as they arise

3. DEFINITIONS

For the purposes of this policy the following definitions apply:

Activities

Refers to all elements of Council's business operations and includes such functions as project planning, undertaking daily operations, providing services to the community, setting strategy and decision making.

Consequence

The outcome of an event that can have either a positive or negative effect on objectives.

Control

A measure taken to modify the risk. This can include any process, policy, device, practice or other actions to manage or modify the risk.

Council

Refers to the City of Tea Tree Gully, the organisation.

Employees

Refers to all Council staff, Elected Members, Committee Members, Contractors and Volunteers.

Executive Leadership Team

A group comprised of the CEO and general managers of the Council.

Likelihood

The chance and frequency of an event risk occurring.

Risk

Any uncertainty identified that has the potential to impact the Council's ability to achieve its objectives. These can be positive or negative and can result in opportunities or threats.

Risk appetite

The level of risk the organisation is willing to accept as tolerable and justifiable.

Risk assessment

The overall process of risk identification, analysis and evaluation.

Risk management

Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Procedure

A set of components that provide the foundations and organisational arrangements for risk management throughout an organisation.

Risk treatment

The process or action taken to modify the risk.

Strategic and Organisation Plans

Plans developed and adopted by the Council that formulates the **organisation's process of** defining its strategy in accordance with Section 122 of the Local Government Act 1999.

4. LEGISLATIVE FRAMEWORK

4.1 Relevant legislative requirements

This policy supports the relevant legislative requirements under the:

Local Government Act 1999

Section 125 of the Local Government Act 1999 specifies that a Council must ensure that appropriate policies, practices and procedures of Internal Controls are implemented and maintained to assist Council carry out its activities in order to achieve its objectives; to ensure adherence to management policies and to safeguard the council's assets.

Local Government (Financial Management) Regulations 2011

Regulation 14(e) of the Local Government (Financial Management) Regulations 2011 requires Internal Controls be implemented by Council and to provide assurance that its financial records are complete, accurate and reliable.

Work Health and Safety Act 2012

Council will develop safe work practices, identify risks and implement Control measures to safeguard its employees in accordance with this Act.

4.2 Other references

Council's document including:

- Risk Management Procedure
- Fraud and Corruption Policy
- Program Delivery Model
- Project Management Framework
- Major Events Policy
- WHS and Return to Work Policy
- Incident and Reporting Investigation Procedure

External document including:

- a. AS ISO 31000:2018 International Standard on Risk Management - Guidelines.

5. STRATEGIC PLAN/POLICY

5.1 Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this policy:

Objective	Comments
Leadership	
<i>Delivery of services is sustainable and adaptable</i>	Risk management assists in identifying risk drivers and impacts thus managing risks to an acceptable level will minimise Council's exposure to financial losses and safeguard its human, physical and intangible assets
<i>Decision making is informed, based on evidence and is consistent</i>	Understanding and managing risks enhances Council's ability to make better decisions, create value and deliver on its objectives

5.2 Organisation Plan

Our Strategic Plan is supported by the Organisation Plan which focuses on four key themes of organisational excellence. This policy supports all themes including Customer Care, Learning and Growth, Future Capability, and Sustainable Operations.

6. POLICY IMPLEMENTATION

This policy will be implemented by the Chief Executive Officer or relevant portfolio general manager **and managed in accordance with Council's scheme of delegations.**

Record number	D23/53205
Responsible Manager	Manager Corporate Governance
Other key internal stakeholders	General Manager Corporate Services General Manager Strategy & Finance Manager People & Capability Manager Project Management Office Manager Customer & Communications
Last reviewed	
Adoption reference	
Resolution number	
Previous review dates	13/10/20, 10/10/2017, 10/03/15, 15/1/14, 21/03/12, 19/01/10, 30/05/06, 25/02/03, 17/12/02
Legal requirement	N/A
Due date next review	2027
Delegations	

Risk Management Policy



Record number	D20/77449
Responsible Manager	Manager Governance and Policy
Other key internal stakeholders	Director Organisational Services & Excellence Manager Organisational Development
Last reviewed	13/10/2020
Adoption reference	Council
Resolution number	617
Previous review dates	10/10/2017, 10/03/15, 15/1/14, 21/03/12, 19/01/10, 30/05/06, 25/02/03, 17/12/02
Legal requirement	N/A
Due date next review	2023

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1. PURPOSE

Threat and opportunity influence every aspect of the City of Tea Tree Gully. Risk can be defined as **an 'effect of uncertainty on objectives'**. **Understanding the risks that the City of Tea Tree Gully is exposed to will enhance the ability to make better decisions and deliver on objectives as articulated in the Strategic and Organisational Plans 2025.**

The community, the public, Elected Members, the Chief Executive Officer and senior management expect us to take considered risks and harvest potential opportunities in developing and implementing high quality policy, delivering outstanding services or undertaking the daily operations of the Council.

This Policy articulates the City of Tea Tree Gully's commitment in managing risks to its people, community, its assets and all aspects of its operations with an aim to achieving the objectives set-out in its Strategic and Organisation Plans 2025.

The implementation of this policy will contribute to creating value and protection of the community, the public, Elected Members, stakeholders, the Chief Executive Officer and all employees.

2. POLICY

Council aims to achieve its objectives by utilising the discipline of Risk Management to:

- a. Manage risks, maximise opportunities and minimise negative outcomes
- b. **Integrate Risk Management into Council's management culture commensurate with its operations**
- c. Provide a practical framework to manage risks that is structured and comprehensive
- d. Minimise exposure to financial losses and safeguard its physical and intangible assets
- e. Assist decision makers at all levels to make good and proactive management decisions without exposing the Council to unacceptable levels of risk
- f. Ensure the risks are appropriately monitored, reviewed and reported
- g. Enhance governance and corporate management processes
- h. Provide a safe, positive and collaborative environment.

The ultimate objective is for Council to embrace Risk Management as a key management tool as a means of enhancing and creating value for its community, the public and its stakeholders through activities that are planned and carried out.

To realise the Risk Management objectives the Council will aim to apply the following principles in the management of risk:

2.1 Integrate Risk Management in all decision making and business processes

Embed and consistently apply Risk Management practices in strategy setting, decision making, service delivery and daily operational processes.

2.2 Apply risk management practices that are structured and dynamic

The Enterprise Risk Management Framework provides a dynamic, comprehensive and structured approach that is designed to contribute to efficient, consistent, comparable and reliable results.

2.3 Customise a risk management approach to suit the context

Risks to Council objectives should be identified and assessed at strategic, organisational, operational and project/program/event levels (i.e. the four levels of hierarchy of risk). At the operational and project/program/event level, the approach in managing risks should be aligned with business strategy and evolve with the changing context, events and knowledge. The frequency of reviewing the departmental risk profile or register should align with business planning and Individual performance plan review cycles.

2.4 Apply an evidence based approach in assessing and mitigating risks

It is important to understand risk drivers and impacts when assessing risks. This includes understanding how the identified risks influence the **Council's business, based on the evidence** gathered and the best available information, so that appropriate actions can be designed and implemented to mitigate or harvest the associated threats and/or opportunities.

2.5 Determine the Council's risk tolerance

It is important to understand the level of risk the Council is prepared to accept, before action is deemed necessary. This represents a balance between the potential benefits of innovation and the threats that change inevitably brings. All high and extreme risks must be managed with the **Council's risk appetite by implementing appropriate strategy.**

2.6 Adopt a transparent and inclusive process that articulates risk management responsibility

Risk management responsibilities should be clearly defined and communicated at all levels. Relevant stakeholders should be involved in the risk identification and analysis stages to ensure that risk management remains relevant and up-to-date. Risk profiles or registers should be adequately documented and consistently communicated to the relevant responsible officer or decision makers, i.e. CEO, Elected Members and Audit Committee.

2.7 Apply risk management practices to continuously improve City of Tea Tree Gully's operations

Portfolios and departments should strive to continuously improve its risk management culture and capabilities at all levels by endeavouring to improve the maturity of risk management from reactive to tactical, and ultimately to a strategic approach.

The Enterprise Risk Management Framework provides a platform to systematically apply the risk management principles, framework, and processes to the task of identifying and assessing risks, and for planning and implementing risk Controls.

3. DEFINITIONS

For the purposes of this policy the following definitions apply:

Activities

Refers to all elements of Council's business operations and includes such functions as project planning, undertaking daily operations, providing services to the community, setting strategy and decision making.

CEO

Refers to the Chief Executive Officer (including their delegate) of the City of Tea Tree Gully.

Council

Refers to the City of Tea Tree Gully, the organisation.

Risk Management

Coordinated activities to direct and control an organisation with regard to risk.

Enterprise Risk Management Framework

Refers to a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout an organisation. The foundations include the policy, objectives, mandate, leadership and commitment to manage risk.

Internal Control

As defined in accounting and auditing, is a process for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

Control

Any action taken to manage risk and increase the likelihood that established objectives and goals will be achieved – measure taken to modify the risk.

Strategic and Organisation Plans

Plans developed and adopted by the Council (which may take various forms) that formulates the **organisation's process of defining its strategy** Section 122 of the Local Government Act 1999 requires councils to develop plans and prescribes the frequency for their review.

4. LEGISLATIVE FRAMEWORK

4.1 Relevant legislative requirements

This policy supports the relevant legislative requirements under the:

Local Government Act 1999

Section 125 of the Local Government Act 1999 specifies that a Council must ensure that appropriate policies, practices and procedures of Internal Controls are implemented and

maintained to assist Council carry out its activities in order to achieve its objectives; to ensure adherence to management policies and to safeguard the council's assets.

Local Government (Financial Management) Regulations 2011

Regulation 14(e) of the Local Government (Financial Management) Regulations 2011 requires Internal Controls be implemented by Council and to provide assurance that its financial records are complete, accurate and reliable.

Work Health and Safety Act 2012

Council will develop safe work practices, identify risks and implement Control measures to safeguard its employees in accordance with this Act.

4.2 Other references

Council's document including:

- Enterprise Risk Management Framework
- Fraud and Corruption Prevention Policy
- Fees and Charges Register

External document including:

- AS ISO 31000:2018 International Standard on Risk Management - Guidelines.

5. STRATEGIC PLAN/POLICY

5.1 Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Leadership	
<i>Delivery of services is sustainable and adaptable</i>	Risk management assists in identifying risk drivers and impacts thus managing risks to an acceptable level will minimise Council's exposure to financial losses and safeguard its human, physical and intangible assets
<i>Decision making is informed, based on evidence and is consistent</i>	Understanding and managing risks enhances Council's ability to make better decisions, create value and deliver on its objectives

5.2 Organisation Plan

Our Strategic Plan is supported by an Organisation Plan which focuses on five key themes of organisational excellence. The themes most relevant to this report are: People and Leadership; Customers and community relations; Governance; Finance and systems, Continuous improvement

6. POLICY IMPLEMENTATION

This Policy will be implemented by the Chief Executive Officer or relevant portfolio director and managed in accordance with Council's scheme of delegations.

7. ACCESSIBILITY

This Policy and Council's Fees and Charges Register are available to be downloaded free of charge from Council's website: www.cttg.sa.gov.au

Hard copies, for a fee, can be provided in accordance with Council's Fees and Charges Register at Council's Civic Centre at 571 Montague Road, Modbury SA 5092.



REPORT FOR

AUDIT & RISK COMMITTEE MEETING

MEETING DATE

06 SEPTEMBER 2023

RECORD NO:

D23/55140

REPORT OF:

STRATEGY & FINANCE

TITLE:

INTERNAL AUDIT REPORT - STRATEGIC ASSET
MANAGEMENT

Item 11.2

PURPOSE

To consider the Strategic Asset Management internal audit undertaken by the Institute of Quality Asset Management including the report findings and agreed actions.

RECOMMENDATION

That the Audit & Risk Committee receives the report titled “Internal Audit Report – Strategic Asset Management” and dated 6 September 2023, and develops a project to manage the agreed actions detailed in Attachment 1.

1. BACKGROUND

The City of Tea Tree Gully is an asset intensive organisation that has developed a number of Asset Management Plans that guide the management and development of infrastructure and major assets. These plans are to be read in conjunction with **Council's Strategic Plan 2025 and other policy and planning documents such as Council's Asset Management Policy and Long-Term Financial Plan**. This audit was requested by Executive to guide a new approach to asset management planning and to provide an improvement plan to increase the reliability of our plans.

2. DISCUSSION

Council engaged the Institute of Quality Asset Management to conduct an internal audit of its approach to strategic asset management planning. The internal audit included considerations of the following areas:

1. Assessing the ability for current Asset Management Plans to sufficiently inform and guide current and future (forward looking) decision making across asset classes and in line with strategic plans and policies, **in order to inform Council's Annual Business Plan and Long-Term Financial Plan**
2. Review the role of Asset Management Plans in relation to asset strategy and planning, asset creation and acquisition, asset operations, asset maintenance and asset renewal and disposal (in context of strategic asset management only, across each asset class)
3. Evaluating the level of integration of asset management within and across the business
4. Identifying key asset classes not covered by Asset Management Plans and those asset classes more predisposed to strategic change, risk or of high impact to the community
5. Evaluating the use of data in informing the decision-making process
6. Identifying opportunities for implementing best practice and other improvements to improve predictive forecasting of assets.

The outcomes/outputs proposed for the internal audit included:

1. Provide assurance that Asset Management Plans are being used to inform **strategic decisions about asset management in order to achieve Council's** strategic objectives
2. Provide recommendations on what the next iteration of Asset Management Plans/strategies should include and look like
3. Provide recommendations for future strategic asset management planning processes that will ensure ongoing integration and connectivity between asset classes and other areas of the business

4. Recommend further enhancements to align strategic management of assets to best practice
5. Provide a roadmap for prioritising these recommendations.

Internal Audit Report

The key audit findings have been summarised below:

Reference	Description	Risk rating
1	The organisation lacks an asset management strategy to inform decision making	High
2	There is a lack of direction within the organisation with regards to Asset Management	High
3	Asset lifecycle and maintenance planning is ineffective	High
4	An appropriate level of asset management awareness, communication and support is not apparent	High
5	A lack of consideration as to the magnitude of change required in the business	High
6	Asset Management is primarily focused from a financial perspective rather than from a physical asset perspective and there is a lack of key performance monitoring and assurance in relation to asset management	Medium
7	Continuous improvement processes and assurance are not clearly identified	Medium

The Audit findings and recommendations are aligned with Council's understanding of the current status and maturity level of the Asset Management system and processes. While much has been achieved in developing a platform for robust Asset Management over recent years, the outcomes substantiate the commissioning of this Audit Report with the recommendations providing acknowledgement of the need to elevate the level of Asset Management to a greater level of sophistication.

Generally, the Audit & Risk Committee monitors delivery of any actions arising out of an internal audit as prescribed in Attachment 1. However, in this case Council has agreed to consider these actions holistically. Therefore, Council agreed to develop a specific asset management project using our Project Management Framework to ensure:

- actions are prioritised and resourced
- appropriate staff are consulted
- consideration is given to work currently being undertaken across the organisation
- provision of oversight and governance of the project as a whole.

On this basis, Council has not allocated responsibility and timing of individual actions as this will be considered as part of the project planning and development.

3. FINANCIAL

The internal audit was undertaken in accordance with the annual budget allocated to ensure delivery of the Internal Audit Plan. The total cost of this audit was \$36,317 (GST included) and was invoiced entirely to the 2022-23 budget.

4. STRATEGIC OBJECTIVES

Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Leadership	
<i>Planning considers current and future community needs</i>	An effective Asset Management Plan/s allow Council to guide current and future decision making to inform documents such as Council's Annual Business Plan and Long-Term Financial Plan.
<i>Decision making is informed, based on evidence and is consistent</i>	A Strategic Asset Management Plan/Framework, Asset Management Policy and Asset Management Plan will enable Council to make informed asset management decisions.

Policies / Strategies

The following policies are relevant to this report:

- [Asset Management Policy](#)
- [Asset Capitalisation Policy](#)
- [Asset Revaluation Policy](#)
- [Financial Sustainability Policy](#)
- [Land Division Infrastructure and Open Space Management Policy](#)
- [Disposal of Land and Assets and Acquisition of Land Policy](#)
- [Risk Management Policy](#)

5. LEGAL

There are no legal implications in the consideration of this report.

6. RISK – IDENTIFICATION AND MITIGATION

This internal audit contributes to Council's risk management process by identifying any potential gaps and improvement opportunities in our current approach to strategic asset management planning. Any agreed actions from the findings will work toward mitigating the level of risk to Council in relation to this topic and will ensure our processes and systems are further refined.

7. ACCESS AND INCLUSION

The internal audit report identifies integration and connectivity between asset classes and other areas of business, such as the Disability Access and Inclusion Plan (DAIP).

8. SOCIAL AND COMMUNITY IMPACT

Any actions and/or improvement opportunities arising from the internal audit have been agreed with the relevant internal stakeholders. No community engagement has been undertaken in relation to this report.

9. ENVIRONMENTAL

There are no environmental implications in consideration of this report.

10. ASSETS

Assets have been considered as part of this internal audit report.

11. PEOPLE AND WORK PLANS

The project plan for the delivery of the agreed actions will identify the adequate resources and prioritisation of actions.

12. COMMUNITY AND STAKEHOLDER ENGAGEMENT

No community engagement has been undertaken, noting that internal stakeholders were involved in the development of this report.

13. COMMUNICATIONS OF COUNCIL DECISION

No communication of decisions is required at this stage.

14. INTERNAL REPORT CONSULTATION

The following corporate leaders have been included in the consultation process in the preparation of this report:

Name	Position	Consulted about
Justin Robbins	General Manager Strategy & Finance	Attachment 1 – Internal Audit Report
Felicity Birch	General Manager City Operations	Attachment 1 – Internal Audit Report
Gabby D'Aloia	Manager Technical & Engineering Services	Attachment 1 – Internal Audit Report
Ingrid Wilkshire	Manager City Strategy	Attachment 1 – Internal Audit Report

Attachments

1. Internal Audit Report - Strategic Asset Management	27
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Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Justin Robbins General Manager Strategy & Finance	8397 7444
Ryan McMahon Chief Executive Officer	8397 7297

City of Tea Tree Gully

Strategic Asset Management Review

August 2023



Prepared by Dave Daines, Senior Consultant on behalf of



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Distribution for Action:	Distribution for Information
Justin Robbins, General Manager Strategy & Finance	Alexandra Pukallus, Coordinator Risk & Audit
Felicity Birch, General Manager City Operations	
Ingrid Wilkshire, Manager City Strategy	
Gabby D'Aloia, Manager Technical & Engineering Services	



EXECUTIVE SUMMARY

This executive summary provides an overview of the Strategic Asset Management Review conducted on City of Tea Tree Gully for the Assets & Environment group. The review aimed to assess the effectiveness of Asset Management Plans in informing strategic decisions, provide recommendations for the next iteration of Asset Management Plans/strategies, and enhance the integration and connectivity between asset classes and other areas of the business. The report also focused on aligning asset management practices with best practices and prioritizing recommendations for implementation.

The evaluation of the organisation's asset management practices reveals several critical shortcomings that require immediate attention. Firstly, the Strategic Plan 2025 fails to serve as a proper Strategic Asset Management Plan (SAMP) and overlooks the essential AM Objectives. Additionally, there is a significant deficiency in having a specific SAMP structured above the Asset Management Plans, and the scope and boundary of the AM system lack clarity in relevant documents.

Despite periodic customer and stakeholder requirement reviews, the Levels of Service within the Asset Management Plans require further evaluation to adapt to changing usage demands. Inaccuracies in the existing Asset Management Plans, such as the absence of a Fleet Asset Management Plan and insufficient identification of Parks, pose challenges in effective asset management.

While the organisation demonstrates pockets of good practice in AM Plan development, a clear end-to-end management system approach is lacking, hindering comprehensive implementation throughout the organisation. Asset management primarily focuses on financial aspects, neglecting the physical aspect of assets. The absence of an adequate SAMP that aligns with the Strategic Plan further exacerbates the situation.

Addressing these findings is imperative to establish an effective overarching Asset Management framework aligned with organisational objectives. Recommendations include revising the Strategic Plan, developing a comprehensive SAMP, defining the AM system scope, and enhancing Levels of Service evaluation. Additionally, internal audit system implementation, better communication, and stakeholder engagement are crucial for fostering proactive asset management and achieving strategic goals. The organisation must act promptly to optimise asset performance and value.

Potential Value Realization: The present expenditure on operations and maintenance across the City of Tea Tree Gully is approximately \$25 million per year. Studies in the utility industry indicate potential savings of 2% to 7% of work to be executed through the implementation and application of an asset management approach, with an industry average of 2.5%. Applying the industry average, City of Tea Tree Gully could realise savings of approximately \$625,000 per year, which can be reinvested back into the community



1.0 CONTEXT & BACKGROUND

The City of Tea Tree Gully is undergoing a major change in relation to its approach to asset management. This is being driven from a top down (organisational change) and a bottom up (introduction of new Maintenance Management System) approach. Opportunity exists to significantly change the way asset management is delivered within the organisation to realise benefits across several aspects.

The purpose of this report is to frame and plan the future development of the asset management program within CTTG and ultimately improve the value derived from the investment made in the ratepayers' assets.

The review aims to achieve the following outcomes:

Assuring Strategic Decision-Making: Ensure that Asset Management Plans are effectively used to inform strategic decisions aligned with the Council's strategic objectives.

Next Iteration of Asset Management Plans: Provide recommendations for the content and structure of the next iteration of Asset Management Plans/strategies to improve their efficacy.

Integration and Connectivity: Recommend future strategic asset management planning processes that promote ongoing integration and connectivity between asset classes and other areas of the business, such as the Disability Access and Inclusion Plan (DAIP) and Precinct Plans.

Alignment to Best Practice: Identify further enhancements to align the strategic management of assets with industry best practices, ensuring the City of Tea Tree Gully stays at the forefront of asset management excellence.

Roadmap for Prioritization: Provide a roadmap for prioritizing the identified recommendations, enabling efficient and effective implementation of improvements.

The City of Tea Tree Gully's asset management review is recognised as a critical step towards optimizing the organisation's approach to asset management. By ensuring Asset Management Plans align with strategic objectives, promoting integration and connectivity, and implementing best practices, the city will be able to maximize the value derived from its assets and enhance the overall well-being of the community.

Asset Management is defined as the co-ordinated activity of an organisation to realise value from its assets, noting that the realisation of value will be from the balancing of cost, risk, and performance (benefits) over the life cycle of the assets.

The Asset Management Standard, ISO 55001 stipulates the minimum requirement for an Asset Management System whereas documents such as the GFMAM AM Landscape and the IPWEA "International Infrastructure Management Manual" provide the details on how to do asset management



2.0 SUMMARY OF REVIEW FINDINGS

The following findings and performance improvement observations were identified during the review. Full details of each of the findings, recommendations and agreed Management actions may be found in Section 3

The Internal Audit findings have been risk assessed using the CTTG Risk Assessment Matrix



Ref #	Description of internal audit findings and recommendations	Rating of internal audit findings
1	The organisation lacks an asset management strategy to inform decision-making.	High
2	There is a lack of direction within the organisation with regards to Asset Management	High
3	Asset lifecycle and maintenance planning is ineffective	High
4	An appropriate level asset management awareness, communication & support is not apparent	High
5	A lack of consideration as to the magnitude of change required in the business.	High
6	Asset Management is primarily focused from a financial perspective rather than from a physical asset perspective and there is a lack of key performance monitoring and assurance in relation to asset management	Medium
7	Continuous improvement processes and assurance are not clearly identified	Medium



3.0 INTERNAL AUDIT FINDINGS

Finding 1 – Lack of asset management strategy to inform decision-making. (ISO 55001:2014 Section 4 Context of the Organisation)		High
Observations	Recommendation(s)	Agreed Management Action(s)
<p>Reviewing the Strategic Plan 2025, it becomes evident that it falls short of serving as a proper Strategic Asset Management Plan (SAMP), failing to fulfil its intended purpose. Moreover, the AM Objectives remain overlooked in both the Strategic Plan 2025 and the AM Policy.</p> <p>Furthermore, there appears to be a significant deficiency in having a specific Strategic Asset Management Plan structured above the Asset Management Plans. While relevant stakeholders have been identified, the absence of a clear definition for the scope and boundary of the AM system in any particular document is concerning.</p> <p>Despite the existence of processes for periodic review of customer and stakeholder requirements, it is apparent that the Levels of Service within the Asset Management Plans necessitate further evaluation and adaptability to meet the ever-changing usage demands. Although the existing Asset Management Plans contain scope and boundary information, they exhibit inaccuracies, such as the lack of a Fleet Asset Management Plan and insufficient identification of Parks within the Open Spaces Asset Management Plan.</p> <p>Although the organisation demonstrates pockets of good practice, particularly concerning the development of AM Plans, a clear end-to-end management system approach is notably lacking. This shortcoming hampers the comprehensive implementation of Asset Management throughout the organisation.</p> <p>Additionally, the present focus of Asset Management leans heavily toward the financial aspect, overlooking the importance of considering the physical aspect of assets. Moreover, there is a notable absence of an existing Strategic Asset Management Plan (SAMP) that fulfils the necessary requirements, and the AM Objectives fail to align with the current Strategic Plan effectively.</p> <p>Addressing these audit findings becomes imperative to establish an effective and comprehensive Asset Management framework that fully aligns with the organisational objectives, engages stakeholders, clearly defines the scope, ensures accurate Levels of Service, and strikes a proper balance between financial and physical asset considerations. By rectifying these gaps, the organisation can position itself to proactively manage its assets and optimize their value in pursuit of strategic goals</p>	<ol style="list-style-type: none">Develop a Comprehensive Strategic Asset Management Plan (SAMP): The organisation should create a dedicated and well-structured Strategic Asset Management Plan (SAMP) that specifically addresses the management of assets in alignment with the strategic goals of the organisation. The SAMP should outline clear objectives, strategies, and action plans for effective asset management throughout the organisation.Integrate AM Objectives into Strategic Plan and AM Policy: To ensure seamless coordination between strategic planning and asset management, the AM Objectives must be integrated into both the Strategic Plan 2025 and the AM Policy. This alignment will help ensure that asset management initiatives directly contribute to the organisation's overall strategic objectives.Establish Clear Scope and Boundary for AM System: A specific and well-defined scope and boundary for the Asset Management (AM) system should be documented in a dedicated document. This will provide a clear understanding of what assets are included in the management framework and help avoid any ambiguities or overlaps.Enhance Levels of Service: Review Periodic review of the Levels of Service within the Asset Management Plans is crucial to meeting the changing demands of asset usage. The organisation should establish a systematic process to monitor, evaluate, and update the Levels of Service as required.Address Inaccuracies in Asset Management Plans: The existing Asset Management Plans should be revised to rectify inaccuracies, such as the absence of a Fleet Asset Management Plan and inadequate identification of Parks within the Open Spaces Asset Management Plan. This will ensure a comprehensive and accurate representation of all assets under management.Implement End-to-End Management System Approach: To facilitate the comprehensive implementation of Asset Management, the organisation should adopt an end-to-end management system approach. This involves integrating asset management practices across all stages of the asset lifecycle, from planning and acquisition to disposal and renewal.Achieve Balance between Financial and Physical Asset Considerations: The organisation should recognize the significance of both the financial and physical aspects of assets in the Strategic Asset Management framework. Emphasizing only the financial aspect can lead to inadequate consideration of asset condition and performance, which may impact long-term sustainability.Engage Stakeholders in the Asset Management Process: Engaging stakeholders, including employees, customers, and communities, in the asset management process is vital for its success. Regular communication and involvement of stakeholders will help gather valuable insights, enhance support, and improve decision-making.	<ol style="list-style-type: none">1.1. Develop a Strategic Asset Management Plan/Framework (SAMP) to ensure:<ul style="list-style-type: none">alignment and integration with the asset management objectives and strategyrecognition of the financial and physical aspects of assets.1.2. Revise the Asset Management Policy to:<ul style="list-style-type: none">clearly document roles and responsibilitiesdefine asset managementestablish leadership, governance and oversight of asset management and performanceensure alignment with the Strategic Asset Management Plan (including asset management objectives, strategy and plans)refer to ISO 55001 Asset Management Standard as a guide.1.3. Continue to develop an Asset Management System (i.e. TechOne) that is suitably resourced and with a clear scope and define boundaries.1.4. Develop a Plant and Fleet Asset Management Plan.1.5. Review and update existing Asset Management Plans in line with the:<ul style="list-style-type: none">Strategic Asset Management Plan (new)Asset Management Policy (revised)Asset Management System (new).Asset Management Plans identify:<ul style="list-style-type: none">a horizonactivities to address identified risks and opportunities for specific assetsresources required to conduct the activities identifiedperiodic reviews of Levels of Service.the necessary roles and responsibilities to conduct the activities identifieda timeframe for activitiesdetails of funding and other financial implications.a priority (significance / criticality) based on their impact on the achievement of asset management objectives.



Finding 2 – Lack of direction in organisation with regards to Asset Management (ISO 55001:2014 Section 5 Leadership)		High
Observations	Recommendation(s)	Agreed Management Action(s)
<p>During the assessment of the organisation's asset management practices, several shortcomings become apparent. Firstly, the Strategic Plan overlooks any mention of assets or asset management, indicating a significant gap in acknowledging the strategic importance of managing assets effectively.</p> <p>Moreover, the absence of a dedicated Asset Management Policy and an outdated AM Strategy contributes to the lack of familiarity within the organisation regarding asset management practices. The language used in asset management is not well understood, leading to potential communication and comprehension issues among stakeholders.</p> <p>The linkages between AM Objectives and organisational goals exhibit weakness, and there is a notable absence of associated metrics to measure progress and performance. Additionally, accountability and responsibilities for asset management remain unclear at the management level, and key artifact documents lack senior leadership endorsement. Roles and responsibilities throughout the organisation are also poorly defined.</p> <p>Although an AM Policy exists, it is incorrectly linked to the Organisation Plan instead of the more appropriate Strategic Plan, and it only addresses AM Objectives through the leadership subset, neglecting other critical objectives.</p> <p>Assets are defined based on the AASB rather than conforming to the internationally recognised ISO 55001 Asset Management Standards. As a result, key documents lack clear definitions and articulations of asset management and an asset management system.</p> <p>The AM Policy emphasizes involving all council employees in asset management and mentions the review and update of Asset Management Plans in relation to the budget adoption. However, roles and responsibilities between central Asset Management and Operations remain ambiguous, and the concept of the asset owner is not well understood.</p> <p>Despite ongoing improvement and restructuring initiatives driven by senior management, asset management primarily falls under the domain of the Finance group through the Asset Management Plans and the Long-Term Financial Plan (LTFP). Unfortunately, the presence of a comprehensive AM System and a Strategic Asset Management Plan (SAMP) is lacking, and the Strategic Plan inadequately addresses asset management.</p> <p>Furthermore, limited evidence exists of a well-defined AM System and its alignment with the ISO Standard. It remains uncertain whether sufficient authority has been granted for asset management, as individuals seem to have taken on tasks based on personal initiative rather than established protocols.</p>	<ol style="list-style-type: none">Develop a Comprehensive Asset Management Strategy: The organisation should formulate a dedicated Asset Management Policy and update the existing AM Strategy to align with current best practices and international standards like ISO 55001. This will foster familiarity and understanding of asset management practices throughout the organisation.Integrate Asset Management into the Strategic Plan: The Strategic Plan must be revised to explicitly recognize the strategic importance of managing assets effectively. Including asset-related objectives and strategies will ensure alignment between asset management and organisational goals.Strengthen Linkages between AM Objectives and Organisational Goals: The organisation should establish clear and measurable linkages between AM Objectives and broader organisational goals. By defining associated metrics to measure progress and performance, stakeholders can better comprehend the significance of asset management in achieving overall objectives.Enhance Accountability and Define Roles: Clear accountability and well-defined roles for asset management should be established at the management level. Key artifact documents should also receive senior leadership endorsement to ensure commitment and adherence to asset management principles. Roles and responsibilities between central Asset Management and Operations need clarification to avoid ambiguities and streamline decision-making processes. Establishing a clear concept of the asset owner will also promote accountability and ownership of assets.Link AM Policy to the Strategic Plan: The AM Policy should be appropriately linked to the Strategic Plan, rather than the Organisation Plan, to ensure a more relevant and strategic approach to asset management. Moreover, the policy should address all essential objectives, not just those related to leadership.Adopt ISO 55001 Asset Management Standards: Aligning asset definitions with internationally recognised ISO 55001 Asset Management Standards is crucial. This will provide clear and standardized definitions of asset management and an asset management system, facilitating better understanding and implementation.Empower Asset Management with Sufficient Authority: Ensure that asset management receives sufficient authority and support within the organisation. This will encourage individuals to follow established protocols and guidelines, leading to better coordination and compliance with asset management practices.Foster Continuous Improvement and Training: Promote ongoing improvement initiatives and training programs for asset management. This will enhance understanding and proficiency in asset management practices, enabling staff to make informed decisions and contributions to the organisation's strategic goals.	<p>2.1. As per 1.1</p> <p>2.2. As per 1.2</p> <p>2.3. Develop training and awareness initiatives, such as:</p> <ul style="list-style-type: none">an awareness program for Asset Management to highlight the value of each individual's role in achieving asset management objectives. This should be extended to suppliers and outsources activities.Asset Management Training (different levels for different roles) to improve awareness & competencystakeholder engagement and communication. <p>2.4. Consider how to link the Strategic Asset Management Plan/Framework to the Strategic Plan 2030.</p>



Finding 3 – Asset lifecycle and maintenance planning is ineffective (ISO 55001:2014 Section 6 Planning)		High
Observations	Recommendation(s)	Agreed Management Action(s)
<p>Upon evaluation, it is evident that maintenance strategies are still in the developmental stages, with no established strategies currently in place. Additionally, a central asset management approach is notably absent, leaving a void in coordinated asset management efforts.</p> <p>The alignment between asset cost requirements and budgets is poor, resulting in inadequate understanding and consideration of the risks associated with neglecting necessary activities. The focus on risk appears to be primarily centered around health, safety, and environmental (HSE) aspects, while other critical risks may be overlooked.</p> <p>An apparent gap exists between asset management objectives and the business plan, with no clear connection established. Furthermore, the asset objectives themselves lack well-defined parameters, and there is a lack of means to measure performance against these objectives effectively.</p> <p>The overall condition of the asset base remains poorly understood, indicating a lack of comprehensive data and insights into asset health and performance.</p> <p>Although the asset management policy mandates the review and update of Asset Management Plans (AMPs) after the annual budget adoption, these plans are not actively utilised as working documents. Budgeting follows a top-down approach rather than being informed by the content of the AMPs, which should ideally provide a bottom-up perspective.</p> <p>The AMPs are limited in scope, spanning only ten years, and fail to provide a comprehensive life cycle view of assets. Moreover, they do not align adequately with the long-term Financial Plan (LTFP), contributing to disjointed asset management practices.</p> <p>Notably, there is no specific asset management plan tailored for the fleet, which comprises 170 road-registered vehicles and a total of 957 assets. The absence of a dedicated fleet management plan raises concerns about the efficient utilisation and maintenance of these critical assets.</p> <p>The primary focus of the AMPs revolves around capital expenditure (CAPEX), neglecting the consideration of total expenditure (TOTEX), which encompasses both CAPEX and operating expenditure (OPEX). This myopic approach may lead to inefficiencies in overall asset management costs.</p>	<ol style="list-style-type: none">Develop Comprehensive Maintenance Strategies: Immediate attention should be given to the development of comprehensive maintenance strategies for all assets. These strategies should outline proactive and preventive maintenance plans, considering asset condition, performance, and criticality.Establish a Central Asset Management Approach: The organisation must develop a central asset management approach that aligns with organisational goals and provides a cohesive framework for coordinated asset management efforts.Improve Alignment between Asset Cost Requirements and Budgets: Efforts should be made to enhance the alignment between asset cost requirements and budgets. This can be achieved by conducting thorough cost-benefit analyses, considering asset risks, and prioritizing necessary activities to allocate budgets more effectively.Broaden Focus on Asset Risks: While health, safety, and environmental risks (HSE) are important, the organisation should also assess and address other critical risks, such as operational, technological, and compliance risks, to ensure a comprehensive risk management approach.Define parameters for Asset Objectives and Performance Measurement: The organisation should establish well-defined parameters for asset objectives and develop appropriate metrics to measure performance against these objectives. This will enable informed decision-making and continuous improvement in asset management practices.Enhance Data Collection and Insights into Asset Condition: To gain a better understanding of the asset base, comprehensive data collection and analysis are essential. Implementing modern asset management systems and tools can provide valuable insights into asset health and performance.Utilize Asset Management Plans (AMPs) as Working Documents: To leverage the full potential of AMPs, they should be actively utilised as working documents. Integrating AMPs into the budgeting process will ensure a bottom-up approach and better alignment of asset management efforts with budget allocation.Expand Scope and Alignment of AMPs: AMPs should be extended beyond a limited 10-year scope to incorporate a comprehensive life cycle view of assets. Additionally, aligning AMPs with the long-term Financial Plan (LTFP) will foster a more cohesive and strategic asset management approach.Develop a Specific Fleet Management Plan: Considering the significance of the fleet comprising 170 road-registered vehicles and 957 assets, a dedicated fleet management plan is crucial. This plan should address fleet-specific maintenance, utilization, and performance considerations.Adopt a Total Expenditure (TOTEX) Approach in AMPs: To optimize asset management costs, AMPs should adopt a Total Expenditure (TOTEX) approach, incorporating both capital expenditure (CAPEX) and operating expenditure (OPEX) considerations. This holistic approach will result in more efficient and cost-effective asset management practices.	<p>3.1 Develop Comprehensive Maintenance Strategies of assets including:</p> <ul style="list-style-type: none">proactive and preventive maintenance plansconsideration of asset condition, performance, and criticality, to determine asset risk and prioritise necessary activities to allocate budgets more effectively.Investigate options to collect data in relation to asset condition. <p>3.2 As per 1.4</p> <p>3.3 As per 1.5</p>



Finding 4 – An appropriate level asset management awareness, communication & support is not apparent (ISO 55001:2014 Section 7 Support)		High
Observations	Recommendation(s)	Agreed Management Action(s)
<p>During the evaluation, it becomes evident that key resources are lacking in crucial areas, particularly in the support function for asset management. While the execution of work has sufficient resources, the upcoming implementation of the Centralised Maintenance Management System (Tech1) and the need for strong work management practices will impose additional demands on the organisation.</p> <p>Presently, there is no clear organisational structure in place for asset management across the business, though some progress is being made in this area. Establishing a contract management process is imperative to ensure competency, particularly in asset management knowledge, and defining the required competencies for staff is essential. Unfortunately, no evidence of a skills/knowledge analysis conducted on personnel is available.</p> <p>Asset management remains poorly understood within the business, and it is uncertain if the future of asset management has been effectively communicated. While some management may comprehend the AM Strategy, this understanding has not permeated lower levels of the organisation. The outcomes of asset management within the business are not well understood, aside from direct customer feedback. The AM Policy emphasizes fostering an environment where all council employees play a role in enhancing overall asset management awareness throughout the council.</p> <p>Impending changes within the organisation need to be effectively communicated to all stakeholders, as this is crucial for raising awareness and successful change management. However, it remains unclear if the future of asset management has been sufficiently communicated within the business. The absence of a complete Stakeholder Engagement Plan with an associated Communications Plan further compounds the challenge of promoting asset management awareness across the business. The language of asset management is not clearly understood within the operational context, contributing to a low level of asset management awareness.</p>	<ol style="list-style-type: none">1. Address Resource Gaps in Support Function: The organisation should prioritize the allocation of key resources in crucial areas, particularly in the support function for asset management. Adequate resources must be secured to ensure the successful implementation of the upcoming Centralised Maintenance Management System (Tech1) and to meet the demands of strong work management practices.2. Develop a Clear Organisational Structure for Asset Management: Establishing a clear and well-defined organisational structure for asset management is crucial. Roles, responsibilities, and reporting lines should be outlined to promote accountability and streamline asset management efforts throughout the business. (Related to 2.4)3. Implement Contract Management Process for Competency Assurance: The organisation should implement a contract management process to ensure competency, particularly in asset management knowledge, for staff involved in asset-related activities. Defining required competencies and conducting skills/knowledge analysis on personnel will help identify gaps and facilitate targeted training initiatives.4. Develop a Comprehensive Stakeholder Engagement and Communications Plan: To promote awareness of impending changes and asset management practices, the organisation should develop a comprehensive Stakeholder Engagement Plan and an associated Communications Plan. These plans should outline targeted communication strategies to engage stakeholders effectively and promote asset management awareness across the business. (Related to 1.8)5. Enhance Clarity of Asset Management Language: Efforts should be made to ensure that the language of asset management is clear and well understood within the operational context. This can be achieved through regular training, workshops, and clear communication materials, helping bridge the gap in asset management awareness.6. Promote a Culture of Asset Management Awareness: The AM Policy's emphasis on involving all council employees in enhancing asset management awareness should be actively promoted. By fostering a culture of asset management awareness, all stakeholders will understand the importance of their roles in supporting effective asset management practices.7. Monitor Progress and Continuously Improve: Regular monitoring and evaluation of asset management practices should be conducted to assess progress and identify areas for improvement. Feedback from stakeholders and lessons learned from implementation can inform continuous improvement initiatives.8. Develop Technical Management Plans: Management Plans for Technical Data Documents and Information Management are required. The development of Engineering Blueprints for assets should be considered.	<p>4.1. As per 1.3</p> <p>4.2. Undertake a skills assessment of staff involved in managing assets and identify training needs.</p> <p>4.3. As per 2.3</p> <p>4.4. Consider development of technical data documents for critical assets.</p>



Finding 5 – Lack of consideration as to the magnitude of change required in the business (ISO 55001:2014 Section 8 Operations)		High
Observations	Recommendation(s)	Agreed Management Action(s)
<p>Asset management plans have been established, and the asset register is complete with attribute data, indicating a proactive approach to managing assets. The organisation is currently testing a new work management process in one area, with plans for implementation throughout the entire organisation, adopting a no work order / no work approach to enhance efficiency and resource allocation. However, the integration of Salesforce (Customer Management System) with Tech 1 (Maintenance Management System) is still pending, potentially presenting coordination challenges in the future.</p> <p>The management of change process is lacking robustness, relying primarily on paper transactions. Given the upcoming major changes, it is crucial to implement a more rigorous change management process to ensure smooth and successful transitions, avoiding potential disruptions and resistance from stakeholders.</p> <p>Notably, the organisations handling outsourced activities seem unaware of CTTG's (organisation name) objectives. To ensure seamless alignment, maintenance activities carried out by outsourced parties must be regularly updated in the Maintenance Management System. This step will help enhance visibility and tracking of outsourced maintenance activities, promoting consistency and alignment with organisational objectives.</p>	<ol style="list-style-type: none">1. Expedite Integration of Salesforce with TechOne: To address potential coordination challenges, the organisation should prioritize the integration of Salesforce (Customer Management System) with Tech 1 (Maintenance Management System). This will enable seamless data sharing and improve communication between customer management and maintenance activities, enhancing overall efficiency and service delivery.2. Strengthen Change Management Process: In preparation for the upcoming major changes, the organisation should establish a more robust change management process. This process should include clear guidelines, communication plans, and stakeholder engagement strategies to ensure smooth transitions, minimize disruptions, and mitigate resistance from stakeholders.3. Establish Regular Updates for Outsourced Maintenance Activities: To maintain consistency and alignment with organisational objectives, the organisation should implement a system for regular updates of maintenance activities carried out by outsourced parties in the Maintenance Management System. This will enhance visibility, tracking, and accountability, ensuring outsourced activities are in line with organisational priorities.4. Monitor and Evaluate Work Management Process Testing: While testing the new work management process, the organisation should closely monitor its effectiveness in the pilot area. Gathering feedback from stakeholders and employees involved in the testing will provide valuable insights for further refining the process before full implementation.	<p>5.1. Investigate the integration of Salesforce with TechOne to centralize asset maintenance programs.</p> <p>5.2. Develop a change management plan to support with the implementation of the new asset management policy, strategy and systems, including the evaluation of new processes.</p>



Finding 6 – Asset Management is primarily focused from a financial perspective rather than from a physical asset perspective and there is a lack of key performance monitoring and assurance in relation to asset management (ISO 55001:2014 Section 9 Performance Evaluation)		Medium
Observations	Recommendation(s)	Agreed Management Action(s)
<p>Asset condition reporting within the organisation is currently inadequate, lacking the necessary metrics and key performance indicators (KPIs) to provide a comprehensive view of asset health and performance. The prevalence of short-term decision-making can be attributed to ongoing changes, and strategy reviews are neglected, potentially hindering effective long-term planning.</p> <p>The long-term Capital Plan has a 10-year outlook, providing some visibility into future asset needs. However, while the state of assets is understood in most areas, there is a notable absence of documented condition reporting to a governance body, indicating a gap in formal reporting and accountability. Furthermore, asset condition levels are not well comprehended in certain areas, potentially leading to suboptimal asset management practices.</p> <p>The organisation relies on third-party audits to gain insights into asset management practices, highlighting the need for a robust internal audit system. Implementing a strong internal audit process will facilitate continuous improvement efforts, fostering a culture of proactive asset management and organisational growth.</p> <p>Asset management is discussed in management meetings, indicating some level of attention to the subject. However, formal Asset Management Meetings (Technical Asset Group) have been discontinued, potentially resulting in reduced focus and dedicated attention to asset management topics. While continual improvement activities are addressed, they do not exclusively centre on asset management, suggesting a lack of prioritization in this critical area.</p>	<ol style="list-style-type: none">1. Improve Asset Condition Reporting: To address the inadequacy in asset condition reporting, the organisation should establish a comprehensive system that includes relevant metrics and key performance indicators (KPIs) to provide a holistic view of asset health and performance. This will enable better decision-making and resource allocation, supporting both short-term and long-term asset management goals.2. Prioritize Long-Term Planning and Strategy Reviews: Given the prevalence of short-term decision-making, the organisation should prioritize long-term planning and conduct regular strategy reviews. This will help ensure that asset management efforts align with the organisation's long-term goals, enabling proactive decision-making and efficient resource allocation.3. Establish Formal Governance Reporting for Asset Condition: To enhance accountability and formal reporting, the organisation should document and report asset condition to a governance body regularly. This will provide transparency and visibility into asset health and performance, fostering better decision-making and asset management practices.4. Enhance Understanding of Asset Condition Levels: To address the gaps in comprehending asset condition levels in certain areas, the organisation should conduct asset condition assessments and invest in training and education for relevant personnel. This will equip staff with the necessary knowledge to make informed decisions and optimize asset performance.5. Develop Robust Internal Audit System: To reduce reliance on third-party audits, the organisation should establish a robust internal audit system for asset management practices. Internal audits will provide valuable insights and opportunities for continuous improvement, fostering a culture of proactive asset management and organisational growth.6. Re-establish Formal Asset Management Meetings: To ensure dedicated attention to asset management topics, the organisation should re-establish formal Asset Management Meetings (Technical Asset Group). These meetings will provide a platform for in-depth discussions, knowledge sharing, and collaborative decision-making related to asset management.	<p>6.1. Improve Asset Condition Reporting to enable informed decision-making and financial outcomes.</p> <p>6.2. Ensure the Strategic Asset Management Plan and Asset Management Policy includes:</p> <ul style="list-style-type: none">• Long-Term Asset Management Planning and Strategy Reviews• Formal Governance reporting on asset condition• Internal review/audits of asset management practices• Establishment of formal asset management meetings monitor progress and continuous improvement <p>6.3. As per 2.3</p>



Finding 7 – Continuous improvement processes and assurance are not clearly identified
(ISO 55001:2014 Section 10 Improvement)

Medium

Observations	Recommendation(s)	Agreed Management Action(s)
<p>During the assessment, it was evident that the non-conformity/corrective action process is not effectively utilised within the organisation. Work follows a reactive approach, primarily driven by Customer Service requirements. Nonetheless, there is a promising opportunity for improvement with the introduction of the new Maintenance Management System.</p> <p>Regrettably, no internal auditing has been conducted on the Asset Management/Maintenance system, raising concerns about the lack of systematic self-assessment and performance evaluation. Although continual improvement is listed as a stated business objective, it is not prominently emphasised in daily practices, except in the context of major changes.</p>	<ol style="list-style-type: none">Strengthen Utilization of Non-Conformity/Corrective Action Process: To address the ineffectiveness of the non-conformity/corrective action process, the organisation should establish clear guidelines and protocols for identifying and addressing non-conformities. Training employees on the process and its importance in continuous improvement will promote its adoption and effectiveness. Encouraging a culture of open communication and feedback will also facilitate timely identification and resolution of issues.Foster Proactive Work Practices: To shift from a predominantly reactive approach, the organisation should promote proactive work practices. This can be achieved by implementing preventive maintenance strategies, conducting regular equipment inspections, and adopting a predictive maintenance approach where applicable. The new Maintenance Management System provides an excellent opportunity to facilitate proactive planning and resource allocation for maintenance activities.Conduct Regular Internal Audits: To ensure a systematic self-assessment and performance evaluation, the organisation should conduct regular internal audits of the Asset Management/Maintenance system. Internal audits will help identify areas for improvement, ensure compliance with established processes, and foster a culture of continual improvement. (Related to 6.5)Emphasize Continual Improvement in Daily Practices: To align with the stated business objective of continual improvement, the organisation should emphasize its importance in daily practices. This can be achieved by integrating continuous improvement principles into standard operating procedures, encouraging employees to suggest process improvements, and recognising and rewarding successful improvement initiatives. Leadership should actively champion the value of continuous improvement to motivate employees to embrace this mindset.Establish Key Performance Indicators (KPIs) for Continual Improvement: To track and measure progress in continual improvement efforts, the organisation should establish specific Key Performance Indicators (KPIs). These KPIs can include metrics related to cost savings, efficiency gains, customer satisfaction improvements, and employee engagement in improvement initiatives. Regularly reviewing and analysing the KPIs will enable the organisation to identify areas of success and areas requiring further attention.	<p>7.1. As per 1.1</p> <p>7.2. As per 1.2</p> <p>7.3. As per 1.3</p> <p>7.4. As per 2.3</p> <p>7.5. Establish a review of all actions as a whole program of works to monitor progress and continuous improvement.</p>



Appendix 1 Asset Management Maturity

The table below provides some insight as to the Low & High Maturity characteristics against several Business dimensions.

This table is useful when considering the current maturity of CTTG.

Maturity Model Dimensions	Low Maturity characteristics	High Maturity characteristics
STRATEGY	<ul style="list-style-type: none"> • Mostly reactive • Maintenance focus • Reactive 	<ul style="list-style-type: none"> • Long term improvement • Established maintenance strategy
OPERATIONS MANAGEMENT	<ul style="list-style-type: none"> • Centralised teams / trades 	<ul style="list-style-type: none"> • Multi skilled teams • Independent trades • Interactive relationships
DATA MANAGEMENT	<ul style="list-style-type: none"> • Manual specialty system • Ad-hoc systems • Poor interfaces 	<ul style="list-style-type: none"> • AM System linked directly to other business systems. • Fully integrated databases
MAINTENANCE STRATEGY	<ul style="list-style-type: none"> • Annual Inspections only • Time based inspections 	<ul style="list-style-type: none"> • Preventative maintenance • Tactics based on analysis
PLANNING & SCHEDULING	<ul style="list-style-type: none"> • Minimal planning or engineering support 	<ul style="list-style-type: none"> • Long term planning for both maintenance and engineering support • Sound planning process
KEY PERFORMANCE INDICATORS	<ul style="list-style-type: none"> • No systematic approach • Maintenance cost not known 	<ul style="list-style-type: none"> • OEM Benchmarking • Full cost database • Performance monitored and controlled
PROCESS	<ul style="list-style-type: none"> • Systems & processes not documented. • Highly reactive 	<ul style="list-style-type: none"> • Full documentation of systems & processes • Regular review

Asset Management Maturity Indicators



REPORT FOR

AUDIT & RISK COMMITTEE MEETING

MEETING DATE

06 SEPTEMBER 2023

RECORD NO:

D23/55141

REPORT OF:

STRATEGY & FINANCE

TITLE:

INTERNAL AUDIT REPORT - PRECINCT PLANNING

PURPOSE

To consider the Precinct Planning internal audit undertaken by Future Urban including the report findings and agreed actions.

RECOMMENDATION

That the Audit & Risk Committee receives the report titled “Internal Audit Report – Precinct Planning” and dated 6 September 2023, and endorses the agreed actions as detailed in Attachment 1.

1. BACKGROUND

Precinct planning is a process undertaken to identify and initiate planning intentions for a particular precinct. It should be a place-based approach, coordinated and deliberate in order to deliver cohesive and responsive placemaking or urban renewal outcomes. The City of Tea Tree Gully understands a precinct to be an area that is associated with a functional place that has or aspires to have a particular character or level of activation. For example, a shopping precinct, open space precinct, pedestrian precinct or neighbourhood areas. Its boundaries are generally well defined by physical features such as roads, buildings, landscaping or property boundaries.

Council has a range of strategic planning documents that include precinct plans, detailed concept plans, high-level concept plans, master plans and area plans, characterised by the level of detail that is provided in each plan.

This internal audit, in accordance with the Internal Audit Plan, focused on high level precinct plans.

2. DISCUSSION

The purpose of this internal audit was to undertake a review of the City of Tea Tree Gully's precinct planning in order to guide future planning.

Council engaged Future Urban to conduct an internal audit of its approach. The internal audit included considerations in the following areas:

1. **Review the definition of what is a "precinct" in the City of Tea Tree Gully context**
2. Undertake a high-level evaluation of **Council's existing precinct plans as well as** policies, frameworks and plans relating to precinct planning to identify gaps and improvements opportunities (including future planning and infrastructure asset management)
3. Assess the alignment of precinct plans **and processes against Council's Strategic Plan** and identify potential gaps in addressing the challenges and opportunities in the Strategic Plan
4. Assess the integration and alignment of precinct planning within and across the business and other key documents, and identify areas for improvement
5. **Identify and assess key risks (using Council's risk matrix) relating to Council's** precinct planning
6. Develop and integrated Precinct Planning Framework that will guide the programming and integration of city planning and infrastructure asset management in the public realm, assist with prioritisation of precinct planning and identify measure of success.

The outcomes/outputs proposed for the internal audit included:

1. Undertake an audit and gap analysis of Council's current precinct planning framework and approach
2. Recommend a Precinct Planning Framework for the City of Tea Tree Gully that **guides city wide planning that aligns with Council's strategic objectives and key plans**, and is underpinned by evidence-based decision making
3. Identify high-level opportunities that will improve the planning and delivery of these plans and services now and in the future
4. Recommend criteria to assist with prioritising the development of precinct plans and measuring success

Internal Audit Report

The key audit findings have been summarised as action titles below:

Reference	Description	Risk rating
1	City-Wide Spatial Plan	High
2	Nomenclature and Plan Hierarchy	Medium
3	Categorisation & Prioritisation Framework	Medium
4	Review Existing Plans	Medium
5	Alignment	High
6	Delegation	High

Council has agreed to the management actions outlined in Attachment 1. Council will address the recommended actions 4.1 - 4.4 by developing a City Plan Framework, which will:

- **Set the Council's strategic direction**
- Define the nomenclature
- Consider and implement categorisation and prioritisation

Council will also include a key principle in the Long-Term Financial Plan to ensure Statutory Documents are aligned. Council does not support recommendation 4.6 for the reasons outlined in Attachment 1.

3. FINANCIAL

The internal audit was undertaken in accordance with the annual budget allocated to ensure delivery of the Internal Audit Plan. The total cost was \$27,000 plus GST and was invoiced in the 2023-2024 budget due to the timing of the report delivery.

4. STRATEGIC OBJECTIVES

Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Leadership	
<i>Decision making is informed, based on evidence and is consistent</i>	The internal audit identified that there is a lack of clarity regarding the key drivers behind the prioritisation of place making proposals. By implementing a standardised template and process for prioritisation, Council can ensure that all agreed proposals are in alignment with the City Plan (and other related documents) to ensure best outcomes for the community.

Policies / Strategies

The following policies are relevant to this report:

- [Risk Management Policy](#)
- [Modbury Precinct Activation Policy](#)

5. LEGAL

There are no legal implications in consideration of this report.

6. RISK – IDENTIFICATION AND MITIGATION

This internal audit contributes to Council's risk management process by identifying any potential gaps and improvement opportunities in our current approach to precinct planning. Any agreed actions from the findings will work toward mitigating the level of risk to Council in relation to this topic and will ensure our processes and systems are further refined.

7. ACCESS AND INCLUSION

Access and inclusion were considered but are not relevant to this report.

8. SOCIAL AND COMMUNITY IMPACT

Any actions and/or improvement opportunities arising from the internal audit have been agreed with the relevant internal stakeholders. No community engagement has been undertaken in relation to this report.

9. ENVIRONMENTAL

There are no environmental implications in the consideration of this report.

10. ASSETS

Nil

11. PEOPLE AND WORK PLANS

Internal work plans were considered whilst committing to the agreed management actions. These discussions influenced the target dates included in Attachment 1.

12. COMMUNITY AND STAKEHOLDER ENGAGEMENT

No community engagement has been undertaken in relation to this report. However, internal stakeholders were involved when developing this report.

13. COMMUNICATIONS OF COUNCIL DECISION

Not required at this stage.

14. INTERNAL REPORT CONSULTATION

Relevant corporate leaders were included in the consultation process when preparing this report:

Name	Position	Consulted about
Ingrid Wilkshire	Manager City Strategy	Attachment 1 – Internal Audit Report
Justin Robbins	General Manager Strategy & Finance	Attachment 1 – Internal Audit Report

Attachments

1. [Internal Audit Report - Precinct Planning](#)46

Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ryan McMahon Chief Executive Officer	8397 7297



C I T Y O F
TEA TREE GULLY
Naturally Better

PRECINCT PLANNING
CTTG AUDIT

Prepared for:
City of Tea Tree Gully

Date:
29.08.2023

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APPENDICES

APPENDIX 1. INTERNAL MANAGEMENT TOOL





1. EXECUTIVE SUMMARY

Future Urban and Public Private Partnerships ('PPP') were engaged by the City of Tea Tree Gully ('CTTG') to undertake an internal audit of its Precinct Planning framework. The objective, scope and approach to the internal audit are outlined below.

1.1 Objective

The objective of this internal audit was to:

- undertake a gap analysis if CTTG's current Precinct Planning frameworks and approach.
- Recommend a Precinct Planning framework that guides city wide planning in alignment with the CTTG's strategic objectives and plans, being underpinned by evidence-based decision-making.
- Identify high level opportunities that will improve the planning and delivery of plans, projects and services now and into the future; and
- Recommend criteria to assist with prioritisation of developing precinct plans, their delivery and measures of success.

1.2 Scope

To address the outlined objectives, the scope of this internal audit included consideration of the following:

- Review the definition of '*precinct*' in the CTTG context
- Undertake a high-level evaluation of CTTG's existing precinct plans, policies, frameworks and plans relating to precinct planning
- Assess the alignment of precinct plans against CTTG's Strategic Plan
- Assess the integration and alignment of precinct planning within and across the business
- Develop an integrated Precinct Planning Framework that will guide programming and prioritisation.
- Identify the risks associated with not having a precinct planning framework

1.3 Positive Observations

- Prior to the commencement of this audit, CTTG management had commenced the undertaking of various tasks in readiness for future work relating to the preparation of a City-Wide Spatial Plan.
- Existing precinct plans demonstrate sound strategic planning principles have been considered, and identify relevant sections of the CTTG's Strategic Plan.
- Internal 'business systems' for recording and tracking projects demonstrate there are robust internal processes for place making and other building projects across the CTTG

1.4 Gaps

- Lack of a City-Wide Spatial Plan ('CWSP')
- Lack of standardised nomenclature for place making and 'plan' hierarchy
- Lack of a standardised categorisation system
- Lack of a standardised prioritisation system
- Lack of Governance Protocols to manage place making 'proposals'



1.5 Observations

- Need to record / categorise place making proposals (acknowledged / scheduled)
- Need to confirm alignment with CWSP, strategic plans and policies
- Prioritisation “flow chart”
- Project management “flow chart”
- Review current “list”
- CEO empowered to finalise procurement

1.6 Reviewed Documentation

We undertook a review of the following CTTG documents to identify current approaches and frameworks to ‘precinct’ planning, and detect any gaps and improvement opportunities. The list of reference documents is shown in the Table 1 below:

Table 1 Council reference documents

Current Precincts (according to CTTG website)	
<ul style="list-style-type: none"> • Modbury Heights Precinct Plan 2016 – 2026 • Dry Creek Corridor, Modbury Precinct Master Plan March 2020 • Meadowvale Reserve Precinct 2019 	<ul style="list-style-type: none"> • Modbury Sporting Club Masterplan 2013 • Tea Tree Gully Township Precinct Plan
Other Reference Documents	
<ul style="list-style-type: none"> • Strategic Plan 2025 • City Master Plan 2011 – 2040 • A Vision for a Prosperous City 2019 • State of the City 2015 • Program Delivery Model (Record Number D19/71032) 	<ul style="list-style-type: none"> • Modbury Precinct Activation Policy (Record Number D21/28348) • Economic Development Framework 2020-23 • Tilley Recreation Park Masterplan April 2021 • Risk Management Policy (Record Number D20/77449)
City Projects	
Current Projects	
<ul style="list-style-type: none"> • Harpers Field community building and sporting clubrooms • Modbury Sporting Club building and sports field lighting • Tilley Recreation Park clubroom and changeroom • Golden Fields adventure play space 	<ul style="list-style-type: none"> • Edinburgh Reserve inclusive play space • Hope Valley Sporting Club amenities improvements • Dawson Reserve upgrade • Kaplan Reserve playground upgrade • Lot 50 transformation
Upcoming Projects	
<ul style="list-style-type: none"> • Tea Tree Gully Gymsports • Doxiadis Reserve playground upgrade • Cobbler Creek West Reserve playground upgrade 	<ul style="list-style-type: none"> • Tea Tree Tennis Club • Meadowvale Reserve further upgrade

Completed Projects	
<ul style="list-style-type: none"> • Modbury Soccer Club upgrade • Mulkarra Street roadworks 	<ul style="list-style-type: none"> • Montague Road upgrade • Alicante Reserve playground upgrade

1.7 Key Stakeholder Engagement

Interviews with key stakeholders from City Operations, Strategy, and Finance were conducted to better inform the audit and understand how staff recognise and implement precinct planning across the business. The following themes were cited:

- Current precinct plans are not spatially connected i.e. no CWSP.
- Lack of clarity as to why certain 'precincts' are selected for delivery i.e. what are the origins of the place making idea and the reasons for its prioritisation.
- Prioritisation issues in relation to budget allocation for delivery over multiple stages/years, and ongoing maintenance.
- Lack of linkage between "new" and "maintenance" costs.
- Challenges in regard to balancing strategic aspirations with project management / delivery outcomes through tender process and detailed design.
- Place making projects should consider / include opportunities to generate revenue, or be privately funded.
- Need for a project management framework.

2. RISKS

2.1 Key Risks

- Lack of clear spatial planning and direction can lead to missed opportunities to grow and improve the CTTG in an effective and equitable way.
- Ad-hoc approach to city growth can produce ineffective and inefficient outcomes such as:
 - » misalignment with demographics and CTTG policies.
 - » re-work and duplication of effort i.e., similar proposals being put forward for consideration.
- Mismanagement and misallocation of capital expenditure.
- Potential to miss opportunities for alternative funding methods for capital projects, such as through private funding or public / private combined funding arrangements.

2.2 Risk Mitigation

The adoption and implementation of a CWSP can support the interests of risk mitigation in the following ways:

- Supports the effective and equitable allocation of capital aligned with demographics.
- Visually showcases the equitable allocation of capital across the CTTG thereby improving transparency for Elected Members, staff and the community.
- Supports a holistic approach (macro) to place making to support the integration of the CTTG social and built form fabric.
- Encourages scenario analysis of who should provide the financial capital.

3. REVIEW AND GAP ANALYSIS

3.1 City-Wide Spatial Plan

Our review of the CTTG's suite of strategic documents identified a gap in regard to considered and coordinated spatial planning across the CTTG. Interviews with key stakeholders reinforced this observation.

A CWSP will provide a solid foundation to understanding the existing social and physical fabric of the CTTG, and support the identification of opportunities to renew, revitalise or redevelop parts of the city to better connect people with places.

3.2 Standardised Nomenclature

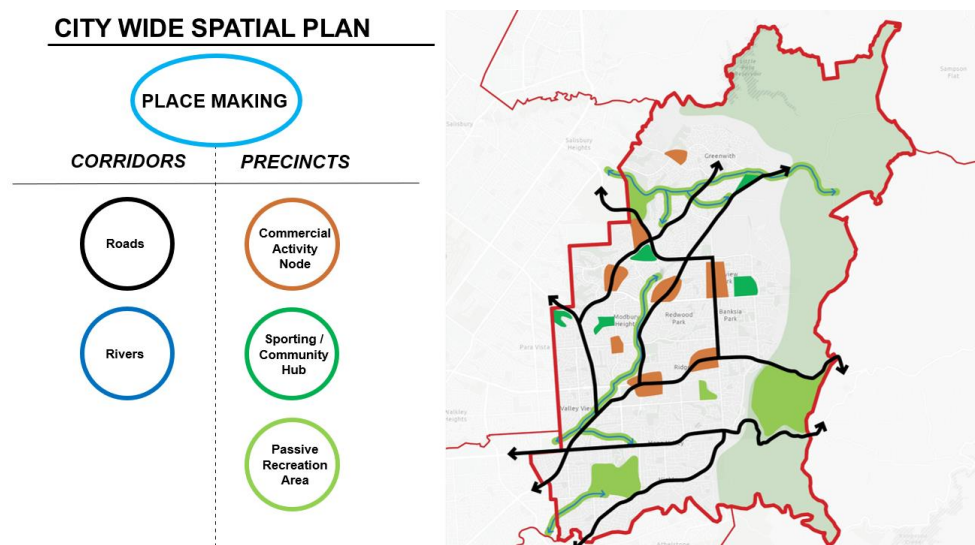
Our review of the CTTG's documents identified the application of inconsistent nomenclature in relation to precinct planning. The terms '*precinct*' and '*master plan*' are used interchangeably, which, when coupled with the lack of a City-Wide Master Plan, incumbers staff and community understanding in relation to the status of the proposal, and its place within the broader CTTG fabric.

At its core, the CTTG preserves, manages and *makes places* for people.

The implementation of standardised nomenclature that communicates a clear hierarchy of spatial planning can support strategic planning and place making enterprises, and improve staff and community understanding.

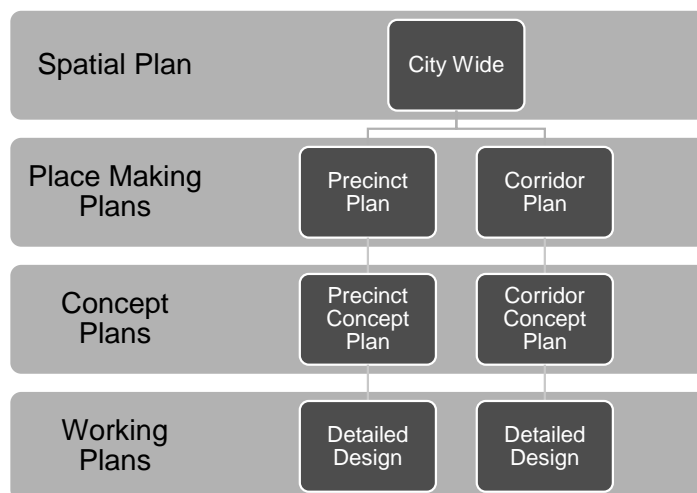
We recommend that the CTTG adopts the following nomenclature under the banner of “*Place Making*”:

Figure 3.1 *Place Making nomenclature*



The recommended 'plan' hierarchy is shown below:

Figure 3.2 'Plans' for place making hierarchy

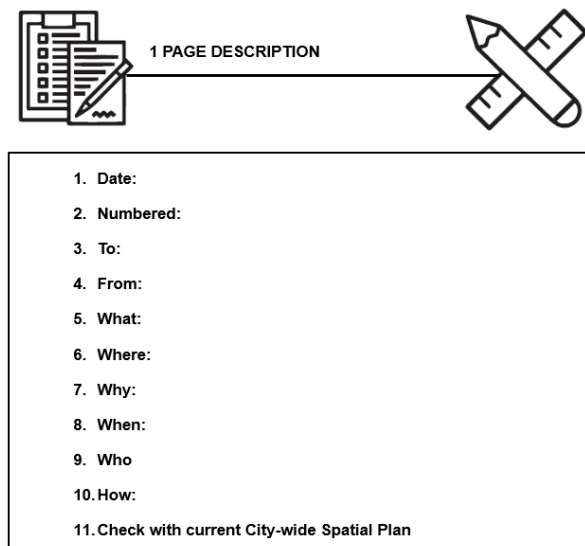


3.3 Standardised Categorisation System

Our review of the CTTG's documents identified a gap in regard to a process of categorisation. Interviews with key stakeholders reinforced this observation noting that there is a lack of clarity in relation to the origins of place making proposals e.g. the 'who, what, when, where why and how'.

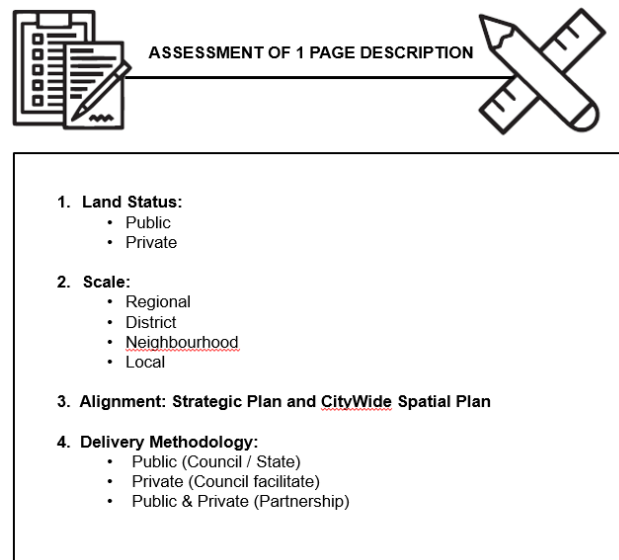
In the interests of probity for Elected Members, staff and the community, it is important that place making proposals are recorded and categorised by using a standard template that can be made available to a wide range of users.

By implementing a standardised template, the CTTG can ensure that key information is captured and registered in Council's system for a process of assessment for alignment against the City-Wide Spatial Plan, the Strategic Plan and other relevant policies, and thereafter is ready for an assessment of prioritisation.

Figure 3.3 Example of 1 Page Description template


1 PAGE DESCRIPTION

1. Date:
2. Numbered:
3. To:
4. From:
5. What:
6. Where:
7. Why:
8. When:
9. Who
10. How:
11. Check with current City-wide Spatial Plan

Figure 3.4 Example assessment criteria for 1 Page Description


ASSESSMENT OF 1 PAGE DESCRIPTION

1. **Land Status:**
 - Public
 - Private
2. **Scale:**
 - Regional
 - District
 - Neighbourhood
 - Local
3. **Alignment: Strategic Plan and CityWide Spatial Plan**
4. **Delivery Methodology:**
 - Public (Council / State)
 - Private (Council facilitate)
 - Public & Private (Partnership)

3.4 Standardised Prioritisation System

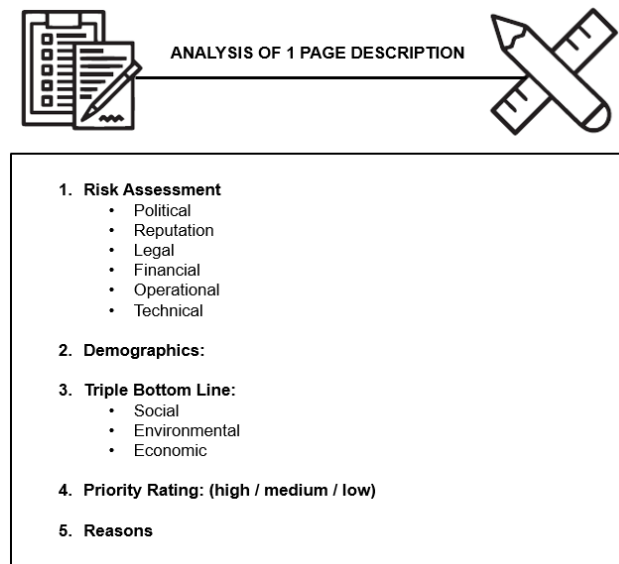
Our review of the CTTG's documents identified a gap in regard to a process of prioritisation. Interviews with key stakeholders reinforced this observation noting that there is:

- A lack of clarity for Elected Members, staff and the community in relation the key drivers behind the prioritisation (or lack thereof) for place making proposals.
- Administrative inefficiencies caused by 'motions on notice' and 'motions without notice'.

In the interests of probity for Elected Members, staff and the community, it is important that place making proposals are considered and prioritised using a standard template that can be used by management to determine the priority assignment for a proposal in line with available financial and human resources.

By implementing a standardised template and process for prioritisation, the CTTG can ensure that all proposals that have been confirmed to be in alignment with the City-Wide Spatial Plan, the Strategic Plan and other relevant policies, assessed using a consistent method to determine prioritisation.

Figure 3.5 *Example criteria for prioritisation*



3.5 Governance protocols

Governance protocols need to be put in place to maintain a professional discipline when processing place making proposals for budget consideration.

It is suggested that a 1 Page Description for all Place Making Proposal is scheduled by Elected Members in lieu of Notices of Motion or Motions without Notice. This approach which can be documented in Councils Code of Practice for Meeting Procedures. The 1Page Description will be included in a schedule which will be presented to the Council on a quarterly basis. A system of continuous review.

To put the proposal on the public record, Elected Members may wish to table the 1 Page Description by way of a motion which summarily receives the proposal.

ALL proposals received are scheduled in the 'acknowledged' information report as 'under review'. They are then checked by Management to determine whether the Proposal is already included in the CWSP; if not it proceeds through to the assessment phase.

4. KEY FINDINGS AND RECOMMENDATIONS

4.1 Recommendation 1 – City-Wide Spatial Plan

Prepare a high-level, CWSP to set the strategic direction for the CTTG and to identify "Place" making opportunities for Precincts (i.e. Activity Nodes, Sporting/Community Hubs, Passive Recreation Areas) and Corridors (i.e. Road and Rivers).

Risk rating: High

Agreed Management Action:

Scope and develop a City Plan Framework and action plan to guide the development of a City Plan.

Responsibility: Manager City Strategy

Target Date: 30 June 2024

4.2 Recommendation 2 – Nomenclature and Plan Hierarchy

Update the CTTG's nomenclature in relation to *place making* and 'plan' hierarchy as outlined in Section 3.2 of this report.

Risk Rating: Medium

Agreed Management Action:

The City Plan Framework will consider and define the nomenclature.

Responsibility: Manager City Strategy

Target Date: 30 June 2024

4.3 Recommendation 3 – Categorisation & Prioritisation Framework

Implement a Categorisation and Prioritisation governance framework that supports the continued receipt of new ideas and/or ability to respond to new demands, with appropriate check-points to ensure that prioritisation of place making proposals aligns with:

- Council's Long Term Financial Plan;
- 4 Years Budget;
- Annual Building Program Budget; and
- Availability of human resources

Risk rating: Medium

Agreed Management Action:

Consider a categorisation and prioritisation process as part of the City Plan Framework.

Responsibility: Manager City Strategy

Target Date: 30 June 2024

4.4 Recommendation 4 – Review Existing Plans

Review of the 'Current List' of place making proposals for recording into:

- Categorisation Schedule; and
- Prioritisation Schedule.

Risk rating: Medium

Agreed Management Action:

The City Plan Framework action plan will categorise and prioritise current place-making proposals.

Responsibility: Manager City Strategy

Target Date: 30 June 2024

4.5 Recommendation 5 – Alignment

Progressively review, assess and confirm that the CTTG's Statutory Documents are in alignment with the CWSP and associated place making proposals.

Risk rating: High

Agreed Management Action:

The Long-Term Financial Plan will include a principle that Council's Statutory Documents are in alignment with the City Plan and associated place making proposals.

Responsibility: Manager Finance & Rating Services

Target Date: 31 December 2023

4.6 Recommendation 6 – Delegation

The Council should consider implementing a delegation to the CEO that allows the CEO to authorise additional budget allocation, in-line with CPI or another appropriate fiscal reference, to 'approved' projects.

Risk rating: High

Agreed Management Action:

Not required. The Annual Business Plan and quarterly budget review process provides sufficient opportunity to consider additional budget allocations in timely and transparent manner.

5. CONCLUSION

In support of our conclusion, we wish to highlight that:

- The CTTG already has a number of robust internal plans, policies and procedures that support place making across the city.
- A CWSP is a crucial component to the successful delivery of place making projects now and into the future.
- The implementation of Governance protocols, as outlined in this report, will support the recording, assessment and prioritisation of place making proposal and provide greater probity for Elected Members, the community and staff.



APPENDIX 1. *INTERNAL MANAGEMENT TOOL*



REPORT FOR

AUDIT & RISK COMMITTEE MEETING

MEETING DATE

06 SEPTEMBER 2023

RECORD NO:

D23/64557

REPORT OF:

STRATEGY & FINANCE

TITLE:

AUDITED FINANCIAL STATEMENTS 2022-2023

PURPOSE

To provide the Audit Committee with the 2022-2023 Audited Financial Statements.

RECOMMENDATION

Resolution A

1. That the Audit Committee receives the audited financial statements for financial year ending 30 June 2023 as detailed in Attachment 1 to the report **titled “Audited Financial Statements 2022-2023” and dated 6 September 2023.**
2. That the Audit Committee, having reviewed the Audited Financial Statements for 2022-2023 contained in Attachment 1 considers that the Audited Financial Statements 2022-2023 present fairly the state of affairs of Council.
3. That the Audit Committee notes that the asset revaluation resulted in a 20-25% uplift in the value of Council's infrastructure assets and a corresponding increase in the annual depreciation expense. This increase in depreciation will require an equivalent uplift in rate income to maintain an appropriate level of funding for the renewal of assets and to maintain the operating surplus within the target range. This uplift will be incorporated into the next review of Council's Long Term Financial Plan.
4. That the Presiding Member of the Audit Committee be authorised to sign Council's **Certificate of Audit Independence Statement that will accompany the** Financial Statements for financial year ending 30 June 2023.

Resolution B

That the Audit Committee recommends to Council:

That Council receives the audited financial statements for financial year ending 30 June 2023 as detailed in Attachment 1 to the Audit Committee report titled **“Audited Financial Statements 2022-2023” and dated 6 September 2023.**

1. BACKGROUND

The 2022- 2023 Audited Financial Statements have been prepared in accordance with the Australian Accounting Standards, the Local Government Act 1999 and associated Local Government Financial Management Regulations.

The Financial Statements (Attachment 1) have been reviewed by Council's external auditors, BDO, and this report is to formally present Council's Audited Financial Statements for the year ending 30 June 2023 and a copy of BDO's Annual Completion Report (Attachment 2) in accordance with Section 126(4)(a) of the Local Government Act 1999.

The Audited Financial Statements are required to be completed and adopted by Council and a copy be provided to the Minister and the SA Local Government Grants Commission on or before 30 November 2023.

The key financial indicators and LGA mandatory financial ratios indicates the **Council's financial status as:**

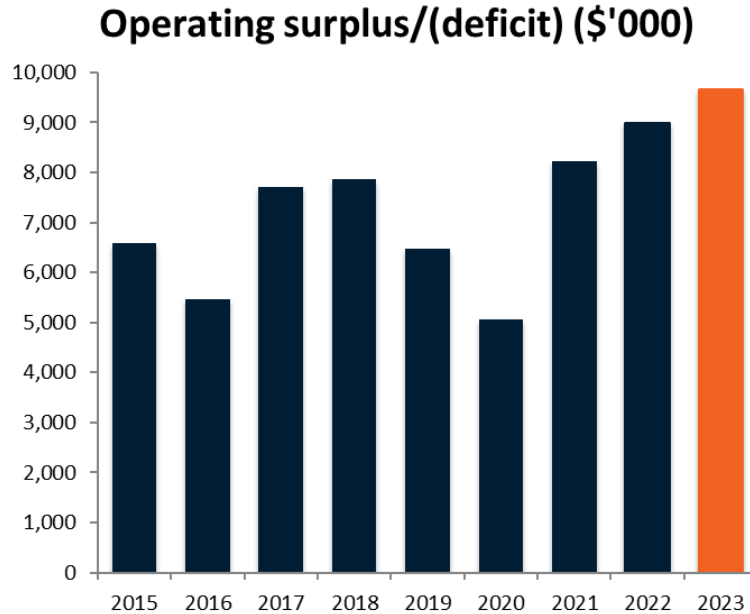
- a) The operating surplus ratio of 9.3% is positive and is an increase from the prior year figure of 8.8% and is within the Council's target limit of 2.5% to 10%.
- b) The Net Financial Liabilities Ratio of 9.0% in 2022-2023 reflects a decrease from 17.7% in 2021-2022 and is below the Council's target limit of 25% to 35%. The underlying Net Financial Liabilities Ratio, considering the carry forwards and strategic building projects, is 31%.
- c) The Asset Sustainability Ratio for the year was 62% and is below the target range of 90% to 110%. While outside the target range for this financial year, when taking the three-year rolling average, it is in line with the target.

2. DISCUSSION

Summary of 2022-2023 Financial Results

An operating surplus of \$9.65m has been achieved compared to a surplus of \$8.98m in 2021-2022. Council targets to deliver a modest operating surplus annually to lower our existing debt and to enable investment in asset upgrades in line with the Long Term Financial Plan. The 2022-2023 Operating Surplus includes additional income of \$2.0m of Financial Assistance Grants for the 2023-2024 year but paid early in 2022-2023. This is a timing variance, with a similar reduction in surplus forecast in 2023-2024 unless the grant is once again paid in advance.

The following graphs illustrate key comparatives for the last 8 years in Council's Operating surplus recognising that the planned operating surplus is used to fund new assets and repay debt as required.



Income

Total income for the year was \$104.062m, an increase of \$1.394m over the prior year. Noting the 2021-2022 income included the Community Wastewater Management System (CWMS) fees, which were not included in 2022-2023 due to the transfer of the system at 30 June 2022 to the SA Water.

Total rates raised in the year was \$85.581m. Rates represent 82% of Council's total revenue.

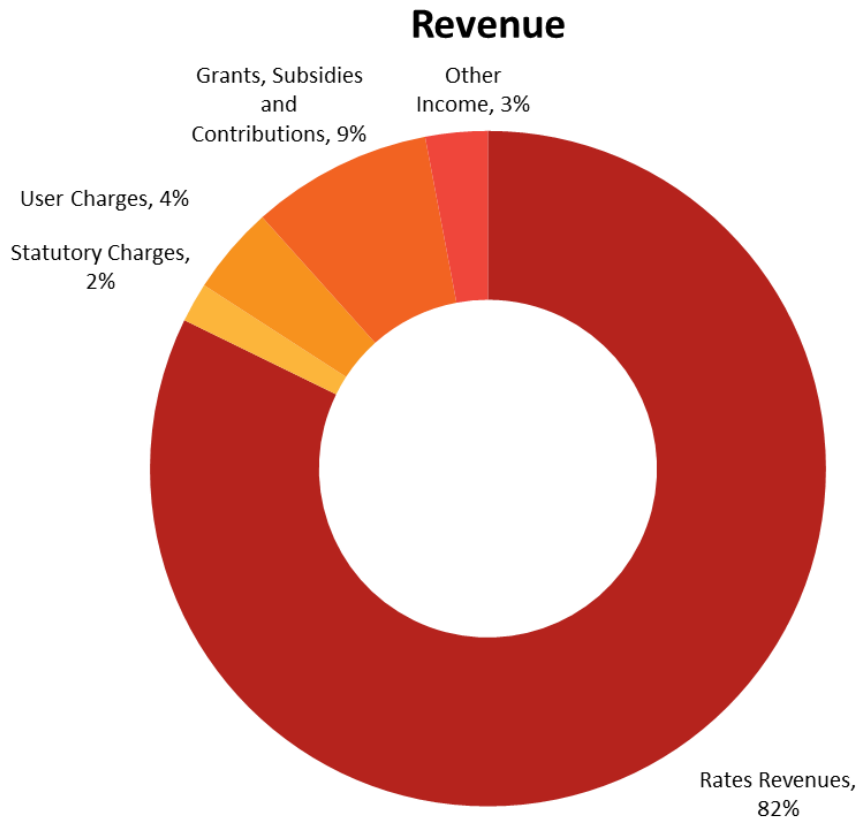
User charges increased to \$4.402m, an increase of \$951k from the 2021-2022 year. This was due to the increase in patronage across our recreation facilities with participation returning to pre-COVID levels. The User charges also includes a one off \$410k which was the total amount for the service agreement in place with SA Water for the 3-month transition period for the CWMS.

The reporting treatment for capital grants has been changed from the 2021-2022 year with a split in the Statement of Comprehensive Income now required. The capital grants are reconciling items to the surplus as these were budgeted below the line in *Amounts received specifically for new or upgraded assets*.

Interest income has increased to \$752k from \$51k in the 2021-2022 year. Council has received significant Grants in Advance for the strategic building projects resulting in a positive cash position for a majority of the financial year. These extra funds have been allocated to support the delivery of these strategic projects in line with the outcomes

agreed to in the respective grant agreements.

The following graph illustrates the income sources as a percentage of total income.



Expenses

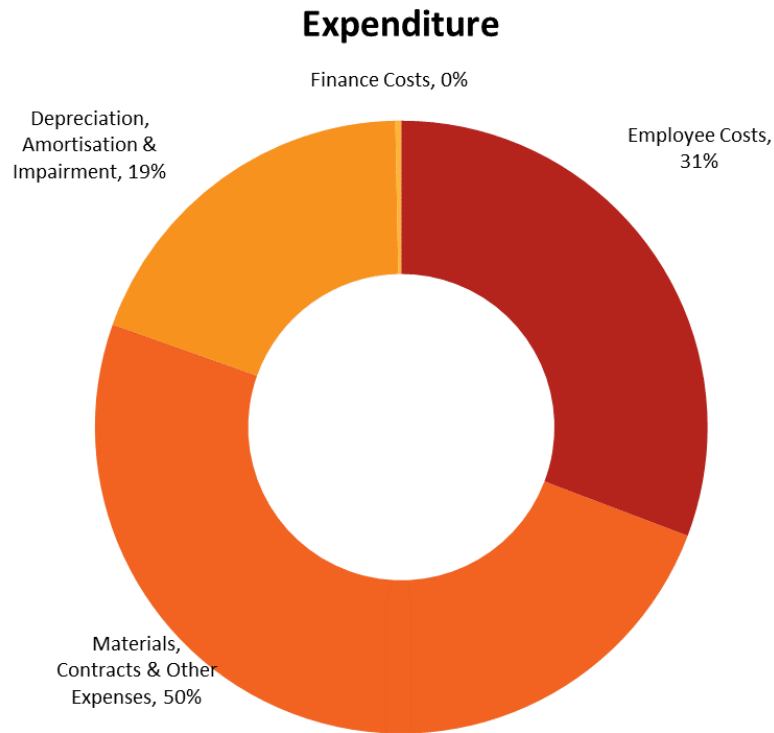
Operating Expenditure for the year totaled \$94.41m, an increase of \$727k or 0.8% over the previous year. As with income, the expenditure from the CWMS was removed in 2022-2023 due to the transfer of the system. The underlying increase in expenditure over the previous year after allowing for the adjustment of CWMS expenditure was \$2.1m.

The largest expenditure increases for the year was due to contract linked increases over 2021-2022, this includes Electricity increasing by \$632k and an uplift general waste relate expenditure. The Council elections were also held in 2022-2023 resulting in a once in four-year cost of \$514k in election expenses.

Interest expense on loans for the year was \$260k, a decrease from 2022-2023 of \$372k. This is due to higher grant revenue and also the carry forward of significant capital projects to the 2023-2024 financial year.

Deprecation has reduced from 2021-2022 due to the transfer of the CWMS assets to SA Water. This transfer removed around \$500k of depreciation from the financials.

The following graph illustrates operating expenditure as a percentage of total expenditure.



Cash/Financing

	2023 (\$000's)	2022 (\$000's)	Change (\$000's)
Cash and cash equivalents	18,337	8,432	9,905
Short term borrowings	-	-	-
Long term borrowings	-	-	-
Net Cash	18,337	8,432	9,905

Council's net financing position has increased from last financial year predominately due to higher grant revenue and also the carry forward of significant capital projects to the 2023-2024 financial year.

Statement of Financial Position

Assets

The \$5.744m balance of Trade and Other Receivables is slightly higher than the \$4.690m balance of 2022-2023 due primarily to the increase in GST recoupment and prepayments.

The \$512k balance in Non-Current Assets Held for Sale relates to the portion of land at Australia Avenue which Council has resolved to divest. This is planned to be finalised in 2023-2024.

Infrastructure, Property and Plant & Equipment (IPP&E) increased during the year by \$142.94m due to the revaluation increase of Community Land, Infrastructure and Building assets.

The Council engaged valuers in 2022-2023 to undertake revaluations on the Buildings and Infrastructure asset classes. These asset classes were due for revaluation with buildings not being revalued since 2017 and infrastructure in 2019. The delay in the valuations were due to the implementation of a new finance and asset management system as well as the CWMS divestment.

The market conditions for the construction of these assets has changed significantly since they were last revalued. The significant increases in construction costs are having a real impact on the capital works renewal program. The increase in depreciation after the revaluation is forecast to be between 20 to 24%, this is in line with the increased construction costs Council has been experiencing. There has been allowance for part of this in the Long-Term Financial Planning process but with the increase being so significant and so quick with the affect of higher than anticipated CPI there will need to be increase in rates to ensure the operating surplus remains in **line with the Council's Financial Sustainability policy targeted range.**

The Community Wastewater Management System was transferred to SA Water on 30 June 2022. On this date the asset was revalued to nil and it can be seen within the 2022-2023 financials as a prior year comparison figure.

Other Non-Current assets is made up primarily of Work-In-Progress, this has increased to \$13.68m mainly due to the multi-year significant strategic projects such as Harpers Field, Tilley Recreation Park and Modbury Sporting Club. There are also projects which are predominately completed in 2022-2023 but were not capitalised as they are due for completion in early 2023-2024 such as Goldenfields Playground, LED lighting project, SADNA and Golden Grove Tennis Club Lighting project, Edinburgh Reserve, Road Cycle Safety Centre and other projects.

Liabilities

The Trade Payables balance of \$29.506m is an increase on the prior year balance of \$26.326m due primarily to the increase in Grants Received in Advance for capital projects which was at \$20.4m at year end.

Non-current borrowings have remained at nil during 2022-2023. The nil borrowings remain due to the significant grant funds received in advance. This is forecast to return to a position of borrowings in 2023-2024 with expenditure on these strategic projects to increase as the construction begins.

Statement of Cash Flows

Total cash and cash equivalents at the end of the year was \$18.337m, a net increase in cash held of \$9.905m.

Net cash provided by operating activities was an inflow of \$27.270m.

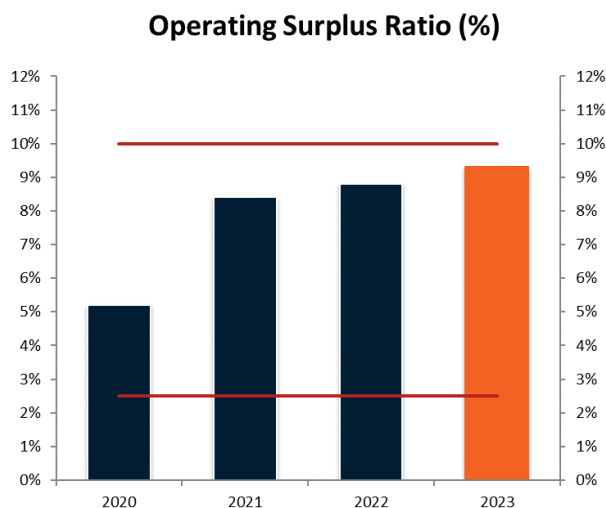
Net cash used in investing activities was \$17.292m, is a decrease on the previous year mainly due to the reduced expenditure on assets which is forecast to increase in 2023-2024 with construction starting on the strategic building program.

Net cash provided by financing activities have reduced to \$73k, which is due to the positive cash position for the Council.

Financial Indicators

Indicator 1 – Operating Surplus Ratio

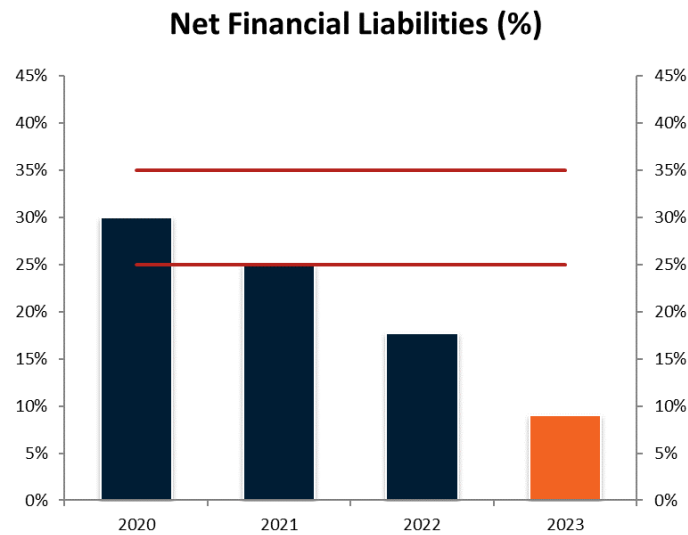
The Operating Surplus Ratio is the operating surplus/(deficit) expressed as a percentage of operating income.



The Operating Surplus Ratio for 2022-2023 was 9.3% which is an increase compared to the previous year (8.8%). The ratio was higher than forecast due to the timing of the 2023-2024 Financial Assistance Grants being received in 2022-2023.

Indicator 2 – Net Financial Liabilities Ratio

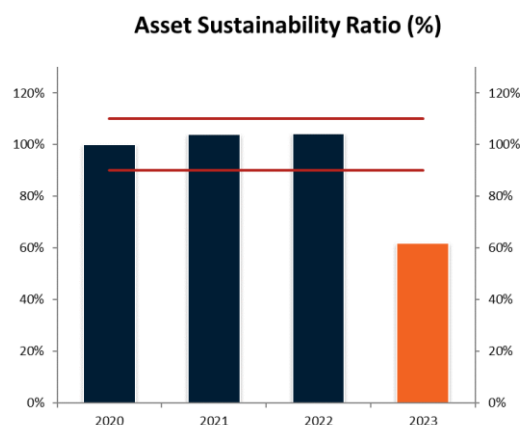
The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of the financial year as a percentage of operating revenue for the year.



The Net Financial Liabilities Ratio of 9% was a decrease in 2022-2023 from the 2021-2022 ratio of 17.7%. The ratio is below the Council's target range of 25% - 35%. This ratio reduction is due to the 2022-2023 capital project carry forwards and is forecast to return to 31% in the 2023-2024 year.

Indicator 3 – Asset Sustainability Ratio

This ratio indicates the extent to which existing non-financial assets are being renewed and replaced compared with what is needed to cost effectively maintain service levels.



The Asset Sustainability Ratio for the year was 62%, a decrease from the 2021-2022 year of 104.5%. This is due to the carry forwards into the 2022-2023 year and also the strategic building program. The ratio is outside of the target range of 90 to 110% but is forecast within than the range over a three-year rolling period.

Annual Completion Report

The Annual Completion Report provided by the auditors and included as Attachment 2 reports on matters identified during the Final Audit review and provides an update on matters raised during the Interim Audit. The report states there were no material uncorrected mis-statements identified during the audit.

BDO (Council's External Auditors) will present this to Audit Committee Members during the Special Meeting of the Audit Committee on 6 September 2023.

Financial Performance against Budget

For the FYE 2023 the operating surplus recorded was \$9.562m in comparison to the third quarter budget review forecast surplus of \$7.198m and original budget surplus of \$4.447m. This represents an increased surplus over the third quarter budget for the year of \$2.4m.

The table below shows the reconciled 2022-2023 surplus, after removing accounting treatments with capital and Financial Assistance Grants received in advance. The underlying variance to budget is favourable by \$624k.

Surplus reconciliation	'000s
2022-2023 Actual Surplus	9,562
Less: 2023-2024 Financial Assistance Grants Received in Advance	(2,091)
Less: Renewal Capital Grants budgeted in Capital Grants (moved due to accounting treatment)	(213)
Add: Capital expenditure transferred due to accounting treatment budgeted in capital	475
2022-2023 Reconciled Surplus	7,822
2023-2024 Budgeted Surplus	7,198
Variance between reconciled and budgeted surplus	624

Net financial liabilities (NFL) at 30 June 2023 was \$9.835m compared to \$18.672m forecast at the Quarter Three budget review. This reduction in NFL is primarily attributed to 2022-2023 Capital Works Expenditure being carried forward and delivered in 2023-2024 and the grants received in advance for the strategic building program.

The NFL ratio for the year is 9% which is a reduction from the forecast Quarter Three ratio of 19.5% (after carry forward projects). The underlying NFL considering the carry forwards and strategic projects is 31%.

Table 1: Statement of Comprehensive Income for the year ended 30 June 2023 with comparison to Quarter Three Budget Review

Statement of Comprehensive Income

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

	FY2023 Actuals	FY2023 Q3 Budget	Variance to Q3 Budget
	\$'000	\$'000	\$'000
INCOME			
Rates	85,581	85,461	120
Statutory Charges	1,972	2,707	(735)
User Charges	4,402	4,458	(56)
Grants & Subsidies	9,009	5,875	3,134
Investment Income	753	660	93
Reimbursements	113	98	15
Other Revenues	2,234	2,238	(4)
TOTAL INCOME	104,064	101,497	2,567
EXPENSES			
Employee Costs	35,972	35,403	(569)
Materials, Contracts & Other Expenses	41,920	41,615	(305)
Finance Charges	261	290	29
Depreciation	16,258	16,991	733
TOTAL EXPENSES	94,411	94,299	(112)
OPERATING SURPLUS / (DEFICIT)	9,653	7,198	2,455
Net Gain/(Loss) on Disposal or			
Revaluation of Assets	(2,530)	87	(2,617)
Capital Grants	4,955	8,344	(3,389)
Capital Contributions	161	424	(263)
NET SURPLUS / (DEFICIT) RESULTING	12,239	16,053	(3,814)

Income Variations

Grants & Subsidies is favorable to budget due to the unbudgeted \$2.091m received in advance for the 2023-2024 Financial Assistance Grants. This is a timing variance as the result of this will likely result in a decreased surplus to budget in the 2023-2024 year, if the grant is not again received in advance. Also included in the impact of the reclassification of grant related income from capital to operating to ensure the correct accounting treatment was applied, resulting in an increase of \$213k but a reduction against budget for capital income.

Expenditure Variations

Employee costs reported a \$568k unfavorable variance to the Q3 Budget. This is offset with higher than anticipated income and is only unfavorable due to a reallocation of \$1.6m of expenditure to the capital program at the Quarter Three budget review.

Materials, Contracts and Other is also unfavorable by \$305k. This is due to the applying the correct accounting treatment with actuals being transferred from capital to operating on project funds which were operating in nature. The total of these projects was \$475k. Net movement to expenditure was nil.

Removing this expense gives a total favorable spend to budget in MCO of \$170k.

The estimate for depreciation was higher than actual by \$733k. This is a non-cash item and can be attributed to timing with the delay in construction being completed on capital projects, including the large strategic capital buildings.

Due to the impacts of the revaluation, it is forecast that depreciation in 2023-2024 will be between 20 to 24% higher which will align the increased construction costs affecting Council and the capitalisation of the carried forward capital works program.

Non-Operating Variations

Net Gain/(Loss) on Disposal of Revaluation of Assets was a \$2.6m unfavorable variance to the Q3 Budget, due to the disposal of assets identified the revaluation process which were not council owned assets.

Capital Grants reported a \$3.39m unfavorable variances to the Q3 Budget due to primarily to 2022-2023 Capital Works Expenditure being carried forward and delivered in 2023-2024.

3. FINANCIAL

The annual financial statements are general purpose statements to determine the financial performance of the Council for the FYE 2023 and the financial position as at 30 June 2023.

4. LEGAL

The annual financial statements are prepared in accordance with Australian Accounting Standards and Local Government (Financial Management) Regulations 1999.

5. RISK – IDENTIFICATION AND MITIGATION

Council's auditors will be available to meet with the committee when considering this report. As is custom and practice staff will be leaving the room if requested by the committee to allow for the committee to discuss any matters with the auditors.

6. COMMUNICATIONS OF COUNCIL DECISION

Staff will provide a summary of the financial statements and end of year capital works program at the meeting in the form of a presentation.

The annual financial statements will be published in the Annual Report, which will be provided to the Minister for Local Government; South Australian Local Government Grants Commission and other key stakeholders.

7. INTERNAL REPORT CONSULTATION

The following staff have been included in the consultation process in the preparation of this Report.

Name	Position	Consulted about
Stuart Simpson	Team Leader Financial Accounting	Financial Statement Preparation

Attachments

1. Download	Draft Financial Statements 2022-2023 - CTTG	73
2. Download	2023 Annual Audit Completion Report.....	122

Report Authorisers

Rebecca Baines	
Manager Finance & Rating Services	8397 7362
Justin Robbins	
General Manager Strategy & Finance	8397 7444

City of Tea Tree Gully

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023



City of Tea Tree Gully

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

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City of Tea Tree Gully

Financial Statements 2023

General Purpose Financial Statements for the year ended 30 June 2023

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Ryan McMahon
Chief Executive Officer

Marijka Ryan
Mayor

City of Tea Tree Gully

Financial Statements 2023

Statement of Comprehensive Income
for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Income			
Rates	2a	85,581	85,972
Statutory charges	2b	1,971	2,290
User charges	2c	4,402	3,451
Grants, subsidies and contributions - capital	2g	203	519
Grants, subsidies and contributions - operating	2g	8,806	8,313
Investment income	2d	752	52
Reimbursements	2e	113	93
Other income	2f	2,234	1,978
Total income		104,062	102,668
Expenses			
Employee costs	3a	35,972	35,712
Materials, contracts and other expenses	3b	41,919	40,378
Depreciation, amortisation and impairment	3c	16,258	17,221
Finance costs	3d	261	372
Total expenses		94,410	93,683
Operating surplus / (deficit)		9,652	8,985
Physical resources received free of charge	2h	—	157
Asset disposal and fair value adjustments	4	(2,530)	(4,393)
Amounts received specifically for new or upgraded assets	2g	5,116	4,411
Net surplus / (deficit)		12,238	9,160
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	9a	144,199	91,633
Total amounts which will not be reclassified subsequently to operating result		144,199	91,633
Total other comprehensive income		144,199	91,633
Total comprehensive income		156,437	100,793

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

City of Tea Tree Gully

Financial Statements 2023

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	18,337	8,432
Trade and other receivables	5b	5,744	4,690
Inventories	5c	127	43
<u>Subtotal</u>		<u>24,208</u>	<u>13,165</u>
Non-current assets held for sale	19	512	512
<u>Subtotal</u>		<u>512</u>	<u>512</u>
Total current assets		24,720	13,677
Non-current assets			
Other non-current assets	6	13,682	8,598
Infrastructure, property, plant and equipment	7a(i)	1,795,349	1,652,411
Total non-current assets		1,809,031	1,661,009
TOTAL ASSETS		1,833,751	1,674,686
LIABILITIES			
Current liabilities			
Trade and other payables	8a	29,506	26,326
Provisions	8b	3,725	4,455
Total current liabilities		33,231	30,781
Non-current liabilities			
Provisions	8b	685	507
Total non-current liabilities		685	507
TOTAL LIABILITIES		33,916	31,288
Net assets		1,799,835	1,643,398
EQUITY			
Accumulated surplus		426,389	414,151
Asset revaluation reserves	9a	1,373,159	1,228,960
Other reserves	9b	287	287
Total council equity		1,799,835	1,643,398
Total equity		1,799,835	1,643,398

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

City of Tea Tree Gully

Financial Statements 2023

Statement of Changes in Equity
for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2023					
Balance at the end of previous reporting period		414,151	1,228,960	287	1,643,398
Net surplus / (deficit) for year		12,238	—	—	12,238
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	144,199	—	144,199
Other comprehensive income		—	144,199	—	144,199
Total comprehensive income		12,238	144,199	—	156,437
Balance at the end of period		426,389	1,373,159	287	1,799,835
2022					
Balance at the end of previous reporting period		403,419	1,137,327	1,859	1,542,605
Net surplus / (deficit) for year		9,160	—	—	9,160
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	91,633	—	91,633
Other comprehensive income		—	91,633	—	91,633
Total comprehensive income		9,160	91,633	—	100,793
Transfers between reserves		1,572	—	(1,572)	—
Balance at the end of period		414,151	1,228,960	287	1,643,398

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

City of Tea Tree Gully

Financial Statements 2023

Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		85,699	85,754
Statutory Charges		1,971	2,290
User Charges		4,402	3,451
Grants, Subsidies and Contributions		8,806	8,832
Investment Receipts		752	52
Reimbursements		113	93
Other Receipts		4,428	14,259
<u>Payments</u>			
Payments to Employees		(36,943)	(35,555)
Payments for Materials, Contracts & Other Expenses		(41,697)	(39,494)
Finance Payments		(261)	(372)
Net cash provided by (or used in) operating activities	11b	<u>27,270</u>	<u>39,310</u>
Cash flows from investing activities			
<u>Receipts</u>			
Grants utilised for capital purposes		203	–
Amounts Received Specifically for New/Upgraded Assets		5,116	4,411
Sale of Replaced Assets		252	857
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(16,180)	(16,283)
Expenditure on New/Upgraded Assets		(6,683)	(8,868)
Net cash provided (or used in) investing activities		<u>(17,292)</u>	<u>(19,883)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		–	97
<u>Payments</u>			
Repayment of Bonds & Deposits		(73)	–
Repayments of Borrowings		–	(15,000)
Net cash provided by (or used in) financing activities		<u>(73)</u>	<u>(14,903)</u>
Net increase (decrease) in cash held		9,905	4,524
plus: Cash & Cash Equivalents at beginning of period		8,432	3,908
Cash and cash equivalents held at end of period	11a	<u>18,337</u>	<u>8,432</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Contents of the Notes accompanying the General Purpose Financial Statements

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated XX September 2023.

1.2 Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

1.4 Estimates and assumptions

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

(2) The local government reporting entity

City of Tea Tree Gully is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 571 Montague Road, Modbury.

(3) Income recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

continued on next page ...

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2020/21	\$3,865,290	\$3,847,133	- \$18,157
2021/22	\$5,068,633	\$4,016,655	+ \$1,051,968
2022/23	\$5,441,189	\$4,328,286	+ \$1,112,903

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

(4) Cash, cash equivalents and other financial instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 1999*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real estate assets developments

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

(6) Infrastructure, property, plant and equipment**6.1 Initial recognition**

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

continued on next page ...

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$3,000
Fleet & Plant	\$3,000
Buildings - new construction/extensions	\$5,000
Information Technology	\$3,000

6.3 Subsequent recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of non-current assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	3 to 10 years
Office Furniture	4 to 20 years
Plant and Equipment	3 to 8 years
Technology	3 to 15 years

Building & Other Structures

Footings	60 years
Envelope	45 to 60 years
Fitout - Flooring	15 to 35 years
Fitout - Internal	30 to 60 years
Roof	10 to 60 years
Mechanical Services	15 to 40 years
Fire Services	40 years
Hydraulics	50 to 60 years
Electrical	50 to 60 years

Infrastructure

Road – Formation	Indefinite
Road – Pavement	40 to 250 years
Road – Seal	15 to 60 years
Kerb and Gutter	80 to 200 years
Footpaths	15 to 200 years
Bridges	30 to 250 years
Traffic Control	40 to 150 years
Stormwater	50 to 200 years

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

CWMS	60 to 200 years
Signage	5 to 7 years

Other Assets

Wetlands	100 to 200 years
Irrigation Systems	25 to 40 years
Public Lighting	33 to 60 years
Playing Courts	10 to 200 years
Playgrounds	20 to 65 years

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with *AASB 123 Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(7) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

The Council does not presently hold any properties that it considers investment properties

(8) Payables**8.1 Goods and services**

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

8.2 Payments received in advance and deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

(9) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

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Financial Statements 2023

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(10) Employee benefits

10.1 Salaries, wages and compensated absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate 4.026% (2022, 2.901%)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

10.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

(11) Provisions for reinstatement, restoration and rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

(12) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

12.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(13) GST implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(14) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current* (amended by *AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferral of Effective Date*, *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*)
- *AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*. (This Standard makes amendments to *AASB 1053 Application of Tiers of Australian Accounting Standards*, June 2010 and *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities*, March 2020)
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* (This standard amends a number of Standards as follows: *AASB 7 Financial Instruments: Disclosures* – to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements, *AASB 101 Presentation of Financial Statements* - to require entities to disclose their material accounting policy information rather than their significant accounting policies, *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* - to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates, *AASB 134 Interim Financial Reporting* - to identify material accounting policy information as a component of a complete set of financial statements, *AASB Practice Statement 2: Making Materiality Judgements* - to provide guidance on how to apply the concept of materiality to accounting policy disclosures)
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. (This Standard makes amendments to *AASB 1 First-time Adoption of Australian Accounting Standards*, July 2015 and *AASB 112 Income Taxes*, August 2015. These amendments arise from the issuance of International Financial Reporting Standard Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) by the International Accounting Standards Board (IASB) in May 2021)
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*. (This standard amends a number of Standards as follows: *AASB 7 Financial Instruments: Disclosures*, August 2015, *AASB 116 Property, Plant and Equipment*, August 2015, *AASB 124 Related Party Disclosures*, July 2015, *AASB 128 Investments in Associates and Joint Ventures*, August 2015, *AASB 134 Interim Financial Reporting*, August 2015, *AASB 1054 Australian Additional Disclosures*, May 2011, *AASB Practice Statement 2: Making Materiality Judgements*, December 2017. This Standard repeals Australian Accounting Standards that have been superseded by other Standards but not formally repealed. It also repeals Standards that amend other Standards as their principal

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

purpose but which have not been formally repealed, provided their Parliamentary disallowance period and legal commencement date have passed)

- *AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments.* (This Standard amends: AASB 1 *First-time Adoption of Australian Accounting Standards*, July 2015, AASB 3 *Business Combinations*, August 2015, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, August 2015, AASB 7 *Financial Instruments: Disclosures*, August 2015, AASB 9 *Financial Instruments*, December 2014, AASB 15 *Revenue from Contracts with Customers*, December 2014, AASB 17 *Insurance Contracts*, July 2017, AASB 119 *Employee Benefits*, August 2015, AASB 132 *Financial Instruments: Presentation*, August 2015, AASB 136 *Impairment of Assets*, August 2015, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, August 2015, AASB 138 *Intangible Assets*, August 2015, AASB 1057 *Application of Australian Accounting Standards*, July 2015, AASB 1058 *Income of Not-for Profit Entities*, December 2016; to permit public sector entities to continue applying AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts* to annual periods beginning on or after 1 January 2023 but before 1 July 2026. This Standard also amends AASB 17 to repeal AASB 1038 *Life Insurance Contracts*, July 2004 and supersede *Interpretation 1047 Professional Indemnity Claims Liabilities in Medical Defence Organisations* for annual periods beginning on or after January 2023)
- *AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information.* (This Standard makes amendments to AASB 17 *Insurance Contracts*, July 2017. These amendments arise from the issuance of International Financial Reporting Standard Initial Application of IFRS 9 – Comparative Information (Amendment to IFRS 17) by the International Accounting Standards Board (IASB) in December 2021)

Effective for NFP annual reporting periods beginning on or after 1 January 2024

- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback.* (This Standard makes amendments to AASB 16 *Leases*, February 2016. These amendments arise from the issuance of International Financial Reporting Standard Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) by the International Accounting Standards Board (IASB) in September 2022)
- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (This Standard makes amendments to AASB 13 *Fair Value Measurement*, August 2015 for application by not-for profit public sector)

Effective for NFP annual reporting periods beginning on or after 1 January 2026 for public sector

- *AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector.* (This Standard amends AASB 17 *Insurance Contracts*, July 2017 and AASB 1050 *Administered Items*, December 2007 to include modifications related to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* since AASB 4 *Insurance Contracts*, August 2015 and AASB 1023 *General Insurance Contracts*, July 2004 do not apply to public sector entities for periods beginning on or after 1 July 2026: AASB 1 *First-time Adoption of Australian Accounting Standards*, July 2015, AASB 3 *Business Combinations*, August 2015, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, August 2015, AASB 7 *Financial Instruments: Disclosures*, August 2015, AASB 9 *Financial Instruments*, December 2014, AASB 15 *Revenue from Contracts with Customers*, December 2014, AASB 119 *Employee Benefits*, August 2015, AASB 132 *Financial Instruments: Presentation*, August 2015, AASB 136 *Impairment of Assets*, August 2015, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, August 2015, AASB 138 *Intangible Assets*, August 2015, AASB 1057 *Application of Australian Accounting Standards*, July 2015, AASB 1058 *Income of Not-for-Profit Entities*, December 2016)

(15) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(16) Significant Asset Disposal - Community Wastewater Management Systems

During the financial year ended 30 June 2022, the Council entered into an agreement in which the ownership of the Community Wastewater Management Systems (CWMS) assets would transfer from Council to SA Water. As per the State Labor Party election commitment, this arrangement will enable SA Water to charge existing City of Tea Tree Gully CWMS customers SA Water Sewer rates from 1 July 2022. As a result, the assets were disposed of on 30 June 2022 when the control of the assets

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023**Note 1. Summary of Significant Accounting Policies (continued)**

were transferred to SA Water. The assets were revalued to its fair value immediately prior to the transfer to assets held for sale, and the value decrement to the extent of any credit balance existing in the asset revaluation reserve in respect of the asset, was recognised in other comprehensive income. The remaining decrement was recognised in surplus or deficit for the financial year ended 30 June 2022.

(17) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income

\$ '000	2023	2022
(a) Rates		
General rates		
General rates	85,445	82,171
Less: discretionary rebates, remissions and write-offs	(1,728)	(1,496)
Total general rates	83,717	80,675
Other rates (including service charges)		
Landscape levy	1,864	1,831
Community wastewater management systems	–	3,466
Total other rates (including service charges)	1,864	5,297
Total rates	85,581	85,972
(b) Statutory charges		
Development Act fees	849	979
Animal registration fees and fines	617	602
Parking fines / expiation fees	447	632
Other licences, fees and fines	58	77
Total statutory charges	1,971	2,290
(c) User charges		
Sundry	877	871
Admission Fees, Cemeteries and Rents	3,525	2,580
Total user charges	4,402	3,451
(d) Investment income		
Interest on investments		
- Local Government Finance Authority	135	34
- Banks and other	617	18
Total investment income	752	52

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Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 2. Income (continued)

\$ '000	2023	2022
(e) Reimbursements		
Other	113	93
Total reimbursements	113	93
(f) Other income		
Insurance and other recoupments - infrastructure, property, plant and equipment	4	195
Rebates received	1,305	988
Sundry	925	795
Total other income	2,234	1,978
(g) Grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	5,116	4,411
Total	5,116	4,411
Other grants, subsidies and contributions - capital		
Other grants, subsidies and contributions - capital	203	519
Total Other grants, subsidies and contributions - capital	203	519
Other grants, subsidies and contributions - operating		
Other grants, subsidies and contributions - operating	8,806	8,313
Total other grants, subsidies and contributions - operating	8,806	8,313
Total grants, subsidies and contributions	14,125	13,243
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	10,063	9,537
State Government	3,678	2,661
Other	384	1,045
Total	14,125	13,243
(h) Physical resources received free of charge		
Other	—	157
Total physical resources received free of charge	—	157

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses

\$ '000	Notes	2023	2022
(a) Employee costs			
Salaries and wages		28,935	28,846
Employee leave expense		3,455	3,584
Superannuation - defined contribution plan contributions	18	2,544	2,309
Superannuation - defined benefit plan contributions	18	609	681
Workers' compensation insurance		1,369	1,479
Less: capitalised and distributed costs		(940)	(1,187)
Total operating employee costs		35,972	35,712
Total number of employees (full time equivalent at end of reporting period)		331	346
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		31	31
Bad and doubtful debts		13	32
Elected members' expenses		376	359
Election expenses		548	75
Subtotal - prescribed expenses		968	497
(ii) Other materials, contracts and expenses			
Contractors		14,316	16,074
Energy		3,318	2,977
Legal expenses		351	382
Levies paid to Government - NRM levy		1,836	1,816
Levies - other		141	65
Parts, accessories and consumables		6,254	5,724
Sundry		477	147
Contractors - Waste		5,286	4,126
Contractors - Consultants Fees		1,515	833
Advertising		142	63
Fringe Benefits		61	41
Insurance		1,596	1,468
Licence Fees		1,607	1,575
Water Rates		975	1,616
Levies - Solid Waste Levy		3,076	2,974
Subtotal - Other material, contracts and expenses		40,951	39,881
Total materials, contracts and other expenses		41,919	40,378

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 3. Expenses (continued)

\$ '000	2023	2022
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Buildings and other structures	2,215	2,070
Infrastructure		
- Stormwater drainage	1,937	1,935
- Roads	4,896	4,860
- Footpaths	1,244	1,226
- Bridges	69	64
- Traffic Control Devices	352	860
- Community Wastewater Management	—	457
- Lighting	263	212
Plant and equipment	1,897	2,062
Furniture and fittings	61	67
Technology	1,379	1,524
Playground Equipment	302	292
Irrigation Systems	455	434
Fencing and Other Landscaping	392	366
Sporting Courts, Facilities	427	420
Playing Field Formation	195	201
Carpark Facilities	174	171
Subtotal	16,258	17,221
Total depreciation, amortisation and impairment	16,258	17,221
(d) Finance costs		
Interest on loans	—	138
Bank Fees & Other Finance Charges	261	234
Total finance costs	261	372

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 4. Asset disposal and fair value adjustments

\$ '000	2023	2022
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	252	857
Less: carrying amount of assets sold	(142)	(998)
Gain (loss) on disposal	110	(141)
(ii) Assets surplus to requirements		
Less: carrying amount of assets sold	(2,238)	(4,252)
Gain (loss) on disposal	(2,238)	(4,252)
Fair value adjustments		
Revaluation decrements expensed	(402)	–
Total fair value adjustments	(402)	–
Net gain (loss) on disposal or revaluation of assets	(2,530)	(4,393)

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 5. Current assets

\$ '000	2023	2022
(a) Cash and cash equivalent assets		
Cash on hand and at bank	18,337	8,432
Total cash and cash equivalent assets	18,337	8,432

(b) Trade and other receivables

Rates - general and other	2,016	2,134
Accrued revenues	133	2
Debtors - general	1,636	1,666
GST recoupment	1,356	796
Prepayments	717	204
Subtotal	5,858	4,802
Less: provision for expected credit losses	(114)	(112)
Total trade and other receivables	5,744	4,690

(c) Inventories

Stores and materials	127	43
Total inventories	127	43

Note 6. Non-current assets

\$ '000	2023	2022
Other non-current assets		
Capital work in progress	13,682	8,598
Total other non-current assets	13,682	8,598

Financial Statements 2023

City of Tea Tree Gully

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment

(a(i)) Infrastructure, property, plant and equipment

	Fair Value Level	as at 30/06/22				Asset movements during the reporting period							as at 30/06/23				
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Disposals	WDV of Asset (Note 3c)	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to P&L (Note 4)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000	3	686,254	480	-	686,734	717	-	-	-	351	-	-	105,066	792,868	-	-	792,868
	2	33,554	-	-	33,554	1,044	-	-	-	4	-	-	5,730	40,332	-	-	40,332
	3	93,364	34,944	(29,512)	98,796	2,448	70	(169)	(2,215)	2,309	(27,937)	(407)	(31,457)	99,103	-	(57,673)	41,430
	2		-	-			-	-	-	-	27,937	-	-	27,938	-	-	27,938
	3	212,382	3,405	(26,104)	189,683	112	22	-	(1,937)	536	-	-	27,085	262,697	-	(47,199)	215,498
	3	535,709	11,319	(85,710)	461,318	15	2,547	(125)	(4,896)	462	-	-	(2,872)	648,660	-	(192,196)	456,464
	3	95,202	11,032	(22,487)	83,747	929	177	-	(1,244)	755	-	-	30,804	141,263	-	(26,095)	115,168
	3	6,620	457	(1,226)	5,851	73	-	(13)	(69)	38	-	-	1,188	9,536	-	(2,466)	7,071
	3	25,745	3,790	(9,165)	20,370	59	306	(1,841)	(352)	186	-	-	6,920	34,085	-	(8,437)	25,648
	3	4,457	5,502	(2,000)	7,959	4	-	(90)	(363)	548	-	-	1,735	13,574	-	(3,680)	9,894
Total infrastructure, property, plant and equipment	Plant and equipment	-	21,150	(13,938)	7,212	-	278	(142)	(1,897)	-	-	-	-	-	20,285	(14,633)	5,452
	Furniture and fittings	-	924	-	442	18	290	-	(61)	8	-	-	-	-	1,240	(543)	697
	Technology	-	8,769	(4,881)	3,888	286	579	-	(1,379)	127	-	-	-	9,761	(6,260)	3,501	
	Playground Equipment	3	8,457	1,214	(2,692)	6,979	163	135	-	(302)	151	-	-	8,457	1,663	(2,994)	7,126
	Irrigation Systems	3	12,618	2,926	(4,583)	10,961	620	2	-	(455)	179	-	-	12,618	3,727	(5,039)	11,306
	Fencing and Other Landscaping	3	1,428	7,312	(2,630)	6,110	287	122	-	(392)	179	-	-	1,428	7,901	(3,023)	6,306
	Sporting Courts, Facilities	3	15,781	2,005	(5,127)	12,659	29	191	-	(427)	369	-	-	15,781	2,594	(5,554)	12,821
	Playing Field Formation	3	4,993	3,563	(2,289)	6,267	-	-	-	(195)	-	-	-	4,993	3,563	(2,484)	6,072
	Carpark Facilities	3	10,367	1,922	(2,408)	9,881	-	8	-	(174)	41	-	-	10,367	1,972	(2,562)	9,757
		1,746,931	120,714	(215,234)	1,652,411	6,804	4,727	(2,380)	(16,258)	6,243	-	(407)	144,199	2,123,700	52,706	(381,057)	1,795,349
Comparatives		1,668,505	101,265	(211,217)	1,558,553	8,868	8,590	(5,250)	(17,221)	6,804	-	-	91,633	1,746,931	120,714	(215,234)	1,652,411

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Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

(b) Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

Fair value hierarchy level 2 valuations - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Transfers between fair value hierarchy levels

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

Other information

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports.

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis.

No capitalisation threshold is applied to the acquisition of land or interests in land.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c) are reviewed annually (see Note 1).

During the year, a desktop valuation has been completed based on market evidence of valuations provided by the Valuer General in 2022-23 as at 30 June 2023. The property valuation data provided from the Valuer General in 2022-23 resulted in an average 15% increase in property valuations.

Buildings & Other Structures

Buildings and other structures are generally recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings that Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were valued as at 30 June 2023 by Liquid Pacific Asset Consultants.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: Liquid Pacific Asset Consultants, 49 High Street, Kensington SA 5068

Infrastructure

Infrastructure assets were valued by APV Valuers and Asset Management as at 30 June 2023 to reflect their service potential.

Stormwater Drainage

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie St, Adelaide SA 5000

Roads

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Footpaths

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Bridges

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Traffic Control Devices

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Lighting

- Basis of valuation: Fair Value

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

Playground Equipment

Playground equipment was revalued by APV Valuers and Asset Management in 2019 to reflect service potential. Condition based assessment was undertaken as part of the valuation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Irrigation Systems

Irrigation assets were revalued by APV Valuers and Asset Management in 2019 to reflect service potential. Condition based assessment was undertaken as part of the valuation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Fencing and Other Landscaping

Fencing assets were revalued by APV Valuers and Asset Management in 2019 to reflect service potential. Condition based assessment was undertaken as part of the valuation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Sporting Courts and Facilities

Sporting Courts and Facilities were valued by APV Valuers to reflect their service potential as at 30 June 2019. Full condition based assessment was undertaken as part of the revaluation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

Playing Field Formation

Playing Field Formation were valued by APV Valuers and Asset Management in 2019 to reflect service potential.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
(a) Trade and other payables				
Goods and services	815	—	174	—
Payments received in advance	20,414	—	17,561	—
Accrued expenses - employee entitlements	2,803	—	3,222	—
Accrued expenses - other	5,217	—	5,046	—
Deposits, retentions and bonds	170	—	243	—
Other	87	—	80	—
Total trade and other payables	29,506	—	26,326	—
(b) Provisions				
Employee entitlements (including oncosts)	3,725	685	4,455	507
Total provisions	3,725	685	4,455	507

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset revaluation reserve					
Land - community	586,836	105,066	—	—	691,902
Land - other	10,014	5,730	—	—	15,744
Buildings and other structures	31,457	(31,457)	—	—	—
Infrastructure					
- Stormwater drainage	134,530	27,085	—	—	161,615
- Roads	363,554	(2,872)	—	—	360,682
- Footpaths	57,218	30,804	—	—	88,022
- Bridges	3,880	1,188	—	—	5,068
- Traffic Control Devices	11,490	6,920	—	—	18,410
- Lighting	—	1,735	—	—	1,735
Plant and equipment	75	—	—	—	75
Playground Equipment	1,358	—	—	—	1,358
Irrigation Systems	1,549	—	—	—	1,549
Fencing and Other Landscaping	494	—	—	—	494
Sporting Courts, Facilities	2,008	—	—	—	2,008
Carpark Facilities	1,961	—	—	—	1,961
Other assets	22,536	—	—	—	22,536
Total other assets	22,536	—	—	—	22,536
Total asset revaluation reserve	1,228,960	144,199	—	—	1,373,159

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other reserves					
Developer Contribution Reserve	186	—	—	—	186
Pathways North East Reserve	101	—	—	—	101
Total other reserves	287	—	—	—	287

Purposes of reserves

Asset revaluation reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Developer Contribution Reserve

The Developer Contribution Reserve is a reserve where contributions are made to fund infrastructure projects in particular areas.

Pathways North East Reserve

The Pathways North East Reserve is a reserve to fund youth projects.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 10. Assets subject to restrictions

Council does not hold any assets subject to restrictions.

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2023	2022
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(a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	5	18,337	8,432
Balances per Statement of Cash Flows		18,337	8,432

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)	12,238	9,160
Non-cash items in income statements		
Depreciation, amortisation and impairment	16,258	17,221
Fair value adjustments	402	—
Non-cash asset acquisitions	—	(157)
Grants for capital acquisitions treated as investing activity	(5,319)	(4,930)
Net (gain)/loss on disposals	2,128	4,393
	25,707	25,687
Add (less): changes in net current assets		
Net (increase)/decrease in receivables	(1,056)	(235)
Change in allowances for under-recovery of receivables	(2)	(21)
Net (increase)/decrease in inventories	(84)	(10)
Net (increase)/decrease in other assets	4	42
Net increase/(decrease) in trade and other payables	3,253	13,297
Net increase/(decrease) in unpaid employee benefits	(552)	31
Net cash provided by (or used in) operations	27,270	38,791

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2023	2022
(c) Non-cash financing and investing activities			
Acquisition of assets by means of:			
Physical resources received free of charge	2h	—	157
Amounts recognised in income statement		—	157
Total non-cash financing and investing activities		—	157

(d) Financing arrangements**Unrestricted access was available at balance date to the following lines of credit:**

Bank overdrafts	300	300
Corporate credit cards	900	900
LGFA cash advance debenture facility	42,000	42,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Council has access to cash facilities of \$42 million and minimises interest expense by transferring funds between cash at bank and the debenture facility.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions/Activities										
Office of the CEO	2	43	2,731	1,912	(2,729)	(1,869)	–	–	–	–
City Operations	1,636	1,584	27,230	26,651	(25,594)	(25,067)	1,151	1,179	1,784,456	1,661,631
Community Services	8,062	7,376	15,128	14,539	(7,066)	(7,163)	2,198	2,057	1,866	1,586
Corporate Finance	126	90	11,828	10,088	(11,702)	(9,998)	–	–	34,876	–
Strategy & Finance	94,236	93,575	37,493	40,493	56,743	53,082	5,457	5,077	12,553	11,469
Total Functions/Activities	104,062	102,668	94,410	93,683	9,652	8,985	8,806	8,313	1,833,751	1,674,686

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 12(b). Components of functions

The activities relating to Council functions are as follows:

OFFICE OF THE CEO

Office of the Chief Executive Officer, Corporate Governance.

CITY OPERATIONS

Technical & Engineering Services, Field Services, Operations Support Services, Project & Contract Delivery.

COMMUNITY SERVICES

City Development, Community Wellbeing, Community Safety, Library Services, Recreation & Leisure Services.

CORPORATE SERVICES

Customer and Communications, Procurement and Contract Management, People & Capability, Information Technology Solutions.

STRATEGY & FINANCE

City Strategy, Finance & Rating Services, Project Management Office.

Note 13. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 5.5% and 6.15% (2022: 0.3% and 0.6%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.05% (2022: 5.05%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Carrying amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying amount:

Approximates fair value.

Liabilities - creditors and accruals

Accounting policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at variable rates between 1.3% and 6.72% (2022: 1.3% and 6.72%).

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 13. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2023					
Financial assets					
Cash and cash equivalents	18,337	–	–	18,337	18,337
Receivables	2,893	–	–	2,893	3,011
Total financial assets	21,230	–	–	21,230	21,348
Financial liabilities					
Payables	9,092	–	–	9,092	9,092
Total financial liabilities	9,092	–	–	9,092	9,092
Total financial assets and liabilities	30,322	–	–	30,322	30,440
2022					
Financial assets					
Cash and cash equivalents	8,432	–	–	8,432	8,432
Receivables	2,352	–	–	2,352	2,352
Total financial assets	10,784	–	–	10,784	10,784
Financial liabilities					
Payables	8,765	–	–	8,765	8,765
Total financial liabilities	8,765	–	–	8,765	8,765
Total financial assets and liabilities	19,549	–	–	19,549	19,549

Net fair value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

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City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Expected credit losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLs are based on credit history adjusted for forward looking estimates and economic conditions.

Note 14. Capital Expenditure Commitments

\$ '000	2023	2022
Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	11,844	1,713
City Beautification	253	2,493
Sporting courts/pitch renewal/Open Space	311	450
Other projects	867	453
	13,275	5,109
These expenditures are payable:		
Not later than one year	13,275	5,109
	13,275	5,109

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 15. Financial indicators

	Indicator 2023	2022	Indicators 2021	2020
Financial Indicators overview				
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>				
1. Operating Surplus Ratio				
Operating surplus	9.3%	8.8%	8.4%	5.2%
Total operating income				
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
2. Net Financial Liabilities Ratio				
Net financial liabilities	9%	18%	25%	30%
Total operating income				
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>				
Adjusted Operating Surplus Ratio				
Operating surplus	9.3%	8.8%	8.4%	5.2%
Total operating income				
Adjustments to Ratios				
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>				
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	9%	18%	25%	30%
Total operating income				
3. Asset Renewal Funding Ratio				
Asset renewals	62%	104%	104%	100%
Infrastructure and Asset Management Plan required expenditure				
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>				

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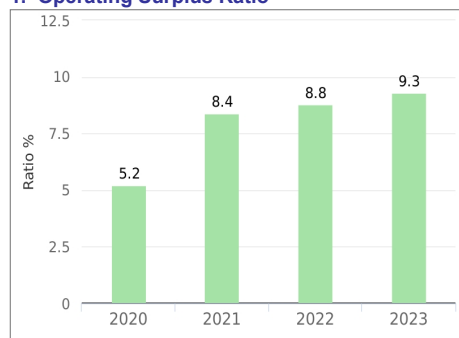
Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

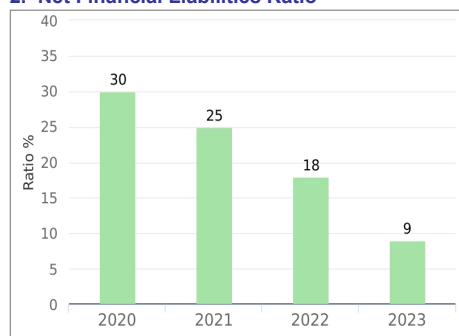
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio 9.3%

Operating Surplus Ratio is the operating surplus (deficit) before capital. The Operating Surplus Ratio for 2022/23 is 9.0% which is within Council's target of 2.5% - 10%.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2022/23 result

2022/23 ratio 9%

The Net Financial Liabilities Ratio (excluding Non-Current Assets Held for Sale) for 2022/23 is 10% which is under Council's target of 25% - 35%.

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio 9.3%

The Adjusted Operating Surplus Ratio is the operating surplus (deficit) before capital adjusted for timing differences from the Financial Assistance Grants and Supplementary Road Funding payments. The Adjusted Operating Surplus Ratio for 2022/23 is 9.0% which is within Council's target of 2.5% - 10%.

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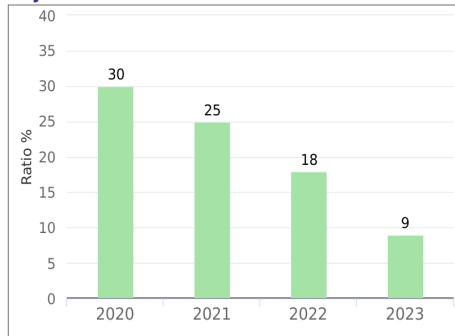
City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Adjusted Net Financial Liabilities Ratio



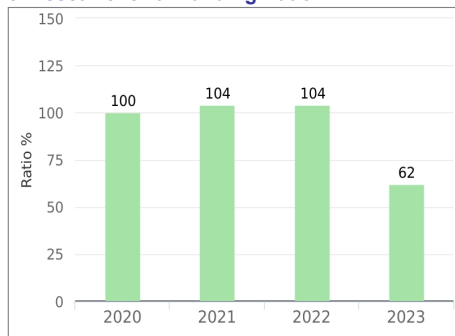
Purpose of adjusted net financial liabilities ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio	9%
<p>The Adjusted Net Financial Liabilities Ratio (excluding Non-Current Assets Held for Sale) for 2022/23 is 10% which is under Council's target of 25% - 35%.</p>	

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

Commentary on 2022/23 result

2022/23 ratio	62%
<p>The Asset Renewal Funding Ratio for 2022/23 is 99% within the target ratio of 90% - 110% over a three year rolling period.</p>	

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 16. Uniform presentation of finances

\$ '000	2023	2022
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income		
Rates	85,581	85,972
Statutory charges	1,971	2,290
User charges	4,402	3,451
Grants, subsidies and contributions - capital	203	519
Grants, subsidies and contributions - operating	8,806	8,313
Investment income	752	52
Reimbursements	113	93
Other income	2,234	1,978
Total Income	104,062	102,668
Expenses		
Employee costs	35,972	35,712
Materials, contracts and other expenses	41,919	40,378
Depreciation, amortisation and impairment	16,258	17,221
Finance costs	261	372
Total Expenses	94,410	93,683
Operating surplus / (deficit)	9,652	8,985
Adjusted Operating surplus / (deficit)	9,652	8,985
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(16,180)	(16,283)
Add back depreciation, amortisation and impairment	16,258	17,221
Add back proceeds from sale of replaced assets	252	857
	330	1,795
Net outlays on new and upgraded assets		
Capital Expenditure on New and Upgraded Assets	(6,683)	(8,868)
Add back amounts received specifically for new and upgraded assets	5,116	4,411
	(1,567)	(4,457)
Annual net impact to financing activities (surplus/(deficit))	8,415	6,323

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 17. Leases

(i) Council as a lessee

Council does not have any Leases.

(ii) Council as a lessor

Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Investment property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

\$ '000	2023	2022
---------	------	------

Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:

Not later than one year	230	181
Later than one year and not later than 5 years	697	592
Later than 5 years	651	683
	<u>1,578</u>	<u>1,456</u>

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super and Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to other superannuation schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

Note 19. Non-current assets held for sale and discontinued operations

\$ '000	2023	2022
---------	------	------

Carrying Amounts of Assets and Liabilities

Assets

Land	512	512
------	-----	-----

Total assets	512	512
---------------------	------------	------------

Net assets	512	512
-------------------	------------	------------

Council has resolved to dispose of a portion of Australia Avenue Reserve.

As the consideration expected to be received exceeds the carrying amount, this asset has been recognised at the carrying amount. Part of the proceeds will be used to upgrade the remaining reserve.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 20. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Land under roads

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled **602** km of road reserves of average width **15** metres.

2. Potential insurance losses

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$243,705 (2022: \$264,957) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. Legal expenses

Council is the planning consent authority for its area under the Planning, Development and Infrastructure Act 2016 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of three appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. Other events

Council has a comprehensive Safety First Strategy in place to ensure compliance with the Work, Health and Safety Legislation and the WorkCover Performance Standards for Self-Insured Employers. Our Council is also a member of the Local Government Workers Compensation Scheme.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 21. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is aware of the following "non adjusting events" that merit disclosure;

Insurance claim against Greenplay Australia Pty Ltd insurer for losses contributed to a new playing surface not being able to achieve certification.

Recovery of costs associated with dealing with matters attributed to the conduct of the previous mayor.

City of Tea Tree Gully

Financial Statements 2023

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 22. Related party transactions

Key management personnel

Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 66 persons were paid the following total compensation:

\$ '000	2023	2022
The compensation paid to key management personnel comprises:		
Executive Staff (4 FTE)	1,044	992
Non-Executive Staff (19 FTE)	3,267	3,140
Elected Members (13)	378	359
Total	4,689	4,491

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from key management personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Contributions for Fringe Benefits Tax purposes	7	8
Total	7	8

Council's Executive and Management staff have access to enter into a salary sacrificed arrangement for the private use of a motor vehicle. Any Fringe Benefits tax liability that arises for such use is calculated and deducted from their salary to fully offset the Fringe Benefits Tax payable.

Council contains some key management personnel that have relationships with parties that Council may transact with on a regular basis. Relationships include: Adelaide University Sport and Fitness Association Inc., ALGWA SA Branch, Animal Welfare League, Ardtornish Primary School, Australian Labor Party SA, Australian Services Union, Australian Universities Sailing Association, Banksia Park International School, Beatique Catering, City of Tea Tree Gully City Soccer Club, Modbury Football Club, Community Centres SA, Every Life Matters Salisbury Suicide Prevention Network, Golden Grove High School, Golden Grove High School Governing Council, Golden Grove Homestead Childcare Centre, Golden Grove Recreation and Arts Advisory Group, Highbury Primary School, Justice of Peace for State of SA, Liberal Party of Australia (Various Branches), Lions Club (Various Branches), Lobethal Netball Club, Modbury High School, Murray Darling Association, Neighbourhood Watch (Various Branches), Percy Sovereign Chapter #255, Progressive Left Unions and Sub-Branched, Public Libraries SA, Rotary Club of Salisbury, Royal Association of Justices, Sferas Parks Suites and Convention Centre, St John Ambulance, Tea Tree Gully Community Services Forum, Wynn Vale Community Kindergarten, Wynn Vale Primary School.

The nature of these organisation's activities with Council typically include the provision of services to Council, and lease property from Council; they may also be the recipient of grants from Council. Transactions with these organisations are immaterial in amount and nature, with the exception of:

Sfera's Parks Suites and Convention Centre: \$14,465 (Funds Paid)
 Sfera's Parks Suites and Convention Centre: \$14,454 (Funds Received)
 City of Tea Tree Gully City Soccer Club \$14,833 (Funds Received)

Key management personnel and their close family members may either have an employment relationship or committee role with these organisations and/or access their services. All matters when addressed by Council staff are covered by Council's conflict-of-interest procedures.

City of Tea Tree Gully

Financial Statements 2023

General Purpose Financial Statements for the year ended 30 June 2023

Independent Auditor's Report - Financial Statements

City of Tea Tree Gully

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

Independent Auditor's Report - Internal Controls

Item 12.4

Attachment 1

City of Tea Tree Gully

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023**Certification of Auditor Independence**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Tea Tree Gully for the year ended 30 June 2022, the Council's Auditor, BDO Audit Pty Ltd has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Ryan McMahon
Chief Executive Officer

Irena Zagladov
Presiding Member Audit & Risk Committee

Date:

City of Tea Tree Gully

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023**Statement by Auditor**

I confirm that, for the audit of the financial statements of City of Tea Tree Gully for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

Auditor's Name**Audit Firm Name****Date: dd MMMM yyyy**



CITY OF TEA TREE GULLY

Annual completion report

YEAR ENDED 30 JUNE 2023

IDEAS | PEOPLE | TRUST



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Attachment 2

Item 11.4

Dear Audit Committee Members

We are pleased to present this report to the Audit Committee of City of Tea Tree Gully in relation to the 30 June 2023 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit Committee meeting on 6 September 2023 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact us.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



Andrew Tickle
Engagement Partner

Adelaide, 30 August 2023



EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Audit Committee. This report has been discussed with management.

SCOPE

Our audit was conducted in accordance with Australian Auditing Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* for the year ended 30 June 2023.

STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ Finalisation of Engagement Quality Partner review
- ▶ Review of events subsequent to 30 June 2023 to the date of the signing of the audit report
- ▶ Receipt of written management representations on various matters
- ▶ Receipt of formally adopted financial statement and agreement of these to drafts previously provided.

A draft of the proposed audit report is included at [Appendix 1](#).

SUMMARY OF MISSTATEMENTS

We have not identified any corrected or uncorrected misstatements during our audit.

We have not identified any uncorrected misstatements that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2023.

AREAS OF AUDIT FOCUS

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant and elevated risks of material misstatement. These areas of focus are outlined below:

- ▶ Management override of internal controls
- ▶ Cut-off of grant funding and accuracy of any amounts deferred
- ▶ Valuation of fixed assets
- ▶ Capital WIP
- ▶ Supplier Masterfile

Refer to the relevant section for details on the significant risk areas and other areas focused on during the audit.



AREAS OF AUDIT FOCUS

In assessing the risks of material misstatement at the planning phase, we used a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

Management override of internal controls

Description	Audit work performed	Summary of findings
Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override control that otherwise appear to be operating effectively.	<p>Our response included a review of key internal controls at the Council to mitigate the risk of management override.</p> <p>We tested the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We also reviewed accounting estimates for bias, and evaluated the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appear to be unusual.</p>	No exceptions were noted from our audit procedures.

AREAS OF AUDIT FOCUS *CONTINUED*

Cut-off of grant funding and accuracy of any amounts deferred

Description	Audit work performed	Summary of findings
There is a risk of error in the calculation of grant income recognised and deferred at the end of the year by reference to grant agreements and Australian Accounting Standards.	We obtained the schedule of grant income recognised and deferred at year end. We selected a sample of grants, obtained the agreements to review in detail and tested that they have been recognised in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .	We noted an increase in the balance of grant income received and deferred as at 30 June 2023 increasing from \$17.6mil at 30 June 2022 to \$20.4mil at 30 June 2023. The majority of the amounts deferred are for capital work. These amounts will be recognised as income as the construction work is completed in accordance with the relevant standards.

Valuation of Fixed Assets

Description	Audit work performed	Summary of findings
Council's infrastructure, property, plant and equipment are carried at valuation, largely based on information provided by independent valuers. There is a risk that these balances are misstated as a result of the application of inappropriate valuation methodologies, or incorrect underlying assumptions.	We obtained the valuation reports provided to council from the external valuer, then evaluated and gained an understanding as to the methodology of the external valuer, and assessed the reasonableness of the adopted dollar values and useful lives for fixed assets.	BDO have concluded that the methodology utilised by the external valuation reports is appropriate. Council had adopted these figures with an exception of the portfolio risk factor that has not been included. BDO are satisfied that the valuations have been adopted appropriately.

AREAS OF AUDIT FOCUS *CONTINUED*

Capital WIP

Description	Audit work performed	Summary of findings
There is a risk that the accounting treatment of items captured within Capital WIP may not be in accordance with Australian Accounting Standards.	We obtained the WIP schedule and reviewed in detail a sample of projects outstanding at the end of the year to test they are likely to generate assets. We also reviewed a sample of assets transferred out of the Capital WIP to check that the categorisation and value allocated to the relevant fixed asset class is appropriate.	No exceptions were noted in relation to the accounting treatment of capital of work in progress.

Supplier Masterfile

Description	Audit work performed	Summary of findings
There is a risk that without appropriate limited access to the Supplier Masterfile, there are unauthorised changes made and these may have a material impact on the Financial Statements and may allow for staff to misappropriate assets.	We have obtained the Supplier Masterfile user access listing which outlines personnel and their roles within City of Tea Tree Gully and considered the appropriateness of these allocations. We have also subsequently traced a sample of changes to the Supplier Masterfile to supporting documentation to ensure the appropriateness of the change.	No exceptions were noted in relation to the Supplier Masterfile, all personnel and changes sampled were deemed appropriate.

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INTERNAL CONTROL

CURRENT YEAR

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit Committee.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit Committee.

We intend to provide an unqualified audit report in relation to compliance with Section 125 of the *Local Government Act 1999*.



OTHER REPORTING REQUIREMENTS

INDEPENDENCE AND ETHICS

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to City of Tea Tree Gully.

The *Local Government Act 1999* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 2](#).

NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

FRAUD

We have obtained understanding of the nature of fraud detected by management during the year and the circumstances in which they occurred. We have evaluated the possible effect on the financial report and its implications on other aspects of our audit including our risk assessment and have concluded that the financial statements are not materially misstated in relation to this matter, and that it has not caused us to revise our overall risk assessment.

It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

APPENDIX 1 PROPOSED AUDIT REPORT

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF TEA TREE GULLY

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Tea Tree Gully ('the Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2022 to 30 June 2023 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2022 to 30 June 2023.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.

Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.



APPENDIX 1 PROPOSED AUDIT REPORT *CONTINUED*

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitations of controls

Because of the inherent limitations of an assurance engagement, together with any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, XX Month 2023

APPENDIX 1 PROPOSED AUDIT REPORT *CONTINUED*

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF TEA TREE GULLY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Tea Tree Gully (the Council), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the accompanying financial report presents fairly, in all material respects, the Council's financial position as at 30 June 2023, and its financial performance and its cash flows for the year ended in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the Local Government Act 1999 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Local Government Act 1999, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

The Council's officers are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as the Council's officers determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council's officers are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council's officers either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



APPENDIX 1 PROPOSED AUDIT REPORT *CONTINUED*

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, XX Month 2023



APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of City of Tea Tree Gully for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code), Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011.

Andrew Tickle
Director

BDO Audit Pty Ltd
Adelaide, XX Month 2023

APPENDIX 3 NEW DEVELOPMENTS

REVISIONS TO THE PROVISION OF NON-ASSURANCE SERVICES

The Accounting Professional and Ethical Standards (APES) Board has reviewed and revised the Non-Assurance Services (NAS) Provisions in APES 110 Code of Ethics for Professional Accountants (including independence standards) and issued an amending standard on 21 December 2022. The revisions strengthen the independence standards by addressing public interest concerns about independence when firms provide NAS to their audit clients.

Amongst the key changes proposed to the non-assurance services provisions are:

- ▶ Strengthened provisions regarding auditor communication. There is now a requirement for Those Charged with Governance (TCWG) at a public interest entity (PIE) audit client to concur with BDO's assessment of the threats associated with the non-assurance services prior to the non-assurance services commencing.
- ▶ A new general prohibition in providing non-assurance services to a PIE audit client, if a self-review threat to auditor independence will be created.
- ▶ Further tightening of the circumstances in which materiality may be considered in determining the permissibility of a non-assurance service. Materiality is no longer a consideration for PIE audit clients in assessing the self-review threat.

EFFECTIVE DATE

The APES Board has advised that these amendments will take effect from 1 July 2023, with early adoption permitted.

AMENDMENTS TO THE FEE-RELATED PROVISIONS OF APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS (INCLUDING INDEPENDENCE STANDARDS)

To enhance and strengthen the communication between the auditor and TCWG, and to enable TCWG to have effective oversight over the independence of the auditor, the revised provisions on fees contain new transparency requirements. The APES Board has issued an amending standard in relation to the amendments to the fee-related provisions within the APES 110 Code of Ethics for Professional Accountants (the Code). The key changes include:

- ▶ Communication to TCWG at a PIE audit client, the fees and assessment thereof for non-assurance services. The purpose of this communication is to provide the background and context for the client to concur that the fees and levels of fees does not impair BDO's independence.
- ▶ Enhanced guidance on identifying, evaluating and addressing threats to independence in relation to other fee-related matters, including the proportion of fees for services other than audit to the audit fee.
- ▶ Communication of information related to the audit fee to the client and to the public to assist them in forming a view that auditor independence is not compromised.
- ▶ A prohibition on firms allowing the audit fee to be influenced by the provision of services other than audit to the audit client.
- ▶ In the case of PIE audit clients, a requirement to cease to act as auditor if fee dependency on the audit client continues beyond a specified period.

These provisions will be effective for audits and reviews of financial statements for periods beginning on or after 1 January 2023.

APPENDIX 3 NEW DEVELOPMENTS CONTINUED

PRACTICAL APPLICATION FOR THOSE CHARGED WITH GOVERNANCE

To facilitate compliance with the above requirements, your BDO Audit Engagement Partner will discuss and agree on a process, including:

- ▶ Identifying all entities within a corporate structure to which the revised provisions would apply.
- ▶ Establishing how TCWG have determined that authority for approving services is to be allocated.
- ▶ Understanding the information that will be communicated to TCWG to assist them in concurring with the assessment of the services and fees.

UPCOMING CHANGES IN FINANCIAL REPORTING

AASB 2020-1 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

Effective for annual reporting periods beginning on or after 1 January 2024, there are five main changes to the classification requirements within AASB 101 *Presentation of financial statements*:

- ▶ The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
- ▶ The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
- ▶ Classification is based on the right to defer settlement, and not intention (paragraph 73), and

- ▶ If the right to defer settlement of a liability arising from a loan arrangement is dependent upon the entity complying with specified conditions in that loan arrangement, such covenants only affect the entity's right to defer settlement for at least twelve months after the reporting period if the entity must comply with the covenants **on or before the end of the reporting period**.
- ▶ If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

AASB 2021-2 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - DISCLOSURE OF ACCOUNTING POLICIES AND DEFINITION OF ACCOUNTING ESTIMATES

Effective for annual reporting periods beginning on or after 1 January 2023, this new amendment introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value.

Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise estimation techniques (such as used to determine expected credit losses or value in use) and valuation techniques (such as the income approach to determine fair value).

The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input.

APPENDIX 3 NEW DEVELOPMENTS CONTINUED

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.

DISCLOSURES

Only 'material' accounting policy information must be disclosed in the financial statements, i.e. if it relates to material transactions, other events, or conditions and:

- ▶ The entity has changed its accounting policy during the period.
- ▶ There are one or more accounting policy options in Accounting Standards
- ▶ The accounting policy was developed applying the hierarchy in AASB 108 because there is no specific IFRS dealing with the transaction.
- ▶ Significant judgement was required in applying the accounting policy.
- ▶ The accounting is complex, e.g. more than one IFRS applies to the transaction.

For further guidance, refer to the 'Considerations for Management when determining accounting estimates and related disclosures' [Briefing](#) issued by IAASB. This Briefing provides an overview of matters for management to consider in preparing for and responding to the significant revisions in, and the auditor's requests pertaining to ASA 540 Revised *Auditing Accounting Estimates and Related Disclosures*.

AASB 2021-5 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

Effective for annual reporting periods beginning on or after 1 January 2023, these amendments clarify that the 'initial recognition exemption' does not apply to transactions where an entity recognises an asset and a liability which give rise to equal taxable and deductible temporary differences. This could occur, for example, where lessees recognise a right-of-use asset and lease liability for lease transactions, or where an entity recognises decommissioning, restoration and other similar obligations, which form part of a related asset.

When these amendments are first adopted for the year ended 30 June 2024, they apply prospectively to all transactions that occur on or after the beginning of the earliest comparative period, i.e. from 1 July 2022.

In addition, at the beginning of the earliest comparative period, i.e. 1 July 2022, deferred tax assets (to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised) and deferred tax liabilities will be recognised for all deductible and temporary differences associated with:

- ▶ Right-of-use assets and lease liabilities, and
- ▶ Decommissioning, restoration and other similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

When these amendments are first adopted for the year ended 30 June 2024, they apply prospectively to all transactions that occur on or after the beginning of the earliest comparative period, i.e. from 1 July 2022.

APPENDIX 3 NEW DEVELOPMENTS CONTINUED

ASIC GUIDANCE FOR DIRECTORS ON FEATURES OF AN AUDIT COMMITTEE THAT SUPPORT AUDIT QUALITY

ASIC recently updated Information Sheet 196 *Audit quality - The role of directors and audit committees* ([Info Sheet 196](#)) to include a new section, [What features of an audit committee support audit quality?](#), which is based on the [IOSCO report on good practices for audit committees in supporting audit quality](#) (issued January 2019).

The key features of a supportive audit committee are summarised in the diagram below:



APPENDIX 3 NEW DEVELOPMENTS *CONTINUED*

ASIC GUIDANCE FOR DIRECTORS ON FEATURES OF AN AUDIT COMMITTEE THAT SUPPORT AUDIT QUALITY (*CONTINUED*)

Info Sheet 196 also includes sections explaining:

- ▶ Why audit quality is important.
- ▶ The auditor's responsibilities
- ▶ The roles of directors and audit committees
- ▶ The directors' responsibilities for auditor independence
- ▶ Who should manage the appointment of auditors
- ▶ What matters should be considered when setting audit fees
- ▶ How directors and audit committees can promote audit quality
- ▶ Possible reporting considerations for directors.

AUDIT COMMITTEE MEMBERS SHOULD HAVE GOOD FINANCIAL REPORTING KNOWLEDGE

Three of the seventeen features that an audit committee should have to support them with quality are related to financial reporting knowledge, i.e.:

- ▶ At least one member should have good financial reporting knowledge (preferably the Chair)
- ▶ Committee members as a whole should have an appropriate understanding of financial reporting and audit.
- ▶ There should be introductory and ongoing training for audit committee members on financial reporting.

HOW CAN BDO HELP?

BDO's [IFRS & Corporate Reporting team](#) has specialist expertise in financial reporting, including international financial reporting standards (IFRS) and other financial reporting regulatory matters, and we can help train or provide advice to your committee on a variety of topics. Please [contact us](#) for more information.



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INFORMATION REPORT

AUDIT & RISK COMMITTEE MEETING

06 September 2023

Office of the Chief Executive Officer

Internal Audit Agreed Actions Update (D23/48929)

Background

In accordance with the Audit & Risk Committee's Terms of Reference, the Committee maintains oversight of Council's Internal Audit function. This includes the review of findings, recommendations and agreed actions of all internal audits undertaken as well as monitoring the implementation of agreed actions.

A quarterly status update is provided on outstanding 'high' and 'extreme' risk rated actions.

A status update report on the progress of all outstanding actions against the previous reporting period is provided six monthly.

Discussion

This report provides a status update including the progress of all open actions since the previous report provided at the 29 March 2023 Audit & Risk Committee meeting.

Currently there are fifty-one (51) open audit actions being progressed by action owners. Since the previous report in March 2023, Council has closed sixteen (16) audit actions and added seven (7) new agreed audit actions to the register.

The Outstanding Internal Audit Agreed Actions Register (Attachment 1) details the outstanding actions for each internal audit, along with a status, progress notes and due date. All completed actions since last reported have been highlighted in blue.

Table 1 below provides a comparison of open and closed actions between the current and previous reporting period.

Table 1 – Comparison of open and closed actions

	Previous Reporting Period (Mar 2023)	Current Reporting Period (Sept 2023)	Difference
Open Actions	67	51	16
Closed Actions	27	43	16

Table 2 provides an overview of the current status of internal audit agreed actions, by audit report, and documents the progress of actions closed since March 2023.

Table 2 – Overview of outstanding agreed actions and closed actions since March 2023

Audit Title and Year of Audit	Open Actions	Actions Closed	Comments
Rating Practices (2018)	1	-	In 2022-2023 Technology One was awarded the Rating modules. A project to implement this system is underway and will be completed in 2023-2024 FY.
Disability Discrimination Act Compliance (2019)	2	2	The majority of actions identified have been included in the Disability Access and Inclusion Plan (DAIP). The DAIP 2020-2024 was endorsed by Council on 25 August 2020. Actions are being implemented as per the endorsed plan and budget requirements are included as part of the process.
Asset Management Standards - Road Transport Asset Management Plan (2019)	3	-	Strategic Asset Management function is currently subject to a new internal audit. New findings and actions may supersede this current finding. This will be assessed once the internal audit report for this review has been finalised.
Waste and Recycling Management - Review of Waste Management Services (2020)	2	-	A number of waste and recycle management agreed actions have been completed as part of Council's annual business plan. A new position 'Lead – Sustainability, Waste & Strategic Projects' commenced in March 2023 which will take carriage of these recommendations.
Credit Card Payments Platform (2020)	2	-	Currently working on a project that will bring the Credit Card Transaction into TechOne at a transactional level. This will enable analytical tools to be developed to interrogate this data. Development of the system has been completed, and is now in the testing and migration phase.
Tree Management (2020)	7	-	The remaining open actions have been reassigned to corporate leaders with the new City Operations portfolio structure.
Complaints Handling (2020)	1	-	The CX Strategy outlines a development plan of capacity building in our teams. This includes the engagement of a CX Improvement Coach to support teams one on one and develop training. CX Improvement Coach commences 18 September.
Optimisation of Council owned Buildings (2021)	13	4	A long-term Strategy / Plan has been developed to progress the agreed actions. This remains in progress.
Arts and Culture Review (2021)	6	4	The audit identified 14 findings and included 21 Recommendations. A number of the remaining actions require further strategic work to be undertaken.
Fraud Management (2022)	6	2	The audit identified 8 findings and one performance improvement opportunity. Progress has commenced in a number of these areas, with a number partially completed. The development of a Fraud Strategy has commenced.

Item 16.1

Attachment 2

Audit Title and Year of Audit	Open Actions	Actions Closed	Comments
Bushfire Prevention and Preparedness (2022)	2	3	The agreed actions are continuing to progress. A new register has been developed as a central record of Council's various bushfire mitigation works. Some of the remaining agreed actions have progressed further since the end of the Fire Danger Season (30 April 2023).
Strategic Social Infrastructure Planning (2023)	1	-	A review of the Community Services department structure has been undertaken. Implementation of the new structure will commence from mid-September 2023.
Procurement Practices – Quotations (2023)	6	-	Work is underway and will be reviewed and actioned in accordance with the audit timings.
Total	52	15	

Attachments

1. [1](#) Summary - Internal Audit Agreed Actions - As at September 2023..... 145

Report Authorisers

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SUMMARY OF OUTSTANDING INTERNAL AUDIT AGREED ACTIONS - AS AT SEPTEMBER 2023												
Audit Project	AC Meeting Date	Ref	Subject / Finding Title	Recommendation	Risk Rating	Agreed Action	Action Owner	Date due	Status	Action Progress	Comments	Revised Date
Rating Practices	26-Sep-18	PIO-3	Opportunity to improve the efficiency of the rating process	Internal Audit recommends that CTTG personnel investigate the full system capacity of the current rating software. Specifically, this could include investigating the automation of items such as setting up flags and reminders within the system to track changes to the property which may impact on the rates (ie, lease expiry dates, rebate expiry dates etc.).	Not rated	Continue to regularly review our rating system and processes for further efficiencies.	Manager Finance & Rating Operations	Ongoing	Open	On Track	Partially completed. Technology One has been implemented as the replacement for Authority and Council's core Financial Management System. In 22-23 a tender was undertaken and Technology One was awarded the Rating modules for the software as well. There is a project underway to implement this system in 23-24.	30-Jun-24
Disability Discrimination Act Compliance	31-Jul-19	2a	Management of DDA buildings upgrades	Adopt a strategic long-term planning approach for DDA buildings upgrades within the integrated organisational framework	Medium	This will require a review of all buildings in accordance with current standards, with high level scope and budget estimate for DDA building upgrades. This can be used to develop a strategic long term planning approach for DDA building upgrades. Additional resources would be required given this requires an accredited DDA professional/consultant to undertake this work. Plans need to include scope of works, budget estimates, timeframes and prioritising.	Manager Technical Engineering Services, Manager Projects & Contracts Delivery	30-Jun-21	Open	On Track	Partially completed. Council is undertaking a Building Optimisation Audit, which provides a longer term consideration of the future utilisation and potential rationalisation of council buildings. Audit has been carried out at Council Primary sites and Community Centres. Risk and priority rated. Cost estimate to provide strategic approach are still required. Access and inclusion audits completed on 4 Council facilities and 11 leased buildings. Actions from the 2 x audits (Council primary sites and Community Centres) are prioritised based on risk rating and have been and continuing to be delivered utilising annual allocated DAIP funding (however no allocation was made in 2022/23 or 2023/24). This information is being overlayed with the DAIP and specific DDA building audits to inform annual capital program budget allocations to make DDA related improvements where appropriate. Council now has a strategic guiding document, audit process and annual budget allocation process in place as these tools will continue to be used to optimise DDA outcomes for council buildings into the future. Future allocations continuing to deliver actions out of Audit. Audits and tracking in CM 20/1130	30-Jun-24
Disability Discrimination Act Compliance	31-Jul-19	2c	Management of DDA buildings upgrades	Prioritise resources to review and update the Disability Discrimination Building Action Plan, including scope of works, budget estimate, timeframes and prioritising	Medium	Budgets for DDA building works are approved annually. As above, updates are provided internally on completed and planned DDA works over a 3 year period. Examples of Update reports for previous 3 years were completed 12-15 months apart. Updates provide a 3 year picture of what works had been completed the previous year, proposed upgrades for the current year and future upgrades. This action will require a review of all buildings in accordance with current standards, with high level scope and budget estimate for DDA building upgrades. This can be used to develop a strategic long term planning approach for DDA building upgrades. Additional resources would be required given this requires an accredited DDA professional/consultant to undertake this work. Plans need to include scope of works, budget estimates, timeframes and prioritising.	Manager Technical Engineering Services, Manager Projects & Contracts Delivery	30-Jun-21	Open	On Track	Dedicated funding is provided through the Annual Business Plan.The DAIP report provides projects completed. Actions from the 2 x audits (Council primary sites and Community Centres) are prioritised based on risk rating and have been and continuing to be delivered utilising allocated DAIP funding. Future allocations continuing to deliver actions out of Audit. Audits and tracking in CM 20/1130.	30-Jun-24
Disability Discrimination Act Compliance	31-Jul-19	2d	Management of DDA buildings upgrades	Improve Council's Project Management Framework including performing quality check to ensure buildings upgrades are designed and completed to compliant with DDA during the project and at final completion inspection of work	Medium	Project Management staff already undertake regular inspections of work and at final completion to ensure that the builder has delivered in accordance with the development approval and approved plans. Further consideration to be given to the most appropriate method to ensure this occurs. This could include consideration of the Project Management Framework for this purpose. Other options including provision in the consultant brief (and potential contract templates) which are used for building design and upgrades, and could potentially be amended to include provision for DDA requirements within the Building Code.	Manager Projects & Contracts Delivery, Manager Project Management Office, Manager Technical Engineering Services	30-Jun-20	Closed	Completed	Partially Completed. DDA building improvement projects will need to certified by Council accredited staff or consultant on completion of the work. Council's Project Plan templates will need to modified to identify any projects that are DDA related. The current document 'Building Design Guidelines for Consultants' is to be reviewed and updated Project close out form is being reviewed by Coordinator Asset Management Planning Project Checklist can be created to identify DDA improvements and initiatives. Building tenders and RFQ's contain DDA initiatives and requirements. Stakeholder identification required as part of PMF to nominate Access and inclusion committee and or our Team leader building and compliance to assess universal design. PC to include relevant stakeholders to sign off on Building standards and DDA specification requirements.	30-Jun-23
Disability Discrimination Act Compliance	31-Jul-19	2e	Management of DDA buildings upgrades	Retain audit trail in Project Plan and other relevant documentation	Medium	Decision Notification Forms issued by Council are not required to refer to Access Code/Standards. Private certifiers approve Building Rules. Builder is required to submit builder's written statement that the building is built in accordance with the development approval. The project close out form could be amended to include provision for Building Code and Disability Access standards, which is completed at the end of any infrastructure project.	Manager Project Management Office	30-Jun-20	Closed	Completed	Project Close out forms need to be amended to include reference to DDA accredited access staff or consultant to sign off on DDA projects. Project tracking in the Civil and Buildings projects team includes completed DDA initiatives. Project close out form is being reviewed by Strategic Projects Manager as part of a broader review of project management.	30-Jun-23
Asset Management Standards - Road Transport Asset Management Plan	25-Sep-19	5	Monitoring, evaluation and reporting	<ul style="list-style-type: none">Regularly report progress and performance against plans and strategies to an asset management steering group, andProduce an annual report to Council on asset management and outcomes	Medium	A clearly defined monitoring, reporting and evaluation system on asset management and outcomes will be developed with relevant stakeholders. Appropriate stakeholder reporting will be established as part of this process	Coordinator, Asset Management Planning	30-May-20	Open	On Track	A register referencing improvement plan tasks from the 5 Infrastructure Asset Management Plans has been developed, enabling reporting on our progress of these improvement tasks. Recent migration of Asset Management Systems (Assetic to TechOne) has limited the ability (time) to report on Asset Management Plan performance, in consideration that the information required to measure performance is stored in the Asset Management System. Most likely to provide a report on the progression of the plans during the budgeting process for 2023-24FY that occurs in November/December 2023 Strategic Asset Management function is currently subject to a new internal audit which is underway. New findings and actions may supersede this current finding. This will be assessed once the internal audit report for this review is being finalised.	30-Jun-24
Asset Management Standards - Road Transport Asset Management Plan	25-Sep-19	6	Steering Committee arrangement	Ensure the MACK steering group is formalised as an asset management steering committee to give unified strategic direction and carry out specific responsibilities for promoting and monitoring the implementation of the asset management strategy and plans	Low	A steering group will be formalised with relevant stakeholders that will have responsibilities for monitoring the implementation of the asset management strategy and plans. This will include the development of a Terms of Reference	Coordinator, Asset Management Planning	31-Dec-19	Open	On Track	Strategic Asset Management function is currently subject to a new internal audit which is underway. New findings and actions may supersede this current finding. This will be assessed once the internal audit report for this review is being finalised. In addition, the restructure of City Operations has now occurred, which will impact the alignment of roles and responsibilities and is still being workshopped.	30-Jun-24
Asset Management Standards - Road Transport Asset Management Plan	25-Sep-19	7	Policy requirements of review frequency	Update the policy to provide appropriate guide for the review frequency of RTAMP	Low	The Asset Management Policy will be updated to reflect the legislative requirement timeframe for review of asset management plans	Manager Finance & Rating Operations	30-Nov-20	Closed - OLD	Completed	Review of Asset Management Policy was undertaken in April 2022.	31-Dec-22
Asset Management Standards - Road Transport Asset Management Plan	25-Sep-19	IO-3	Risk management principles applied	Developing a central governance function for AMPs Recommendation in Finding 4 will enable asset risks to be reviewed with the whole Council in mind	N/A	The steering group being formalised with relevant stakeholders will have responsibilities for monitoring the implementation of the asset management strategy and plans, as well as the consideration of risks	Coordinator, Asset Management Planning	31-Dec-19	Open	On Track	Strategic Asset Management function is currently subject to a new internal audit which is underway. New findings and actions may supersede this current finding. This will be assessed once the internal audit report for this review is being finalised. In addition, the restructure of City Operations has now occurred, which will impact the alignment of roles and responsibilities and is still being workshopped.	30-Jun-24

Waste and Recycling Management - Review of Waste Management Services	22-Apr-20	2	Cleaner Waste Streams - reduce contamination in waste streams and more suitable use of resources	<ul style="list-style-type: none">The issues of China Sword and the response of government in the form of the National Waste Action Plan have highlighted the need to reduce contamination in the waste stream so that recycled material can be more readily and more cost effectively re-used. Improved source separation is fundamental to this.This will foster the development of the circular economy, consistent with the 2018 National Waste Policy, but is requires an environment where resources are valued, used efficiently and only discarded when their component materials have no further use. There needs to be a shift in thinking to place the emphasis on repair, reuse and recycling of products and the development of closed loop systems where products can be broken up at the end of their life cycle for reuse in new products, reducing the need to extract new virgin resources.here are a number of actions the CTTG can take to contribute to this, including:<ul style="list-style-type: none">Investigate the business case for the introduction of a fourth bin for the collection of high value recyclables, which would assist to lower current contamination levels potentially reducing overall collection and disposal costs.From July 2020 ban single use plastics in council facilities and work with local shopping centres to encourage them to ban single use plastics.Encourage and promote the sharing economy to improve sustainability and a sense of community by providing support for community groups, social enterprises and charities that recover waste.Introduce multiple bins systems in public places and at all public events to focus on encouraging waste separation and diversion.Ensure green bins have instructions on the lid about FOGO and other acceptable materials.From FY2020 set sustainable targets for its own procurement activities, incorporating a year on year increase through to FY2025.(a) To create demand for sustainable products the CTTG, like all tiers of government, should seek to purchase goods with recycled content and actively participate in the "Buying it Back" LGA Circular Procurement Pilot Project.(b) There are nine councils participating in the "Buying it Back" Pilot Project, these councils are using their combined buying-power to significantly increase demand for recyclable materials. The project aims to improve the sustainability of waste management practices, ensure the ongoing viability of the recycling system and, over time, reduce councils' waste management costs.(c) The project is a significant step towards developing local markets and on-shore processing for recyclable materials and establishing a truly circular economy e.g. Office stationary/paper, Figures (e.g. street furniture, drinking fountains, bollards, fencing, decking, garden edging, planter boxes, fitness equipment, wheel stops, speed humps, bins, pipes, signage); Construction materials (recycled-content includes recycled asphalt, glass fines, plastic, rubber, toner); and Compost.	N/A	Recommendations adopted for the purposes of developing Council's Annual Business Plan for 2020-21 and Council's next review of its Long Term Financial Plan	Director Assets and Environment Group Coord Water, Waste & Environment	N/A	Open	On Track	<ul style="list-style-type: none">Completed and continuing. Completed initiatives include:<ul style="list-style-type: none">Recycling Contract with NAWMA which will enable opportunities for circular economy participationA Pizza box educational programOngoing Education Campaign with targeted messages and strategiesThree-bin systems with compostable bags at all council facilitiesCompostable dog waste bags at dog parksCompostable dog bags only in use at all dog waste bag dispensersThree-bin systems (solar bins) trialled in Civic Park and Golden FieldsRecreation Centres and Water World - single use plastics no longer in useReusable Nappies and Sanitary Subsidy Program	01-Nov-23
Waste and Recycling Management - Review of Waste Management Services	22-Apr-20	5	Funding the roll-out of green waste bins	Council's draft Annual Business Plan 2020-21 should incorporate funding to roll out additional green waste bins, approximately 8,000, to residents that do not currently have a suitable bin.	N/A	Planning the roll-out of green bins to households without a current green bin	Director Assets and Environment Group Coord Water, Waste & Environment	31-Dec-20	Open	On Track	<p>Partially completed and ongoing. The Annual Business Plan for 2021/2022 included budget to continue 140L or 240L wheele bins to residents that currently do not have access to green waste disposal services, or who need a replacement of their existing bin. To date 5,486 green bins and 8,037 caddies have been rolled out across the city. The remainder will continue to be distributed upon request for new and additional bins.</p> <p>In January the project to investigate the distribution of kitchen caddies and compostable bags to households was completed. The results and recommendations will be provided to ELT and Council by 31 March 2023. This project is Co-funded with:</p> <ul style="list-style-type: none">Green Industries SA (GISA). This funding contributed to the kitchen caddy rollout in 2020/2021 it continues into 2022/2023.Solo Resource Recovery, funding of \$48k per year as per the contract extension	01-Nov-23
Credit Card Payments Platform	29-Jul-20	1	Improvements required to monthly controls over transactions	<p>Each month, an audit is undertaken by three Finance staff for a random sample of transactions. This audit is comprised of a selection of approximately 30 transactions for the month, which are investigated to ensure that:</p> <ul style="list-style-type: none">Transactions have been appropriately approved and coded correctlyAppropriate supporting documentation is attached, including copies of relevant receipts, with the receipt matching the expense description and amountSpend is appropriate and aligned to CTTG policy. <p>Although it was observed that a routine monthly audit process is in place, which has provided an additional layer of internal controls over credit cards, our review highlighted the following gaps against better practice regarding the current process:</p> <ul style="list-style-type: none">Guidance is not in place for the selection of transactions for sample testing, including gaps in guidance as to what the audit process should include.Summary reporting to CTTG Management is not in place to highlight the number of non-conformances against policy (i.e. number of transactions with incorrect receipt, spend on restricted items, etc.) identified during these audits. This is noted as an important step for identifying repeat offenders and common areas of non-compliance where further training and awareness to staff would be beneficial.There is no assurance provided that Finance and Accounting staff transactions are reviewed independently (i.e. not self-reviewed), considering they are conducting the audits. It is noted that currently only two members of the Finance team have a credit card, however, this may increase as more cards are rolled out amongst staff.A review of temporary delegation limit increases is not conducted or reported to Management. Temporary limit increases are assigned to credit card holders where there is a requirement to purchase a good or service that is valued higher than their regular delegation. <p>Going forward, it is also noted that consideration of cyclical increased audits may be beneficial. As an example, increased auditing post-Christmas is a process that other councils have put in place where increased levels of incorrect/inappropriate expenditure is more likely to occur.</p> <p>Our review also observed that data analytics is not utilised to support the monthly audit process or conduct financial analysis. As a result, there are opportunities to increase the coverage of review over the Council's credit card expenditure through the implementation of on-going data analytics. Specifically, it was identified that:</p> <ul style="list-style-type: none">There is no targeted analysis performed over high risk transactions, such as flagged transactions, anomalies, high value items, etc.There is no analysis conducted over circular approvals, changes in temporary or permanent delegation limits, or number of card issuances/cancellations.There is no management reporting of detailed spend analysis. This would support management to identify areas of frequent purchase, and opportunities to implement controls to save money.	Medium	<p>It is recommended that the CTTG:</p> <ol style="list-style-type: none">Continue working to implement TechOne and configuring a data analytics capability.Update and formalise monthly audit and data analytics procedures, which should include reference to:<ol style="list-style-type: none">Sampling methodologies to be used for auditing and conducting data analysis. This may include a set sample size percentage (relative to the population of transactions) and increased sample sizes periods of increased usage such as post-Christmas.Requirements for re-testing and reviewing previous non-compliance areas to ensure issues are non-recurring.Management reporting to be completed, submitted and reviewed by Management each month as an additional control mechanism. As an example, this could be completed through dashboard reporting, including review of temporary delegation limit increases, transaction non-conformances, etc.	Manager Finance & Rating Operations Systems Accountant	1. & 2c. - 30/06/2023 2a. & 2.b - Complete 30/9/2020	Open	On Track	<p>Partially completed. Currently working on a project that will bring the Credit Card Transaction into TechOne at a transaction level. This will then enable analytical tools to be developed to interrogate this data.</p> <p>Development of the system has been completed, it is in the testing and migration phase. Expected to be rolled out by December 2023</p>	31-Dec-23
Credit Card Payments Platform	29-Jul-20	3	Limited oversight of credit card expenditure linked to open contracts	<p>Currently, a consolidated view or direct link between credit card transactions to open contracts is not in place. Typically, a transaction that is related to a contract will be linked, and is able to be tracked through financial systems as part of regular financial processes to ensure budgets can be met, the appropriateness of expenditure can be reviewed and is in accordance with relevant approved contracts. Currently, the CTTG's finance system does not allow for a link between transactions and contract numbers due to the current system configurations and abilities. As a result, expenditure cannot be linked to a contract number, and may not be accounted for in performance reporting and/or budget management.</p> <p>It is acknowledged the Procurement Policy states transactions under \$1,000 are not required to be linked to a contract. However, as the CTTG continues to decentralise the Accounts Payable Function and distribute more credit cards, expenditure will increase and there will be a greater need for visibility and linkage between spend and contracts.</p>	Low	<ol style="list-style-type: none">Configure the FlexiPurchase system, or TechOne (when it is implemented) to enable linkage between transactions and contract numbers.Upon implementation of Recommendation 1, update the Credit Card Policy to include a requirement for correctly coding transactions against a contract number where applicable.	Manager Finance & Rating Operations Systems Accountant	30-Jun-23	Open	On Track	<p>Currently working on a project that will bring the Credit Card Transaction into TechOne at a transaction level. This will then enable analytical tools to be developed to interrogate this data. It is intended that the transaction information will be linked to suppliers, which enable better analysis at supplier level.</p> <p>Development of the system has been completed, it is in the testing and migration phase. Expected to be rolled out by December 2023</p>	31-Dec-23
Tree Management	29-Jul-20	3.2.1.a	Governance Framework - Policy is currently very wordy and somewhat confusing to read	<p>The Policy would benefit from a review to refine the content whilst retaining the same messaging. Examples of recommended reviews include:</p> <ul style="list-style-type: none">aim to be more visionary and intergenerational in its messaging;outline reasons under which Council will undertake action, rather than under which they will not. For example: "We will prune trees for the health and welfare of the tree in alignment with Australian standards". This type of wording allows any request to prune a tree that goes against this statement to be denied, without the need to list all of these potential scenarios (e.g. leaf fall, shading of solar panels).	Priority Rating 1	<ol style="list-style-type: none">Complete draft revision of the Policy to refine and clarify messaging (see also Action 3).Implement Policy amendments in 2022 (next due date for Policy review).	City Arborist	31-Dec-20	Closed - OLD	Completed	<p>Revise Policy to refine and clarify messaging as per recommendations</p> <p>Policy has been re-written to include all recommendations with the draft policy adopted in August 2021.</p>	N/A
Tree Management	29-Jul-20	3.2.1.b	Governance Framework - Street tree pruning is currently occurring on a regular cycle rather than based on outcomes from a regular inspection	<p>Street Trees Generally (page 3)</p> <p>This section states that "A regular inspection / maintenance programme will be followed to ensure that all street trees are inspected and maintained on a regular cycle. The frequency of this programme will not be less than one inspection per every five years."</p> <p>Personnel interviews noted that street trees are currently pruned on a regular rotation of at least once every 5 years (currently about once every 4 years).</p> <p>The Policy though outlines the current best practice, that is for inspections only to be undertaken on a regular cycle (typically 4-5 years), with the inspections identifying the need for pruning / maintenance works, rather than undertaking pruning/maintenance because "the time is due".</p> <p>This is a more targeted and proactive approach, and is more cost effective, noting that different trees may require more or less frequent pruning.</p>	Priority Rating 2	<ol style="list-style-type: none">Implement an Asset Management System to capture inspection and assessment process.	Supervisor Arboriculture and Biodiversity	30-Sep-21	Closed - OLD	Completed	<p>Developed an asset management system to capture the inspections and assessment process. The new draft policy has been re written to include inspection and work requirements documented rather than the undertaking of pruning if not required</p>	N/A

Tree Management	29-Jul-20	3.2.1.c	Governance Framework - Policy lacks specific requirement for all tree-related customer requests and resolutions to be recorded in the approved CFS system	Council's newly adopted CFS (Customer First Solution) system is designed to streamline and record of all customer requests relating to trees, and the associated actions and resolution response. It will be important that this system is used to capture all customer requests, including those ad hoc requests directed personally to Council officers undertaking tree inspections/works on site.	Priority Rating 3	1. Revise Policy (e.g. pages 6, 7, 8) to include reference to the specific reporting processes for all customer requests relating to trees.	Manager Operations Support Services Manager Customer & Communications	31-Dec-20	Open	On Track	Revise the Request for Services Policy to improve the tree management request process. Including Adhoc requests Reinforcements of instructions to EM's and other requests to be redirected through the CFS system for data capture, transparency and close out requirements documented Will form part of the Service Reviews Comments are not currently being sent to customer, even though this is entered into CFS response. IT will enable the comments to customer via Salesforce. Refresher to staff around appropriate language and service standards. CFS promotional cards given to EM's in January. Online services, including CFS, promoted to the community from June 23 in an ongoing campaign to increase use of Council self-managed services. Updates to the customer removed, meaning they only receive an opening and closing notification automatically. Any other correspondence (e additional details) to be manually sent by staff only where required.	30-May-23
Tree Management	29-Jul-20	3.2.1.d	Governance Framework - Strengthen specific (contextual) references to AS4373 and AS4970 as relevant in the Policy	Policy (page 3) This section includes a statement that "...relevant documents will be maintained as reference documents for council employees and contractors..." and that "These documents will be consistent with Australian Standards...". However, there are inconsistencies in reference throughout the Policy to which specific Australian Standards apply in which situations. For example, specific reference is made to AS4970 (Protection of Trees on Development Sites) on page 11, though this Standard should also be specifically referred to in the 'Works Adjacent to Trees on Council Property' section on page 8. Further, the 'Tree Removal' section (page 9) refers to "...the Australian Standard – Pruning of amenity trees..." rather than using its code AS4373. Specific reference to AS4373 should also be included where any maintenance works will result in tree crown pruning (e.g. page 3 – 'Street Trees Generally', page 6 – 'Council Trees Encroaching onto Private Land', 'Tree Growing on Council Reserves or Operational Land', page 9 – 'Trees and Powerlines', page 13 – 'Tree Screening Management').	Priority Rating 1	1. Revise Policy to include specific references to AS4970 on page 8, and AS4373 for any tree crown pruning / maintenance works (e.g. pages 3, 6, 9, 13).	City Arborist	31-Dec-20	Closed - OLD	Completed	Revise policy to include reference to standards New Draft Policy includes reference to AS4373 and AS4970	N/A
Tree Management	29-Jul-20	3.2.1.e	Governance Framework - Policy does not clarify how risk is determined	Council Trees Encroaching on Private Land (page 6) This section states that pruning over private property will only occur when there is a "...significant risk to the safety of persons or property". How a 'significant risk' is defined is not clear in the Policy. A current industry accepted tree risk assessment method, such as Quantified Tree Risk Assessment (QTRA) or The International Society of Arboriculture Tree Risk Assessment Qualification (TRAQ) should be referred to. Reference should also be made to the Local Government Act section 254 'Power to make orders' and the Council's 'Order Making Policy – 2019'. Tree removal (page 9) This section outlines under what criteria tree removals on council land should occur. However, also lacks reference to a risk assessment.	Priority Rating 1	1. Revise Council Trees Encroaching on Private Land (page 6) and Tree Removal (page 9) section to include clarification about how risk is defined. This should include reference to an industry accepted tree risk assessment method.	City Arborist Risk and Audit Advisor	31-Dec-20	Closed - OLD	Completed	Develop a 'tree risk assessment' framework and implementation plan Policy outlines how risk will be determined along with the development of a technical guideline to support the risk assessment process	N/A
Tree Management	29-Jul-20	3.2.1.f	Governance Framework - 'Developments' section lacks reference to Development Act and Development Plan.	Developments (page 10) This section should reference the Development Act and Development Plan for Tea Tree Gully Council regarding where development should occur to ensure minimal impact on regulated/significant trees. Also should include how new tree plantings, available space and street scapes are defined.	Priority Rating 3	1. Revise and clarify definitions for new tree plantings, available space, and street scapes. Developments section (page 10) to include reference to the Development Act and Development Plan for Tea Tree Gully Council.	City Arborist	28-Feb-21	Closed - OLD	Completed	Review to emphasise how new tree plantings are defined/available space/street scapes References to the new Planning, Development and Infrastructure Act 2016 have been included in the new policy. Further references will be included in the technical guidelines - tree planting and tree removal	N/A
Tree Management	29-Jul-20	3.2.1.g	Governance Framework - Approach applied for estimating value of trees is outdated.	Unauthorised Works / Poisoned Trees (page 10) This section specifies the Revised Burreley method for valuing trees be applied in relevant scenarios. This method is outdated as it relies primarily on a subjective assessment of tree amenity. Leading best practice for tree valuations recognises the value of trees is greater than its amenity alone. Rather, Valuations should include assessment of the tree's amenity together with its location in the landscape, provision of ecosystem services, biodiversity value, and replacement value. For example, the City of Melbourne Tree Valuation Calculator is now being increasingly adopted by local Councils as a more realistic tree valuation method.	Priority Rating 3	1. Adopt or adapt the City of Melbourne's Tree Valuation Calculator as the preferred approach for valuing trees, and update that Policy to reflect this (page 10).	City Arborist	28-Feb-21	Closed - OLD	Completed	Method for valuing trees has been included in the policy and a reference to the use of the Urban Amenity Valuation Formula made	N/A
Tree Management	29-Jul-20	3.2.1.h	Governance Framework - Tree benefits listed lacks specific reference to biodiversity and landscape connectivity, and human mental and physical health and well-being.	Tree Planting (page 11) This section lists a number of benefits provided by trees. However there is no reference to biodiversity benefits (particularly habitat, resource, and landscape connectivity benefits), or human physical and mental health and well-being benefits. This section should be strengthened to specifically include these benefits, as well as note benefits to local economic prosperity from tree-lined retail/commercial precincts. Other councils provide an expanded range of benefits, reinforcing the importance of trees.	Priority Rating 1	1. Revise Tree Planting section (page 11) to reinforce Council's position in maintaining such benefits.	City Arborist	28-Feb-21	Closed - OLD	Completed	Revise to include high level statement in policy and set KPI for meeting Council's strategic objectives (increasing tree canopy) The policy has been reviewed to include biodiversity benefits (particularly habitat, resource, and landscape connectivity benefits), or human physical and mental health and well-being benefits. Further benefits have been included and referenced around the local economic prosperity from tree-lined retail/commercial precincts. The benefits will be further referenced in the technical guidelines	N/A
Tree Management	29-Jul-20	3.2.1.i	Governance Framework - Lacks measurable targets for the spread, location and composition of the urban tree canopy.	Canopy Management, Monitoring and Evaluation (page 3) This section notes that "Council will develop a program that determines the spread, location and composition of its urban tree canopy on both private and public land. Systems will be established to monitor and evaluate the changes within the urban tree canopy and research and implement programs that support, sustain and improve the overall percentage covering over the City." This is a general statement though and lacks quantifiable targets, timeframes for completion, responsibilities, and reference to a Strategy for achieving these outcomes. The State's 30-Year Plan requires metropolitan Councils to meet specified canopy cover targets based on each Council's current canopy cover amount. Councils are increasingly quantifying their current cover, target cover goals, and approach for achieving goals, including defining the composition of the canopy cover with species diversity and age diversity targets."	Priority Rating 1	1. Revise Canopy Management, Monitoring and Evaluation (page 3) section to include reference to approved quantified canopy cover targets, timeframes, and responsibilities for developing the program, including reference to a dedicated Strategy (see also Actions 21 and 22).	City Arborist Environmental Sustainable Coordinator	31-Dec-20	Closed - OLD	Completed	Action 1: Revise policy to include approved quantified canopy cover targets, timeframes, and responsibilities for developing the program, including reference to a dedicated Strategy References have been included under 'plan' section of the Policy with further information provided in the technical guidelines	N/A
Tree Management	29-Jul-20	3.2.1.j	Governance Framework - Water Sensitive Urban Design (WSUD) details and guidance needs to be strengthened.	WSUD (page 11) This section contains a simple statement on how WSUD shall be considered. There is a considerable lack of detail and guidance and this section should at least reference the requirements under the State's 30-year Plan, specifically policies P49, P86, P106, P115, and P117. Consideration should also be given to the development of a stand-alone WSUD policy or strategy which will specify opportunities for integrating WSUD in new developments and retrofitting existing developments. Such document development should be undertaken in consultation with Council's Civil teams and should reference DEWNR's Water Sensitive Urban Design publication as well as the State's WSUD policy and Technical Manual for water-sensitive urban design in Greater Adelaide. Examples are emerging that demonstrate other local Councils are developing specific WSUD policies and guidelines that are underpinned by global best practice. For example, • City of Yarra (VIC) adopted in 2016 their Water Sensitive Urban Design (WSUD) Policy for Council Infrastructure Assets, which is supported by Water Sensitive Urban Design (WSUD) Guidelines for City of Yarra Works • Bayside City Council (VIC) has Clause 22.10 –Water Sensitive Urban Design (Stormwater Management) Policy which is a new Local Planning Policy in the Bayside Planning Scheme. It is supported by the Water Sensitive Urban Design Compliance Guidelines for New Development document.	Priority Rating 1	1. Revise Canopy Management, Monitoring and Evaluation (page 3) section to include reference to approved quantified canopy cover targets, timeframes, and responsibilities for developing the program, including reference to a dedicated Strategy (see also Actions 21 and 22).	Supervisor Arboriculture and Biodiversity	30-Sep-21	Closed - OLD	Completed	Action 2: Develop a tree asset management system for ongoing monitoring and evaluation System Implemented	N/A
Tree Management	29-Jul-20	3.2.1.j	Governance Framework - Required clearances for Council trees encroaching on private land are very minimal.	Council Trees Encroaching onto Private Land (page 6) The clearance guidelines outlined in this Section specify minimum clearances over private boundary fences and dwellings. Whilst clearance requirements vary from Council to Council, the requirements outlined by the City of Tea Tree Gully are considered minimal (500 mm over fence and 1 m over roof). If trees are inspected every 4-5 years (as per page 3 of the Policy), it is unlikely these minimum clearances can be maintained. This may lead to customer complaints.	Priority Rating 3	1. Revise Council Trees Encroaching onto Private Land section (page 6) to either increase clearance requirements over private boundary fences and dwellings or increase the inspection time frame (see also Action 4).	City Arborist	31-Dec-20	Closed - OLD	Completed	Review policy wording with an emphasis when and why pruning is undertaken and remove reference to specific measurements in policy The references to when, why and how pruning will be undertaken has been included in the policy as well as a reference to appropriate standards and risk assessments, including specifics in technical guidelines	N/A
Tree Management	29-Jul-20	3.2.1.k	Governance Framework - Lacks clarification on where development may be occurring (public/private land) and who is responsible for assessing and managing the tree.	Construction Activities/events (page 11) This section notes that trees will be protected from construction works with reference to AS 4970 Protection of Trees on Development Sites The Policy though should also clarify that this applies to development that is occurring on public and private land. Further, where this is occurring on public land, Council should seek appropriate advice on protecting the trees, using internal arboriculture staff or external arborists. However, where this is occurring on private land, Council should define who is responsible for the tree impact assessment report. This will vary from a regulated tree (council responsibility) to a significant tree (land owner responsibility). The tree protection plan should then form part of the conditions of consent for the development to proceed.	Priority Rating 3	1. Revise Construction Activities/events section (page 11) to clarify who is responsible for assessment of trees on public land and significant/regulated trees on private land.	City Arborist	31-Dec-20	Closed - OLD	Completed	Revise construction activities/events but for public trees only The policy has been revised to included who is responsible and has the delegation to approve the removal of trees and protect trees where reasonable alternative re development are available. Further information will be included in the technical guidelines	N/A

Tree Management	29-Jul-20	3.2.1m	Governance Framework - Lacks reference to the SA Power Networks' 2018 guidelines, "Powerline Friendly Trees"	Trees and powerlines (page 9) This section identifies the need to maintain an agreement with SAPN regarding tree clearances under powerlines. Council's species selection palette for plantings under powerlines should reference and ensure alignment with SAPN's 2018 publication "Powerline Friendly Trees". Particularly noting that Tea Tree Gully is identified as a Council that shares an ecotone with an additional climate zone and so some "new" species may do well in this area under altered climates."	Priority Rating 3	1. Revise Trees and Powerlines section(page 9) to specifically reference SAPN 'Powerline Friendly Trees' guidelines.	City Arborist	31-Dec-20	Closed - OLD	Completed	Review policy to include reference to SAPN Powerline guideline A reference SAPN will be included in the appropriate technical guidelines, vegetation clearance and tree planting The reference to SA Power Network - Powerline Friendly Trees - Guideline 2018 has been included under 'Other References' external documents with further inclusion in the appropriate technical guidelines	N/A
Tree Management	29-Jul-20	3.2.1n	Governance Framework - 'Storm Events-Tree Damage' section lacks reference to Section 54A of the State's Development Act with regard to Storm events - tree damage.	Storm Events - Tree Damage (page 8) This section outlines how Council will respond to storm damaged trees on public and private land and assist in the clean-up process. It defines how Council will "...respond to any tree creating a safety hazard..." However, there is no reference to the Development Act - Section 54A Urgent Works, in relation to works undertaken on regulated and significant trees. As such storm clean-up works may involve pruning which may constitute a tree damaging activity and so represent a breach of the Development Act. In such cases, a development application is typically required after the event. Council should outline how they will deal with this situation.	Priority Rating 1	1. Revise Storm Events - Tree Damage section (page 8) to include specific reference to Section 54A of the Development Act when undertaking urgent works on regulated/significant trees.	City Arborist	31-Dec-20	Closed - OLD	Completed	The reference to the PDI Act 2016 has been included in the new revised policy with additional information on 'storm event' tree damage to be included in the relevant Technical guidelines	N/A
Tree Management	29-Jul-20	3.2.1o	Governance Framework - 'Legislative Framework - Local Government Act' section lacks reference to Section 254 - Power to Make Orders.	Legislative Framework - Local Government Act (page 15) This section is generally consistent with other Councils but has omitted reference to Section 254 - Power to make orders. Though we note Council's Order Making Policy does make reference to Section 254 of the Act, it should still also be referenced in the Tree Management Policy - or make it clear that the Council's Order Making Policy should be considered with regard to orders made (e.g. page 6, Private trees encroaching onto Council maintained land)"	Priority Rating 1	1. Revise Legislative Framework-Local Government Act section (page 15) to include reference to the Local Government Act Section 254 -Power to make orders. 2. Specifically reference Council's Order Making Policy on page 6 with regard to how to issue an order.	City Arborist	31-Dec-20	Closed - OLD	Completed	Revise policy to include reference to LGA Section 254 - Power to Make Orders Reference to LGA and Order Making Policy included in external and internal 'Other References' Further reference will be included in the appropriate technical guidelines	N/A
Tree Management	29-Jul-20	3.2.2a	Operational Systems - 'Street tree pruning is currently occurring on a regular cycle rather than based on outcomes from a regular inspection.	Street Trees Generally (page 3) This section states that "A regular inspection / maintenance programme will be followed to ensure that all street trees are inspected and maintained on a regular cycle. The frequency of this programme will not be less than one inspection per every five years." Personnel interviews noted that street trees are currently pruned on a regular rotation of at least once every 5 years (currently about once every 4 years). The Policy though outlines the current best practice, that is for inspections only to be undertaken on a regular cycle (typically 4-5 years), with the inspections identifying the need for pruning / maintenance works; rather than undertaking pruning/maintenance because "the time is due". This is a more targeted and proactive approach, and is more cost effective, noting that different trees may require more or less frequent pruning.	Priority Rating 1	1. Implement an Asset Management System to guide and report on inspection cycles, findings, and maintenance timeframes.	Supervisor Arboriculture and Biodiversity	30-Sep-21	Closed - OLD	Completed	Develop and implement a Tree Asset Management System to guide and report on inspection cycles, findings, and maintenance timeframes System implemented	N/A
Tree Management	29-Jul-20	3.2.3a	Communication and Messaging - Lack of consistent education, knowledge, messaging within and outside Council regarding the benefits provided by trees and their priority as an urban asset.	It is considered that Council could do better as an organisation in helping customers and internal Council personnel and elected members understand the importance of trees with regard to ecological services, biodiversity, and landscape connection and amenity. Cultivating a culture of tree appreciation within the Council organisation and communicated externally to residents, businesses, and visitors will be an important step in achieving tree-related outcomes. A marketing campaign to saturate multi-media (online, paper, radio, buses etc) combined with a commitment to celebrating trees and positive tree stories will facilitate a positive cultural shift regarding trees.	Priority Rating 2	1. Revise the Policy to include a "Communication and Messaging" section which will state Council's position on educating the community and providing elected members with education regarding trees and environmental benefits. (see also Action 31). 2. Include in the "Communication and Messaging" section (see Action 19) the development and implementation of an on-going marketing campaign regarding tree benefits and importance, and a regular process for celebrating trees with the community (see also Action 19).	City Arborist	31-Dec-20	Closed - OLD	Completed	Revise policy to include a communication and messaging section An additional heading in the policy has been included called Engagement and Promote	N/A
Tree Management	29-Jul-20	3.2.3b	Communication and Messaging -Consistent messaging and terminology relating to trees is not currently applied within and outside of Council.	"Consistent messaging and use of terminology is important for minimising confusion. For example, Council is the "custodian" of trees, not the "owner", yet during this auditing process, these terms were used interchangeably, though more often tree ownership was applied. The Policy also refers to Council as the "'legal owner of the tree'" (page 15). Terminology should be confirmed and applied consistently across Council documents, messaging, and within internal communications.	Priority Rating 1	1. Provide clarification in the "Communication and Messaging" section (see Action19) about correct terminology (e.g. tree custodian vs. tree owner) and the importance of using correct terms.	City Arborist	31-Dec-20	Closed - OLD	Completed	Revise policy for consistent use of terminology The reference to custodian and/or owner has been removed from the Policy As part of writing the technical guidelines consistency will be applied	N/A
Tree Management	29-Jul-20	3.3.1a	Governance Framework - Not all recommendations have been actioned from the 'Independent Inquiry into the Management of Trees on Public Land'.	Council's 'Tree Management Policy' already addresses some of the Inquiry's recommendations. However, like some other local Councils, a number of recommendations have not yet been adopted. Council should refer to this reference when updating their 'Tree Management Policy'. Our audit considers that not all recommendations can be reasonably implemented and may not be required by Law. However, some worth considering are: • Tree management policy: Recommendation 1 • Proactive management of tree risks: Recommendations 4 and 5; • Measures to prevent the development defects in new plantings: Recommendation 11; • Supervision of developments: Recommendations 13 and 14; We also consider Recommendation 2 under Tree management policy is adopted. However, we consider such recommended consultation and community engagement may be better aligned with development of an Urban Tree Strategy than the Tree Management Policy.	Priority Rating 2	1. Adopt recommendations from the 'Independent Inquiry in the Management of Trees on Public Land'.	City Arborist	31-Dec-20	Closed - OLD	Completed	Revise policy to include recommendations as determined Reference has been included in the Policy in 'other references relating to the Independent Inquiry' Further recommendations will be included in the appropriate technical guidelines	N/A
Tree Management	29-Jul-20	3.3.1c	Governance Framework - No clear targets, prioritisation or strategic plan for tree management, protection and growth.	Target 5 of the State's '30-Year Plan for Greater Adelaide' identifies high level 2040 canopy cover targets for Council areas based on the current (benchmark) canopy cover amount. Further, Objective 2.6 of Council's 'Strategic Plan 2025' states "Our tree canopy cover is increasing" Despite the State establishing local Council canopy cover targets and timeframes, the City of Tea Tree Gully lacks any local quantifiable targets or a strategic framework to detail how to achieve objectives. Further, the 23.5% canopy cover amount identified as a benchmark in Council's Strategic Plan 2025 is outdated, being based on an assessment of 2013 aerial imagery. The canopy cover benchmark therefore requires updating to best underpin strategic target setting. Development of an Urban Forest / Urban Greening / Urban Cooling Strategy and measurable Action Plan (including role clarity for up to 12 months) is required to effectively protect, maintain, grow, and monitor the urban forest in alignment with the State's 2040 targets and Council's strategic objectives. Development of such strategic documents is increasingly occurring in local Councils across Australia and internationally. For example: • Melbourne's Urban Forest Strategy; • City of Burnside Urban Tree Strategy; • Town of Walkerville Urban Forest Strategy; • City of Sydney Urban Forest Strategy; • City of Canada Bay Urban Tree Canopy Strategy; • City of Perth Urban Forest Plan; • City of London Urban Forest Strategy; • City of Seattle Urban Forestry Management Plan	Priority Rating 1	1. Develop and adopt an Urban Greening or Urban Cooling Strategy and Action Plan for protecting, managing, growing, and monitoring the urban forest. 2. The Urban Greening or Urban Cooling Strategy will include quantifiable targets for canopy cover across the Council area (see also Action 11).	Manager Technical & Engineering Services City Arborist Manager City Strategy	30/06/2021 30/06/2022 30/06/2022	Open	On Track	Action 1: Adopt recommendation – Urban Forest Strategy Action 2: Develop action and strategy plan Action 3: Budget bid/allocation Action 4: Develop and implement strategy Implement quantifiable targets for canopy cover using Walkerville Urban Forest Strategy	30-May-23

Tree Management	29-Jul-20	3.3.2a	Operational Systems - Within the CFS system, comments recorded on case actions are inconsistent or missing.	Ensuring consistent and detailed comments are entered for each case in the CFS system will be essential in supporting Council should there be liability claims made in the future. Three specific areas have been identified that are likely contributing to the inconsistency in case commentary in the CFS system: 1. The additional comments field in the CFS system is currently an optional field, which allows cases to be closed out with entering any additional comments. 2. There are no guidelines regarding the specific details important to capture in comments; 3. The system currently allows comments and notes to be added in two different locations (comments box or chat function). This makes it difficult to readily access and track the flow of comments for a case.	Priority Rating 1	1. Develop commentary guidelines which will require personnel to enter comments, in a consistent level of detail, and in a consistent location in the system prior to closing a case.	Manager Parks Manager Customer and Communications	31-Dec-20	Open	On Track	Revise Council strategies and plans to ensure trees and consistent messaging about trees, are adequately reflected in CFS Amended CEO response letters to MP's Set up meetings to format template for response letters (required by operational staff) System improvements will include mandatory close-out commentary both at a case and order level Mandatory field developed in CFS for entering completion comments when closing out Cases and Work Orders - 16 April 2021 Letters to be reviewed by comms team as part of org-wide comms review Case only and single point of customer correspondence being implemented with review to share updates and messaging with the customer through key updates of Case - 28/07/2023 CX Improvement Coach will begin Sept 18 to improve the capacity of staff to communicate with and provide services to the community. Editable templates will be built into CFS for quick customer comms when required.	30-Dec-23
Tree Management	29-Jul-20	3.3.2b	Operational Systems - System is not intuitive or user-friendly without training/support.	Personnel who don't use the system regularly, are not IT-savvy, or are new to the system (e.g. temporary secondment) report that the system is confusing to use. This could lead to inaccurate records or case management.	Priority Rating 1	1. Provide consistent training for all new users of the system (including temporary positions). 2. Provide a dedicated administrative support officer who will undertake internal quality assurance checks of cases and assist with case lodgement for staff who use the system.	Manager Operations Support Services Digital Coordinator	30-Jun-21	Open	On Track	Develop CFS checklist/procedure, Determine training needs based on CFS system gaps in conjunction with Customer Relations and organise regular meetings to discuss system irregularities Part of current steering committee tasks i.e single work order, City Ops review will enable specific training	30-May-23
Tree Management	29-Jul-20	3.3.2c	Operational Systems - Council's urban forest structure, condition, and function is not clearly understood and is not being assessed.	An in-depth understanding of the urban forest is needed to support a number of Council actions (e.g. developing Urban forest strategy, species selection for plantings, priority planting locations). To facilitate strategic decision-making regarding tree planting objectives and actions Council should take steps to better understanding their current, and potential future urban forest. This may include the development of a centralised mapping and data management system to capture and information relating to the structure, diversity, and condition of Councils public trees, as well as the location and status of vacant sites. Local Councils across Australia are increasingly taking steps to gain a comprehensive understanding of their current and future urban forest.	Priority Rating 1	1. Develop and implement a system for strategically assessing, mapping and monitoring the urban forest, including species diversity, age and condition, vacant planting sites, and planting survival rates.	Manager Technical & Engineering Services	30-Jun-22	Open	On Track	Development as part of the Urban Forest strategy Will form part of the Asset Management System - inclusion 1/3/2022 - Nursery RFQ specifications completed as part of the process Urban Forst strategy still to be developed and due to the organisational restructure, may sit with the City Arborist.	30-May-23
Tree Management	29-Jul-20	3.3.2d	Operational Systems - No standardised guideline for assessing tree stock from nurseries.	The arboriculture team has developed over time a process to assess the quality of tree stock from nurseries. However, this information is not captured in a formalised Council adopted guideline or a centrally accessible location. Doing so will be important for the longevity of knowledge and the accessibility to Council staff and ensuring consistency in selecting stock. Arboriculture team should be consulted in this process.	Priority Rating 2	1. Develop formal Council guidelines for selecting quality tree stock, and which will form part of the contract specification for the purchasing of plants/trees.	Supervisor Arboriculture and Biodiversity Team Leader Street Tree Development	30-Jun-22	Open	On Track	Develop procedure as per recommendations for tree stock selection A tree selection register has been developed and is utilised by the biodiversity team. A Technical Guideline for Tree Planting is still being developed.	30-Jul-23
Tree Management	29-Jul-20	3.3.3a	Communication and Messaging - Clarity and information about forward tree works (e.g. pruning) is not currently transparent and readily accessible within Council and by customers.	Communication and education with customers (and Council members) could be improved by providing an accessible and interactive online platform containing information about Council's trees and their strategic growth, management, and protection of trees. The City of Melbourne's Urban Forest Visual's Street Tree Planting Schedule map is an example of such a platform.	Priority Rating 2	1. Develop and implement an online interactive platform to showcase the urban forest, its benefits, and the schedule of tree works (e.g. planting and maintenance).	Manager Operations Support Services	31-Dec-21	Open	On Track	Work with Communications to develop a communication strategy/similarly to theme used for waste management. Meetings with marketing team to develop marketing strategy Online interactive platform still to be developed. Some initiatives in place such as Tree Planting in your street flyer	20-Dec-23
Complaints Handling	30-Sep-20	4	Absence of customer experience and complaints training outside the Customer & Communications team	There is an absence of customer experience and complaints handling training for staff outside the Customer & Communications team, including on-boarding and refresher training. As a result, staff interviewed noted there may be inconsistencies in the capability of staff across the CTTG when interacting with customers and engaging in difficult conversations. Outside of the Customer & Communications team, there is a reliance on a 'buddy system' during on-boarding, which entails partnering a new starter with an experienced employee to guide interactions (including complaints) with customers. It is also expected that staff read the CTTG's key policies, including the General Complaints Policy, during the on-boarding process. Accompanying the implementation of CFS in early 2019, the Customer & Communications team, in addition to Managers, Supervisors and some Team Leaders attended a special combined CFS and complaints handling training hosted by the Manager Customer & Communications. From our review, the following observations regarding the training and ability of staff related to managing customer complaints and enquiries were noted: • Customer facing staff below Supervisor and Team Leader level (with the exception of staff transitioned to the Customer Relations team in response to COVID-19)(refer to Background) have not received any formal training, although required to interact with customers. It was also noted that beyond the CFS and complaints handling training in 2019, stakeholders consulted recalled no formal customer training since a 'Dealing with Challenging Customers' training in 2015. • While stakeholders consulted felt equipped to interact with customers, it is understood that some front line staff within their teams would feel uncomfortable to speak with customers on their own, especially in a difficult conversation. Particularly within regulatory areas of the CTTG, it is acknowledged that for some staff, using customer-centric language to explain complex regulatory issues can be a challenge. It is understood the CTTG has recently introduced a new online Learning Management System (LMS), which includes a suite of learnings related to customer experience and complaints handling that can be rolled out across the CTTG to all staff. However, this is currently on hold awaiting the Manager Customer & Communications to select appropriate trainings.	Low	1. Conduct an internal survey of CTTG staff to gauge the current comfort in interacting with customers. Results of this survey could help to inform areas for further training and awareness. 2. Introduce formal customer experience training during on-boarding for staff in customer-facing roles. Where possible, this training should be based on current customer pain points and expectations. This training should be provided in addition to the complaints management training, which is provided to specified staff. 3. Implement mandatory customer experience and formal complaints handling refresher training for Team Leaders, Supervisors and Managers. It is recommended that this also be made mandatory for all staff in customer-facing positions (i.e. Responsible Officers) and made available to other staff to complete in LMS if they wish or if identified through performance management as a skills gap. 4. Develop Quick Reference Cards or similar outlining the CTTG's key messages/ goals for the delivery of customer experience. This could include examples of helpful wording for staff that do not feel as comfortable dealing with customers. 5. Implement a technology-based induction training for all new and existing staff where required. This should cover basic computer skills and systems training to assist new starters in having a minimum standard of technological skill, and could be delivered through PeopleStreme (the CTTG's Human Resources system). Staff in customer-facing roles should have this tailored to customer scenarios.	Director Organisational Services and Excellence	31/3/2021 31/3/2021 31/3/2021 30/6/2021	Open	On Track	Partially Completed. New Manager, Customer and Comms started Nov 2022. While LMS is not available, in-person 'Difficult and Aggressive Customer Training' has been delivered in-person across customer facing roles. The CX Strategy (currently in draft as at March 2023) outlines a development plan of capacity building in our teams. This includes the engagement of a CX Improvement Coach to support teams one on one and develop training. 1. Conduct an internal survey of CTTG staff to gauge the current comfort in interacting with customers. Results of this survey could help to inform areas for further training and awareness. (Due 31/3/2022) a. Business SA conducted and internal audit on 18 – 22 November 2021 (D21/108028) and interviewed (surveyed) a number of staff from across CTTG. The results of these interviews have been used to identify further training and awareness – Completed b. Business SA has provided a quotation consistent with the report recommendations for the provision of conflict management training (E22/123815) c. All report recommendations have been capture in ICARE as actions for completion 2. Introduce formal customer experience training during on-boarding for staff in customer-facing roles. Where possible, this training should be based on current customer pain points and expectations. This training should be provided in addition to the complaints management training, which is provided to specified staff. CX Improvement Coach beginning 18 Sept a. Business SA has provided a quotation consistent with the recommendations for the provision of conflict management training (E22/123815) 3. Implement mandatory customer experience and formal complaints handling refresher training for Team Leaders, Supervisors and Managers. It is recommended that this also be made mandatory for all staff in customer-facing positions (i.e. Responsible Officers) and made available to other staff to complete in LMS if they wish or if identified through performance management as a skills gap. CX Improvement Coach beginning 18 Sept a. Business SA has provided a quotation consistent with the recommendations for the provision of conflict management training (E22/123815) CX Coach to review specialised training in partnership with OD and WHS 4. Develop Quick Reference Cards or similar outlining the CTTG's key messages/ goals for the delivery of customer experience. This could include examples of helpful wording for staff that do not feel as comfortable dealing with customers. (due 30/06/2022) a. To be reviewed by the CX Improvement Coach by end of 2023, prefer in-person and video training, some cards could be used in vehicles etc. 5. Implement a technology-based induction training for all new and existing staff where required. This should cover basic computer skills and systems training to assist new starters in having a minimum standard of technological skill, and could be delivered through PeopleStreme (the CTTG's Human Resources system). Staff in customer-facing roles should have this tailored to customer scenarios. (Due 30/06/2022) (14/08/2023) CTTG are undergoing process to procure a new HCM and as suh current HCM PeopleStreme will not continue to be supported as of a set date, looking to incorporate LMS into new HCM or have a facility in which it can feed into the HCM. Update to be provided once a provider is identified. a. To be reviewed by the CX Improvement Coach by end of 2023	30-Dec-23
Optimisation of Council owned Buildings	22-Mar-21	SP1	Strategy and Policy - Policy to drive Council's role in addressing demand	We found a policy gap in relation to the various roles that the Council could play in addressing community demand for spaces to allow particular activities to take place. The lack of clear policy direction potentially raises the prospect of the Council being seen as the provider of buildings to meet any aspect of community demand, even when there may be adequate supply provided by others. Recommendation 1 Develop and adopt a policy regarding the Council's roles in addressing demand for building spaces and when each potential role is likely to be appropriate.	Medium	Develop and adopt a policy regarding the Council's roles in addressing demand for building spaces and when each potential role is likely to be appropriate	Manager Project Management Office	30-Jun-23	Closed	Completed	Policies have been reviewed and determined that existing Asset Management Policy and Leases and Licences Policy (recently updated) are adequate.	30-Jun-23

Optimisation of Council owned Buildings	22-Mar-21	SP2	Strategy and Policy - Strategy to drive supply	<p>There is no overarching strategy for the provision and/or retention of Council buildings and no direct policy that sets out the circumstances when and where the Council will provide buildings for community or organisational purposes.</p> <p>It appears that, to a large extent, buildings have been provided for purposes and in locations that are more related to historic reasons than strategies or policies.</p> <p>Recommendation 2 Develop a strategy (and any required supporting policies) relating to the circumstances when the Council will provide buildings for community or organisational purposes in the short, medium, and longer terms. Include the potential use of buildings owned by others as a first option rather than defaulting to Council ownership and consider the buildings owned by others as potentially complementary to the Council's portfolio of buildings rather than competitors.</p>	Medium	<p>Develop a strategy (and any required supporting policies) relating to the circumstances when the Council will provide buildings for community or organisational purposes in the short, medium, and longer terms. Include the potential use of buildings owned by others as a first option rather than defaulting to Council ownership and consider the buildings owned by others as potentially complementary to the Council's portfolio of buildings rather than competitors.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	SP2	Strategy and Policy - Strategy to drive supply	<p>There is no overarching strategy for the provision and/or retention of Council buildings and no direct policy that sets out the circumstances when and where the Council will provide buildings for community or organisational purposes.</p> <p>It appears that, to a large extent, buildings have been provided for purposes and in locations that are more related to historic reasons than strategies or policies.</p> <p>Recommendation 3 Consider investing in a smaller number of better quality, more flexible and accessible buildings. A hub and spoke model where community centres act as the hub with other buildings available for associated uses or hire being the spokes could be considered.</p>	Medium	<p>Consider investing in a smaller number of better quality, more flexible and accessible buildings. A hub and spoke model where community centres act as the hub with other buildings available for associated uses or hire being the spokes could be considered.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	SP2	Strategy and Policy - Strategy to drive supply	<p>There is no overarching strategy for the provision and/or retention of Council buildings and no direct policy that sets out the circumstances when and where the Council will provide buildings for community or organisational purposes.</p> <p>It appears that, to a large extent, buildings have been provided for purposes and in locations that are more related to historic reasons than strategies or policies.</p> <p>Recommendation 4 Avoid the dangers of 'an asset in search of a purpose' whereby existing buildings are retained at significant cost beyond their true asset lives and usefulness to the community.</p>	Medium	<p>Avoid the dangers of 'an asset in search of a purpose' whereby existing buildings are retained at significant cost beyond their true asset lives and usefulness to the community.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	SP3	Strategy and Policy - Consider other providers	<p>The audit identified a large number of buildings owned by other organisations that could potentially meet the needs of some users. Subject to further research and negotiation, the Council could potentially reduce the need to physically provide some buildings itself by partnering with those owners to set up a win/win scenario or refer booking queries to them.</p> <p>A further consideration is that in providing buildings for bookings the Council may be in competition with other providers, whether they be community based or commercial organisations.</p> <p>Formalisation of the consideration of other providers could be enshrined in Council policy and in planning to meet community demand for building space.</p> <p>Recommendation 5 Ensure that buildings and/or services provided by other organisations within the Council area or near the border in adjoining Council areas are considered in addressing community or organisational demand.</p>	Medium	<p>Ensure that buildings and/or services provided by other organisations within the Council area or near the border in adjoining Council areas are considered in addressing community or organisational demand.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan. Plan to consider assets owned by other entities.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	SP4	Strategy and Policy - Single-purpose vs multi-purpose buildings	<p>Historically, the large majority of community, recreation, sporting, and arts facilities across the Council area have been designed for single-purpose. Due to their location, size, siting or design, many buildings cannot be easily used by multiple groups or purposes and as such many are not used to their full capacity.</p> <p>The current strategic direction for the provision of buildings for community use seems to be to provide for multiple uses where possible. However, there is no adopted strategy or policy about this.</p> <p>Recommendation 6 Provide strategic and policy clarity about when single or multi-use buildings are considered appropriate.</p>	Medium	<p>Provide strategic and policy clarity about when single or multi-use buildings are considered appropriate.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan. The plan will provide guidance on multipurpose buildings.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	SP5	Strategy and Policy - Differential charging for community and commercial users	<p>The use of Council buildings may provide public benefits, such as greater social cohesion, or private benefits, such as an income stream for commercial hirers. There is currently no pricing differential for public or private benefit (or a hybrid of the two).</p> <p>Recommendation 7 Develop a pricing policy for the use of Council buildings that provides for differential user pricing for private and public benefit and hybrid situations where there is a combination of private and public benefit.</p>	Low	<p>Develop a pricing policy for the use of Council buildings that provides for differential user pricing for private and public benefit and hybrid situations where there is a combination of private and public benefit.</p>	Manager Project Management Office	31-Dec-22	Closed - OLD	Completed	Leases and licences policy has been updated to facilitate differential pricing.	30-Jun-23
Optimisation of Council owned Buildings	22-Mar-21	D1	Demand Considerations Documented standards to reflect demand	<p>We found no documented standards (such as numbers of buildings for the City's population; geographic distribution) for the supply of the various types of buildings, which led to nominal standards being developed to audit against. We recognise that the Council area is already well developed and that standards have changed over time which provides challenges in providing the right numbers of the various types of buildings in the right locations. However, establishing, adopting, and documenting standards provides a base to work from.</p> <p>Recommendation 8 Consider developing, documenting, and implementing standards for the provision of the various types of buildings. In doing so, consider the relevance of standards identified during this audit and the nominal standards applied.</p>	Medium	<p>Consider developing, documenting, and implementing standards for the provision of the various types of buildings. In doing so, consider the relevance of standards identified during this audit and the nominal standards applied.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	S1	Supply Considerations - Suitability of buildings	<p>The analysis undertaken for the audit identified that, for a number of reasons (combinations of the suitability factors - facilities provided, floor area, usage, building condition, fit for purpose -- now and/or future, disability access, car parking, land or planning restrictions) many of the Council's buildings in the Community, Recreation and Sport, and Arts category are unsuitable for their current use.</p> <p>For some buildings there is potential to resolve the shortcomings while for others that is unlikely to be the case. Information for some aspects of the suitability analysis for some of the buildings is incomplete (and outside the project brief) which limits the ability to determine the best course of action for them.</p> <p>Recommendation 9 Resolve the information gaps identified in the buildings suitability analysis.</p>	Medium	<p>Resolve the information gaps identified in the buildings suitability analysis.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	S1	Supply Considerations - Suitability of buildings	<p>The analysis undertaken for the audit identified that, for a number of reasons (combinations of the suitability factors - facilities provided, floor area, usage, building condition, fit for purpose -- now and/or future, disability access, car parking, land or planning restrictions) many of the Council's buildings in the Community, Recreation and Sport, and Arts category are unsuitable for their current use.</p> <p>For some buildings there is potential to resolve the shortcomings while for others that is unlikely to be the case. Information for some aspects of the suitability analysis for some of the buildings is incomplete (and outside the project brief) which limits the ability to determine the best course of action for them.</p> <p>Recommendation 10 Formally agree on suitability factors for the current and future supply of Council buildings, considering the factors used for this audit as part of that exercise. Clarify the priority given to each of the suitability factors, especially disability access.</p> <p>Having taken those steps, revisit the suitability analysis to determine the best course of action for the buildings.</p>	Medium	<p>Formally agree on suitability factors for the current and future supply of Council buildings, considering the factors used for this audit as part of that exercise. Clarify the priority given to each of the suitability factors, especially disability access.</p> <p>Having taken those steps, revisit the suitability analysis to determine the best course of action for the buildings.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	S2	Supply Considerations - Usage rates	<p>The target usage standard of 75% included in the Buildings Asset Management Plan 2020 does not reflect the nuances associated with the different types of buildings and their types of use. Although data analysis was limited by not being able to identify all uses of buildings during the project, and that COVID19 has impacted on building use, the level of use seems to be relatively low for many buildings. The new bookings system being implemented is expected to improve the availability of usage data.</p> <p>Recommendation 11 Set and report against performance targets for usage rates for sub-categories of Community, Recreation and Sport, and Arts buildings.</p>	Medium	<p>Set and report against performance targets for usage rates for sub-categories of Community, Recreation and Sport, and Arts buildings.</p>	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24

Optimisation of Council owned Buildings	22-Mar-21	S3	Supply Considerations - Oversupply of certain types of buildings	<p>There is an oversupply of smaller, older, single purpose buildings which is an inefficient use of resources. Many are currently unsuitable for their intended purpose as identified in the suitability analysis.</p> <p>Recommendation 12 Identify the best mix of larger and smaller Council buildings for inclusion in a strategy for addressing demand for building spaces.</p>	Medium	Identify the best mix of larger and smaller Council buildings for inclusion in a strategy for addressing demand for building spaces.	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	S4	Supply Considerations - Aging buildings	<p>The age profile of the community, recreation, sporting, and arts facilities is such that a significant proportion of them appear to be nearing the end of their asset lives. The Council's asset register asset register supports this view, rating the majority of buildings as 3/5</p> <p>Recommendation 13 Consider the age profile of the Council's portfolio of buildings and their condition in a strategy for addressing demand for building spaces.</p>	Medium	Consider the age profile of the Council's portfolio of buildings and their condition in a strategy for addressing demand for building spaces.	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	S5	Supply Considerations - Contribution to place making	<p>The age profile of the community, recreation, sporting, and arts facilities is such that a significant proportion of them While we found no formal documented policy, it is reasonable to expect that consideration should be given to the part that Council buildings play in place making. That is, they should be compatible with, and contribute positively to, the place in which they are located.</p> <p>Recommendation 14 Provide policy clarity about expectations of Council buildings in contributing to place making.</p>	Medium	Provide policy clarity about expectations of Council buildings in contributing to place making.	Manager Project Management Office	30-Jun-23	Closed	Completed	Policy review complete, policy framework is adequate.	30-Jun-23
Optimisation of Council owned Buildings	22-Mar-21	A1	Administrative Arrangements - Consistency of terminology and information	<p>We found inconsistencies in terminology used in different parts of the organisation to describe particular buildings which can be confusing for communities and possibly within the organisation.</p> <p>Recommendation 15 Develop and reinforce a common naming convention for Council buildings across the whole organisation.</p>	Low	Develop and reinforce a common naming convention for Council buildings across the whole organisation.	Manager Project Management Office	30-Jun-23	Open	On Track	The asset management system transfer to TechOne is complete providing the required data to undertake this project. Work is underway on a Strategic Buildings Assets Plan.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	A2	Administrative Arrangements - Clarity about demand and supply responsibilities	<p>Staff responsibilities for identifying demand (or need) for Council buildings, and for actions to meet demand through supply (of a Council owned building or one owned by another body), are not completely clear. The separation of supply of building spaces of various types from the demand for them has been a useful concept for the project and could be considered in how staff roles are allocated within the organisation.</p> <p>Identifying community needs (part of demand) and identifying supply options require different skills. The risk of a hybrid model of determining demand and supply together is that staff may not have the skills required for an optimum outcome.</p> <p>Recommendation 16 Clarify staff roles in identifying demand for building spaces and in addressing the demand. In doing so, consider the separation of the two roles while ensuring adequate communication and collaboration between staff involved in those roles.</p>	Medium	Clarify staff roles in identifying demand for building spaces and in addressing the demand. In doing so, consider the separation of the two roles while ensuring adequate communication and collaboration between staff involved in those roles.	Manager Project Management Office	30-Jun-23	Closed	Completed	Roles are clear under Council's new organisational structure.	30-Jun-23
Optimisation of Council owned Buildings	22-Mar-21	A2	Administrative Arrangements - Clarity about demand and supply responsibilities	<p>Staff responsibilities for identifying demand (or need) for Council buildings, and for actions to meet demand through supply (of a Council owned building or one owned by another body), are not completely clear. The separation of supply of building spaces of various types from the demand for them has been a useful concept for the project and could be considered in how staff roles are allocated within the organisation.</p> <p>Identifying community needs (part of demand) and identifying supply options require different skills. The risk of a hybrid model of determining demand and supply together is that staff may not have the skills required for an optimum outcome.</p> <p>Recommendation 17 Ensure that any significant changes in Council policies and strategies arising from this audit are clearly communicated to staff and that staff development opportunities are provided to ensure the policies and strategies are implemented as intended.</p>	Medium	Ensure that any significant changes in Council policies and strategies arising from this audit are clearly communicated to staff and that staff development opportunities are provided to ensure the policies and strategies are implemented as intended.	Manager Project Management Office	30-Jun-23	Open	On Track	Development of the Strategic Buildings Assets Plan will require internal stakeholder engagement and the findings will be communicated to staff.	30-Jun-24
Optimisation of Council owned Buildings	22-Mar-21	A3	Administrative Arrangements - Improving internal coordination and collaboration	<p>Staff interviews showed gaps in relation to internal collaboration in strategies for providing or retaining buildings and in the renovation or maintenance of them. It also showed a strong desire for that situation to improve.</p> <p>Recommendation 18 Implement a structured approach (such as an ongoing staff working group with clear Terms of Reference and reporting requirements) to ensure input from all relevant staff into strategy and policy development and the identification of demand and supply for significant building decisions. This becomes even more important if there is a communication and understanding gap between the 'demand' staff and the 'supply' staff under the concept in Recommendation 16.</p>	Medium	Implement a structured approach (such as an ongoing staff working group with clear Terms of Reference and reporting requirements) to ensure input from all relevant staff into strategy and policy development and the identification of demand and supply for significant building decisions. This becomes even more important if there is a communication and understanding gap between the 'demand' staff and the 'supply' staff under the concept in Recommendation 16	Manager Project Management Office	30-Jun-23	Closed	Completed	Roles and project responsibilities are clear under Council's new organisational structure.	30-Jun-23
Arts and Culture Review	29-Sep-21	1	Strategic or Policy documents	<p>Lack of Strategic or Policy documents to guide Council's commitment and investment in Arts and Culture in CTTG</p> <p>Recommendation 1 Develop a strategy or policy documents to guide Council's commitment and investment in Arts and Culture in CTTG</p>	Low	Develop a strategy or policy documents to guide Council's commitment and investment in Arts and Culture in CTTG. Draft Arts and Cultural Plan is currently out for final community consultation before it will be workshoped by Elected Members.	Manager Community Wellbeing	30-Dec-22	Open	On Track	External consultant has been engaged to write draft action plan. CE with key stakeholders completed in July/August 2022. Draft document has been received from external consultant. Workshop has been held with Executive. Community engagement on draft strategy currently being undertaken. Action plan to go to Council before 31 October 2023.	31-Oct-23
Arts and Culture Review	29-Sep-21	2	Arts and culture offerings on weekends and weekdays outside office hours	<p>Gap in arts and culture offerings on weekends and weekdays outside office hours</p> <p>Risk Reputational- lack of out of hours Arts and Culture programming may lead to dissatisfaction & unmet expectations by the community about Council's role/s and investment in delivering arts and culture activities</p>	Low	Council to work in partnership with local contractors and providers to deliver and promote wider range of activities out of hours.	Manager Community Wellbeing	30-Jun-22	Closed - OLD	Completed	Review of community centre programs has occurred and an increase in weekend/after hours offerings has occurred in 2022.	N/A
Arts and Culture Review	29-Sep-21	3	A co-ordinated approach to Council's Arts and Culture	<p>Lack of co-ordinated approach to Council's Arts and Culture offerings, design and planning occurs across 3 separate Council Departments. Evaluation and data collections approaches vary from programs to program.</p>	Medium	Agreed Action 1 Revisit and update the costing and investment analysis for CTTG Arts and Culture offerings		30-Jun-22	Open	On Track	Art and Culture plan will assist in the decision making. Formal process of implementation to be advised.	30-Mar-24
Arts and Culture Review	29-Sep-21	4	Programs targeted and Culturally and Linguistically Diverse Groups and Intergenerational opportunities	<p>Limited number of programs that are targeted and Culturally and Linguistically Diverse Groups and Intergenerational opportunities</p> <p>Recommendation 6 Explore opportunities and partnerships for creative cross- cultural, intercultural and intergenerational projects using community arts and cultural development practices and principles</p>	Low	Explore opportunities and partnerships for creative cross- cultural, intercultural and intergenerational projects using community arts and cultural development practices and principles.	Manager Community Wellbeing	30-Jun-22	Open	On Track	Community engagement with key stakeholders completed in July/August 2022 indicated further areas to develop in regards to CALD offerings. This will be progressed further once strategy document is finalised. SA Refugee week event Youth Poster Awards Exhibition held at Gallery 1855 Nov-December 2022 and 2023. Warm Welcome ATSI installation at Stevens Reserve, Asakuchi Sister City installation at Solandra Reserve.	30-Jun-23
Arts and Culture Review	29-Sep-21	5	Facility based marketing approaches	<p>Marketing approaches are facility based</p> <p>Recommendation 7 Develop a consistent approach to marketing across all of Council's arts and culture offerings</p>	Low	Develop a consistent approach to marketing across all of Council's arts and culture offerings.	Manager Customer and Communications	30-Jun-22	Open	On Track	A marketing approach for Arts and Culture will be finalised in consultation with key staff following endorsement of the Arts and Culture Strategy.	30-Dec-23
Arts and Culture Review	29-Sep-21	6	Program information on Council Website	<p>Programming information on Council's website is by facility rather than areas of interest or via a calendar of events. It is not intuitive to the seeker of information</p> <p>Recommendation 8 As part of the update of Council's website investigate a more 'user friendly' and centralised approach to arts and culture offering on the website</p>	Low	As part of the update of Council's website investigate a more 'user friendly' and centralised approach to arts and culture offering on the website.	Manager Community Wellbeing	30-Jun-22	Open	On Track	This item has been discussed at the intrenal communications actions group. Team Leader Community development is progressing discussion with communication team on a monthly basis.	30-Dec-23
Arts and Culture Review	29-Sep-21	7	Opportunities for local artists to exhibit/sell their work at the Gallery	<p>Lack of opportunities for local artists to exhibit or sell their work at the Gallery. Trial of community activation model at Gallery 1855 was disrupted by COVID Pandemic. Early evaluation data indicated that it was successful in increasing usage and visitors</p>	Low	Agreed Action 1 Revisit the community activation model and collaborate with local schools, makers and artists to increase occupancy and usage of the facility	Manager Community Wellbeing	30-Jun-22	Closed - OLD	Completed	Information report 22 March 2022 Update on Gallery 1855 activities and events (D22/14382) details review undertaken, evaluation outcomes and next steps in relation to this action.	N/A
Arts and Culture Review	29-Sep-21	8	Approach and connections with local schools	<p>Lack of targeted approach and limited connections with local schools (Primary and High), for the provisions of arts and culture programs and services for people living with disability, CALD and ATSI residents and groups</p> <p>Recommendation 11 Ensure that there are specific and targeted approach to the meet the creative needs of children; young people; older people; and people with a disability, ATSI and CALD communities.</p>	Low	Ensure that there are specific and targeted approach to the meet the creative needs of children; young people; older people; and people with a disability, ATSI and CALD communities.	Manager Community Wellbeing	30-Jun-22	Closed - OLD	Completed	Annual schools exhibition held in 2022 and also planned for September/October 2023. First Nations/ATSI exhibition held July/September 2023. Refugee Poster exhibition held in November 2021 and 2022. Workshops/events and activities held to complement the theme of each of these exhibitions.	N/A
Arts and Culture Review	29-Sep-21	9	Floor plan and size of Gallery	<p>Limited floor plan and size of Gallery 1855 requires staff and volunteers to supervise exhibitions</p> <p>Recommendation 12 Consider providing a dedicated art space in future upgrades to the Civic Centre or other centralised location that can capitalise on foot traffic, proximity to other services and amenities such as transport, adequate parking and other attractions</p>	Medium	Considerations for providing a dedicated art space in future upgrades to the Civic Centre or other centralised location that can capitalise on foot traffic, proximity to other services and amenities such as transport, adequate parking and other attractions	Manager Community Wellbeing	30-Jun-22	Closed	Completed	Public Arts Officer has commenced in role and is already looking at exhibition space in other community buildings such as library foyer, Tilley and GGRAC. Library Foyer has community exhibitions booked up to 2024.	30-Dec-22

Arts and Culture Review	29-Sep-21	10	Promote and support local businesses	TTG events opportunity to support and promote local businesses, musicians and performers Recommendation 13 Continue to support local small businesses, artists, musicians and performers as part of the event calendar	Low	Continue to support local small businesses, artists, musicians and performers as part of the event calendar.	Manager Community Wellbeing	30-Jun-22	Closed - OLD	Completed	Local business community is researched prior to going out to RFQ for event suppliers. An EOI for event traders interested in being part of our events is called each year. Priority is given to food trucks from the local area when working with Fork on the Road on Summer Garden Festival and Carols. An audition process will be conducted shortly for the Carol's community choir and pre-show acts (pre-show acts may be auditioned through a live event at Westfield). Event sponsorship is provided to attract events to CTTG – the economic benefit to local business is part of the consideration, as is involving local business in the conduct of these events. Event partnership opportunities are offered to local businesses (sponsoring of Council run events).	N/A
Arts and Culture Review	29-Sep-21	11	Promoting other Council services and events	Absence of promotion of other Council services and programs at TTG events Recommendation 14 Explore ways to leverage the popularity of these events to help promote Council's other arts and culture services, programs and activities where possible and value add to community outcomes	Low	Explore ways to leverage the popularity of these events to help promote Council's other arts and culture services, programs and activities where possible and value add to community outcomes.	Manager Community Wellbeing	30-Jun-22	Closed	Completed	Discussions have progressed in regards to cross promotion of Council Services at events. Planning has commenced for Summer festival 2023 to have a public art element at the event.	N/A
Arts and Culture Review	29-Sep-21	12	Promoting public art sites in the City	Limited promotion of Public art sites in CTTG Recommendation 15 Explore the option of providing public art tours and signage to showcase the offerings	Low	Explore the option of providing public art tours and signage to showcase the offerings.	Manager Community Wellbeing	30-Dec-22	Closed	Completed	Public Arts Officer position has developed a number of new position. A number of projects have been undertaken including the TTG Memorial Relection Walk, Warm Welcome installation at Stevens Reserve, Asakuchi Solandra Reserve installation	30-Jun-23
Arts and Culture Review	29-Sep-21	13	Integrating public art and place activation in capital works	Lack of focus on integrating public art and place activation in Capital work projects Recommendation 16 Promote the integration of public art and place activation into Council's capital works projects such as playgrounds and reserves	Low	Promote the integration of public art and place activation into Council's capital works projects such as playgrounds and reserves.	Manager Community Wellbeing	30-Dec-22	Closed	Completed	Public Arts Officer has commenced in the position. Self guided tour and website information developed for Memorial Drive. Currently scoping additional opportunities for public art trails	N/A
Arts and Culture Review	29-Sep-21	14	Strategic approach to Council's art collection	Lack of strategic approach to Council's art collection Recommendation 17 Create an asset register of all artworks currently owned by City of Tea Tree Gully Recommendation 18 Engage an appropriately qualified external auditor to provide a valuation of the collection Recommendation 19 Provide recommendations to Council on which items are to remain as part of the collection and implement an appropriate schedule for conservation and storage of these artworks Recommendation 20 Items not kept as part of Council's collection returned to artists via expression of interest Recommendation 21 Develop an arts asset acquisitions and disposal policy	Medium	Agreed Action 1 Create an asset register of all artworks currently owned by City of Tea Tree Gully Agreed Action 2 Engage an appropriately qualified external auditor to provide a valuation of the collection Agreed Action 3 Provide recommendations to Council on which items are to remain as part of the collection and implement an appropriate schedule for conservation and storage of these artworks Agreed Action 4 Items not kept as part of Council's collection returned to artists via expression of interest Agreed Action 5 Develop an arts asset acquisitions and disposal policy.	Manager Community Wellbeing	30-Jun-23	Open	On Track	Artworks have been catalogued and stored in a central place at Council's Service Centre. External audit contractor has completed a valuation report. Council's Public Art Policy is currently being reviewed and will be presented to the Governance and Policy Committee in November 2023. Asset acquisition and disposal process to be included in Council's public art policy.	30-Sep-23
Fraud Management	10-Feb-22	F1	Increased fraud and corruption risk factors identified	Internal Audit recommends the following: 1. The Assets & Environment business unit conduct a fraud specific risk assessment, as further outlined in Finding 5, to identify areas where further controls are require to reduce instances of fraud. 2. Fraud risk and awareness training is completed by all staff within the Assets & Environment business unit, with clear communication of the consequences of fraudulent activities. 3. Quarterly reporting be provided to the Executive Team on the status of outstanding recommendations from Fraud Investigations, which also includes critical areas such as training. 4. Incorporation of the effectiveness of fraud controls implemented be included within the Performance Management Procedure for senior management staff.	High	Agreed Management Actions Item 1 It is agreed that specific fraud risk assessment must be conducted for the Assets & Environment portfolio as a priority. Item 2 It is agreed that specific fraud training must be conducted for the Assets & Environment business unit as a priority. Item 3 A quarterly report will be prepared for the Executive. Item 4 Performance Management Procedure for senior management staff and/or the position description will be updated to incorporate this recommendation.	General Manager City Operations with Manager Corporate Governance (Items 1 & 2) Manager Corporate Governance Manager People & Capability (Items 3 & 4)	June 2022 June 2022 April 2022 August 2022	Open	On Track	Item 1 and 2 - Completed - Fraud Awareness Risk Assessment occurred in February 2023 with City Operations corporate leaders. Fraud awareness training for corporate leaders previously completed in June 2022. Item 3 - Completed. Fraud reporting to the Executive Leadership Team introduced from 1 July 2022 and continues on a quarterly basis. Item 4 - In progress. Performance Management Procedure for senior management staff and/or position descriptions to be up-dated to incorporate this recommendation. This will be addressed now the new Manager People & Capability has been recruited and commenced late July 2023. Fraud risk identification and control has been included as a responsibility for corporate leaders as part of the revised Fraud and Corruption Policy which was updated in July 2022.	31-Oct-23
Fraud Management	10-Feb-22	F2	Fraud risk related to theft of small tools	1. The Assets & Environment business unit conduct a fraud specific risk assessment, as further outlined in Finding 1 and Finding 4. 2. The Assets & Environment business unit undertake the audit over small tools as intended, to ensure the small tools register is up-to-date and accurate.	High	Item 1 It is agreed that a specific fraud risk assessment must be conducted for the Assets & Environment portfolio as a priority. . Item 2 An audit will be scheduled for the financial year ending 30 June 2022	Manager Operations and Support Services, General Manager City Operations in Consultation with Manager Finance & Ratings Operations	August 2022	Closed - OLD	Completed	Item 1 - Completed - Fraud Awareness Risk Assessment occurred in February 2023 with City Operations corporate leaders. Item 2 - Completed - The small tools audit was conducted between May and June 2022, and included all of Council's locations, vehicles and storage areas. The findings from the audit has resulted in the small tools asset register being updated and is now accurate. It was agreed to present to the Audit committee on the process and detailed findings from the audit, at an upcoming meeting, 28 September 2022.	N/A
Fraud Management	10-Feb-22	F3	Fraud Control Strategy	1. Develop an overarching Fraud Control Strategy that adequately documents the Council-wide process for the prevention, detection and response to fraud and suspected fraud. The strategy should include: Prevention • References to existing policies and procedures relating to integrity and fraud control e.g. Code of Conduct and related HR policies. • Details of fraud awareness training to be delivered to Council Staff (refer to Finding 4) • Details of any specific fraud risk assessment processes undertaken (refer to Finding 5). Detection • Details of Fraud Detection programs (refer to PIO 1). • Fraud reporting channels and the investigation process (refer to Finding 7). Response • Details of investigation procedures and resources. • References to internal and external reporting mechanisms. • Details of internal control reviews to be performed. • Reference to maintenance of insurance. 2. Develop a formal plan and timetable to implement the Fraud Control Strategy and monitor compliance with the plan through reporting to the committee responsible for fraud control and a plan to rectify any shortcomings developed. 3. Clearly define roles and responsibilities to staff with regards to fraud control. 4. Assign ownership for management of the end to end fraud prevention process.	Medium	Agreed to implement proposed recommendations in full	Manager Corporate Governance	December 2022	Open	On Track	In Progress - Draft Fraud Control Strategy has commenced initial stages of development. Responsibilities have been incorporated into the revised Fraud and Corruption Policy updated in July 2022. This is a priority of the new Coordinator, Risk & Audit who commenced in July 2023.	31-Dec-23
Fraud Management	10-Feb-22	F4	Fraud training, awareness and communication	1. The CTTG implement an organisation wide fraud awareness training program which is refreshed and delivered on a regular basis. The CTTG should consider the most appropriate method of delivering the fraud awareness training program, which may be through internal delivery or engaging with an external fraud awareness training provider. 2. Record and track completed fraud training including a record of staff's regular declarations on their compliance with the CTTG's ethical framework.	Medium	1 & 2. It is agreed that specific fraud training must be conducted and imbedded into the CTTG systems. A Leadership team session in the coming months will also focus on this training specifically for our leaders.	Manager Corporate Governance and Manager People & Capability	June 2023	Closed	Completed	Completed - All corporate leader fraud awareness training now completed.	30-Jun-23
Fraud Management	10-Feb-22	F5	Fraud Risk Assessment	1. Internal Audit recommends the CTTG develop a fraud risk assessment process that includes the development of a fraud risk register which is updated every 2-3 years at a minimum. This should cover all business units, functions, locations and processes to identify risks of fraud and be supported by a fraud risk treatment program that seeks to continuously improve processes and controls for managing fraud risk. 2. As noted previously, the CTTG's existing Control Framework could provide a good starting point onto which to build the fraud risk assessment process given a number of fraud related internal controls have already been identified. 3. To ensure appropriate oversight, there should be regular reporting pertaining to fraud and the fraud risk register to the Audit Committee.	Medium	Agreed to implement proposed recommendations in full	Manager Governance and Policy	June 2023	Open	On Track	Item 1 & 2 Completed - Fraud risk assessment process conducted with all corporate leaders and CTTG fraud risk register completed. Item 3 - Fraud risk register to be incorporated into regular risk assessment review process. Fraud risk register reporting for Audit & Risk Committee to be developed. This is a priority of the new Coordinator, Risk & Audit who commenced in July 2023.	31-Dec-23
Fraud Management	10-Feb-22	F6	Gap in declarations of conflicts of interest	1. Increase awareness of the requirement to declare COI and the mechanism to declare these through Fraud training program (see Finding 4). 2. Request declaration of potential COIs or a statement of no potential COIs, as part of: • The onboarding process. • Annual Performance Management Procedure.	Medium	Agreed to implement proposed recommendations in full	Manager Corporate Governance and Manager People & Capability	December 2022	Closed	Completed	Item 1 - Completed. Conflict of interest process revised and awareness of new process communicated to all staff. Conflict of interest for employees has transferred to Corporate Governance (previously the responsibility of People & Capability department). Item 2 - Superseded - Conflict of interest declarations are made within Council reports for key decisions, and declarations are also made as part of any procurement process. Given the case by case / topical nature of conflict of interest declarations it is not feasible to do a covering declaration as part of onboarding and annual performance review in a general sense. There are already primary and ordinary returns (governance processes) and Related Party Disclosures which occur annually (for finance purposes).	31-Dec-22
Fraud Management	10-Feb-22	F7	Fraud reporting channels and the investigation process	1. Consider introducing further anonymous fraud reporting mechanisms for staff including phone and web channels, such as Whistle Blower Hotlines. 2. Formally document and communicate these fraud reporting mechanisms to staff.	Low	Agreed to implement proposed recommendations in full.. The new reporting system will also likely include the ability to report other items including bullying and harassment.	Manager Organisational Development	June 2023	Open	On Track	Planning for this is underway. Desire to understand if this is a current business requirement still and develop a RFQ to send to identified whistleblower services.	30-Dec-23
Fraud Management	10-Feb-22	F8	Opportunity to improve controls and reporting relating to employee timesheets	1. Automated dashboard reporting be prepared to highlight to Management any "red flags" where staff are consistently or appear to be over claiming overtime hours. 2. Removal of the "approve all" button from the time sheeting process or implement the use of overtime approval forms consistently across the CTTG.	Low	Agreed to implement proposed recommendations in full. Noting that this item was raised by CTTG staff.	Manager Finance and Rating Operations	31-Dec-22	Open	On Track	A review into the suitability of Affinity has been completed. Tenders are being evaluated on new payroll systems. Affinity currently does not have this functionality	30-Jun-24

Fraud Management	10-Feb-22	PIO-1	Data analytics in fraud detection programs	Internal Audit recommends the CTTG consider implementing data mining/ analytics fraud detection programs. The program and types of transactions reviewed should be informed by the results of the fraud risk assessment process outlined in Finding 5.	PIO	This is being considered as part of the next stage of the new financial management system and a business case will be prepared for December 2022.	Manager Finance and Rating Operations	30-Dec-22	Open	On Track	Business case around new Rating and Payroll systems completed in December 2022. The Property and Rating system is being implemented in 23-24. Once this project is completed majority of financial data will be in the same system. We will then assess this recommendation in further detail.	30-Jun-24
Bushfire Prevention and Preparedness	28-Sep-22	F1	Inconsistent approach to documenting and reporting of bushfire related information	1. Develop a formal procedure to capture consistent recording and reporting of bushfire mitigation treatments and status 2. It is also recommended that the filing procedure, documentation naming conventions and centralised location are subsequently communicated to staff. This procedure should also be made readily available to staff, e.g. on the intranet. 3. Consider whether existing systems such as ESRI, TechnologyOne or Content Manager may be suitable for this purpose.	Medium	1. A Framework will be developed to provided a consistent approach to recording and reporting bushfire mitigation treatments, including allocation of responsibilities and recording the status of treatment actions. This will provide a clearly defined monitoring, reporting and evaluation system for bushfire management activities. 2. The framework will be communicated to relevant staff and made available on Council's intranet. 3. The use of technology to assist this process will explored upon the release of BMAP 2.0 to ensure alignment between systems.	Manager Community Safety Group Coordinator, Civil & Buildings Projects Emergency	30-Nov-22	Closed	Completed	Bushfire Mitigation Framework endorsed by ELT on 10 March 2023. Central register of bushfire mitigation activities established and includes priority based on BMAP risk rating	31-Mar-23
Bushfire Prevention and Preparedness	28-Sep-22	F2	Gaps in the prioritisation of bushfire mitigation treatment processes	1. Undertake a workshop (if required) to develop a prioritisation procedure, which may include: * A decision tree for the assessment of bushfire mitigation treatments * A risk matrix to provide support in decisions made 2. Formalise the consideration of climate change impacts on bushfire mitigation treatments and prioritisation by performing regular reviews of policies and procedures, including assessment of climate change risks and responses.	Medium	1. A risk-based prioritisation tool will be developed to assist the decision-making process and resource allocation for bushfire mitigation treatments. This tool will form part of the new Framework to be developed 2. The tool will ensure a flexible and adaptable bushfire treatment action plan with consideration of climate change impacts, changes to Council's risks profile, and reviews of relevant policies and procedures.	Manager Community Safety Group Coordinator, Civil & Buildings Projects	30-Nov-22	Closed	Completed	A Bushfire Mitigation Program Works register has been established as a central record of bushfire mitigation activities, and identifies priority works based on BMAP risk rating. BMAP layer has been added to GIS to inform prioritisation of works based on BMAP risk ratings	30-Jun-23
Bushfire Prevention and Preparedness	28-Sep-22	F3	Lack of formal bushfire reporting and communication to Senior Management / Council / Elected Members / Audit Committee	1. Develop a form of periodic status reporting to inform Senior Management / Council / Elected Members / Audit Committee on the status of bushfire prevention management. This may include: * Status of bushfire mitigation treatments * Data analytics of tasks performed * Pre Fire Danger Season' and 'Post Fire Danger Season' analysis and assessment * Seasonable factor impact on the risk profile assessment * Traffic light report to indicate status and risk rating * Liaison with other agencies	Medium	1. As part of the new Framework, internal and external reporting requirements will be established for the status of bushfire management activities undertaken by Council. 2. Reporting requirements will identify Council's collaboration with, and support provided to, other agencies with responsibilities for bushfire management.	Manager Community Safety Group Coordinator, Civil & Buildings Projects Emergency	30-Nov-22	Closed - OLD	Completed	Reporting requirements are established in new Bushfire Mitigation Framework Some reporting capability will be developed as part of GIS recording tool via dashboards. High Risk Weather Season summary report to be presented to Audit & Risk Committee each year in around May. Other relevant reports to be attached (e.g. AMLR BMC report).	N/A
Bushfire Prevention and Preparedness	28-Sep-22	F4	Gaps identified in the governance and effective maintenance of fire access tracks	1. Consult with the CFS periodically to: (a) Improve track identification and record keeping, including the rationale for upkeep and maintenance (b) Determine which fire access tracks are required to be maintained 2. Capture additional data to quantify the fire access track maintenance to provide transparency 3. Consider whether existing systems such as ESRI or TechnologyOne are suitable to record fire access track documentation.	Low	1. In consultation with the CFS, a review of Council's existing fire access track network will undertaken to determine the status, classification, and maintenance requirements of fire access tracks. 2. A suitable process will be established for the maintenance of fire access tracks and for the assessment and approval of applications for new fire access tracks 3. Existing data maintained on ESRI will be reviewed to ensure accuracy and to provide consistent identification of fire access tracks and their classification (e.g. number and/or name) 4. Outcomes of this process will incorporated into the new Framework and the treatment prioritisation tool	Manager Community Safety Manager Field Services	31-Aug-23	Open	On Track	Initial assessment of fire access tracks completed by FPO - findings and recommendations presented to ELT and endorsed on 9 June 2023. Information Report to be presented to Council 25 July 2023. Internal stakeholders have been consulted on outcomes of track review - works programs to be adjusted accordingly. Project to be undertaken in two phases. Phase 1 requires internal decision-making only. Phase 2 requires consultation with CFS region/brigade level - to be completed by June 2024 pending CFS availability. 2023/24 Fire track maintenance to take on board agreed changes through the review.	30-Jun-24
Bushfire Prevention and Preparedness	28-Sep-22	PIO1	Opportunity to increase the level of information provided to the community	1. Consult with the CFS to: (a) Determine whether there are gaps in high-risk areas of Council which are not receiving bushfire information from the CFS (b) Consider whether additional communications are required for residents in these areas, and consult with the CFS to implement cost-effective approaches. These may include: * Signage leading up to, and during, the fire danger season * Mail drops * Bin stickers within high-risk bushfire areas 2. Ensure all information provided to the community addresses diversity and inclusion. For example, providing information in languages other than English and ensuring information accessibility by diverse members of the community	PIO	1. Council's current communications plan for emergencies will be reviewed and updated with any additional CFS public information that needs to be supported (e.g. Australian Fire Danger Rating System). Existing communications provided by the CFS to the community will be identified to ensure coordination of activities with Council's communication plan, with a focus on high-risk areas. Any additional communication methods will be considered based on this review and in consultation with the CFS. 2. Any communications provided as part of Council's communication plan will address diversity and inclusion 3. Opportunities to deliver community information in partnership with other agencies will be explored.	Manager Community Safety Group Coordinator, Civil & Buildings Projects Emergency Management Advisor Manager Customer	30-Nov-22	Closed - OLD	Completed	Communications Plan updated and actions implemented according to schedule - including social media posts, articles in publications and new signage in key public areas/main roads. Community Information session facilitated with CFS and Red Cross on 7 December 2022 in Library. Other community information forums have been identified with staff and CFS Community Engagement Officer. Opportunities have been identified to collaborate with AMLR councils deliver community information programs.	N/A
Bushfire Prevention and Preparedness	28-Sep-22	PIO2	Succession planning and loss of key information and relationships	Recommendation 1. Document relationships with agencies and distribute to relevant staff 2. For relevant staff role position descriptions, include the requirement to maintain relationships with individuals and specific external agencies. 3. Report progress to Senior Management / Council / Elected Members / Audit Committee on activities undertaken.	PIO	1. The new Framework will document Council's relationships with other agencies that have responsibilities for bushfire management 2. Position Descriptions for relevant staff will be reviewed to include the requirement to maintain relationships with individuals and specific external agencies. This may include reference to specific roles as nominated representatives on external committees / groups.	Manager Community Safety	30-Nov-22	Closed	Completed	Relationships with agencies is documented in Bushfire Mitigation Framework Updated Fire Prevention Officer position description includes refereces to relationships and role/s as nominate representative on external committees/groups. Manager Community Safety position description has been updated to include Membership to Emergency Services Organisations, including the Adelaide Mount Loft Ranges Bushfire Management Committee and relationships with relevant external industry groups and organisations A Council Incident Management Arrangements – High Risk Weather Season Summary Report was presented to the Audit and Risk Committee on 17 May 2023.	31-Dec-23
Bushfire Prevention and Preparedness	28-Sep-22	PIO3	Opportunity to further reduce hazards and fuel loads in the Council area	1. Assess other potential hazard reduction strategies that are aligned with the risk appetite of Council and inclusion into the Bushfire Treatment Action Plan if appropriate 2. Confirm and periodically document the bushfire mitigation activities performed by responsible agencies on land with the Council area.	PIO	1. The need for current and other hazard reduction strategies will be assessed using a risk management approach, taking into consideration climate change impacts and other influencing factors. This assessment will inform and align with the new treatment prioritisation tool. 2. Bushfire mitigation activities undertaken by other agencies on land within the Council area will be identified and confirmed to provide assurance and awarness. This information will be included in the new Framework. It is important to note that a new reporting structure between the Bushfire Management Committee and the State Bushfire Coordination Committee has recently been established, with the provision of reports to the Minister. This will provide more transparency about bushfire management activities from all responsible agencies. Any reports will be provided to relevant staf for awareness.	Manager Community Safety Fire Prevention Officer Emergency Management Advisor	31 August 2023 30 November 2022	Closed	Completed	Review of hazard reduction strategies has been considered as part of the development of the Bushfire Mitigation Program Works register and the Fire Access Track Review. Alternate hazard reduction strategies will be considered on an on-going basis as part of normal bushfire mitigation practices. Strategies undertaken by other agencies is documented in Bushfire Mitigation Framework - Council's role is to only seek assurance of plans/mitigation works. Some of this information will be available in external reports (e.g. SBCC and BMC reports etc).	30-Jun-23
Strategic Social Infrastructure Planning	29-Mar-23	REF7	Roadmap	This roadmap consolidates the opportunities identified in Section 5, against each relevant strategic objective and challenge of the Strategic Plan. Risks are identified for each. These are opportunities for Council staff to address, many of them could involve social research and engagement methods, as well as collaboration with external organisations that currently partner with Council, or those who do not.	Low	That the roadmap identified in section 7 of Attachment 1 be used to inform and guide the Community Services Service Review.	Acting Manager Community Wellbeing		Open	On Track	A review of Community Services department structure has been undertaken. Implementation of new structure will commence from mid September 2023. Better structural alignment and a framework for the planning, delivery and evaluation of events are key outcomes from the service review.	30-Sep-23
Procurement Practices - Quotations	29-Mar-23	REF1	Purchasing delegates	1. Where a Supervising Purchasing Delegate is required, this should be clearly identified at the front of the BPPC and supported by electronic workflow for approval / sign off process.	Low	Agreed as recommended	Manager Procurement & Contract	30-Oct-23	Open	On Track	BPPC updated at front of form to include the details of mentoring purchasing delegate Approval via content manager already encouraged. Content Manager workflow best option, however further exploring on how staff can receive appropriate content manager training for this process by Records Management Team	
Procurement Practices - Quotations	29-Mar-23	REF2	Purchasing approvals	1.Review and streamline the purchasing procedure and quotation guidelines potentially into a single document, which clearly articulates: •Definition and responsibilities of different types of approvers taking-into-account segregation of duties (to ensure a corporate leader procuring is not also the approver) including: •Evaluation panel members (including the chair) •Purchasing delegate •Supervising purchasing delegate •Expenditure delegate •Corporate leader •Step by step approval process that aligns to the BPPC. 2. Investigate options for using electronic workflow to control approvals rather than signatures within a document. 3 As a further delegation control, it is recommended that investigation be undertaken to incorporate an RFQ or BPPC reference in TechOne (to confirm that the appropriate procurement and approval process has been undertaken).	Medium	•Undertake a review of the Purchasing Procedure, Quotation Guidelines, RFQ Form Template and Best Practice Purchasing Checklist to incorporate clear delegation approval controls. •Investigate options for using electronic workflow to control approvals rather than signatures within a document. •Investigate potential for incorporating RFQ or BPPC references in the purchase requisition or Work Order function within TechOne	Manager Procurement & Contract Management Manager Finance & Rating Services	31-Mar-24 31-Mar-24	Open	On Track	Work in progress -will be reviewed and actioned as we work through the relevant timelines in the audit	
Procurement Practices - Quotations	29-Mar-23	REF3	Evaluation documentation	1.Consideration to be given to establishing either establishing two different BPPC's for purchases: • \$1,000 - \$20,000 •\$20,000 - \$100,000 Alternatively, the BPPC should be updated to clearly reflect which sections of the BPPC are needed to be completed for low value purchases (if at all). 2.Review the requirements for engaging consultancy services to determine whether a level 2 procurement process is actually required for a level 1 procurement, ie under \$20,000. 3.Whilest ongoing refresher training has been provided to Delegates, it is equally important that the purchasing procedures, quotation guidelines and templates are streamlined for ease of use, including the provision of clear and succinct instructions. This will assist Delegates with following the procurement steps which have otherwise been missed and/or not understood.	Low	Agreed as per recommendations	Manager Procurement and Contracts Management	31-Mar-24	Open	On Track	Work in progress - will be reviewed and actioned as we work through the relevant timelines in the audit for various recommendations	
Procurement Practices - Quotations	29-Mar-23	REF4	Records management	1.Review records management requirements for procurement to implement a revised approach that takes into account: •Obtaining a unique quotation number (eg. CM container number for project) •Consistent naming conventions •Simplifying and streamlining the approach (so that a record doesn't have to be saved twice in two separate containers) •BPPC to incorporate provision to identify where all procurement records are stored relevant to that procurement	Low	Agreed as recommended	Manager Procurement and Contracts Management	31-Mar-24	Open	On Track	Work in progress- re records management abilities of staff in organisation (needs to be addressed by Records Management Team) Consistent naming conventions already provided in content manager quotation container listing BPPC already has section for CM container to be specified for tracking purposes	

Procurement Practices - Quotations	29-Mar-23	REF5	Procurement exemption process	1. Review the exemption approval process, including records management requirements, and streamline to ensure the process is clearer and more efficient.	Medium	Agreed as recommended	Manager Procurement and Contracts Management	30-Oct-23	Open	On Track	exemption form streamlined. Workflow streamlined for the form to go to staff and return from staff. (less touch points making it more efficient for staff and Procurement Officer)	
Procurement Practices - Quotations	29-Mar-23	REF6	Procurement principles	1. Review procurement principles to determine if they are still relevant. 2. Clearly link the procurement principles to the relevant sections of the purchasing procedures, quotation guidelines and BPPC to ensure all procurement principles are addressed with each procurement. 3. Review all referenced documents to ensure accuracy and for ease of finding.	PIO	Agreed as recommended	Manager Procurement and Contracts Management	31-Mar-24	Open	On Track	-will be reviewed and actioned as we work through the relevant timelines in the audit	

INFORMATION REPORT

AUDIT & RISK COMMITTEE MEETING

06 September 2023

Office of the Chief Executive Officer

Council Insurance Policy and Premiums Analysis 2023-2024 (D23/48930)

Council purchases insurance to cover various aspects of its business. The insurance policies are provided through various self-insurance schemes, funds and the Local Government Risk Services (LGRS) under the Jardine Lloyd Thompson Group (JLT) banner. These are reviewed prior to their renewal at the beginning of each financial year. This report provides **assurance to the Audit & Risk Committee that Council's insurable risks** are appropriately mitigated to an acceptable level.

A general overview of Council's insurance policies is provided below:

Scheme/Fund	Type	Coverage
LGA Mutual Liability Scheme (LGAMLS)	Civil Liability (Public Liability and Professional Indemnity)	<ul style="list-style-type: none"> Personal injury Third party property damage Professional advice (errors or omissions)
LGA Asset Mutual Fund (LGAAMF)	Assets	<ul style="list-style-type: none"> Buildings and contents Motor vehicles Mobile plant Machinery breakdown Computer/electronic equipment Library book stock Data protection <p>Where Council property is leased, the building structure is covered. All contents, fixtures and fittings must be covered by the lessee/tenant. General infrastructure (roads and footpaths) are excluded.</p>
	Cyber Security and Data Protection	<p>Financial loss and expenses as a result of a cyber event including:</p> <ul style="list-style-type: none"> Incident response Business disruption data system recovery Cyber extortion

	Fidelity and Crime	Money and security losses from: <ul style="list-style-type: none"> • Burglary • Robbery theft • Disappearance and destruction (employee dishonesty losses)
LGA Workers Compensation Scheme (LGAWCS)	Workers Compensation	Provision of workers compensation claims management and vocational return to work services for actual and potential liabilities
LG Risk Services (JLT)	Journey Injury	Covers all Council staff for bodily injury while traveling: <ul style="list-style-type: none"> • To and from their residence and work • Between work, residence and a location of training for work
LG Risk Services (JLT)	Public and Product Liability	<ul style="list-style-type: none"> • Umpires • Tutors/Users engaged by Council to deliver programs and Community Centres, Library Learning Centre and Gallery 1855 • Ad hoc hire of Council controlled facilities
LG Risk Services (JLT)	Personal Accident and Corporate Travel	Covers every elected member of Council, including their spouse, domestic partner or person accompanying them for: <ul style="list-style-type: none"> • Risks associated with the performance or discharge of official functions and duties • Personal accident and corporate travel (extended to Employees, Elected Members, Committee Members and Volunteers)
LG Income Protection - ASU	Australian Services and Workers Union	Accidents other than Journey claims
LG Income Protection - AWU	Australian Services and Workers Union	Accidents other than Journey claims

Attachment 1 compares the 2023-2024 insurance premiums against the 2022-2023 insurance premiums. It can be noted that there has been an overall increase of 9.5% in the insurance premiums from the previous financial year 2022-2023. Analysis of any increases and decreases to the annual premium is also included.

Attachments

1. 1.2023-2024 LGRS Insurance Premiums	158
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Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297

Comparison of CTTG Insurance (Policy) Premiums
2022-2023 and 2023-2024

Policies	Total (GST excluded, Fee/FSL/Levy Inc) 2022-2023	Total (GST excluded, Fee/FSL/Levy Inc) 2023-2024	Overall % (+) or (-)	Analysis - Rationale for (+) or (-)
LGA Mutual Liability Scheme - Civil Liability	\$349,955	\$367,452	5.0%	Attributed to planned 5% increase from 2022-2023 (as advised by insurer)
LGA Asset Mutual Fund - Assets	\$414,526	\$435,273	5.0%	Increased noting that Cyber Protection and Fidelity/Crime Cover have been invoiced under the one policy. In the 2022-2023 insurance renewal these were individual invoices. As indicated by insurer, Cyber Security particularly attributed to this increase.
Cyber Protection	\$10,553	N/A	N/A	Included under LGA Asset Mutual Fund - Assets insurance policy this financial year.
Fidelity/Crime Cover	\$5,722	N/A	N/A	Included under LGA Asset Mutual Fund - Assets insurance policy this financial year.
Workers Compensation Scheme	\$853,716	\$921,852	8.0%	Increase due to estimated wages increase based on higher employee numbers (348 in 2022-2023 to 361 in 2023-2024) and noting an additional General Manager and direct reports to previous years.
LG Risk Services - Journey Injury	\$21,656	\$23,372	7.9%	Increase attributed to increase in wages due to higher employee numbers (348 in 2022-2023 to 361 in 2023-2024)
LG Risk Services - Public and Product Liability - User Groups & Tutors	\$1,888	\$2,065	9.4%	Attributed to a reduction in the number of providers engaged by Council that don't hold their own insurance.
LGRS - Public and Product Liability - Hirers	\$5,680	\$5,680	0.0%	Nil increase
LGRS - Public and Product Liability - Umpires	\$5,506	\$4,634	-15.9%	Reduction in umpires declared at Council's Recreation Centre/s from 122 in 2022-2023 to 113 in 2023-2024.
LGRS - Personal Accident & Corporate Travel	\$2,013	\$1,769	-12.1%	
LG Income Protection - Australian Services and Workers Union (ASU)	\$375,029	\$479,438	27.8%	Increase based on estimated wages/contribution rate noting recent organisation restructure i.e. an additional General Manager and direct reports.
LG Income Protection - Australian Services and Workers Union (AWU)	\$218,692	\$237,449	8.6%	Increase to employee numbers (348 in 2022-2023 to 361 in 2023-2024), and annual wage increase.
Total	\$2,264,936	\$2,478,985	9.5%	

INFORMATION REPORT

AUDIT & RISK COMMITTEE MEETING

06 September 2023

Office of the Chief Executive Officer

Internal Audit Plan Status Update (D23/49005)

An Internal Audit Plan is established for the beginning of each financial year to provide the Committee with confidence that internal control practices, procedures and risks across Council are appropriately managed. An updated Internal Audit Plan for 2023-24 was endorsed by the Audit & Risk Committee at its meeting on 19 July 2023.

Status of Internal Audit Plan

A status update on the delivery of the Internal Audit Plan is provided at each Committee meeting.

FY	Audit Title	Status	Notes	Auditor
22/23	Strategic Asset Management	Completed	Report provided to Audit & Risk Committee meeting on 6 September 2023	Institute of Quality Asset Management
22/23	Precinct Planning	Completed	Report provided to Audit & Risk Committee meeting on 6 September 2023	Future Urban
22/23	Recycled Water	In progress	Report will be presented at Special Audit & Risk Committee meeting on 11 October 2023	KPMG
22/23	Strategic Environmental Management	In progress	Fieldwork in progress	KPMG
23/24	Corporate Performance Reporting	Commenced	Commenced scope and timing discussion	N/A
23/24	Cyber Security (Internal Scan)	Commenced	Commenced scope and timing discussion	N/A

Item 16.3

FY	Audit Title	Status	Notes	Auditor
23/24	Cyber Security (External Scan)	Commenced	Commenced scope and timing discussion	N/A
23/24	Building Code compliance	Commenced	Commenced scope and timing discussion	N/A
23/24	Dog Management	Commenced	Commenced scope and timing discussion	N/A

Attachment 1

Attachments

N/A

Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ryan McMahon Chief Executive Officer	8397 7297

Status Report on Audit & Risk Committee Resolutions 06 SEPTEMBER 2023

Note: This report is provided as information only. Actions relating to confidential minutes may not be included in the Status Report.

Note: This report will be presented on a monthly basis, to the first meeting each month.

Pending Actions

Nil

Completed Actions

Minute No.	Meeting Date	Officer	Subject	Completed
19	19/07/2023	Salmon, Greg	Modbury Sporting Clubroom Section 48 Prudential Report	27/07/2023
D23/52969 27 Jul 2023 3:39pm Salmon, Greg Recommended to Council on 25 July 2023 as per Committee resolution and adopted with no changes.				

Minute No.	Meeting Date	Officer	Subject	Completed
16	19/07/2023	Salmon, Greg	Tilley Recreation Park Phase 1 Section 48 Prudential Report	27/07/2023
D23/52969 27 Jul 2023 3:39pm Salmon, Greg Recommended to Council on 25 July 2023 as per Committee resolution and adopted with no changes.				

Minute No.	Meeting Date	Officer	Subject	Completed
14	19/07/2023	Pukallus, Alexandra	Internal Audit Plan 2023-24	25/07/2023
D23/52969 25 Jul 2023 10:56am Pukallus, Alexandra Internal Audit Plan 2023/24 was adopted at the Audit & Risk Committee meeting on 19 July 2023.				

Minute No.	Meeting Date	Officer	Subject	Completed
11	17/05/2023	Marks, Marley	Treasury Policy	24/05/2023
D23/35034 24 May 2023 2:02pm Marks, Marley Policy recommended to Council on 23 May 2023 with no further changes.				

Minute No.	Meeting Date	Officer	Subject	Completed
12	17/05/2023	Baines, Rebecca	Draft Annual Business Plan 2023-2024	19/05/2023
D23/35034 19 May 2023 10:24am Baines, Rebecca Annual Business Plan Report noted during consultation period by Audit and Risk Committee.				