

COMMITTEE AGENDA

Audit & Risk Committee

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that the next Meeting of the Audit & Risk Committee will be held in the Council Chambers, 181 Unley Road Unley on

***Tuesday 12 November 2024
6:30 PM***

for the purpose of considering the items included on the Agenda.

Chief Executive Officer

MEMBERS

Presiding Member M Davies
Independent Member A Martin
Independent Member P Lee
Councillor M Broniecki
Councillor J Gaffey

ACKNOWLEDGEMENT

Ngadlurlu tampinhi, ngadlu Kurna yartangka inparrinhi. Ngadlurlu parnuku tuwila yartangka tampinhi.

*Ngadlurlu Kurna Miyurna yaitya yarta-mathanya Wama Tarntanyaku tampinhi. Parnuku yailtya, parnuku tapa purruna yalarra puru purruna.**

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the traditional custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

*Kurna Translation provided by Kurna Warra Karrpanthi

ORDER OF BUSINESS

ITEM	PAGE NO
1. ADMINISTRATIVE MATTERS	
1.1 APOLOGIES	
Nil	
1.2 LEAVE OF ABSENCE	
Nil	
1.3 CONFLICT OF INTEREST	
<i>Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.</i>	
1.4 MINUTES	
1.4.1 Minutes of the Ordinary Audit and Risk Committee Meeting held Tuesday, 22 October 2024 will be considered by Council on the 25 November 2024.	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
1.6 PRESENTATION: LONG TERM FINANCIAL PLAN	

2. REPORTS

2.1	Proposed Financial Targets for the Long-Term Financial Plan 2025-26 to 2034-35	7
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3. OTHER BUSINESS

NEXT MEETING

Tuesday 4 March 2025 - 6:30pm

Council Chambers, 181 Unley Road Unley

DECISION REPORT

REPORT TITLE:	PROPOSED FINANCIAL TARGETS FOR THE LONG-TERM FINANCIAL PLAN 2025-26 TO 2034-35
ITEM NUMBER:	2.1
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	MAX MURAWSKY, FINANCE BUSINESS PARTNER
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. DRAFT LTFP FORECAST FINANCIAL STATEMENTS 2025-26 TO 2034-35

1. **PURPOSE**

This report presents a draft 2025-26 to 2034-35 Long-Term Financial Plan (LTFP) as a baseline for the preparation of the 2025-26 Annual Business Plan and Budget.

The Administration is seeking the Audit and Risk Committee's views on the suitability of key assumptions and support of the financial targets for the LTFP.

Further updates of the draft LTFP will be provided in March and May 2025 as the four year delivery objectives are identified following the finalisation of the Community Plan.

2. **RECOMMENDATION**

That:

1. The report be received.
2. Feedback from the Audit and Risk Committee on the proposed assumptions is provided as follows:
 - 2.1 *The Audit and Risk Committee to advise*
 - 2.2
3. The key financial targets, as set out below, for the draft 2025-26 to 2034-35 Long-Term Financial Plan be recommended to Council for adoption.
 - 3.1 The *Operating Surplus Ratio* target be set at between 4% and 6% with a 5% average over the life of the LTFP (excluding equity accounted businesses).

- 3.2 The *Net Financial Liabilities Ratio* target be set at less than 80%.
 - 3.3 The *Asset Renewal Funding Ratio* target be set at equal or greater than 100%.
 4. Notes that further updates to the draft LTFP will be provided in March and May 2025 as the four year delivery objectives are identified following the finalisation of the Community Plan.
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3. RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN

4. Civic Leadership

4.2 Council provides best value services to the community.

4. BACKGROUND

Council is required to develop and adopt a Long-Term Financial Plan as a component of its suite of Strategic Management Plans in order to ensure its long-term financial sustainability. The LTFP also provides the financial parameters to guide the development of Council's Annual Business Plan and Budget.

Requirements to prepare a Long-Term Financial Plan

Section 122 of the *Local Government Act (1999)* (the Act) requires a council to:

- Develop and adopt a long-term financial plan for a period of at least 10 years;
- Undertake a comprehensive review of the long-term financial plan within two years of a general election; and
- Undertake an annual review of the long-term financial plan incorporating the previous year's financial results.

The Act also provides that a council, in order to promote wider community engagement, is to undertake community consultation on a draft LTFP following a comprehensive review, prior to final consideration and adoption.

The Audit and Risk Committee's requirement to review the LTFP

Section 126(4)(2) of the Act requires the Audit and Risk Committee to review the council's strategic management plans, which includes a council's LTFP. Furthermore, the Audit and Risk Committee's Terms of Reference requires the Committee to:

Review and make recommendations to the Council regarding the assumptions, financial indicators and targets in the Long Term Financial Plan, including financial sustainability of the Council and any risks in relation to the adoption of the Long Term Financial Plan and Annual Budget.

The Adopted LTFP

The current Adopted 2024-25 to 2033-34 Long-Term Financial Plan (Adopted LTFP) was endorsed by Council in June 2024 and is provided in Attachment 1 for reference. A link the Adopted LTFP is provided here: [Link](#).

The Adopted LTFP was prepared based upon information available from a range of sources including:

- The Community Plan 2033
- The 4 Year Delivery Plan 2021-2025
- The Asset Management Plans (AMPs)
- Proposed new capital assets
- Current and future levels of service
- Existing rating strategies and service levels; and
- Available indices such as forecasts for CPI and interest rates.

The Essential Services Commission of South Australia (ESCOSA) is in the process of reviewing the Adopted LTFP and AMPs. They will publicly report their recommendations to the City of Unley by 28 February 2025.

5. DISCUSSION

The Administration has commenced the annual review of the LTFP as required by the Act, to ensure long-term financial sustainability and provide the financial parameters of Council's 2025-26 Annual Business Plan and Budget.

A baseline Draft 2025-26 to 2034-35 Long-Term Financial Plan (Draft LTFP) is presented in Attachment 1 to this report.

Attachment 1

The Draft LTFP has been prepared by Council's Administration based upon information available from a range of sources including:

- The City of Unley Community Plan 2033;
- Council's 4 Delivery Year Plan 2021-2025;
- Council's Asset Management Plans;
- current and future levels of service;
- projected rating strategies; and
- economic forecasts.

In preparing the Draft LTFP, consideration has been given to:

- what services are to be provided;
- the level of those services;
- the rating impost to avoid unexpected rate shocks;
- income from other sources;
- potential new assets and service demands;
- the level of funding required from borrowings; and
- the ability to service those borrowings.

The Audit and Risk Committee has a responsibility to review and make recommendations to the Council regarding the assumptions, financial indicators and targets in the LTFP, including the financial sustainability of the Council and any risks in relation to the adoption of the LTFP and Annual Budget.

The LTFP has been updated with the 2023-24 financial year results, latest economic forecasts and revenue and expenditure projections. These include the proposed capital renewal expenditure from the revised draft Infrastructure and Asset Management Plans. Consideration has also been given to the potential funding requirements for new assets.

Key Assumptions

A summary of the key assumptions within the LTFP are outlined below:

Item		Assumption			
Revenue					
Rates	Increase from valuations	Adelaide CPI forecast for the preceding year, capped at 3.5%			
		2025-26	2026-27	2027-28	2028-29
		3.5%	2.75%	2.5%	2.5% onwards
	Increase from new developments	0.5% - currently modelling additional growth from major developments			
Statutory Fees & Charges		Adelaide CPI for the preceding year, noting these are specified by statute and not determined by Council. However, history shows that annual increases are generally in line with CPI.			
User Fees and Charges		Adelaide CPI for the preceding year, noting some fees & charges may vary from this due to specific reasons, including larger step changes in previous years and comparison to similar facilities (e.g. Swimming Centre and venue hire).			
Grants, subsidies & other income		Adelaide CPI for the preceding year (unless advised otherwise). Some grants are only included for the expected duration of the grant program (e.g. Supplementary Local Roads Grant).			

Investment Income	Interest rate for cash deposits is assumed to be 0.5% lower than the forecast RBA Cash Rate (assume 3% RBA Cash Rate long term).	
Operating Expenditure		
Employee Costs	In line with Enterprise Agreements then assume 3%.	
Contractors, materials & other expenditure	Adelaide CPI unless material variances known for long term contracts, e.g. electricity.	
Depreciation	Existing Assets	Annual indexation in line with forecast Adelaide CPI to reflect an increase in valuation.
	New Assets	An annual allowance for the construction of new and upgraded asset based on New Capital expenditure, with an assumed average estimated useful life of 75 years.
Finance Costs	Cash Advance Debentures	Interest rate assumed to be 3.0% above the forecast RBA Cash Rate (assume 3% RBA Cash Rate long term).
	Fixed Term Debenture	In line with the specified rate, noting no fixed borrowings forecast post 2024-25.
Operating Projects	\$1.6M from 2025-26, indexed annually by Adelaide CPI.	
Capital		
New Assets	\$4.0M (2024-25 baseline) indexed by Adelaide CPI	
Asset Renewals	Presently in line with the draft Infrastructure and Asset Management Plans (i.e. Asset Renewal Funding Ratio at 100%)	

In addition, the Council's LTFP is affected by several other external and internal factors for which assumptions will require further consideration, these include:

External Influences:

- Local Government Price Index
- The Landscape Levy
- Waste disposal costs
- Utility costs
- Increased compliance costs through new/amending legislation
- State and Federal Government Policy
- Broader economic environment

Internal Influences:

- Enterprise Bargaining Agreements
- Treasury Management Policy and borrowing decisions
- Service and Process Improvement Review projects
- Risk Management
- Asset sustainability and service levels
- The CEO KPIs

The LTFP assumptions, including forecast indexation for specific revenue and expenditure categories (e.g. fuel and utilities) will be refined as part of the 2025-26 Budget process but are not expected to have a material impact on the net operating position of Council.

Long-Term Financial Plan Commentary

Operating Surplus

The Draft LTFP (Attachment 1) indicates that Council will achieve an average operating surplus of \$3.7 Million per annum, or ratio of 5.2%, over the life of the LTFP. Council is forecast to achieve a 5.1% operating surplus ratio in Year 1 of the LTFP, with a slight decrease to 5.0% in Years 2 and 3, before steadily increasing to 5.6% in 2034-35.

Each year is within Council's current adopted target of between 4% and 6%, with the average of 5.2% over the 10 years slightly higher than the adopted 5% target.

Forecast General Rate Increase

The General Rate increase has been initially aligned to forecast Adelaide CPI from SA Treasury before returning to a longer term assumption of 2.5%. This has resulted in a forecast average General Rate increase of 2.6% per annum across the 10 years of the LTFP. In addition, Council will also attribute growth from new developments, and capital additions to existing properties, of 0.5% per annum. This results in a forecast average increase in General Rate revenue of 3.1% (2.6% + 0.5% for growth) per annum.

Capital Expenditure

Total net capital expenditure for all asset classes, including infrastructure, buildings, and major and minor plant and equipment, is forecast to total \$143M for Capital Renewal, and \$46M for New and Upgraded Assets, across the 10 Years of the LTFP.

The following items have been considered as part of the Plan:

- Capital contributions to the Brownhill Keswick Creek Stormwater Project and Council's 10 Year Stormwater Management Plan;
- The delivery of endorsed strategies such as the Climate and Energy Plan, and Walking and Cycling Plan;
- The progressive delivery of upgraded infrastructure, including stormwater, as identified in the Draft Asset Management Plans; and
- A staged approach to the delivery of the existing, Council endorsed Master Plans, including the Ridge Park Master Plan. However, any specific future redevelopments have not been included.

The Asset Management Plans (AMPs), which were presented to the Audit and Risk Committee in November 2023 and approved by Council for community consultation in December 2023, have since been adopted and are incorporated within the Draft LTFP. The recommended expenditure in the AMPs has been 'smoothed' to meet the asset renewal funding requirements, whilst considering associated risks and ensuring that the assets are managed in a sustainable manner and planned approach over the long term.

Infrastructure and Asset Sustainability

The Draft LTFP forecasts an Asset Renewal Funding Ratio (funding relative to the AMPs) of 100% for the duration of the LTFP, as expenditure in the LTFP is in line with the required funding in the Asset Management Plans.

Capital Renewal Expenditure relative to depreciation, as measured by the Asset Sustainability Ratio, is forecast to average 98%. A large proportion of Council's infrastructure assets have useful lives in excess of 50 years and are in good condition, and the Asset Management Plans do not require proposed capital renewal expenditure to match depreciation.

Forecast Borrowings and Net Financial Liabilities

The LTFP forecasts that Council's capital commitments can largely be met from existing resources, however additional borrowings are forecast for each of the first nine years of the plan to fund a portion of the forecast expenditure on New and Upgraded Assets.

Council is forecasting an average net financial liabilities ratio of 15% for the LTFP, commencing at 11% in Year 1 and increasing to a peak of 16% in Years 6 to 9, which is well within the target range of less than 80%. This indicates that should the need arise to undertake a more extensive capital program, the Council has the capacity to do so.

Summary

The Draft LTFP indicates that the City of Unley will remain financially sustainable across the 10 years of the LTFP. In particular:

- Current service levels can be maintained with rate stability, and the minimum target operating surplus ratio will be achieved.
- The Asset Management Plans are fully funded to undertake the asset renewals required by the Plans. Sufficient funding capacity has also been provided to progressively deliver new and upgraded infrastructure.
- Council has the borrowing capacity to respond should unforeseen circumstances or opportunities arise.

The LTFP is reviewed regularly and updated to reflect the most current information available.

Financial Targets

The following key financial targets are proposed for the 2025-26 to 2034-35 LTFP, noting that the targets are in line with the current targets adopted by Council:

Indicator	Key Financial Target
Operating Surplus Ratio (excluding equity accounted businesses)	Between 4% and 6% with a 5% average over the life of the LTFP
Net Financial Liabilities Ratio	Less than 80%
Asset Renewal Funding Ratio (10 Year average based on the Asset Management Plans)	Equal or greater than 100%

Presentation

The Administration will present to the Audit and Risk Committee, providing further explanation to the proposed assumptions and financial targets for the LTFP, along with a summary of the forecasted ratios.

The Community Plan and Further Updates

Council has recently completed community consultation on the Community Plan, which is scheduled to be endorsed by Council within the next month. The four year delivery objectives, informed by the Community Plan, will be developed in the coming months. The Draft LTFP will be updated to reflect the financial implications of these objectives.

A further update to the Draft LTFP will be presented to the Audit and Risk Committee in March 2025, prior to Council Workshops to prioritise projects and initiatives in the 2025-26 Annual Business Plan and Budget. A further update will be presented for feedback in May 2025, which will incorporate the Draft 2025-26 Annual Business Plan and Budget.

While further updates may result in material changes in the LTFP estimates, it is not presently envisaged that the basis for the key financial targets will change.

6. POLICY IMPLICATIONS

Section 122 of the *Local Government Act (1999)* (the Act) requires a council to:

- Develop and adopt a long-term financial plan for a period of at least 10 years;
- Undertake a comprehensive review of the long-term financial plan within two years of a general election; and

- Undertake an annual review of the long-term financial plan on an annual basis.

The Act also provides that a council, in order to promote wider community engagement, is to undertake community consultation on a draft LTFP prior to final consideration and adoption.

6.1 Financial/budget implications

- As presented, the Draft LTFP concludes that the Council will remain financially sustainable over the 10 year period, and has the capacity to continue to invest in its operational activities and meet its infrastructure requirements without unplanned increases in rates.
- The Draft LTFP forecasts the following:
 - An Operating Surplus Ratio average of 5.2%
 - Net Financial Liabilities Ratio average of 15%
 - Asset Renewal Funding Ratio of 100%

These are all within the proposed minimum targets of the Draft LTFP. Council's borrowings are forecast to increase from Years 1 to 9 of the plan, with a small repayment forecast in Year 10.

6.2 Risk Management

- Council will continue to be proactive in monitoring and managing its financial sustainability. The forecast ratios are continually monitored and reported quarterly, with the final results reported in the annual financial statements.
- The LTFP will be reviewed at least annually to ensure that the plan is timely and relevant to Council forecasts, and aligned to updates to Council's strategic plans and objectives, including updated iterations of the Asset Management Plans.

7. ANALYSIS OF OPTIONS

Option 1 – The Long-Term Financial Plan key financial targets as set out below, be adopted.

1. The report be received.
2. Feedback from the Audit and Risk Committee on the proposed assumptions is provided as follows:
 - Audit and Risk Committee to advise
 -
3. The key financial targets, as set out below, for the draft 2025-26 to 2034-35 Long-Term Financial Plan be recommended to Council for adoption.

- 3.1 The *Operating Surplus Ratio* target be set at between 4% and 6% with a 5% average over the life of the LTFP (excluding equity accounted businesses).
- 3.2 The *Net Financial Liabilities Ratio* target be set at less than 80%.
- 3.3 The *Asset Renewal Funding Ratio* target be set at equal or greater than 100%.
4. Notes that further updates to the draft LTFP will be provided in March and May 2025 as the four year delivery objectives are identified following the finalisation of the Community Plan.

After considering the financial results for 2023-24, and the latest forecasts for the economic indicators, Administration recommends no change to the target for the *operating surplus ratio*, *net financial liabilities ratio* and *asset renewal funding ratio*.

Option 2 – Recommends the following financial targets for the draft 2025-26 to 2034-35 Long-Term Financial Plan.

1. The report be received.
2. Feedback from the Audit and Risk Committee on the proposed assumptions is provided as follows:
 - *Audit and Risk Committee to advise.....*
 -
3. The key financial targets for the draft 2025-26 to 2034-35 Long-Term Financial Plan to be recommended to Council for adoption be revised as follows:
 - 3.1 *Operating Surplus Ratio* (excluding equity accounted businesses)%
 - 3.2 *Net Financial Liabilities Ratio*%
 - 3.3 *Asset Renewal Funding Ratio*%
4. Notes that further updates to the draft LTFP will be provided in March and May 2025 as the four year delivery objectives are identified following the finalisation of the Community Plan.

This option allows the Audit and Risk Committee, following its review of the assumptions and key targets, to recommend alternative key financial targets to those that have been proposed.

8. RECOMMENDED OPTION

Option 1 is the recommended option.

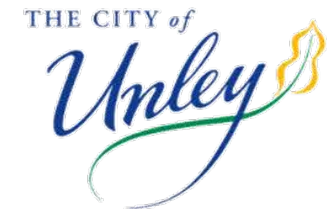
9. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support

2025-26 to 2034-35

LONG-TERM FINANCIAL PLAN

DRAFT FORECAST FINANCIAL STATEMENTS



Draft Forecast Uniform Presentation of Finances

\$'000	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Income										
General Rates Income	50,803	52,454	54,028	55,648	57,318	59,037	60,809	62,633	64,512	66,447
Other Rates and Levies	2,321	2,385	2,444	2,506	2,568	2,632	2,698	2,766	2,835	2,906
Statutory Charges	1,855	1,906	1,953	2,002	2,052	2,104	2,156	2,210	2,265	2,322
User Charges	2,551	2,621	2,687	2,754	2,823	2,894	2,966	3,040	3,116	3,194
Grants, subsidies & contributions	3,258	3,145	3,224	3,305	3,387	3,472	3,559	3,648	3,739	3,832
Investment Income	15	15	15	15	15	15	15	15	15	15
Reimbursements	225	231	237	242	249	255	261	268	274	281
Other Income	1,107	1,138	1,166	1,196	1,225	1,256	1,287	1,320	1,353	1,386
Projects	-	-	-	-	-	-	-	-	-	-
Total Income	62,135	63,895	65,754	67,668	69,638	71,665	73,751	75,899	78,109	80,384
Expenditure										
Employee Costs	21,649	22,298	22,967	23,656	24,366	25,097	25,850	26,625	27,424	28,246
Materials, Contracts & Other Expenses	22,779	23,406	23,991	24,591	25,205	25,836	26,481	27,143	27,822	28,518
Depreciation, Amortisation & Impairment	12,731	13,138	13,524	13,922	14,331	14,752	15,185	15,630	16,088	16,560
Finance Costs	178	239	291	346	396	440	476	504	523	530
Operating Projects	1,600	1,644	1,685	1,727	1,770	1,815	1,860	1,907	1,954	2,003
Total Expenditure	58,937	60,725	62,458	64,242	66,069	67,938	69,852	71,809	73,812	75,857
Operating Surplus / (Deficit) before Capital Amounts	3,198	3,170	3,296	3,426	3,569	3,726	3,899	4,089	4,297	4,527
less Net Outlays on Existing Assets										
Net Capital Expenditure on Renewal & Replacement of Existing Assets	(13,054)	(13,413)	(13,749)	(14,092)	(14,445)	(14,806)	(15,176)	(15,555)	(15,944)	(16,261)
<i>less Depreciation, Amortisation and Impairment</i>	12,731	13,138	13,524	13,922	14,331	14,752	15,185	15,630	16,088	16,560
<i>less Amounts received specifically for Replacement of Existing Assets</i>	-	-	-	-	-	-	-	-	-	-
<i>less Proceeds from the Sale of Replaced Assets</i>	311	320	328	336	345	353	362	371	380	370
Net Outlays on Existing Assets	(12)	44	104	166	231	299	371	446	525	669
less Net Outlays on New and Upgraded Assets										
Net Capital Expenditure on New and Upgraded Assets	(4,140)	(4,254)	(4,360)	(4,469)	(4,581)	(4,695)	(4,813)	(4,933)	(5,056)	(5,183)
<i>less Amounts received specifically for New and Upgraded Assets</i>	-	-	-	-	-	-	-	-	-	-
<i>less Proceeds from Sale of Assets</i>	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(4,140)	(4,254)	(4,360)	(4,469)	(4,581)	(4,695)	(4,813)	(4,933)	(5,056)	(5,183)
Net Lending / (Borrowing) for the Financial Year	(954)	(1,039)	(961)	(878)	(781)	(670)	(543)	(398)	(235)	13
Net Financial Liabilities at Beginning of Year	5,769	6,919	8,118	9,227	10,258	11,195	12,025	12,732	13,299	13,706
Decrease / (increase) in Other	-	-	-	-	-	-	-	-	-	-
Net Financial Liabilities at End of Year	6,919	8,118	9,227	10,258	11,195	12,025	12,732	13,299	13,706	13,870

Draft Forecast Statement of Comprehensive Income

\$'000	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Income										
Rates	50,803	52,454	54,028	55,648	57,318	59,037	60,809	62,633	64,512	66,447
Other Rates	2,321	2,385	2,444	2,506	2,568	2,632	2,698	2,766	2,835	2,906
Statutory Charges	1,855	1,906	1,953	2,002	2,052	2,104	2,156	2,210	2,265	2,322
User Charges	2,551	2,621	2,687	2,754	2,823	2,894	2,966	3,040	3,116	3,194
Grants, Subsidies & Contributions	3,258	3,145	3,224	3,305	3,387	3,472	3,559	3,648	3,739	3,832
Investment Income	15	15	15	15	15	15	15	15	15	15
Reimbursements	225	231	237	242	249	255	261	268	274	281
Other Income	1,107	1,138	1,166	1,196	1,225	1,256	1,287	1,320	1,353	1,386
Operating Projects	-	-	-	-	-	-	-	-	-	-
Total Income	62,135	63,895	65,754	67,668	69,638	71,665	73,751	75,899	78,109	80,384
Expenditure										
Employee Costs	21,649	22,298	22,967	23,656	24,366	25,097	25,850	26,625	27,424	28,246
Materials, Contracts & Other Expenses	22,779	23,406	23,991	24,591	25,205	25,836	26,481	27,143	27,822	28,518
Depreciation, Amortisation & Impairment	12,731	13,138	13,524	13,922	14,331	14,752	15,185	15,630	16,088	16,560
Finance Costs	178	239	291	346	396	440	476	504	523	530
Operating Projects	1,600	1,644	1,685	1,727	1,770	1,815	1,860	1,907	1,954	2,003
Total Expenditure	58,937	60,725	62,458	64,242	66,069	67,938	69,852	71,809	73,812	75,857
Operating Surplus / (Deficit)	3,198	3,170	3,296	3,426	3,569	3,726	3,899	4,089	4,297	4,527
Asset Disposal & Fair Value Adjustments	311	320	328	336	345	353	362	371	380	370
Amounts received specifically for new, upgraded or replacement assets	-	-	-	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	311	320	328	336	345	353	362	371	380	370
Net Surplus / (Deficit)	3,509	3,490	3,624	3,762	3,914	4,080	4,261	4,460	4,678	4,897
Share of Other Comprehensive Income – Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	3,509	3,490	3,624	3,762	3,914	4,080	4,261	4,460	4,678	4,897

Draft Forecast Statement of Financial Position

\$'000	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Assets										
Current Assets										
Cash & cash equivalents	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Trade & other receivables	3,662	3,763	3,857	3,953	4,052	4,153	4,257	4,363	4,472	4,584
Other financial assets	-	-	-	-	-	-	-	-	-	-
Total Current Assets	5,317	5,418	5,512	5,608	5,707	5,808	5,912	6,018	6,127	6,239
Non-current Assets										
Financial Assets										
Equity accounted investments in Council businesses	37,937	38,980	39,954	40,953	41,977	43,027	44,102	45,205	46,335	47,493
Infrastructure, Property, Plant & Equipment	850,938	878,549	904,769	931,692	959,334	987,714	1,016,848	1,046,757	1,077,457	1,108,908
Total Non-current Assets	888,875	917,529	944,724	972,645	1,001,311	1,030,740	1,060,951	1,091,961	1,123,792	1,156,401
Total Assets	894,192	922,946	950,235	978,253	1,007,018	1,036,548	1,066,862	1,097,980	1,129,920	1,162,641
Liabilities										
Current Liabilities										
Trade & Other Payables	5,082	5,222	5,352	5,486	5,623	5,764	5,908	6,055	6,207	6,362
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	4,154	4,269	4,375	4,485	4,597	4,712	4,830	4,950	5,074	5,201
Total Liabilities Assets	9,236	9,490	9,728	9,971	10,220	10,476	10,737	11,006	11,281	11,563
Non-current liabilities										
Borrowings	2,776	3,815	4,776	5,654	6,435	7,104	7,647	8,045	8,280	8,267
Provisions	224	230	235	241	247	254	260	266	273	280
Total Non-current Liabilities	3,000	4,045	5,011	5,895	6,682	7,358	7,907	8,311	8,553	8,547
Total Liabilities	12,236	13,535	14,739	15,866	16,902	17,834	18,644	19,317	19,834	20,110
Net Assets	881,956	909,411	935,496	962,387	990,116	1,018,715	1,048,218	1,078,662	1,110,086	1,142,531
Equity										
Accumulated Surplus	188,666	192,157	195,781	199,543	203,456	207,536	211,797	216,257	220,935	225,832
Asset Revaluation Reserves	693,010	716,975	739,436	762,565	786,381	810,900	836,142	862,126	888,872	916,420
Other Reserves	280	280	280	280	280	280	280	280	280	280
Total Equity	881,956	909,411	935,496	962,387	990,116	1,018,715	1,048,218	1,078,662	1,110,086	1,142,531
Net Financial Liabilities	6,919	8,118	9,227	10,258	11,195	12,025	12,732	13,299	13,706	13,871

Draft Forecast Statement of Cash Flows

\$'000	2025-26 Year 1	2026-27 Year 2	2027-28 Year 3	2028-29 Year 4	2029-30 Year 5	2030-31 Year 6	2031-32 Year 7	2032-33 Year 8	2033-34 Year 9	2034-35 Year 10
Cash Flows from Operating Activities										
Receipts										
Operating Receipts	62,120	63,880	65,739	67,653	69,623	71,650	73,736	75,884	78,094	80,369
Investment Receipts	15	15	15	15	15	15	15	15	15	15
Payments										
Operating Payments to suppliers and employees	(46,028)	(47,348)	(48,643)	(49,974)	(51,341)	(52,747)	(54,191)	(55,675)	(57,200)	(58,767)
Finance Payments	(178)	(239)	(291)	(346)	(396)	(440)	(476)	(504)	(523)	(530)
Net Cash provided by (or used in) Operating Activities	15,929	16,308	16,820	17,348	17,900	18,478	19,084	19,719	20,386	21,087
Cash Flows from Investing Activities										
Receipts										
Amounts specifically for new or upgraded assets	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for Replacement of Existing Assets	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
Sale of replaced assets	311	320	328	336	345	353	362	371	380	370
Repayments of loans by community groups	-	-	-	-	-	-	-	-	-	-
Payments										
Expenditure on renewal/placement of assets	(13,054)	(13,413)	(13,749)	(14,092)	(14,445)	(14,806)	(15,176)	(15,555)	(15,944)	(16,261)
Expenditure on new/upgraded assets	(4,140)	(4,254)	(4,360)	(4,469)	(4,581)	(4,695)	(4,813)	(4,933)	(5,056)	(5,183)
Net purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses - Gain/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(16,883)	(17,347)	(17,781)	(18,225)	(18,681)	(19,148)	(19,627)	(20,117)	(20,620)	(21,074)
Cash Flows from Financing Activities										
Receipts										
Proceeds from borrowings	954	1,039	961	878	781	670	543	398	235	-
Payments										
Repayments of borrowings	-	-	-	-	-	-	-	-	-	(13)
Net Cash provided by (or used in) Financing Activities	954	1,039	961	878	781	670	543	398	235	(13)
Net Increase/(Decrease) in cash held	-	-	-	-	-	-	-	-	-	-
Plus: Cash & cash equivalents at beginning of period	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Cash & cash equivalents at end of period	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655

Draft Forecast Key Financial Indicators

Key Financial Indicator	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus Ratio (Existing Target 5%)	5.1%	5.0%	5.0%	5.1%	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%
Net Financial Liabilities Ratio (Existing Target <80%)	11%	12%	13%	14%	15%	16%	16%	16%	16%	15%
Asset Renewal Funding Ratio (Existing target 100% average over 10 years)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Renewal Funding to Depreciation	100%	100%	99%	99%	98%	98%	98%	97%	97%	96%

INFORMATION REPORT

REPORT TITLE:	POLICY AND PROCEDURE STATUS UPDATE
ITEM NUMBER:	2.2
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	DANIELLE EDWARDS, PRINCIPAL GOVERNANCE & POLICY OFFICER
DIVISION:	OFFICE OF THE CEO
ATTACHMENTS:	NIL

1. **PURPOSE**

This report provides the Audit and Risk Committee (Committee) with a six-monthly update on the status of the policies and procedures within the organisation, following the recent review of Council's Policy and Procedure Framework (Framework) for their information.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4. **BACKGROUND**

The Administration have recently undertaken a review of, and adopted, its *Policy and Procedure Framework*. This administrative framework outlines the process under which all policies, procedures, codes, and frameworks are developed including creation, review, adoption and/or revocation.

Following adoption of the Framework in April 2024, and presentation to the Audit and Risk Committee in May 2024, the Administration have put in place a review schedule based on priorities and legislative requirements.

As per clause 6.22 of the Audit and Risk Committee's Terms of Reference, the Committee is required to monitor the overall adequacy of Council's Policy Framework.

5. DISCUSSION

The organisation identified a high priority need for the review of Council's Policy and Procedure Framework in 2024 due to a backlog of documents requiring review. The 2022 *Local Government Act 1999* reforms also expanded the involvement of Council's Audit and Risk Committee in the monitoring of these documents.

Throughout the review process of the Framework, Governance were able to do a thorough audit of Council's policies, procedures, codes, and frameworks to establish the current status and review requirements and priorities.

There are two different types of approval processes for these documents:

- **Council** - either required by legislation and/or impact the community in some way. Development and review of many of these policies and procedures may require public consultation with the community and these policies and procedures must be adopted by Council. The policies are typically required to be made publicly available via the City of Unley website or in hard copy at the Civic Centre.
- **Administrative** - address the organisational business of Council such as (but not limited to) financial, human resources and records management. These policies and procedures must be reviewed and recommended by the Management Team before being adopted by EMT and will be made available internally via the intranet and records management system.

A breakdown of the status of all of the documents that fall within the scope of the Framework (as at 1 November 2024) appears below:

By Document Type

Doc Type	Total	Current		Out of Date	
		Count	Percentage	Count	Percentage
Policy	83	53	64%	30	36%
Procedure	19	8	42%	11	58%
Code	2	2	100%	0	0%
Framework	1	1	100%	0	0%
CURRENT TOTAL (November 2024)	105	64	61%	41	39%
PREVIOUS TOTAL (May 2024)	109	40	37%	69	63%
DIFFERENCE	-4	+24	+24%	-28	-24%

By Endorsement Type

Compliance/ Endorsement Type	Total	Current		Out of Date	
Council	54	36	67%	18	33%
Administrative	51	28	55%	23	45%
CURRENT TOTAL (November 2024)	105	64	61%	41	39%
PREVIOUS TOTAL (May 2024)	109	40	37%	69	63%
DIFFERENCE	-4	+24	+24%	-28	-24%

Administration have been able to work with respective Responsible Officers to establish a realistic review schedule over the next 12-18 months, based on a risk-based priority approach.

An update report will be presented to the Committee on a six-monthly basis showing progress tracking of the 'current' and 'out of date' documents.

In May 2024, Administration's aim was to reach a 60% current status by November 2024 which has been achieved according to schedule.

Administration's aim is to reach a 75% 'current' status by May 2025.

6. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support

INFORMATION REPORT

REPORT TITLE:	QUARTERLY RISK REPORT (NOVEMBER 2024)
ITEM NUMBER:	2.3
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. STRATEGIC RISK REGISTER NOVEMBER 2024

1. **PURPOSE**

This report informs the Audit and Risk Committee of updates to the Strategic Risk Register following the quarterly review of strategic risks by the Executive Leadership Team.

The Executive Leadership Team will review the Strategic Risk Register in 2025 following the finalisation of the Community Plan later this year.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

Section 126(4)(h) of the *Local Government Act 1999*, and the Audit and Risk Committee's Terms of Reference, require the Committee to review and evaluate "*the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.*"

The Strategic Risk Register is reviewed by the Executive Leadership Team on a quarterly basis and includes:

- identifying any new or emerging risks,
- monitoring the progress of existing treatment plans,
- documenting new treatments plans that have been implemented, and
- reviewing the residual risk rating.

The Executive Leadership Team completed a review of the Strategic Risk Register on 29 October 2024.

5. **DISCUSSION**

The updated Register is provided in Attachment 1, with the changes identified in green text.

Attachment 1

The major change is the inclusion of Strategic Risk #7 *Loss of internet/communications or cyber breach resulting in loss of data and or delivery of core services*. The risks and existing controls have been identified for this risk.

Seven new treatment plans have been identified as follows:

Strategic Risk	New Actions
#1 Failure to maintain financial sustainability	<ul style="list-style-type: none"> • Development of a financial model for assessing Strategic Property Acquisitions
#3 Ineffective decision making that lacks transparency	<ul style="list-style-type: none"> • Review of the Procurement Function
#4 Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • OPI/ICAC training for Elected Members
#5 Workforce not appropriately skilled or engaged	<ul style="list-style-type: none"> • Development a workplan for the preparation of an Organisational Development Plan, Leadership Development Plan and Succession Plan.
#7 Loss of internet/telecommunications or cyber breach resulting in loss of data and or an inability to deliver core services	<ul style="list-style-type: none"> • Continuous review of access control and privilege management processes • Enhancement of existing staff training and cyber awareness • Review of current network vulnerabilities and validate security measures to enhance Cyber Security posture.

Three treatment plans have been completed and added as controls as follows:

Strategic Risk	Completed Actions
#1 Failure to maintain financial sustainability	<ul style="list-style-type: none"> Developing a Strategic Property Acquisition Guidelines/Check List
#3 Ineffective decision making that lacks transparency	<ul style="list-style-type: none"> Delegation review and training (understanding roles, responsibilities, and delegation of authority)
#4 Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> Precinct groups provide six monthly reports to BDAC and Council

The following controls have been identified, in addition to controls arising from completed actions:

Strategic Risk	Newly Identified controls
#3 Ineffective decision making that lacks transparency	<ul style="list-style-type: none"> Unsolicited Proposals Policy ERA Review of Procurement Procurement Framework
#4 Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> OPI/ICAC training for Elected Members
#6 Inability to respond to climate change	<ul style="list-style-type: none"> Establishment of a Community Renewables Scheme

The Executive Leadership Team will review the Strategic Risk Register in 2025 following the finalisation of the Community Plan later this year.

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	General Manager Corporate Support

STRATEGIC RISK REGISTER

This Review – 22 October 2024 by:

- Peter Tsokas - Chief Executive Officer
- Claude Malak - General Manager Assets and Sustainability
- Ben Willsmore – General Manager City Shaping
- Alex Brown – Acting General Manager Corporate Support
- Bev O'Brien – Acting General Manager Community and Organisational Development

Next Review February 2025

Last Reviewed: July 2024 by:

Peter Tsokas
Megan Berghuis
Alex Brown
Claude Malak

Strategic Risk Register

1	Event Description: Failure to maintain financial sustainability		
Responsible Managers: CEO, ELT,		Community Plan Theme: CIVIC LEADERSHIP & ECONOMIC PROSPERITY	
Negative Contributory Factors: <ul style="list-style-type: none"> Forecasting tools are not relevant or out of date Long Term Financial Plan is not maintained or not appropriate for business needs Financial resources to deliver required services are inadequate Financial capacity to meet service delivery demands Financial resources are not managed in line with treasury management policy Debt levels and debt management strategies are not in line adopted targets or are not sustainable Inadequate project management practices Impact of pandemic on local economy and Council's operating results over time Changes to market in cemetery operations (CPCA) Ambitious expectations of Council deliverables 		Risks: <ul style="list-style-type: none"> Financial Maladministration & Corruption Inability to delivery community expectations into the future Financial sustainability is compromised Reputational Damage Legislative Compliance (Financial) are not met Inter-generational equity is not achieved insufficient project funding Failure to deliver on plans and strategies Limitations to service delivery options Service level reduction Centennial Park Subsidiary becoming unviable Decision Making not aligned to Strategic Management Plans The purchase of property not aligned to Council strategic property objectives 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Endorsed Community Plan, Four Year Delivery Plan and Annual Operating Plans Comprehensive budget development process that meets legislative requirements (including cost estimates & consultation). 2024-25 to 2033-34 Long-term Financial Plan Adopted with financial targets. Reviewed annually Adoption and application of the Better Practice Model – Internal Financial Controls Prudential Management Framework Project Management Framework Treasury Management Plan Owners Executive has been established and Board representation for Centennial Park Quarterly Reporting from subsidiaries to owner Councils 		<ul style="list-style-type: none"> Infrastructure & Asset Management Policy & Plans are linked to the long-term financial plan Quarterly budget review process Regular Financial reporting and budget monitoring Qualified and experience finance human resources Oversight from the Audit Committee External Audit Defined and agreed levels of service Development of an Annual Operating Plan which specifies core activities, service levels, and measures Continued corporate performance reporting Centennial Park Charter Strategic Property Acquisition Checklist developed 	
Control Effectiveness:		Majority Effective	Risk Tolerance up to: MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM	

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1. ESCOSA Local Government Advice Scheme reviewing the City of Unley in 2024-25	<ul style="list-style-type: none"> General Manager Corporate Support 	<ul style="list-style-type: none"> March 2025 	All requested information has been submitted to ESCOSA within the required timeframes. Questions regarding the Asset Management Plans and long-term repayment of borrowings have been received and responded to. ESCOSA's advice is required to be published by 28 February 2025.
2. Developing a Strategic Property Acquisition Guidelines/Check List	<ul style="list-style-type: none"> Strategic Property Committee 	<ul style="list-style-type: none"> Completed October-2025 	A strategic property acquisition check list has been completed. This will assist Council in assessing the strategic alignment of potential property acquisitions, and reduce the risk of purchasing property that is not aligned to the Community Plan and strategic property objectives.
3. Development of a financial model for assessing Strategic Property Acquisitions	<ul style="list-style-type: none"> General Manager Corporate Support 	<ul style="list-style-type: none"> June 2025 	An adaptable financial model to forecast the return on investment or property holding costs is being developed to assist with the assessment of potential property acquisitions and implications for the Long-Term Financial Plan.

Strategic Risk Register

2	Event Description: Inability to meet the needs and expectations of the community		
Responsible Managers: CEO, ELT, Managers		Community Plan Theme: COMMUNITY LIVING & CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Community Plan is out of date or not relevant Annual Business Plan and Budget process is not aligned with Community Plan and 4 Year Delivery Plan Resourcing is not aligned to 4 Year Delivery Plan Long Term Financial Plan is inadequate Conduct is inconsistent with Code of Conduct/ Values Systems and processes don't appropriately capture information regarding community needs Infrastructure & Asset Management Plans are inadequate Legislative movement of responsibilities Disengaged Elected Members Expectations of Elected Members lack of alignment with the Council role Four-year election cycles Increased cost pressures and delivery timeframes due to market conditions and inflation 		Risks: <ul style="list-style-type: none"> Dissatisfied community (public outrage) Reputational damage (negative media) Instability of staff (people leaving a negative environment) Organisational culture is significantly negatively affected Negative perception of performance of the Council (Elected Body) 	
Likelihood: Possible		Consequence: Major	
		Inherent Risk Rating: HIGH	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Community Plan 2033 Annual Business Plan and Budget 4-year Delivery Plan Annual Operating Plan Long Term Financial Plan Strategies, Policies and Procedures Infrastructure & Asset Management Plans Corporate Performance Report CEO KPIs Role Clarity Framework for service delivery Organisational culture and values Corporate Reporting Framework Role clarity and Position Descriptions aligned to service delivery Quarterly Reporting with inclusion of impacts to Strategic Objectives resulting from additional unplanned decisions of Council 			
Control Effectiveness:		<i>Majority Effective</i>	
Likelihood: Rare		Consequence: Major	
		Risk Tolerance up to: MEDIUM	
		Residual Risk Rating: MEDIUM	

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1. Review of the Community Plan	• OCEO	• December 2024 October-2024	Consultation on the draft Community Plan concluded on 5 November 2024. The final Plan will be presented to Council for endorsement by December 2024.
2. Development of a new 4 Year Delivery Plan following completion of the Community Plan	• OCEO	• March 2025	To be prepared once the Community Plan has been adopted.
3. Development of the City Master Plan	• OCEO	• December 2025	Initial development of the City Master Plan (as spatial plan) is presently being undertaken internally.
4. Review and simplify Strategic Planning Framework	• OCEO	• March 2025	This framework will be developed following the adoption of the Community Plan, and assist key stakeholders in understanding the alignment of the objectives within Council endorsed plans and strategies to the Community Plan.

Strategic Risk Register

3	Event Description: Ineffective decision making that lacks transparency		
Responsible Managers: CEO, ELT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Inappropriate conduct of staff/Elected Members Inaccurate information Ill-informed decision makers Lack of role clarity and decision making (elected members) Deficient policies and procedures Noncompliance with legislative obligations/requirements Internal control failures Inappropriate delegations Lack of governance framework Lack of plans to respond to events that impact service delivery (from Risk 6) 		Risks: <ul style="list-style-type: none"> Reputational damage /risk (from risk 6 – to be deleted) Scrutiny by regulatory bodies (ICAC/Ombudsman) Financial impact/cost Loss of confidence in council Staff attraction and retention 	
Likelihood: Likely	Consequence: Catastrophic (Reputation)	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Legislative obligations (eg. Code of Conduct, Policies etc) External regulatory framework in place Policies and Procedures Delegation of Authority (Legislative and Financial) Elected Members briefings and workshops Expert advice provided by skilled staff Elected Members development program implemented to enhance role clarity Reinforce processes and education for Elected Member requests with staff Unley 360 Framework for Community Engagement Elected Members training programs Independent Members selection and training processes in place Agreed and Endorsed Meeting procedures Risk Management Framework Internal Controls Framework Reporting Quality Control Quality and experienced governance human resources Revised Caretaker Policy Unsolicited Proposals Policy ERA Review of Procurement Procurement Framework Delegation review completed 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Catastrophic	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1. Delegation review and training (understanding roles, responsibilities, and delegation of authority)	<ul style="list-style-type: none"> OCEO 	<ul style="list-style-type: none"> Completed November-2024 	The revised Delegation Register was adopted by Council in October 2024.
2. Review of the Procurement Function	<ul style="list-style-type: none"> General Manager Corporate Support 	<ul style="list-style-type: none"> April 2024 	Identify opportunities to improve the efficiency and effectiveness of Council's procurement process following a review of procurement across the ERA Councils.

Strategic Risk Register

4	Event Description: Inability to manage legislative and regulatory compliance obligations		
Responsible Managers: CEO, ELT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Other levels of government assigning new/different responsibilities Increasing compliance and reporting obligations Changing legislative obligations Local Government Reform agenda Not monitoring external environment and trends Reallocation of responsibilities via legislative changes Four Year election cycles 		Risks: <ul style="list-style-type: none"> Failure to meet compliance obligation Reputational damage Loss of confidence in Council ICAC investigation Unreasonable Customer expectations Negative Media exposure Financial Sustainability Negatively impact on service delivery & levels Negative impact on organisational culture 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Strategic Planning framework and documents (e.g. Community Plan, Annual Plan etc) Long Term Financial Plan/Annual Business Plan & Budget Policies and Procedures Internal Controls Risk management framework Delegations External liaison and relationship management Quarterly Precinct Group meeting to focus on administration and governance Governance training provided every two years Audit Committee External/Internal Audit Appropriately trained and experienced staff Access to suitably qualified service providers for support (e.g. legal advice) Access to LGA resources & opportunity to influence outcomes Collaboration between Councils Eastern Regional Alliance Preparation for LG Reform well underway OPI/ICAC Training conducted for Senior Leadership Team Regular reporting to BEDAC (6 monthly) 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Possible	Consequence: Major	Residual Risk Rating:	MEDIUM
Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1. Investigate development and implementation of Legislative Compliance Register	• OCEO	• Ongoing	The Local Research and Development Fund has granted funding to the LGA for a project to develop a legislative compliance register. This work is progressing, and Unley will wait for a centrally developed register given the complexity associated with this project.
2. Precinct groups provide six monthly reports to BDAC and Council	• Manager, Economic Development and Strategic Projects	• Completed	These reporting arrangements have be put in place to improve administration and governance of Mainstreet Associations
3. OPI/ICAC training for Elected Members	• OCEO	• June 2025	Arrange OPI/ICAC training session for the Elected Members

Strategic Risk Register

5	Event Description	Workforce not appropriately skilled or engaged		
Responsible Managers: CEO, ELT, Managers		Community Plan Theme: CIVIC LEADERSHIP		
Negative Contributory Factors: <ul style="list-style-type: none"> inability to attract appropriate staff Inappropriately skilled staff Negative organisational culture Lack of contemporary working conditions Limited access to ongoing training and development No career progression opportunities Lack of workforce planning Job doesn't meet staff expectations Unsatisfactory relationship with Elected Members Poor recruitment practices Ineffective knowledge management Lack of appropriate staff turnover Out-dated systems and processes Pandemic related disruption and distraction 		Risks: <ul style="list-style-type: none"> Unnecessary high staff turnover Failure to deliver plans and strategies Community expectations not met Reputational damage Inability to retain the right staff / Loss of corporate knowledge 		
Likelihood: Possible		Consequence: Major		Inherent Risk Rating: HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Recruitment strategies and practices Well established brand Active management and development of organisational culture Appropriate employment conditions Continuous Improvement Working from Home Framework Purpose statements for work areas that are aligned to organisation's purpose Digital Workplace through the Internet Calendar with key corporate processes and deadlines Continuous Improvement – training and suite of tools (learn on the job) Establishment of the Senior Leadership Forum <ul style="list-style-type: none"> Documented job descriptions documented and reviewed Corporate Values Development planning process (PDR) Review of PDR process Relevant resources and tools Digital Strategy and BS&S Capability Align the labour budget to reflect the priority areas determined by Council Recognition Guidelines Organisational restructure to better align with the focus of the Community Plan Regular online Employee survey Teamgage to provide overall and team based climate measures Internal Communications and latest news via emails, the intranet (Aquaria) and staff newsletter - the U 				
Control Effectiveness:		Majority Effective		Risk Tolerance up to: MEDIUM
Likelihood: Unlikely		Consequence: Major		Residual Risk Rating: MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1. Development a workplan for the preparation of an Organisational Development Plan, Leadership Development Plan and Succession Plan.	<ul style="list-style-type: none"> GM People & Organisational Development 	<ul style="list-style-type: none"> February 2025 	Agree the objectives and process for the preparation of an Organisational Development Plan, Leadership Development Plan and Succession Plan to support the longer term development and leadership of Council's staff.

Strategic Risk Register

6	Event Description: Inability to respond to climate change		
Responsible Managers: CEO, ELT		Community Plan Theme: ENVIRONMENTAL STEWARDSHIP	
Negative Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none"> Extreme weather events Increased urban infill State Government Planning Reforms Increased waste production by the community 		Risks: <ul style="list-style-type: none"> Canopy reduced – (out of Council’s control) Reputational impact – as community has strong ‘green’ focus Heat-Island effect Public Health implications and risks Reduction in quality of life now and future Increased costs to Council operations Impact to local flora and fauna Loss of enviable amenities Loss of productivity of operations due to extreme weather events 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating:	EXTREME
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Canopy Action Plan with budget allocation Tree Strategy Brown Hill Keswick Creek subsidiary & delivery of Stormwater Management Plan Strategic Plan and objectives Re-use water (dam and aquifer) Long Term Financial Plan Water Sensitive Urban Design practices Waste Management and Resource Recovery plan 		<ul style="list-style-type: none"> Public Health Plan Asset Management Plans Alternative Energy initiatives Cycling and walking network Climate & Energy Plan for Council Operations ERA Resilient East Program Waste Management Arrangement in place Heatwave Action Plan in place Establishment of a Community Renewables Scheme 	
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	MEDIUM

Strategic Risk Register

7	Event Description: Loss of internet/telecommunications or cyber breach resulting in loss of data and or an inability to deliver core services		
Responsible Managers: A/General Manager, Corporate Support		Community Plan Theme:	
Negative Contributory Factors: <ul style="list-style-type: none"> Skills shortage to manage cyber threats Inadequate network, infrastructure and / or systems leading to cyber exposure External threat actors Lack of staff awareness on appropriate information handling practices Lack of effective controls to manage staff and contractor access to core systems and information Absence of information or cyber security policies Staff turnover and knowledge loss Lack of appropriate property access controls and / or procedures to key infrastructure Lack of privileged access management controls Inappropriate handling or control of Council devices 		Risks: <ul style="list-style-type: none"> System and / or network outage due to a cyber event Unauthorised access or disclosure of confidential or highly sensitive information due to a cyber event Financial loss due to a cyber event (whether through insurance premiums / payouts or ransom) Negative community sentiment due to a cyber event Financial expenses to remediate and / or investigate a cyber event Impact to ability to deliver core Council services 	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Tools to protect network and / or systems from cyber exposure including fire wall, endpoint protection software and network monitoring Regular staff training on cyber awareness and appropriate information handling practices Employee induction includes acknowledgement of End User Computing and BYOD Policy Police clearance Background checks are performed before staff are onboarded Administration and privileged access accounts are segregated Proactive advice is provided to staff on current cyber threats Employee offboarding includes revoking access to Council systems and return of Council devices Council receives proactive monitoring and reporting on current cyber threats Council has a cyber strategy and framework to guide control implementation Council devices are securely disposed of appropriately and safely 		<ul style="list-style-type: none"> Fraud and Corruption Prevention Policy End User Computing and Bring Your Own Device (BYOD) Policy Information Management Policy Employee Code of Conduct Cyber Incident Data Breach Plan Disaster Recovery Plan 	
Control Effectiveness:		Mostly Effective	Risk Tolerance up to: Cautious
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	Medium

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1. Continuous review of access control and privilege management processes	<ul style="list-style-type: none"> Team Leader, Technology Services 	<ul style="list-style-type: none"> June 2025 	Review current access controls and processes. Implement periodic review of access privileges, ensuring least privileges are applied consistently to minimise risk of unauthorised access.
2. Enhancement of existing staff training and cyber awareness	<ul style="list-style-type: none"> Manager, Business Systems and Solutions 	<ul style="list-style-type: none"> Ongoing 	Ongoing program of work to educate and communicate all staff on cyber security awareness. Program of work to include Onboarding training and awareness, communicating current threats and cyber issues as well as bi-annual incident response drills.
3. Review of current network vulnerabilities and validate security measures to enhance Cyber Security posture.	<ul style="list-style-type: none"> Manager, Business Systems and Solutions 	<ul style="list-style-type: none"> February 2025 	Network penetration testing to be undertaken by a 3 rd party to identify and understand current vulnerabilities and assessment of incident response. Outcomes to inform priorities of ongoing Cyber program of work.

Strategic Risk Register

Emerging Risks: *What keeps you awake at night??*

Description	Impacted Risk Events	Possible Treatment Plans
<ul style="list-style-type: none"> Council pursuing property acquisitions without consideration of the strategic property checklist and priorities within the Community Plan. 		



Appendix

Definitions of Control Effectiveness Ratings	
1. Ineffective	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
2. Requires significant improvement	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
3. Partially effective	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4. Majority effective	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.

INFORMATION REPORT

REPORT TITLE:	QUARTERLY INTERNAL AUDIT REPORT
ITEM NUMBER:	2.4
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	NIL

1. **PURPOSE**

This report provides an update on the progress of the Internal Audit Plan for the quarter July to October 2024.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

The Audit and Risk Committee has a responsibility under Section 126(4)(g)(i) of the *Local Government Act 1999*, and in its Terms of Reference, to undertake the following if the council has an internal audit function:

- (A) *providing oversight of planning and scoping of the internal audit work plan; and*
- (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis.*

In order to meet the legislative requirements, a quarterly Internal Audit Report will be prepared for the Audit and Risk Committee to:

- Inform the Committee of the proposed scope of each internal audit;

- Provide an update on the progress of internal audits within the endorsed Internal Audit Plan; and
- Advise the status of the agreed management actions arising from the internal audits (presently done on a six monthly basis).

From the commencement of the 2025 calendar year, and to the extent that it is reasonably practical, the proposed scope of each internal audit will be prepared in advance and included in the Quarterly Internal Audit Report. This will allow the Committee to provide feedback on the internal audit scopes prior to the commencement of the internal audits.

5. **DISCUSSION**

Internal Audit Program Progress

Project Management Framework

An internal audit of Project Management has been completed and was presented to the Audit and Risk Committee on 22 October 2024.

Procurement Management

An internal audit scope for this project was agreed out of session by the Committee and commenced in late August and was completed in October. This internal audit has been completed and included as Agenda Item 2.5 in this meeting.

Three-Year Rolling Internal Audit Workplan

It was agreed at the meeting in August that Council Administration develop a three-year rolling Internal Audit Workplan.

This Workplan has been prepared with consideration of strategic and operational risks as well as risks associated with controls in the Better Practice Model – Internal Financial Controls for South Australian councils. The Proposed Workplan is included as Agenda Item 2.7 in this meeting for consideration and endorsement.

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	General Manager Corporate Support

INFORMATION REPORT

REPORT TITLE:	IA2024-03 PROCUREMENT MANAGEMENT
ITEM NUMBER:	2.5
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. IA2024-03 PROCUREMENT MANAGEMENT

1. **PURPOSE**

This report presents the findings of the Internal Audit IA2024-03 Procurement Management. This audit was a planned audit approved by the Audit and Risk Committee at the meeting held on 13 February 2024.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

The purpose of this internal audit was to assess the adequacy and effectiveness of the procurement management practices across the Council following the review of the Procurement Policy in 2023. It was also intended to highlight areas of good practice and opportunities for improvement.

The objectives of the audit were to:

- Provide an independent, evidence-based assessment of the implementation of the new Procurement Policy and associated procurement processes;
- Assess the effectiveness of the internal processes and systems in managing procurement activities, and compliance with the Procurement Policy;
- Identify any opportunities for improvement in the application of the Procurement Policy and processes; and
- Assess the adequacy and effectiveness of controls against the threat of fraud and corruption during the procurement process.

The previous Procurement Policy was reviewed in 2023 as part of a procurement improvement program, with a revised policy adopted by Council in November 2023.

This internal audit was approved by the Audit and Risk Committee at their February 2024 meeting, with the Internal Audit Brief agreed out of session in August. The audit commenced in September and was completed in October.

5. DISCUSSION

The Internal Audit Report on Procurement Management is provided in Attachment 1.

Attachment 1

The audit identified the following:

- The procurement policy has been recently reviewed and is current;
- The procurements sampled had been appropriately authorised;
- All procurements sampled used the appropriate procurement method for the value;
- The staff interviewed had a good knowledge of procurement processes and appreciated the advice provided by procurement staff;
- Procurement documentation, whilst readily available on request, was not consistently transferred or located in the City of Unley's records management system ECM.

One finding was made regarding inconsistent recording of records across the organisation, which was considered to have a medium risk rating. The following recommendations were made in response to this finding:

- 1.1 Procurement staff provide further education to staff undertaking procurements of their record management responsibilities for procurement activities.

- 1.2 The acquisition plans require staff undertaking procurements to acknowledge the document management requirements, and integrate document management within the procurement process.
- 1.3 When the Procurement Policy is next reviewed, the policy specifically states records must be maintained in ECM. *“Retaining and maintaining access to records relating to procurement processes be saved in ECM”.*

Management have agreed to these actions, and identified the target date and responsible officer for each recommendation.

The improvement opportunity risk rating, assuming no further controls are put in place, is considered medium.

Likelihood Consequence	Rare	Unlikely	Possible	Likely	Almost Certain
Catastrophic	High	High	High	High	Extreme
Major	Medium	Medium	High	High	Extreme
Moderate	Low	Medium	Medium	Medium #1	High
Minor	Low	Low	Low	Medium	Medium
Insignificant	Low	Low	Low	Low	Low

Conclusion

Based on the testing undertaken, the documentation reviewed and interviews with staff, this audit can provide a high level of assurance that the Procurement Policy is available to staff and provides adequate and effective advice and guidance in procuring value for money goods and services for the City of Unley.

6. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support



Internal Audit Report Procurement Management IA2024-03

21 October 2024

Executive Summary

The primary objective of this internal audit is to provide an independent assessment of the implementation of Council's Procurement Policy.

The previous Procurement Policy was reviewed in 2023 as part of a procurement improvement program, with a revised policy adopted by Council in November 2023.

This internal audit was approved by the Audit and Risk Committee at their February 2024 meeting, with the Internal Audit Brief agreed out of session in August. The audit commenced in September and was completed in October. (See details of scope and methodology in Attachment B).

The audit identified the following:

- The procurement policy has been recently reviewed and is current;
- The procurements sampled had been appropriately authorised;
- All procurements sampled used the appropriate procurement method for the value;
- The staff interviewed had a good knowledge of procurement processes and appreciated the advice provided by procurement staff;
- Procurement documentation, whilst readily available on request, was not consistently transferred or located in the City of Unley's records management system ECM.

One finding was made regarding inconsistent recording of records across the organisation, which was considered to have a medium risk rating. The following recommendations were made in response to this finding:

- 1.1 Procurement staff provide further education to staff undertaking procurements of their record management responsibilities for procurement activities.
- 1.2 The acquisition plans require staff undertaking procurements to acknowledge the document management requirements, and integrate document management within the procurement process.
- 1.3 When the Procurement Policy is next reviewed, the policy specifically states records must be maintained in ECM. *"Retaining and maintaining access to records relating to procurement processes be saved in ECM"*.

Management have agreed to these actions and have identified the target date and responsible officer and for each recommendation (Attachment A).

In summary, the audit can provide a high level of assurance that the Procurement Policy is available to staff and provides adequate and effective advice and guidance in procurement activities for the City of Unley.

Findings and Observations

Procurement Policy

The Procurement Policy (the Policy) was last reviewed and adopted by Council on 27 November 2023 (ECM 1674821) and is included in Attachment B. The next review is scheduled for August 2027. The Policy is readily available to staff on the City of Unley's intranet site – Aquaria. The intranet site provides an easy-to-follow step-by-step process that is user friendly and guides staff through the procurement process (refer to Attachment C).

Authorisations

Forty-eight (48) procurements were recorded on the procurement register and fifteen (15) were randomly selected for review. Of the 15 reviewed, 14 had been signed by the appropriately authorised person. The other procurement was the part of a larger procurement through the Local Government Authority (LGAP19044 Provision of Bitumen and Minor Civil Works to LGE in South Australia).

The procurements were reviewed were at differing stages of the process. For projects that had passed Step 4 in the process there was clear evidence that appropriate valuation techniques were used.

Procurement Thresholds

A range of dollar value projects were chosen for review from across all areas of Council Administration.

Procurement thresholds are clearly stipulated in the Policy (page 10) and it was identified that all procurements used the appropriate procurement method for the value of the project.

There was some instances of the engagement of contractors below the \$10K threshold, for which the Policy allows direct negotiation. However, in the documents reviewed there was no evidence of staff splitting transactions to remain under the threshold.

Staff Perception and Knowledge

As part of the review, five staff were interviewed. All staff interviewed demonstrated good knowledge of the procurement process and found the assistance provided by Procurement staff was very helpful.

One staff member, who was new to the procurement process, felt a bit daunted by the documentation and it was unclear to them the level of detail required at each stage. They indicated that having someone to contact assisted significantly.

The more experienced staff interviewed stated that they thought the Aquaria (intranet) site was helpful and easy to follow.

Staff suggested a couple of points for improvement, such as:

- having an environmental impact section in the short form acquisition plan, and
- under the "how to raise a purchase order" section, having a link to the Finance page rather than just a link to the reference guide "how to raise a purchase order".

Two of the staff interviewed expressed the view that some of the conditions put on potential suppliers made it difficult for smaller providers. The Procurement Team have advised that options to streamline the engagement process and contractual terms for low value and low risk consultant engagements is being review.

All staff indicated how helpful the Procurement Team are and that having a clear contact person to call was extremely helpful.

Improvement Opportunity - Records Management

The City of Unley operates a decentralised procurement system. That is, the procurements are instigated and led by individual business units with assistance from the Procurement staff. When a procurement commences, if known to the Procurement staff, the procurement is given a designated number and logged on the procurement register. Procurement staff are diligent in managing and filing records into the local network drive. However, this relies on staff from the business units sending them records.

For this review Internal Audit had access to the local network drive that contained the procurement register. Files are kept in numbered order and documents filed in the appropriate place. A few files were empty, and some only had limited documentation. Procurement staff indicated they only kept documentation that was provided to them. Individual staff responsible for the procurement were responsible for keeping the documentation.

The Aquaria page for Procurement includes *Records management* as the final step in the step by step guide, which includes a *Procurement Completion Compliance Checklist* (refer to Attachment D) to record the details and ECM records associated with each stage of the procurement process.

When speaking with individuals responsible for the relevant procurement, documentation was readily available. However, these records were not necessarily transferred or located in the City of Unley’s mandated records management system ECM.

The improvement opportunity risk rating, assuming no further controls are put in place, is considered medium.

Likelihood Consequence	Rare	Unlikely	Possible	Likely	Almost Certain
Catastrophic	High	High	High	High	Extreme
Major	Medium	Medium	High	High	Extreme
Moderate	Low	Medium	Medium	Medium #1	High
Minor	Low	Low	Low	Medium	Medium
Insignificant	Low	Low	Low	Low	Low

Conclusion

Based on the testing undertaken, the documentation reviewed and interviews with staff, this audit can provide a high level of assurance that the Procurement Policy is available to staff and provides adequate and effective advice and guidance in procuring value for money goods and services for the City of Unley.

Jim Phillips
Principal Risk Management Officer

ATTACHMENT A

Detailed Finding and Management Actions

Procurement Management – IA2024-03		ECM# ref	
Finding/Improvement opportunity No:		1.0	
Control Description			
Corporate records provide evidence of actions and decisions that have been made.			
Control Reference:	New control	Control Adequacy Assessment:	Partially Adequate
Finding / Improvement Opportunity Description			
<p>There is inconsistent recording of records across the organisation.</p> <p>The City of Unley recognises that its records are a vital Information Management Asset and key resource to ensure effective daily function and operations. Corporate records provide evidence of actions and decisions that have been made, which enables the demonstration of good governance, and transparency of informed and responsible decision making in the interest of the community, which can enhance Council's reputation.</p> <p>The City of Unley operates a decentralised procurement system. That is, the procurements are instigated and led by individual business units with assistance from the Procurement staff. When a procurement commences, if known to Procurement staff, the procurement is given a designated number and logged on the procurement register. Procurement staff are diligent in managing and filing records into the local network drive. However, this relies on staff sending them records.</p> <p>In conducting the review, the Auditor relied on files stored in Procurement's local "H" network drive. Unfortunately, not all records could be easily located as key records are not sent back to Procurement. In contacting staff responsible for individual procurements, it is evident that records are kept, but not necessarily in Council's mandated records management system ECM.</p> <p>It was noted that the step-by-step guide for procurement on Aquaria (intranet) includes Records management as the final step. This step incorporates a <i>Procurement Completion Compliance Checklist</i> (refer to Attachment D) to record the details and ECM document identifier for documents associated with each stage of the procurement process.</p> <p>While staff appear to be complying with the Procurement Policy "<i>All staff are responsible for: 5.6.3 Retaining and maintaining access to records relating to procurement processes.</i>" They are failing to save documents in ECM.</p>			
Potential Implication and Assessed Risk Level			
Apart from difficulty of being able to access records easily, there is a risk that the loss or misplacement of important records could result in major consequences for the organisation including failing to meet legislative obligations, and/or reputational damage and litigation.			
Likelihood:	Likely	Consequence:	Moderate
Assessment:	Medium		
Recommendation		Management Action / Treatment	
1.1	Procurement staff provide further education to staff undertaking procurements of their record	Agree Target Date: March 2025	

	management responsibilities for procurement activities.	Responsible Officer: Principal Procurement and Contracts Advisor
1.2	The acquisition plans require staff undertaking procurements to acknowledge the document management requirements, and integrate document management within the procurement process.	Agree Target Date: February 2025 Responsible Officer: Principal Procurement and Contracts Advisor
1.2	When the Procurement Policy is next reviewed, the policy specifically states records must be maintained in ECM. <i>"Retaining and maintaining access to records relating to procurement processes be saved in ECM".</i>	Agree The procurement thresholds are presently being reviewed, so the proposed wording will be incorporated as proposed changes to the Procurement Policy at the same time. Target Date: June 2025 Responsible Officer: Principal Procurement and Contracts Advisor

ATTACHMENT B

Background, Scope and Methodology

Background

This internal audit is part of the planned Internal Audit Program approved by the Audit and Risk Committee at their meeting on 13 February 2024.

The Procurement Policy was approved in November 2023 and has been applied to projects from that date.

It is recognised that the City of Unley use a decentralised model of procurement and while the Procurement Team provide advice and support the separate portfolio areas are responsible for procurements.

Scope

To undertake an independent evidence-based review of the implementation and use of the Procurement Policy

This internal audit review randomly selected sample of projects instigated across the City of Unley to test their compliance with the recently adopted Procurement Policy including but not limited to:

- Creation of acquisition plan
- Market approach
- Evaluation
- Purchase recommendation
- Contract award
- Records management

The audit reviewed records and documents resulting from the implementation of procurement process in the last 10 months and were assessed whether the individual procurement followed the Policy.

The review did not consider the quality and effectiveness individual procurement processes, nor contract management as the Procurement Team are in the process of developing a Contract Management Handbook.

Methodology

Since January 2024, 48 procurements have been included on the procurement register. A reasonable sample size for review was one third of all projects. Therefore, from the top of the register every third procurement was chosen for review. This resulted in 15 procurements being included.

As part of the review, five staff who were identified as having commenced a procurement since January 2024, these five staff were interviewed to gain their insight and experience with implementing the Procurement Policy.

Attachment C

Procurement Process



Attachment D

Procurement Completion Compliance Checklist

1. Details

Date of completion of Checklist	
Procurement Title / Number	
Procurement Description	
Business Unit	
Project Manager Name	
Project Manager Title	

2. Documents

Make sure all relevant documents are completed, signed, and stored in ECM		
Acquisition Plan	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Conflict of Interest and Confidentiality Declaration Form	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Purchase File Note	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Purchase Recommendation	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Evaluation Panel Recommendation Report	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Purchase Order	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Work Order under Panel Contract	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Goods Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Services Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Works Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:
Contract Variations	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	ECM number:

INFORMATION REPORT

REPORT TITLE:	OPEN AUDIT ACTIONS REPORT
ITEM NUMBER:	2.6
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. SUMMARY OPEN AUDIT ACTIONS

1. **PURPOSE**

This report provides an update on the progress of management actions in response to recommendations arising from Internal and External Audits.

1. **RECOMMENDATION**

That:

1. The report be received.
-

2. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

3. **BACKGROUND**

The Audit and Risk Committee (the Committee) has a responsibility under Section 126(4)(c) of the *Local Government Act 1999*, and in its Terms of Reference, to monitor “*the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council’s auditor.*”

Internal Audit

The progress of the Internal Audit Actions was last reported to the Committee in August 2024 as part of the Quarterly Internal Audit Report. That report advised that two (2) internal audit actions, arising from the Property Leases and Licences Audit, reported in August 2023, remained open.

Since that report, two further internal audits have been completed and reported to the Committee:

- IA2024-01 Plant Management: Reported 6 August 2024
- IA2024-02 Project Management: Reported 22 October 2024

There were five (5) actions arising from the Plant Management audit, and six (6) arising from the Project Management audit.

External Audit

Council External Auditors, Bentleys, were appointed in November 2023, and completed their first Interim Audit of Council's internal financial controls in July 2024. The findings and recommendations arising from that Interim Audit were reported to the Committee on 6 August 2024, with seven (7) management actions agreed.

Bentleys End of Year Audit was completed and reported to the Committee on 22 October 2024. This audit included two further findings and recommendations relating to Internal Controls, with one (1) additional management action agreed.

Open Audit Actions Reporting

At its meeting on 6 August 2024, the Committee proposed a single report consolidating the progress of the management arising from both the Internal Audits and External Audits.

The Principal Risk Management Officer circulated a concise template for the reporting of open action items, out of session, on Wednesday 9 October 2024. That format has been adopted for this report.

4. DISCUSSION

There are a total of 21 open audit actions, 13 arising from the internal audit, and eight (8) arising from Bentley's external audit of the internal controls. These are summarised in the table below:

	Total	Completed	In Progress	Not Started
Internal Audit				
Leases and Licences	2	1	1	-
Plant Management	5	1	4	-
Project Management	6	2	-	4
Total Internal Audit	13	4	5	4
External Audit				
2024 Interim Audit	7	3	4	-
2024 End of Year Audit	1	-	-	1
Total External	8	3	4	1
Total	21	7	9	5

Attachment 1 provides a summary of all open management actions arising

from internal and external audit reviews at the date of preparation of this report.

Attachment 1

Internal Audit

Of the 13 internal audit open actions, six were added from the recently completed Project Management Framework audit in October 2024. The other seven open actions relate to the review of Leases and Licences in August 2023, and Plant Management in August 2024.

- **Project Management Framework:** Six (6) open actions, two (2) are in progress and the other four (4) are yet to commence.
- **Plant Management:** Five (5) open audit actions, one (1) has been completed and four (4) are in progress.
- **Leases and Licences:** Of the two (2) remaining open audit actions, one (1) has been completed and one (1) is in progress.

External Audit of Internal Controls

Seven of the external audit actions were identified as part of the interim audit reported in August 2024, with an eighth action arising the end of year audit reported in October 2024.

Three (3) actions have been completed, four (4) are in progress and one (1) has not commenced.

Monitoring and Next Report

The progress of the open actions will continue to be monitored on a monthly basis by the Principal Risk Management Officer. The next update to the Audit and Risk Committee will be provided in March 2025.

5. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: LL1 Leasing and Licences							
1.1	That Administration reports on activities related to Leasing and Licencing of property to Council on a quarterly basis and this be included as part of the Quarterly Corporate Performance Reporting	Monitoring the expiry and reporting lease renewal/new leases	Partially Effective	H	May 25 Jul-23	In Progress	Deferred due to resourcing constraints. Recruitment for Building and Facilities Lead in progress. Leases and Licences Reporting will be included in the Quarter 3 Report 2024-25.
1.2	That Finance and Information Technology explore potential opportunities to electronically monitor end of lease dates	Monitoring the expiry and reporting lease renewal/new leases	Partially Effective	H	Jun-24	Completed	(a) Lease expiry dates are maintained within the lease register. (b) The review of the contract management model within Council's finance system, TechnologyOne, has been considered. The contracts module will not be pursued in 2024-25 due priorities with Property and Rating and Procure to Pay. It remains on the list of future systems enhancements.
Internal Audit: IA2024-01 Plant Management							
1.1	That City Operations work with relevant business units to review the Plant Procedure	Plant Procedure Version 4.0, Issued: October 2018. Next Review: 2021	Mostly Effective	M	Dec-24	In progress	New Manager of City Operations has commenced in October. Procedure to be reviewed by Manager of Operations and Coordinator Operations by November 30th. Date of Updated procedure to be determined upon review.
2.1	That as part of the implementation of the reviewed Plant Procedure (See recommendation 1.1) a workflow be developed and implemented across the relevant business units involved in the process of purchasing, maintenance, assessment and decommissioning plant that identifies key points of accountability	Informal or formal action recorded in accordance with Council's Information Management Policy.	Partially Effective	H	Mar-25	In progress	Workflow is to be developed as part of the procedure review by November 30 th

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: IA2024-01 Plant Management continued...							
3.1	That City Operations nominate one person responsible for maintaining a Plant register and that this be maintained in the most appropriate electronic system	The core components of the plant procedure aim to ensure that the City of Unley maintains a record of all plant in the workplace.	Partially Effective	H	Jun-25	In progress	To be identified as part of the procedure review November 30 th
3.2	That City Operations consider the feasibility of implementing a bar code system for the identification and management of minor plant	The core components of the plant procedure aim to ensure that the City of Unley maintains a record of all plant in the workplace.	Partially Effective	H	Dec-25	In progress	To be identified as part of the procedure review November 30 th
4.1	That Internal Audit conduct a targeted review of the adequacy and effectiveness of the processes of pre-operational testing, inspections and maintenance scheduling	The Department manager must check that the required pre-operational test and/or inspections are undertaken prior to the use of any item of plant and that records are retained of this.	Partially Effective	H	Dec-24	Completed	Targeted review complete 15 October 2024 (ECM9028335)
Internal Audit: IA2024-02 Project Management							
1.1	A workshop to outline the use and application of the Project Management Framework will be conducted with the Senior Leadership Group (i.e. Executive and Managers). Managers will then be equipped to conduct further workshops/information sessions	That all defined projects use the key elements of the Project Management Framework (Framework)	Partially Effective	M	Mar 25	Open	Not commenced

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: IA2024-02 Project Management continued...							
1.2	Project Management Framework page(s) on Aquaria be revised and amended as required to ensure adequate support and clarity on use is provided to staff through each phase of the Framework.	That all defined projects use the key elements of the Project Management Framework (Framework)	Partially Effective	M	Jun 25	Open	Not commenced
1.3	The triggers for initiating a project, utilising the Project Management Framework, will be clarified and explained on the Framework page on Aquaria. Where a project is initiated through the budget process, the trigger point to proceed to full project brief will be clarified as well. This will include clarity on what constitutes a project in line with the Project Management Framework (e.g. some activities under Operating Projects are annual programs of work (e.g. tree planting and greening verges).	That all defined projects use the key elements of the Project Management Framework (Framework)	Partially Effective	M	Jun 25	Open	Not commenced
2.1	A pilot is underway with the Transport Team to link Teams and Sharepoint into ECM. An assessment will be undertaken following the pilot to determine the viability and cost/benefit of progressing with the program.	Consistent use of Project Management Framework and ECM tools ensures the efficient and effective management of projects across the organisation.	Partially Effective	M	Feb 25	In progress	The pilot is in progress, with an assessment to follow.
2.2	Record management for projects, in-line with Project Management Framework, will be incorporated as part of the workshop with the Senior Leaders Group, and guidance material on Aquaria.	Consistent use of Project Management Framework and ECM tools ensures the efficient and effective management of projects across the organisation.	Partially Effective	M	Mar 25	In progress	Planning for a workshop is underway, and scheduled for February/March 2025.

Item 2.6 - Attachment 1 - Summary Open Audit Actions

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
Internal Audit: IA2024-02 Project Management continued...							
3.1	The use and application of the Project Management Framework for smaller projects is to be addressed as part of the workshop with the Senior Leadership Group. This is to include clarification regarding the approach for smaller projects and confirmation regarding if changes are required to be incorporated in Aquaria.	That each project follow the key phases and elements of the Project Management Framework (Framework)	Partially Effective	M	Mar 25	Open	Not commenced.
External Audit: Bentleys 2024 Interim Audit							
1	The Finance team commit to reviewing the process and identifying a schedule with a risk-based approach, cognisant of the size of the finance team	Monthly reconciliation	Mostly Effective	M	14 Oct-24	Completed	A process has been developed for all balance sheet accounts which will be reconciled monthly and reviewed quarterly. Accounts deemed to be high-risk have been identified and will be reconciled monthly and reviewed monthly. As reconciliations are completed and reviewed (either monthly or quarterly), they will be uploaded to ECM. An ECM workflow has been established for the review to be actioned.
2	The Finance Team will implement monthly review of the Audit Trail Report by September 2024	Changes to Supplier Master File	Mostly Effective	M	30 Sep-24 30 Nov 24	In progress	An Audit Trail Report for the periodic movements / changes in the Accounts Payable Masterfile will be extracted from Technology One monthly and reviewed by an independent person. The reviewed file will be registered in ECM. An ECM workflow will be established for the review to be actioned.
3	This will be documented from the end of July 2024 will also occur at the end of month when the Balance Sheet is reconciled	Review of age payable listing	Mostly Effective	M	30 Jul-24	Completed	The review of the Accounts Payable Aged balance report conducted on a monthly basis by the Team Leader Financial Accounting and register in ECM.

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
External Audit: Bentleys 2024 Interim Audit continued							
4	The Finance and Procurement Team will educate those receipting goods, advising that even if an invoice matches a purchase order, the invoice needs to be approved as part of a secondary process with the appropriate financial delegation	Invoice approval	Mostly Effective	M	30 Jul-24	Completed	Education via the City of Unley roadshow was delivered in August 2024. Sample testing occurs as part of the creditors payment run, where the invoice approval is verified against the officer's approved level of delegation. The invoice will not be paid until an officer with the appropriate level of delegation authorises it.
5	The project overhead methodology will be reviewed by February 2025 in preparation for the 2025-26 budget. An administrative guidance paper will be prepared and finalised by April 2025	Methodology for project costing and overhead allocation	Mostly Effective	M	30 Apr-25	In progress	The review of the project methodology has commenced.
6	The draft Contract Management Framework was completed in April 2024 and is presently being reviewed by the Executive Leadership Team and Managers. It is scheduled to be finalised in October 2024, with training to be undertaken by March 2025	Contract management	Mostly Effective	M	30 Mar-25	In progress	The Draft Contract Management Framework has been reviewed by the Senior Leaders Team with feedback received. Final changes and endorsement of the framework has been delayed to the vacancy of the Principal Procurement and Contracts Lead.
7	The Credit/Debit Management Policy (an Administrative Policy) will be reviewed by October 2024. The Training and Development Policy will be reviewed by December 2024. The Land under Roads Policy will be reviewed by April 2025. The Property Management Policy will be reviewed by July 2025	Policy documents	Mostly Effective	M	30 Jul-25	In progress	The revised Credit/Debit Management Policy has been distributed to the Senior Leaders Team for feedback, with proposed endorsement in November.

Item 2.6 - Attachment 1 - Summary Open Audit Actions

Finding #	Management Actions	Control Description	Effectiveness Assessment	Risk Level	Target Date	Status	Last Update
External Audit: Bentleys 2024 End of Year Audit							
8	The project capitalisation process, including the associated documentation process (e.g. certificates of completion) will be reviewed by February 2025, to ensure infrastructure and assets are recognised and depreciated from the date they are ready for use	Capitalisation Process	Not Material	M	28 Feb - 25	Open	Not commenced

DECISION REPORT

REPORT TITLE:	PROPOSED 3 YEAR ROLLING INTERNAL AUDIT PLAN
ITEM NUMBER:	2.7
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. DRAFT 3 YEAR ROLLING INTERNAL AUDIT PLAN

1. **PURPOSE**

This report presents the proposed 3 Year Rolling Internal Audit Workplan for consideration and endorsement by the Audit and Risk Committee.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The proposed 3 Year Rolling Internal Audit Workplan as set out in Attachment 1 to this report (Item 2.7, Audit and Risk Committee Meeting, 12/11/2024) be endorsed.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY WORKPLAN**

4. Civic Leadership
 - 4.1 We have strong leadership and governance.
 - 4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

The Institute of Internal Auditors (IIA) defines internal auditing as an “*independent, objective assurance and consulting activity designed to add value and improve and organisation’s operations*”

The City of Unley (CoU) allocates resources to an internal audit function within the organisation. The City of Unley Proposed Internal Audit Workplan provides the basis for a structured, planned and risk-based

approach to independent assurance and compliance assessment activities across the CoU enterprise, business and operations over a 3-year calendar period from 2025 to 2027.

Legislative Requirements

Section 126(4)(g)(i) of the *Local Government Act 1999* requires an Audit and Risk Committee to undertake the following if the council has an internal audit function:

- (A) *providing oversight of planning and scoping of the internal audit work plan; and*
- (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;*

This is in addition to the requirements of Section 125A regarding an Internal Audit Function:

- (1) *The chief executive officer of a council that has an internal audit function must, before appointing a person to be primarily responsible for the internal audit function, or assigning such responsibility to an employee of the council, consult with the relevant audit and risk committee on the appointment or assignment of responsibility.*
- (2) *Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function—*
 - (a) *must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and*
 - (b) *may report any matters relating to the internal audit function directly to the audit and risk committee.*

The Principal Risk Management Officer, Jim Philips, was appointed the Internal Auditor for the City of Unley on 6 August 2024 by the Audit and Risk Committee.

A quarterly report is provided to the Audit and Risk Committee to seek endorsement of internal audit scopes and provide an update on the progress of internal audits. A separate Open Audit Actions Report is provided on a quarterly basis to provide an update on the progress of open audit action items.

5. **DISCUSSION**

The proposed 3 Year Rolling Internal Audit Workplan is provided in Attachment 1.

Attachment 1

Development of the proposed Internal Audit Workplan

The Proposed Internal Audit Workplan has been developed with reference to the strategic and operational risks, as well as risks associated with controls in the Better Practice Model – Internal Financial Controls for South Australian councils. The proposed Workplan has been considered by the Executive Leadership Team, and provides the basis for a planned and risk-based approach to internal audit focus and activities across the Council.

The planned audit activity is based on the best available information at the time of collation in terms of the organisation's risk profile, strategic and business objectives, key issues and projects impacting the business and known compliance requirements and obligations.

The Workplan includes details of the provisional timing of when scheduled audits will be conducted, which are based on discussions and the best available information when this Workplan was collated. It is acknowledged that actual commencement of planned audits may be impacted by changes in business or operational circumstances, or other priorities or factors. The agreement of the timing and scope of planned audit activities will also take into consideration parallel / external reviews planned or underway to avoid duplication.

A 'long-list' of potential internal audits will be maintained and shared at the beginning of the calendar year. This will assist with the identification of any emerging areas of focus that may need to be incorporated in the workplan.

Any material changes in the scheduling of the planning internal audits will be provided in the quarterly internal audit reports.

Delivery and Flexibility of the proposed Internal Audit Workplan

The Proposed Internal Audit Workplan is designed to be a flexible and dynamic document and will be updated to address changes in risks, control effectiveness, operations and to accommodate urgent requirements from council senior management as required.

It is intended that a hybrid resourcing approach to conducting internal audits will be used. A large proportion of the internal audits will be conducted by the appointed Internal Auditor, Jim Phillips. However, where additional resourcing is required, and/or specific expertise is required for more complex audits, an external auditing firm may be appointed through a procurement process to conduct the audit.

During the performance of a planned audit activity an issue or concern may arise that justifies a separate targeted review. In these circumstances the Principal Risk Management Officer will liaise with relevant Manager and General Manager regarding the instigation of an unplanned audit.

On completion of an audit, an internal audit report will be issued to the relevant General Manager and Manager, prior to consideration by the Executive Leadership Team and the Audit and Risk Committee.

The reports document systematic, evidence-based assessments of compliance and control adequacy and effectiveness, along with findings and improvement opportunities with recommendations for remedial management actions. Following the completion of an internal audit activity the Principal Risk Management Officer updates the risk(s) and controls recorded in the risk register are updated amended to reflect the findings and assessment arising from the audit activity.

6. POLICY IMPLICATIONS

6.1 Financial/budget implications

A large proportion of the internal audits will be completed by the Risk Management Officer within his existing workplan. However, where additional resourcing is required, and/or specific expertise is required for more complex audits, an external auditing firm may be appointed through a procurement process to conduct the audit. A budget allocation will be included within the Annual Business Workplan and Budget

6.2 Risk Management (identification and mitigation)

The key risk to achieving the Workplan is the availability of the Principal Risk Management Officer. Should the Officer be subject to a long term illness this risk would be mitigated by considering use of external resources.

6.3 Staffing/Work Plans/Additional Resource Impact

The internal audits will be conducted or managed by the Principal Risk Management Officer, Jim Phillips. The proposed internal audits will form apart of his workplan.

During individual audits there is some minor impact on the work area being audited but this is kept to a minimum. Nevertheless, the proposed Workplan has taken into consideration the workloads of the teams that need to be engaged in the internal audits.

6.4 Climate/Environmental Impact

Nil Impact

6.5 Social/Economic

Nil Impact

7. ANALYSIS OF OPTIONS

Option 1

1. The report be received.
2. The proposed 3 Year Rolling Internal Audit Workplan as set out in Attachment 1 to this report (Item 2.7, Audit and Risk Committee Meeting, 12/11/2024) be endorsed.

The proposed Internal Audit Workplan has been developed to provide a greater level of confidence in relation to internal control practices and procedures relevant to the areas suggested.

Option 2

1. The report be received.
2. Subject to incorporation of the following amendments, the proposed 3 Year Rolling Internal Audit Workplan as set out in Attachment 1 to this report (Item 2.7, Audit and Risk Committee, 12/11/2024) be endorsed.
 - 2.2 Amendments to be determined by the Audit and Risk Committee
 - 2.3 Etc

This Option provides the relevant wording to enable the Audit and Risk Committee to articulate any changes required to the proposed Internal Audit Workplan, and to recommend that these be incorporated by Council at the time of adoption.

Should the Audit and Risk Committee wish to make amendments to the Internal Audit Workplan, consideration should be given to the resourcing that is necessary to deliver a modified Workplan.

Option 3 –

1. The report be received.
2. The proposed 3 Year Rolling Internal Audit Workplan as set out in Attachment 1 to this report (Item 2.7, Audit and Risk Committee, 12/11/2024) be further amended and returned to the Audit and Risk Committee for review.

The Committee may consider that further work is required to the Proposed Internal Audit Workplan. This option requests further development of the documents and that they be returned to the Audit and Risk Committee at its next meeting.

The Audit and Risk Committee can, under this option, communicate what amendments it would like to make.

8. RECOMMENDED OPTION

Option 1 is the recommended option.

9. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support

Proposed 3-Year Rolling Internal Audit Workplan: November 2024

Schedule of the Internal Audit Workplan

ID	Subject	2025				2026				2027			
IA2025-01	On-boarding Process	■											
IA2025-02	Policy Framework		■										
IA2025-03	Business Systems User Access			■									
IA2025-04	Gift and Benefit Policy and Procedure				■								
IA2026-01	Off-boarding Process					■							
IA2026-02	Review the Emergency Management Plan						■						
IA2026-03	Grants Administration Arrangements and Controls							■					
IA2026-04	Records Management System								■				
IA2027-01	Accounts Payable - Procure to Pay Process PIR									■			
IA2027-02	Contract Management										■		
IA2027-03	Complaints and Feedback Management											■	
IA2027-04	Fraud and Corruption Control Environment												■

PIR = Post Implementation Review

Draft 3 Year Rolling Internal Audit Program: November 2024

Subject	Objective	Scope	Risk Alignment	
IA2025-01	On-boarding Process (People and Culture)	<ul style="list-style-type: none"> Assess the implementation of the “On-boarding” process and the arrangements in place across the various business units of the CoU. Identify any opportunities for improvement in the implementation, adoption and use of the “On-boarding” process 	Current policies, procedures, systems, arrangements and practices currently in place for in relation to the “On-boarding” of staff joining the CoU.	Strategic Risk #5: Workforce not appropriately skilled or engaged
IA2025-02	Policy Framework (Governance)	<ul style="list-style-type: none"> Assess the adequacy and effectiveness of CoU policies and procedures in relation to the recording, management, and storage of vital records (MOU, contracts, leases, and licences). Determine the level of compliance with records management policies, procedures, and guidelines in relation to the capture and retention of vital records across the CoU. 	The CoU Policy Framework and current suite of published policies and other directive and guidance documents.	Strategic Risk #4 Inability to manage legislation and regulatory compliance Obligations. Operational Risk F&P#4: Fraudulent Behaviour by Staff
IA2025-03	Business Systems User Access (Business Systems and Solutions)	<ul style="list-style-type: none"> Assess the adequacy and effectiveness of user control systems, processes, practices, controls, and arrangements within CoU. Determine whether current administration arrangements enable CoU to comply with the requirements of relevant regulations and legislation. Identify any opportunities for process efficiencies and control improvements. Determine whether the current control environment provides effective protection against fraud and corruption. 	Current policies, procedures, systems, arrangements and practices currently in place relating to the administration and management of the user access systems within CoU.	Strategic Risk #7: Loss of internet/ communications or cyber breach resulting in loss of data and/or an ability to deliver core services

Draft 3 Year Rolling Internal Audit Program: November 2024

Subject	Objective	Scope	Risk Alignment	
IA2025-04	Gift and Benefit Policy and Procedure (Governance)	<ul style="list-style-type: none"> Assess the CoU Gifts and Benefits Policy and the arrangement in place to register and report gifts and benefits. Identify any opportunities for improvement in the acceptance, registering and reporting of receipt of gifts and benefits. 	Current policies, procedures, systems, arrangements and practices currently in place for the acceptance, registering and reporting the offer and receiving of gifts.	Operational Risk F&P#4: Fraudulent Behaviour by Staff
IA2026-01	Off-boarding Process (People and Culture)	<ul style="list-style-type: none"> Assess the implementation of the "Off-boarding" process and the arrangements in place across the various business units of the CoU. Identify any opportunities for improvement in the implementation, adoption and use of the "Off-boarding" process 	Current policies, procedures, systems, arrangements and practices currently in place for in relation to the "Off-boarding" of staff joining the CoU.	Strategic Risk #7: Loss of internet/telecommunications or cyber breach resulting in loss of data and or an inability to deliver
IA2026-02	Review the Emergency Management Plan (City Operations)	<ul style="list-style-type: none"> Assess the Emergency Management Plan, its coverage and applicability. Provide an evidence-based assessment of the effectiveness of the internal systems in responding to an emergency. Verify whether the arrangements in place are followed, and that business units comply with the Emergency Management Plan when it is activated. 	Policies, procedures, controls, systems and practices currently in place within CoU in relation to procurement and contract management. Records and contracts resulting from the implementation of the procurement processes.	Strategic Risk #6: Inability to respond to climate change

Draft 3 Year Rolling Internal Audit Program: November 2024

Subject	Objective	Scope	Risk Alignment	
IA2026-03	Grants Administration Arrangements and Controls (Community Connections)	<ul style="list-style-type: none"> Assess of the adequacy and effectiveness of the grants administration processes, practices, controls, and arrangements within CoU. Determine whether current grants administration arrangements enable CoU to comply with the requirements of relevant regulations and legislation. Identify any opportunities for process efficiencies and control improvements. Determine whether the current control environment provides effective protection against fraud and corruption. 	Current policies, procedures, systems, arrangements and practices currently in place relating to the administration and management of the grants funding process within CoU.	Strategic Risk #3: Ineffective decision-making that lacks transparency Better Practice Model: Loans/Grants to Clubs/Community Groups
IA2026-04	Records Management System (Business Systems and Solutions)	<ul style="list-style-type: none"> Assess the adequacy and effectiveness of CoU policies and procedures in relation to the recording, management, and storage of vital records (MOU, contracts, leases, and licences). Determine the level of compliance with records management policies, procedures, and guidelines in relation to the capture and retention of vital records across the CoU. 	Policies, procedures, controls, systems, and practices currently in place within CoU in relation to knowledge management and capture. Working with Records Management to identify areas for improvement.	Strategic Risk #3: Ineffective decision-making that lacks transparency Strategic Risk #2: Inability to meet the needs and expectations of the community
IA2027-01	Accounts Payable - Procure to Pay Process (Finance and Procurement)	<ul style="list-style-type: none"> Review the effectiveness and efficiency of the procure to pay processes including raising purchases orders, goods receipting and invoice matching following the implementation of the procure to pay workflow in Technology One. Assess the appropriateness of the timeframes for the processing and payment of supplier invoices. Validate that purchase orders are raised, goods receipted and paid accurately. 	Policies, procedures, controls, systems and practices currently in place within CoU in relation to accounts payable. Records associated with accounts payable.	Strategic Risk #2: Inability to meet the needs and expectations of the community Better Practice Model Internal Financial Controls: Accounts Payable

Draft 3 Year Rolling Internal Audit Program: November 2024

Subject	Objective	Scope	Risk Alignment	
IA2027-02	Contract Management (Finance and Procurement)	<ul style="list-style-type: none"> Assess the implementation of the new Contract Management Framework and procedures. Provide an evidence-based assessment of the effectiveness of the internal systems in managing the contract management processes, enabling CoU to meet relevant regulatory and service delivery targets. Verify whether the arrangements in place are followed, and that business units comply with the Contract Management Framework and procedures. 	<p>Policies, procedures, controls, systems and practices currently in place within CoU in relation to contract management.</p> <p>Records associated with current and previous contracts.</p>	<p>Strategic Risk #2: Inability to meet the needs and expectations of the community</p> <p>Better Practice Model Internal Financial Controls: Contracting</p>
IA2027-03	Complaints and Feedback Management (Community Connections)	<ul style="list-style-type: none"> Determine whether complaints and feedback received are recorded, managed and addressed in accordance with policy and in a timely manner. Provide an evidence-based assessment of the effectiveness of the internal systems in managing feedback and complaints and enabling CoU to meet service delivery targets. Verify whether arrangements are in place and are followed, for reporting and analysis of complaints and feedback received, to inform practice and service delivery improvements. 	<p>Current policies, procedures, controls, systems and practices currently in place in relation to complaints and feedback management.</p> <p>Records of complaints and feedback received; reporting and analysis of complaints and feedback received; improvements implemented as a result of complaints and feedback.</p>	<p>Strategic Risk #3: Ineffective decision-making that lacks transparency</p>
IA2027-04	Fraud and Corruption Control Environment (Finance and Procurement)	<ul style="list-style-type: none"> Assess the adequacy and effectiveness of the fraud and corruption control arrangements within CoU, including procurement activities, in enabling actual or suspected fraudulent or corrupt activities to be identified & managed. Determine the level of compliance of CoU fraud and corruption arrangements with the requirements of the SA Government Fraud & Corruption Control Policy and the requirements of Australian Fraud and Corruption Control Standard AS8001-2021. 	<p>CoU fraud and corruption policy, plan, processes, investigation arrangements, systems and reporting, including those controls relating to procurement activities.</p> <p>Review actual fraud incidents, to determine whether they were managed in accordance with policy and process.</p>	<p>Strategic Risk #4: Inability to manage legislative and regulatory compliance obligations</p>

DECISION REPORT

REPORT TITLE:	UNSOLICITED PROPOSAL POLICY REVIEW
ITEM NUMBER:	2.8
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	ALEX BROWN, GENERAL MANAGER CORPORATE SUPPORT
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	<ol style="list-style-type: none">1. EXISTING UNSOLICITED PROPOSAL POLICY2. PROPOSED UNSOLICITED PROPOSAL POLICY3. COMPARISON OF THE EXISTING AND PROPOSED POLICIES

1. **PURPOSE**

This report presents the revised *Unsolicited Proposal Policy* (Policy) for recommendation to Council following its review by the Audit and Risk Committee.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The Unsolicited Proposal Policy as set out in Attachment 1 to this report (Item 2.8, Audit and Risk Committee Meeting 12/11/2024) be recommended to Council for adoption.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership
 - 4.1 We have strong leadership and governance.

4. **BACKGROUND**

Council policies and procedures set the strategic tone of Council on matters that significantly impact the community in some way. Once adopted, these policies and procedures require periodical review, after which they are presented to Council for consideration and adoption.

The current *Unsolicited Proposal Policy* (the existing Policy) was developed in 2021. It was adopted by Council in November that year following endorsement from the Audit Committee in their August 2021 meeting. A copy of the current Unsolicited Proposal Policy is included in Attachment 1.

Attachment 1

The Policy was due for review in November 2023, however due to other priorities within the Procurement Team, and relatively short timeframe since the development of the Policy, the review was deferred to 2024.

There is no legislated requirement for a council to have a policy that addresses unsolicited proposals. However, it is considered good practice for councils to have a clear and transparent process for addressing unsolicited proposals.

The Draft Policy, provided as Attachment 2, has been reviewed as part of Council's ongoing policy and procedure framework process, and transcribed into Council's recently updated policy and procedure template.

Attachment 2

5. **DISCUSSION**

The proposal Unsolicited Proposal Policy (the proposed Policy) is provided in Attachment 2.

Attachment 2

The proposed Policy been reviewed as part of Council's ongoing policy and procedure framework process, and transcribed into Council's recently updated policy and procedure template.

The proposed Policy does not change the substantive policy position. Rather, the proposed Policy refines existing Policy with the following changes:

- Refining the terminology used within the Policy, including more direct language to provide greater clarity to users of the Policy;
- Including definitions for *confidential information*, *probity* and *procurement process*, and removing redundant definitions;
- Strengthening and clarifying roles and responsibilities;

- Incorporating the key principals that will guide Council in considering an unsolicited proposal;
- Ensuring the benefit to the community is considered before proceeding with contract negotiations; and
- Removing generic procurement references to the Local Government Act 1999 and the Procurement Policy which do not directly relate, or add value to the interpretation and application of the Policy.

A comparison of the existing Policy and the proposed Policy with tracked changes is provided in Attachment 3.

Attachment 3

The Audit and Risk Committee is asked to review the revised Policy and recommend to Council for endorsement.

6. POLICY IMPLICATIONS

6.1 Financial/budget implications

- There are no additional financial implications with the recommendation.

6.2 Risk Management (identification and mitigation)

- The Unsolicited Proposal Policy reduces risk for the Council as it provides clarity to proponents of unsolicited proposals, Elected Members, the Administration and the community on how it will receive and consider unsolicited proposals to ensure Council/community benefit, value for money, probity, accountability and transparency through the process.

6.3 Staffing/Work Plans/Additional Resource Impact

- The Policy is administered under current resourcing and does not require additional resources to deliver.

7. ANALYSIS OF OPTIONS

Option 1 –

1. The report be received.
2. The Unsolicited Proposal Policy as set out in Attachment 1 to this report (Item 2.8, Audit and Risk Committee Meeting 12/11/2024) be recommended to Council for adoption.

This option recommends to Council the endorsement of the Policy. Council policies are published on the City of Unley website once finalised.

Option 2 –

1. The report be received.
2. The Unsolicited Proposals Policy as set out in Attachment 1 to this report (Item 2.8, Audit and Risk Committee Meeting 12/11/2024) be recommended to Council for adoption including the following amendments:
 - 2.1 *[Amendments to be determined by Council]*

The Committee may wish to request amendments to the Policy and include these in the recommendation to Council for endorsement. If this is the case, the amendments should be articulated as part of the resolution.

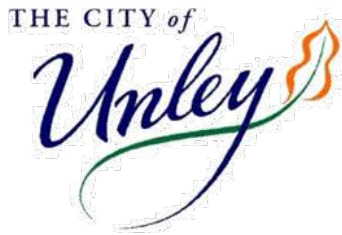
This Option provides the relevant wording to enable the Committee to articulate any changes required to the policy, and to recommend these be incorporated by Council at the time of adoption.

8. RECOMMENDED OPTION

Option 1 is the recommended option.

9. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support



UNSOLICITED PROPOSAL POLICY

Policy Type:	Council Policy
Responsible Department:	Business Support & Improvement
Responsible Officer:	General Manager Business Support & Improvement
Related Policies and Procedures	<ul style="list-style-type: none"> • Unsolicited Proposal Framework • Code of Conduct, Employees • Prudential Management Policy Procurement Policy • Disposal of Surplus Non-Community Land • Risk Management Policy • Purchase Card Policy • Motor Vehicle Policy • Employees & Volunteers • Financial Delegations
Community Plan Link	<p>3.1 Unley is recognised as an easy place to do business.</p> <p>4.1 We have strong leadership and Governance.</p> <p>4.3 Our business systems are effective and transparent</p>
Date Adopted	25 October 2021
Last review date	Not applicable
Next review date	August 2024
Reference/Version Number	1.0
ECM Doc set I.D.	

1. PREAMBLE

The City of Unley recognises the benefits of partnering with private sector and not-for-profit organisations to deliver social, environmental and economic outcomes for the community. To that end the City of Unley encourages the development and presentation of innovative ideas that will contribute to those goals. This Policy defines how the City of Unley engages with proponents who make unsolicited proposals that may provide unique and innovative outcomes for the City of Unley and the community.

This policy creates a framework for the submission of new and innovative ideas to the City of Unley for consideration. The policy also gives confidence to investors and the community that unsolicited proposals will be considered in a consistent and transparent manner.

An Unsolicited Proposal Framework is maintained to support the application of this policy.



2. SCOPE

- 2.1. This policy applies to all proposals submitted to the City of Unley that have not been requested by the City of Unley through its regular procurement processes.
- 2.2. Unsolicited proposals may include, but are not limited to, proposals for the:
 - 2.2.1. Purchase, lease or development of land owned or managed by the City of Unley;
 - 2.2.2. Purchase or lease of assets, unless the purchase or lease is undertaken in accordance with another policy;
 - 2.2.3. Delivery of goods or services to or on behalf of the City of Unley;
 - 2.2.4. Provision of infrastructure for the community;
 - 2.2.5. An innovation or entrepreneurial project with benefits to the City of Unley; or
 - 2.2.6. Any other innovative or entrepreneurial proposal.

3. POLICY PURPOSE/OBJECTIVES

- 3.1. This policy has been developed to provide accountability, consistency and transparency to the process of receiving and considering unsolicited proposals by Council. The following objectives will guide the City of Unley's consideration of unsolicited proposals:
 - 3.1.1. promoting the development of innovative ideas by the private and community sector to support the City of Unley's role, functions and broad objectives as outlined in the Community Plan;
 - 3.1.2. ensuring that unsolicited proposals are received and assessed via an open, transparent and fair process that involves high standards of probity and public accountability, subject to ensuring the Intellectual Property of a proponent submitting an unsolicited proposal is appropriately protected;
 - 3.1.3. ensuring that the unsolicited proposals process is not used to circumvent the City of Unley's regular procurement processes;
 - 3.1.4. ensuring value for money for the City of Unley is achieved from any unsolicited proposal; and
 - 3.1.5. maximising the benefits from unsolicited proposals for the City of Unley and its constituents.

4. PROCUREMENT PRINCIPLES

- 4.1. The following key principles underpin all procurement activities at the City of Unley and apply to the consideration of unsolicited proposals:
 - 4.1.1. Open and Effective Competition
 - 4.1.2. Value for Money
 - 4.1.3. Ethical Behaviour and Fair Dealing
 - 4.1.4. Social, Economic and Environmental Sustainability
- 4.2. These principles are explained in the City of Unley's Procurement Policy.



5. DEFINITIONS

City of Unley	The Corporation of the City of Unley
Council	The elected, decision making body for the City of Unley.
Intellectual property	Inventions, original designs and practical applications of good ideas protected by law through copyright, patents, registered designs, circuit layout rights and trademarks. Intellectual property also includes trade secrets, proprietary know-how and other confidential information protected against unlawful use and disclosure by common law and contractual obligations.
Procurement	The complete action or process of acquiring or obtaining goods, services or property from outside the City of Unley at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.
Proponent	A person, business or any other organisation that approaches the City of Unley, its staff, Mayor or Councillors with an unsolicited proposal, or with an intention to submit an unsolicited proposal.
Unsolicited proposal	A proposal submitted to the City of Unley that has not been requested by the City of Unley through its regular procurement processes. This includes, but is not limited to, approaches to the City of Unley to procure products or services it has not sought to procure.

6. Roles and Responsibilities

- 6.1. The CEO, or CEO's delegate, is responsible for:
- 6.1.1. Implementation of the policy and associated procedures;
 - 6.1.2. The assessment and determination of a position on unsolicited proposals; and
 - 6.1.3. Provision of advice and recommendations to Council, as may be required.
- 6.2. The Mayor and Councillors are required to:
- 6.2.1. Advise the CEO if they are approached by a proponent of an unsolicited proposal, and
 - 6.2.2. Advise the proponent of an unsolicited proposal to communicate directly with the CEO or CEO's nominated delegate.
- 6.3. Council employees are required to:
- 6.3.1. Advise the CEO if they are approached by a proponent of an unsolicited proposal, or refer the approach to the manager responsible for Procurement or their delegate, to assess whether the approach constitutes an unsolicited proposal; and

- 6.3.2. Advise the proponent of an unsolicited proposal to communicate directly with the CEO or CEO's nominated delegate.
- 6.4. Senior Management, in conjunction with the manager responsible for Procurement or their delegate, are responsible for providing advice to the CEO on any unsolicited proposal relative to this policy and associated procedures.
- 6.5. If required, the CEO will prepare a report to Council, for Council to assess and resolve a position on unsolicited proposals presented to the CEO.

7. Policy Statement

- 7.1. The City of Unley will apply a three stage approach to receiving and considering an unsolicited proposal as outlined below and detailed in the City of Unley Unsolicited Proposal Framework.

Stage 1: Initial Proposal	<p>The objective of the Initial Proposal Stage (Stage 1) is to enable a proponent to provide the City of Unley with a high-level overview of its proposal which enables the City of Unley to form a preliminary view as to whether:</p> <ul style="list-style-type: none"> • The proposal is an unsolicited proposal, and should be considered in accordance with this Policy; and • The proposal warrants further consideration.
Stage 2: Detailed Proposal	<p>Stage 2 involves further consideration of the feasibility of the proposal, how it will be delivered, whether it represents value for money for the City of Unley and what outcomes it will deliver for the City of Unley and the community. Stage 2 will be an interactive process between the City of Unley and the proponent within the framework established by the City of Unley.</p>
Stage 3: Contract Negotiations and Finalisation	<p>If a proposal is successful and progresses through Stage 2, the City of Unley and the proponent will then proceed to Stage 3 and enter into formal contract negotiations.</p>

8. PROBITY

- 8.1. It is a primary objective of this policy to ensure probity during the process of considering unsolicited proposals. Consequently, probity principles and protocols will be followed to ensure:
 - 8.1.1. that proposals are received, assessed and negotiated, and decisions made through an approved and transparent framework;
 - 8.1.2. that ethically-based decisions are made that deliver the best outcomes for the City of Unley and its community;



- 8.1.3. that confidential information is protected and not disclosed (except for disclosures to third party advisers and as required by law); and
 - 8.1.4. avoidance of any actual or perceived conflict of interest, bias or misconduct.
- 8.2. The City of Unley may, at any stage outlined in this procedure, engage a probity adviser or auditor.

9. INTELLECTUAL PROPERTY RIGHTS

- 9.1. The City of Unley acknowledges that unsolicited proposals may contain Intellectual Property of the proponent and/or third parties.
- 9.2. If the City of Unley declines to consider, or ends its consideration of, a proposal submitted in accordance with this procedure, and the City of Unley elects instead to engage in a competitive procurement process in relation to the subject matter of the proposal, the City of Unley will respect any Intellectual Property rights of the proponent and/or third parties.

10. NO LEGAL RELATIONSHIP

- 10.1. By making an unsolicited proposal the proponent acknowledges:
 - 10.1.1. that no legally binding contract exists or is to be implied between the City of Unley and the proponent unless and until a formal contract document is signed by both parties in Stage 3; and
 - 10.1.2. that the City of Unley is under no contractual or other legal obligation to the proponent with respect to the receipt, assessment, consideration, acceptance or rejection of any proposal or the failure to receive, assess, consider or accept any proposal.

11. NO SOLICITING OR OUTSIDE DISCUSSIONS

- 11.1. All queries or communications in relation to unsolicited proposals must be directed to the CEO or the CEO's nominated delegate to ensure consistency and transparency in the process. The City of Unley reserves the right to discontinue assessment or negotiations regarding a proposal if the proponent discusses the proposal with unauthorised members of City of Unley staff or Elected Members without the prior knowledge of the CEO or the CEO's delegate.
- 11.2. A proponent must not offer any incentive or otherwise seek to influence any person who is either directly or indirectly involved in an assessment or negotiation process. The City of Unley reserves the right to end any consideration of a proposal if a proponent fails to comply with this requirement.

12. LEGISLATION

- Section 49(a1) of the *Local Government Act 1999* (the Act) requires the City of Unley to develop and maintain procurement controls including policies and procedures directed towards:
 - Obtaining value in the expenditure of public money;
 - Providing for ethical and fair treatment of participants; and
 - Ensuring probity, accountability and transparency in procurement operations.



- Policies developed must include how the City of Unley manages:
 - The contracting out of services; and
 - Competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - The use of local goods and services; and
 - The sale or disposal of land or other assets.
- In the main, these Policies are conventionally predicated towards the City of Unley ensuring it engages with the market as the initiator of the engagement process to acquire goods, works or services from an external party. However, currently there is no formal legislative or statutory framework the City of Unley is obliged to comply with in dealing with unsolicited proposals initiated by external third parties.

13. AVAILABILITY OF POLICY

13.1. The Policy is available for public inspection during normal office hours at:

The Civic Centre,
181 Unley Road, Unley SA 5061.

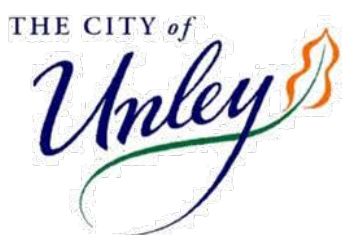
A copy may be purchased for a fee as determined annually by the City of Unley.

It is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

14. DOCUMENT HISTORY

Date	Ref/Version No.	Comment





UNSOLICITED PROPOSAL POLICY

Policy Type:	Council Policy
Responsible Department:	Corporate Support
Responsible Officer:	Manager Finance and Procurement
Related Policies and Procedures:	Procurement Policy Unsolicited Proposal Framework Prudential Management Policy Fraud and Corruption Prevention Policy Employee Code of Conduct
Community Plan Link:	3.1 Unley is recognised as an easy place to do business 4.1 We have strong leadership and governance 4.3 Our business systems are effective and transparent
Date Adopted:	25 October 2021
Last review date:	25 October 2021
Next review date:	August 2028
Reference/Version Number:	Draft 2.0
ECM Doc set I.D.:	8634243

1. PREAMBLE

- 1.1. Council recognises the benefits of partnering with the private sector and not-for-profit organisations to deliver social, environmental, and economic outcomes for the community. To that end, Council supports the development and presentation of innovative ideas and opportunities that benefit the community and/or council operations.
- 1.2. This Policy describes how Council engages with proponents who make unsolicited proposals and sets out the process for Council to follow in the consideration and evaluation of an *unsolicited proposal*.

2. SCOPE

- 2.1. This Policy applies to all proposals received by Council that have not been requested through a procurement process.
- 2.2. *Unsolicited proposals* include, but are not limited to, proposals for the:
 - 2.2.1. Purchase, lease or development of land owned or managed by Council;
 - 2.2.2. Purchase or lease of assets, unless the purchase or lease is undertaken in accordance with another policy;

- 2.2.3. Delivery of goods, works or services to or on behalf of Council;
- 2.2.4. Provision of infrastructure for the community;
- 2.2.5. An innovation or entrepreneurial project with benefits to Council; or
- 2.2.6. Any other innovative or entrepreneurial proposal.

3. POLICY OBJECTIVES

- 3.1. Council recognises the need to achieve balance between supporting innovation and running formal procurement processes. In considering *unsolicited proposals*, Council will:
 - 3.1.1. support the development of innovative ideas by the private and community sectors that relate to Council’s role, function and priorities;
 - 3.1.2. ensure that *unsolicited proposals* are received and assessed through a transparent and fair process involving high standards of probity and public accountability;
 - 3.1.3. ensure the protection of Intellectual Property in *unsolicited proposals* by keeping such content confidential wherever possible;
 - 3.1.4. ensure the *unsolicited proposal* process is not used to circumvent Council’s Procurement Policy and processes, and not to disadvantage other suppliers of similar goods or services;
 - 3.1.5. ensure best value for money outcomes from an *unsolicited proposal* that move through to contract finalisation; and
 - 3.1.6. maximise the benefits to the community from an *unsolicited proposal*.

4. DEFINITIONS

<u>Term</u>	<u>Definition</u>
<i>Confidential Information</i>	Means any documentation or information of a confidential nature supplied by either of the parties to the other and may include scientific, technical, manufacturing, performance, sales, financial, commercial, contractual or marketing information possessed by each party, but specifically excludes any documentation or information which has been previously published or otherwise disclosed to the general public or is required to be disclosed by Law
<i>Intellectual Property</i>	Inventions, original designs and practical applications of good ideas protected by law through copyright, patents, registered designs, circuit layout rights and trademarks. Intellectual property also includes trade secrets, proprietary know-how and other confidential information protected against unlawful use and disclosure by common law and contractual obligations
<i>Probity</i>	Uprightness, integrity, honesty, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process

<i>Procurement</i>	A series of activities that are undertaken when purchasing goods, works or services, based on three key phases, planning, purchasing and contract management
<i>Procurement Process</i>	The step-by-step process for the planning, establishment and contract management of small and large acquisitions
<i>Proponent</i>	A person, business or other organisation that approaches Council, its staff, Mayor or Councillors with an unsolicited proposal, or with the intention to submit an unsolicited proposal
<i>Unsolicited Proposal</i>	A proposal submitted to Council that has not been requested by Council through a procurement process which is more than marketing material or a general approach from a business to work with Council

5. ROLES AND RESPONSIBILITIES

<u>Role</u>	<u>Responsibilities</u>
Elected Members	<ul style="list-style-type: none"> Responsible for the approval and adoption of this Policy Must comply with the requirements of this Policy Advise the CEO if they are approached by a proponent of an <i>unsolicited proposal</i>; and Advise the proponent of an <i>unsolicited proposal</i> to communicate directly with the CEO or CEO's nominated delegate.
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> Implementation of this Policy and associated procedures; The assessment and determination of a position on an <i>unsolicited proposal</i>; and Provision of advice and recommendations to Elected Members, as may be required and determined by the CEO or CEO's delegate
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Assisting the CEO, or CEO's delegate, with the assessment and determination of a position on an <i>unsolicited proposal</i>;
Management Team	<ul style="list-style-type: none"> Providing subject matter advice to the CEO on an <i>unsolicited proposal</i> pursuant to this Policy and associated procedures.
Procurement Staff	<ul style="list-style-type: none"> Providing procurement and probity advice to the CEO on an <i>unsolicited proposal</i> pursuant to this Policy and associated procedures.
All Employees	<ul style="list-style-type: none"> Must comply with the requirements of this Policy

6. STATEMENT

Principles

- 6.1. Council will apply the following key principles to the consideration of *unsolicited proposal*:
 - 6.1.1. assessing if it meets an actual need on the part of the Council or the community;
 - 6.1.2. obtaining value in the expenditure of public money;
 - 6.1.3. providing for ethical and fair treatment of participants; and
 - 6.1.4. ensuring Probity, accountability and transparency in the evaluation process.
- 6.2. Council will consider *unsolicited proposal* in three stages as outlined below:

Stage 1: Initial Proposal	<p>The objective of the Initial Proposal Stage (Stage 1) is for the CEO or the CEO's delegate to determine if:</p> <ul style="list-style-type: none"> • the proposal is an <i>unsolicited proposal</i> and should be considered in accordance with this Policy; and • the proposal warrants further consideration.
Stage 2: Detailed Proposal	<p>If the CEO or the CEO's delegate determines that the <i>unsolicited proposal</i> warrants further consideration, the assessment moves into Stage 2.</p> <p>This stage involves exploring the feasibility of the proposal, how it will be delivered, whether it represents value for money and what outcomes it will deliver for Council and the community. Stage 2 is an interactive process between Council and the proponent.</p>
Stage 3: Contract Negotiations and Finalisation	<p>If determined by the CEO or CEO's delegate that a proposal represents a sufficient benefit to the community that is worthy of acceptance by Council, the proponent will proceed to Stage 3 and enter into formal contract negotiations with Council.</p>

PROBITY

- 6.3. Council recognises that Probity is of fundamental importance to the review and assessment of *unsolicited proposals* and as such, Council will maintain high levels of Probity by:
 - 6.3.1. ensuring that proposals are received, assessed and negotiated, and decisions are made through a fair and transparent process;
 - 6.3.2. ensuring that confidential information contained in an *unsolicited proposal* is protected (except for disclosures to third party advisors and as may be required by law); and
 - 6.3.3. ensuring the completion of declarations of conflicts of interest by key staff involved in the decision-making process.

- 6.4. Council may, at any stage in the evaluation process, engage a probity advisor or Probity Auditor.

Intellectual Property

- 6.5. Council acknowledges that an *unsolicited proposal* may contain Intellectual Property of the proponent and/or third parties. Wherever possible, Council will endeavour to keep confidential any intellectual property of the proponent and/or third parties.

No Legal Relationship

- 6.6. By making an *unsolicited proposal* the proponent acknowledges:
- 6.6.1. that no legally binding contract exists or is to be implied between Council and the proponent unless and until a formal contract is signed by both parties; and
 - 6.6.2. Council is under no contractual or other legal obligation to the proponent with respect to the receipt, assessment, consideration, acceptance or rejection of any *unsolicited proposal* or the failure to receive, assess, consider or accept any *unsolicited proposal*.

No Soliciting or Outside Discussions

- 6.7. All communications in relation to an *unsolicited proposal* must be directed to the CEO or the CEO's nominated delegate to ensure consistency and transparency in the process. Council reserves the right to discontinue evaluation or negotiations regarding a proposal if the proponent discusses the proposal with anyone other than the CEO or the CEO's delegate, unless the proponent has sought and obtained prior written approval from the CEO or the CEO's delegate.
- 6.8. A proponent must not offer any incentive or otherwise seek to influence any person who is either directly or indirectly involved in the assessment or negotiation process. Council reserves the right to end any consideration of a proposal if a proponent fails to comply with this requirement.

7. LEGISLATION

- 7.1. Council acknowledges that there is no formal legislative or statutory framework that applies to an *unsolicited proposal*.
- 7.2. Council recognises that the *Local Government Act 1999 (SA)* establishes principles of good governance and sound practice in relation to procurement and will seek to apply these principles to the assessment of unsolicited proposals wherever possible.

8. AVAILABILITY OF POLICY

- 8.1. This Policy is available for public inspection during normal office hours at:

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A copy may be purchased for a fee as determined annually by the City of Unley.

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9. DOCUMENT HISTORY

Date	Ref/Version No.	Comment
25/10/2021	1.0	Adopted by Council

Policy Type:

Council Policy

Responsible Department:

Corporate Support

Responsible Officer:

Manager Finance and Procurement

Related Policies and Procedures:

Procurement Policy

Unsolicited Proposal Framework

Prudential Management Policy

Fraud and Corruption Prevention Policy

Employee Code of Conduct

Community Plan Link:

3.1 Unley is recognised as an easy place to do business

4.1 We have strong leadership and governance

4.3 Our business systems are effective and transparent

Date Adopted:

25 October 2021

Last review date:

25 October 2021

Next review date:

August 2028

Reference/Version Number:

Draft 2.0

ECM Doc set I.D.:

8634243

1. PREAMBLE

- 1.1. Council recognises the benefits of partnering with the private sector and not-for-profit organisations to deliver social, environmental, and economic outcomes for the community. To that end, Council supports the development and presentation of innovative ideas and opportunities that benefit the community and/or council operations.
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 - 2.2.2. Purchase or lease of assets, unless the purchase or lease is undertaken in accordance with another policy;
 - 2.2.3. Delivery of goods, works or services to or on behalf of Council;
 - 2.2.4. Provision of infrastructure for the community;
 - 2.2.5. An innovation or entrepreneurial project with benefits to Council; or

2.2.6. Any other innovative or entrepreneurial proposal.

3. POLICY OBJECTIVES

- 3.1. Council recognises the need to achieve balance between supporting innovation and running formal procurement processes. In considering *unsolicited proposals*, Council will:
- 3.1.1. support the development of innovative ideas by the private and community sectors that relate to Council's role, function and priorities;
 - 3.1.2. ensure that *unsolicited proposals* are received and assessed through a transparent and fair process involving high standards of probity and public accountability;
 - 3.1.3. ensure the protection of Intellectual Property in *unsolicited proposals* by keeping such content confidential wherever possible;
 - 3.1.4. ensure the *unsolicited proposal* process is not used to circumvent Council's Procurement Policy and processes, and not to disadvantage other suppliers of similar goods or services;
 - 3.1.5. ensure best value for money outcomes from an *unsolicited proposal* that move through to contract finalisation; and
 - 3.1.6. maximise the benefits to the community from an *unsolicited proposal*.

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<i>Unsolicited Proposal</i>	A proposal submitted to Council that has not been requested by Council through a procurement process which is more than marketing material or a general approach from a business to work with Council

5. ROLES AND RESPONSIBILITIES

<u>Role</u>	<u>Responsibilities</u>
Elected Members	<ul style="list-style-type: none"> Responsible for the approval and adoption of this Policy Must comply with the requirements of this Policy Advise the CEO if they are approached by a proponent of an <i>unsolicited proposal</i>; and Advise the proponent of an <i>unsolicited proposal</i> to communicate directly with the CEO or CEO's nominated delegate.
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> Implementation of this Policy and associated procedures; The assessment and determination of a position on an <i>unsolicited proposal</i>; and Provision of advice and recommendations to Elected Members, as may be required and determined by the CEO or CEO's delegate
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Assisting the CEO, or CEO's delegate, with the assessment and determination of a position on an <i>unsolicited proposal</i>;
Management Team	<ul style="list-style-type: none"> Providing subject matter advice to the CEO on an <i>unsolicited proposal</i> pursuant to this Policy and associated procedures.
Procurement Staff	<ul style="list-style-type: none"> Providing procurement and probity advice to the CEO on an <i>unsolicited proposal</i> pursuant to this Policy and associated procedures.
All Employees	<ul style="list-style-type: none"> Must comply with the requirements of this Policy

6. STATEMENT

Principles

- 6.1. Council will apply the following key principles to the consideration of *unsolicited proposal*:
- 6.1.1. assessing if it meets an actual need on the part of the Council or the community;
 - 6.1.2. obtaining value in the expenditure of public money;
 - 6.1.3. providing for ethical and fair treatment of participants; and
 - 6.1.4. ensuring Probity, accountability and transparency in the evaluation process.
- 6.2. Council will consider *unsolicited proposal* in three stages as outlined below:

Stage 1: Initial Proposal

The objective of the Initial Proposal Stage (Stage 1) is for the CEO or the CEO's delegate to determine if:

- the proposal is an *unsolicited proposal* and should be considered in accordance with this Policy; and
- the proposal warrants further consideration.

Stage 2: Detailed Proposal

If the CEO or the CEO's delegate determines that the *unsolicited proposal* warrants further consideration, the assessment moves into Stage 2.

This stage involves exploring the feasibility of the proposal, how it will be delivered, whether it represents value for money and what outcomes it will deliver for Council and the community. Stage 2 is an interactive process between Council and the proponent.

Stage 3: Contract Negotiations and Finalisation

If determined by the CEO or CEO's delegate that a proposal represents a sufficient benefit to the community that is worthy of acceptance by Council, the proponent will proceed to Stage 3 and enter into formal contract negotiations with Council.

PROBITY

- 6.3. Council recognises that Probity is of fundamental importance to the review and assessment of *unsolicited proposals* and as such, Council will maintain high levels of Probity by:
- 6.3.1. ensuring that proposals are received, assessed and negotiated, and decisions are made through a fair and transparent process;
 - 6.3.2. ensuring that confidential information contained in an *unsolicited proposal* is protected (except for disclosures to third party advisors and as may be required by law); and
 - 6.3.3. ensuring the completion of declarations of conflicts of interest by key staff involved in the decision-making process.
- 6.4. Council may, at any stage in the evaluation process, engage a probity advisor or Probity Auditor.

Intellectual Property

- 6.5. Council acknowledges that an *unsolicited proposal* may contain Intellectual Property of the proponent and/or third parties. Wherever possible, Council will endeavour to keep confidential any intellectual property of the proponent and/or third parties.

No Legal Relationship

- 6.6. By making an *unsolicited proposal* the proponent acknowledges:
- 6.6.1. that no legally binding contract exists or is to be implied between Council and the proponent unless and until a formal contract is signed by both parties; and
 - 6.6.2. Council is under no contractual or other legal obligation to the proponent with respect to the receipt, assessment, consideration, acceptance or rejection of any *unsolicited proposal* or the failure to receive, assess, consider or accept any *unsolicited proposal*.

No Soliciting or Outside Discussions

- 6.7. All communications in relation to an *unsolicited proposal* must be directed to the CEO or the CEO's nominated delegate to ensure consistency and transparency in the process. Council reserves the right to discontinue evaluation or negotiations regarding a proposal if the proponent discusses the proposal with anyone other than the CEO or the CEO's delegate, unless the proponent has sought and obtained prior written approval from the CEO or the CEO's delegate.
- 6.8. A proponent must not offer any incentive or otherwise seek to influence any person who is either directly or indirectly involved in the assessment or negotiation process. Council reserves the right to end any consideration of a proposal if a proponent fails to comply with this requirement.

7. LEGISLATION

- 7.1. Council acknowledges *that* there is no formal legislative or statutory framework that applies to an *unsolicited proposal*.
- 7.2. Council recognises that the *Local Government Act 1999 (SA)* establishes principles of good governance and sound practice in relation to procurement and will seek to apply these principles to the assessment of unsolicited proposals wherever possible.

8. AVAILABILITY OF POLICY

- 8.1. This Policy is available for public inspection during normal office hours at:
The Civic Centre,
181 Unley Road, Unley SA 5061.
- A copy may be purchased for a fee as determined annually by the City of Unley.
- This Policy is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

DECISION REPORT

REPORT TITLE:	PROPOSED 2025 AUDIT AND RISK COMMITTEE WORKPLAN
ITEM NUMBER:	2.9
DATE OF MEETING:	12 NOVEMBER 2024
AUTHOR:	ALEX BROWN, GENERAL MANAGER CORPORATE SUPPORT
DIVISION:	CORPORATE SUPPORT
ATTACHMENTS:	1. PROPOSED 2025 AUDIT AND RISK COMMITTEE WORKPLAN

1. **PURPOSE**

This report provides the Audit and Risk Committee with the proposed Audit and Risk Committee Workplan (the Workplan) for the 2025 calendar year.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The proposed 2025 Audit and Risk Committee Workplan as set out in Attachment 1 to this report (Item xx, Audit and Risk Committee Meeting, 12/11/2024) be endorsed.
-

3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership
 - 4.1 We have strong leadership and governance.
 - 4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

The purpose of the Audit and Risk Committee (the Committee) is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters in accordance with section 126 of the *Local Government Act 1999* and the *Audit and Risk Committee Terms of Reference*.

A workplan for the Audit and Risk Committee is prepared to guide and monitor the Committee's activities for the calendar year, and to ensure that the Committee delivers on its responsibilities as set out in the Audit and Risk Committee Terms of Reference.

5. **DISCUSSION**

The proposed 2025 Workplan for the Audit and Risk Committee is provided in Attachment 1.

Attachment 1

Under the Committee's terms of reference, the Audit and Risk Committee has an important independent role in assisting the Council in monitoring the following areas:

- Financial Reporting and Sustainability
- Risk Management and Internal Controls
- Internal Audit and Compliance
- External Audit
- Governance

The proposed Workplan includes the annual activities conducted by the Committee. These include:

- Review of the Draft 2025-26 Annual Business Plan and Budget;
- Review and endorsement of the 2024-25 Financial Statements;
- Liaising with the Council's external auditor and consideration of the external audit reports;
- Receive and consider internal audit reports, and quarterly updates on the progress of the 3 Year Rolling Internal Audit Workplan;
- Receive updates on progress of open audit action items from internal and external audit reports;
- Consideration of the quarterly risk reports and annual review of the internal financial controls;
- Review of the Long-Term Financial Plan, including the Financial Targets and Assumptions to inform the 2026-25 Budget process; and
- Receive presentations by Council's subsidiaries.

The proposed 2025 Workplan also includes the following activities:

- Updates on cyber security;
- Review of the proposed Rates Policy; and
- Review proposed updates to the Procurement Policy.

The Workplan will be reviewed by Administration before each Audit and Risk Committee meeting, and updated as required, to ensure that the Committee delivers on its responsibilities as set out in the *Audit and Risk Committee Terms of Reference*.

Endorsement of the proposed update to the Workplan is sought from the Committee.

6. **POLICY IMPLICATIONS**

6.1 **Risk Management (identification and mitigation)**

- A risk based approach has been applied in identifying the priorities for the proposed Workplan.

6.2 **Staffing/Work Plans/Additional Resource Impact**

- The proposed Workplan has been prepared with consideration to Administration's capacity deliver the proposed Workplan. It will be monitored and updated as required to ensure that the Committee delivers its role as set out in the *Audit and Risk Committee Terms of Reference*.

7. **ANALYSIS OF OPTIONS**

Option 1 –

1. The report be received.
2. The proposed 2025 Audit and Risk Committee Workplan as set out in Attachment 1 to this report (Item 2.9, Audit and Risk Committee Meeting, 12/11/2024) be endorsed.

The proposed 2025 Audit and Risk Committee Workplan has been prepared to assist the Committee to fulfil its responsibilities as outlined within the *Audit and Risk Committee Terms of Reference*.

Option 2 –

1. The report be received
2. Subject to incorporation of the following amendments, the proposed 2025 Audit and Risk Committee Workplan as set out in Attachment 1 to this report (Item 2.9, Audit and Risk Committee Meeting, 12/11/2024) be endorsed.
 - 2.1 Amendments to be determined the Audit and Risk Committee
 - 2.2 Etc

This Option provides the relevant wording to enable the Committee to articulate any changes required to the proposed update to the Workplan, and to recommend these be incorporated by Council at the time of adoption.

Should the Committee wish to make amendments to the proposed update to the Workplan, consideration should be given to the available resourcing and additional resourcing that may be required to deliver a modified Workplan.

Option 3 –

1. The report be received.
2. The proposed 2025 Audit and Risk Committee Workplan as set out in Attachment 1 to this report (Item 2.9, Audit and Risk Committee Meeting, 12/11/2024) be further amended and returned to the Audit and Risk Committee for review.

The Committee may consider that further work is required to the Audit and Risk Committee Workplan. This option requests further development of the documents and that they be returned to the Committee at the next meeting.

The Committee should, under this option, communicate what amendments it would like to have made and the resourcing that may be required.

8. RECOMMENDED OPTION

Option 1 is the recommended option.

9. REPORT AUTHORISERS

Name	Title
Alex Brown	General Manager Corporate Support

City of Unley

2025 Audit and Risk Committee Workplan

(as at November 2024)

Item	4 Mar	13 May	12 Aug	21 Oct	2 Dec
Audit Committee					
2025 Workplan for Update	As required				
Meeting Dates for 2026				■	
2026 Workplan for Endorsement					■
Strategic & Financial					
LTFP Update	■				
Draft LTFP (2025-35)		■			
Draft Annual Business Plan and Budget		■			
2024-25 Financial Statements				■	
LTFP Key Assumptions & Targets (2026-36)					■
External Audit					
2025 External Audit Plan	■				
Interim Report			■		
Final Report (with the Financial Statements)				■	
Internal Audit					
Quarterly Internal Audit Progress Report	■	■	■		■
Internal Audits		■	■		■
3 Year Internal Audit Plan Review					■
Open Audit Actions					
Progress of Internal & External Audit Actions	■	■	■		■
Other Risk Management					
Internal Financial Controls		■			
Quarterly Risk Report	■	■	■		■
Cyber Security Update	■		■		
Finance Systems Update		■			
Policy Review					
Rates Policy	■				
Procurement Policy Amendments	■				
Presentations					
Subsidiary Presentations	To be advised early in 2025				

Key

✓ Completed

■ Previously planned

■ Presentation

■ → ■ Changed timing

■ Additional item