

His Worship the Mayor  
Councillors  
**CITY OF MARION**



**NOTICE OF  
FINANCE AND AUDIT COMMITTEE**

Notice is hereby given pursuant to the provisions under Section 83 of the Local Government Act 1999 that a General Council meeting will be held

**Tuesday 15 August 2017**

**Commencing at 4.00pm**

**In the Council Chamber**

**Council Administration Centre**

**245 Sturt Road, Sturt**

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration building on Sturt Road, Sturt.

A handwritten signature in black ink, appearing to read "Adrian Skull", with a horizontal line underneath.

Adrian Skull  
**CHIEF EXECUTIVE OFFICER**

10 August 2017

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE AGENDA  
FOR THE MEETING TO BE HELD ON  
TUESDAY 15 AUGUST 2017  
COMMENCING AT 4.00 PM  
COUNCIL CHAMBER, ADMINISTRATION CENTRE  
245 STURT ROAD, STURT**



**1. OPEN MEETING**

**2. KAURNA ACKNOWLEDGEMENT**

*We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.*

**3. MEMBER'S DECLARATION OF INTEREST (if any)**

**4. CONFIRMATION OF MINUTES**

- 4.1 Confirmation of the Minutes for the Finance and Audit Committee Meeting held 30 May 2017  
Report Reference: FAC150817R4.1 .....4

**5. BUSINESS ARISING**

- 5.1 Review of the Business Arising from previous meetings of the Finance and Audit Committee  
Report Reference: FAC150817R5.1 .....11

**6. ELECTED MEMBER REPORT**

- 6.1 Elected Member's Report  
Report Reference: FAC150817R6.1 ..... 16

**7. CONFIDENTIAL ITEMS**

Nil

**8. REPORTS**

**Matters for Discussion**

Service Reviews and Internal Audit

- 8.1 Update on the Property Portfolio – Internal Audit  
Report Reference: FAC150817R8.1 .....19
- 8.2 Internal Audit Program 2015/16 – 2016/17  
- Policy Framework  
Report Reference: FAC150817R8.2 .....22

8.3	Draft Internal Audit Plan 2017-2018 Report Reference: FAC150817R8.3 .....	58
8.4	Meeting with the Internal Auditors in confidence Report Reference: FAC150817R8.4(F01).....	78
8.5	Service Review Program Update - Asset Systems Service Review Report Reference: FAC150817R8.5 .....	79

Corporate & Financial Management

8.6	Project Management Framework Report Reference: FAC150817R8.6 .....	159
8.7	ICT Digital transformation Plan Report Reference: FAC150817R8.7 .....	182
8.8	Asset Valuation Process and Outcomes for 2016/17 Report Reference: FAC150817R8.8 .....	197
8.9	An Appropriate Level of Debt Report Reference: FAC150817R8.9 .....	202

Risk Management

8.10	Insurance Claims Management Activity Report Report Reference: FAC150817R8.10 .....	207
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**9. ANY OTHER BUSINESS**

Verbal update – Fraud Framework implementation

**10. MEETING CLOSURE**

The Audit Committee meeting shall conclude on or before 6.00 pm unless there is a specific motion adopted at the meeting to continue beyond that time.

**11. NEXT MEETING**

The next Meeting of the Finance and Audit Committee is scheduled to be held on:

**Time: 9.30 am**

**Date: Tuesday, 10 October 2017**

**Venue: Council Chamber, Administration Building**

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING  
HELD AT THE ADMINISTRATION CENTRE  
245 STURT ROAD, STURT  
ON 30 MAY 2017**



**PRESENT**

Mr Greg Connor (Chair), Ms Kathryn Presser, Ms Emma Hinchey, Councillor Telfer and Councillor Kerry

**In Attendance**

Mr Adrian Skull	Chief Executive Officer
Mr Vincent Mifsud	General Manager Corporate Services
Ms Abby Dickson	General Manager City Development
Mr Tony Lines	General Manager Operations
Mr Ray Barnwell	Manager Finance
Ms Jaimie Thwaites	Acting Manager Corporate Governance
Ms Deborah Horton	Unit Manager Performance Improvement Team (items 8.5 – 8.7)
Ms Carol Hampton	Manager Land and Property (item 8.5)
Mr Colin Heath	Manager Contracts and Operational Support (item 8.6)
Mr Mat Allen	Manager Engineering and Field Services (item 8.6)
Ms Liz Byrne	Manager Community and Cultural Services (8.6)
Ms Sharon Perin	Unit Manager Community Health and Safety (Item 8.6)

**1. OPEN MEETING**

The meeting commenced at 9.31am. The Chair welcomed all those present to the meeting.

**2. KAURNA ACKNOWLEDGEMENT**

We begin by acknowledging the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

**3. MEMBERS DECLARATION OF INTEREST**

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

No interests were disclosed.

**4. CONFIRMATION OF MINUTES**

**4.1 Confirmation of Minutes for the Finance and Audit Committee held 28 February 2017**

**9.33am Moved councillor Telfer, Seconded Ms Presser** that the minutes of the Finance and Audit Committee meeting held on 28 February 2017 are confirmed as a true and correct record of proceedings.

**Carried Unanimously**

## 5. BUSINESS ARISING

### 5.1 Review of the Business Arising from previous meetings of the Finance and Audit Committee

**Report Reference: FAC3005175.1**

**9.34am** The statement identifying business arising from the previous meetings of the Committee was reviewed and progress achieved against identified actions was noted.

The Committee noted that the Internal Audit Plan July 2017 – June 2019 would be presented at the 15 August 2017 meeting.

## 6. ELECTED MEMBER REPORT

### 6.1 9.36am Elected Members' Report

**Report Reference: FAC300517R6.1**

Councillor Telfer spoke to the report. In speaking to the report, Councillor Telfer noted the following:

- Council will need to reduce the number of new requests (particularly in relation to infrastructure) in order to complete them by the end of this Council term.
- Council resolved to remain with the Local Government Association, however, requested a number of probity actions be carried out.
- Adopted new suites of Corporate and Chief Executive Officer Key Performance Indicators for 2017/18 that are more closely aligned with the budget and strategic plan.
- Approved basic renovations to be carried out at the Marion Outdoor Pool in 2017/18 with further reports to come back to Council for consideration of further upgrades in the next 2 years.
- Service Review Reports in the Finance and Audit Committee agenda are too detailed and need to be more concise.
- Readability of graphs and tables on the iPads is an issue.

Councillor Kerry added that it was positive that Council resolved to remain with Local Government Association (LGA).

The Committee noted the report.

**ACTION: An update report be provided on what the LGA is doing in response to the request by Council regarding a number of performance areas listed. (GC140317F02).**

**ACTION: Opportunities for finding a commercial use for the clay which is being removed from the BMX site be investigated (e.g. Southern Region Waste Resource Authority)**

## 7. CONFIDENTIAL ITEMS

Nil

## 8. REPORTS

### Matters for Discussion

#### Corporate & Financial Management

#### **9.42am Deloitte Audit Engagement for the Year Ending 30 June 2017 Report Reference: FAC300517R8.1**

9.42am Ms Penny Woods, Audit Engagement Partner - Deloitte and Mr Jason Liu, Manager – Deloitte joined the meeting

Ms Penny Woods (Deloitte) and Mr Jason Liu (Deloitte) spoke to the report.

The Committee questioned if it was common practice to essentially advise what areas were not going to be audited. Ms Woods and Mr Liu confirmed that the profiling is done on a balanced approach and only approximately fifty percent of the program is identified. Additional areas outside of this list would also be audited, based on risk.

Ms Woods confirmed for the Committee that the very competitive price of the contract would not mean a reduction in the level and quality of service.

**Moved Ms Presser, Seconded Ms Hinchey** that the Finance and Audit Committee:

1. Considers the outline of Deloitte's Audit Plan for the financial year ending 30 June 2017.
2. Notes the scope of the audit to be carried out by Deloitte for the year ending 30 June 2017.
3. Notes that the Chief Executive Officer will execute the acknowledgement of the engagement letters.

**Carried Unanimously**

9.55am Ms Penny Woods, Audit Engagement Partner - Deloitte and Mr Jason Liu, Manager – Deloitte left the meeting

#### **9.55am Annual Business Plan 2017/18 and Long Term Financial Plan Report Reference: FAC300517R8.2**

The Manager Finance gave an overview of the Annual Business Plan 2017/18 and Long Term Financial Plan.

The Committee noted the report and provided the following feedback:

- The public consultation is a quite detailed document, even though the report has reduced compared to previous years.
- To date the document has been downloaded 26 times.
- Eight responses relating to the downloads have been received so far.
- On Page 77 of the agenda change the term relating to Council's Cash Funding position from 'better' to 'positive'
- The limitation of the rate increase to 2.2% is a great achievement and should be highlighted further in the report.
- The document should include examples where the City of Marion is leading the way (e.g. LED street lighting, soccer and BMX facility)

- The financial indicator targets on Page 85 need clarification.
- ‘Other Infrastructure services’ – can they be broken down further to provide more details?
- Commentary on ‘Other expenses’ on page 80 should be provided.
- A further elaboration of ‘Employee costs’ on page 82 would be beneficial.
- Simplify / clarify the information on Page 82, perhaps with the use of a pie chart.
- On Pages 87-90 the term ‘various’ should be better defined where possible to provide more detail.
- The Cash Surplus/Deficit on Page 86 should provide more details and tell the story.

Subject to these amendments, the Committee noted the report.

**10.35am Auditor-General Report – Examination of governance arrangements in local government: February 2017**  
**Report Reference: FAC300517R8.3**

The Acting Manager Corporate Governance provided an overview of the report.

The Committee noted the report and acknowledged that ‘adequate’ by the Auditor-General translates to ‘meets the expected standards’. Steps will need to be taken to ensure that the procedures referred to in Appendix 1 are finalised and do not just remain as drafts.

**ACTION: A copy of the Auditor General’s report should be provided to the internal auditors for their consideration in planning the 2017/18 internal audit schedule.**

**ACTION: Advise the Auditor-General in writing once all recommendations have been completed.**

Risk Management

**10.40am WHS Annual Risk Report**  
**Report Reference: FAC300517R8.4**

The Acting Manager Corporate Governance gave an overview of the report.

10.42am Ms Presser left the meeting

10.44am Ms Presser re-entered the meeting

The Committee noted the report and the following points were highlighted:

- SA Work Health and Safety regulatory requirements place an onus on People Conducting a Business or Undertaking (PCBU’s) to have an appropriate safety management system in place. This must have a much higher focus on WHS and requires adequate resources.
- Additional Key Performance Indicators (lead and lag) should be reported to Council in addition to the Lost Time Injuries metrics, for example this could include the number of hazards reported.
- The implementation of an appropriate system will assist with additional reporting.

### Service Reviews and Internal Audit

#### **10.46am Internal Audit Program 2015 – 2017 (2016/17 Report to date) Report Reference: FAC300517R8.5**

10.46am Mr Justin Jamieson, Engagement Partner - KPMG and Jared Lawrence, Engagement Director – KPMG joined the meeting.

The Committee noted that not all of the 2015-2017 Internal Audit Program is completed yet. KPMG acknowledged that the program is a bit back ended, however worst-case scenario is that all remaining audits would be completed by mid-July 2017.

Mr Jamieson (KPMG) and Mr Lawrence (KPMG) spoke to the attached Property Portfolio Management Internal Audit report.

The Manager Land and Property spoke to the attached Property Portfolio Management Internal Audit report.

The Committee noted the Property Portfolio Management Internal Audit report and acknowledged the following:

- Council hold a diverse range of properties.
- An improved system (or better utilisation of the current system) is required to better manage properties.
- The Land and Property team need support from Corporate Services to assess governance structures for new leases and licenses and compliance with discount entitlements.
- Council has endorsed a new leasing and licensing Policy, which is being transitioned in, starting with those agreements that have expired but are on hold.
- A number of the issues are legacy issues, however these have been recognised and are being addressed.

**ACTION: The Committee be provided with an update report on the KPMG Property Portfolio Management recommendations at the August 2017 meeting**

**ACTION: A brief update report be presented at the December 2017 Finance and Audit Committee meeting on the new leasing approach adopted by Council.**

#### **11.13am Organisational Service Reviews 16/17 Update Report Reference: FAC300517R8.6**

The Unit Manager Performance and Improvement provided an overview of the report. The Committee provided feedback on each of the service reviews as listed below:

- Organisational Service Review – overall status (Appendix 1) – noted.
- Organisational Service Review – recommendation status (Appendix 2) – noted.
- Management of Recycling Depot and Stores Report (Appendix 3) and Storage and Inventory Management (Appendix 4) -

The Manger Contracts and Operational Support provided an overview of the reports.

The Committee noted the report, raising the following points:



- The City of Marion holds a higher level of inventory when compared to other Councils.
- It is difficult to compare Councils as they are structured differently and some are more outsourced.
- Spot checks should be done and reported on regularly.
- 'Just-in-time' purchasing practices should be considered where appropriate.
- A visual scorecard for metrics would be useful.

11.26am Mr Justin Jamieson, Engagement Partner - KPMG and Jared Lawrence, Engagement Director – KPMG left the meeting

- Drainage Service Review (Appendix 5) –

Manager Engineering and Field Services provided an overview of the report.

11.28am Councillor Kerry left the meeting

11.30am Councillor Kerry re-entered the meeting

The Committee noted the report and provide the following feedback:

- Consideration should be given to how much detail is required in the report.
- The focus of the service reviews need to be on key issues and should be seen as a way to highlight the issues and not include everything.
- The reporting methodology should be assessed to get the balance right between funding and resources.
- Pictures and graphics in the report can be difficult to read particularly on iPads.
- When comparing with other Councils, are the concerns with contractors due to our high standards or are we getting the wrong contractors?
- Is contractor management the issue?
- Work needs to be done to address the City of Marion's high unit rate cost.

- Marion Celebrates Festival Service Review (Appendix 6) –

Manager Community and Cultural Services provided an Overview of the report. The Committee noted the biggest challenge for the Festival planning is determining where to hold it and at what time.

- Parking Management and Regulation Service Review (Appendix 7) -

Unit Manager Community Health and Safety provided an overview of the report. In response to a question from the Committee, the Unit Manager Community Health and Safety advised that a 'good day' for a Community Safety Inspector would be one where everyone is complying, there are no safety issues and no fines are being issued because there are no compliance breaches. It was recognised that compliance would affect revenue from expiations. The requirement for better data to assist in prioritising work was acknowledged.

The Committee noted the report and provide the following feedback:

- Note the typo in paragraph two on page 344
- The overarching strategy for parking management should be clearly articulated.

## **12.08am Proposed Service Review Schedule 2017/18 Report Reference: FAC300517R8.7**

The Unit Manager Performance and Improvement provided an overview of the report.

The Committee recommended that an additional step 5 should be included in the methodology, namely, 'a report with recommendations be presented'. The Executive Leadership team need to ensure that the 'real benefit' of doing a particular service review is appropriately assessed.

The Committee suggested a Service Review of the organisation's ICT business application systems may be worth considering.

The Committee noted the report.

**9. ANY OTHER BUSINESS**

The Chief Executive Officer provided the Committee with an overview of the organisational re-structure.

**10. MEETING CLOSURE**

The meeting was declared closed at 12.30pm.

**11. NEXT MEETING**

The next meeting of the Finance and Audit Committee is scheduled to be held on:

**General Meeting of the Finance and Audit Committee**

**Time: 4.00pm – 6.00pm**

**Date: 15 August 2017 (including joint workshop with Council from 7.00pm – 9.00pm)**

**Venue: Council Chamber, Administration Building**

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**CHAIRPERSON**

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## CITY OF MARION

## BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 3 AUGUST 2017



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	28 February 2017	The Committee requested that the Project Management Report be brought to the August 2017 Committee Meeting	F Harvey	August 2017	Progress Report included in the August agenda	August 2017
2.	30 May 2017	The Committee noted that the Internal Audit Plan July 2017 – June 2019 would be presented at the 15 August 2017 meeting.	J Thwaites	August 2017	This item is listed on the agenda as a separate report	August 2017
3.	30 May 2017	<b>Elected Members' Report</b> <b>Report Reference: FAC300517R6.1</b> An update report be provided on what the LGA is doing in response to the request by Council regarding a number of performance areas listed. (GC140317F02).	J Thwaites / K McKenzie	August 2017	Follow up has occurred with the LGA. A verbal update will occur at the FAC meeting.	
4.	30 May 2017	<b>Elected Members' Report</b> <b>Report Reference: FAC300517R6.1</b> Opportunities for finding a commercial use for the clay which is being removed from the BMX site be investigated (e.g. Southern Region Waste Resource Authority)	M Eagles	August 2017	The properties of the clays from the BMX site did not meet SRWRA's specifications for use in their operations. A company has expressed interest in the black clay on the site; initial discussions are promising but any works will depend on the project program. Investigations into the use of the clay elsewhere in Council operations and sites have not resulted in anything positive as yet. Investigations to find commercial or cost saving uses for the clays will continue.	August 2017
5.	30 May 2017	<b>Auditor-General Report – Examination of governance arrangements in local government: February 2017</b> <b>Report Reference: FAC300517R8.3</b> A copy of the Auditor General's report should be provided to the internal auditors for their	J Thwaites	June 2017	A copy of the report was provided to KPMG on 5 June 2017.	June 2017

Report Reference: FAC280217R5.1

City of Marion  
Finance & Audit Committee Action Arising Statement as at 9 December 2016

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	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
		consideration in planning the 2017/18 internal audit schedule.				
6.	30 May 2017	<b>Auditor-General Report – Examination of governance arrangements in local government: February 2017</b> <b>Report Reference: FAC300517R8.3</b> Advise the Auditor-General in writing once all recommendations have been completed.	K McKenzie	Dec 2017	Progress of the recommendations is continuing. The Legal Compliance Framework is the largest piece of work still to be completed in relation to the Auditor-General recommendations. This framework has a target date of December 2017. A further status update will be provided at the October 2017 FAC Meeting.	
7.	30 May 2017	<b>Internal Audit Program 2015 – 2017 (2016/17 Report to date)</b> <b>Report Reference: FAC300517R8.5</b> The Committee be provided with an update report on the KPMG Property Portfolio Management recommendations at the August 2017 meeting	C Hampton	August 2017	Separate report included within the agenda	August 2017
8.	30 May 2017	<b>Internal Audit Program 2015 – 2017 (2016/17 Report to date)</b> <b>Report Reference: FAC300517R8.5</b> A brief update report be presented at the December 2017 Finance and Audit Committee meeting on the new leasing approach adopted by Council.	C Hampton	Dec 2017	This item has been listed for the December Meeting.	

\* completed items to be removed are shaded

<b>SCHEDULE OF MEETINGS 2017</b>			
<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
Tuesday	28 February 2017	9.30am – 12.30 pm	Administration Centre
Tuesday	30 May 2017	9.30am – 12.30 pm	Administration Centre
Tuesday	15 August 2017	4.00 – 6.00 pm Followed by 7.00 – 9.00 pm (Joint workshop with Council)	Administration Centre
Tuesday	10 October 2017	9.30am – 12.30 pm	Administration Centre
Tuesday	12 December 2017	9.30am – 12.30 pm	Administration Centre

**INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2017**  
**TUESDAY, 28 February 2017**

<b>Topic</b>	<b>Action</b>
Draft Annual Business Plan and Budget 2017/18 and Draft Long Term Financial Plan	Review and Feedback
Corporate Risk Profile (including defining Council's risk tolerance)	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Draft Policy Framework	Review and Feedback
Draft Project Management Framework	Review and feedback
Outcomes of Auditor General Audit	Review and Feedback
Outcome of External Audit Tender	Review and Recommendation to Council

**TUESDAY, 30 May 2017**

<b>Topic</b>	<b>Action</b>
Audit Engagement for the Year Ending 30 June 2017	Review and Recommendation to Council
Draft Annual Business Plan and Budget (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Organisational Key Performance Indicators 2017/18	Review and Recommendation to Council
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback

Internal Audit Plan July 2017 – June 2019	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Service Review Plan July 2017 - June 2019	Review and Feedback
Annual Review of WHS Program	Review and Feedback

**TUESDAY, 15 August 2017 (Joint Workshop with Council)**

<b>Topic</b>	<b>Action</b>
Annual Claims and Insurance Renewal Report	Review and Feedback
Valuations of Buildings and Assets	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program – Scopes, Reviews and Monitoring	Review and Feedback
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Property Portfolio Internal Audit Recommendations	Update report
Joint Workshop with Council (6.30 – 8.00 pm)	<ul style="list-style-type: none"> <li>• Discussion with Council</li> <li>• Funding Major projects (borrowings versus cash)</li> </ul>

**TUESDAY, 10 October 2017**

<b>Topic</b>	<b>Action</b>
Audit Committee Annual Report to Council 2016/17	Review and Refer to Council
Independence of Council's Auditor for the year end 30 June 2017	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2017	Review and Recommendation to Council
Meeting with external auditors in camera	Seeking feedback from Auditors
Draft Compliance Framework	Review and Feedback
LGA MLS Risk Review	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Investment Performance 2016/17	Noting

**Tuesday, 12 December 2017**

<b>Topic</b>	<b>Action</b>
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2018	Review and Feedback
Ombudsman SA Annual Report 2016/17	Review and Feedback
New Leasing approach for Council facilities	Update report

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officer:** Kate McKenzie, Manager Corporate Governance  
Councillor Raelene Telfer, Councillor Nick Kerry

**Subject:** Elected Members' Report

**Report Reference:** FAC150817R6.1

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**REPORT OBJECTIVE:**

Section 4.20 of the Audit Committee Policy states *"where the Council makes a decision relevant to the Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide any relevant context"*.

**EXECUTIVE SUMMARY:**

Since the last Finance and Audit Committee meeting on 30 May 2017, Council has held four (4) General Council Meetings on 13 June, 27 June, 25 July and 8 August and one (1) Special Council meeting on 6 June 2017.

At these five (5) meetings, the Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference:

**SPECIAL GENERAL COUNCIL**

**6 June 2017**

**Oaklands Crossing Project**

This item was considered in confidence due to the commercial requirements of the project. In line with the media release, Council will consider a \$5 million contribution in land, roadworks and green space while facilitating a special planning zone to allow high-density developments.

**GENERAL COUNCIL**

**13 June 2017**

**Annual Business Plan and Budget 2017/18**

The Draft Annual Business Plan 2017/18 was considered at this meeting prior to final consideration at the 27 June 2017 General Council meeting with variations as approved by council based on:

- Average Rate increase of 2.2%
- Minimum Rate of \$1,022
- No Maximum Rate is applicable
- Capping set at 12% with a \$20 minimum and \$200 maximum
- Differential Rate by land use:
  - Commercial 85%
  - Industrial 70%
  - Vacant Land 100%



## **City of Marion Strategic Plan 2017-2027**

After public consultation, the Council has now adopted the Strategic Plan 2017-2027 that provides a high-level road map identifying the key areas of focus over the next 10 years. The Plan sets out a 10-year goal and strategies under each theme of the Community Vision that then connect with the focus of the 3-year Business Plan 2016-2019 under each of these themes.

### **27 June 2017**

#### **Annual Business Plan 2017/18 and Long Term Financial Plan**

Council adopted the Annual Business Plan 2017/18 and the Long Term Financial Plan with an average rate increase of 2.2%.

As part of the budget process, Council also adopted the following:

- A number of Financial Policies including the Rating Policy, Treasury Management Policy, Asset Management Policy, Fees and Charges Policy, Reserve Funds Policy, Asset Accounting Policy and the Budget Policy.
- The capital valuations as supplied by the Office of the Valuer-General, (at Supplementary Week 52 dated 26 June 2017), as the Valuations that are to apply to land within its area for rating purposes for the 2017/2018 financial year. Council noted that, at the time of adoption, the Valuation totalled \$19,994,089,420 (including \$19,023,700,054 Rateable and \$970,389,366 Exempt).

#### **Edwardstown Oval – Design development phase and Community consultation feedback**

The Edwardstown Oval Redevelopment Project has progressed to design development stage, and recent community consultation on the design has been very positive, indicating strong community support for the redevelopment.

Council considered a report regarding the scope and design of the redevelopment. The Council also considered a cost plan estimate for the facility and associated site and construction costs.

The Council endorsed the developed design, for the full scope delivery of the Edwardstown Oval redevelopment as a basis for the preparation of a planning approval submission and development approval prior to the calling for construction tenders, subject to the enclosed community floor space being increased to accommodate up to a 120 seating capacity. Council also approved the undertaking of an Expression of Interest open tender, to determine a select construction contractor tender field. Council also requested a further report in September 2017 at the conclusion of the expressions of interest

#### **Service Review Program 2017/18**

Council considered a report on the Service Review program 2016/17 noting that the program has been operational for almost a year. In this time, 10 service reviews had been completed, exceeding the quota of reviews to be completed by 30 June 2017 by 1. Concurrent to the service review schedule, an appraisal of the previous methodology used to identify and prioritise a service was completed. Council considered and adopted a new methodology that addressed knowledge gained from the first service reviews completed in 2016/17. Council also considered and adopted a list of proposed services for the 2017/18 financial year service review program.

### **25 July 2017**

Council is to undertake a Development Plan Amendment (DPA) proposing changes to housing density/diversity throughout a large proportion of the Residential Zone. The DPA also investigates the introduction of mixed-use areas in the Commercial Zone on Marion Road, Local and Neighbourhood Centre Zones, and along certain transit corridors.

An amended Statement of Intent (SOI) endorsed by Council on 27 June 2017 has been forwarded to the Minister for agreement. In anticipation of support for the SOI, Council administration are endeavouring to complete all investigations and prepare the DPA ready for public consultation.

The Council considered and adopted three areas of potential policy change of Council.

### **8 August 2017**

#### **Corporate Risk Profile**

Council considered a report on the Corporate Risk Profile. Council requested that the risks be reviewed and presented to the FAC meeting on 10 October 2017 and then the following Council meeting on 22 October 2017.

### **COMMITTEES**

The Council's 3 Committees also met and discussed the following matters which relate to the FAC Terms of Reference:

#### **Infrastructure and Strategy Committee**

6 June 2017

- Edwardstown Oval Redevelopment

4 July 2017

- ICT Strategy and Future Technology Workshop

1 August 2017

- ICT Digital Transformation Plan

#### **Urban Planning**

6 June and 1 August 2017

- No items to report

#### **Review and Selection Committee**

- No meetings held

### **RECOMMENDATION**

**The Finance and Audit Committee note the report.**

### **DUE DATE**

**August 2017**

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officer:** Carol Hampton, Manager City Property

**General Manager:** Abby Dickson, General Manager City Development Services

**Subject:** Property Portfolio Internal Audit Recommendations Progress Report

**Report Reference:** FAC150817R 8.1

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**EXECUTIVE SUMMARY**

The objective of this report is to provide the Finance and Audit Committee with an update on the implementation of the recommendations of the KPMG internal audit on the Property Portfolio.

**BACKGROUND**

At the Finance and Audit Committee on 30 May 2017, a report was provided (FAC300517R8.5) on the Property Portfolio Management and a report was provided in (Appendix 1) of the report.

There were seven recommendations (three rated 'moderate' and four rated 'low' in terms of managing risk).

The Committee noted the Property Portfolio Management Internal Audit report and acknowledged the following:

- Council hold a diverse range of properties.
- An improved system (or better utilisation of the current system) is required to better manage properties.
- The Land and Property team need support from Corporate Services to assess governance structures for new leases and licenses and compliance with discount entitlements.
- Council has endorsed a new Leasing and Licensing Policy, which is being transitioned, starting with those agreements that have expired but are on hold.
- A number of the issues are legacy issues, however these have been recognised and are being addressed.

The following actions were noted;

1. The Committee be provided with an update report on the KPMG Property Portfolio Management recommendations at the August 2017 meeting.
2. A brief update report be presented at the December 2017 Finance and Audit Committee meeting on the new leasing approach adopted by Council.

**RECOMMENDATIONS**

**DUE DATES**

**That the Finance and Audit Committee;**

- 1. Notes the report.**

**15 August 2017**

## DISCUSSION

The following table provides an update on the actions that have been or are being undertaken in relation to the seven findings.

<p><b>1. <i>Building asset maintenance is not effectively planned, implemented, reported and monitored</i></b></p>
<p><b>Actions</b></p> <p>The Asset Management Plan is continuing to be reviewed and has aimed to incorporate findings of the Building Condition Audit, DDA and Asbestos Management Work. This has been incorporated in the 2017/18 budget.</p> <p>The Property Maintenance – Service Review is approximately 90% completed. The review will assist with improving management and efficiencies and effectiveness of the maintenance of facilities including procurement processes for maintenance services.</p> <p>The review has taken into consideration ;</p> <ul style="list-style-type: none"> <li>- The KPMG internal audit</li> <li>- Staff Consultation</li> <li>- Financial Analysis</li> <li>- Input from three metropolitan councils</li> <li>- Options assessment</li> </ul> <p>At this stage 6 scenarios have been developed with potential cost savings and efficiencies identified. Some of the scenarios will require significant changes to procurement, reallocation of works away from contractors, contractor management. The review is now at the stage to test these scenarios, assess risks and issues, engage management and internal staff in the proposed changes.</p> <p>In addition, numerous findings and opportunities have been identified and at this stage only a few have had their value determined. Cost to remediate and actions required are still to be finalised. Work will continue on these findings to enable efficiencies and service improvements to be progressed and provided to the Finance &amp; Audit Committee meeting in October 2017.</p>
<p><b>2. <i>There is limited management reporting for the property portfolio</i></b></p>
<p><b>Actions</b></p> <p>The Land and Property team are contributing to the review of the Asset Management System which will enable improved reporting. This will be achieved in the long term.</p> <p>The Leasing Officer continues to access the finance system on a weekly basis to run a report to monitor and manage debtors.</p> <p>As part of the Service Review, maintenance activities data has been extracted from the finance system on spend by contractor, site and type of expenditure. This is guiding the scenarios and proposed actions.</p>
<p><b>3. <i>The interface between (i) Land and Property Team and (ii) Finance team has improved in recent months but remains challenging in terms of information flow (both ways)</i></b></p>
<p>There is still an ad hoc arrangement in place however communications between the two work areas occurs on a regular basis. Some changes have occurred including details of Standing Orders which have been verified by both teams.</p> <p>Appropriate property management systems are required to replace current manual systems. This analysis will be undertaken in next 6 months to identify potential systems.</p>

<b>4. Kwianis Club occup and pay rent for use of City of Marion assets, however, there is no lease arrangement in place</b>
A 12 month permit has been issued.
<b>5. Compliance and documentation management matters regarding existing leases</b>
No change as information is not required from clubs until later in the year. Staff continue to work with clubs and community groups to build their capacity in governance which supports them to meet their reporting obligations under the lease.
<b>6. Lease documents are not stored securely and are also not accessible to key stakeholders</b>
Agreed management action continuing to be implemented e.g. new leases will be saved in Sharepoint and made accessible to appropriate stakeholders.
<b>7. There is an opportunity to consider service delivery models for key maintenance activities</b>
As above in 1. The Service Review has identify alternative service delivery models, these are currently being tested.

## CONCLUSION

Progress has been made on the findings of the audit and a further update will be provided to the Finance & Audit Committee in October 2017.

**CITY OF MARION  
FINANCE & AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officer:** Deborah Horton, Governance Quality Coordinator  
**Manager:** Kate McKenzie, Manager Corporate Governance  
**General Manager:** Vincent Mifsud, General Manager Corporate Services  
**Subject:** Internal Audit Program 2015 to 2017 Update  
- Policy Framework  
**Report Reference:** FAC150817R8.2

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**REPORT OBJECTIVES**

To provide the Finance & Audit Committee (FAC) with an update on the Internal Audit Program for the 2015 to 2017 financial years.

**EXECUTIVE SUMMARY**

The 2015 to 2017 Internal Audit Program identified 12 projects across the organisation. All projects are now complete, with the exception of:

- People, Leadership and Culture review as it was determined to progress this review through other projects identified within the Human Resources Department, rather than through the internal audit program.
- Corporate Reporting review which is now 75% complete.

The 2015/16 and 2016/17 program resulted in 49 recommendations being identified with 24 of these complete, seven (7) on track, eleven (11) over-due and seven (7) not yet commenced.

A new Internal Audit Program for 2017 to 2019 is being presented in a separate report for the FAC's consideration and input.

**RECOMMENDATIONS**

**DUE DATES**

**That the Finance & Audit Committee:**

- |   |                    |
|---|--------------------|
| <b>1. Note this report.</b>                               | <b>15 AUG 2017</b> |
| <b>2. Provide feedback on the Policy Framework Report</b> | <b>15 AUG 2017</b> |

## ANALYSIS

Table one below provides an overview of the reporting cycle and costs of each audit over the two-year program.

Table 1

Project	Commence Date	Scope	Progress	1 <sup>st</sup> Draft	Final Draft	FAC
Program 15/17	Nov 15	✓	✓	✓	✓	15 Dec 2015
Capital Works	Jan 16	✓	✓	✓	✓	8 March 2016
Payroll	Jan 16	✓	✓	✓	✓	31 May 2016
Building Insurance and Asset Valuation	May 16	✓	✓	✓	✓	31 May 2016
Cash Handling	March 16	✓	✓	✓	✓	16 August 16
People, Leadership and Culture	April 16	✓	<i>Review did not progress</i>			
Accounts Receivable	Oct 16	✓	✓	✓	✓	28 Feb 17
Purchase Cards	Dec 16	✓	✓	✓	✓	28 Feb 17
IT Security – Cyber maturity	Nov 16	✓	✓	✓	✓	28 Feb 17
Corporate Performance Reporting	Nov 16	✓	✓	✓	75%	10 Oct 17
Policy Framework Review	Feb 17	✓	✓	✓	✓	15 August 17
Property Portfolio Management	Feb 17	✓	✓	✓	✓	30 May 17

Provided below is a short summary describing KPMG's findings for the Policy Framework Review.

### **Policy Framework Review (Appendix 1)**

The review focused on the Policy framework with a view to understand the current policy environment, assessing and prioritising policies based on strategic direction and high level risk assessment. The review has made seven findings which have all been assessed as low risk. These findings include:

- The development of a governance/management framework for CoM policies
- A centralised register and repository for policies
- Policies should be assigned policy owners and policy approvers
- Policy review process required improvement
- Policy hierarchy, definition and terminology needs clarification
- Annual policy refreshers and declaration should be considered
- Annual process for monitoring and reporting compliance with the policy framework

A number of these recommendations were also identified through the audit completed by the Auditor General and will be implemented in the 2017/18 financial year.

### **Monitoring Internal Audit Recommendations – overall status by exception**

Table two below provides the status of recommendations from the 2015-2017 Internal Audit Program. There are no overdue recommendations that have been assessed as high risk.

Project	Findings	On Track	Overdue	Completed	Not Commenced	Table two – Projects not yet complete status
						Comments
Capital Works Program (2015/16)	8		4	4		The four recommendations (all low risk) yet to be completed relate to a broad review of Asset management. This will be addressed during the Asset Management planning cycle and service review, which is currently in progress and scheduled for completion at the end of August 2017.
Payroll (2015/16)	6		2	4		The two outstanding recommendations (both moderate risks) relate to process improvements relying upon software system upgrades, one relates to the new SharePoint system (which is not yet fully integrated) and another regarding BIS systems – staff are currently working in conjunction with ICT to get the best approach to meet Payroll and HR team needs in SharePoint.
Building Insurance & Asset Valuation (2015/16)	8	1		7		This outstanding recommendation (low risk) relates to further exploration regarding Council's insurance arrangements. A report on the LGA Insurance Scheme was considered at the 14 March 2017 Council meeting. Tender documentation was prepared and went to market at the end of May 2017. The tender has now closed and the tender evaluation is progressing. Further information is forthcoming.
Cash Handling (2015/16)	8		1	7		The remaining recommendation relates to register systems being 'fit for purpose'. This was due in June 2017 and will be completed shortly.
ICT – Cyber Security Maturity (2016/17)	6	6				Recommendations from this audit have varying due dates between June '17 and June '18, all are currently considered on-track.
Accounts Receivable (2016/17)	4		3	1		One recommendation has been completed (development of workflows for those expiations not currently included within Authority).  Three recommendations (all low risk) are now overdue. The delay relates to exploring additional software functionality with developers and are currently in progress. These are expected to be complete by the end of September.
Purchase Cards (2016/17)	2		1	1		One recommendation regarding ongoing monitoring of purchase cards exceeding limits has been completed. The one outstanding recommendation, relates to the review of the Purchase Card Policy and review of low-use purchase cards. The review of the Policy will commence shortly. This recommendation is a low risk.
Property Portfolio Management (2016/17)	7	7				The 7 recommendations (3 moderate and 4 low) are being progressed. A separate progress report on this Internal Audit has been provided to the FAC in this meeting's Agenda.

## CONCLUSION

The Internal Audit Program provides assurance to Council (via the Committee) that projects produced by the organisation are operating in an efficient and effective matter.





KPMG ENTERPRISE

# City of Marion

## Internal Audit Report: Policy

11 August 2017



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### Distribution

#### For action

Jaimie Thwaites	Acting Manager - Corporate Governance
Kate McKenzie	Manager – Corporate Governance
Deborah Horton	Unit Manager Performance and Improvement

#### For information

City of Marion	Finance and Audit Committee
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# 1. Executive summary

## Objective

This internal audit project focussed on the City of Marion's Policy Framework with a view to understanding the current policy environment (currency, ownership hierarchy), assessing/prioritising policies based on strategic directions and high level risk assessment, and providing options and recommendations to help ensure that the City of Marion's policies are embedded across the organisation (including streamlining as applicable).

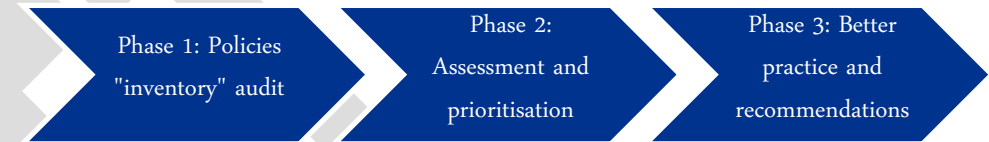
## Scope of services

To address the overall objective above, the scope of the policy framework review internal audit project included consideration of the following:

- Understand and document the current policy environment in the context of the Policy Framework (i.e. undertake an "inventory" audit of CoM's existing policies). This will include currency, ownership and overall policy hierarchy.
- Assess and prioritise policies based on a high level risk assessment process (taking into account CoM strategic directions and business risks and a prioritisation process to be undertaken in consultation with CoM stakeholders).
- Consider CoM's current policy environment against "better practice" and provide options and recommendations for CoM's consideration. This will include consideration of preliminary opportunities to determine public policy requirements and simplify, standardise and rationalise CoM's legislative and corporate policies.

## Approach

The internal audit project was performed using the following approach which comprised three key phases/activities:



### ***Phase 1 – Current state (e.g. Policy “inventory” audit)***

- Identification of policies by Business Unit
- Categorise policies as ‘public, ‘legislative’ and ‘corporate’
- Currency including, expiry/review dates
- Identification of relevant policy “owner(s)”
- Identify linkages to other documents (e.g. related procedures)
- Understand how each policy is used/embedded across the CoM in practice.

Included in the phase is the development of a clear definition of what constitutes a policy. Part of this review will to be define what a policy is, and what is excluded. Broadly, the scope of this internal audit project will focus on policy and procedures which are organisation-wide (but will exclude local operating procedures).

### ***Phase 2 – Assessment and prioritisation***

Assess the existing policies against CoM's Policy Framework. Please note that this will be reliant on a diverse range of CoM stakeholders, and will need support from the CoM to ensure the exercise is successful.

### ***Phase 3 – Policy framework better practice and recommendations***

In consultation with CoM determine a benchmark for “better practice”

Consider current state environment against “better practice” principles – identify gaps and options for improvements in CoM’s Policy Framework and its implementation for CoM to consider and further develop (i.e. this will essentially be based on consideration of the “policy of policies” document).

In consultation with CoM determine Public Policy suite

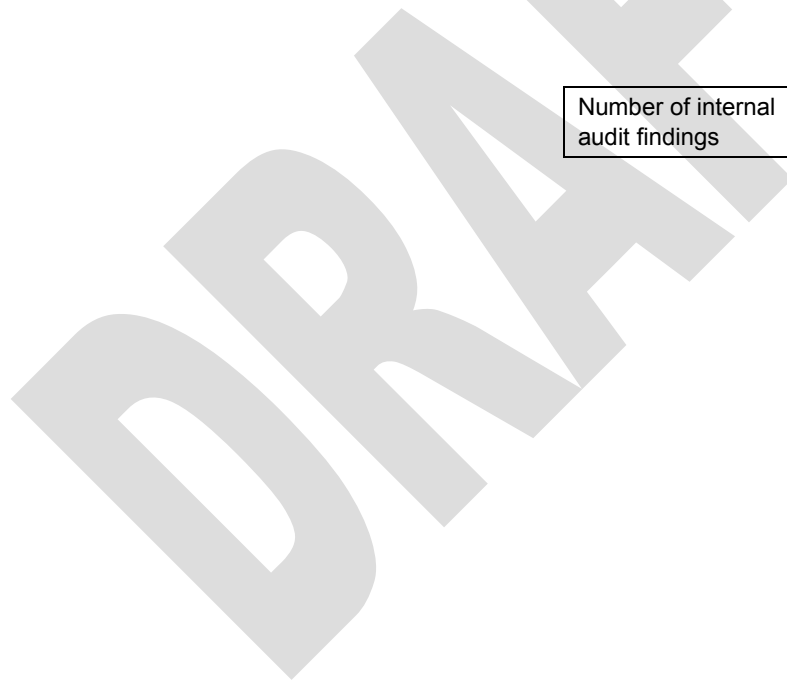
Consider preliminary opportunities for simplification, standardisation and rationalisation (overlap, relevance, low risk, other considerations) for legislative and corporate policies – provide overarching qualitative comment/s and recommendations.

**Key findings and recommendations**

The number of findings identified during the course of this internal audit project are shown in the table below. A full list of the findings identified and the recommendations made are included in this report. Classification of internal audit findings are detailed in Appendix 5 to this report.

These findings and recommendations were discussed with City of Marion Management responsible for the management of the overall policy portfolio. Management has accepted the findings and has agreed action plans, responsibilities and timeframes to address the recommendations.

	Critical	High	Moderate	Low
Number of internal audit findings	-	-	-	<b>7</b>



Positive observations	Key audit observations	Potential benefits
<p>A number of positive observations were made of part of this internal audit, including:</p> <ul style="list-style-type: none"> <li>• The CoM has recognised that management and administration of the policy framework needs improvement.</li> <li>• A policy framework document has been drafted which outlines key requirements</li> <li>• CoM's implementation of SharePoint provides a system option for electronic storage for policy and procedure documentation as well as access for employees (however, this system has not been endorsed at the corporate repository for policy documents).</li> <li>• Induction processes include coverage of key policy and procedures such as the code of conduct which are delivered via face to face induction processes and via online training modules and assessment.</li> <li>• CoM has a Finance and Audit Committee and internal audit function in place to support the oversight and monitoring of compliance with the policy framework.</li> </ul>	<p>Key matters regarding the CoM's policy framework could be categorised into the following three themes:</p> <ul style="list-style-type: none"> <li>• A <b>governance/management framework</b> for CoM policy should be established</li> <li>• A <b>centralised register and repository</b> for policies is required</li> <li>• Policies should be assigned <b>policy owners</b> and <b>policy approvers</b></li> <li>• Policy review process requires improved management and <b>scheduling</b></li> <li>• <b>Policy hierarchy, definitions and terminology</b> need clarification and review in relation to policies and procedures (internal policies)</li> <li>• <b>Annual policy refreshers</b> (and declarations) should be considered for key policies e.g. code of conduct</li> <li>• Annual process for <b>monitoring and reporting compliance</b> with the policy framework and policies is required.</li> </ul>	<p>The forecast benefits associated with implementation of the recommendations and agreed management actions for the CoM should include:</p> <ul style="list-style-type: none"> <li>• Reform and simplification of the overall policy hierarchy which will provide a clear, logical structure for all policy and procedures</li> <li>• Clear expectations as to the roles and responsibilities for policy (including development, ownership, approval, review and compliance)</li> <li>• Enhanced administration of policies including central repository and improved visibility of review timeframes</li> <li>• Improved understanding of relationship between policies and strategy documents across the CoM organisation.</li> </ul> <p>It should also be noted that the CoM has recently undergone an organisation structure changes which take effect from 1 July 2017. The recommendations and actions included in the report need to take the organisation changes into account. Notwithstanding this, most of the recommendations made are principal-based and not specifically impacted by organisational changes.</p>

## 2. Background

### Policy Framework

The CoM's policy framework defines a policy as a "high level strategic directive that establishes a principle-based approach to a subject. A Policy should be developed for any area of the Council's operation where direction or purpose needs to be set in order to conduct council business."

The policy framework establishes a policy hierarchy to guide how and when policies will be developed and managed. The three types of policy are:

**Public Policy** – sets the commitment of Council to deliver the Community Vision and its strategic objectives.

**Legislative Policy** – sets the commitment of Council to ensure its legislative and compliance obligations.

**Corporate Policy** – sets the minimum obligations of staff regarding what is required in terms of process, accountability, values and behaviours.

The Policy Framework provides a basis for how the CoM intends to manage policies, however, this is yet to be implemented and embedded consistently across the organisation.

### Auditor- General Review

The Auditor-General has undertaken a review of a number of Local Government organisations including the City of Marion during the course of 2016, leading to the publication of the Auditor-General's report "*Examination of governance arrangements in Local Government: February 2017*". Observations and recommendations were made in relation to the CoM's policy and procedure environment which are included in Appendix 3 to this internal audit report.

The City of Marion has defined a policy as: "*The overall intentions and direction of the organisation*".

A 'Governance Policy' is defined using all of the following criteria:

- 1 It is a governing principle that mandates or constrains actions.
- 2 It is a requirement under statutory legislation (e.g. Local Government Act) or sets strategic direction for the Council as a whole (rather than service related).
- 3 It helps ensure compliance and enhances the Council's mission.
- 4 It effects elected members individually or as a whole council, external customers and/or more than one department.
- 5 It will change infrequently and sets a course for the foreseeable future.
- 6 It is approved by the Council.

One of the most important roles Council has is to participate in making policy and decisions on behalf of the community. An essential part of policy making is identifying community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocating resources.

## City of Marion Policy Context

### Strategic management framework

During the course of the internal audit, the question was posed in relation to **where do policies sit versus the City of Marion’s strategic management framework?** (the City of Marion’s strategic management framework is shown in the adjacent diagram). The CoM Strategic Plan 2017-2027 states:

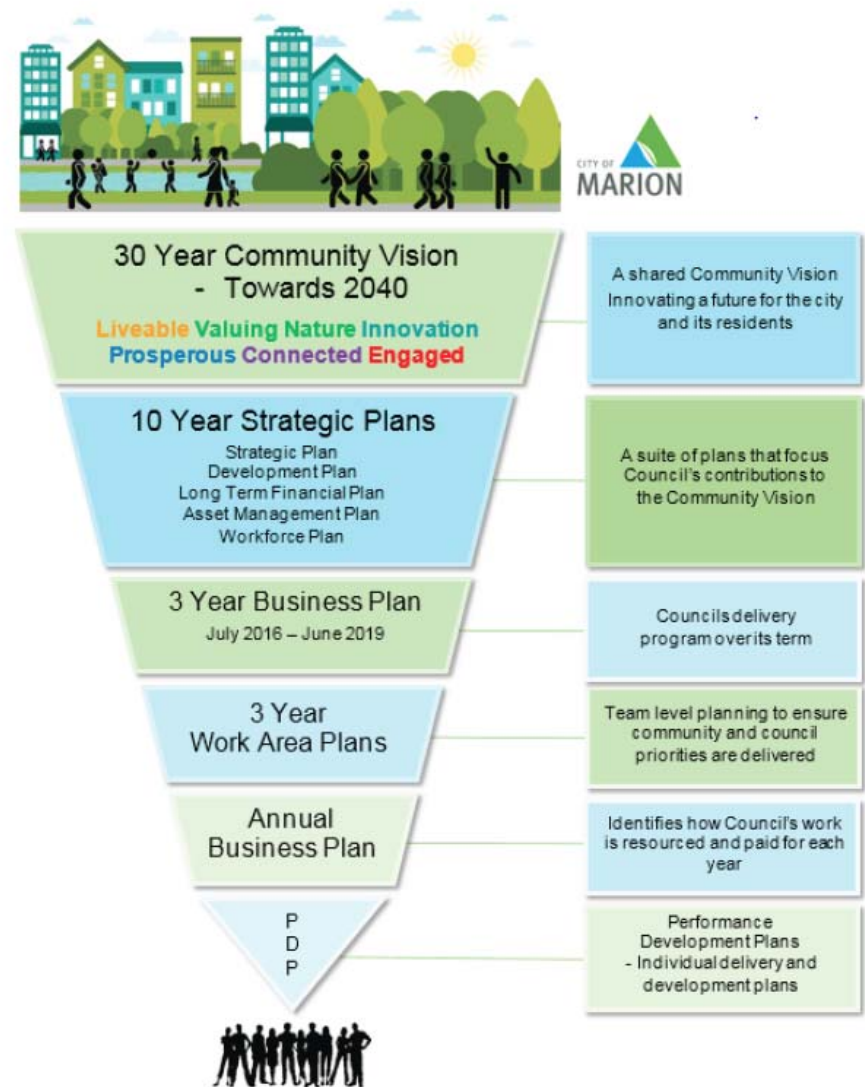
*“To ensure Council’s activities continue to contribute to the Community Vision – Towards 2040 we have a Strategic Management Framework in place. The framework shows how the suite of plans provide strategic direction and operational focus to ensure that goals and outcomes are achieved in the most effective and efficient way.*

**How does the City of Marion’s policy environment relate to the strategic planning environment?**

The following table provide a high-level comparison between strategy and policy. Currently, the CoM does not really define the linkage or relationship between the two and there are likely to be inconsistencies. **The approval of the new 10-year strategy may provide a trigger point for reviewing certain policies.**

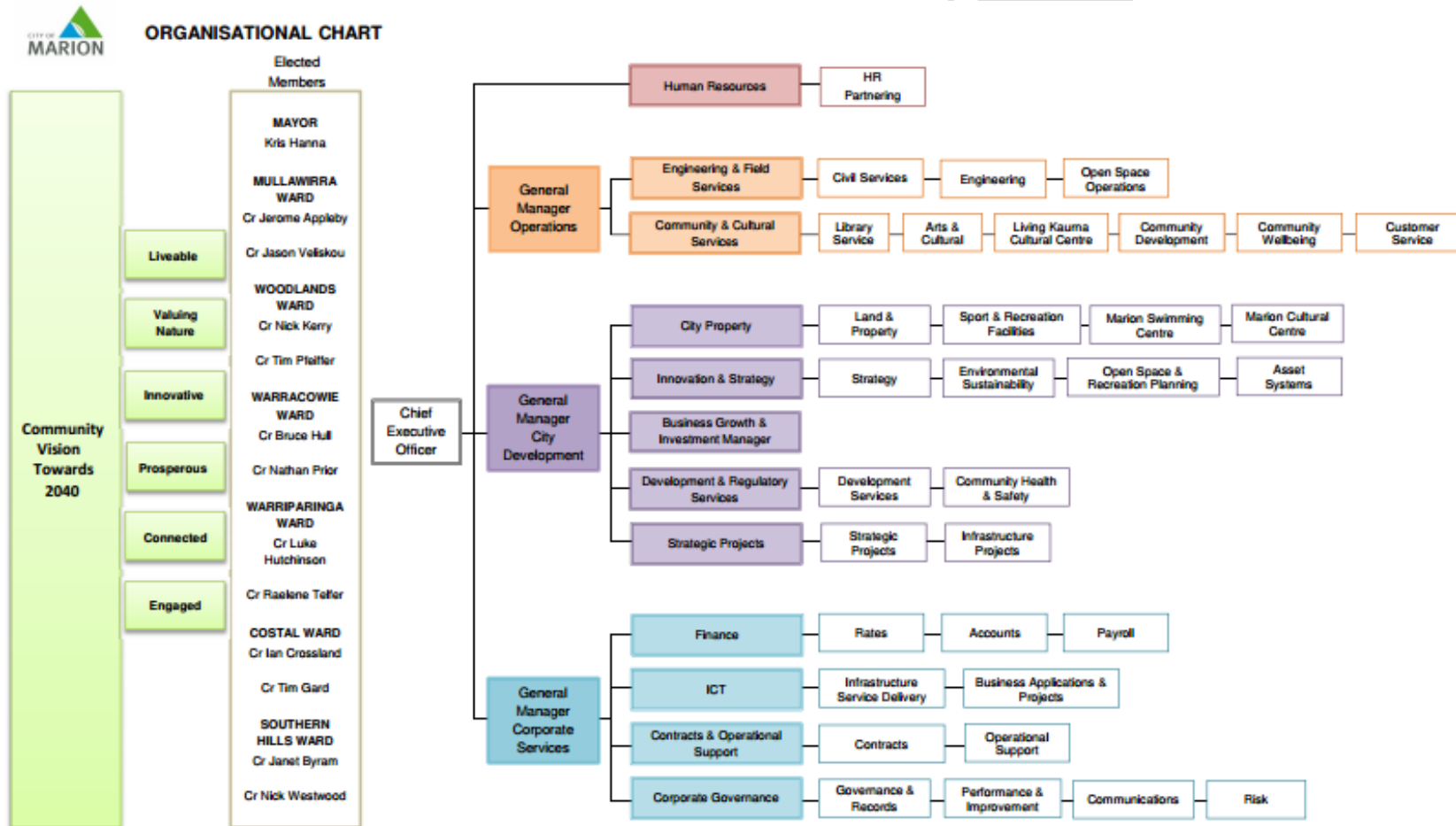
Comparison	Strategy	Policy
High-level purpose	Strategy provides the plan and actions to help achieve the organisation achieve its vision, mission and objectives.	Policy provides the guiding principles, to support and guide logical, consistent decision-making
Nature	Flexible / adaptable	More fixed, with deviation from agreed policy in exceptional circumstances
Orientation	Action	Decision-making

## Strategic Management Framework



**Organisation structure**

The CoM has recently changes its organisational structure. Whilst, in many ways, organisational structure should be largely independent of the policy framework, a critical component of the overall policy environment is in relation to clearly defined roles, responsibilities and accountabilities at both the (i) policy framework level (e.g. who is responsible for the overall ownership, management and administration of the CoM policy environment and (ii) who owns individual policies in relation to development of policies. Further, there is currently lack of clarity in relation to who are the approvers for which types of policies.



***It should be noted that the CoM has recently undergone organisation change (effective 1 July 2017)***

***How does this impact on the policy environment? Policy owners, policy approvers, public policy, corporate policy***

***The organisation change may be a trigger for review of certain policies***



### 3. Summary of internal audit findings

The following table lists internal audit findings identified through the course of the policy internal audit project.

Ref #	Description of internal audit findings	Rating
1	A governance/management framework for CoM policy should be established	Low
2	A centralised (complete) register and repository for policies is required	Low
3	Policies should be assigned policy owners and policy approvers	Low
4	Policy review process requires improved management and scheduling	Low
5	Policy hierarchy, definitions and terminology need clarification and review in relation to policies and procedures (internal policies)	Low
6	Annual policy refreshers (and declarations) should be considered for key policies e.g. code of conduct	Low
7	Annual process for monitoring and reporting compliance with the policy framework and policies is required	Low

Whilst the above set of internal audit findings, and the associated recommendations and actions, should continue to form part of the internal audit process in relation to tracking and reporting against target dates for completion, it is recommended that the CoM develop an detailed project plan to be able to make sustainable improvement in the way in which the CoM manages and administers its policy portfolio.

## 4. Internal audit findings to be actioned

1. A governance/management framework for CoM policy should be established		Risk rating: Low
Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>The CoM's current management and administration of its overall policy environment has a number of issues including:</p> <ul style="list-style-type: none"> <li>No single point accountability for the policy framework/lack of clearly defined roles and responsibilities.</li> <li>Inconsistent approach to: <ul style="list-style-type: none"> <li>Policy format/template</li> <li>Development processes</li> <li>Review processes</li> <li>Approval processes</li> <li>Quality</li> <li>Consultation processes</li> <li>Monitoring and reporting</li> </ul> </li> </ul> <p>In addition, there is a risk that policy gaps may not be identified or changes to legislation or regulations are not identified. Similarly, obsolete or rescinded policies may not be adequately managed.</p> <p>Without an overall governance framework, there is a risk that the CoM's suite of policies is not complete, up-to-date, monitored, or embedded in the organisation.</p> <p>It should be noted that the CoM has developed a "Policy Framework" document which provide principles for policy and procedure development and a new template. However, this is yet to be implemented on</p>	<p>It is recommended that the CoM identifies a business unit (and position) which is assigned responsibility for the overall governance arrangement for the CoM's policy framework. For example, this could be the CoM's governance team. Responsibilities would include the following activities:</p> <ul style="list-style-type: none"> <li>Quality assurance function including providing advice on the drafting policy</li> <li>Administration of the central policy register ensuring all policies are listed on the register, together with relevant information</li> <li>Storage and access of policies on the selected platform (i.e. Sharepoint or Intranet site) including addition of any new policies and removal of any rescinded/obsolete policies.</li> <li>Coordination of the policy review schedule to ensure policy currency</li> <li>Maintenance of the policy template to ensure consistency across the organisation</li> <li>Providing advising on the monitoring and reporting of compliance of policy across the organisation.</li> <li>Facilitate cross-collaboration with communication across different areas of the business to ensure consistent policy positions across all policies</li> </ul> <p>The assigned business unit/position would also have responsibility for maintaining the policy framework policy. It would also provide the culture / gatekeeper in</p>	<p>The Draft Policy Management Framework was presented to the Finance and Audit Committee on 28 February 2017. It was noted at this meeting that the Policy Internal Audit would provide comment on the draft framework.</p> <p>As part of the recent organisational restructure a new position has been created in the Governance Department, namely the Governance Quality Coordinator. This position is due to come into effect on 14 August 2017, reporting directly to the Manager of Corporate Governance. The position will be responsible for maintaining the policy framework and the associated functions.</p> <p><b>Accountability: Manager Corporate Governance</b> <b>Target date: 14 August 2017</b></p>

1. A governance/management framework for CoM policy should be established		Risk rating: Low
Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
the ground based on the existing status of CoM policies (please refer to Appendix 1 for the inventory audit conducted as part of this internal audit).	terms policy for the CoM helping to underpin the quality of policies for the CoM and help avoid excessive policy and red-tape.	

DRAFT

**2. A centralised (complete) register or repository for policies is required****Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p><u>No central policy register</u></p> <p>There is currently no single register of the CoM's policies which means that the organisation does not have visibility in terms of the overall number of policies, types of policies, policy owners/approvers or review dates.</p> <p><u>No central repository</u></p> <p>There is currently no central repository for policies (or procedures) across the organisation. Consequently, there is limited visibility of all CoM policy documents.</p> <p>Further, without a central repository (or other means) ensuring that employees have awareness of, and have access to, policies and procedures is problematic. This is a key issue/weakness in terms of the current management and administration of the CoM policy and procedures.</p> <p>Policy documents are currently stored in a number of locations including:</p> <ul style="list-style-type: none"> <li>• Combi (intranet)</li> <li>• Bluepoint &amp; Sharepoint</li> <li>• Localised with specific teams</li> <li>• CoM internet - The CoM has published <b>66</b> policies to its website (<a href="https://www.marion.sa.gov.au/policies">https://www.marion.sa.gov.au/policies</a>). Whilst the majority of these appear to be community related in some manner, various policies such as the asset accounting policy may be considered more of an internal finance policy and not need be published on the website. There appears to be no clear delineation/guidance to whether a policy should be published externally or not.</li> </ul>	<p><u>Central policy register</u></p> <p>It is recommended that the CoM:</p> <ul style="list-style-type: none"> <li>• Creates a register of policy and procedures which is used to track and monitor all policies including policy category, business unit, owners/approvers, review dates, monitoring and reporting mechanisms, etc.</li> </ul> <p><u>Central policy repository</u></p> <p>It is recommended that the CoM:</p> <ul style="list-style-type: none"> <li>• Mandates that the current version of all Administrative policies are stored electronically in a single, central policy repository which is accessible to employees. CoM should consider leveraging SharePoint for this central repository.</li> <li>• Where applicable, all procedural documentation should also be included in the central repository. The central repository should be set up in a manner which clearly indicates the policy and procedure hierarchy.</li> <li>• Council policies are stored in a single location which is accessible to externally to the community (e.g. CoM website).</li> </ul> <p>It is also recommended that accountability for administration/maintaining the policy register is assigned to a single position (e.g. Corporate Governance).</p>	<p>The Governance Quality Coordinator will be responsible for the policy register as described within this recommendation. This will also include establishing Sharepoint for the central repository.</p> <p><b>Accountability:      Manager      Corporate Governance</b></p> <p><b>Target date: 30 November 2017</b></p>

**3. Policies should be assigned policy owners and policy approvers****Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>It was noted that there is lack of consistency in relation to whether a policy owner is identified or not, including the following variations:</p> <ul style="list-style-type: none"> <li>• Policy does not provide any reference to an owner/author</li> <li>• Policy publishes an author/individual's name (typically without a position title)</li> <li>• Policy publishes the position title of the author.</li> </ul> <p>The new CoM policy template identifies an author and approver, however, not all policies have been updated to the new format. Internal audit also considers an author (interpreted as a policy writer) as not as strong compared to a policy "owner" who should be responsible for policy development, as well as playing a key role in collaboration across the business, embedding and championing the policy in the organisation and assisting with monitoring and reporting.</p>	<p>The CoM has recently undergone an organisational restructure to better align the organisation structure with delivery of the CoM strategy. Consistent with this approach, it is recommended that CoM policy ownership is aligned with the CoM organisation structure. Specifically, each policy should be assigned the following:</p> <ul style="list-style-type: none"> <li>• Policy owner (position) / Business unit</li> <li>• General Manager</li> </ul> <p>It should be noted that the Human Resources function reports directly to the CEO, and hence the CEO should be the overall owner of HR policies.</p> <p>Currently, Administration policies are approved by the ELT and Council policies are approved by the Council.</p>	<p>Agreed – this recommendation will be implemented through the future work of the Governance Quality Coordinator.</p> <p><b>Accountability: Manager Corporate Governance</b> <b>Target date: 30 December 2017</b></p>

**4. Policy review process requires improved management and scheduling****Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>Based on our review of CoM policies, a number of issues were identified including the following:</p> <ul style="list-style-type: none"> <li>• A number of policies were not current in that they have passed their review date without being formally reviewed</li> <li>• A number of policies did not have a review date associated with them (e.g. open ended)</li> <li>• There is lack of a defined process to ensure that CoM has policies required under legislation (e.g. LG Act (1999) – For example, it was noted by CoM stakeholders that there is no CoM for Street Naming, despite this being legislatively required.</li> </ul> <p>In addition, there is lack of a consistent process or approach for reviewing and updating policies across the CoM. For example, key finance policies are reviewed and approved annually by the Finance and Audit Committee as part of the Annual Business Plan process (they are annexed to the Annual Business Plan), whereas for other policy areas, there are no formal approaches for review.</p> <p>In addition, the CoM has a new policy template, however, many of the policies have not been updated to the new template.</p> <p>It was also noted that many policies have links to the CoM Business Excellence framework which is no longer a key methodology/framework utilised by CoM.</p> <p>One of the contributing factors in relation to the above, is the lack of an overall governance framework for policies, as well as a lack of a central register which includes review dates. The risk of not having current policy framework, it that there</p>	<p><u>Stage 1 - Ensuring all policies are current</u></p> <p>It is recommended that the CoM develops a plan to review all policies which are no longer current (e.g. have passed their review date).</p> <p>For policies that do not have a review date, it is recommended that the CoM reviews each of the policies and assigns a suitable review date as applicable.</p> <p><u>Stage 2 – Ongoing policy review process coordination</u></p> <p>Once the full policy suite is current, it is recommended that the centralised governance owner, coordinates policy review and update processes. For example, this could include working backwards from the review date and initiating the process three months from expiry. In terms of roles and responsibilities, the governance owner should be responsible for the coordination for all policies and the policy owner should be responsible for conducting/ facilitating the review and update process for their particular policies.</p> <p>It is important the CoM develops a policy register which captures review dates, policy owners and approvers to support improved coordination and scheduling for policy review processes. If done holistically, it should be possible to stagger review and approval requirements for both Council policies and Administrative Policies, so that an annual program can be developed as opposed to attempting to update a large number of policies in any particular month or single Council or ELT meeting.</p> <p><u>Public Policy</u></p>	<p>Agreed – this body of work will be completed and will be the responsibility of the Governance Quality Coordinator.</p> <p>A policy register will be created to support the process.</p> <p>The Governance Quality Coordinator will also be completing a body of work regarding Council's compliance framework which will complement this policy framework.</p> <p><b>Accountability: Manager Corporate Governance</b> <b>Target date: 30 December 2017</b></p>

4. Policy review process requires improved management and scheduling		Risk rating: Low
Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
are policy gaps across the organisation, policies become obsolete or are no longer reflect the position of the CoM.	<p>It is recommended that the schedule for the review of Public Policies (i.e. those policies owned by the Council) is considered in the context of the four year election cycle.</p> <p><u>Policy required by legislation</u></p> <p>It is recommended that the CoM ensures that all policies required by legislative are developed (CoM and KPMG have reviewed LG ACT (1999) and not noted any exceptions other than the street naming policy requirement. However, it is recommended that the CoM ensures that all relevant policies are in place based on the full suite of legislative compliance requirements (Dog and Cat Management Act, WHS legislative, etc.)</p>	

**5. Policy hierarchy, definitions and terminology need clarification and review in relation to policies and procedures****Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>It was noted that the CoM policy hierarchy and terminology is not consistent and lacks clarity. Whilst the new policy framework articulates different policy types including public policies, corporate policies and procedures, this is not yet consistently reflected in the actual policies and procedures across the business.</p> <p>In general, it was noted that there is lack of clarity between what constitutes a policy versus a procedure, and also what is the hierarchy of policy and procedure documentation.</p> <p>For example, based on consultation with CoM stakeholders, it was noted that:</p> <ul style="list-style-type: none"> <li>the Finance team maintains key policies, but do not have formal procedural documentations.</li> <li>Conversely, the planning area has both formal policies as well as multiple procedural documents which are referred to as "Internal Policies".</li> </ul>	<p>It is recommended that the CoM considers the following:</p> <ul style="list-style-type: none"> <li>Definitions and terminology should be agreed in relation to the CoM policies and procedures (these have been outlined as per the CoM policy framework) and then implemented across the organisation in a consistent manner.</li> <li>That all policies are assigned a policy number based on a predetermined policy categorisation/numbering system (a numbering system should be developed which is aligned with the overall policy framework which could include designations for public versus corporate policies, business unit area, etc.).</li> </ul> <p>The benefits associated with the above recommendations should include to provide clear and consistent understanding of policies and procedures (what is a policy, what is a procedure) and also a clear way to identify and track policies through a numbering system.</p>	<p>Agree – this work will occur over the course of the next financial year to ensure that the policy framework is implemented successfully.</p> <p><b>Accountability:    Manager    Corporate Governance</b></p> <p><b>Target date: 30 March 2018</b></p>



**6. Annual policy refreshers (and declarations) should be considered for key policies e.g. code of conduct****Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>It was reported that the CoM induction process for new starters was comprehensive, providing new employees with awareness and information of all key policies. The induction process includes face-to-face sessions with new employees as well as online training modules with associated assessments.</p> <p>However, following the initial training no further formal training is provided or required for employees. The lack of training relates to both new/updated policies and general refreshers to help ensure employees' awareness of policy obligations remains current.</p>	<p>It is recommended that the CoM considers whether an annual refresher course for employees would add value to the overall policy framework.</p> <p>Such a refresher course could include:</p> <ul style="list-style-type: none"> <li>• Refresher training on the overall policy framework including the policy suite, where they are stored (e.g. central repository)</li> <li>• Refresher training for key individual policy such as the Code of Conduct, conflict of interests</li> <li>• Awareness training for any new policies that have been promulgated across the organisation through the year</li> <li>• Training in relation to policy review and updating processes including policy writing skills and requirement, consultation process, approval processes, etc.</li> </ul> <p>Options for such a program could include face-to-face delivery by the team/person responsible for the CoM Policy Framework, individual learning and/or online delivery. Acknowledgment that the refresher training has been completed should help to increase awareness and overall compliance across the organisation.</p>	<p>This will be worked through with the relevant staff and policy owners. Each policy will be considered on a case by case basis. The policies will have training established based on the various needs and the established via the corporate training requirements.</p> <p><b>Accountability: Manager Corporate Governance</b> <b>Target date: 30 June 2018</b></p>

**7. Annual process for monitoring and reporting compliance with the policy framework and policies is required**

**Risk rating: Low**

Finding(s) and Impact	Recommendation(s)	Agreed Management action(s)
<p>There is no formal process to assess ongoing compliance with the CoM policies. Similarly, there is no reporting process related to the policy framework or compliance with individual policies.</p> <p>CoM does have an internal audit function which considers policy compliance for those areas which are considered through specific projects however the scope is limited to the specific internal audit project.</p>	<p>It is recommended that the CoM considers arrangements in place for monitoring compliance with policy and procedures, mapping key assurance functions against policy and procedure framework taking into account both:</p> <ul style="list-style-type: none"> <li>• Internal controls framework including self-assessment and reviewer process</li> <li>• Internal audit/independent functions.</li> </ul> <p>Essentially, the action is to develop an assurance heat map which shows which policy and procedures are covered via assurance activity, and at what level. Any gaps identified where no or limited assurance is provided should be considered in terms risk and whether additional coverage is required.</p> <p>In addition, CoM should consider what level of reporting appropriate in relation to policy compliance. For example, this could be based on a risk /tiered approach with compliance reporting required for high risk policy areas (e.g code of conduct, work, health safety).</p> <p>The benefits of formalising an approach for monitoring and reporting policy compliance is that it would help to provide feedback on how well the policy framework is embedded and what action may be required in relation to continuous improvement.</p>	<p>Agreed – this will be completed in conjunction with the development of the Compliance Framework.</p> <p><b>Accountability:      Manager      Corporate</b> <b>Governance</b></p> <p><b>Target date: 30 June 2018</b></p>

## Appendix 1 – Inventory review of policies

This section represents the results of the inventory review that was undertaken as part of this internal audit project. It should be noted that the overall level of maturity in terms of oversight, management and administration of the CoM policies was variable across the organisation because policies are not consistently stored, or updated. It was challenging to gain visibility of the full list of the CoM policies. This section is split into the CoM's business unit areas including Human Resources, Engineering and Field Services, Development and Regulatory Services, Community and Cultural Services, Contracts and Operational Support, Corporate Governance, Finance, Information, Communication and Technology, City Property, Innovation and Strategy and Business Growth and Investment Services.

#	Business Unit	Policy Title	Category	Status	Change required	Update to New Template	Assign Policy Owner	Specify Review Date/Review	Comments
1	Innovation & Strategy	Asset Management Policy	Public	No review date	●		●	●	
2	Innovation & Strategy	Climate Change Policy	Public	Current	●		●		Update Owner to be Manager - Innovation & Strategy
3	Innovation & Strategy	Disposal of Land and Assets Policy	Corporate	Expired	●		●	●	
4	Innovation & Strategy	General Environmental Policy	Corporate	No review date	●		●	●	
5	Innovation & Strategy	Open Space Policy	Public	Current	●				
6	Innovation & Strategy	Playspace Policy	Public	In development	●				
7	Innovation & Strategy	Community Engagement Policy	Public	Current	●				
8	ICT	Mobile Device Policy	Corporate	No review date	●		●	●	
9	Human Resources	Equal Opportunity Discrimination Harassment and Workplace Bullying Policy	Corporate	No review date	●		●	●	
10	Human Resources	Internet and Email Access and Usage Policy	Corporate	Expired	●		●	●	
11	Human Resources	Staff Code of Conduct Policy	Legislative	No review date	●	●	●	●	
12	Human Resources	Vacancy Management Policy	Corporate	No review date	●		●	●	
13	Human Resources	Employee Wellbeing	Corporate	In development	●				
14	Human Resources	Employee Performance	Corporate	In development	●				
15	Human Resources	Learning and Development	Corporate	No review date	●			●	
16	Human Resources	Remuneration and Benefits policy	Corporate	In development	●				
17	Human Resources	Leave Arrangements Policy	Corporate	In development	●				
18	Human Resources	Recognition of Employee Contribution	Corporate	Not ascertained	●				
19	Human Resources	Child Safe Environments Policy	Corporate	Not ascertained	●				

#	Business Unit	Policy Title	Category	Status	Change required	Update to New Template	Assign Policy Owner	Specify Review Date/Review	Comments
20	Human Resources	Termination and Seperation Policy	Corporate	In development	●				
21	Human Resources	Flexible Working Arrangements Policy	Corporate	In development	●				
22	Human Resources	Management of Excessive Leave	Corporate	Not ascertained	●				Change to a procedure
23	Human Resources	Staff Support Policy No 1	Corporate	Not ascertained	●				
24	Human Resources	Remuneration Packaging Motor Vehicle	Corporate	Not ascertained	●				Change to a procedure
25	Human Resources	Management of Unacceptable Customer Behaviour Policy	Corporate	Not ascertained	●				
26	Human Resources	Volunteer Policy	Corporate	Not ascertained	●				
27	Human Resources	Staff Memorial Policy	Corporate	Not ascertained	●				Change to a procedure
28	Human Resources	Breastfeeding at work Policy	Corporate	Not ascertained	●				Change to a procedure
29	Finance	Prudential Management Policy	Legislative	No review date	●		●	●	
30	Finance	Rating Policy (Internal Control City of Marion)	Corporate	No review date	●		●	●	
31	Finance	Purchase Card Policy	Corporate	No review date	●		●	●	
32	Finance	Petty Cash Policy	Corporate	No review date	●		●	●	
33	Finance	Asset Accounting	Corporate	No review date	●	●	●	●	
34	Finance	Borrowings Policy	Corporate	No review date	●	●	●	●	
35	Finance	Investment	Legislative	No review date	●	●	●	●	
36	Finance	Reserve Funds Policy	Corporate	No review date	●	●	●	●	
37	Finance	Treasury Management Policy	Corporate	No review date	●	●	●	●	
38	Finance	Payment of invoices earlier than standard payment terms	Corporate	Not ascertained	●				
39	Finance	Insurance Policy	Corporate	Not ascertained	●				
40	Finance	Fees and Charges	Corporate	Not ascertained	●				
41	Finance	Reimbursement of Council Member Expenses	Legislative	Not ascertained	●				
42	Finance	Budget Policy	Corporate	Not ascertained	●				
43	Engineering & Field Services	City Landscapes Landscape Policy	Public	No review date	●			●	
44	Engineering & Field Services	Footpath Policy	Public	No review date	●			●	

#	Business Unit	Policy Title	Category	Status	Change required	Update to New Template	Assign Policy Owner	Specify Review Date/Review	Comments
45	Engineering & Field Services	Replacement and Removal of Trees and Shrubs Policy	Corporate	Expired	●				Superseded
46	Engineering & Field Services	Roads Opening and Closing	Corporate	No review date	●	●	●	●	This was listed under City Property, however E&FS are owner.
47	Engineering & Field Services	Streetscape Policy June 2016	Public	No review date	●		●	●	
48	Engineering & Field Services	Tree Management Framework (listed on Council's Policy web page)	Corporate	No review date	●				Superseded
49	Engineering & Field Services	Waste Management Policy	TBC by CoM	No review date	●				Change to a procedure
50	Engineering & Field Services	Landscape Irrigation Policy	Corporate	Not ascertained	●				
51	Development & Regulatory Services	Building and Fire Inspection Policy and Terms of Reference	Corporate	No review date	●			●	
52	Development & Regulatory Services	Building and Swimming Pool Inspection Policy	Legislative	No review date	●		●	●	
53	Development & Regulatory Services	Liquor Licence Applications	Corporate	Current	●				
54	Development & Regulatory Services	Order-Making Authority (eg remove hazard, vegetation, etc.)	Legislative	No review date	●	●	●	●	
55	Development & Regulatory Services	Privately Funded Development Plan Amendments Policy	TBC by CoM	Current	●				
56	Development & Regulatory Services	Temporary Signs and Banners Application (listed on Council's Policy web page)	TBC by CoM	No review date	●				Change to a procedure
57	Corporate Governance	Elected Member Code of Conduct	Legislative	No review date	●			●	
58	Corporate Governance	Schedule of Delegations and Sub-delegations September 2017	TBC by CoM	Current	●	●			
59	Corporate Governance	Sponsorship and Donations Policy	Corporate	No review date	●			●	
60	Corporate Governance	Business Continuity Management Policy	TBC by CoM	Current	●		●		
61	Corporate Governance	Caretaker Policy	Legislative	Current	●		●		
62	Corporate Governance	Elected Member Code of Conduct - Procedure for Investigating Complaints	Legislative	Current	●		●		
63	Corporate Governance	Fraud and Corruption Management Policy	TBC by CoM	Current	●		●		
64	Corporate Governance	Code of Practice - Access to Council Meeting and Documents	Legislative	Current	●		●		
65	Corporate Governance	Community Awards and Recognition Policy	Corporate	Current	●		●		

#	Business Unit	Policy Title	Category	Status	Change required	Update to New Template	Assign Policy Owner	Specify Review Date/Review	Comments
66	Corporate Governance	Elected Member Expenses, Benefits, Support and Facilities Policy	Legislative	Current	●		●		
67	Corporate Governance	Enforcement Policy	TBC by CoM	Current	●		●		
68	Corporate Governance	Elected Members Publications Policy	Corporate	No review date	●		●	●	
69	Corporate Governance	How We Work Together Policy	Corporate	Current	●		●		
70	Corporate Governance	City Limits Publications Policy	Corporate	No review date	●		●	●	
71	Corporate Governance	Control of Election Signs Policy	TBC by CoM	Current	●		●		
72	Corporate Governance	Sister Cities Policy	Corporate	Current	●		●		
73	Corporate Governance	Social Media Policy	Corporate	Expired	●		●	●	
74	Corporate Governance	Whistleblower Policy	Corporate	Expired	●		●	●	
75	Corporate Governance	WHS Return to Work Policy	Legislative	Current	●		●		
76	Corporate Governance	WHS Wellbeing Policy	Legislative	Current	●		●		
77	Corporate Governance	WHS Hazardous Work Policy	Legislative	Current	●		●		
78	Corporate Governance	WHS Contractor Management Policy	Legislative	Current	●		●		
79	Corporate Governance	WHS Hazard Management Policy	Legislative	Current	●		●		
80	Corporate Governance	WHS Consultation and Communication Policy	Legislative	Current	●		●		
81	Corporate Governance	WHS Administration Policy	Legislative	Current	●		●		
82	Corporate Governance	Code of Practice Procedures at Meetings 2016	TBC by CoM	Current	●				
83	Corporate Governance	Informal Briefings Policy	TBC by CoM	Current	●				
84	Corporate Governance	Petition Policy	Legislative	Expired	●		●	●	
85	Corporate Governance	Professional Development - Elected Members	TBC by CoM	Current	●		●		
86	Corporate Governance	Risk Management Policy	Legislative	No review date	●		●	●	
87	Corporate Governance	Information Management - Provision and Use of Equipment (Elected Members)	Legislative	No review date	●	●	●	●	

#	Business Unit	Policy Title	Category	Status	Change required	Update to New Template	Assign Policy Owner	Specify Review Date/Review	Comments
88	Corporate Governance	Records and Document Management Policy	Corporate	No review date	●	●	●	●	
89	Corporate Governance	Access to Legal Advice for Elected Members	TBC by CoM	Current	●				
90	Corporate Governance	Complaints handling, provision of service, review of Council decisions (City of Marion Complaints and Grievances)	Legislative	Current	●				
91	Corporate Governance	Council Grants	TBC by CoM	Not ascertained	●				
92	Corporate Governance	Publications - Elected Members	TBC by CoM	No review date	●			●	
93	Corporate Governance	Legal Advice Policy (Administration)	Corporate	Current	●			●	
94	Contracts & Operational Support	Procurement and Contractor Management Policy	Legislative	Current	●				
95	Contracts & Operational Support	Kerbside Waste and recycling policy	TBC by CoM	Not ascertained	●				
96	Contracts & Operational Support	Fleet Policy	Corporate	In development	●				
97	Community & Cultural Services	Community Garden Policy	Public	No review date	●				Superseded
98	Community & Cultural Services	Community Transport Service	Public	Not ascertained	●				
99	Community & Cultural Services	Customer Service	Corporate	No review date	●	●	●	●	
100	Community & Cultural Services	Donations and Sponsorships Policy and Application Form	TBC by CoM	Expired	●		●	●	
101	Community & Cultural Services	Equity, Access and Inclusion	Public	No review date	●		●	●	
102	Community & Cultural Services	Marion Library Service Customer Conditions of Use Policy	TBC by CoM	No review date	●		●	●	
103	Community & Cultural Services	Safe Environment for children and other vulnerable people	Corporate	Not ascertained	●			●	
104	City Property	Leasing/Licensing of Council Owned Facilities	Legislative	Current	●		●		
105	City Property	Memorial Policy	Public	Current	●				Superseded
106	Business Growth & Investment Manager	Economic Development Policy	Public	Expired	●		●	●	
107		Audit Committee Policy and Terms of Reference	Legislative	No review date	●	●	●	●	
108		Code of Conduct - Council Members and Council Staff	Legislative	Not ascertained	●				
109		Complaint and Review of Decisions Policy and Procedure	TBC by CoM	Current	●		●		

#	Business Unit	Policy Title	Category	Status	Change required	Update to New Template	Assign Policy Owner	Specify Review Date/Review	Comments
110		Contamination Policy	Corporate	Not ascertained	●				
111		Contracts and Tenders - Prudential requirements for certain activities (City of Marion procurement)	Legislative	Not ascertained	●				Superseded
112		Council Member Training and Development (City of Marion Elected Member Professional Development)	Legislative	Not ascertained	●				
113		Development Plan for the City of Marion	Legislative	No review date	●				Not a policy
114		Encumbrances for the City of Marion	Corporate	Not ascertained	●				
115		Guidelines for the Control of Election Signs	Corporate	No review date	●				Change to a procedure
116		Healthy Eating	Corporate	No review date	●				Program no longer running
117		Petition Form	TBC by CoM	No review date	●				Change to a procedure
118		Review of Elected Members' Record Management Policy	TBC by CoM	In development	●				
119		Road Naming	Legislative	Not ascertained	●				
120		Supplementary Elections	Corporate	Not ascertained	●				
121		Training and Development (City of Marion Elected Members' Professional Development)	Legislative	Not ascertained	●				
122		Undergrounding Overhead Services	TBC by CoM	No review date	●				Change to a procedure
123		Youth Policy	Public	No review date	●				Program no longer running

**Legend:**

- No change required based on review.
- Change required (review table above for review actions) (please note that the status of a number of policies was not able to be ascertained as part of this review due to policies not being readily identified or available).
- Policy potentially obsolete or superseded.
- Policy in development.



## Appendix 2 – Better practice policy lifecycle comparison

The following diagram depicts a policy development and lifecycle process which comprises five key lifecycle stages.



The following table provides an overall of better practice versus CoM practices in relation the overall policy management and administration.

Ref	Framework stage	Better practice	CoM policy in practice	Practice rating
1	Identify and analyse need	<ul style="list-style-type: none"> <li>➤ A proactive approach to identification of policy triggers is adopted.</li> <li>➤ Clear roles and responsibilities established in relation to policy analysis.</li> <li>➤ Evaluation of policy issues is conducted to determine risk impact, span and ultimate level of approval required.</li> </ul>	<ul style="list-style-type: none"> <li>➤ There is limited needs analysis conducted on the CoM in terms of policy.</li> <li>➤ Triggers for policy development processes are more reactive/ad-hoc that formally linked to other factors such as strategic planning and/or election cycles.</li> </ul>	●
2	Develop, consult and approval	<ul style="list-style-type: none"> <li>➤ Clear guidance on policy drafting is provided (principle based, not procedural).</li> <li>➤ Consistent policy templates are utilised.</li> <li>➤ Clear accountabilities and responsibilities are assigned</li> <li>➤ Stakeholder consultation of draft policy is provided for, to allow for policy review and feedback.</li> <li>➤ Approval requirements are identified and appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The CoM has a policy template in place, which new policies are utilising. However, it should be noted that there are many older policies which have not been updated to reflect the new policy template. Consequently, the CoM policies differ not only in format (look and feel) they also differ from a content perspective in terms of policy headings/sections. For example, a number of policies refer to the CoM business excellence framework, which is no longer a corporate priority.</li> <li>➤ There is lack of consistency in relation to how policies are developed, and lack of clarity in relation</li> </ul>	●

Ref	Framework stage	Better practice	CoM policy in practice	Practice rating
			to who is the policy approver for which policy category.	
3	Implementation, communication and training	<ul style="list-style-type: none"> <li>➤ There a formal processes in place for implementation of new and/or updated policies</li> <li>➤ Key accountabilities/responsibilities are assigned for implementation, communication and training activities.</li> <li>➤ Formal implementation plan is developed tailored for the individual policy covering off on primary and secondary stakeholders.</li> <li>➤ Formal policy training is developed and rolled-out.</li> <li>➤ Communication is timely, tailored to stakeholder groups and helps ensure all stakeholders have the right level of awareness.</li> </ul>	<ul style="list-style-type: none"> <li>➤ CoM has a strong induction process which provides an overview of policy obligations for new employees.</li> <li>➤ However, notwithstanding the induction process, there is no formal process in relation to subsequent training, communication or promulgation of new or updated polices for existing employees.</li> <li>➤ There is currently lack of clarity in relation to the overall roles and responsibilities in relation to is responsible for promulgation of policies, where/how policies should be stored and made accessible to staff.</li> </ul>	●
4	Monitor compliance	<ul style="list-style-type: none"> <li>➤ A formal approach to monitoring compliance with policies is adopted.</li> <li>➤ Additionally, measuring the overall performance of policy position in terms of decision making is conducted on a periodic basis.</li> <li>➤ Nominated stakeholders (e.g. policy owners as well as employees) provide positive declarations that policies have been complied with.</li> </ul>	<ul style="list-style-type: none"> <li>➤ There is limited formal monitoring of compliance with policies across the City of Marion.</li> <li>➤ There is limited consideration in relation to measuring policy performance.</li> <li>➤ Internal audit is used to consider specific functions and processes, which includes consideration of policy compliance.</li> <li>➤ There are no ongoing declarations required in relation to policy compliance.</li> </ul>	●
5	Policy review and update	<ul style="list-style-type: none"> <li>➤ A scheduled periodic review of policies is documented and adhered to.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The CoM approach to policy review and updating is inconsistent. There are robust processes in place for review of Finance policy (based on legislative</li> </ul>	●

Ref	Framework stage	Better practice	CoM policy in practice	Practice rating
		<ul style="list-style-type: none"> <li>➤ Accountabilities and responsibilities are assigned.</li> <li>➤ Stakeholder consultation is integrated into policy review process.</li> <li>➤ Quality assurance processes are in place.</li> <li>➤ Policy review outcomes feed back into policy lifecycle.</li> </ul>	<p>requirements) however, there is no review in a large number of instances with many policies either having no expiry date or have passed their expiry date without a review being conducted.</p> <ul style="list-style-type: none"> <li>➤ There is no corporate-wide schedule for policy review processes. There is a potential opportunity to align policy review with council election cycles (for Public Policies).</li> <li>➤ There is also limited clarity in relation to roles and responsibilities for policy review processes (both overall coordination and for individual policies).</li> </ul>	

DRAFT

## Appendix 3 – Auditor-General report (policies and procedures)

The Auditor-General completed an audit of the CoM's governance arrangements reporting as part of the "Examination of governance arrangements in local government: February 2017" report. From a policy perspective, a number of observations/recommendations were made, including:

### 3.4.5 Some policies and procedures need to be reviewed

#### Recommendation

Marion Council, through its Administration, should regularly review policies and procedures to ensure they remain relevant and accurate.

#### Finding

Policies and procedures are important for maintaining good governance and leading efficient practices because they:

- guide staff to make decisions and overcome problems efficiently
- support consistent decision-making across the council to mitigate bias risk and promote confidence in the process. This potentially reduces/avoids complaints
- provide a clear understanding of staff roles and responsibilities and clear accountability of Marion Council and its staff
- provide instruction on the expected action in undertaking council activity without constant management involvement. Good procedures allow management to better control events in advance and reduce the risk of costly mistakes.

Clear, current and accurate policies and procedures may provide many benefits. Regularly evaluating policies and procedures enables Marion Council to:

- confirm that policies remain relevant, achieve intended impacts and are consistent with its strategic direction and target outcomes (as policies are a link between Marion Council's vision and daily operations)

- identify areas to improve, change and use resources more efficiently.

We reviewed a sample of policies and found that policy evaluation could be improved. Some policies did not identify the responsible officer, review and authorisation dates, were not updated to reflect legislative changes and were not being promptly reviewed. Examples included the:

- whistleblower policy
- prudential management policy
- elected members – professional development policy
- procurement policy
- community consultation policy
- audit committee meeting procedure
- complaints and grievance policy
- business continuity management policy.

#### Marion Council's response

A policy framework is being developed to help structure Marion Council's policies and will be completed by December 2016. This will also include a standard format for all policies and a review schedule.

At the time of finalising this Report, in February 2017, the CEO advised that the project has commenced and a draft framework will be presented to the finance and audit committee in February 2017.

### 3.4.6 There is no documented policy and procedures for authorised persons

#### Recommendations

Marion Council should endorse a policy for appointing and administering authorised persons. It should establish procedures to support the policy.

**Finding**

Marion Council does not have a documented policy or procedures for appointing and administering authorised persons under the LG Act and other Acts. The policy and procedures could include, for example:

- the necessary steps for proper appointment under relevant Acts
- powers, roles and responsibilities of authorised persons
- management and review of authorised person appointments
- management of identity cards (including form and content, issuing, returns and destroying identity cards)
- key matters for maintaining the register of authorised persons.

Authorised persons play an important role in administering legislation. Deficiencies in appointing and managing authorised persons may have adverse operational and legal consequences. A policy and procedure will reduce this risk and minimise the waste of resources in addressing the consequences.

**Marion Council's response**

A policy is not required as this is defined by the LG Act. A procedure for appointing and administering authorised persons will be established by February 2017.

In assessing Marion Council's response, we note that councils require authorised persons under various Acts, not just the LG Act (eg the Dog and Cat Management Act 1995 and Expiation of Offences Act 1996). As such, it is our view that a policy is still required to capture all Acts that Marion Council must comply with in appointing authorised persons.

## Appendix 4 - Stakeholders consulted

The following City of Marion stakeholders were consulted as part of this project:

Name	Position
Jaimie Thwaites	Acting Manager – Corporate Governance
Deborah Horton	Unit Manager – Performance & Improvement
Ray Barnwell	Manager – Finance
Fiona Harvey	Manager – Innovation & Strategy
Matthew Allen	Manager – Infrastructure
Carol Hampton	Manager – City Property
Phil Mattingly	Unit Manager Infrastructure & Service Delivery ICT
Liz Byrne	Manager – Community & Cultural Services
Steph Roberts	Manager – Human Resources
Colin Heath	Manager – Contracts & Operational Support
Robert Tokley	Acting Manager – Development & Regulatory Services
Birgit Stroehrer	Registered Architect – Strategic Projects
Donna Griffiths	Business Growth and Investment

## Appendix 5 - Classification of internal audit finding ratings

The following framework for internal audit ratings has been developed and agreed with City of Marion Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports have been discussed and rated with Management.

Rating	Definition	Examples of business impact	Action required
<b>Extreme/Critical</b>	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Detrimental impact on operations or functions.</li> <li>• Sustained, serious loss in reputation.</li> <li>• Going concern of the business becomes an issue.</li> <li>• Decrease in the public's confidence in the Council.</li> <li>• Serious decline in service/product delivery, value and/or quality recognised by customers.</li> <li>• Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty.</li> <li>• Life threatening.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires immediate notification to the Council Finance and Audit Committee.</li> <li>• Requires CEO and/or Executive Leadership Team attention.</li> <li>• Separately reported to chairman of the Council Finance and Audit Committee</li> <li>• Reported in executive summary of report.</li> </ul>
<b>High</b>	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Major impact on operations or functions.</li> <li>• Serious diminution in reputation.</li> <li>• Probable decrease in the public's confidence in the Council.</li> <li>• Major decline in service/product delivery, value and/or quality recognised by customers.</li> <li>• Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty.</li> <li>• Extensive injuries.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires prompt management action.</li> <li>• Requires Executive Leadership Team attention.</li> <li>• Reported in Executive Summary of report.</li> </ul>

Rating	Definition	Examples of business impact	Action required
<b>Moderate</b>	Issue represents a control weakness, which could have or is having moderate adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Moderate impact on operations or functions.</li> <li>• Reputation will be affected in the short-term.</li> <li>• Possible decrease in the public's confidence in the Council.</li> <li>• Moderate decline in service/product delivery, value and/or quality recognised by customers.</li> <li>• Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty.</li> <li>• Medical treatment required.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires short-term management action.</li> <li>• Requires General Manager attention.</li> <li>• Reported in executive summary of report.</li> </ul>
<b>Low</b>	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> <li>• Minor impact on internal administration business only.</li> <li>• Minor potential impact on reputation.</li> <li>• Should not decrease the public's confidence in the Council.</li> <li>• Minimal decline in service/product delivery, value and/or quality recognised by customers.</li> <li>• Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty.</li> <li>• First aid treatment.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires management action within a reasonable time period.</li> <li>• Requires Management attention.</li> <li>• Timeframe for action is subject to competing priorities and cost/benefit analysis, e.g. 9-12 months.</li> <li>• Reported in detailed findings in report.</li> </ul>



## Report disclaimers

### Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Marion's management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Marion. The internal audit findings expressed in this report have been formed on the above basis.

### Third party reliance

This report is solely for the purpose set out in the Executive Summary of this report and for City of Marion's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This internal audit status report has been prepared at the request of the City of Marion Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of Marion, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Marion's external auditor, on this internal audit status report. Any reliance placed is that party's sole responsibility.

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**CITY OF MARION  
FINANCE & AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officer:** Deborah Horton, Governance Quality Coordinator

**Manager:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Draft Internal Audit 2017/18

**Report Reference:** FAC150817R8.3

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### **REPORT OBJECTIVES**

To seek the Finance & Audit Committee's (FAC) comment regarding the proposed Internal Audit (IA) Plan 2017/18.

### **EXECUTIVE SUMMARY**

KPMG have developed a draft Internal Audit Plan for 2017/18 (Appendix 1) for the FAC's consideration and feedback. The IA Plan has been developed through a series of meeting with the Executive Leadership Team (ELT), key senior Managers, review of the corporate risks, the Auditor Generals findings and emerging themes/risks.

The attached plan proposes three (3) internal audit projects for 2017/18 being:

- Data asset management (Phase 1).
- Procurement and contract management
- Customer management and complaints

The IA Plan has been developed to address key risks for the organisation and with a focus on improved performance. It is proposed that the Data Asset Management Review will commence shortly with the intent to review the City of Marion's management of its data assets, and in turn, its reporting and organisational performance. Data relating to key risk areas (e.g. Volunteers/People) will be reviewed as part of Phase 1 to be completed in 2017/18. Depending on the recommendations of the review, phase 2 may form part of another program with Council.

A copy of the scope for Data asset management is included within the IA Plan.

The FAC is requested to review the Plan and the Data Asset Management Scope and provide feedback.

### **RECOMMENDATIONS**

### **DUE DATES**

**That the Finance & Audit Committee:**

- |   |                    |
|---|--------------------|
| 1. Review and endorse the proposed Internal Audit Plan 2017/18.   | <b>30 MAY 2017</b> |
| 2. Note that the 2018/19 Internal Audit Plan will be presented to the FAC in mid 2018 for consideration | <b>JUNE 2018</b>   |



# Two-year internal audit program

(FY2018 & FY2019)

**Draft for discussion**

City of Marion

July 2017

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IA recommended projects

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IA projects completed

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IA project summaries and alternatives

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Appendices



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## Introduction

The City of Marion (CoM) has re-engaged KPMG to deliver internal audit services to the organisation for a two-year period from 1 July 2017 to 30 June 2019 via a contract extension option following an initial two-year contract period (July 2015 – June 2017). This document outlines the proposed internal audit plan for the CoM for the next two years.

## Approach:

Our approach for development of the two-year internal audit plan has been based on consideration of the following:

- CoM’s overall strategic management framework artefacts and key objectives
- CoM’s corporate risk profile which captures key risks by functional area and identifies controls and mitigation actions
- Completed internal audit projects undertaken over the previous two years
- Auditor-General findings based on the “Examination of governance arrangements in local government: February 2017” pertaining to the City of Marion
- Emerging themes and risks based on our risk and assurance work with other local and state government and private sector organisations
- Consultation with the CoM’s Executive and Senior Leadership Team members and key governance team members responsible for the management and coordination of the internal audit plan
- Development of a draft two-year internal audit plan for review by the Executive Leadership Team and subsequent review and endorsement by the Finance and Audit Committee

- The CoM’s service review program to help ensure internal audit projects are complementary and do not overlap.
- Inclusion of potential alternative projects for consideration by the CoM for substitution/addition to the internal audit program projects.

## KPMG internal audit team:

The core KPMG internal audit team for the CoM will include the following personnel:

- Justin Jamieson – Partner
- Jared Lawrence – Director
- James Rivett – Assistant Manager
- Anneliese Pedler – Consultant

We strive to provide continuity in our teams because it allows our team members to build relationships with key stakeholders and also gain an understanding of the CoM over time which should help us to add value in our internal audit services.

Please note that Justin Jamieson will be the Engagement Partner for the internal audit services and will have overall oversight of the services and will attend key Audit Committee and Executive Management meetings. Jared Lawrence will be responsible for the overall delivery of the internal audit program. James Rivett and Anneliese Pedler will play a key role managing and delivering individual internal audit projects. We will also utilise additional resources depending on the nature of each internal audit project.

We will also leverage subject matter professionals from KPMG’s resource base as applicable depending on the nature of the internal audit project and in consultation with the City of Marion.

We will work closely with the CEO and General Managers (Executive Leadership Team) and Senior Leadership Team and also on a day-to-day basis, work with a one-team philosophy with the CoM team members responsible for management and coordination of internal audit (i.e. Governance).

## Finance and Audit Committee – Internal Audit Oversight Role

The City of Marion has established a Finance and Audit Committee whose key activities include overseeing the internal audit.

The Finance and Audit Committee is a formally constituted Committee of Council pursuant to Section 41 and 126 of the Local Government Act 1999 and is responsible to Council.

The primary objective of the Finance and Audit Committee is to add value through the provision of advice to ensure the resources of the CoM are being used efficiently and effectively. The Committee aims to assist Council accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

In respect to ongoing internal audit activities, the Committee's role includes:

- Reviewing, and providing information relevant to, the scope of the internal audit and service review programs, including whether the program systematically addresses:
  - *Internal controls over significant risk, including non-financial management control systems*
  - *Internal controls over revenue, expenditure, assets and liability processes*
  - *The efficiency, effectiveness and economy of significant Council programs and activities*
  - *Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements*

➤ *Whether employees have sufficient competencies (facilitated by up to date training) to enable them to fulfil their roles. A review of the City of Marion's strategic management plans and annual business plans to ensure appropriate allocation of resources necessary to achieve the objectives of the plans.*

- Critically analysing and following up any internal audit or service reviews report that raises significant issues and review management's response to, and actions taken as a result of issues raised.
- Reviewing the appropriateness of special assignments undertaken by the internal audit and service reviews provider at the request of the Chief Executive.
- Reviewing the level of resources allocated to service review and the scope of its services and authority.
- Facilitating liaison between the internal audit/service review provider, and external auditor to promote compatibility, to the extent appropriate, between their programs.

Please note that the Finance and Audit Committee's role include other functions including oversight of external audit, service reviews, internal controls and risk management systems, financial reporting and prudential requirements and other matters.

***KPMG has developed the two-year internal audit plan with cognisance of the Finance and Audit Committee's oversight responsibilities outlined in the Finance and Audit Committee's Terms of Reference (adopted by Council on 1 November 2016).***

## Corporate Risk Profile

The following table provide a summary of the key risk areas identified by the CoM as part of its overall corporate risk profile. The CoM has a detailed corporate risk register which captures key corporate risks across all functional areas including current controls in place and planned mitigation actions to deliver a target risk level (contained in a separate risk register document).

This two-year internal audit plan has been developed taking into account the key risks listed as high as part of the corporate risk profile.

#	Risk Area	Residual Risk Rating (2017) (combined risk ratings)
1	Asset management – Implementation of the asset management plan	High
2	Strategic plan including HR – Further implementation throughout CoM	High
3	High risk activities – Contractor and volunteer management processes/training	High
4	WHS legislation and regulation	High
5	Compliance – Internal controls, processes and procedures	High
6	Major projects – Engagement and project management	Medium
7	Information Technology – Security and continuity of provision	Medium
8	Non-alignment of Council and Administration	High

Please refer to the appendices for the CoM's corporate risk profile (high risks) including current and forecast risk ratings.

## Recommended Internal Audit Projects FY2018

The recommended list of internal audit projects for FY2018, along with the estimated number of days to complete each project and a proposed schedule for commencement of each individual internal audit project is provided in the table below. The Internal Audit Plan remains flexible to include or substitute other relevant projects as required (in particular please refer to the section detailing project summaries, including potential “alternative” projects).

REF.	Area	IA Project	Estimated days*	Start date	AC Target
18-01	“Back-to-basics”	<b>Data asset management/information management – Phase 1 Current State Assessment</b>	10-15 days per area	Sept – Dec 2017	Dec 2017
18-02	Financial Controls	<b>Procurement and contract management</b>	10-15 days	Oct 2017	Feb 2018
18-03	Community Engagement	<b>Customer management and complaints process</b>	15-20 days	Nov 2017	Mar 2018

Please note that the estimated days and budget will be confirmed with the Project Sponsor based on the objective, scope and approach agreed for each internal audit project. Project timing remains flexible and may change depending on organisational priorities. This will be confirmed at project scoping stage for each project.

Please note that there will be additional resources/budget required in relation to time spent regarding:

- Internal audit planning (estimated 3-5 days for internal audit planning effort)
- Preparation and attendance at Finance and Audit Committee meetings (estimated 3-5 days for 2017/18)

\*Please note that we will work with CoM stakeholders to confirm the final scope and budget on a project by project basis.



The City of Marion (CoM) has requested that KPMG designs a “back-to-basics” internal audit program that provides a foundation to improve the CoM’s management of its data assets, and ,in turn, its reporting and organisational performance.

This program will be a strategically-focussed program which aims to leverage internal audit resources to support the organisation to put in place the foundations for data asset management into the future.

## Objective

The objective of the “back-to-basics” program is to assess and improve **management of the CoM’s data assets**, for the purpose of subsequently improving the quality of reporting and organisational performance.



**Data asset management** will be the focus of this stage of the “back-to-basics” internal audit program.

## Scope of services

The scope of the data asset management internal audit project will include consideration, in terms of the objective of the following:

- **Strategic management framework/enterprise risk** and planning arrangements (e.g. Three-year Business Plan, Annual Business Plan, Work Area Plans) and what are the data sets needed to be able to monitor and report progress against each.
- **Current state assessment of core information systems** and key data elements within each of the core applications.

- **Data movement assessment** in relation to the flow of data through the organisation and systems including data sources, data transfer, data warehousing, reporting.
- Current approach to data asset management by the CoM in relation to **governance**, policies, strategy, integrity, roles and responsibilities/ownership security, access and storage.
- High-level assessment of **capability and capacity** of the organisation in relation to data asset management and reporting.
- Consideration of **existing initiatives** in progress in relation to the CoM’s information systems, data management and reporting to help ensure coordination and consistency in CoM’s improvement initiatives.
- Assess areas of **strengths and weaknesses** across data asset sets and **develop recommendations**, including the development of potential future projects aligned with the “back-to-basics” objective.

**Approach – The approach could be enterprise-wide or targeted on known problem data/reporting areas (e.g. Community safety inspectorate, volunteer management, land and property, people/HR).**

## Resources

Justin Jamieson and Jared Lawrence will continue to oversee and direct KPMG resourcing for this program. KPMG resources who will perform “back-to-basics” engagement will be drawn from our Consulting/Technology Advisory group, who have the requisite experience and skills.

## Budget

The budget will be agreed based on further development of the scope with CoM project sponsor(s)/key management personnel, and depend on the breath of the work performed, number of systems and data sets considered and stakeholder interviews.

Table of Contents	Background	Recommended IA Projects	Completed IA Projects	IA Project Summary & Alternatives	Appendices
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## Recommended Internal Audit Projects FY 2019

The recommended list of internal audit projects for FY2019, along with the estimated number of days to complete each project and a proposed schedule for commencement of each individual internal audit project is provided in the table below. The Internal Audit Plan remains flexible to include or substitute other relevant projects as required (in particular please refer to the section detailing project summaries, including potential "alternative" projects).

REF.	Area	IA Project	Estimated days	Start date	AC Target
19-01					
19-02					
19-03					
19-04					
19-05					

To be determined based on outcomes from the back-to-basics" data asset management review

Please note that the estimated days and budget will be confirmed with the Project Sponsor based on the objective, scope and approach agreed for each internal audit project. Project timing remains flexible and may change depending on organisational priorities. This will be confirmed at project scoping stage for each project.

## IA Projects Completed 2015-2017

The following table lists the internal audit projects which were undertaken in the last two financial years (i.e. FY2015 and FY2016).

REF.	Area	IA Project	2015/16	2016/17
16-01	Governance	<b>Development of a two-year Internal Audit Plan</b>	✓	-
16-02	Financial Controls	<b>Payroll operations</b>	✓	-
16-03	Asset Management	<b>Capital works program delivery / carry overs</b>	✓	-
16-04	Financial Controls	<b>Purchase cards</b>	✓	-
16-05	Financial Controls	<b>Cash handling</b>	✓	-
17-01	Governance	<b>Corporate performance reporting*</b>	-	✓
17-02	Financial Controls	<b>Accounts receivable</b>	-	✓
17-03	Information Technology	<b>IT security – Cyber maturity assessment</b>	-	✓
17-04	Governance	<b>Policy framework review*</b>	-	✓
17-05	Asset Management	<b>Property portfolio management</b>	-	✓

\*Internal audit reports submitted to the City of Marion Finance and Audit Committee on the 15 August 2017.

# IA Plan FY2017 - FY2019: Internal audit project summaries and alternatives

## Financial management controls focused IA projects

The following tables provide high-level objective statements for recommended internal audit projects, plus a list of potential alternative projects for consideration of CoM Management.

Ref.	Area	IA Project	Internal Audit Project Description	Year 1 (2017/18)	Year 2 (2018/19)
FM (A)	Financial Controls	<b>Procurement and contract management</b>	This internal audit project will consider the City of Marion's procurement and contract management practices focusing on compliance with policy and procedures and consideration (at a high level) in relation to value-for-money, transparency and fairness principles.	✓	-
FM (B)	Financial Controls	<b>Delegations framework</b>	This internal audit project will consider the design and operating effectiveness of the City of Marion's Delegations to mitigate the risk of inappropriate application of delegations, resulting in unauthorised or inappropriate expenditure or decision making.	-	-
FM (C)	Financial Controls	<b>Grants management</b>	This internal audit project will consider whether grant income opportunities are maximised, policies, procedures and processes for grants are being complied with, the adequacy and effectiveness of internal controls over grants and whether grants are being distributed on an equitable basis in accordance with relevant guidelines and spent in accordance with program requirements.	-	-
FM (D)	Financial Controls	<b>Accounts payable</b>	This internal audit project will focus on the processes and controls associated with the City of Marion's accounts payable process, including supplier management and invoice approvals and payment management.	-	-
FM (E)	Financial Controls	<b>Internal controls framework</b>	This internal audit project will focus on the effectiveness of the City of Marion's internal controls framework including overall oversight, self-assessment and review processes. The internal audit will include an assessment of compliance against the City of Marion's internal control framework over a sample of controls (to be discussed with Management).	-	-
FM (F)	Financial Controls	<b>General ledger and month end process</b>	This internal audit project will consider the City of Marion's general ledger systems, with the scope of the internal audit to include month-end processes, including account reconciliations and preparation/review of journal entries, security access and chart of accounts.	-	-
FM (G)	Financial Controls	<b>Long-term financial plan review</b>	This internal audit project will consider the City of Marion's long-term financial plan, including key drivers, assumptions, financial ratios, sensitivity analysis and linkages to Council plans/activities (e.g. asset management).	-	-

# IA Plan FY2017 - FY2019: Internal audit project summaries and alternatives

## Governance focused IA Projects

Ref.	Area	IA Project	Internal Audit Project Description	Year 1 (2017/18)	Year 2 (2018/19)
G (A)	Governance	<b>Legislative compliance framework</b>	This internal audit project will focus on the City of Marion’s legislative compliance framework in place to ensure compliance with the Local Government Act and all other relevant legislation, including overall governance, roles and responsibilities and processes in place to monitor compliance and report significant breaches.	-	-
G (B)	Governance	<b>Emergency management</b>	This internal audit project would look at the resilience of the City of Marion to the impact of emergencies within its jurisdiction. This project will review any documentation in regards to emergency management, understand the key processes and controls in place associated with emergency management through consultation with stakeholders and review any debriefs or lessons learnt from the 2016 state-wide power blackout.	-	-
G (C)	Governance	<b>Governance review</b>	This internal audit project will focus on how the City of Marion’s corporate governance arrangements align to, and support, the City of Marion Strategic Plan/Community Plan and annual business plan and budget, including governance structures and practices and how communication is managed between various stakeholders.	-	-
G (D)	Governance	<b>Organisational structure review</b>	This internal audit project will focus on the new structure of the City of Marion and whether the structure supports and is achieving the City of Marion’s strategic objectives.	-	-
G (E)	Governance	<b>Agreed management actions follow up (internal audit actions)</b>	This internal audit project will focus on the follow up of internal audit recommendations and agreed management actions to assess the closed action items which have been completed by CoM, including checking if the agreed management actions have been undertaken including seeking evidence that the actions have been completed and consideration of whether the agreed management actions performed mitigate the control deficiency/finding and address the associated recommendation.	-	-

# IA Plan FY2017 - FY2019: Internal audit project summaries and alternatives

## People, performance & culture focused IA Projects

Ref.	Area	IA Project	Internal Audit Project Description	Year 1 (2017/18)	Year 2 (2018/19)
PPC (A)	People, performance & culture	<b>Workforce planning</b>	This internal audit project will focus on the City of Marion’s workforce planning strategies and initiatives in the context of Council strategies and matching of workforce capabilities and resourcing to future needs. The scope will include consideration of key person risk, succession planning processes including apprentice programs, management of an ageing workforce (i.e. bringing new talent into the organisation, development of capability and transitioning of people from the organisation).	-	-
PPC (B)	People, performance & culture	<b>Work health and safety</b>	This internal audit project will focus on the management framework and systems that the City of Marion has in place to provide a safe work environment for its employees, contractors and volunteers and consider whether the respective WH&S legislation is being complied with, along with the relevant policies and procedures.	-	-
PPC (C)	People, performance & culture	<b>Volunteer Management</b>	This internal audit project would focus on the CoM’s policies, processes and systems in relation to managing its volunteer workforce, including consideration of management of key risks associated with the volunteer workforce.	-	-

# IA Plan FY2017 - FY2019: Internal audit project summaries and alternatives

## Asset management focused IA Projects

Ref.	Area	IA Project	Internal Audit Project Description	Year 1 (2017/18)	Year 2 (2018/19)
AM (A)	Asset Management	<b>Major projects – process Review</b>	This internal audit project will focus on the City of Marion’s processes, policy and procedures and its adherence with these in regards to major projects. The project will also seek to make recommendations to address any issue or opportunities identified within the context of maximising the efficiency of project delivery while maintaining appropriate governance standards.	-	-
AM (B)	Asset Management	<b>Asset management systems review</b>	This internal audit will consider the systems and processes in place for managing and controlling assets maintained by the City of Marion. The project will consider any policies and procedures relating to asset management and whether the system is supporting the City of Marion to achieve its objectives in regards to asset management.	-	-
AM (C)	Asset Management	<b>Strategic asset management</b>	The scope of this project will focus on the status and standing of the City of Marion’s current Asset Management Framework and processes, including key deliverables in the Asset Management Framework, development of asset management plans and performance of maintenance activities.	-	-
AM (D)	Asset Management	<b>Major project: Independent post implementation review</b>	The focus of this internal audit project will be to review documentation and interview stakeholders to capture and understand key lessons learnt, including both what went well and what were some of the challenges in relation to the planning, execution and close of a major project for the City of Marion.	-	-
AM (E)	Asset Management	<b>Environmental management compliance</b>	This internal audit project will focus on the City of Marion’s environment management including environment management policy, procedures, strategy, risk management, governance, roles and responsibilities, communication, operations and compliance and reporting activities.	-	-

# IA Plan FY2017 - FY2019: Internal audit project summaries and alternatives

## Information Technology IA Projects

Ref.	Area	IA Project	Internal Audit Project Description	Year 1 (2017/18)	Year 2 (2018/19)
IT (A)	Information Technology	<b>IT Cybersecurity maturity follow-up</b>	The focus of this project will be on the status of recommendations and actions based on the previous cybersecurity internal audit project conducted in 2016/17.	-	-
IT (B)	Information Technology	<b>IT Security penetration testing</b>	This internal audit project will focus on the identification of security flaws, vulnerabilities, and weaknesses within the City of Marion's web applications, infrastructure, and systems. This project will include leveraging of these vulnerabilities to gain access to the City of Marion's systems and the underlying data they store and process with a focus on critical and sensitive data. This project will be mapped to realistic business risks of current cyber security threats and weaknesses.	-	-
IT (C)	Information Technology	<b>IT Strategy</b>	This internal audit project will focus on the City of Marion's information technology strategy and whether it meets the current and future needs of the organisation in relation to delivering the City of Marion's strategic objectives and engaging with the community.	-	-
IT (D)	Information Technology	<b>IT Governance</b>	This internal audit project will focus on the City of Marion's IT governance arrangements, including consideration of the IT governance structures, IT team, the IT project management framework and oversight, monitoring and reporting.	-	-
IT (E)	Information Technology	<b>IT Controls</b>	This internal audit project will focus on the design and effectiveness of key general and security IT controls, and compliance with related policies and procedures. This will include testing over the design and effectiveness of underlying general IT controls, access to programs and data, program changes, program development and computer operations (i.e. back-ups, job scheduling, incident and problem management).	-	-
IT (F)	Information Technology	<b>Business Continuity and Disaster Recovery</b>	This internal audit project will consider two factors – IT disaster recovery, and business continuity. This project will focus on the arrangements and adequacy of IT DR and business continuity for the City of Marion. The review will be used to identify weaknesses or gaps in the relationship between business continuity processes and IT disaster recovery requirements. Additionally, a review will be conducted over the IT infrastructure, data centres, and associated policies which support the City of Marion's disaster recovery and business continuity.	-	-



# IA Plan FY2017 - FY2019: Internal audit project summaries and alternatives

## Community engagement focused IA Projects

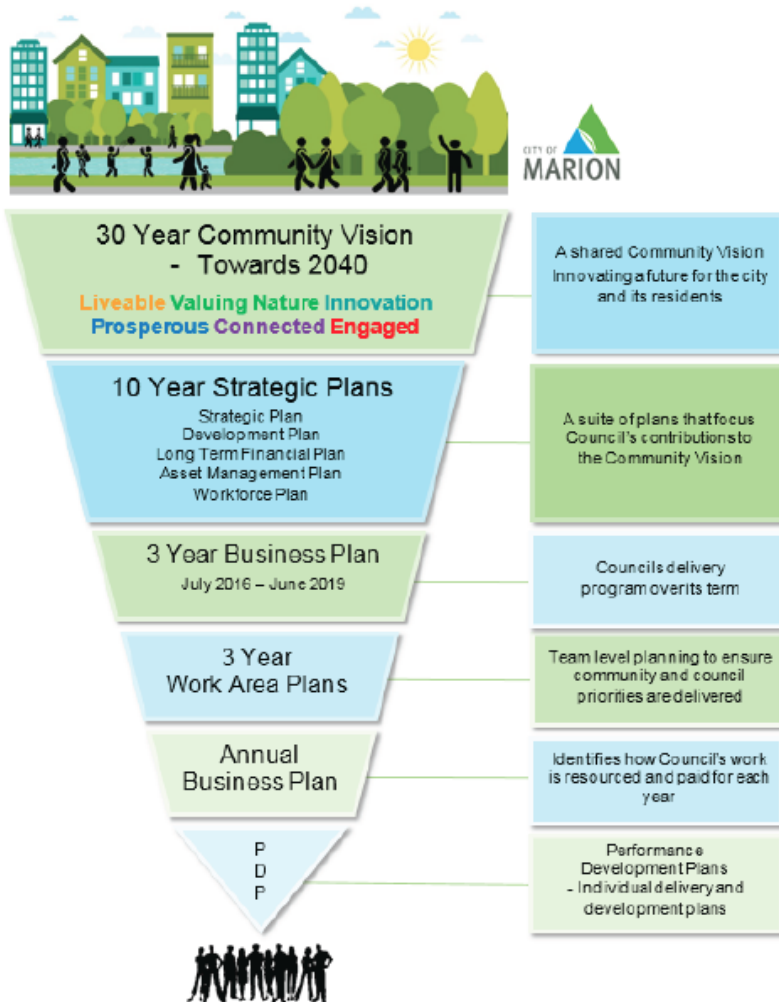
Ref.	Area	IA Project	Internal Audit Project Description	Year 1 (2017/18)	Year 2 (2018/19)
CE (A)	Community Engagement	<b>NDIS community care review</b>	This internal audit project will focus on the NDIS in relation to the City of Marion's community care program, including an impact analysis of the NDIS on community care, any changes to service levels provided by the NDIS and a review of reporting to management on community care.	-	-
CE (B)	Community Engagement	<b>Digital and social media governance</b>	This internal audit project will focus on the adequacy of the City of Marion's digital and social media framework including the risk profile, governance arrangements, policy and procedures, roles and responsibilities, controls, compliance and monitoring, and use of social media by both internal and external users.	-	-
CE (C)	Community Engagement	<b>Customer facing services performance/ Community engagement</b>	The focus of this internal audit project will include consideration of the effectiveness of key processes and controls relating to customer facing services provided by the City of Marion to its communities (on a sample basis) and/or project.	-	-
CE (D)	Community Engagement	<b>Customer management and complaints process</b>	This internal audit project will focus on processes, procedures and controls in place to support the management of customer feedback, including processes for managing feedback, training of customer service staff to sufficiently manage feedback and media and public awareness campaigns to educate the public. Benchmarking against ISO 10002 Customer Satisfaction and Complaints Handling will be conducted.	✓	-
CE (E)	Community Engagement	<b>Animal management legislation changes</b>	This internal audit project will focus on the City of Marion's overall readiness - planning, resourcing, risks, and issues in relation to the introduction of animal management legislation.	-	-

The table below summarises City of Marion personnel who were involved in discussion and contributed to the Internal Audit Program

Name	Position
Adrian Skull*	Chief Executive Officer
Abby Dickson*	General Manager, City Development
Vinnie Mifsud*	General Manager, Corporate Services
Tony Lines*	General Manager, City Services
Ray Barnwell	Manager, Finance
Fiona Harvey	Manager, Innovation and Strategy
Jamie Thwaites	Acting Manager Corporate Governance
Deborah Horton	Unit Manager Performance & Improvement

\*Consultation as part of a CoM ELT meeting.

## Strategic Management Framework



## Six themes of our Community Vision

These six themes represent the shared values and aspirations that will guide how our city develops

### LIVEABLE

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

### VALUING NATURE

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate, and protecting the natural environment.

### ENGAGED

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

### PROSPEROUS

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

### INNOVATIVE

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

### CONNECTED

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.

# Appendix 3 - Corporate Risk Profile - 2017 (High Risk Areas)

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Background

Recommended IA Projects

Completed IA Projects

IA Project Summary & Alternatives

Appendices

## HIGH RISK AREAS

### Asset Management - implementation of Asset Management plan

	2016	2017	F'cast
ASY02 Failure to appropriately maximise CoM assets ie asset management planning to ensure appropriate new, renew, maintain and manage	HIGH	HIGH	MEDIUM
ASY03 Non compliant, inappropriate and/or ineffective long term, sustainable management of the acquisition and disposal of assets	HIGH	HIGH	MEDIUM

### Strategic plan including HR - further implementation throughout CoM

	2016	2017	F'cast
HRE05 Ineffective strategic work force planning	HIGH	HIGH	MEDIUM
IST01 Failure of strategic direction to deliver key strategic outcomes, drive operational business planning, manage emerging issues and pursue new opportunities	HIGH	HIGH	MEDIUM

### High Risk Activities - Contractor & Volunteer Management processes/training

	2016	2017	F'cast
CON99 Ineffective implementation and ongoing monitoring of contracting processes to ensure safe systems of work by CoM contractors	HIGH	HIGH	MEDIUM
CDE99 Failure to provide Volunteer Management Systems to ensure the safety of Volunteers, Staff and the Community whilst Volunteers undertake work	HIGH	HIGH	MEDIUM

### WHS legislation & regulation

	2016	2017	F'cast
GOV08 Failure to meet Work Health Safety statutory and legislative requirements to ensure provision of a safe workplace	HIGH	HIGH	HIGH
CSE01 Failure to appropriately manage high risk activities by CoM Staff (underground services, excavation, confined space, hot works etc)	HIGH	HIGH	MEDIUM
OSO01 Failure to appropriately manage high risk activities by CoM Staff (underground services, hot works, working @ heights, powered plant etc)	HIGH	MEDIUM	LOW

## HIGH RISK AREAS

### Compliance - internal controls, processes & procedures

	2016	2017	F'cast
GOV13 Absent, out dated and/or ineffective policies, procedures & processes to ensure compliance with legislative and regulatory requirements	HIGH	HIGH	LOW
GOV05 Failure to ensure appropriate Fraud and Corruption management processes to prevent, detect and respond to alleged fraud and/or corruption	MEDIUM	MEDIUM	MEDIUM

### Major projects - engagement & project management

	2016	2017	F'cast
SPR03 Non compliant, inappropriate and/or ineffective systems and processes for the strategic implementation of projects	MEDIUM	MEDIUM	LOW
SPR04 Failure to deliver Strategic Projects, as promised/specified, on time and on budget	MEDIUM	MEDIUM	MEDIUM

### Information Technology - security and continuity of provision

	2016	2017	F'cast
ICT07 Failure to provision for advancing ICT technology and cybersecurity	MEDIUM	MEDIUM	MEDIUM
ICT02 Non compliant, inappropriate and/or ineffective IT system solutions to support Council business across CoM	MEDIUM	MEDIUM	MEDIUM

### Non-alignment of Council & Administration

	2016	2017	F'cast
GOV99 Potential dysfunction between Council and Administration	HIGH	MEDIUM	MEDIUM
GOV03 Inappropriate, ill-advised or incorrect staff decision/action or advice	HIGH	HIGH	MEDIUM

# Disclaimers

## Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Marion's management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Marion. The internal audit findings expressed in this report have been formed on the above basis.

## Third Party Reliance

This report is solely for the purpose set out in the Executive Summary of this report and for City of Marion's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This internal audit report has been prepared at the request of the City of Marion Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the contract. Other than our responsibility to City of Marion, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Marion's external auditor, on this internal audit status report. Any reliance placed is that party's sole responsibility.

## Electronic Distribution of Report

This KPMG report was produced solely for the use and benefit of City of Marion and cannot be relied on or distributed, in whole or in part, in any format by any other party. The report is dated July 2017 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report. Any redistribution of this report requires the prior written approval of KPMG and in any event is to be the complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of City of Marion and KPMG accepts no liability if the report is or has been altered in any way by any person.

## **FINANCE AND AUDIT COMMITTEE MEETING CONFIDENTIAL REPORT**

**Corporate Manager:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Meeting with the Internal Auditors in Confidence (without management present)

**Reference No:** FAC150817R8.4(F01)

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**If the Finance and Audit Committee so determines, this matter may be considered in confidence under Section 90(2) and (3 (g) of the Local Government Act 1999 and orders that all persons present with the exception of Councillors XX be excluded from the meeting as the Committee meets with the Council's Internal Auditors, in order to ensure that the Council does not breach any law, order or direction of a court or tribunal by law, any duty of confidence or other legal obligation or duty.**



**Adrian Skull  
Chief Executive Officer**

### **REPORT OBJECTIVE AND EXECUTIVE SUMMARY:**

The Finance and Audit Committee Terms of Reference recognises that the Committee will meet with both the external auditor and internal auditor without management at least once per year (clause 4.10). This provides the Committee an opportunity to have a confidential conversation with the Auditors without management present.

The purpose of this report is to exclude the public and staff from the meeting to enable this conversation to occur.

The chair of the Committee will provide a summary of the discussion to the Manager Corporate Governance to be published in the minutes.

### **RECOMMENDATIONS:**

- 1. The Finance and Audit Committee include the following comments within the minutes:**

**CITY OF MARION  
FINANCE & AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officer:** Deborah Horton, Governance Quality Coordinator  
**Manager:** Kate McKenzie, Manager Corporate Governance  
**General Manager:** Vincent Mifsud, General Manager Corporate Services  
**Subject:** Organisational Service Review Program 2016/17  
**Report Reference:** FAC150817R8.5

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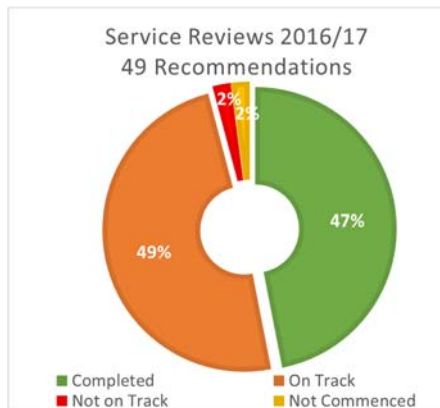
### REPORT OBJECTIVES

To provide the Finance and Audit Committee (the FAC) with a final report for the 2016/17 Service Review program, a review of the status of recommendations as a result (part A) and an overview of the status of the 2017/18 Service Review program (part B).

### EXECUTIVE SUMMARY

The City of Marion 2016/17 Organisational Service Review Program is now complete, with nine services finalised achieving the '2016-19 Business Plan' target to undertake an evaluation and review of at least nine services within the 2016/17 financial year (GC270916R03).

Progress has been made with recommendations identified as a result of a service review. There are now 49 recommendations in total over the nine reviews, with 47% complete, 49% on track, 2% not on track and 2% not commenced (see diagram below).



### RECOMMENDATIONS

**That the Finance & Audit Committee;**

1. Provide comment on the following;
  - a. Organisational Service Reviews 2016/17 – overall status (Appendix 1)
  - b. Organisational Service Reviews 2016/17 – recommendation status (Appendix 2)
  - c. Organisational Service Reviews 2017/18 – overall status (Appendix 3)
  - d. Road Service Review (Appendix 4)
  - e. Asset Systems Service Review (Appendix 5)

### DUE DATES

**15 Aug 2017**

## **BACKGROUND**

Council considered the '2016 – 19 Business Plan' endorsing that for the 2016/17 financial year; '*Council undertake an evaluation and review of at least 9 services to ensure they continue to provide maximum value to our community now and in the future*' (GC270916R03).

This report also recommended that for both 2017/18 and 2018/19 financial years; '*Council undertake an evaluation and review of at least 12 services*'.

## **ANALYSIS**

This report is divided into two components; the first (part A) provides an overview of the status of the Organisational Service Review Program 2016/17 and the status of the recommendations of completed service reviews for the Committee's information.

The second (part B) provides an overview of the status of the Organisational Service Review Program 2017/18 for the Committee's information.

Provided in Appendices 1, 2 and 3 are visual representations of Part A and B.

### **Part A**

#### **Organisational service reviews 2016/17**

The City of Marion 2016/17 Organisational Service Review Program is now complete, with nine (9) service reviews completed, achieving the '2016 – 19 Business Plan' target of reviewing nine services with the financial year (GC270916R03). Appendix 1 provides a visual overview of the program.

#### **Recommendation status of completed service reviews 2016/17**

Progress has been made with recommendations identified as a result of a service review. There are now 49 recommendations in total, with 47% complete, 49% on track, 2% not on track and 2% not commenced. Appendix 2 provides further detail of the implementation of recommendations for each service review.

### **Part B**

#### **Organisational service reviews 2017/18**

##### **Maintenance of Council facilities**

The Property Maintenance Service Review has made significant progress with extensive analysis of data, demand, productivity, finances and processes undertaken. It is estimated that the review is 90% completed.

At this stage 6 scenarios have been developed with potential cost savings identified. Some of the scenarios will require significant changes to procurement, reallocation of works away from contractors and contractor management. The review is now at the stage to test these scenarios, assess risks and issues, as well as engage management and internal staff in the proposed changes.

In addition, findings and opportunities have been identified and these are being analysed to determine their value, cost to remediate and actions required. Work will continue on these findings to enable potential efficiencies and service improvements to be progressed and provided to the FAC meeting in October 2017 for consideration.

##### **Roads**

Given current contract arrangements exist (Council Solutions),<sup>1</sup> this review focussed on internal processes surrounding road condition ratings, road design and scheduling of works to identify efficiencies/improvements. This review (Appendix 4) recommended retaining the service and identified several key improvement opportunities including;

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<sup>1</sup> Contract value of \$3 – 4 million via the City of Marion/Council Solutions joint tender arrangement for the provision of bituminous road networks.  
Report Reference: FAC150817R8.5



- Pursuing opportunities to share plant and equipment with other Councils
- Reducing the Kerb and Water Table unit rates
- Developing monitoring processes of the roads program
- Developing a proactive Kerb and Water Table program that incorporates road reseal preparation.

## **Asset Systems<sup>2</sup>**

The Asset Systems Service Review (Appendix 5) has been a 'stage 1' review, focused on undertaking an assessment of the asset management policy, systems, roles, structure and processes to optimise service efficiency and improve customer service.

The Service Review actions were:

1. A review of high level policy, strategies and plans
2. A "current state" Asset Management maturity assessment
3. A review of organisational roles and responsibilities as they relate to Asset Management
4. A review of focus and structure of Asset Systems team
5. A review of current corporate ICT Systems to meet organisational needs.

In order to cover the five actions within the scope of the review, three grouped steps were undertaken:

1. Undertake "current state" Asset Management Maturity Assessment (AMMA) incorporating a review of high-level policy, strategies and plans.
2. Review organisational roles and responsibilities as they relate to Asset Management and review of focus and structure of Asset Systems team.
3. Review Asset Management Systems and Tools to meet organisational needs.

The principal findings from the 'stage 1' review identified that the City of Marion's Asset Management Information Systems are a fundamental barrier to progressing with good strategic Asset Management, further due diligence is required prior to a system change and over the next 12 months Council needs to invest in people, data and process.

In order to progress the findings from the 'stage 1' review, it is proposed that 'stage 2' of this project is the development of an Asset Management Improvement Plan (AMIP). This AMIP sets out the next steps covering People, Data, Process and Systems and identifies the critical path for improvement over the next 12 months.

## **Public Place litter**

This review is 95% complete with consultation continuing to progress between stakeholders.

## **Service Reviews 2017/18 and beyond**

On 30 May 2017, the FAC noted a report (FAC310517R8.7) providing an improved methodology for the organisation to identify and prioritise service reviews. This method is a slight shift in philosophy; to do more with what we have, focused upon increasing positive customer experience and value. Council approved this approach on 27 June 2017 (GC270617R14). To ensure service reviews are well resourced and there is better alignment with strategic objectives, all future service reviews will be reported to the FAC by the Performance and Innovation Team.

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<sup>2</sup> Previously referred to as "Asset Management Systems", "Asset Information Management Systems", "Asset Management".  
Report Reference: FAC150817R8.5

## **CONCLUSION**

The Organisational Service Review Program 2016/17 is complete, with the organisation meeting its '2016 – 19 Business Plan' target of reviewing nine services within the 2016/17 financial year.

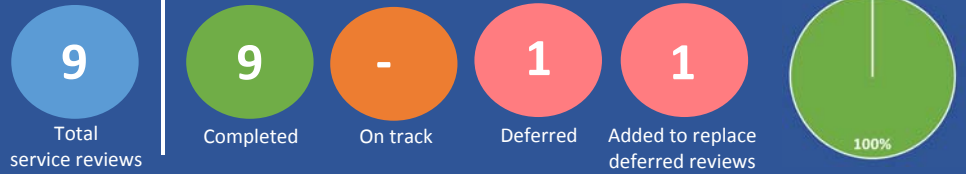
The Organisational Service Review Program 2017/18 has now commenced and is expected to meet its '2016 – 19 Business Plan' target of reviewing 12 services within the 2017/18 financial year.



# Organisational Service Reviews

Service Review Progress Updates (16/17 FY)  
Appendix 1

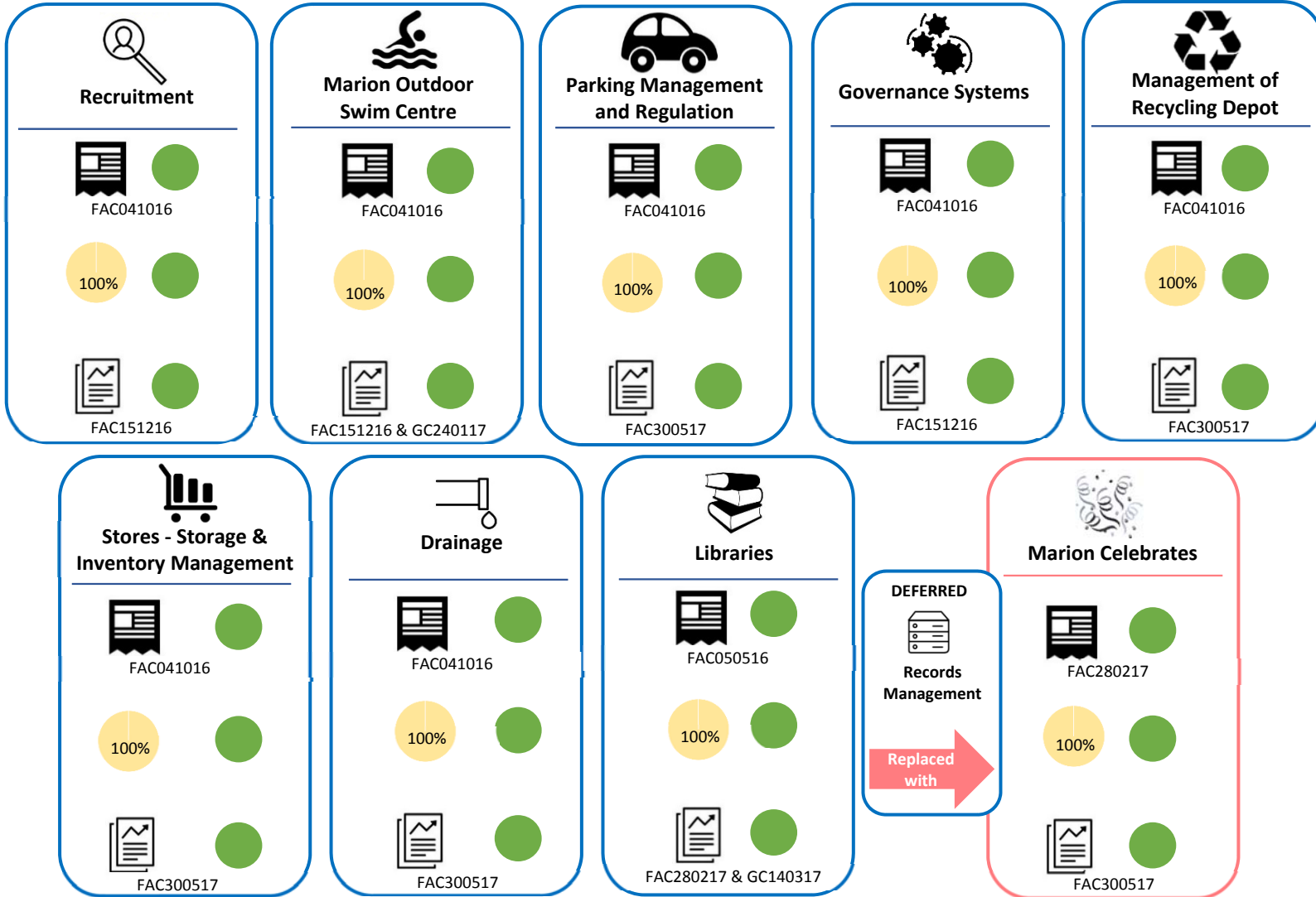
How are we progressing overall with service reviews?



How are we progressing per service review?

**LEGEND**

- = Scope
- = Service Review progress
- = Service Review Report
- = Completed
- = On Track
- = Not on Track





**Organisational Service Reviews**

**Recommendation Implementation Progress Updates**

**Appendix 2**

How are we progressing overall with the implementation of service review recommendations?

**49**

Total recommendations

**23**

Completed

**24**

On track

**1**

Not on track

**1**

Not commenced

**-**

Not reported

How are we progressing per service review with the implementation of recommendations?

**LEGEND**

= Completed

= On track

= Not on track

= Not commenced

= Not reported

Service Review	FY	Total Recommendations	Recommendation Status (as at 30 June 2017)					Status Percentage
			Completed	On track	Not on track	Not commenced	Not reported	
<b>Hard Waste and Dumped Rubbish</b>	15/16	13	12	-	1	-	-	
<b>Living Kurna Cultural Centre (LKCC)</b>	15/16	7	-	7	-	-	-	
<b>Governance Systems</b>	16/17	4	1	2	-	1	-	
<b>Recruitment</b>	16/17	1	-	1	-	-	-	
<b>Marion Outdoor Swim Centre</b>	16/17	1	-	1	-	-	-	
<b>Marion Celebrates Festival</b>	16/17	1	-	1	-	-	-	
<b>Drainage</b>	16/17	7	2	5	-	-	-	
<b>Inventory Management and Recycling Depot</b>	16/17	14	8	6	-	-	-	
<b>Parking Management and Regulation</b>	16/17	1	-	1	-	-	-	



## Organisational Service Reviews

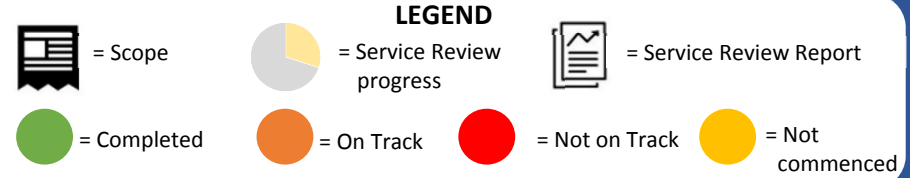
Service Review Progress Updates (17/18 FY)  
Appendix 3

Total service reviews



How are we progressing overall with service reviews?

How are we progressing per service review?



### Roads

FAC280217	
	100%
FAC150817	

### Asset Systems

FAC280217	
	100%
FAC150817	

### Public Place Litter

**DEFERRED**  
Commonwealth Home Support Program  
Replaced with

FAC280217	
	95%
FAC280217	

### Maintenance of Council Facilities

FAC280217	
	90%
FAC101017	

### Records Management

	0%

### Open Space Transformation

**Impacted Services (7)**

<b>Phase 1</b>		
Reserve Maintenance	TBC	
Landscape Maintenance		
Tree Maintenance	Phase 1 Service Review commenced (in early stages)	
<b>Phase 2</b>		
Irrigation Maintenance		
Playground Maintenance		
Sensitive Sites Maintenance		
Annual Street Tree Planting		

### Inspectorate

**Impacted Services (4)**

Animal Management		
Collection of Syringes		
Fire Prevention		0%
Parking Management and Regulation*		

\*acknowledging that the Parking Management & Regulation service was reviewed in 16/17 FY

### Call Centre

**Impacted Services (2)**

External Customer Service and Information		
Internal Customer Service and Information		0%



## *Service Review - Roads Report*



Version:  
Date:  
Prepared by:

Insert version  
Insert date  
Insert name and position

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## 1 Executive Summary

The road service review provides an opportunity to evaluate and analyse processes associated with the delivery of capital works and maintenance activities. Most importantly, the review identifies key recommendations to improve the services provided to the community.

The decision to reseal a road is made on technical requirements, where worst roads are treated first. The bitumen resurfacing is undertaken by contractors whilst the capital works planning, contractor management, operations and maintenance is undertaken by Council staff.

## Background

### 2 Service reviews

The purpose of this service review is to understand the current and likely future state of the road services. This report provides an analysis of a rigorous process as identified within the City of Marion Service Review Framework.

#### 2.1 Service review objectives

The review will include consideration of:

- The role and functions performed by Engineering and Civil
- Identifying service levels, standards and processes
- The costs associated with providing the service (testing current knowledge of costs and benchmarking)
- Identifying potential cost savings
- Exploring research opportunities with other industry providers to find efficiencies
- Improved resource usage
- Benchmarking with other Councils and exploring service delivery models including service sharing, strategic relationships
- Reviewing internal operations including staffing structure, processes, and work practices
- Exploring methods to optimise resource usage, including rationalising and making better use of assets
- Service and activity innovations
- Identify and recommend opportunities for improvement

#### 2.2 Service review hypothesis

Prior to embarking upon the service review a SWOT (strengths, weaknesses, opportunities and threats) analysis was undertaken with management, Civil and Engineering teams regarding the roads service. For the results of this exercise, please refer to 'Appendix 1 – SWOT Analysis'.

Additionally, the following improvement levers were explored in order to determine where to invest detailed analytical effort:

**Demand:** The demand for capital roads projects is developed using a pavement management system tool that analyses the condition of the network and assists with short term planning and develops long term funding requirements. The pavement management system prioritises the worst roads for treatment on a Council wide basis.

**Process Optimisation:** Process optimisation of administrative practices associated with the road service would not reap significant savings, however will provide additional controls over costs, timeframes and quality.

Value Engineering (VE) is a systematic method to improve the 'value' of products and services. The value, is defined, as the ratio of function to cost. Value of the road network can therefore be increased by either improving the function or increasing the cost. It is a basic function that road services be preserved and not be reduced as a consequence of pursuing value improvement because this will have significant impacts on the overall condition of the road network into the future.

Therefore consideration of the level of service being provided may indicate that a reduction in funding should be contemplated whilst continuing to maintain an acceptable road network condition. This could involve trialing



an agreed reduced budget amount for just one financial year then provide treatment and monitor any change or impacts with regard to maintaining level of service over a test period (of say two or three years).

**Productivity:** While productivity management for carryovers in recent years are at an acceptable level, greater emphasis is required to ensure the timely delivery of the road reseal program is achieved. It follows that the aforementioned VE trial may assist with the timely delivery of the road reseal program and therefore the ongoing mitigation of carryovers.

DRAFT

## 2.3 Service details

### 2.3.1 Risks associated with the service

The risks associated with the delivery of the service are as follows:

- Over or under servicing
- Increase cost (including Asphalt Concrete (AC) and other materials)
- Work related injuries
- Safety of road users during construction and maintenance activities
- Damage to private property
- Quality of works associated with construction and maintenance activities
- Inconvenience to residents during the construction process
- Public liability
- Financial management
- Delays in construction due to;
  - Inclement weather,
  - G6 main contractor departs from the proposed program (to service another council)

### 2.3.2 Current service process

#### **Background**

For each hierarchy of road (sub-arterial, distributor, collector and local) the City of Marion sets intervention levels for various parameters in Road Assessment and Maintenance management (RAMM) system; cracking, layer age, local defects, patching sections, roughness, rutting, surface age, texture.

The contractor Pavement Management System (PMS) has been selected to audit, collect and input field data into the RAMM program. The program will also provide a 3 year forward capital works program for 2018/19 and beyond. The City of Marion performs desk top, peer review and site validation of submitted programs.

#### **Road formation renewal and rehabilitation options**

Downer are the nominated contractor for capital works. Treatment types undertaken by the contractor are as follows;

**Table 1: Road formation repair options**

<b>Treatment Type</b>	<b>Description</b>
Crack Sealing	Maintenance treatment designed for short-term period (up to 8 years); all cracks sealed full width of road.
Surface Rejuvenation	Identify low trafficable roads where binder has broken down due to oxidation and there is raveling/loss of texture. For these roads emulsion is applied to reinstate the surface integrity.
Resealing	Edge plane (to 30 millimetre depth) along kerb and water table, apply crack seal* to remaining area (that is, not planed) then lay 30mm deep Asphaltic Concrete (AC) overlay.
Rehabilitate	Plane area (to 50 millimetre depth), treat defects** with AC corrector coarse application, then lay 50mm AC overlay. Due to wheel loadings bus route roads displaying the required cracking intensity will be rehabilitated with this treatment type.  The City of Marion performs minor repair of AC layer including patching and potholes.
Reconstruction	Remove AC, recondition base layer (replace/lime stabilise/incorporate bitumen foam) then apply AC overlay.

**Road Kerb and Water Table repairs**

It is a requirement to repair defects to kerb and water table 12 months prior to road reseal. Defects include cracking and displacement due to tree roots, obvious water pooling and sunken spoon drains.

**2.3.3 Additional service details**

For additional service details, refer to the following appendices:

**Table 2: Service detail appendices references**

<b>Description</b>	<b>Appendix Number</b>
History of the service	2
Legislative requirements	3
Service delivery	4
Operational costs	5








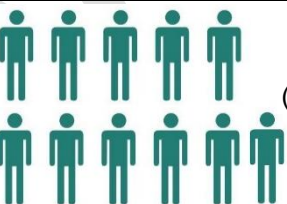
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### 3 The Review


#### 3.1 Capacity


The positions and full time equivalent employees that relate to the delivery of road work activities are outlined in 'Table 3'.

**Table 3: Position and employee numbers**  
(that deliver road work activities)

Position title	No. of full time equivalent employees
Kerb & Water Table – Work Group Leader	
Kerb & Water Table – Team Member	
Bitumen – Team Member	
Slop Mop – Team Member	
Rapid Response – Team Member	
Engineering	
Civil Contract Management	
<b>TOTAL</b>	 (11 FTE)

**Legend**

 = 1FTE

 = 0.5FTE

#### 3.2 Lost time injury

In order to measure improvement, safety indicators are measured and monitored across Council.

The Civil Services Roads Team has had zero lost time injuries recorded over the past 2.5 years.

Hazard Prevention Strategies are continuing to be implemented and include the ongoing review of Council’s Hazard Register and provision of documented Safe Work Method Statements, Safe Work Procedures or Safe Operating Procedures for hazardous tasks.

Zero lost time injuries indicate that systems, processes and a preventive safety culture have been successfully implemented in the road services teams.

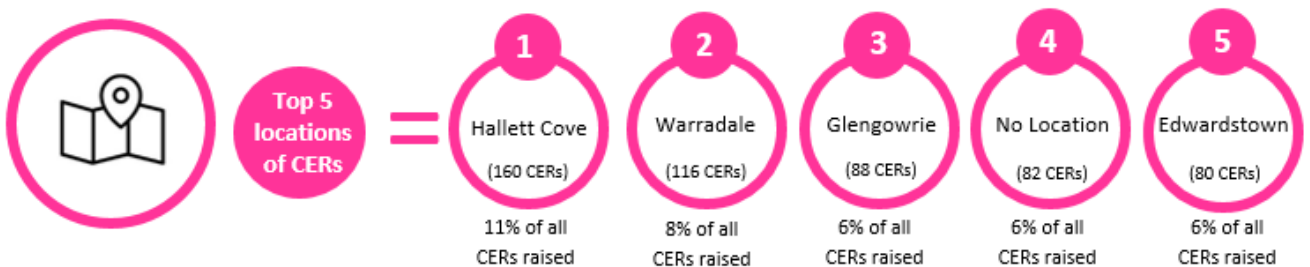
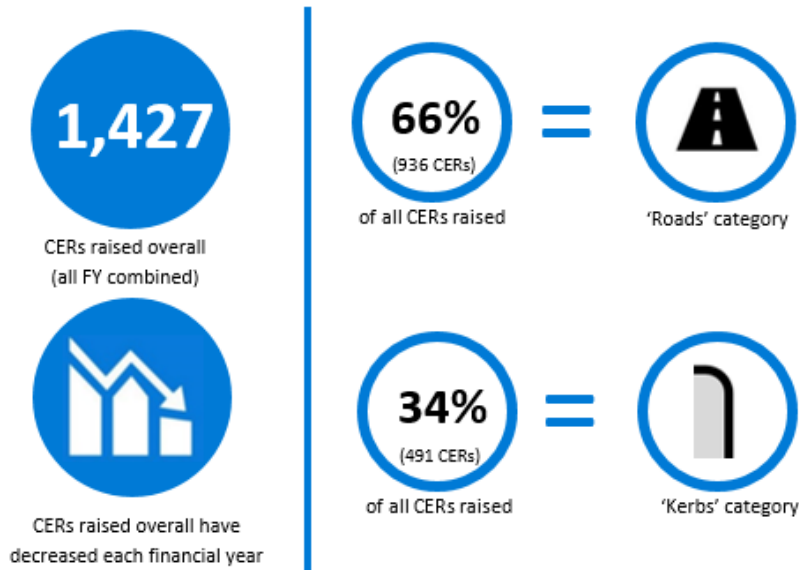
### 3.3 Customer Event Request analysis

Community members predominantly submit reactive requests for works on the road network, these requests are added to the City of Marion’s Customer Event System (CES) commonly by the Customer Service Team and are actioned appropriately by the Civil Services Team. It is important to note that not all customer requests and work undertaken by the Civil Services team are recorded via the CES this includes but is not limited to planned/scheduled works and out of hours’ requests.

Analysis was undertaken on Customer Event Requests (CERs) from the 2013/14 financial year through to the 2016/17 financial year (as at 30 April 2017), ‘Diagram 1’ displays the ‘overall key findings’ from this analysis. For the comprehensive CER analysis, please refer to ‘Appendix 6 - CER – Analysis’.

#### Diagram 1 – Overall key findings from CER analysis

Note: Key findings are based on overall results for all four financial years combined (2013/14 to 2016/17\*). Percentages are based on CERs raised in relation to the roads program only (does not include comparison with CERs raised for the whole of City of Marion).



\*2016/17 as at 30/4/17

\*\*Not Council’s responsibility includes: other service provider responsibility, owner responsibility and out of Council area

\*\*\* Various outcomes includes: Inspected – no action required, under incorrect category, refuse removed, equipment collected, area made safe by Council and general enquiry

### 3.4 Benchmarking

An identified deliverable of the Service Review for 'Roads' was to undertake benchmarking analysis with other Councils to:

- Understand how other Councils provide a similar service (information sharing)
- Compare (where possible) our performance and processes (identifying best practice)
- Identify gaps in our own processes and seek opportunities to improve our current service

The service review team compiled a series of questions in relation to maintaining road networks including; budget allocation, road network, programming, resource sharing and improvement opportunities. These questions were utilised as a basis for a survey, which was completed by the following Councils:

- City of Marion
- City of Port Adelaide Enfield
- City of Tea Tree Gully
- City of Charles Sturt
- City of Holdfast Bay


Five additional Councils were approached to partake in the benchmarking exercise however, it was difficult to obtain the data required and therefore these Councils were not included.

Refer to 'Diagram 2' for the key themes identified in the benchmarking exercise.

For the comprehensive benchmarking details, please refer to 'Appendix 7 – LG – Benchmarking Results'.

**Diagram 2 – Overall key findings from benchmarking exercise**

Note: Averages are based on three financial years (2013/14 through to 2015/16)



The average budget for Capital Works and Maintenance combined of all Councils is \$9m per FY  
City of Marion is below the norm with an average budget of \$4.9m per FY

The average capital works budget per kilometre of available networks of all Councils is just over \$10,000 per FY  
City of Marion is in line with the norm with an average budget per kilometre of just under \$10,000 per FY



City of Marion has the fourth longest road network (480 kilometers)



The average length of re-seal/re-construction undertaken on road networks of all Councils is 15 kilometers per FY  
City of Marion is above the norm with an average of 22 kilometers per FY and undertook the greatest length overall with 65 kilometers over three years



All Councils identify the condition of their road network using both automated (software) and manual (site inspections) practices



Each Council rate the overall quality of their road network as good (scale included: excellent, good, poor, very poor)



**4** out of **5** Councils (including City of Marion) undertake a condition assessment program plus a site assessment to develop their roadworks program

**2** out of **5** Councils (excluding City of Marion) undertake a staff assessment of roads to establish a database and to develop their roadworks program



**3** out of **5** Councils (including City of Marion) are willing to share resources with other Councils

We did more work on our kerb and water table, to provide a better road reseal outcome **We got more funds**

**Improved management systems**  
**Greater level of funding**  
Additional resources to undertake detailed condition assessments  
**Improved understanding of community's service level expectations**

Our roads program would be better if...

**Observation:**

- Explore opportunities to share resources with other councils

### 3.5 Internal Unit Rate

During June 2016, external benchmarking was conducted by the City of Marion, across South Australian Local Governments to enable a comparison of in house and outsourced 'construction unit rates' for a range of activities including road services.

The details of this exercise are displayed in 'Table 4'.

Caveat:

- In house rates include; salaries, allowances, superannuation, plant, equipment, etc. and excludes office overheads
- Contractors rates include; labour, allowances, superannuation, materials, etc. and exclude preliminaries e.g. insurance, management, work plans, establishment etc.
- Where rates were not provided, further investigations, was not undertaken at the time

**Table 4: Construction unit rates**

	Rate (\$) (actual construction)	City of Marion	Council A	Council B	Council C	Council D
<i>Roadworks – minor patching for pot holes (per square metre)</i>	<i>In house</i>	25-60	N/P	N/A	60	N/A
	<i>Contractor</i>	46	N/A	51	N/A	N/A
<i>Roadworks – 30mm AC reseal (per square metre)</i>	<i>In house</i>	N/A	N/P	N/A	N/A	N/A
	<i>Contractor</i>	17	17	20-50	18	22
<i>Kerb and water table – supply and lay concrete only (per linear metre)</i>	<i>In house</i>	187	N/P	268	N/P	N/A
	<i>Contractor</i>	135	160	160-210	140	150

**N/P = Not provided**  
**N/A= Not applicable**

**Table 5: Cost and technical factoring**

	Cost (30%)		Quality (25%)		Site Management (15%)		Safety (15%)		Customer Service (15%)		Total Weighted Average
	Score	Weight	Score	Weight	Score	Weight	Score	Weight	Score	Weight	
Contractor	8	2.4	8	2	7.5	1.1	7	1	7	1	<b>7.5</b>
CoM Day Labour	6.0	1.8	8	2	8	1.2	8	1.2	8	1.2	<b>7.4</b>

#### Observation:

- The internal KWT construction unit rate needs to be reduced. A 12 month window of opportunity should be established to allow enough time to improve processes and reduce the unit rate to be more competitive with other unit rates.



### 3.6 Lessons Learnt

The City of Marion (CoM) invited representatives from Downer EDI (Council's road reseal contractor) to discuss what is working well and what can be improved by both Downer and the CoM. This meeting resulted from issues associated with the delivery of the road reseal program, strained relationships and the management of finances during last financial year.

#### What worked well

---

- The ability to deliver an additional \$2million dollars of work for Roads to Recovery
- Completion of 2 additional streets late in the program
- Delivery of the planned programmed works
- CoM are generally happy with the quality and the workmanship provided by Downer
- Downer have provided good customer service to residents
- Good value and pricing
- Communication has been good between both parties but at times a little rushed. CoM understand that staff are stretched but feel that a little more time could be spent in this area
- CoM are impressed with the end result of Patpa Drive, Hallett Cove
- Flexibility and collaboration
- Downer happy for CoM to undertake the linemarking as this is subcontracted out which can cause delays. Downer have completed \$14,000 of linemarking for CoM to assist council on some projects.
- All roads for this financial years program have been spot checked
- Downer are happy with the customer service provided by CoM

*Question from CoM to Downer - Do you think that CoM are over servicing?*

*Downer responded - In comparison to the size of the area, no we do not think so.*

#### Invoicing

##### Downer - Comments

---

- Downer are wanting to help CoM and aim to be solely used by CoM for bituminous works
- When CoM engaged a different provider to undertake works, did CoM identify anything different or any areas for Downer to improve?
  - The only item identified is that Fulton Hogan arranged for the topstones to be adjusted when working on the road
- Downer will complete works within the designated timeframes and meet targets
- Schedule regular meetings

##### CoM – areas that can be improved

---

###### Kerb and Water Table Replacement Program & Tree Management

- Concerns regarding sections of the kerb and water table in Gillespie Street and Flinders Street due to short timeframe
- All KWT reinstatements have been completed last year for this coming financial year
- Lift tree canopy
- All significant branches need to be exposed
- Lift to a minimum 4.5 metres high (although 5.0 metres would be preferred)
- CoM Arborist asked if smaller equipment could be used – this cannot be done tender pricing based on conventional road equipment
- Colin and Brenton will meet with David Sheldrick (CoM Arborist) to discuss height specifications and timeframes
- CoM to link street tree pruning with the Kerb and Water Table program
- David Sheldrick (CoM Arborist) requires a 2 week lead for any tree works outside of the program. Downer will forward street tree requests to Brenton
- CoM to arrange for private trees to be pruned
- Further effort is required when identifying KWT that require works to be undertaken
- CoM have advised that most streets will be okay for this financial years program
- CoM have the flexibility to organise urgent kerb and water table repairs
- CoM will undertake all kerb inspections

### Feedback for Downer from CoM

- CoM would like Downer to deliver on commitments
- Pavement testing timeframes – Downer have responded and advise that they typically need 6 months to collect/test and collate the samples to the national lab to develop a pavement design
- Invoice – noted and working through
- Reconstructions to be completed at the middle of the financial year
- Quotes for reconstructions works to be provided before works commence
- Include all works costs/details when providing budget estimates
- Be aware that any changes made/street swapping impacts CoM
- Klippel Avenue
  - Longitudinal cracking
  - Inspected and tested by National Lab Specialist
  - Currently testing other sites in the foothills relating to the surrounding environment factors
- Quality issues around Finnis Street and The Cove Road
- Provide a testing regime for ride ability – 50mm area plane
- Develop a joint understanding of the Department of Planning Transport and Infrastructure specifications

### Other

- CoM try to accommodate and work collaboratively with Downer
- Downer was advised during the tender process the contractor would build the performance program that would offer best value to councils and that timings of works would be with the contractor.
- Downer build the program from CoM spreadsheet – could both parties potentially co-build the program? Yes definitely
- CoM and Downer have a good working relationship and can come to agreements
- CoM asks for road reconstructions be scheduled at the middle of the financial year
- Downer advised that there has been some confusion with the tender agreement – Downer try to schedule works to get the best value and to maximise resources
- CoM to generate the program to incorporate streets in the same area for better value
- Invoicing process to be improved (timeliness), noted and working through
- Downer to provide a process map for invoicing
- Downer have changed their internal invoicing processes

CoM encourages Downer to bring innovation with materials/resources used. CoM would like to work in partnership with Downer and support innovative ideas.

### Observation:

- Council's contractor is providing appropriate levels of quality and good value
- The contractor does not believe the CoM are over servicing their road network
- Consider developing a proactive KWT program that includes the renewal of KWT in preparation for the following year's road reseal program

### 3.7 Workshop with the Infrastructure and Strategy Committee

The Infrastructure and Strategy Committee (I&S Committee) participated in a workshop on the 1 August 2017 regarding the draft Service Review - Roads and provided feedback and a response has been presented in the table below:

<b>Table 6: Feedback from I&amp;S Committee and Management Response</b>	
<b>Feedback</b>	<b>Response</b>
Predicative and preventative action should be pursued.	Capital works planning delivers predicative actions and the delivery of the program delivers preventative outcomes.
Keep the current service standard but look for efficiencies through innovation.	Noted, recommendation changed as a result of the feedback.
Savings have been made due to successful Road to Recovery funding grants.	Noted.
The City of Salisbury was highlighted as an innovative Council in the area of Roads and the Committee is keen to learn more about this.	The City of Marion meets with other Councils on a regular basis including the City of Salisbury. The City of Marion will continue to liaise with other Councils to continuously seek improvements and innovative ideas.

## 4 Options considered for the service

There are a range of service options which could be implemented within the ‘Roads’ service which include and are detailed below;

1. Maintaining the service
2. Reducing the service
3. Increasing or changing the quality and/or delivery of the entire or elements of the service
4. Not provide the service

### 4.1.1 Option A: Maintaining the service

<b>Benefits and Opportunities</b>	<b>Risks</b>
<i>Full control over the road service, product quality, staffing levels, customer service, timeframes, etc.</i>	<i>Council assumes all financial and operational risk</i>
<i>Greater influence over risk management and compliance issues</i>	<i>May require additional administration (human resource management, financial reporting, etc.) within Council administration</i>
<i>Consistent approach to delivery of service</i>	<i>Council required to provide all equipment to operate the service in relation to minor road repair and KWT</i>
<i>Outcomes are aligned to Council's strategic plan.</i>	<i>Effective in-house management can be time consuming to coordinate the program including works programming, contract management, risk management, communication, quality control and financial management</i>
<i>Full recognition of Council ownership through branding and correspondence to residents - maximises community recognition of services provided by Council.</i>	
<i>Greater influence over meeting many legislative requirements including Australian and State legislation and State regulations</i>	
<i>Continue to provide value for money and maintain the good condition of the road network</i>	

**Observation:**

- The condition of Council’s road network is considered to be good,

#### 4.1.2 Option B: Reducing the service

<b>Benefits and Opportunities</b>	<b>Risks</b>
<i>Full control over service, product quality, staffing levels, customer service, timeframes, etc.</i>	<i>Council assumes all financial and operational risk</i>
<i>Greater influence over risk management and compliance issues</i>	<i>May require additional administration (human resource management, financial reporting, etc.) within Council administration</i>
<i>Consistent approach to delivery of service</i>	<i>Adverse impact upon road users – local and wider Adelaide community</i>
<i>Reduce costs that could be redirected to another service of Council or result in a reduction of Council rates</i>	<i>Possible reputational risk to Council as a result of a reduced level of service</i>
	<i>Not meeting legislative requirements including Australian and State legislation and State regulations</i>
	<i>No forced redundancies require CoM staff to be redeployed with meaningful and equivalent level of work</i>
	<i>Industrial action highly likely</i>
	<i>Overall condition of the road network will reduce</i>
	<i>Potential increase in public liability claims</i>
	<i>Reduced level of service to the community</i>

#### Observation:

- Carefully consider a minor reduction in the capital cost of the road reseal program

#### 4.1.3 Option C: Increasing or changing the quality and/or delivery of the entire or elements of the service

<b>Benefits and Opportunities</b>	<b>Risks</b>
<i>Full control over service, product quality, staffing levels, customer service, timeframes, etc.</i>	<i>Council assumes all financial and operational risk</i>
<i>Greater influence over risk management and compliance issues</i>	<i>May require additional administration (human resource management, financial reporting, etc.) within Council administration</i>
<i>Consistent approach to delivery of service</i>	<i>May have impact upon patrons – local and wider Adelaide community</i>
<i>The condition of the road network will improve</i>	<i>There may be some reputational risk to Council however this is considered unlikely due to the nature of the benefit, that is VE.</i>
	<i>Possibility of not fully meeting legislative requirements including Australian and State legislation and State regulations. In regards to VE, an across the board G6 initiative could be trialed and adopted</i>
	<i>Over serving</i>

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#### 4.1.4 Option D: Not provide the service

<b>Benefits and Opportunities</b>	<b>Risks</b>
<i>Significantly reduce capital and operational costs to Council</i>	<i>Significant impact on road users – local and wider Adelaide community</i>
<i>Provides opportunity to redirect saving to other activities or projects</i>	<i>Significant reputational risk to council with wide spread media coverage</i>
<i>Provides opportunity to reduce Council rates</i>	<i>Not meeting many legislative requirements including Australian and State legislation and State regulations</i>
	<i>No forced redundancies require CoM staff to be redeployed with meaningful and equivalent level of work</i>
	<i>Industrial action highly likely</i>
	<i>Higher costs to return the road network back to its original condition</i>
	<i>Increase in public liability claims</i>
	<i>Reduced level of service to the community</i>

## 5 Recommendations

The following recommendations are made in relation to this particular service:

<b>#</b>	<b>Recommendation</b>	<b>Due date</b>	<b>Position</b>
1	Pursue opportunities to maximize the use of equipment including sharing plant and equipment with other Councils	June 2018	Unit Manager Civil Services
2	Identify and implement actions to reduce Kerb and Water Table unit rates including reviewing the unit rate in June 2018	June 2018	Unit Manager Civil Services
3	Develop monitoring processes for the delivery of the roads program and monitoring budgets including projections.	June 2018	Unit Manager Engineering
4	Develop a proactive KWT program that incorporates road reseal preparation for the following financial year	June 2018	Unit Manager Engineering

# Appendix 1

## SWOT Analysis

During February 2017, a SWOT (strengths, weaknesses, opportunities and threats) analysis was undertaken with management and the Civil and Engineering teams regarding the roads service. The diagram below displays the results of this exercise.

- Infrastructure Asset Management Plan (IAMP)
- Long Term Financial Plan (LTFP)
- Pavement Management System (RAMM)
- Processes to identify capital works
- Plant and equipment (flowcon):
  - Quality
  - Fit for purpose
- Competent/trained staff
- Willingness of staff to train
- Suite of treatment options to renew roads (choice) (linked with competent/trained staff)
- Quality of network (overall)
- Quality of contractor work & internal reinstatements
- Less carryovers
- Line marking:
  - Own stencils
  - Service levels
- Good Geographical Information System (GIS)
- Testing regime
- Contractor management - good



- Pavement Management System (RAMM):
  - Needs resourcing
  - Data outdated – audit
- IAMP:
  - More theoretical than practical
  - Support from ELT?
  - Support from Asset Management Group?
- Roles and responsibilities clarified between asset management and roads/engineering
- Shifting/monitoring budget
- Manual/automated 50/50 processes (capital works)
- Benchmarking (process)
- Community expectation re: roads
- Road mapping/planning
- Are we over servicing?
- Budget variations
- Line marking resources
- No proactive kerb program
- Records of existing line marking for planning/prioritisation
- Equipment replacement – trucks
- Internal communication between line marking/roads increased



- Liaison/relationships with service providers communication
- Roads 2 Recovery (R2R) funding
- Industry expertise:
  - Products
  - Technical
  - Innovation
- Recycled products:
  - RAP (recycled pavement) using minimum of 20%
  - Toner pave
- Testing air voids



- Service trenches
- Bitumen:
  - Cost
  - Quality
  - Supply
- New products:
  - Reliability
  - Timing impacts
  - Compatibility





**History of the service**

As roads/kerbing are considered to be significant assets servicing the community, providing accessibility, drainage, provision of services, social value (inclusion) and economic development. As a result, the maintenance and renewal of these assets are automatically planned for and funded through the Long Term Financial Plan and the Annual Business planning process.

To maintain a high level of service to the community, the City of Marion has generally resealed road pavements with a “hot-mix” treatment, it is estimated that 99% of the road network is hot-mix treatment.

**Road Pavement/Seal**

In 2012, road condition attribute data was ascertained across Council’s network. This data comprised the following:

- Visual data populated via interrogation of images i.e. cracking surface defects etc.
- Surface texture
- Roughness
- Rutting

This data was subsequently analysed to estimated remaining life of each seal and pavement and produce a program of works, utilising the Road Assessment and Maintenance Management program (RAMM).

This methodology demonstrates a proactive approach to road management that ensures the value of the road network is maintained.

**Kerbing**

In 2010 Council undertook an extensive condition audit of its kerb network. This survey found that approximately 5% of Councils kerb network was below level of service standards. The ‘defects’ associated with this survey comprised sections of kerb that were cracked and lifted by trees mostly.

Council’s kerb replacement program is predominantly developed around the road resealing program with small sections of kerb being replaced prior to a reseal.

**Legislative requirements**

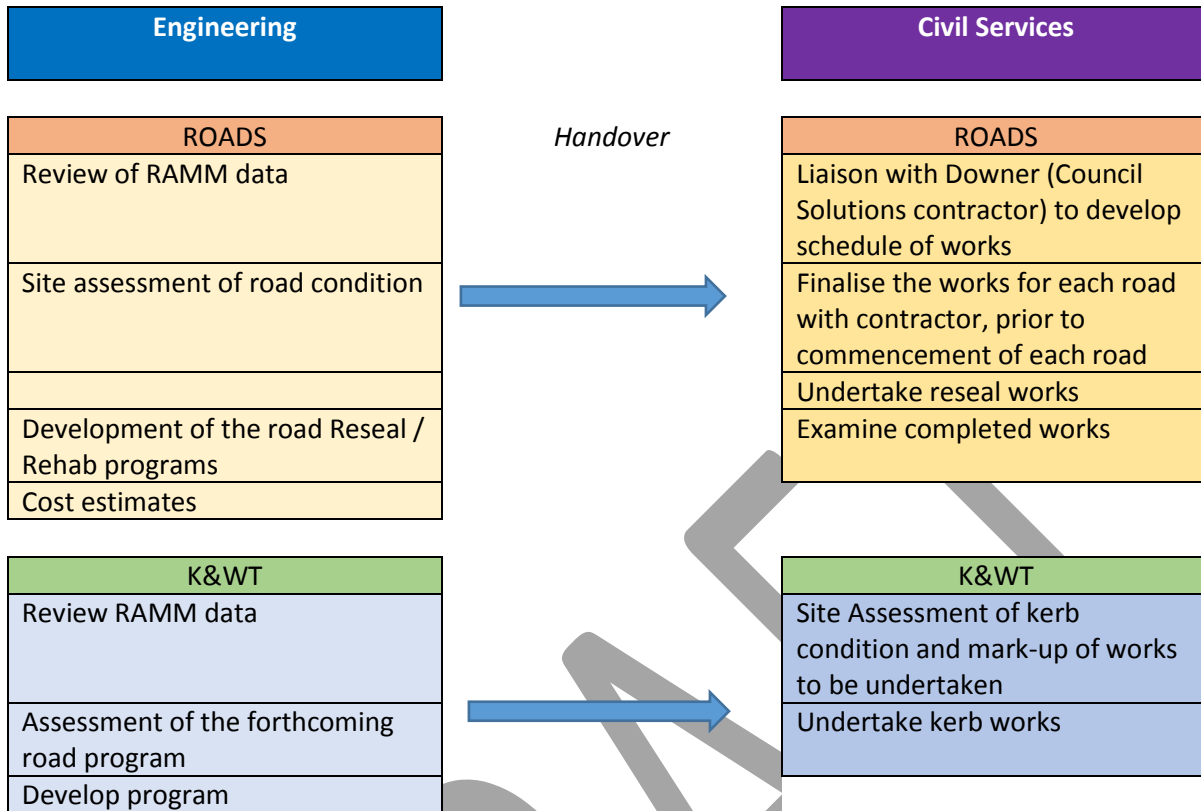
Under the Local Government Act 1999, it is clear that Council is required to plan, protect, manage, improve and restore its assets, including roads and kerbing.

The organisation has to meet many legislative requirements including Australian and State legislation and State regulations. These requirements are provided in 'table 1'.

<b>Table 1: Legislative requirements</b>	
<b>Legislation</b>	<b>Requirement</b>
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Work, Health and Safety Act 2012	Proactive in occupational health, safety and welfare practices in all undertakings of Council.
Highways Act 1926	An Act to....."make further and better provision for the construction and maintenance of roads and works, and for other purposes"
Road Traffic Act	Defines layout and format of roads within the city. Defines control requirements including use of traffic control, traffic calming, crossings, speed setting and general limitations of use
Disability Discrimination Act	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure
Australian Road Rules	Contain the basic rules of the road for motorists, motorcyclists, cyclists, pedestrians, passengers and others

**Service delivery**

The delivery of the Road and K&WT programs involves two working groups with Council, these being Engineering and Civil Services. The basic functions of which group is depicted below.



The annual business plan identifies funding for capital works road programs generated from information collated in the endorsed Transport Asset Management Plan and Councils Long Term Financial Plan.

The progress of delivering the capital works road program is undertaken at the monthly capital works meeting and reported to Council on a quarterly basis. In addition, the road program is financially monitored during the quarterly budget review process.

# Appendix 5

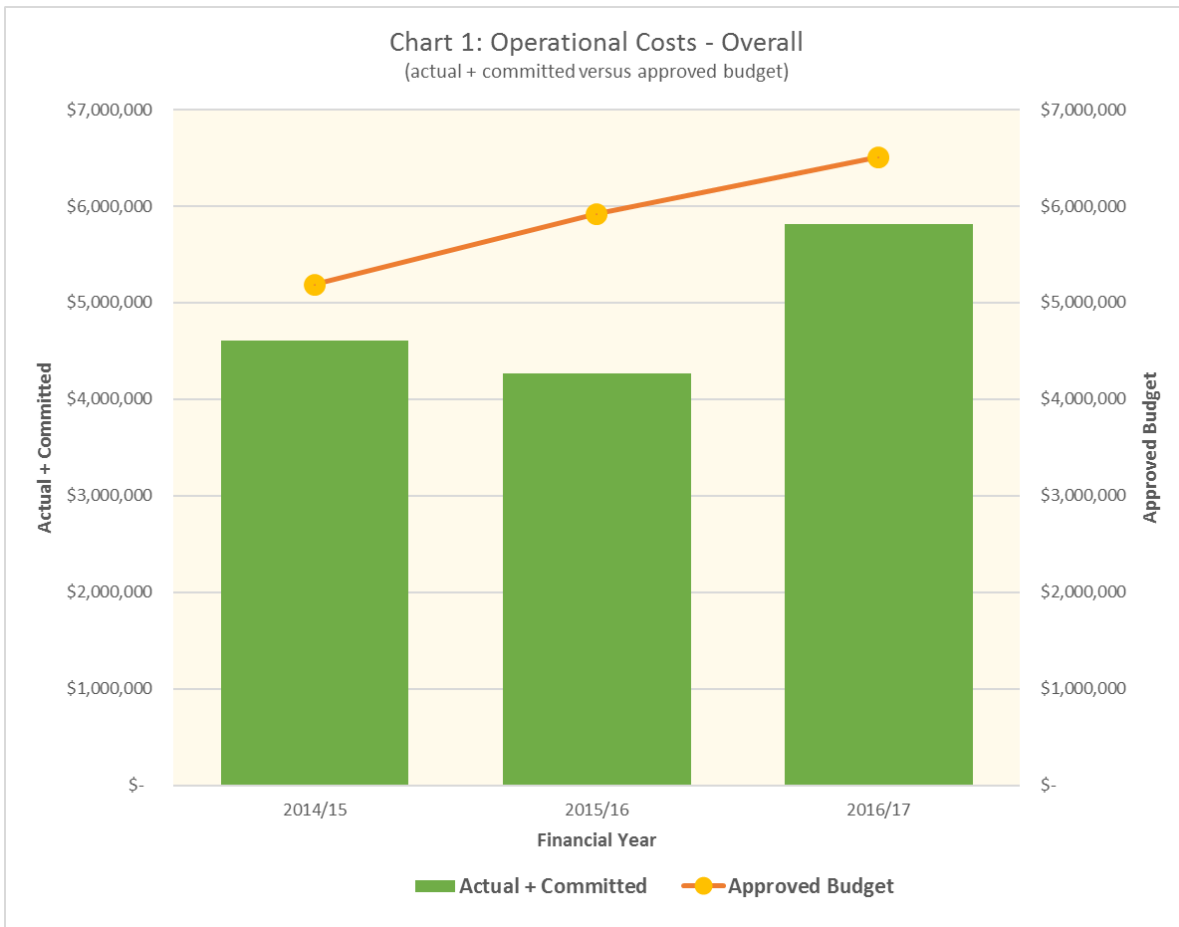
## Operational Costs

### OPERATIONAL COSTS – OVERALL

**Table 1: Operational Costs – Overall (Roads and Kerbing)**

**\$'000**

Financial Year	Actual + Committed	Approved Budget
2014/15	4,607	5,186
2015/16	4,266	5,919
2016/17	5,809	6,506



# Appendix 5

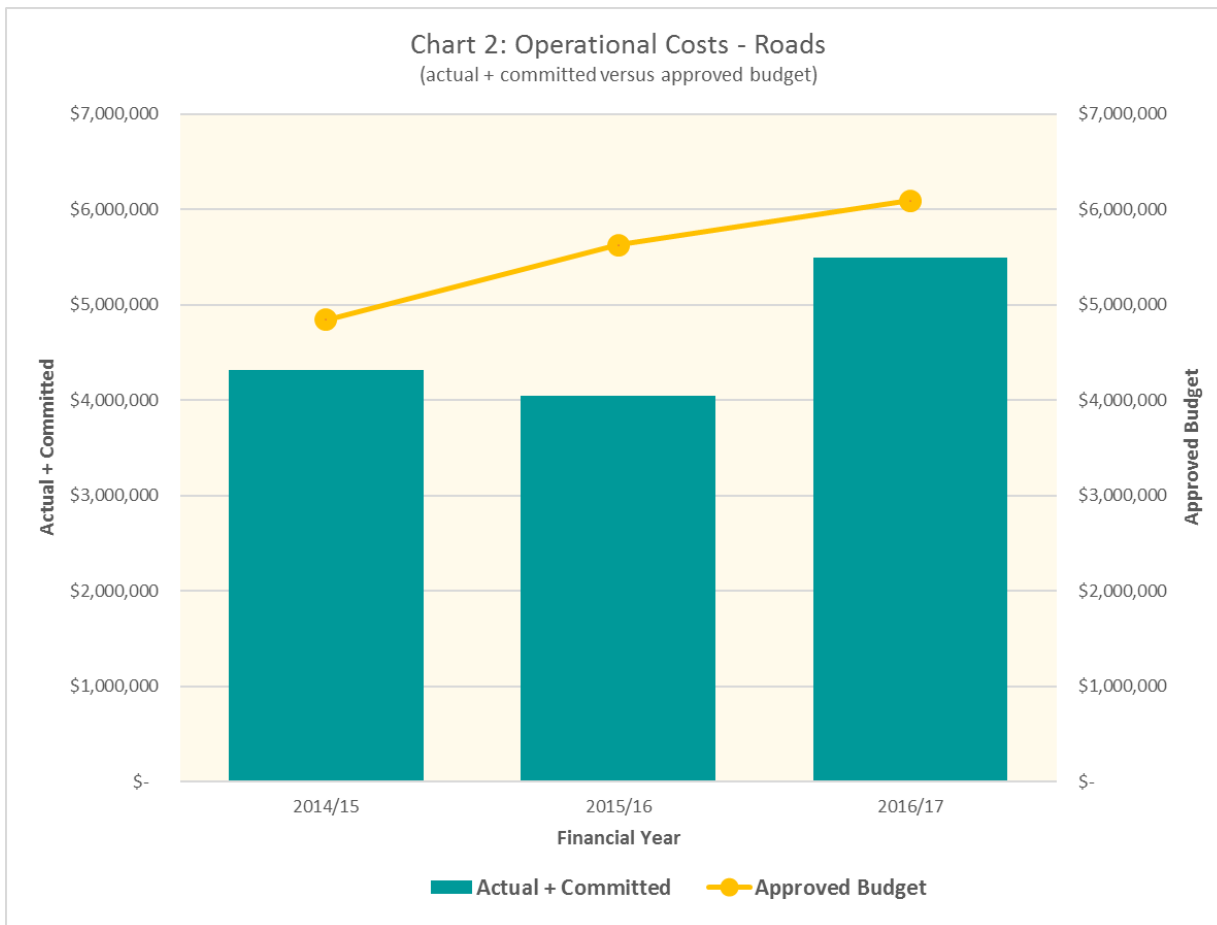
## Operational Costs

### OPERATIONAL COSTS - ROADS

**Table 2: Operational Costs – Roads**

**\$'000**

Financial Year	Actual + Committed	Approved Budget
2014/15	4,315	4,844
2015/16	4,044	5,625
2016/17	5,497	6,088



# Appendix 5

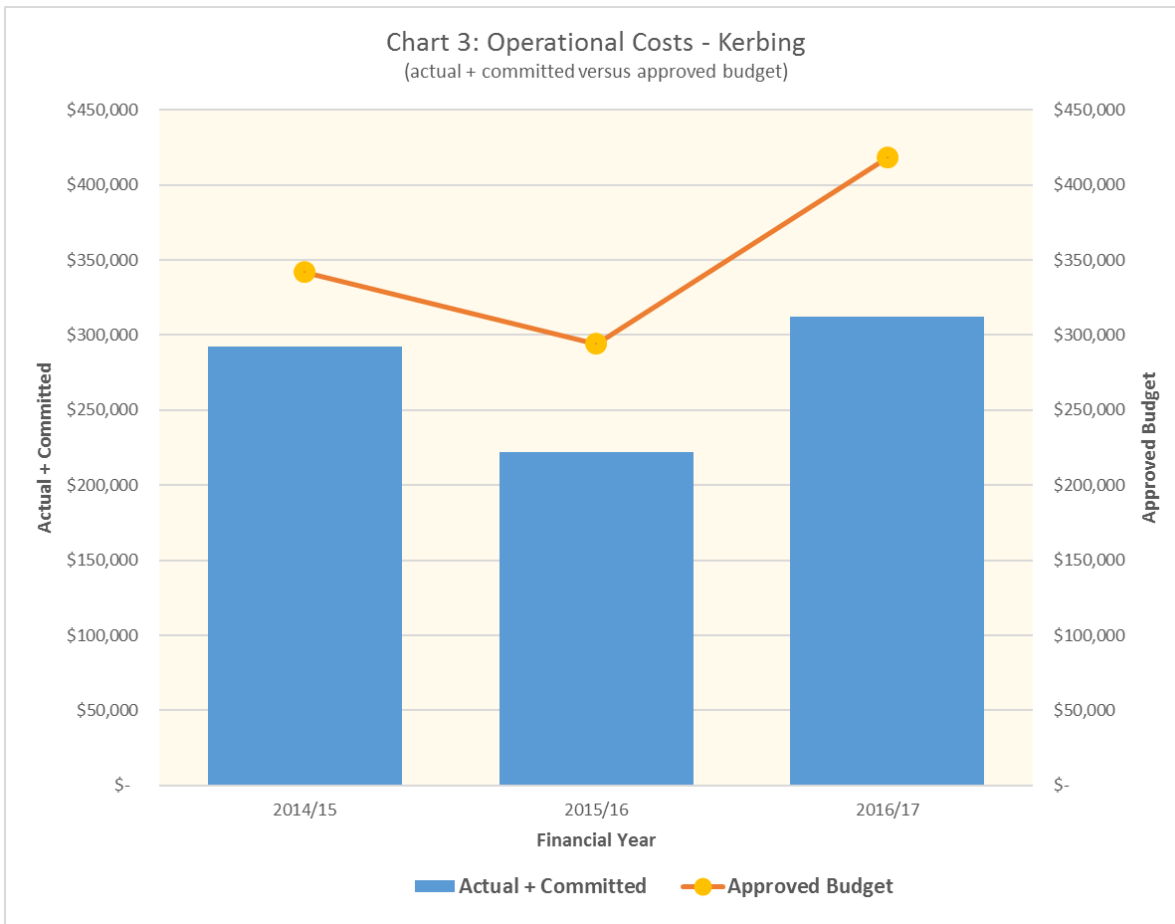
## Operational Costs

### OPERATIONAL COSTS - KERBING

**Table 3: Operational Costs – Kerbing**

**\$'000**

Financial Year	Actual + Committed	Approved Budget
2014/15	292	342
2015/16	222	294
2016/17	312	418



**Appendix 6**

## Customer Event Request Analysis

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# Appendix 6

## Customer Event Request Analysis



### 1. INTRODUCTION

An identified deliverable of the Service Review for 'Roads' was to gather relevant data and undertake analysis. Requests for works on the City of Marion road network was highlighted as an area to investigate further.

Community members predominantly submit reactive requests for works on the road network, these requests are added to City of Marion's Customer Event System (CES) (commonly by the Customer Service Team) and actioned appropriately by the Civil Services Team.

It is important to note that not all customer requests and work undertaken by the Civil Services team are recorded via the CES this includes but is not limited to planned/scheduled works and out of hours' requests.

### 2. METHODOLOGY

As the CES is the most valid source for reactive requests for works, it was determined to undertake analysis on this data.

Various reports were processed for each financial year from 2013/14 through to 2016/17 (as at 30 April 2017) regarding Customer Event Requests (CERs) that were assigned to the Civil Services Team in relation to roads.

Due to the copious amounts of categories presented within these reports, the focus of the analysis was shifted to explore the following categories:

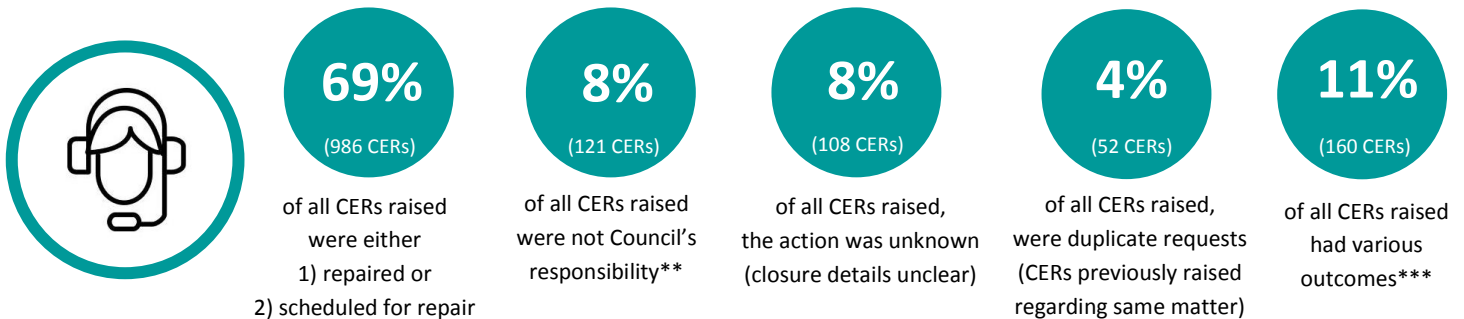
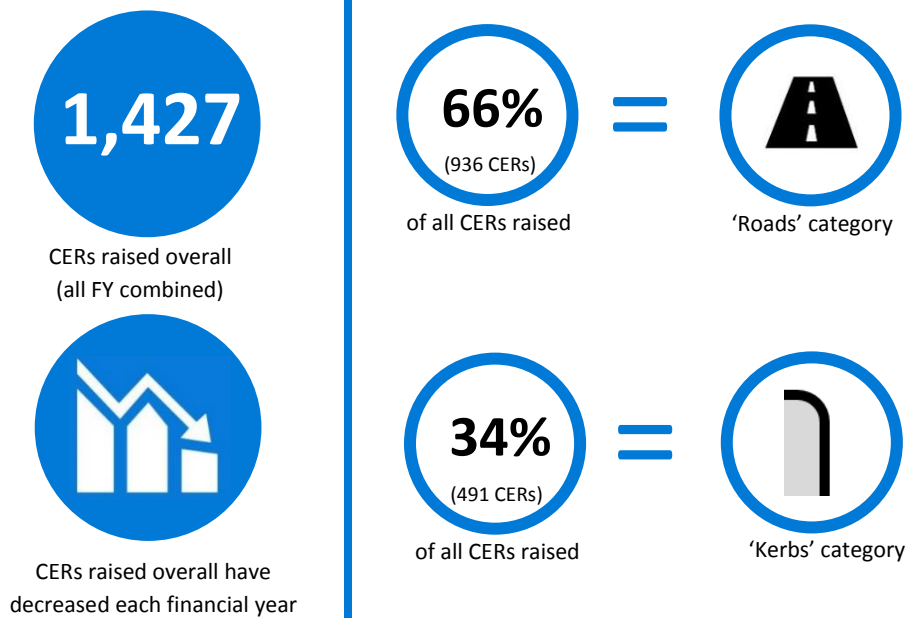
- Kerbs
- Roads

Additionally, due to the copious amounts of locations, the focus of the analysis was shifted to explore the 'Top 10' locations.



**3. KEY FINDINGS (OVERALL)**

Note: Key findings are based on overall results for all four financial years combined (2013/14 to 2016/17\*). Percentages are based on CERs raised in relation to the roads program only (does not include comparison with CERs raised for the whole of City of Marion).



\*2016/17 as at 30/4/17

\*\*Not Council's responsibility includes: other service provider responsibility, owner responsibility and out of Council area

\*\*\* Various outcomes includes: Inspected – no action required, under incorrect category, refuse removed, equipment collected, area made safe by Council and general enquiry


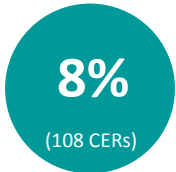
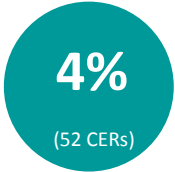
# Appendix 6

## Customer Event Request Analysis



### 4. ANALYSIS OF FINDINGS

All findings within this report were reviewed and analysed by key internal stakeholders, validation of this analysis was undertaken including opportunities identified. The following table provides the details of this exercise:

FINDING	STAKEHOLDER ANALYSIS	VALIDATION OF ANALYSIS	OPPORTUNITY IDENTIFIED
 <p>CERs raised overall have decreased each financial year</p>	<p>The reduction in CERs each financial year are due to fewer complaints received from residents. This is a direct result of improved proactive planning practices of maintenance works on roads and kerbs.</p>	<p>Improved proactive planning practices of maintenance works on roads and kerbs have been put in place since 2010. Proactive kerb work is funded from unallocated funds.</p>	<ul style="list-style-type: none"> <li>Continue proactive planning practices</li> </ul>
 <p>8% (108 CERs)</p> <p>of all CERs raised, the action was unknown (closure details unclear)</p>	<p>The closure details of a CER are recorded by the Civil Services Team, for those CERs raised where the action was unknown, more information is available by undertaking a manual investigation. This investigation would include reviewing the journal and comments section of the individual CER or discussion with relevant internal stakeholder.</p> <p>It was recognised that reports generated from the CES do not have the capability to display all details of the request entry (including the journal and comments), it is therefore crucial, for reporting purposes, to ensure that clear closure details are written.</p> <p>It was highlighted that the 'standard resolution' automated function* within CES was also not being fully utilised.</p>	<p>Numerous individual CERs, where the action was unknown, were manually investigated further by reviewing the journal and comments section, each contained clear details on the request outcome.</p> <p>The current use of the 'standard resolution' automated function was reviewed and only 2 broad standard resolutions have been uploaded for all road and kerb categories.</p>	<ul style="list-style-type: none"> <li>Ensure that clear closure details are written</li> <li>Compile list of standard/frequent clear closure details for upload by Customer Service into 'standard resolution' automated function within CES</li> <li>Make use of the 'standard resolution' automated function within the CES</li> </ul>
 <p>4% (52 CERs)</p> <p>of all CERs raised, were duplicate requests (CERs previously raised regarding same matter)</p>	<p>The total number of CERs raised as a duplicate request are quiet minimal. This figure could still be reduced by ensuring that before raising a CER to confirm that requests have not been previously made regarding the same. This however may be problematic if a differing explanation of the location is provided. It was recognised that requests are commonly raised by the Customer Services Team.</p>	<p>Discussion held with Customer Systems Partner who advised there is a duplicate notification function in the CES, however this only examines CERs from the past 14 days, CERs must also have exact matching locations and categories to be identified as a duplicate. The Customer Service Team will also create an additional request of the same matter if the customer insists.</p>	<ul style="list-style-type: none"> <li>No opportunities identified (current process considered efficient)</li> </ul>

\*The 'standard resolution' automated function allows standard/frequent closure details to be uploaded to the CES and selected from a drop down list when closing a request. This will avoid the need for further investigation (when running reports), save data entry time, ensure consistency of closure responses (where possible) and identify trends for key maintenance programs

## Appendix 6

## Customer Event Request Analysis

FINDING	STAKEHOLDER ANALYSIS	VALIDATION OF ANALYSIS	OPPORTUNITY IDENTIFIED
<div style="background-color: #e91e63; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center; padding: 5px;"> <b>Top 5 locations of CERs</b> </div> </div>			
1. Hallett Cove (160 CERs)	This suburb has the greatest length of roads	Figures provided by Asset Systems Team demonstrates that Hallett Cove has the greatest length of roads (82 kilometers).	<ul style="list-style-type: none"> <li>No opportunities identified</li> </ul>
2. Warradale (116 CERs)	Considerable amount of trees in this suburb (roots may aggravate the quality of roads/kerbs)	Figures provided by Open Space team demonstrate that Warradale has the third highest number of trees recorded (1,989*)	<ul style="list-style-type: none"> <li>No opportunities identified</li> </ul>
3. Glengowrie (88 CERs)	Considerable amount of trees in this suburb (roots may aggravate the quality of roads/kerbs)	Figures provided by Open Space team demonstrate that Glengowrie has highest number of trees recorded (2,191*)	<ul style="list-style-type: none"> <li>No opportunities identified</li> </ul>
4. No Location (82 CERs)	Address has not been entered by the originating officer	<p>The individual CERs, where the location was unknown, were investigated further.</p> <p>Of these requests, 29% (24 CERs) had the location entered in the CER description rather than using the address field.</p> <p>The remaining 58 requests (71%) were reviewed in consultation with the Unit Manager of Customer Service. It was discovered that these requests were for general enquiries dealt with at the forefront (not requiring action from Civil Services team). These CERs were raised by newer staff members utilising a function within the CES that has not yet been implemented by City of Marion. This function automatically records enquiries without providing an option to include details and is captured in the reporting process. Work is currently being undertaken to remove these types of requests from general reports into their own separate report.</p>	<ul style="list-style-type: none"> <li>Ensure that location is entered in the address field rather than description</li> <li>Advise newer staff members to not utilise the general enquiries function until it has been explored further and implemented across City of Marion</li> </ul>
5. Edwardstown (80 CERs)	Considerable amount of trees in this suburb (roots may aggravate the quality of roads/kerbs)	Figures provided by Open Space team demonstrate that Edwardstown has the second highest number of trees recorded (2,003*)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Additional finding – water pooling requests	It was identified during this process that requests for water pooling on roads are being placed under the storm water category	Not applicable	<ul style="list-style-type: none"> <li>Request Customer Service rename the category to reflect water pooling on roads rather than under storm water</li> </ul>

\*A total of 28,896 trees were counted within the City of Marion between 2013 and 2015, as there are 1,088 trees on main roads that are not linked to a particular suburb these figures could in reality be higher

**5. RESULTS**

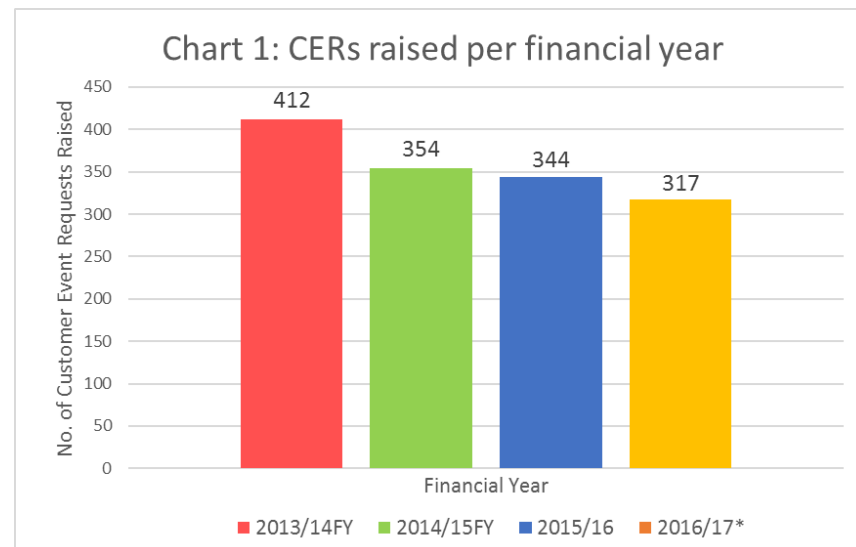
**5.1 Total CERs raised (combined)**

‘Table 1’ and ‘chart 1’ displays the total CERs raised per financial year. ‘Figure 1’ displays the percentage reduction of CERs between each financial year including an overall average for all categories.

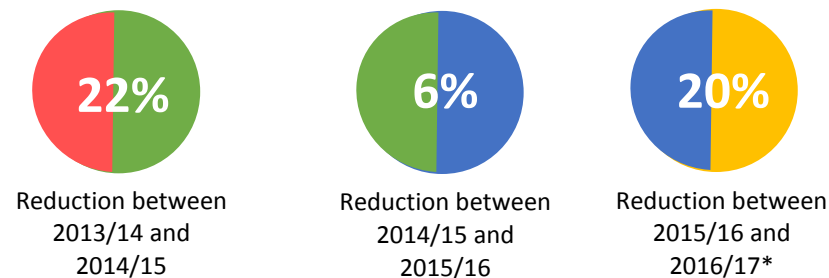
**Table 1: Total CERs raised per financial year**

	2013/14	2014/15	2015/16	2016/17*	Grand total
CERs raised per financial year	412	354	344	317	<b>1,427</b>

The 2013/14 financial year has the highest CERs raised and accounts for 29% of the CERs raised overall.



**Figure 1: Percentage reduction of CERs between each financial year**



\* 2016/17 as at 30/4/17

**5.1.1 CERs raised by category**

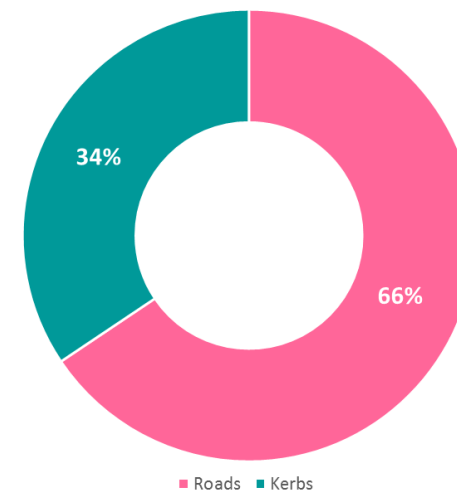
'Table 2' and 'charts 2 and 3' displays the CERs raised per financial year by category.

**Table 2: Total CERs raised by category per financial year**

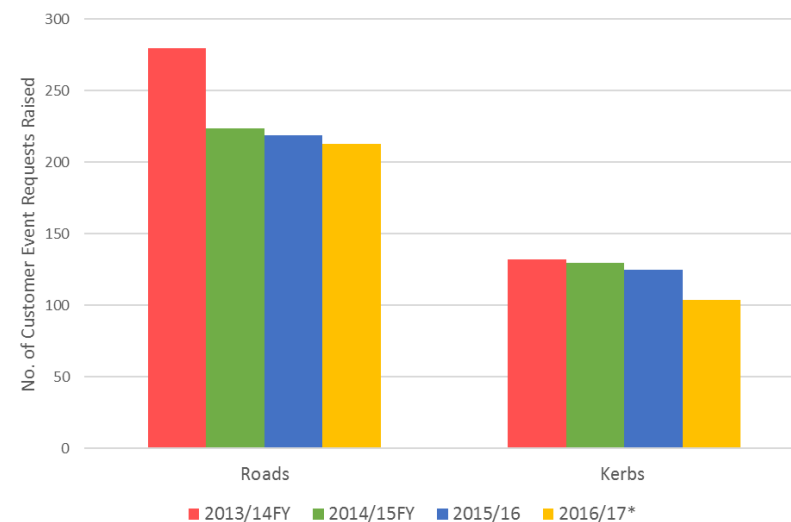
Category	2013/14	2014/15	2015/16	2016/17*	Total per category
Roads	279	222	219	213	936
Kerbs	132	130	124	103	491
<b>Total per financial year</b>	<b>412</b>	<b>354</b>	<b>344</b>	<b>317</b>	<b>1,427</b>

The 'Roads' category has the greatest CERs raised each financial year and accounts for 66% of the overall categories.

**Chart 2: Total CERs by category (%)**  
 (all FY combined)



**Chart 3: Total CERs by category (#)**  
 (per FY)



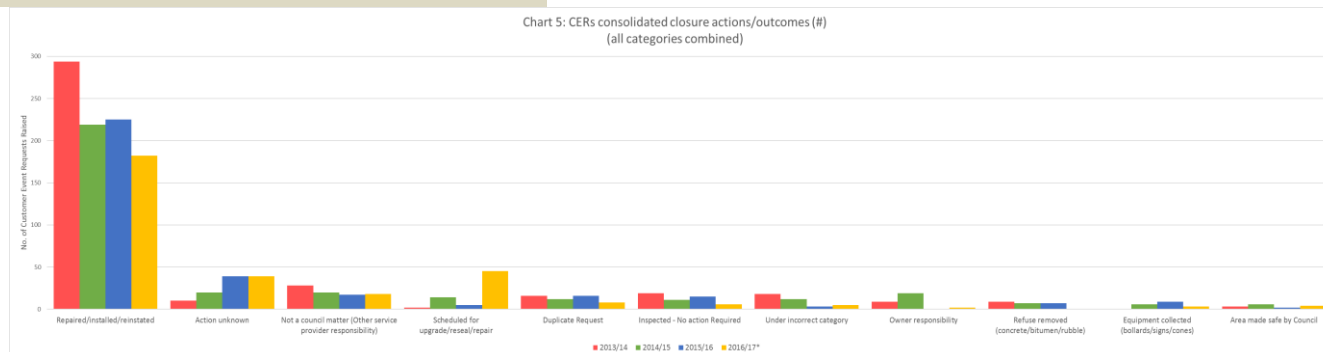
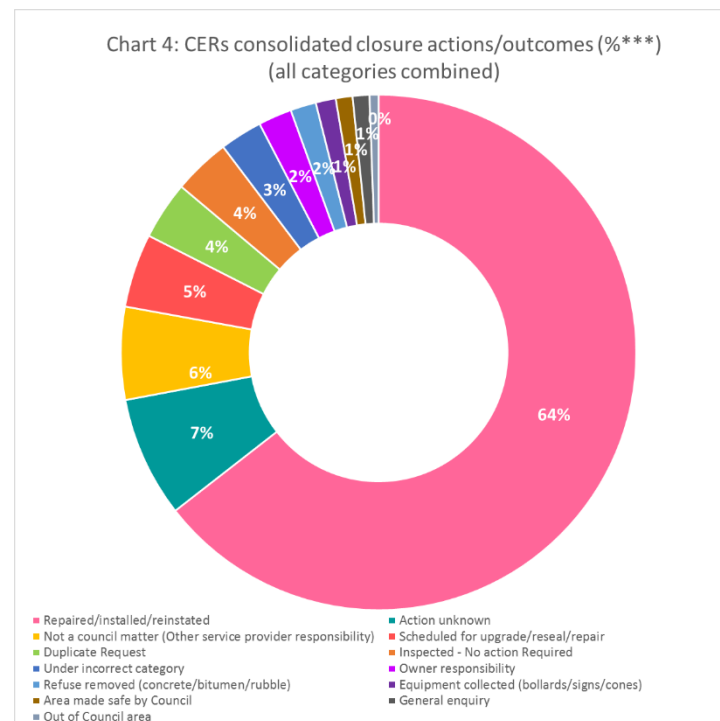
\* 2016/17 as at 30/4/17

**5.1.2 CERs raised with consolidated closure actions/outcomes**

The closure actions/outcomes of each CER were reviewed and consolidated into common terms. 'Table 3' and 'charts 4 and 5' displays the CER consolidated closure actions/outcomes detail of CERs raised per financial year for both 'Roads' and 'Kerbs' combined.

**Table 3: CERs - consolidated closure actions/outcomes by category (all categories combined)**

Consolidated closure action/outcome term	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Outcome
Repaired/installed/reinstated	294	219	225	182	<b>920</b>
Action unknown	10	20	39	39	<b>108</b>
Not a Council matter (other service provider** responsibility)	28	20	17	18	<b>83</b>
Scheduled for upgrade/reseal/repair	2	14	5	45	<b>66</b>
Duplicate Request	16	12	16	8	<b>52</b>
Inspected - No action Required	19	11	15	6	<b>51</b>
Under incorrect category	18	12	3	5	<b>38</b>
Owner responsibility	9	19	0	2	<b>30</b>
Refuse removed (concrete/bitumen/rubble)	9	7	7	0	<b>23</b>
Equipment collected (bollards/signs/cones)	0	6	9	3	<b>18</b>
Area made safe by Council	3	6	2	4	<b>15</b>
General enquiry	2	6	3	4	<b>15</b>
Out of Council area	2	2	3	1	<b>8</b>
<b>Total per financial year</b>	<b>412</b>	<b>354</b>	<b>344</b>	<b>317</b>	<b>1,427</b>



\* 2016/17 as at 30/4/17

\*\* Other service providers include; SA Water, Department of Planning, Transport and Infrastructure (DPTI), APA Group (gas services)

\*\*\* Percentage based on total CERs raised for all categories

# Appendix 6

## Customer Event Request Analysis

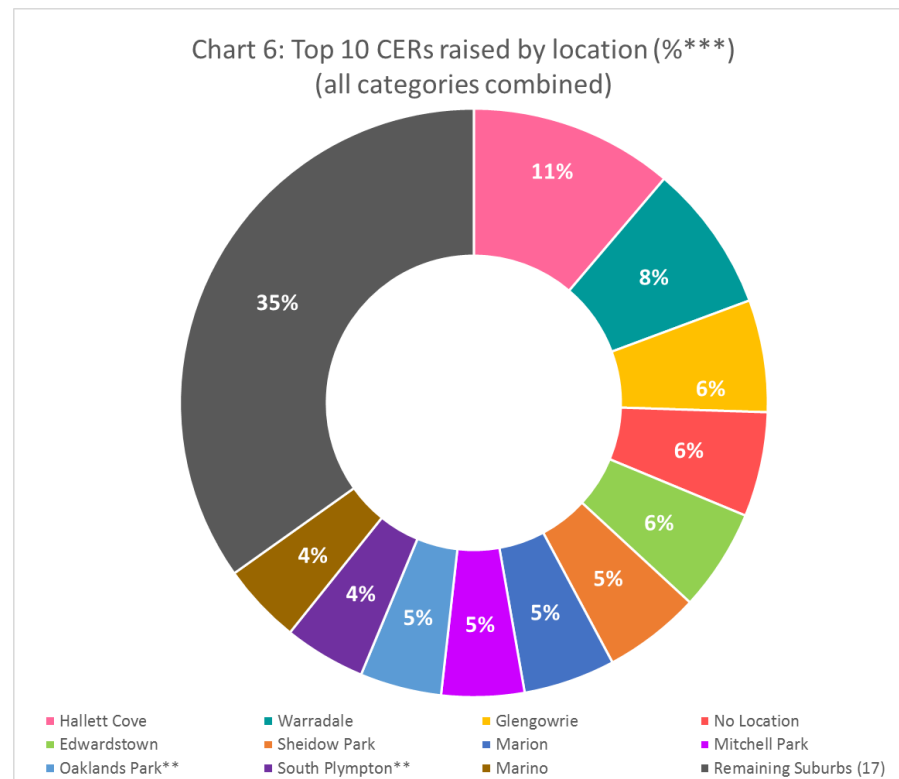


### 5.1.3 'Top 10' CERs raised by location

'Table 4' and 'charts 6 and 7' displays the 'Top 10' CERs raised per financial year by location for both 'Roads' and 'Kerbs' combined.

**Table 4: Top 10 CERs raised by location per financial year (all categories combined)**

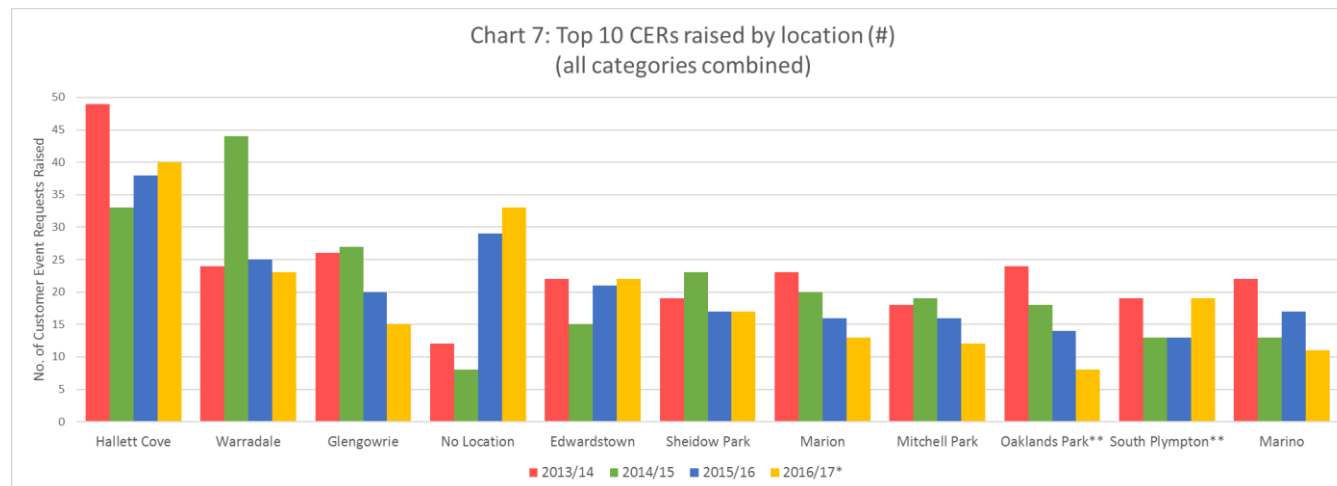
Location	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Location
Hallett Cove	49	33	38	40	160
Warradale	24	44	25	23	116
Glengowrie	26	27	20	15	88
No Location	12	8	29	33	82
Edwardstown	22	15	21	22	80
Sheidow Park	19	23	17	17	76
Marion	23	20	16	13	72
Mitchell Park	18	19	16	12	65
Oaklands Park**	24	18	14	8	64
South Plympton**	19	13	13	19	64
Marino	22	13	17	11	63



Of the CERs raised overall 11% were for within Hallett Cove followed by Warradale (8%) and Glengowrie (6%).

Requests for Hallett Cove, Warradale and Glengowrie have fluctuated each financial year.

Of the CERs raised 6% had no location listed.



\* 2016/17 as at 30/4/17

\*\* Oaklands Park and South Plympton were equal ninth for top CERs raised by location (all categories combined)

\*\*\* Percentage based on total CERs raised for all categories

**5.2 CERs raised by category (individual)**

**5.2.1 Kerbs**

Within the Customer Event System, the category ‘Kerbs’ has three individual categories for selection this includes: general enquiry/inspection required, repairs required and kerb ramp – new/modification.

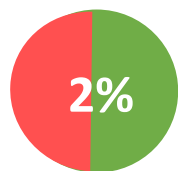
‘Table 5’ and ‘charts 8 and 9’ displays the CERs raised per financial year by each category for ‘Kerbs’. ‘Figure 2’ displays the percentage reduction of CERs between each financial year for all ‘Kerb’ categories combined.

**Table 5: CERs raised by category – Kerbs**

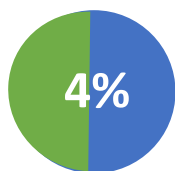
Category	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Category
Kerbs - General Enquiries/Inspection Required	84	79	86	70	<b>319</b>
Kerbs - Repairs Required	43	39	36	19	<b>137</b>
Kerbs - Kerb Ramp - New/Modification	5	12	3	15	<b>35</b>
<b>Total per financial year</b>	<b>132</b>	<b>130</b>	<b>125</b>	<b>104</b>	<b>491</b>

The category ‘general enquiries/inspection required’ in relation to kerbs, has the greatest CERs raised each financial year and accounts for 65% of the overall ‘Kerbs’ category, this is over double of the next category ‘repairs required’.

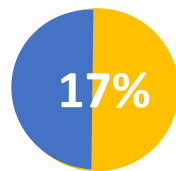
Figure 2: Overall percentage reduction of CERs between each financial year - Kerbs



Reduction between 2013/14 and 2014/15

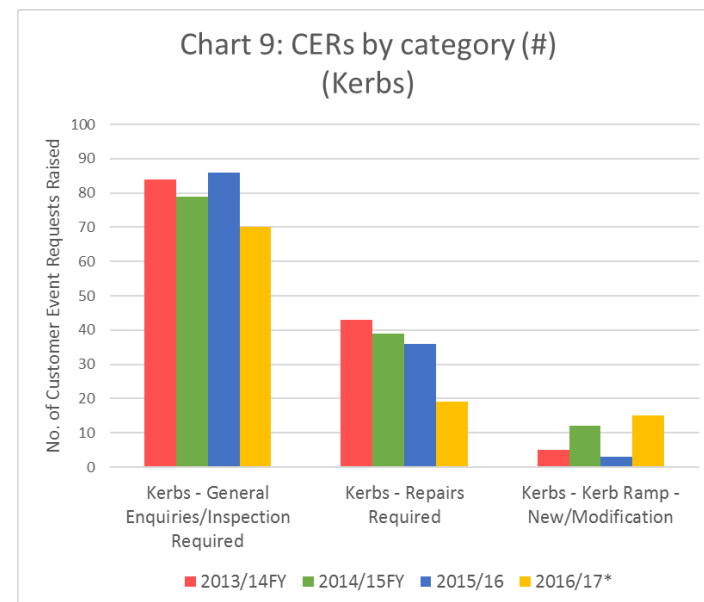
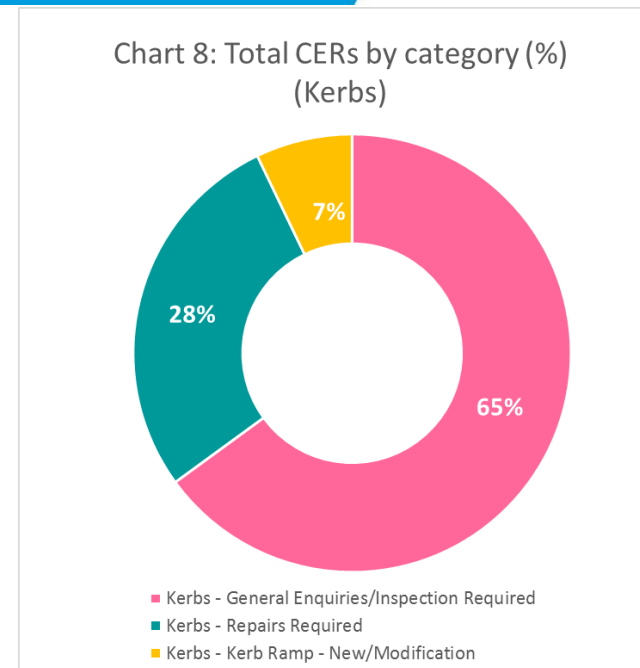


Reduction between 2014/15 and 2015/16



Reduction between 2015/16 and 2016/17\*

\* 2016/17 as at 30/4/17

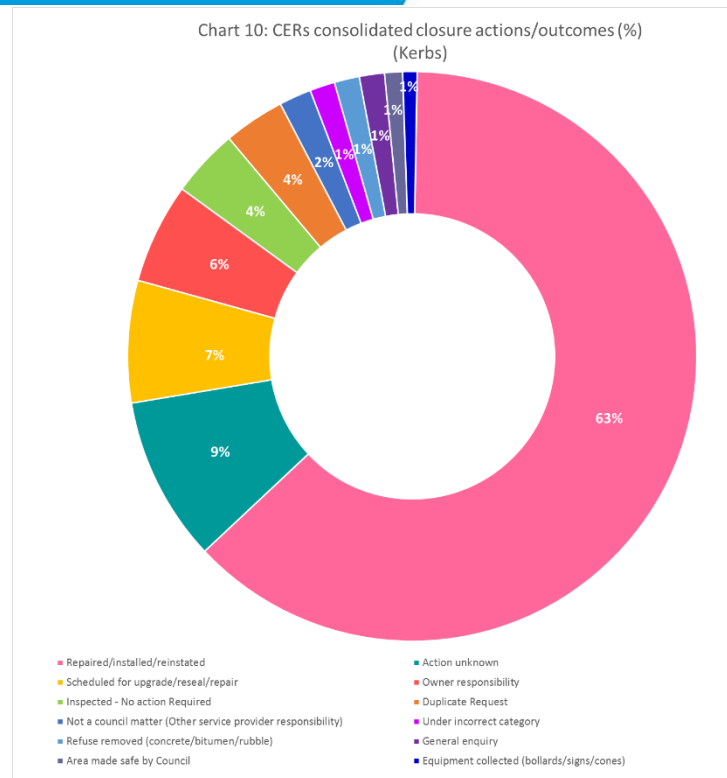




The closure actions/outcomes of each CER were reviewed and consolidated into common terms. 'Table 6' and 'charts 10 and 11' displays the CER consolidated closure actions/outcomes detail of CERs raised per financial year for the category 'Kerbs'.

**Table 6: CERs - consolidated closure actions/outcomes by category – Kerbs**

Consolidated closure action/outcome term	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Outcome
Repaired/installed/reinstated	95	78	84	51	<b>308</b>
Action unknown	3	7	19	17	<b>46</b>
Scheduled for upgrade/reseal/repair	2	3	1	28	<b>34</b>
Owner responsibility	9	18	-	1	<b>28</b>
Inspected - no action Required	5	4	8	2	<b>19</b>
Duplicate request	3	3	9	2	<b>17</b>
Not a Council matter (other service provider** responsibility)	6	3	-	-	<b>9</b>
Under incorrect category	4	2	-	1	<b>7</b>
Refuse removed (concrete/bitumen/rubble)	3	3	1	-	<b>7</b>
General enquiry	1	2	2	2	<b>7</b>
Area made safe by Council	1	4	-	-	<b>5</b>
Equipment collected (bollards/signs/cones)	-	3	1	-	<b>4</b>
<b>Total per financial year</b>	<b>132</b>	<b>130</b>	<b>125</b>	<b>104</b>	<b>491</b>

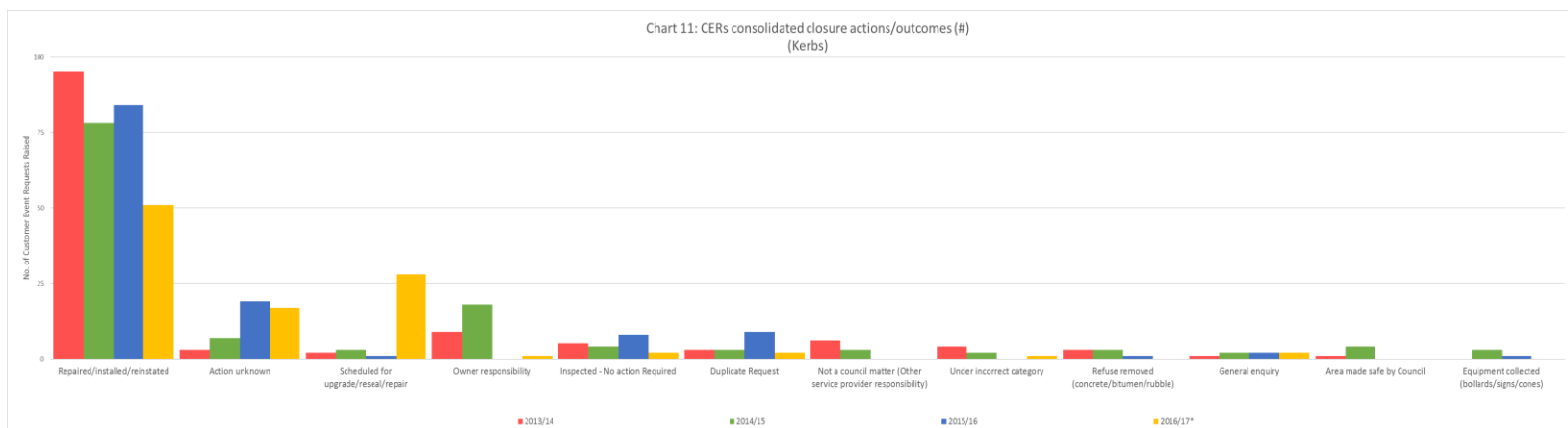


Of the CERs raised for the category 'Kerbs', 70% were either repaired or scheduled for repair. The action was unknown for 9% of the CERs raised, due to the closure details being unclear.

Of the CERs raised 8% were not the responsibility of Council (owner responsibility and other service provider\*\* responsibility).

\* 2016/17 as at 30/4/17

\*\*Other service providers include; SA Water, Department of Planning, Transport and Infrastructure (DPTI), APA Group (gas services)



# Appendix 6

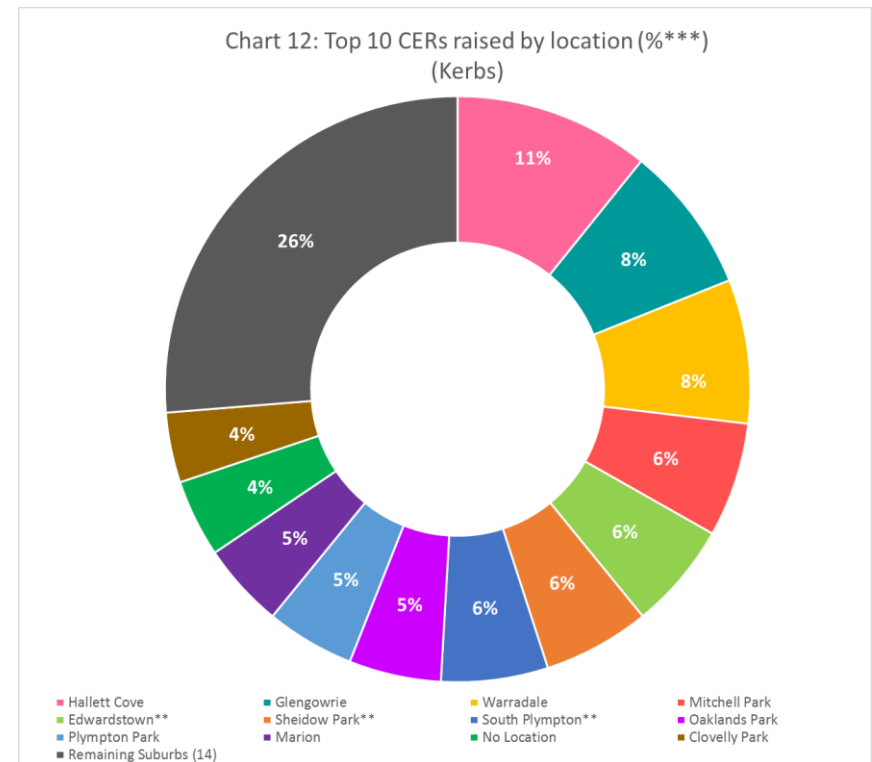
## Customer Event Request Analysis



'Table 7' and 'charts 12 and 13' displays the 'top 10' locations of CERs raised per financial year by the category 'Kerbs'.

**Table 7: Top 10 CERs raised by location (kerbs)**

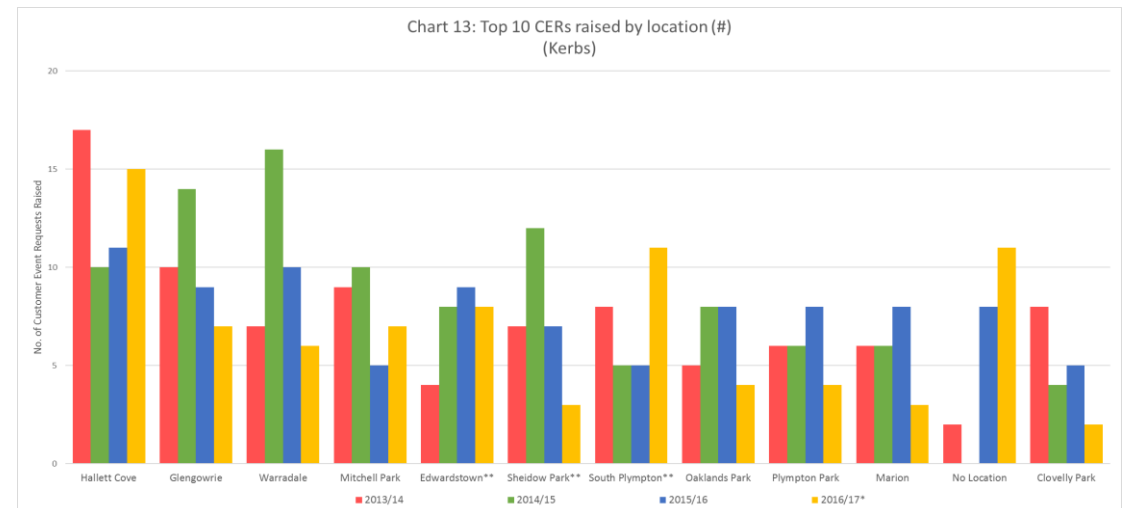
Location	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Location
Hallett Cove	17	10	11	15	53
Glengowrie	10	14	9	7	40
Warradale	7	16	10	6	39
Mitchell Park	9	10	5	7	31
Edwardstown**	4	8	9	8	29
Sheidow Park**	7	12	7	3	29
South Plympton**	8	5	5	11	29
Oaklands Park	5	8	8	4	25
Plympton Park	6	6	8	4	24
Marion	6	6	8	3	23
No Location	2	-	8	11	21
Clovelly Park	8	4	5	2	19



Of the total CERs raised for the category 'Kerbs' 11% were for within Hallett Cove followed by Glengowrie and Warradale (both 8%).

Requests for the Hallett Cove area have increased each financial year from 2014/15, however have decreased each financial year (from 2014/15) for Glengowrie and Warradale.

Of the CERs raised 6% had no location listed.



\* 2016/17 as at 30/4/17

\*\* Edwardstown, Sheidow Park and South Plympton all were equal fifth for top CERs raised by location (kerbs)

\*\*\* Percentage based on total CERs raised for the category 'Kerbs'

# Appendix 6

## Customer Event Request Analysis

### 5.2.2 Roads

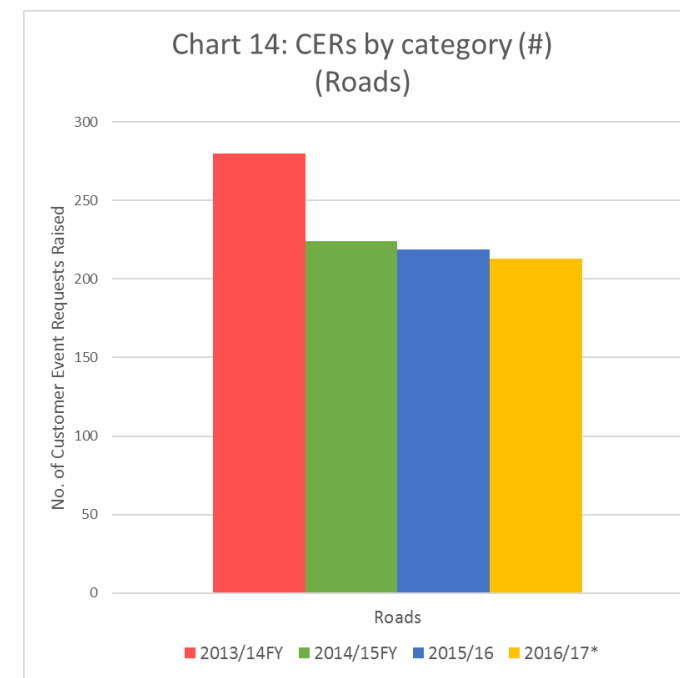
Within the Customer Event System, the category ‘Roads’ has only one individual category for selection ‘roads, maintenance – repairs required’.

‘Table 8’ and ‘chart 14’ displays the CERs raised per financial year by the category ‘Roads’. ‘Figure 3’ displays the percentage reduction of CERs between each financial year for the category ‘Roads’.

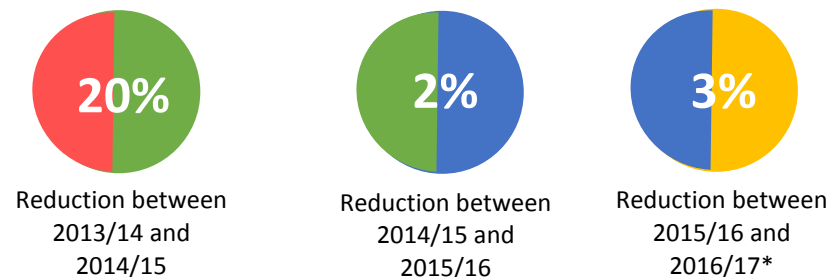
**Table 8: CERs raised by category - Roads**

Category	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Category
Roads, Maintenance – Repairs Required	280	224	219	213	<b>936</b>

The category ‘roads’ has seen a decrease in CERs raised each financial year from 2013/14.



**Figure 3: Overall percentage reduction of CERs between each financial year - Roads**

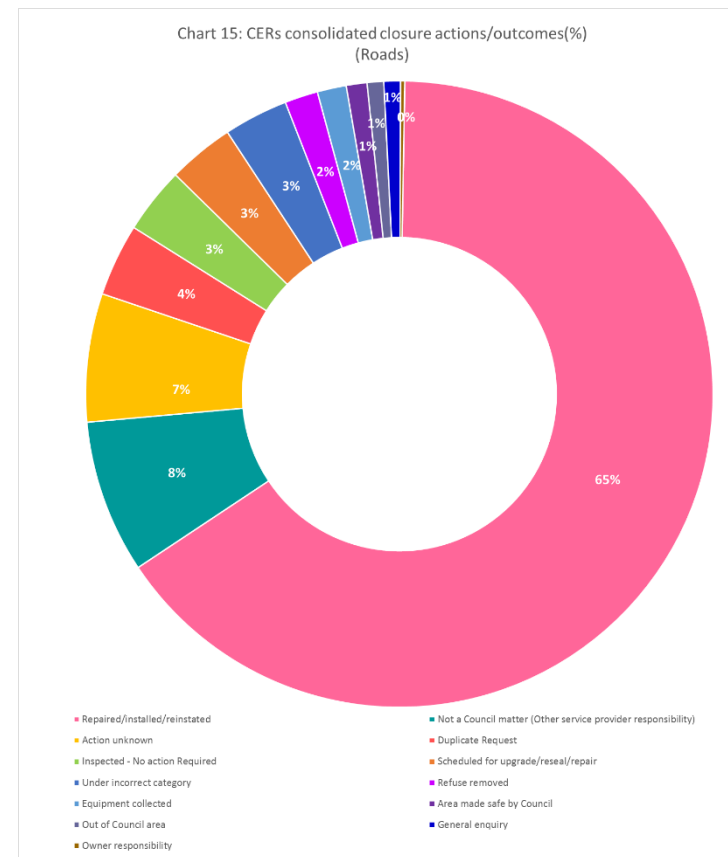


\* 2016/17 as at 30/4/17

The closure actions/outcomes of each CER were reviewed and consolidated into common terms. 'Table 9' and 'charts 15 and 16' displays the CER consolidated closure actions/outcomes detail of CERs raised per financial year for the category 'Roads'.

**Table 9: CERs - consolidated closure actions/outcomes by category - Roads**

Consolidated closure action/outcome term	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Outcome
Repaired/installed/reinstated	199	141	141	131	612
Not a Council matter (other service provider** responsibility)	22	17	17	18	74
Action unknown	7	13	20	22	62
Duplicate Request	13	9	7	6	35
Inspected - No action Required	14	7	7	4	32
Scheduled for upgrade/reseal/repair	-	11	4	17	32
Under incorrect category	14	10	3	4	31
Refuse removed (concrete/bitumen/rubble)	6	4	6	-	16
Equipment collected (bollards/signs/cones)	-	3	8	3	14
Area made safe by Council	2	2	2	4	10
Out of Council area	2	2	3	1	8
General enquiry	1	4	1	2	8
Owner responsibility	-	1	-	1	2
<b>Total per financial year</b>	<b>280</b>	<b>224</b>	<b>219</b>	<b>213</b>	<b>936</b>

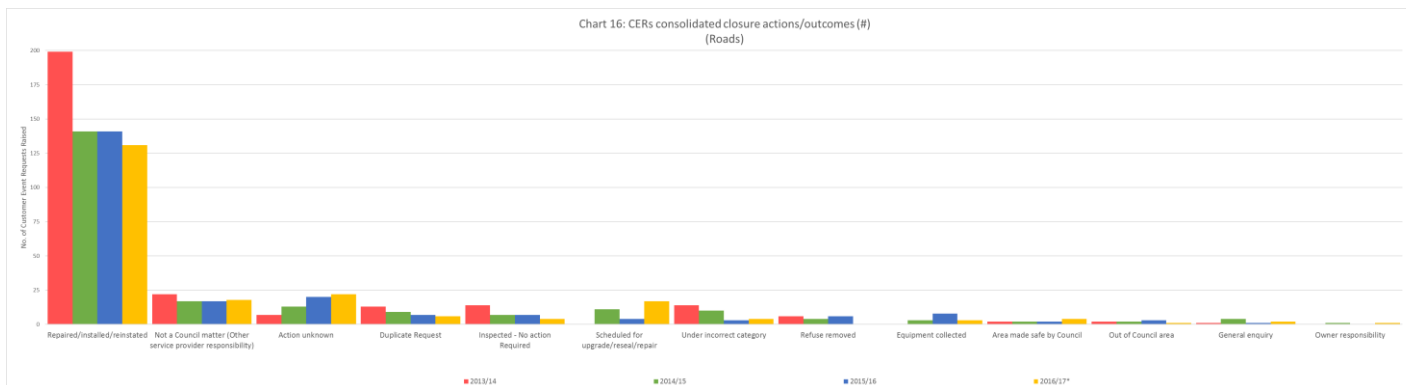


Of the CERs raised for the category 'Roads', 68% were either repaired or scheduled for repair. The action was unknown for 7% of the CERs raised, due to the closure details being unclear.

Of the CERs raised 9% were not the responsibility of Council (out of Council area, owner responsibility and other service provider\*\* responsibility).

\* 2016/17 as at 30/4/17

\*\*Other service providers include; SA Water, Department of Planning, Transport and Infrastructure (DPTI), APA Group (gas services)



# Appendix 6

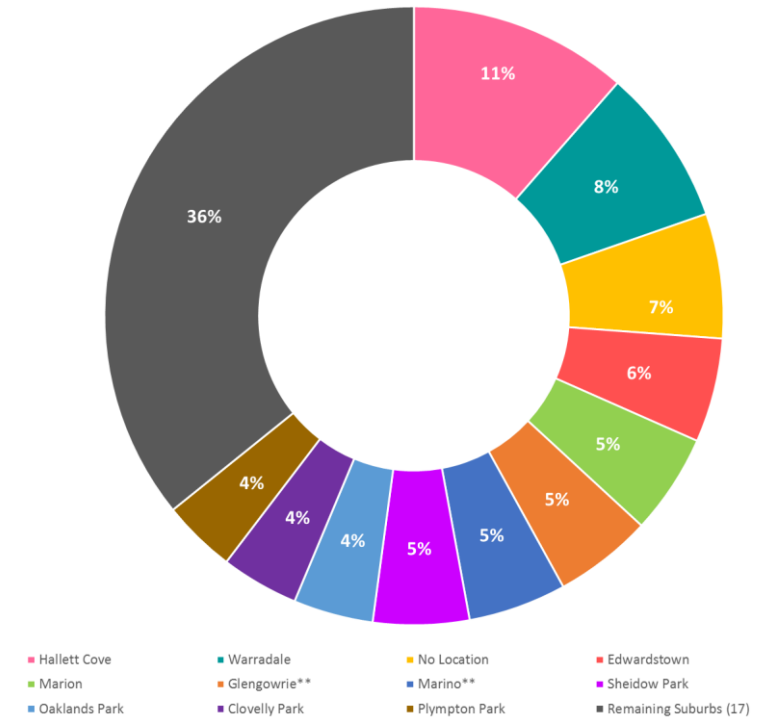
## Customer Event Request Analysis

'Table 10' and 'charts 17 and 18' displays the 'top 10' locations of CERs raised per financial year by the category 'Roads'.

**Table 10: Top 10 CERs raised by location (roads)**

Location	2013/14	2014/15	2015/16	2016/17*	TOTAL CERs by Location
Hallett Cove	32	23	27	25	107
Warradale	17	28	15	17	77
No Location	10	8	21	22	61
Edwardstown	18	7	12	14	51
Marion	17	14	8	10	49
Glengowrie**	16	13	11	8	48
Marino**	17	11	12	8	48
Sheidow Park	12	11	10	14	47
Oaklands Park	19	10	6	4	39
Clovelly Park	21	5	4	8	38
Plympton Park	11	8	10	7	36

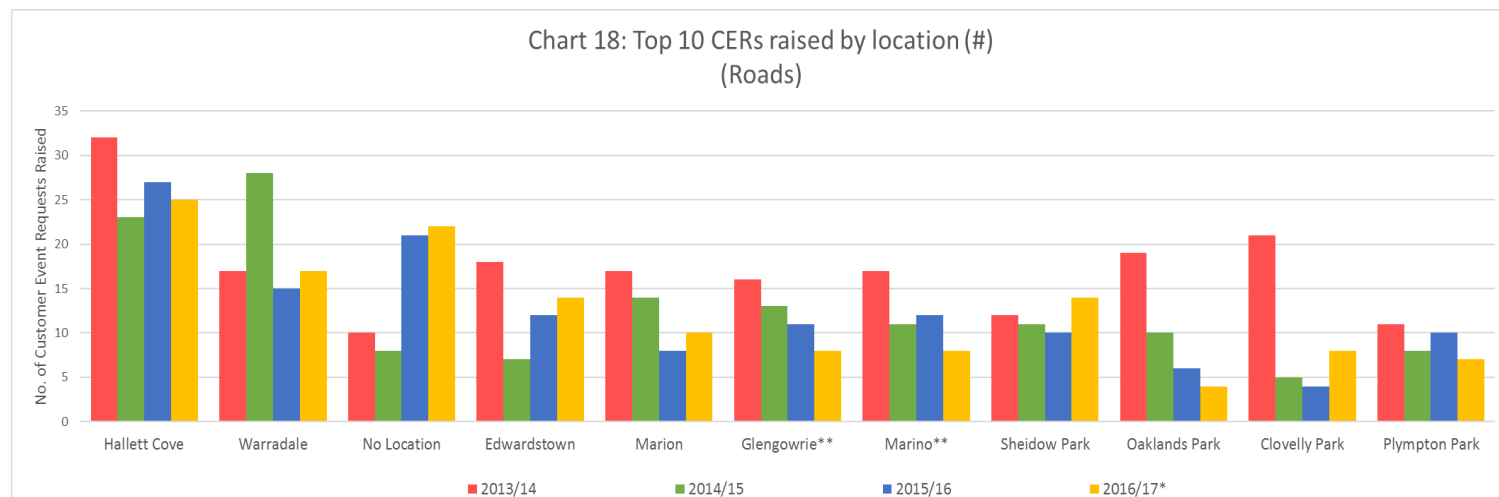
Chart 17: Top 10 CERs raised by location (%\*\*\*)  
(Roads)



Of the total CERs raised for the category 'Roads', 11% were for within Hallett Cove followed by Warradale (8%) and No Location (7%).

Requests for both Hallett Cove and Warradale have fluctuated each financial year, with those listed with no location increasing from the 2014/15 financial year.

Chart 18: Top 10 CERs raised by location (#)  
(Roads)



\* 2016/17 as at 30/4/17

\*\* Glengowrie and Marino were equal sixth for top CERs raised by location (roads)

\*\*\* Percentage based on total CERs raised for the category 'Roads'

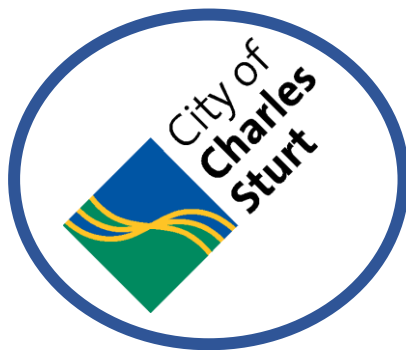


## LOCAL GOVERNMENT

# ROADS PROGRAM BENCHMARKING SURVEY RESULTS 2017

### Councils surveyed

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## 1 INTRODUCTION

An identified deliverable of the Service Review for 'Roads' was to undertake benchmarking analysis with other Councils to:

- Understand how other Councils provide a similar service (information sharing)
- Compare (where possible) our performance and processes (identifying best practice)
- Identify gaps in our own processes and seek opportunities to improve our current service

## 2 METHODOLOGY

The service review team compiled a series of questions in relation to maintaining road networks including:

- Budget allocation
- Road network
- Programming
- Resource sharing
- Improvement opportunities

These questions were utilised as a basis for a survey, which was completed by the following Councils:

- City of Marion
- City of Port Adelaide Enfield
- City of Tea Tree Gully
- City of Charles Sturt
- City of Holdfast Bay

Five additional Councils were approached to partake in the benchmarking exercise however, it was difficult to obtain the data required and therefore these Councils were not included.



**3 KEY FINDINGS (OVERALL)**

Note: Averages are based on three financial years (2013/14 through to 2015/16)



The average budget for Capital Works and Maintenance combined of all Councils is \$9m per FY  
City of Marion is below the norm with an average budget of \$4.9m per FY

The average capital works budget per kilometre of available networks of all Councils is just over \$10,000 per FY  
City of Marion is in line with the norm with an average budget per kilometre of just under \$10,000 per FY



City of Marion has the fourth longest road network  
(480 kilometers)



The average length of re-seal/re-construction undertaken on road networks of all Councils is 15 kilometers per FY  
City of Marion is above the norm with an average of 22 kilometers per FY and undertook the greatest length overall with 65 kilometers over three years

All Councils identify the condition of their road network using both automated (software) and manual (site inspections) practices



Each Council rate the overall quality of their road network as good  
(scale included: excellent, good, poor, very poor)



**4** out of **5** Councils  
(including City of Marion)  
undertake a condition assessment program plus a site assessment to develop their roadworks program



**2** out of **5** Councils  
(excluding City of Marion)  
undertake a staff assessment of roads to establish a database and to develop their roadworks program

**3** out of **5** Councils  
(including City of Marion)  
are willing to share resources with other Councils



Our roads program would be better if...

We did more work on our kerb and water table, to provide a better road re-seal outcome

We got more funds

**Improved management systems**  
**Greater level of funding**

Additional resources to undertake detailed condition assessments  
**Improved understanding of community's service level expectations**

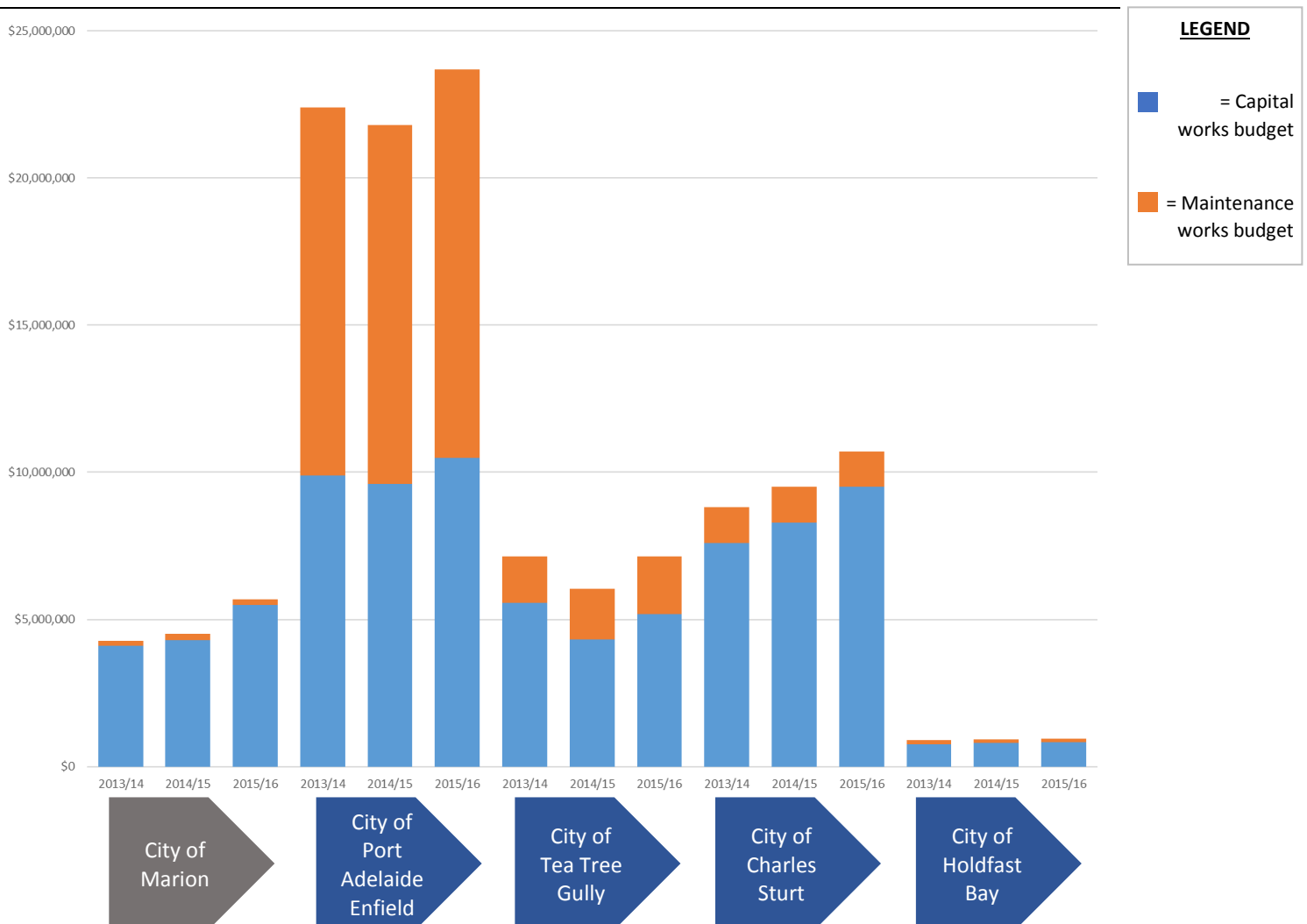
## 4 BUDGET ALLOCATION

### 4.1 TOTAL ROADS BUDGET ALLOCATION

**Table 4.1: Total roads budget allocation per financial year** (excluding depreciation) (free text)

Council	Capital Works			Maintenance Works			Total			
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3 Year Average
City of Marion	4,100	4,300	5,500	180	213	175	4,280	4,513	5,675	4,822
City of Port Adelaide Enfield	9,900	9,600	10,500	12,500	12,200	13,200	22,400	21,800	23,700	22,633
City of Tea Tree Gully	5,559	4,315	5,187	1,585	1,736	1,949	7,144	6,051	7,136	6,777
City of Charles Sturt	7,600	8,300	9,500	1,205	1,205	1,205	8,805	9,505	10,705	9,672
City of Holdfast Bay	759	798	840	129	137	96	888	935	935	919
<b>Overall average</b>										<b>9,000</b>

**Chart 4.1: Total roads budget allocation per financial year**

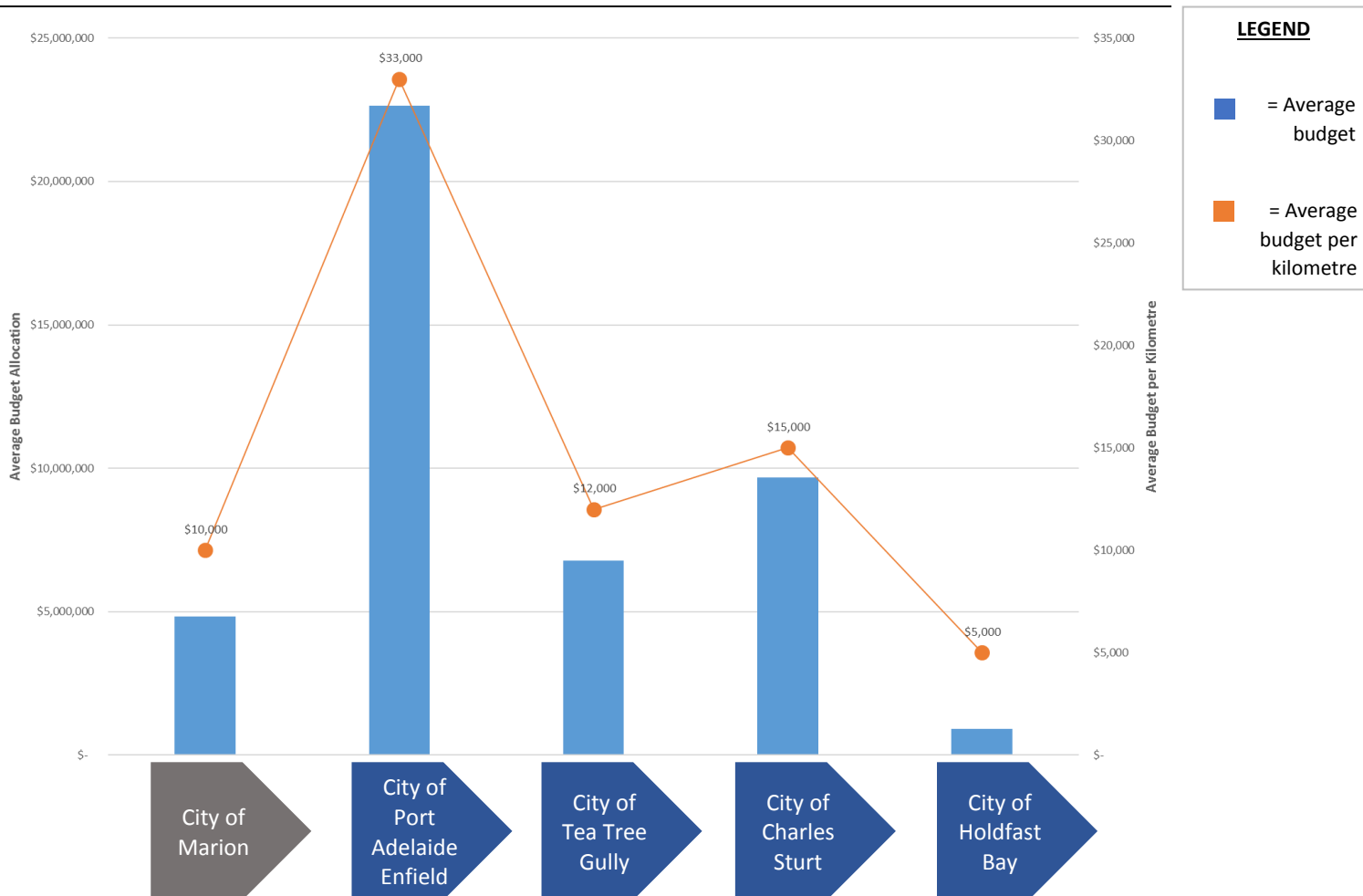


## 4.2 AVERAGE BUDGET OVER AVAILABLE NETWORK LENGTH

**Table 4.2: Average roads budget allocation over available network length** (excluding depreciation)

Council	Average budget (\$'000)	Available network length (kilometres)	Average budget per kilometre (\$'000)
City of Marion	4,822	480	10
City of Port Adelaide Enfield	22,633	691	33
City of Tea Tree Gully	6,777	580	12
City of Charles Sturt	9,672	651	15
City of Holdfast Bay	919	173	5
<b>Overall average</b>		<b>515</b>	<b>15</b>

**Chart 4.2: Average roads budget allocation with average budget per kilometre**

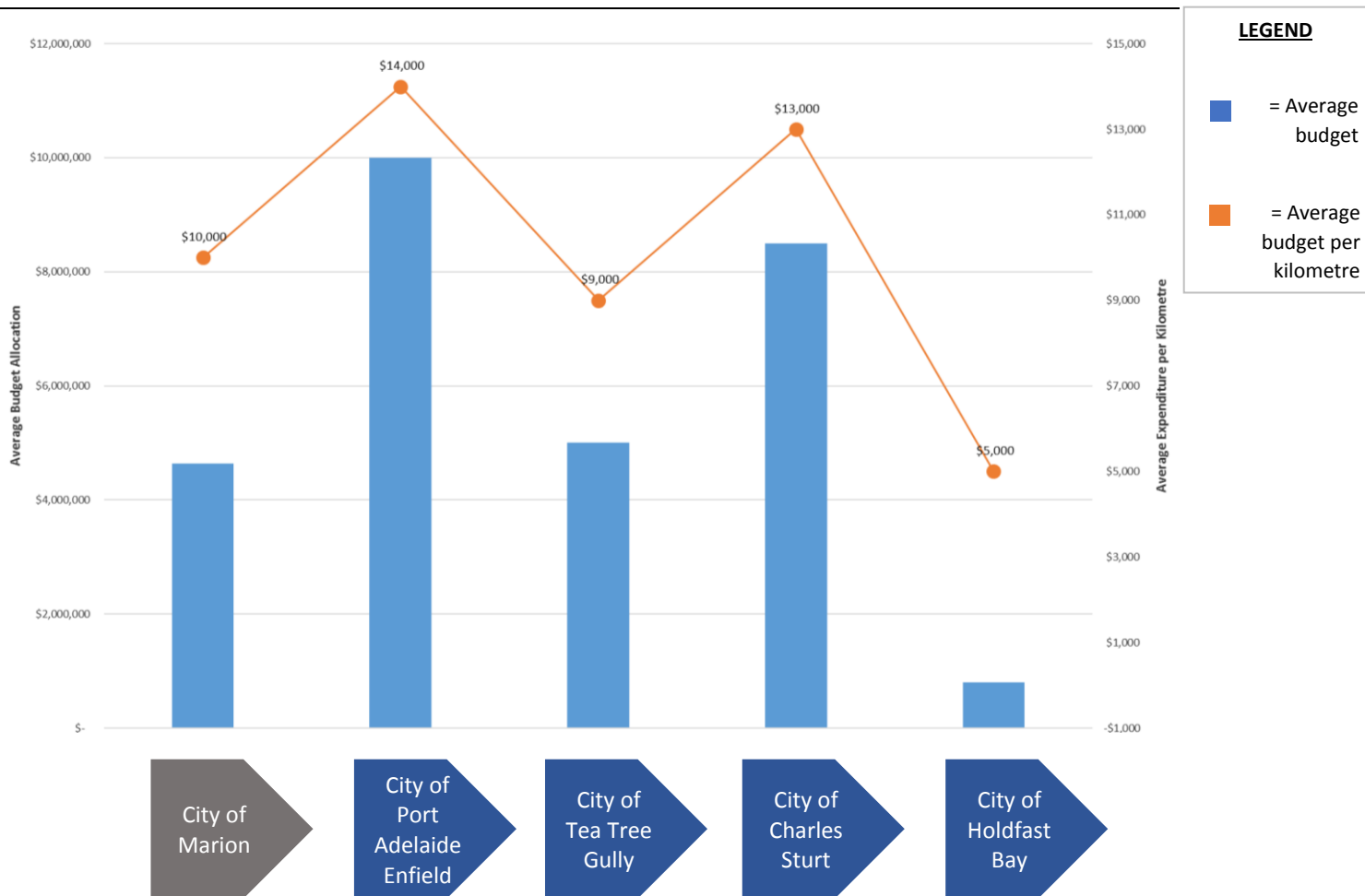


### 4.3 AVERAGE CAPITAL WORKS BUDGET OVER AVAILABLE NETWORK

**Table 4.3: Average roads capital works budget over available network length** (excluding depreciation)

Council	Average budget (capital works) (\$'000)	Available network length (kilometres)	Average budget over network per kilometre (\$'000)
City of Marion	4,633	480	10
City of Port Adelaide Enfield	10,000	691	14
City of Tea Tree Gully	5,000	580	9
City of Charles Sturt	8,500	651	13
City of Holdfast Bay	800	173	5
<b>Overall average</b>	<b>5,784</b>	<b>515</b>	<b>10</b>

**Chart 4.3: Average roads capital works expenditure over average budget per kilometre**



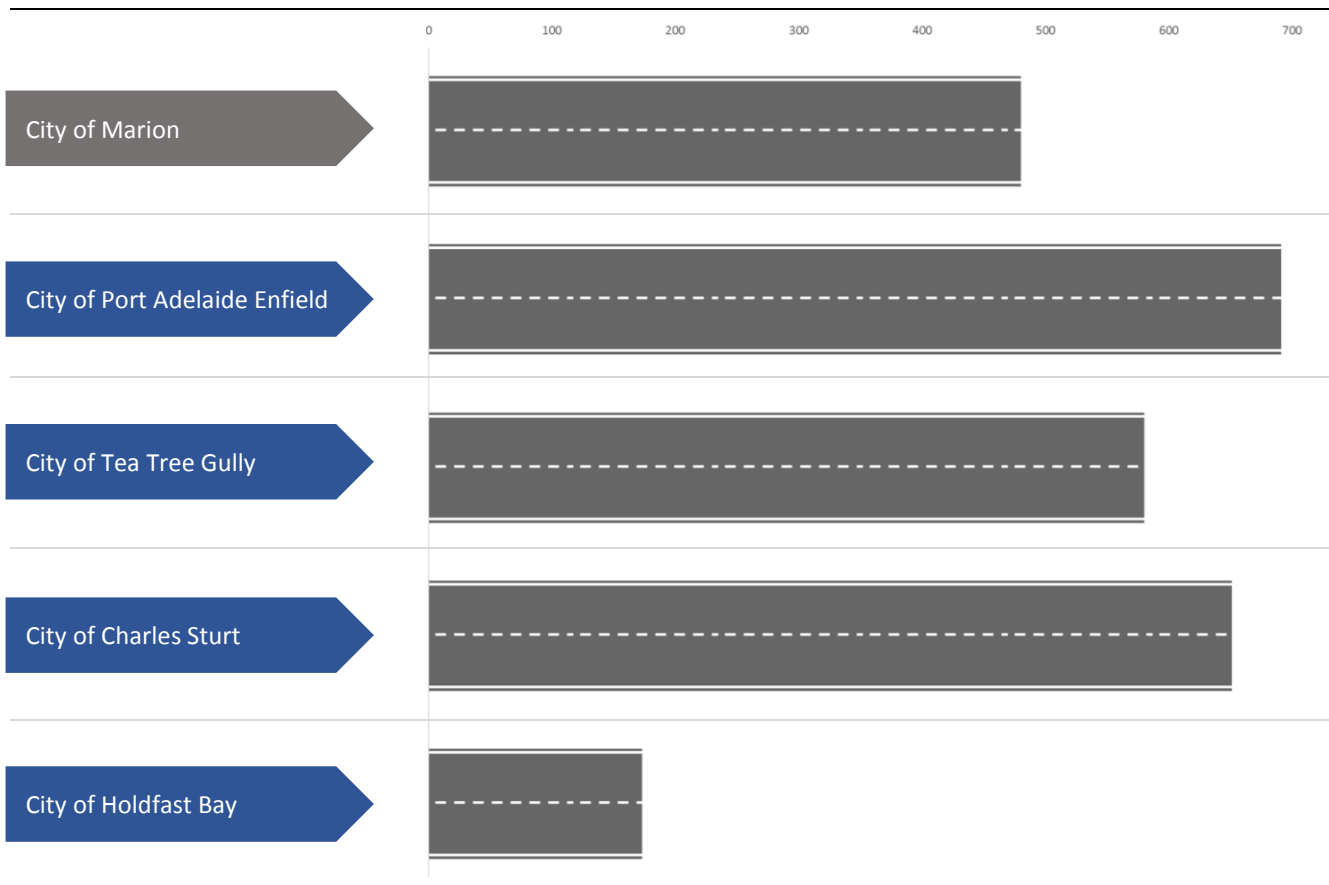
## 5 ROAD NETWORK

### 5.1 TOTAL LENGTH OF ROAD NETWORK

**Table 5.1: Total length of road network (kilometres)** (free text)

Council	Total length of road network (kms)
City of Marion	480
City of Port Adelaide Enfield	691
City of Tea Tree Gully	580
City of Charles Sturt	651
City of Holdfast Bay	173

**Chart 5.1: Total length of road network (kilometres)**

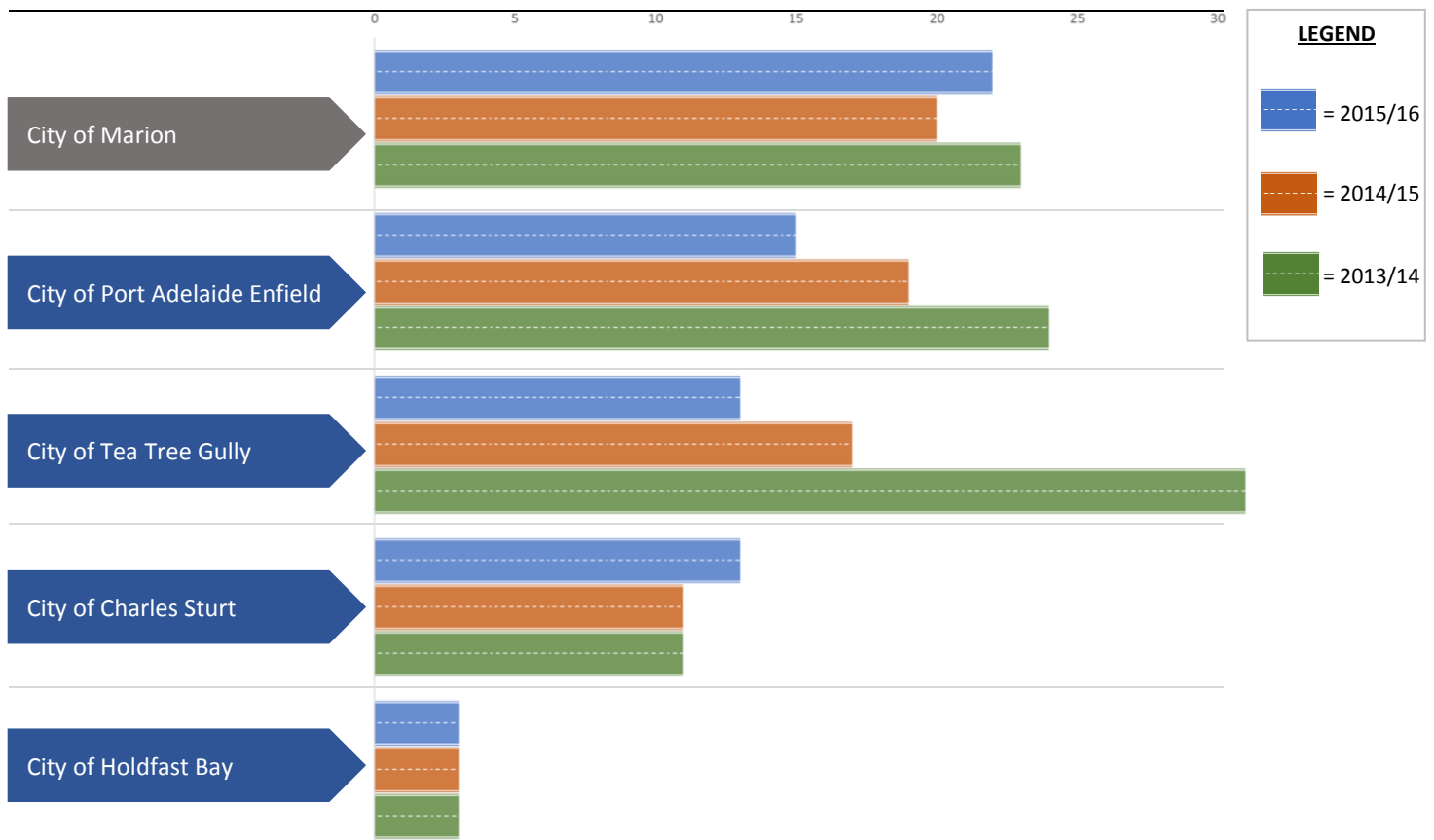


**5.2 TOTAL LENGTH OF RE-SEAL/RE-CONSTRUCTION**

**Table 5.2: Total length of re-seal/re-construction undertaken on road network (kilometres)** (free text)













Council	2013/14	2014/15	2015/16
City of Marion	23	20	22
City of Port Adelaide Enfield	24	19	15
City of Tea Tree Gully	31	17	13
City of Charles Sturt	11	11	13
City of Holdfast Bay	3	3	3

**Chart 5.2: Total length of re-seal/re-construction undertaken on road network (kilometres)**



**5.3 IDENTIFICATION OF ROAD NETWORK CONDITION**

**Table 5.3: How the condition of the road network is identified** (multiple choice)

		<b>LEGEND</b>
City of Marion	 	  Automated (software)      Manual (site inspection)
City of Port Adelaide Enfield	 	
City of Tea Tree Gully	 	
City of Charles Sturt	 	
City of Holdfast Bay	 	

**5.4 QUALITY OF ROAD NETWORK**

**Table 5.4: Overall quality of road network** (multiple choice)












6






PROGRAMMING

**Table 6.1: Process for developing roadworks program** (multiple choice)


<p><b>LEGEND</b></p>  <p>Process delivered in this way</p>	<p>The development of the roads program is undertaken by a consultant</p>	<p>Condition assessment program plus a site assessment</p>	<p>Staff assessment of roads to establish a database and develop program</p>	<p>Program based on customer complaints and site assessment</p>
<p>City of Marion</p>				
<p>City of Port Adelaide Enfield</p>				
<p>City of Tea Tree Gully</p>				
<p>City of Charles Sturt</p>				
<p>City of Holdfast Bay</p>				

**7 RESOURCE SHARING**

**Table 7.1: Resources willing to share with other Councils** (multiple choice)

City of Marion	
City of Port Adelaide Enfield	 
City of Tea Tree Gully	 
City of Charles Sturt	No resources
City of Holdfast Bay	No resources

**LEGEND**



Plant and Equipment



Staff

## 8 IMPROVEMENT OPPORTUNITIES

**Table 8.1: Our roads program would be better if...** (free text)

City of Marion	We did more work on our kerb and water table, to provide a better road reseal outcome
City of Port Adelaide Enfield	We got more funds
City of Tea Tree Gully	Greater level of funding. Improved understanding of community's service level expectations
City of Charles Sturt	Improved management systems
City of Holdfast Bay	Additional resources to undertake detailed condition assessments



# *Asset Systems Service Review Report*

Version: V1.1  
Date: 10/08/2017  
Prepared by: Brendon Lyons  
Team Leader Asset Systems



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## 1 Executive Summary

The Asset Systems Service Review focussed on undertaking an assessment of asset management policy, systems, roles, structure and processes to optimise service efficiency and improve customer service.

The Service Review actions were:

1. A review of high level policy, strategies and plans
2. A “current state” Asset Management maturity assessment
3. A review of organisational roles and responsibilities as they relate to Asset Management
4. A review of focus and structure of Asset Systems team
5. A review of current corporate ICT Systems to meet organisational needs

In order to cover the 5 actions within the scope of the review, three grouped steps were undertaken:

1. Undertake “current state” Asset Management Maturity Assessment (AMMA) incorporating a review of high-level policy, strategies and plans.
2. Review organisational roles and responsibilities as they relate to Asset Management and review of focus and structure of Asset Systems team.
3. Review Asset Management Systems and Tools to meet organisational needs.

The findings were:

*Step 1:* The AMMA is a standardised assessment approach set against a nationally consistent framework. The process provides an evidence-based indication of an organisation’s asset management competencies against core and advanced competencies.

City of Marion’s assessment show that it is failing to meet the following core asset management competencies:

- Asset Management Strategy
- Governance
- Levels of Service monitoring and reporting
- Data & Systems
- Skills and Processes
- Evaluation

The AMMA also identified that the City of Marion’s Asset Management Information Systems were a fundamental barrier to progressing with improvements in many other competencies.

*Step 2:* A review of current roles and responsibilities, and the skills and experience of the Asset Systems Team to address core asset management competencies has resulted in the requirement to realign the Asset Systems Team. The implementation of the review findings are progressing with new positions being established and recruited. Clearly establishing roles and responsibilities across the organisation, and putting in place accountability measures against those responsibilities is a priority within the Stage 2 improvement program.

*Step 3.* A comprehensive review of the Asset Management Systems and Tools including Authority and RAMM as corporate systems, and a range of other spreadsheets, datasets and minor systems, has determined that the “current applications fail to meet the Council’s current requirements in their current state” (Asset Management Information Systems Review).

Whilst focusing on the Asset Management Information Systems, the review recognised that information systems cannot be considered in isolation of the broader asset management system

encompassing People, Data, Process, and Systems. The recommendations from the review were categorised under these themes:

### **People**

*Ensure leadership drives a focus on achievement, responsibility and accountability.*

- Strong leadership with an executive sponsor
- A governance structure and steering committee
- Clearly defined service levels
- Recruitment of team members in the Asset Systems Team that address key skill and experience gaps
- Whole of organisation training and improved awareness on asset management
- Upskilling of team members in all departments on asset management and GIS
- Resourcing to ensure successful implementation of change management

### **Data**

*Ensure integrity via accurate, relevant, complete and reliable data in order to make informed decisions for the best interests of Council and the Community.*

- A single point of truth about all asset management data and information
- One GIS platform that provides the basis for improvement asset management
- Defined asset hierarchy
- Only relevant data captured, that adds value to asset management

### **Process**

*Ensure appropriate, well-defined and documented processes exist.*

- Process map all relevant asset management related business processes
- Business processes must align with the strategic goals of Council
- A move toward a proactive maintenance model
- Clearly defined roles and responsibilities
- Clearly identified asset owners
- An Asset Management Strategy supported by up to date Asset Management Plans
- Creation of an Asset Improvement Plan and Improvement Roadmap to implement the priorities from the review and embed a new way of management assets as “business as usual”

### **Systems**

*Obtain a fully integrated system that is dynamic, populated with timely and accurate data; has a user-friendly interface and reporting functionality with a strong emphasis on GIS.*

- Undertake detailed system specifications to support market analysis
- Ensure agility and futureproofing of the system, given rapid change in technology
- Ensure all staff are well trained and are accountable for using the systems in an ongoing way

### **Recommendations**

This Asset Management Service Review has been a ‘Stage 1’ review, focused on understanding the key gaps and priority focus areas for improved asset management into the future.

To progress the findings from the ‘Stage 1’ review, it is proposed that ‘Stage 2’ of this project is the development of an asset management improvement plan (AMIP) focused over the next 12 months on addressing and investing in the following categories:

- People
- Data
- Process

Although the AMIS review has identified that, “the current applications (Authority and RAMM) fail to meet the Council’s current requirements in their current state let alone the future state”... It is

imperative to get the People, Data and Processes correct before approaching the market for a new system. As such it is essential to undertake suitable due diligence aligned with the level of organisational risk and change management required with a fundamental systems change.

#	Recommendation	Due date	Action Officer	Position
1.	<p>That the Finance and Audit Committee note the findings of 'Stage 1' of the Asset Systems Service Review, specifically that:</p> <ol style="list-style-type: none"> <li>the City of Marion's Asset Management Information Systems are a fundamental barrier to progressing with informed and effective Asset Management</li> <li>further due diligence is required prior to a system change.</li> <li>over the next 12 months Council needs to invest in People, Data and Process as outlined in the roadmap provided in the report.</li> </ol>	15 August 2017	Fiona Harvey	Manager Innovation and Strategy

#### Roadmap:

Category	#	Actions	Estimated / Expected Completion Date	Budgeted
People	1	Establish a strong Governance Structure and Steering Committee with Executive sponsorship.	Immediate	✓
	2	Recruit suitable applicants to fill vacant positions in Asset Systems Team to address key skill and experience gaps	November 2017	✓
	3	Clearly define roles, responsibilities and accountabilities across the organisation.	November 2017 (concurrent with recruitment)	✓
	4	Undertake cross organisational training	June 2018	✓
	5	Clearly define service levels aligned with Council's strategic goals	June 2018	✓
Data	1	Create a "Single Point of Truth" – Every unit of data is stored exactly once	June 2018	✓
	2	Ensure asset IDs are unique	June 2018	✓
	3	Review the Asset Hierarchy	February 2018	✓
Process	1	Document business processes that reflect effective asset management that is aligned with the strategic goals of Council	February 2018	✓
	2	Revision of key existing processes / methodology (e.g. Valuations Process, Asset Condition Assessment and Inspection)	February 2018	✓
System	1	Relevant due diligence and needs analysis on a potential system to replace RAMM and Authority	March 2018	✓
	2	Development of a business case for a potential system replacement for Council's consideration.	June 2018	✓



## 2 Introduction

The City of Marion manages a large and diverse asset portfolio, valued in excess of \$1bn. These assets make up the social and economic infrastructure that enables the provision of services to the community and businesses, playing a vital role in the local economy and on quality of life. Asset management is a critical tool in ensuring appropriate provision is made for the long-term management of Council assets, and their impacts on all areas of service planning and delivery.

The overarching objective of asset management at the City of Marion is to maintain City of Marion’s assets to agreed levels of service at the lowest cost possible for each year of useful life.

The asset management service review has considered all key elements of asset management that contribute to progressing this objective and ultimately delivering excellent customer service to the community.

## 3 Background

The service review sought to optimise Asset Management through:

### Service Review Objectives

<b>Step 1</b>	• Review of high level policy, strategies and plans
	• Undertake a “current state” Asset Management maturity assessment
<b>Step 2</b>	• Review of organisational roles and responsibilities as they relate to Asset Management
	• Review of focus and structure of Asset Systems team
<b>Step 3</b>	• Review of current corporate ICT Systems to meet organisational needs

The above Service Review Objectives have been categorised as ‘Stage 1’ of the Service Review. Due to synergies between the actions, these have been grouped into the 3 steps shown above. These steps have been addressed by the following methodology.

## 4 Methodology

### Step 1: Undertake “current state” Asset Management Maturity Assessment (AMMA) incorporating a review of high level policy, strategies and plans.

#### Objective:

Determine the maturity and capability of the organisation to sustainably manage its community infrastructure through effective asset management and financial planning.

#### Background:

The National Assessment Framework (NAF) developed for Australian Local Government by the Australian Centre of Excellence for Local Government (ACELG) and the Institute of Public Works Australasia (IPWEA) provides the core asset management competencies required for council to determine progress in implementing the Local Government and Planning Ministers’ Council (LGPMC) Financial Sustainability Nationally Consistent Frameworks, otherwise known as the National Asset Management Framework (NAMF).

The NAF is a structured questionnaire developed by IPWEA to evaluate progress with implementing the elements of the LGPMC NAMF.

Council strives to achieve and maintain ‘Core’ level asset management and financial planning maturity under the NAMF to ensure it can at the very least:

- Record and report on the state of all assets to the community;

- Meet current statutory reporting requirements;
- Ensure community safety; and
- Provide management information to guide decisions by council on the cumulating impact of decisions.

### Methodology:

The Maturity Model assessed maturity in two ways:

1. A maturity score from 0 - 5 with 3.0 being core maturity assessment and 5.0 advanced or target maturity, and
2. A descriptive rating of maturity against each of the 11 practice areas of the LGPMC Financial Sustainability Frameworks:
  - a. **Meets requirements** - the council's asset management and financial practices meet the requirements of the LGPMC; Financial Sustainability Frameworks (=100 % of tasks completed), or any departures are not material or high risk.
  - b. **Well progressed** – the council's asset management and financial practices meet the requirements of the LGPMC Financial Sustainability Frameworks except for certain material and high risk exceptions (< 90% of tasks completed),
  - c. **Partially meets requirements** – the council has made progress on meeting the requirements of the LGPMC Financial Sustainability Frameworks (< 50% of tasks completed), or
  - d. **Not substantially progressed** - the council's asset management and financial practices do not meet the requirements of the LGPMC Financial Sustainability Frameworks (< 10% of tasks completed).

For the NAF, a council is deemed to meet requirements where:

- It has met requirements for principal asset classes with a value aggregating over 80% of organisations total asset value; and
- Any incomplete program element tasks do not have a material or significant effect on the council achieving the desired outcomes of the LGPMC Financial Sustainability Frameworks.

The assessment was facilitated by Jeff Roorda and Associates (JRA) with officers representing financial, asset management and service delivery functions to ensure a comprehensive assessment of organisational maturity and capability.

### Step 2: Review organisational roles and responsibilities as they relate to Asset Management and review of focus and structure of Asset Systems team.

#### Objective:

Review current roles and responsibilities and ensure the Asset Systems Team has the appropriate skills and experience to successfully support Asset Management at the City of Marion.

#### Background:

A number of strategic, operational and organisational drivers contributed to the need for a review of the alignment/structure of the Asset Systems Team:

- Retirement of two team members within the Asset Systems Team.
- Loss of one team member to another department.
- Engagement of a new Team leader Asset Systems.
- Out-dated position descriptions, with some inequities due to historical structures / roles.
- Critical skill gaps in supporting the organisation to effectively manage assets.

#### Methodology:

The Manager Innovation and Strategy (MI&S) and Team Leader Asset Systems (TLAS) worked through the recommendations from the Asset Management Maturity Assessment to identify the skills

and experiences required to address the gaps highlighted by this assessment. Using this information a current and future state assessment of the Asset Systems Team was undertaken to identify key skills and experiences required to successfully support Asset Management at the City of Marion.

Creation of an Asset Systems Service Review Steering Committee comprised of key stakeholders within the organisation has been critical to ensure the engagement of team members. Continued consultation with this committee and the Executive Leadership Team for each step of Stage 1 of the service review has resulted in a proposed structure and a 'roles and structure' assessment. As part of the formulation of this proposed structure, the roles and responsibilities were compared to other councils and key asset service provision organisations.

### **Step 3. Review Asset Management Systems and Tools to meet organisational needs.**

#### **Objective:**

Determine if Council's Asset Management Information System (AMIS) is fit for purpose, can meet the current and future needs of the organisation and is the most appropriate integrated solution for Council's requirements, now and into the future.

#### **Background:**

Following the completion of the Asset Management Maturity Audit, it was identified that Council is failing to meet the core responsibilities with respect to asset management data and asset management information systems. Contributing to this are high risk areas;

- No single 'point of truth' for asset data. Data exists in various locations and in certain cases is duplicated. It appears that little integration exists between the corporate system and other asset management and related software;
- Inaccurate and incomplete data sets regarding the infrastructure asset portfolio; and
- Anecdotal evidence that teams (to some extent) avoid the corporate and other systems and have created their own work solutions.

#### **Methodology:**

Council engaged consultants Infrastructure Solutions Australasia (ISA) to determine:

- Council's current AMIS and how it is being used
- The gaps with the AMIS
- The requirements of and AMIS that will meet the needs of the City of Marion into the future.

The ISA methodology was structured upon the following:

1. **Planning** - used to define the project activities, their timing, and identification of key stakeholders.
2. **Consulting / Discovery** – workshopping, questionnaire and 1:1 stakeholder interviews.
3. **Identification of Future Requirements** – utilising information obtained from previous phases to identify the future functionality of systems, information flow requirements between systems with the view to developing a conceptual model of Council's future requirements. Including future functional requirements of the systems.
4. **Gap Analysis** – to identify gaps between current and future needs and potentially identify additional functionality requirements of the systems.
5. **Market / Options Analysis** - incorporate research of existing systems including Council's systems to identify the suitability of current systems to achieve Council's long term vision and options analysis to identify primary systems that could be used by Council to achieve its future requirements.
6. **Cost Estimation** - the conceptual model together with the Options Analysis findings to be used to estimate future costs of software development and implementation. Costings to be defined over a long term period to allow Council to imbed the systems and achieve the desired outcomes. ISA based cost estimations on previous costs identified during past projects and experience with similar projects.

7. **Cost Benefit and Risk Analysis** - the Cost Benefit and Risk Analysis will collect the estimated costs and together with perceived benefits identified from experience with similar projects examine the cost, benefits and risks associated with implementing change.
8. **Improvement Plan / Roadmap** - Completion of all of the above phases has led to the development of an improvement and implementation roadmap for People, Data, Process and Systems. The roadmap includes the timing and costs of system changes required. Enabling Council to develop future budgets and prepare for supporting activities during the changes.

## 5 Key findings

The key findings for each step are:

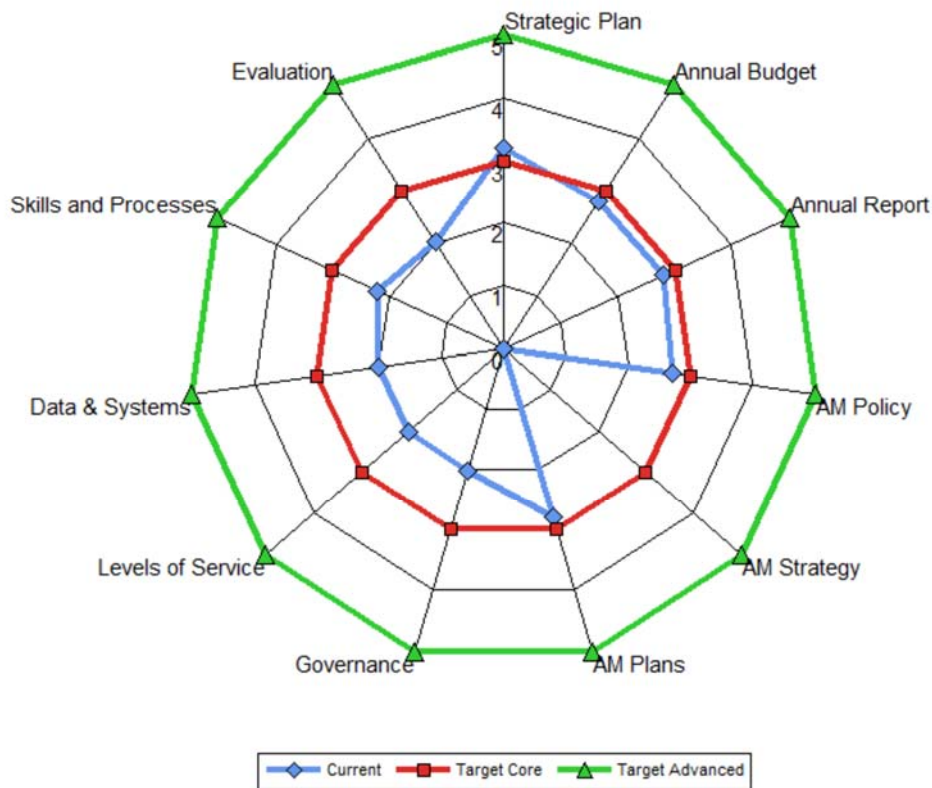
### **Step 1: Undertake “current state” Asset Management Maturity Assessment (AMMA) incorporating a review of high level policy, strategies and plans.**

The AMMA is a standardised assessment approached set against a nationally consistent framework. The process provides an evidence-based indication of an organisation’s asset management competencies against core and advanced competencies.

The facilitated AMMA was undertaken in March 2017 by JRA. The results of the maturity assessment are summarised and represented by the following four (4) figures:

1. Maturity Score Spider – Core and Advanced Maturity Assessment
2. Core Maturity Assessment Histogram
3. Risk Score Spider – Core and Advanced Maturity Risk
4. Maturity Score Spider, overlaid with Risk assessment

Marion City - Maturity Assessment ID 509



**Graph 1: Current Maturity Assessment against Core and Advanced Targets - March 2017**

The core and advanced maturity score spider (or radar) graph shows the level of maturity assessed for each element against the ‘core’ competencies required by the NAF and the advanced target maturity competency desired and selected by the organisation at the time of the assessment.

Current maturity is represented by the blue line, red is the national ‘core’ level target and the green line is the advanced target set by the organisation. The closer to the centre of the chart the blue line is the lower the level of maturity for that element and where the blue line extends past the red line ‘core’ level maturity has been achieved.

A summary of the current maturity against the ‘core’ competencies is shown in Figure 1.

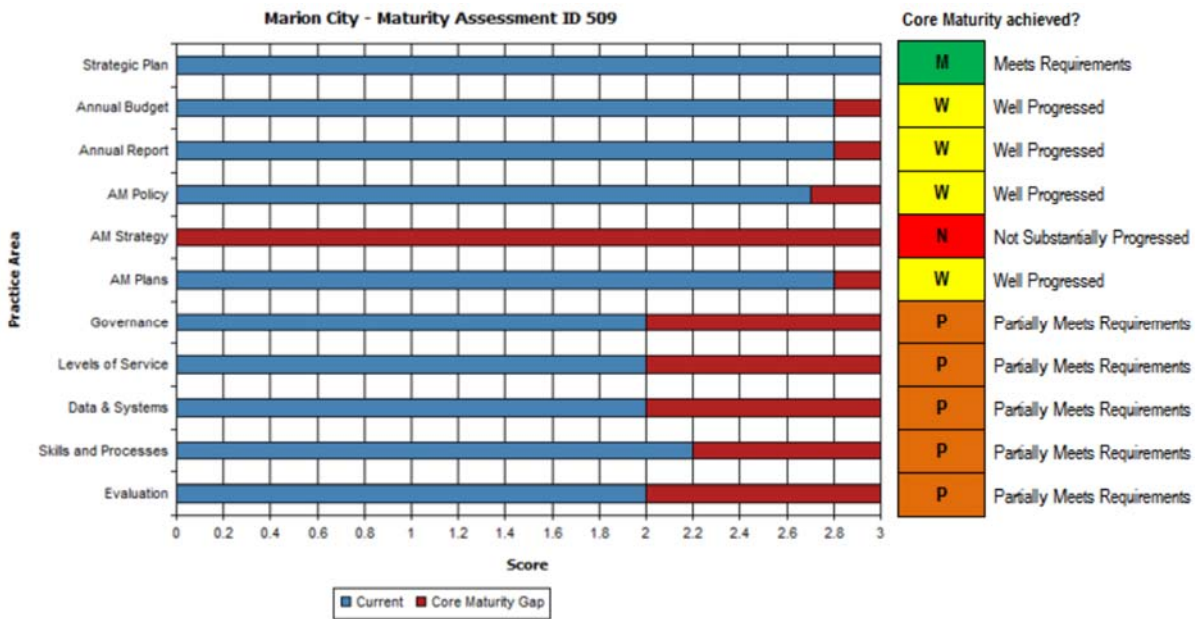


Figure 1: Core Maturity Assessment Histogram - March 2017

Five practice areas are well progressed or meet the requirements for core asset management practice. One was not substantially progressed (AM Strategy) and five are partially meeting requirements.

**Primary Gaps**

Council has an acceptable level of maturity for the financial planning and reporting elements (Strategic Plan, Annual Budget and Annual Report) and two of the asset management planning and management elements (AM Policy and AM Plans).

City of Marion’s assessment show that it is failing to meet the following core asset management competencies:

- Asset Management Strategy;
- Governance;
- Levels of Service monitoring and reporting;
- Data & Systems;
- Skills and Processes; and
- Evaluation

**Risk Assessment**

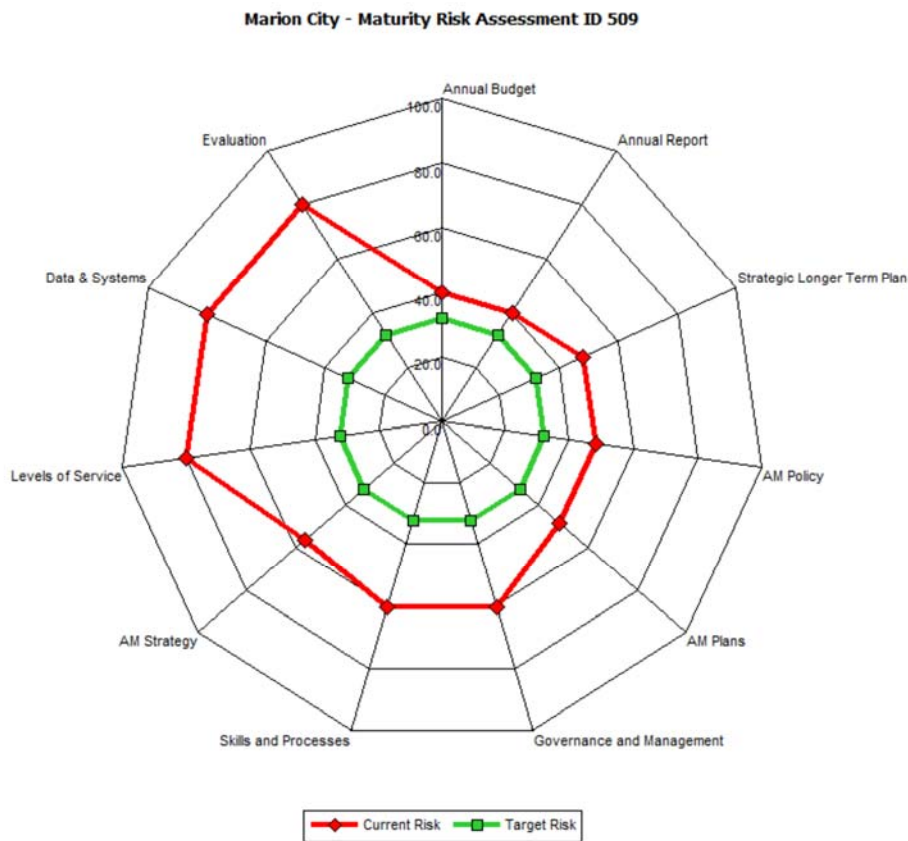
The implications of current maturity may indicate a risk to the organisation. The improvement tasks can be prioritised by a combination of the maturity gap and the current risk rating for each practice area.

The core and advanced maturity risk score spider (or radar) graph below highlights the relative risk score for each of the 11 practice areas.

The red line highlights the current risk associated with the current maturity level of each element with the green line identifying the target risk. The closer to the center of the chart the red line is the lower the risk is to council.

For graphing purposes the risk ratings are expressed as percentages for:

- High Risk 72 to 100%
- Medium Risk 48 to 68%
- Low Risk 20 to 44%



**Graph 2: Core and Advanced Maturity Risk - March 2017**

Graph 2 illustrates the gap between current and target risk. The Risk Gap is greatest for Levels of Service, Data & Systems and Evaluation. Medium risk exists for Strategy, Governance and Skills and Processes. This chart is indicative and the effort to reduce a small amount of risk may not require the same level of resourcing for each practice area.

**Summary**

Primary Gaps exist in the following Practice Areas:

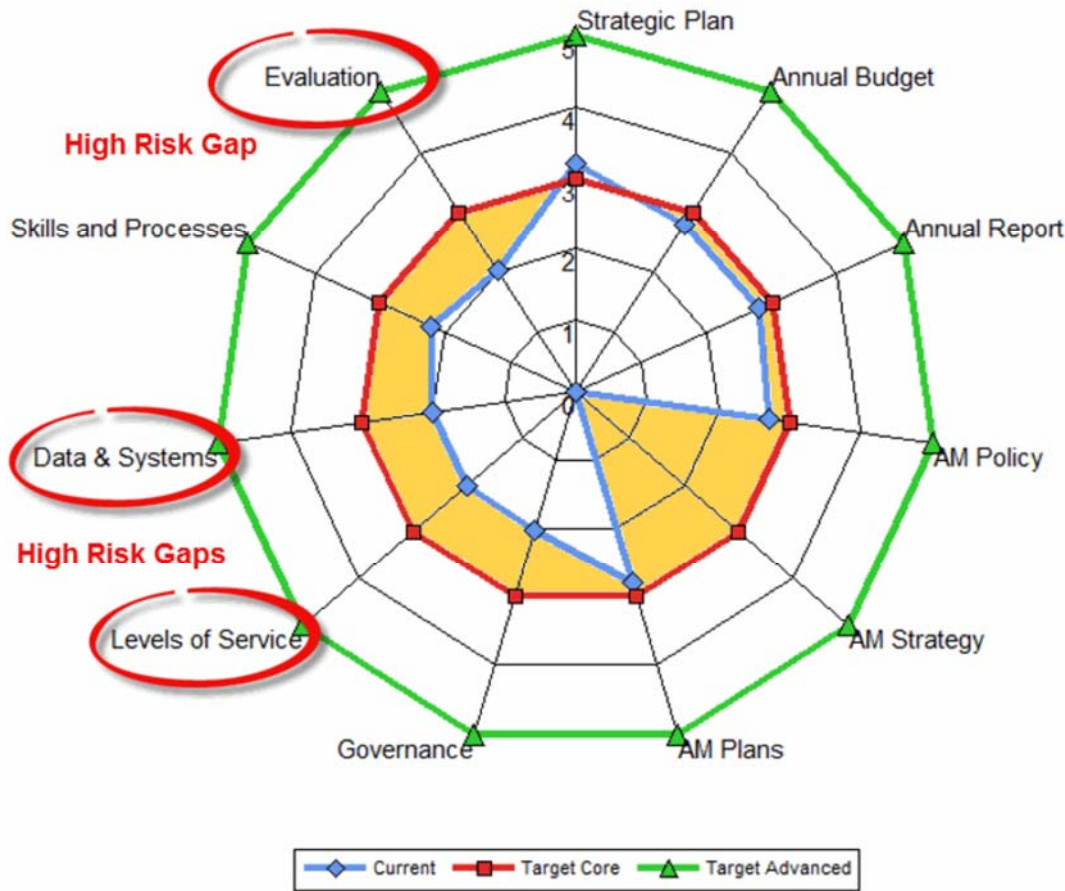
- Asset Management Strategy;
- Governance;
- Levels of Service monitoring and reporting;
- Data & Systems;
- Skills and Processes; and
- Evaluation

Practice Areas with the highest risk are:

- Levels of Service monitoring and reporting;
- Data & Systems; and
- Evaluation

*“The City of Marion’s Asset Management Information Systems are a fundamental barrier to progressing with improvements in many other competencies”.*

Marion City - Maturity Assessment ID 509



**Graph 3: Current Maturity Assessment incorporating High Risk Gaps - March 2017**

To improve the current situation Council will require time, effort, resources and delegated tasks for each Practice Area. This has been prepared in the Asset Management Improvement Plan.

Key areas of focus are:

1. Consideration of a consolidated, accurate and componentised asset register incorporating an integrated asset solution.
2. An Asset Management Strategy supported by an up to date Asset Management Plans including Service level reporting is needed to determine risks arising from being the owner of such a significant portfolio of infrastructure assets as well as allowing council to run scenarios to aid future decision-making.
3. An Asset Management Governance Group to review and report progress on the Asset Management Improvement Plan



**Asset Management Improvement Plan (AMIP)**

The key objective is whether Council has materially achieved core maturity for each practice area using the four ratings as follows:

M	Meets Requirements
W	Well Progressed
P	Partially Meets Requirements
N	Not Substantially Progressed

The improvement tasks can be prioritised by a combination of the maturity gap and the current risk rating for each practice area.

Council has made good progress in most practice areas however, key risks exist in Data & Systems, Service level monitoring and reporting and ongoing evaluation.

The AMIP needs to be combined with the improvement programs set out in each asset management plan. Corresponding risk management actions identified are included in Council’s overarching risk management plan.



**Asset Management Improvement Plan**

Practice Area	Task	Status as at March 2017	Current Risk	Responsible Officer
Strategic Long Term Plan	1. Ensure the Strategic Long Term Plan (Community Vision/Business Plan) incorporates community priorities and performance measures and indicates how they will be monitored and measured - align to the AM Plans and LTFP. 2. Ensure the LTFP is based on resource requirements in the AM Plans and strategic objectives of the Community Vision/Business Plan.	<b>M</b>	Low	Manager Finance
Annual Budget	3. Include commentary in the budget papers on how the service levels and risks trade-offs identified in the LTFP and AM Plans will be managed.	<b>W</b>	Low	Manager Finance
Annual Report	4. Indicate the likely service level and risk impacts of delivering the budget. Include State of the Assets reporting linked to Resourcing Strategy documents.	<b>W</b>	Low	Manager Finance
AM Policy	5. Identify a process for meeting training needs in financial and asset management practices for Councilors and staff 6. Define asset management roles, responsibilities and reporting framework, use the NAMS.Plus template as the basis.	<b>W</b>	Low	Manager Innovation & Strategy
AM Strategy	7. Draft an AM Strategy that fits with Council’s strategic plan – use the NAMS.Plus template as the basis.	<b>N</b>	Medium	Manager Innovation & Strategy
AM Plans	8. Ensure ongoing annual review and update of costs and service projections ensuring high residual risks are managed and reported appropriately.	<b>W</b>	Low	Manager Innovation & Strategy
Governance and Management	9. Ensure high level oversight by the Council, CEO/GM and Executive Management Team, for development and implementation of the Asset Management Strategy and Asset Management Plans. 10. Implement an Asset Management Governance Group incorporating business process maps, refer appendix. 11. Ensure asset management functions, responsibilities and skill requirements for managing assets are clearly defined in all position descriptions.	<b>P</b>	Medium	General Manager City Development



Levels of Service	<p>12. Develop and confirm current and target customer and technical levels of service to understand, measure and report on a sustainable service delivery model.</p> <p>13. Implement state of the assets reporting throughout all strategic planning and reporting documents that show service level trends and targets.</p>	P	High	Senior Leadership Team
Data & Systems	<p>14. Consider a consolidated, integrated, accurate, up to date and complete componentised asset register with the required functionality to ensure security and data integrity,</p> <p>15. Consider an integrated asset solution for the organisation.</p> <p>16. Adopt a common corporate data framework used across all asset groups, which is defined by Council's Infrastructure Asset Hierarchy.</p>	P	High	Manager Innovation & Strategy + Manager ICT
Skills and Processes	<p>17. Assess the skills and knowledge required to perform asset data management activities, conduct financial reporting valuations and develop Asset Management Plans.</p> <p>18. Develop and adopt an asset management responsibility matrix.</p> <p>19. Identify staff training needs and training scheduled.</p>	P	Medium	Manager Innovation & Strategy + Manager Human Resources
Evaluation	<p>20. Implement a knowledge management strategy via an Asset Management Governance Group ensuring data, information and knowledge updates are reported on an annual basis via the State of the Assets Report.</p> <p>21. Monitor and report community and technical levels of service performance.</p>	P	High	Manager Innovation & Strategy

**Step 2. Review organisational roles and responsibilities as they relate to Asset Management and review of focus and structure of Asset Systems team.**

The review of current roles and responsibilities, and the skills and experience of the Asset Systems Team to address core asset management competencies has resulted in the requirement to realign the Asset Systems Team

The resulting position titles and key focus areas are:

Role	Key Focus Areas
Asset Inspection Officer	<ul style="list-style-type: none"> <li>• Data Collection and Creation</li> <li>• Change Management</li> </ul>
Asset Data and Systems Administrator	<ul style="list-style-type: none"> <li>• Data Management</li> <li>• Innovation</li> <li>• Customer Experience</li> <li>• Facilitation</li> <li>• Engagement</li> <li>• ICT Systems</li> </ul>
Asset Improvement Officer	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Technology</li> <li>• Customer Experience</li> <li>• Facilitation</li> <li>• Engagement</li> <li>• Reporting</li> <li>• Risk Management</li> <li>• ICT Tools</li> </ul>
Asset Management Officer	<ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Business Analysis</li> <li>• Process Improvement</li> <li>• Strategy</li> <li>• Programming</li> <li>• Engagement</li> <li>• Reporting</li> <li>• Risk Management</li> </ul>
Senior Asset Project and Strategy Officer	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Project Management</li> <li>• Process Improvement</li> <li>• Change Management</li> </ul>
Team Leader Asset Systems	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Project Management</li> <li>• Process Improvement</li> <li>• Change Management</li> <li>• Innovation</li> <li>• Technology</li> <li>• Customer Experience</li> <li>• Facilitation</li> </ul>

As part of the change management piece associated with the realignment, it is recommended that the Asset Systems Team undertake a “rebranding” and marketing campaign, which leverages off the team realignment. This will progress with support from the Communications team over the next 3-4 months.

Clearly established roles and responsibilities across the organisation, and implementation of accountability measures against responsibilities is a priority within ‘Stage 2’.

**Step 3. Review Asset Management Systems and Tools to meet organisational needs**

A comprehensive review of the Asset Management Systems and Tools including Authority and RAMM as corporate systems, and a range of other spreadsheets, datasets and minor systems, has determined that the *“current applications fail to meet the Council’s current requirements in their current state let alone the future state”* (Asset Management Information Systems Review).

Assessment of the AMIS with a focus on People, Data, Process and Systems resulted in the following recommendations:

- Procure an Asset Management system that sets up the CoM for the future
- Establish a Governance Framework for Asset Management data and applications
- Coordinate the implementation of the new Asset Management Application with the field based devices
- Develop a strategy for the combined improvement of the GIS and Asset Management software
- Develop ‘dashboards’ to push data and reports out to end users
- Establishing an Asset Management knowledge base on the intranet
- Establish a Knowledge Team

**6 Service Review Recommendations**

The following recommendations are made in relation to this particular service:

#	Recommendation	Due date	Action Officer	Position
1.	That the Finance and Audit Committee note the findings of ‘Stage 1’ of the Asset Systems Service Review, specifically that: <ul style="list-style-type: none"> <li>4. the City of Marion’s Asset Management Information Systems are a fundamental barrier to progressing with informed and effective Asset Management</li> <li>5. further due diligence is required prior to a system change.</li> <li>6. over the next 12 months Council needs to invest in People, Data and Process as outlined in the roadmap provided in the report.</li> </ul>	15 August 2017	Fiona Harvey	Manager Innovation and Strategy

The requirement to develop an asset improvement and implementation roadmap shall form ‘Stage 2’ of the Asset Systems Service Review.

To ensure a successful Asset Management (System) implementation, over the next 12-month period, Council must focus on addressing and investing in the following categories:

- People
- Data
- Process

Although the AMIS review has identified that, *“the current applications (Authority and RAMM) fail to meet the Council’s current requirements in their current state let alone the future state”*... It is imperative to get our People, Data and Processes correct before we even consider approaching the market for a new system.

As such it is essential to undertake suitable due diligence aligned with the level of organisational risk and change management required with a fundamental systems change.

The roadmap includes actions based on the findings from steps 1, 2 and 3 (included in section 5) of this report in addition to the following specific actions:

Category	#	Actions	Estimated / Expected Completion Date	Budgeted
<b>People</b>	1	Establish a strong Governance Structure and Steering Committee with Executive sponsorship.	Immediate	✓
	2	Recruit suitable applicants to fill vacant positions in Asset Systems Team to address key skill and experience gaps	November 2017	✓
	3	Clearly define roles, responsibilities and accountabilities across the organisation.	November 2017 <small>(concurrent with recruitment)</small>	✓
	4	Undertake cross organisational training	June 2018	✓
	5	Clearly define service levels aligned with Council's strategic goals	June 2018	✓
<b>Data</b>	1	Create a "Single Point of Truth" – Every unit of data is stored exactly once	June 2018	✓
	2	Ensure asset IDs are unique	June 2018	✓
	3	Review the Asset Hierarchy	February 2018	✓
<b>Process</b>	1	Document business processes that reflect effective asset management that is aligned with the strategic goals of Council	February 2018	✓
	2	Revision of key existing processes / methodology (e.g. Valuations Process, Asset Condition Assessment and Inspection)	February 2018	✓
<b>System</b>	1	Relevant due diligence and needs analysis on a potential system to replace RAMM and Authority	March 2018	✓
	2	Development of a business case for a potential system replacement for Council's consideration.	June 2018	✓

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE  
15 AUGUST 2017**

**Originating Officer:** Fiona Harvey, Manager Innovation and Strategy  
**General Manager:** Abby Dickson, General Manager City Development  
**Subject:** Project Management Framework  
**Report Reference:** FAC150817R8.6

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**OBJECTIVE**

This report provides an overview of City of Marion's Project Management Framework including the role of the recently established PMO Leader, decision making processes for project investment and governance for project and program delivery.

**RECOMMENDATIONS**

**DUE DATES**

**That the Finance and Audit Committee:**

- |  |                    |
|--|--------------------|
| <b>1. Notes this report which provides an overview of the organisation's project management framework.</b> | <b>15 Aug 2017</b> |
|--|--------------------|

**BACKGROUND**

A robust Project Management Framework ensures planning and delivery of projects and programs to meet Council's outcomes, through strong focus and management on risk, governance, resources (people and finances), programs and projects. Council's commitment to project management is outlined in its Prudential Management Policy which states:

*The City of Marion recognises the importance of prudential management of all projects it undertakes. The policy aims to ensure:*

- *A Council project is undertaken only after an appropriate level of "due care, diligence and foresight" is applied to the project;*
- *any risks associated with the project are identified, managed and mitigated;*
- *Council makes informed decisions and in the public interest;*
- *Council is accountable for the use of Council and other public resources*

A copy of this policy is attached as Appendix 1 to this report. A project is defined within the policy as:

a new and discrete undertaking or activity that would involve the:

- expenditure of money, and/or
- deployment of resources, and/or
- incurring or assuming a liability, accepting an asset or divestment of an asset.

A project has a defined beginning and end. Regular, ongoing delivery of council services are not 'projects', but may contribute to a higher level program.

Whilst the Prudential Management Policy was adopted a number of years ago, the key procedures, tools and templates that make up a Project Management Framework to support the implementation of the Policy were not established at the time. This work has progressed recently with many key elements of the Project Management Framework now in place.

Over the past year Council has also adopted its 10 year Strategic Plan 2017-2027 and 3 year Business Plan 2016-2019. These plans provide clarity of purpose, strategic goals and priority areas for delivery over the 3-10 year period and set the high level commitments for project identification, planning, management and delivery.

One of the most significant areas of council expenditure and resource commitment is council's capital works and infrastructure projects. These projects support the management of over \$1 billion of assets including roads, footpaths, drains, community buildings, parks and reserves on behalf of the community. Each year Council invests in the renewal, upgrade and delivery of new infrastructure and this work is captured in either individual infrastructure projects (e.g. Edwardstown Soldier's Memorial Oval redevelopment, International BMX facility) or its capital works program (roads, trees, building upgrades, playgrounds, drainage).

This report provides an overview of the key elements of the Project Management Framework including:

1. The role of the recently established PMO Leader position.
2. Key decision making processes to support 'ideas' management, project prioritisation and funding.
3. Monitoring, governance oversight and reporting of projects and programs.

## **1. The role of the PMO Leader**

City of Marion has recently established a new role to lead the Project Management Office (PMO). The role will provide strategic leadership, coordination and management to improve program and project delivery and outcomes across the organisation.

The role will work with Council and its committees, Executive, Managers and staff to provide advice and guidance, monitoring and assurance, advocacy and education to support all key elements of robust program and project management as depicted in Appendix 2. Many of the elements of a PMO are already in place, however this role is responsible for ensuring high and consistent standards for the elements are achieved across all projects in a sustainable way.

## **2. Managing New Initiatives**

Council's suite of strategic and business plans, including Work Area Plans (WAPs) capture all of the projects to be delivered over the specified timeframe of each plan. From time to time, new ideas and opportunities arise for potential projects that sit outside the commitments with the plans. A high level initiative management process has been developed to manage the consideration, prioritisation and funding of these ideas to progress into 'live' projects.

The process supports staff and Elected Members to present ideas for consideration, prioritisation and funding through two scenarios:

- Consideration of ideas through the Annual Planning and Budgeting process
- Consideration of ideas outside of the Annual Planning and Budgeting process

Ideas/initiatives can be proposed simply in the first instance, and assessed against a suite of criteria to support prioritisation for further consideration and potential funding. Dependent on the type and scale of the initiative, approval to progress the initiative will occur via council resolution or internally where appropriate. A suite of project definitions is also proposed to



enable tracking of numbers and spend against key project type to inform future program and funding management.

Parts of this process have been in place for some time (eg the Elected Members' consideration of unfunded initiatives), and the recent review of the Annual Planning and Budgeting process enabled further clarity of timing and integration with the new initiatives process. Further tools, templates and definitions to support this high level process will be developed over the next few weeks, with the process to be used for the 2018/19 Annual Planning and budgeting process kicking off in September 2017. Outside of the annual planning and budgeting cycle, the process is proposed to be run twice per year, in line with the budget review timing (September/October and February/March) with ideas to be worked through an internal review process in the lead up to budget review process.

Appendix 3 provide the high level definitions, tools and process maps for managing new initiatives.

### **3. Oversight of project and capital works program delivery**

#### **Major Projects**

For projects which have a whole of life cost greater than \$4 million (including grant assisted projects) a Section 48 Prudential Management report is developed. This is a requirement of the Local Government Act. A Section 48 prudential management report includes the following analysis:

- Relationship between the project and strategic management plans
- Objectives of the Development Plan for the area
- Level of consultation with the community
- Business Needs Analysis
- Project's intention to produce revenue, revenue projections and potential financial risks
- Recurrent and whole of life costs and financial viability
- Risks associated with the project and mitigation strategies
- Most appropriate mechanisms / arrangements for carrying out the project.

The Section 48 report is considered by Council's Finance and Audit Committee and Council before funds are allocated and tenders called for construction.

When a major project is fully funded and committed to by Council, regular monthly reports on the project's budget form part of Council's monthly financial reports.

Reports are also brought to Council when key milestones or decisions are required, such as:

- Entering into funding agreements with project partners
- Approval of final design and cost estimate
- Land arrangements to facilitate projects.

#### **Project Control Group**

The Project Control Group (PCG) is an internal group consisting of ELT, Major Projects Manager and Project Support Officer. The group meets monthly and considers reports for current projects and the status of the capital works program.

The role of the PCG is to:

- Provide oversight and direction for nominated projects consistent with Council's Strategic Plan 2017 – 2027, Business Plan 2016-2019 and Annual Business Plan
- Oversee time, cost, quality and risk management for individual projects
- Provide direction, resource availability and co-ordination to achieve project outcomes

- Operate as a supervisor for a Project and a facilitator between internal departments to ensure their effective communication and efficient interaction during all Project delivery stages.

PCG meetings are held separately from ELT meetings to allow a focus on projects. The projects currently being considered by PCG include:

- Edwardstown Oval
- Mitchel Park Community Facility Redevelopment
- Soccer Facilities
- BMX Facilities
- Glenthorne Farm
- CoM Connect (internal ICT project)
- Darlington Upgrade
- Tonsley Development
- Oaklands Redevelopment

With the establishment of the PMO leader role, this role will now become the Executive Officer for the PCG and will work with the Committee to review their scope, focus and processes.

### **Work Area Plan (WAP) Reporting**

All work areas within the organisation have WAPs, which capture project plans for initiatives being managed at a department level. Many of these projects are initiatives within the 2016-2019 Business Plan such as the asset optimisation project, installation of solar panels, and energy efficiency initiatives at Council sites. WAPs also capture department level projects, service reviews, internal audit projects and annual business plan projects.

Project managers use the WAP tool to develop project plans and provide updates on project delivery timeframes, budget, achievements to date, and future milestones, emerging risks and mitigation strategies to General Managers on a monthly basis.

The WAP reporting tool also provides the ELT with a monthly update on the delivery of initiatives within the Business Plan. This provides oversight of projects and the organisation's performance in meeting its corporate KPI on the delivery of 95% of the 3 year and Annual Business Plan initiatives.

### **Capital Works Program**

The oversight of Council's capital works program is also essential to ensure programmed works are delivered on time and within budget. As stated above, each year Council delivers a capital works program for the upgrade, renewal and delivery of new infrastructure. The capital works program is reported on under the following categories:

- Roads
- Kerbing
- Footpath
- Transport (including traffic control devices, cycle paths)
- Bridges
- Drainage
- Wetlands
- Street trees
- Streetscapes
- Irrigation
- Open Space Development
- Public Toilets
- Sport Facilities & Courts

- Building and Facility Upgrades

Oversight of the above works program is achieved through:

- Monthly reports by program managers
- Internal monthly capital works program review meetings
- Monthly update at PCG to provide ELT oversight
- Council receives reports on progress of capital works program as part of the monthly financial report. The most recent monthly capital progress report is attached as appendix 4.

### **Corporate Reporting**

Council, as part of its Annual Business Plan, sets Corporate KPIs to monitor the organisation's performance. This includes KPIs concerning the delivery of projects and program work.

Each quarter Council receives a quarterly report on its performance against the KPIs which includes:

**KPI:** Delivery of agreed projects identified in the Annual Business Plan and annual year targets in the 3 Year Plan.

**Target:** 95% or greater.

### **Infrastructure and Strategy Committee Reports**

The Infrastructure and Strategy Committee meets each month and receives regular updates on a selection of Council's key project and capital works program through the following reports.

Project status report – tabled bi-monthly for the committee's consideration. These reports are a consolidated 'infrastructure project focused' report drawn from PGC and WAP reports.

Feature Project – on alternative months the Committee focuses on a single project and undertakes a more detailed analysis.

### **Further Improvement of Project Management Framework**

The organisation has sound practices in place which support the oversight of project and program delivery.

Tools and processes are currently being refined to better support the development, assessment and prioritisation, and approval of new initiatives.

With the new PMO Leader position now in place, there will be a focused effort on developing tools and templates, training programs and project management discipline across the organisation. This will build organisational capacity in project management.

### **Appendix 1 – City of Marion Prudential Management Policy**

### **Appendix 2 – PMO Leader Overview**

### **Appendix 3 – Initiative Management Process**

### **Appendix 4 – Capital Works Monthly report**

# Prudential Management Policy



## 1. Policy Statement

The City of Marion is committed to excellence in governance and using a best practice approach to transparent and accountable decision making. The City of Marion recognises the importance of prudential management of all projects it undertakes.

The policy aims to ensure:

- a Council project is undertaken only after an appropriate level of “due care, diligence and foresight” is applied to the project;
- any risks associated with the project are identified, managed and mitigated;
- Council makes informed decisions and in the public interest;
- Council is accountable for the use of Council and other public resources.

## 2. Policy Scope

The policy applies to all projects (as defined below) regardless of size undertaken by the City of Marion. In addition, specific reporting requirements apply to projects as defined within s48(1) of the *Local Government Act 1999* (the LG Act) (Refer 5 below).

## 3. Definitions

### “Project”

Means a new and discrete undertaking or activity that would involve the:

- expenditure of money, and/or
- deployment of resources, and/or
- incurring or assuming a liability, accepting an asset or divestment of an asset.

A project has a defined beginning and end. Regular, ongoing deliveries of Council services are not “projects”.

### “Whole of Life Cost”

The total cost of owning an asset over its entire life such as design and building costs, operating costs, associated financing costs, depreciation, and disposal costs. Whole-life cost also includes environmental impact and social costs.

## 4. Principles

4.1 The decision-maker for any proposed project may be the Council, the Chief Executive or an officer of the Council to whom sub-delegation has been made (as reflected in the Council’s *Schedule of Delegations and Sub-delegations*).

4.2 The decision maker should determine with respect to any project (based on the size, complexity and amount of financial or other risk) the level of:

- Due care and diligence that is required

At a minimum this should require an assessment of:

- the benefits and needs of the project
  - whether the project will (or might) generate any additional risks for the Council;
  - the financial sustainability of a project (large or small) and whether funding of the whole-of-life costs of the project will (or might) require additional allocations beyond those already accommodated in Council's annual budget and long-term financial plan
- Details required
 

This may range from a single page describing the project scope, to a comprehensive business case (using the Corporate "Project Management Template – Business Case" and/or the IIMM Continuous Improvement Matrix - Excellence).
  - Risk assessment appropriate
 

This may range from, a simple note that the proposed project has been determined as being of low or negligible risk, to a more detailed risk assessment in consultation with the Risk Management Unit.
  - Expertise required
 

This may range from a single staff member (for the smallest projects with least risk), to a working party of staff and external specialists with expertise in areas such as engineering, finance, project management, town planning (for more complicated and/or riskier projects).
  - Accountability and reporting required
  - Post project implementation review and evaluation appropriate
 

Evaluation and review can identify systemic issues and opportunities for improvement.

4.3 Adequate resources will be allocated to the prudential management of projects and staff will be appropriately trained.



## 5. Projects where a full prudential report is required under the LG Act

Under the LG Act, a report addressing the prudential issues set out in section 48(2) must be prepared for any project that meets the criteria set out in s48(1) of the Act:

- (i) where the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
- (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
- (iii) where the council considers that it is necessary or appropriate.

This report must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues s48(4) and must not be a person who has an interest in the relevant project as defined in s48(6a) - (6c).

For a full extract of section 48 of the LG Act refer Appendix 1.

## 7. Procedures

This Policy will be supported by internal practices and procedures.

## 8. Complaints

Any complaint about this policy or the way in which it has been applied should be made in writing to the Manager Governance.

## 9. References

### City of Marion Strategic Plan 2012-20

An Organisation of Excellence - Recognised for Excellence in Governance - EG2 Policy Making

### Related Policies

Procurement Policy

Risk Management Policy

Acquisition and Disposal of Land Assets

Disposal of Assets

Disposal of Assets other than Land.



**Corporate Framework / Template References**

Enterprise Wide Risk Management Framework

Business Case for [Project Name] Template

IIMM Continuous Improvement Matrix- Excellence

**Other related references**

City of Marion Schedule of Delegations and Sub-delegations

LGA Financial Sustainability Information Paper 27 – Prudential Management, April 2012

*Local Government Act 1999* – section 48 (copy attached Appendix 1)

**Council Agenda Reference**

Adopted by Council 11 December 2012 reference GC111212R07

**AUTHOR**

Linda Graham, Unit Manager Council Support



## Appendix 1

**Extract of Section 48 of the *Local Government Act 1999*****48—Prudential requirements for certain activities**

- (aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
- (a) acts with due care, diligence and foresight; and
  - (b) identifies and manages risks associated with a project; and
  - (c) makes informed decisions; and
  - (d) is accountable for the use of council and other public resources.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
- (b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—
    - (i) where the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
    - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
    - (iii) where the council considers that it is necessary or appropriate.
- (2) The following are prudential issues for the purposes of subsection (1):
- (a) the relationship between the project and relevant strategic management plans;
  - (b) the objectives of the Development Plan in the area where the project is to occur;
  - (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
  - (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;



- (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
  - (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
  - (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
  - (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
  - (i) the most appropriate mechanisms or arrangements for carrying out the project.
- (2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.
- (3) A report is not required under subsection (1) in relation to—
- (a) road construction or maintenance; or
  - (b) drainage works.
- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the *relevant person*)—
- (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
  - (b) if that person is a proprietary company in which the relevant person is a shareholder; or

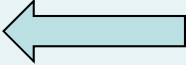
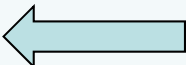

- (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
  - (d) if that person is a partner of the relevant person; or
  - (e) if that person is the employer or an employee of the relevant person; or
  - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
  - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
- (a) by virtue only of the fact that the person—
    - (i) is a ratepayer, elector or resident in the area of the council; or
    - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
  - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
- employee** of a council includes a person working for the council on a temporary basis;
- non-profit association** means a body (whether corporate or unincorporate)—
- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
  - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

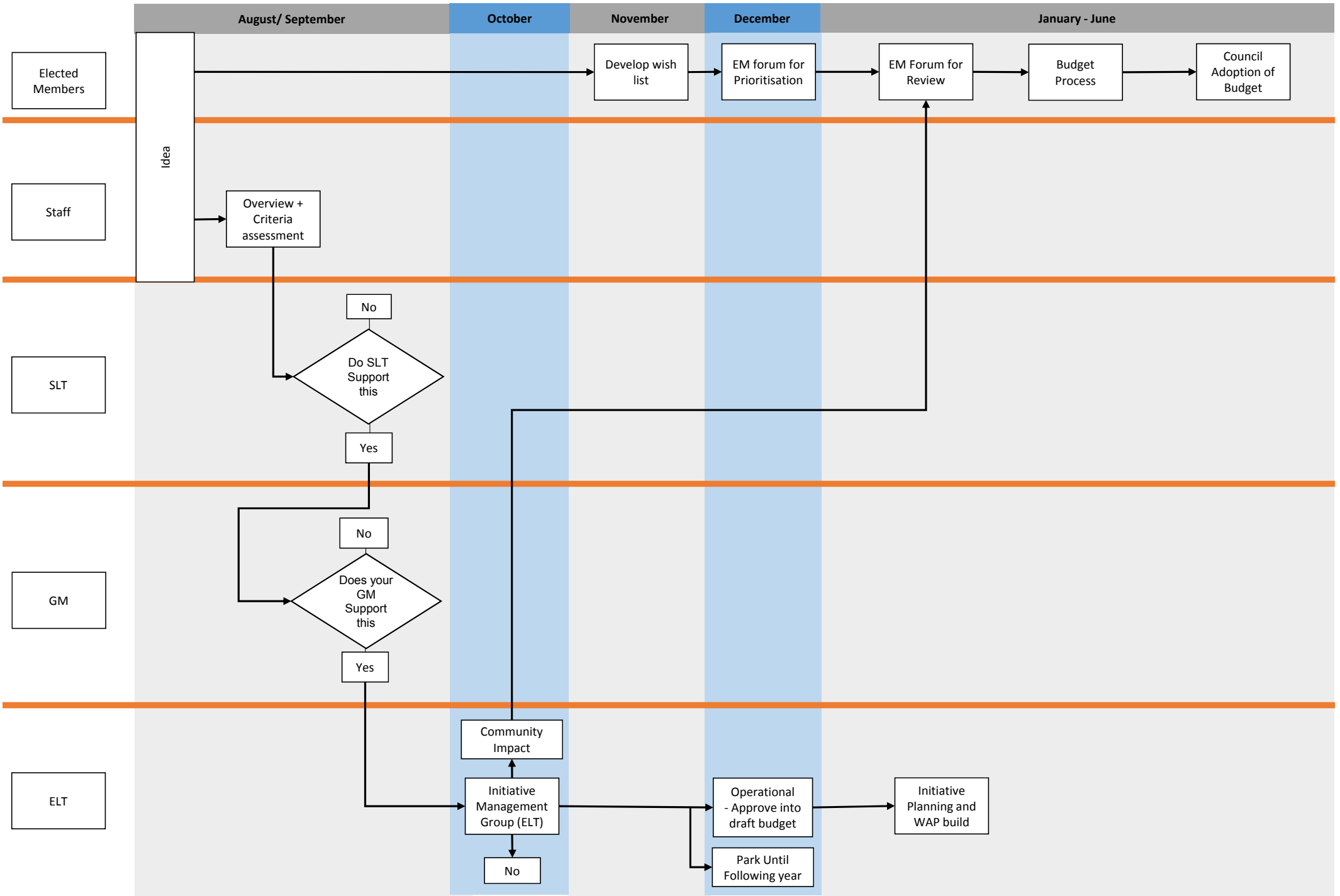
# Project Management Office - Overview

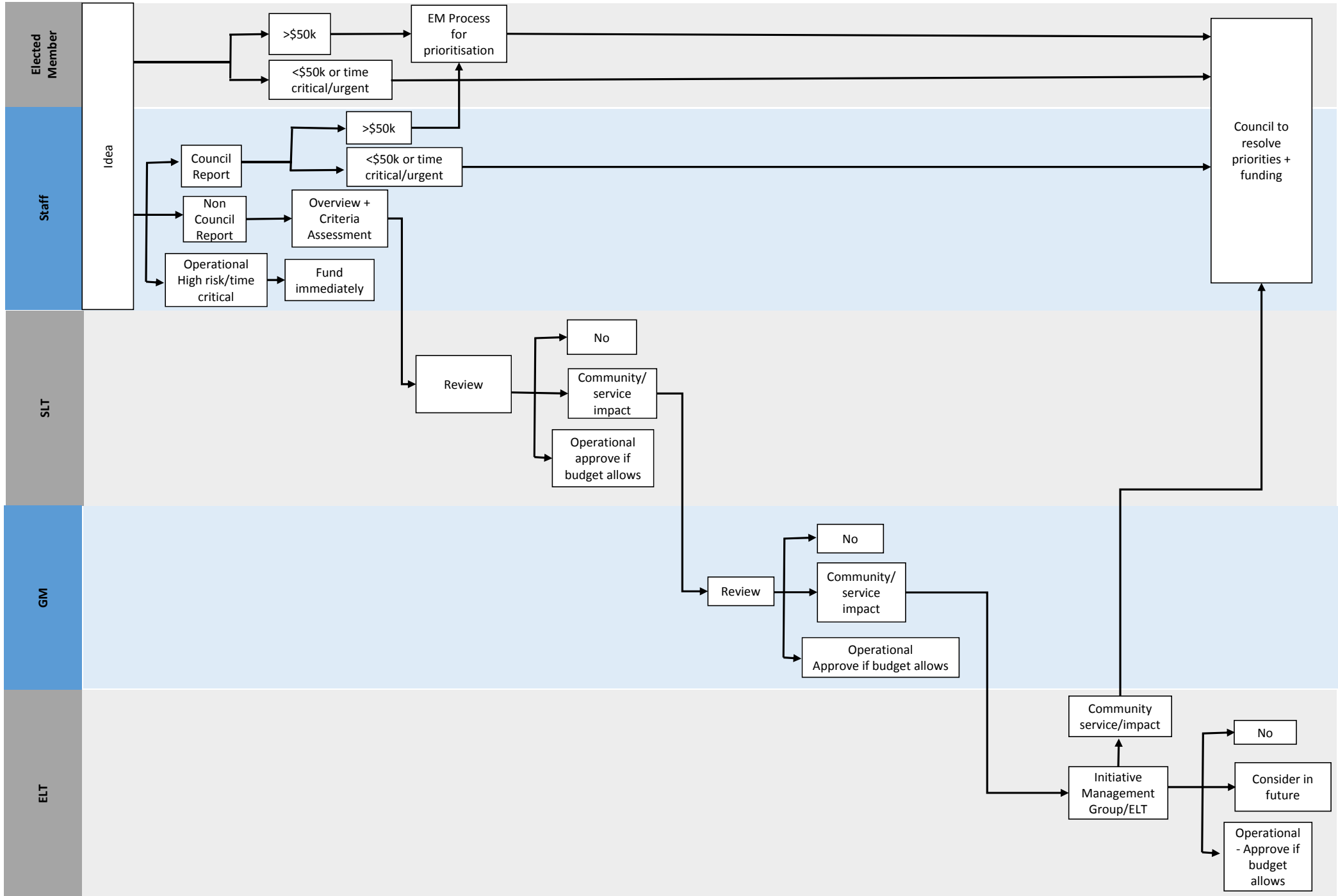




# Project Management Office - Overview

Management Hierarchy	PMO Role
<p><b>Management Oversight</b></p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Council F &amp; A Committee Project Control Group ELT</p> </div> 	<ul style="list-style-type: none"> <li>-Metrics reporting</li> <li>-Analysis</li> <li>-Risk Management</li> <li>-Legislative Requirements</li> <li>-Strategic Alignment</li> </ul>
<p><b>Portfolio/Program Oversight</b></p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Elected Members I &amp; S Committee Project Control Group ELT SLT</p> </div> 	<ul style="list-style-type: none"> <li>-Initiative/Idea collation</li> <li>-Prioritisation</li> <li>-Spade Ready opportunities</li> <li>-Resources (\$ and People) tracking</li> <li>-Strategic Project/program planning</li> </ul>
<p><b>Project Management</b></p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Project/Program Managers Eg Hallett Cove Foreshore, Edwardstown Oval, Website review, Tennis and Netball Facilities</p> </div> 	<ul style="list-style-type: none"> <li>-Training</li> <li>-Reporting</li> <li>-Project support</li> <li>-Process Mapping</li> <li>-Procedures, tools and templates</li> </ul>





## Project Definitions

Project Type	Definition	Test	Portfolio Spend	% of Portfolio	Notes
<b>1. City/Community initiative</b>	Undertake a new service, increase a service level, or provide an asset/amenity to the community	There is not likely to be a know ROI for these initiatives so the following principles should apply; council sets a directive of the amount of spend for these types of initiatives (potentially savings from previous year, plus identified spend through Annual Business Plan modelling); prioritisation to occur through dedicated process; initiatives to be tested with the community for receptiveness as the initiative is developed; metrics to be clearly set that will demonstrate community benefit/impact; reasonableness test to assess whether the likely impact is reasonable for level of investment made			Annual and quarterly prioritisation process
<b>2. Strategic pre-investment</b>	Pre-investment in initiative development, where the spend will not deliver anything specific and directly to the community, however it will result in a scoped/design initiative and details of the community or organisational benefit	These initiatives should be tested as per the City/Community initiatives, with the strategic pre-investment being the first phase of the project. Assessment as to whether the likely ultimate investment and impact delivered is reasonable			Annual and quarterly prioritisation process
<b>3. Specific Ratepayer/EM request</b>	Specific individual, targeted group request, either directly from the individual/group or via an Elected Member	Cost per ratepayer investment to be calculated, given likelihood of cross subsidisation			Annual and quarterly prioritisation process
<b>4. Targeted Improvement</b>	Initiatives where there is a specific and measureable benefit through operations, productivity, efficiency, additional revenue or reduced costs	Initiatives to be assessed on their payback to council, with a 3 year payback set as the benchmark. Benefits need to be clearly determined through a business case assessment, with benefits to be realised on the ground (eg reduced spend, increased productivity) as part of project delivery			Annual and quarterly prioritisation process
<b>5. Asset Service Delivery</b>	Projects that specifically relate to the operations and maintenance assets, renewal/replacements of existing assets to continue to deliver against agreed service levels. This includes ICT//technology projects that are focused on continuing current service levels/functionality	Test of asset management plans to determine whether service levels are being maintained at least cost. This includes a test of whether overservicing is occurring, overspending is occurring, consideration as to when spend on maintenance is not warranted for deteriorating assets and rather where renewal/replacement or disposal is considered more appropriate			Asset Management Cycle
<b>6. Risk Management</b>	Initiatives that manage/mitigate a risk to staff, community or environment	Projects to be assessed based on the extent of the risk against the corporate risk register. The project should also be tested to determine whether the risk can be mitigated through a lower cost method. Testing to determine the actual impact on risk reduction must form part of the project			Risk Management investment Process

City of Marion **INITIATIVE OVERVIEW**

**Proposer:**  
**Date:**  
**Project Definition:**

**Initiative Name**

**Initiative Description**

Provide a brief overview of the project.

Outline the scope, objectives and proposed outcomes for the initiative (dot points).

**Scope:**

- 
- 
- 
- 

**Objectives:**

- 
- 
- 
- 

**Proposed outcomes:**

- 
- 
- 
- 

**Strategic/Organisational Excellence Alignment**

Describe how this initiative progresses the community vision and strategic priorities of council as outlined in the 10-Year Strategic Plan 2017-2027 goals, strategies and Good Governance drivers, or 3-Year Business Plan 2016-2019.

**Initiative Cost**

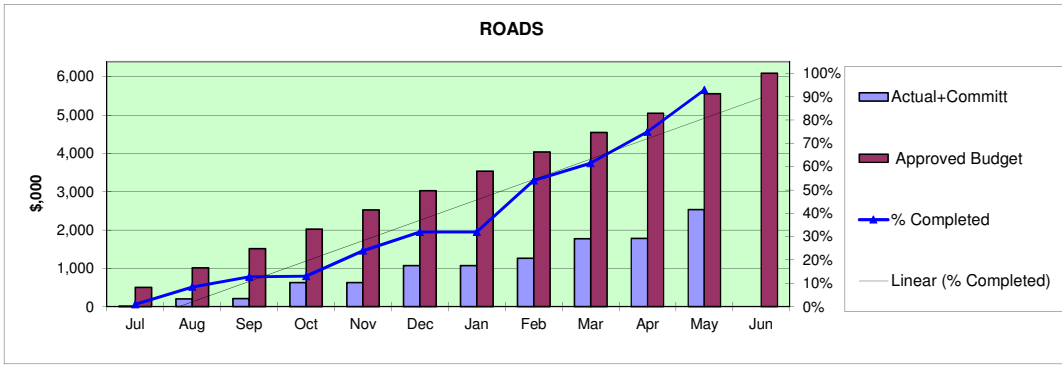
What is the approximate total cost for the project including human resources? Note: include all people, infrastructure and G&S costs for design and delivery (over a 3 year period), plus whole-of-life costs where relevant

Initiative cost: \$  
 Staff cost: \$  
 Consultant cost: \$  
 TOTAL COST \$

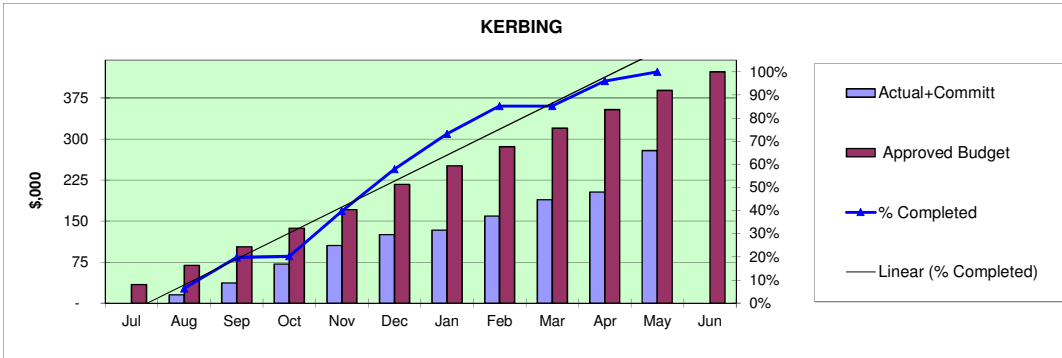
Whole of Life costs \$



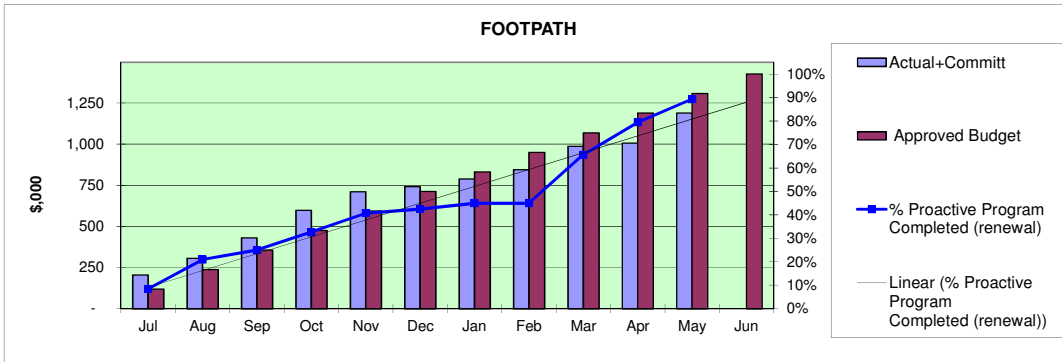
Project Prioritisation Criteria			
Project Name:	Score	Weighting	Comments as explanation of score selected
<b>VALUE</b>			
<b>1. Financial benefit to Council or cost saving (over 3 years)</b>		15%	
7	> \$500K		
5	Between \$100K and \$500K		
3	Between \$50K and \$100K		
1	< \$50K		
0	Zero or negative \$ value		
<b>2. Cost to Council (capital and human resources) over 3 years</b>		5%	
7	< \$50K		
5	Between \$50K and \$100K		
3	Between \$100K and \$500K		
1	Between \$500K and \$1M		
0	> \$1M		
<b>3. Community Benefit</b>		15%	
7	Improves customer experience for > 10% (8000) of community		
5	Improves customer experience for >5% (4000) of community		
3	Improves customer service for >2% (1,500) of community		
1	Improves customer service for >1% (500) of community		
0	Less than 500 community members impacted		
<b>4. Corporate Risk Mitigation (including compliance)</b>		5%	
5	Mitigates High Risk		
3	Mitigates Medium Risk		
1	Mitigates Low Risk		
<b>5. Environmental Benefit</b>		5%	
7	Improves environment to a very high extent		
5	Improves environment to a high extent		
3	Improves environment to a moderate extent		
1	Improves environment to a low extent		
0	Environmental impact not relevant or negative		
<b>SUBTOTAL (out of 33)</b>	0		
<b>RISK / COMPLEXITY</b>			
<b>6. Business change impact</b>		5%	
7	No change impacts		
5	Only one area affected and area has low change agenda		
3	People/processes across two areas impacted or one area affected with medium change agenda		
1	People/processes across three or more areas affected or more than one area affected with high change agenda		
<b>7. Funding availability</b>		10%	
5	Multiple potential funding sources identified		
3	Single potential funding source identified		
0	Funding sources not identified		
<b>8. Time to deliver</b>		10%	
7	One month from approval to delivery		
5	Two months from approval to delivery		
3	Six months from approval to delivery		
1	> Six months from approval to delivery		
<b>9. Clarity of proposal</b>		10%	
5	Requirements very clearly defined - able to be implemented from requirements		
3	Requirements partially understood - further work required to define what needs to be done		
1	Requirements not understood - initiative is just concept		
<b>10. Technical complexity</b>		5%	
7	No IT/technology change required		
5	Very high certainty of delivery - zero or minimal technology change, includes extending use of existing technology aligned with current platforms		
3	High certainty of delivery - widely used technology solution compatible with current technology platforms		
1	Limited integration with existing systems or minimal/moderate alignment with current technology platforms		
0	Highly complex initiative involving significant new systems acquisition or changes, integrations and/or equipment, OR non-alignment with current technology platforms		
<b>11. Capacity</b>		10%	
5	Resources are readily available		
3	Resources are not available but can be recruited / reallocated		
1	Potential resource conflict		
0	Major resource conflict		
<b>12. Dependencies</b>		5%	
5	Project is stand alone		
1	There are other dependencies		
<b>SUBTOTAL (out of 41)</b>	0		
<b>TOTAL</b>			



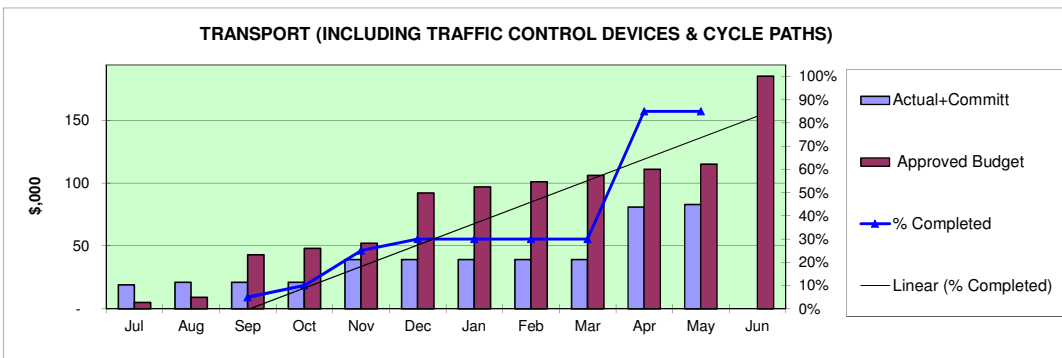
Programmed works are now 93% complete.  
 - Contractor completed 47,192m2 of works in May, with 18,590m2 remaining in the program. Invoices in the order of \$2.2m for works completed by contractors in April & May have been processed in June and are not reflected in the actual spend above. The program is expected to be completed with anticipated savings.



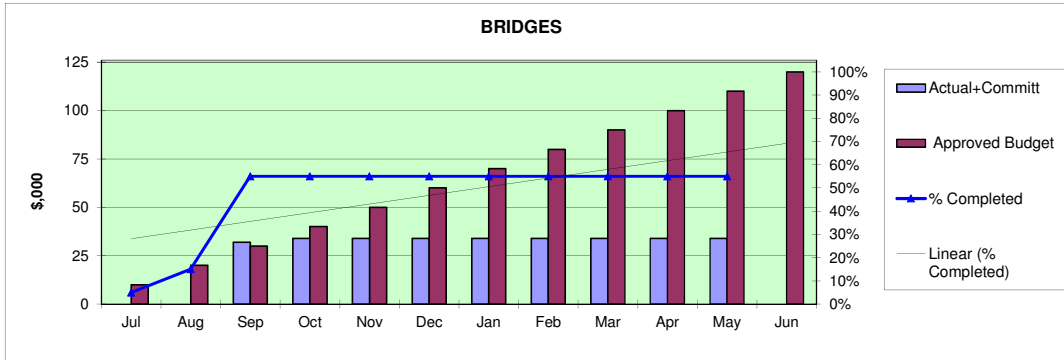
Program completed, 100% of works carried out.  
 - Works have been completed ahead of time and under budget.



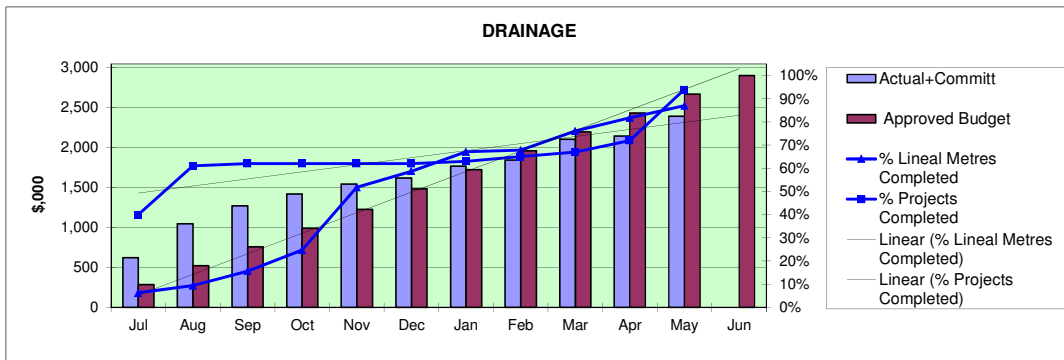
Programmed works are on track with 89% of works now carried out.  
 - Works are expected to be completed within budget.



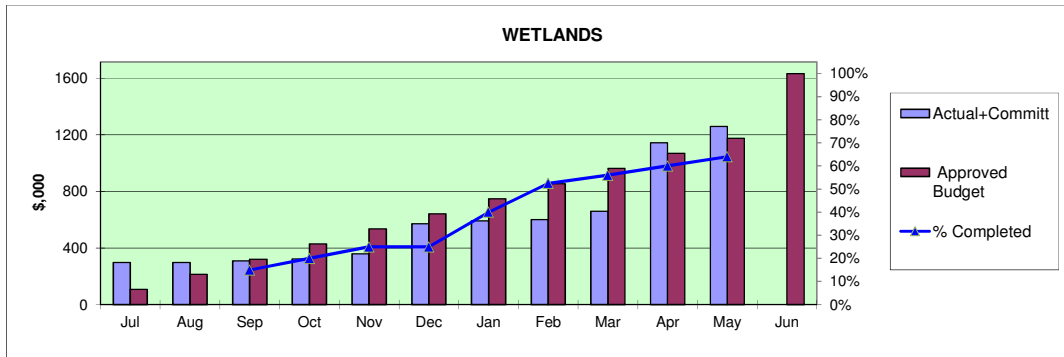
Programmed works are now 85% complete and expected to be fully complete by the end of year.  
 - Sturt Linear Path (Oaklands - Carlisle and Sturt - Marion) contract has been awarded, and works commenced - anticipate completion by June 2017 and within budget.



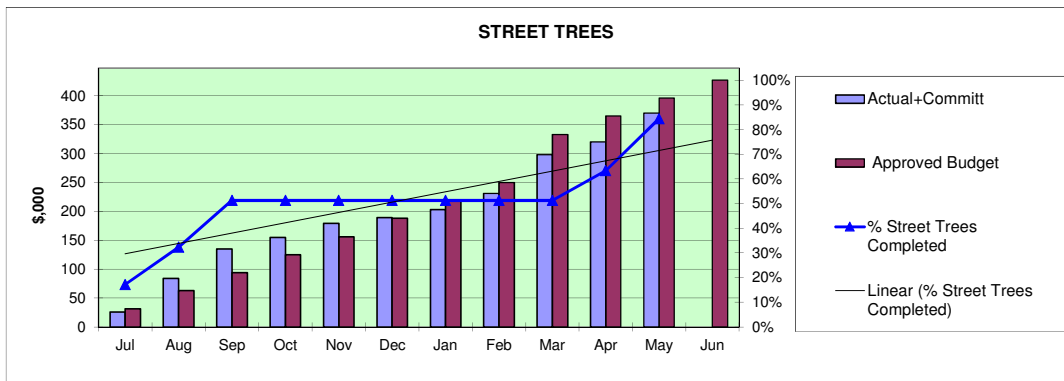
Programmed works are now 55% complete, no more works expected for the year due to Barramundi Drive works as per "below".  
 - Warriparinga Footbridge completed.  
 - Barramundi Drive investigations commenced, to be retimed to 2017/18 to coincide with related works for stormwater and drainage for a more efficient program.



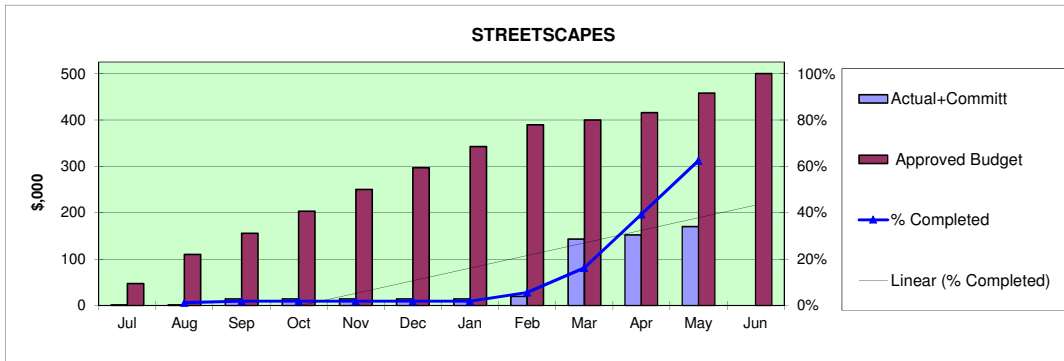
Linear metre program: 87% of works carried out and on track to be completed by the end of the year.  
 - Keen Avenue, Farne Terrace, Pindee Street and, Hallett Cove Foreshore Stage 3 complete. All other scheduled works commenced and anticipated to be complete.  
 Drainage projects: 94% of works carried out, and on track for completion by end of the year.  
 - Maxwell Terrace, Hammersmith and Towers Terrace complete. All other scheduled works commenced and anticipated to be complete.



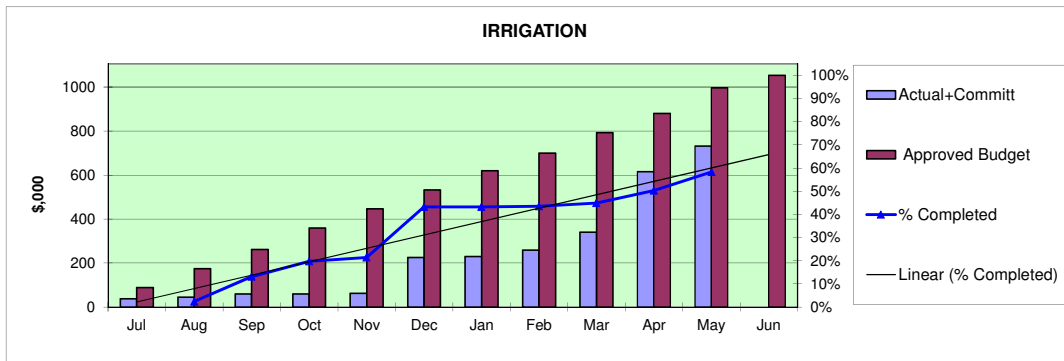
Inclement weather has increased the scope of the current year program. Glade Crescent works are in progress but may be delayed due to possible bad weather.  
 Programmed works for 2016/17 for Cell 1 are expected to be complete, however this is an ongoing project and stage 3 will continue into 2017/18.



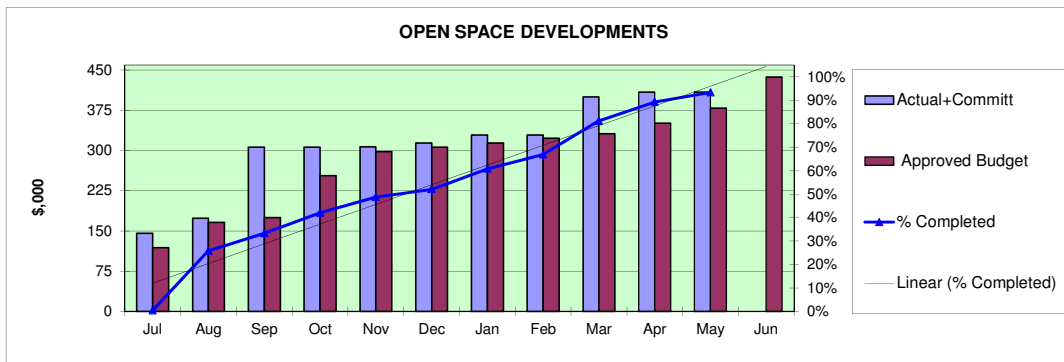
Programmed works are now 84% complete. The full program is expected to be completed within budget by year end.  
 - Planting has recommenced in April.



Program commenced - roundabout construction has begun, Charles Street demonstration project commenced in April with Ramrod commencing in May due to DPTI delays. It is expected the majority of works will be completed however due to issues with the contractor Ramrod will be carried over to 2017/18.

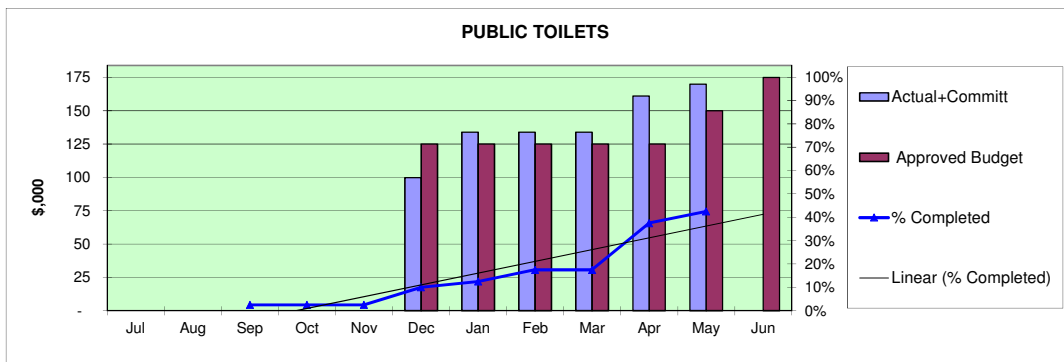


Programmed works are now 58% complete, program will be completed within budget.

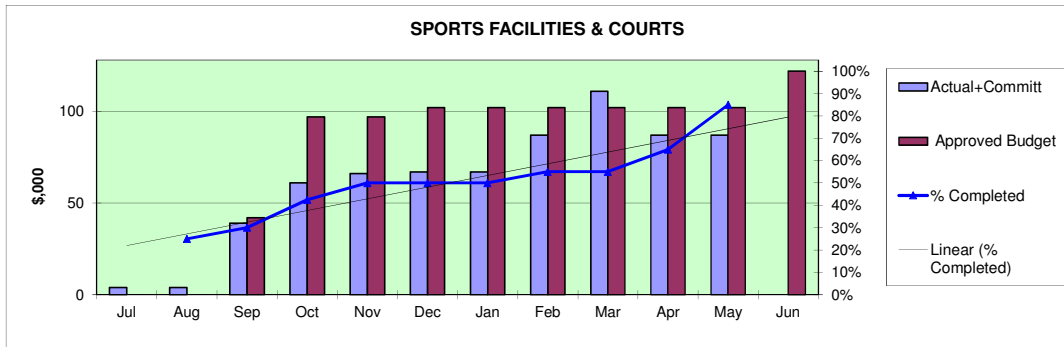


Programmed works are now 93% complete - majority expected to be completed.

- |  |  |
|--|--|
| <p><b>Completed</b></p> <ul style="list-style-type: none"> <li>- Reserve Street Reserve Dog Park</li> <li>- Reserve Signage (15)</li> <li>- Removal of Luke Court and Oliphant Ave, Chestnut Grove and Marion Community House Playgrounds</li> <li>- Hazelmere Reserve Shade sails</li> <li>- Hallett Cove Foreshore Stage 5 detailed design</li> <li>- Inclusive Playground Concept detailed design</li> <li>- Edwardstown Oval Southern Landscaping</li> <li>- Youth Plaza Oaklands Wetlands CCTV</li> </ul> | <p><b>In progress</b></p> <ul style="list-style-type: none"> <li>- Gully Road, Clare Avenue, Sixth Avenue and YMCA Breakout Creek playground concept developments underway</li> <li>- Appleby Reserve design in progress with Renewal SA</li> <li>- Oaklands Estate Reserve in progress</li> <li>- Stage 2 Oaklands Recreation Plaza Concept</li> <li>- Glade Crescent and York Street Clovelly Hall Playground Shade sails</li> </ul> |
|--|--|



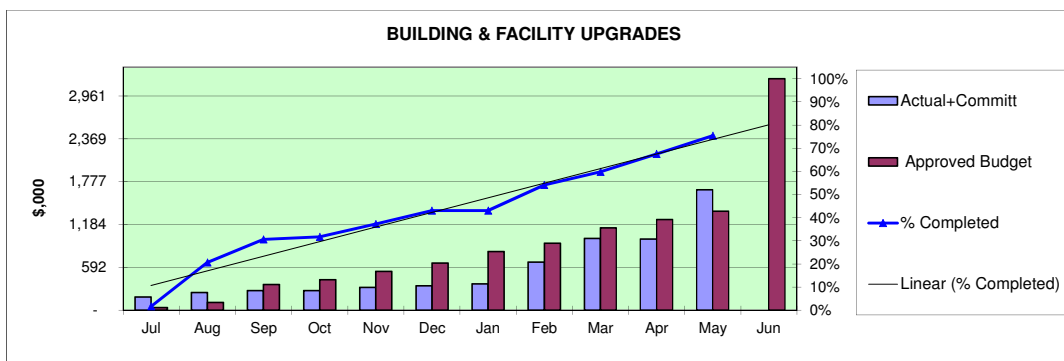
Reserve Street Reserve Toilet has been delivered on site and awaiting connection to sewerage. Hendrie Street and Oaklands Reserve relocation is linked to timing of Inclusive Playground and will not occur in 2016/17.



Programmed works are now 85% complete, anticipate 95% to be completed by the end of June.

- Edwardstown Sporting Club and Clovelly light works completed.

- Orders placed for Woodforde Family Reserve, Stanley Street, Hazelmere Reserve, Nannigai Reserve, Yanyarri and Roy Lander Reserve. Works to be undertaken in June with the exception of Stanley St resurfacing which will be retimed to 2017/18 due to bad weather.



Programmed works are now 75% complete. Majority of program expected to be complete and savings may result. A Significant spend will occur in Jan-Jun with the progression of Glandore Laneways works and the installation of the Solar Panels.

**Completed**

- Coastal Walkway Asset renewal
- Admin/ Cooinda Signs
- Swim Centre Refurbish storeroom
- Edwardstown Senior Citizens asbestos removal
- Outdoor Swim Centre Sign
- Marion Community House asbestos removal
- Marion Cultural Centre Upgrade plaza amenity
- Administration CR1&2 doors and painting
- Marion City Band asbestos removal and new air conditioners
- Rotary Book Kitchen
- Solar Panels for Administration Building and City Services Depot, Marion Outdoor Swimming Centre, Park Holme Library and Trott Park Neighbourhood centre
- Sign for Park Holme Library

**In Progress**

- Trott Park Neighbourhood Centre Windows & Doors
- Trott Park Neighbourhood Centre Accessible toilet
- LED for Marion Cultural Centre, Admin and Park Holme Library.
- Coastal Walkway Handrail upgrade

**Anticipated Carryovers**

- Signs for Marion Cultural Centre and Cove Civic Centre
- Solar Panels for Cove Civic Centre, Glandore Community Centre, Cooinda & LKCC
- The 26 week Glandore Laneways residential Civil works program is well progressed and expected to be completed in 1st Qtr. 2017/18

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE  
15 AUGUST 2017**

**Manager:** John Deally, Manager Information & Communication Technology (ICT)

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Draft ICT Digital Transformation Plan

**Report Reference:** FAC150817R8.7

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### **REPORT OBJECTIVE**

To provide the Finance and Audit Committee (FAC) with details of the draft ICT Digital Transformation Plan outlining the vision, strategies, principles and potential technology advancements over a 1 to 5 year operating framework that will be used as a roadmap in developing the ongoing program of ICT-related initiatives as part of the business planning process.

### **RECOMMENDATION**

<b>That the Finance and Audit Committee:</b>	<b>DUE DATES</b>
1. <b>Notes the draft ICT Digital Transformation Plan and provides feedback on the key strategies and technologies outlined in the report.</b>	<b>15 Aug 2017</b>
2. <b>Notes that an update report on the ICT Digital Transformation Plan will be provided to the FAC on an annual basis.</b>	<b>15 Aug 2017</b>

### **BACKGROUND**

A draft ICT Digital Transformation Plan 2017-2022 was provided to the Infrastructure and Strategy Committee on 1<sup>st</sup> August 2017 (following a previous workshop held on 4<sup>th</sup> July 2017(ISC010817R7.1, ISC040717R7.4). Members' feedback was sought on potential ICT priorities over the next 1-5 years. The Infrastructure and Strategy Committee noted the report, provided feedback and requested an update report on the ICT Digital Transformation Plan every six months.

### **STRATEGIC CONTEXT**

The City of Marion (CoM) strategic management framework ensures Council's activities contribute to the Community Vision – Towards 2040. The various strategic plans and business plans provide the foundational roadmaps and business goals to achieve our purpose and our community vision.

### *OUR PURPOSE*

To improve our residents' quality of life; continuously, smartly and efficiently

## OUR COMMUNITY VISION

A community that is **Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected**

The aspirations of the six themes of the Community Vision, the strategies in the CoM Strategic Plan 2017-2027 and the CoM three-year Business Plan set direction for what we wish to achieve with the use of Information and Community Technology (ICT) for the benefit of our residents, staff and all stakeholders.



The City of Marion 10 year strategic plan identifies a number of strategies where ICT can be an enabler. These strategies are highlighted in the draft ICT Digital Transformation Plan and are a consideration in developing the roadmap of potential ICT-related initiatives.

## **ICT PLAN AND ROADMAP**

At CoM, the current focus for ICT is geared towards:

- Modernising the communications and collaboration platforms (retiring old Lotus Notes systems)
- Transforming to a new document and records management system
- Maximising use of current systems for business performance and efficiency improvements
- Maintaining reliable and effective performing ICT infrastructure and network services
- Improving business operations and customer service through new integrated systems and tools

The Customer Experience is a primary focus for CoM and the proposed new Web Site technology platform will enhance its community engagement, online service and customer needs-based data analytical capabilities.

We also recognise that ICT can contribute much more by enabling the business to improve the quality of life for our residents, transform how we service our customers, how we engage and connect with the community and how we manage our substantial assets.

To achieve this, we need to embed ICT capability into our business transformation and ensure that ICT strategies and potential initiatives are effectively incorporated into our 3-year business plan goals and annual budget process (with appropriate resourcing and funding).

The ICT Digital Transformation Plan and subsequent updates will guide us in achieving this.

## **CONCLUSION**

This report provides the FAC with a draft ICT Digital Transformation Plan outlining the vision, strategies, principles and potential technology advancements over a 1 to 5 year operating framework. This will be used as a roadmap in developing the ongoing program of ICT-related initiatives as part of the business planning process (embedded in the various work area plans).





# ICT Digital Transformation Plan 2017-2022

Last revised: 10th August 2017

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DRAFT

# 1. The Vision for ICT in City of Marion

## 1.1 Introduction

This ICT Digital Transformation Plan outlines the vision, strategies, principles and potential technology advancements over a 1 to 5 year operating framework that will take our ICT technologies to the next level to support the aspirations of our Community Vision and the City of Marion (CoM) Strategic Plan 2017-2027.

## 1.2 Vision for ICT

The vision for ICT in CoM is to enable and improve customer service experience, business performance and residents’ quality of life.

## 1.3 The Future State of ICT

The expectations of increased investment and further transformation in ICT digital services requires a future state capacity and capability within ICT and across the business, which enables moving:

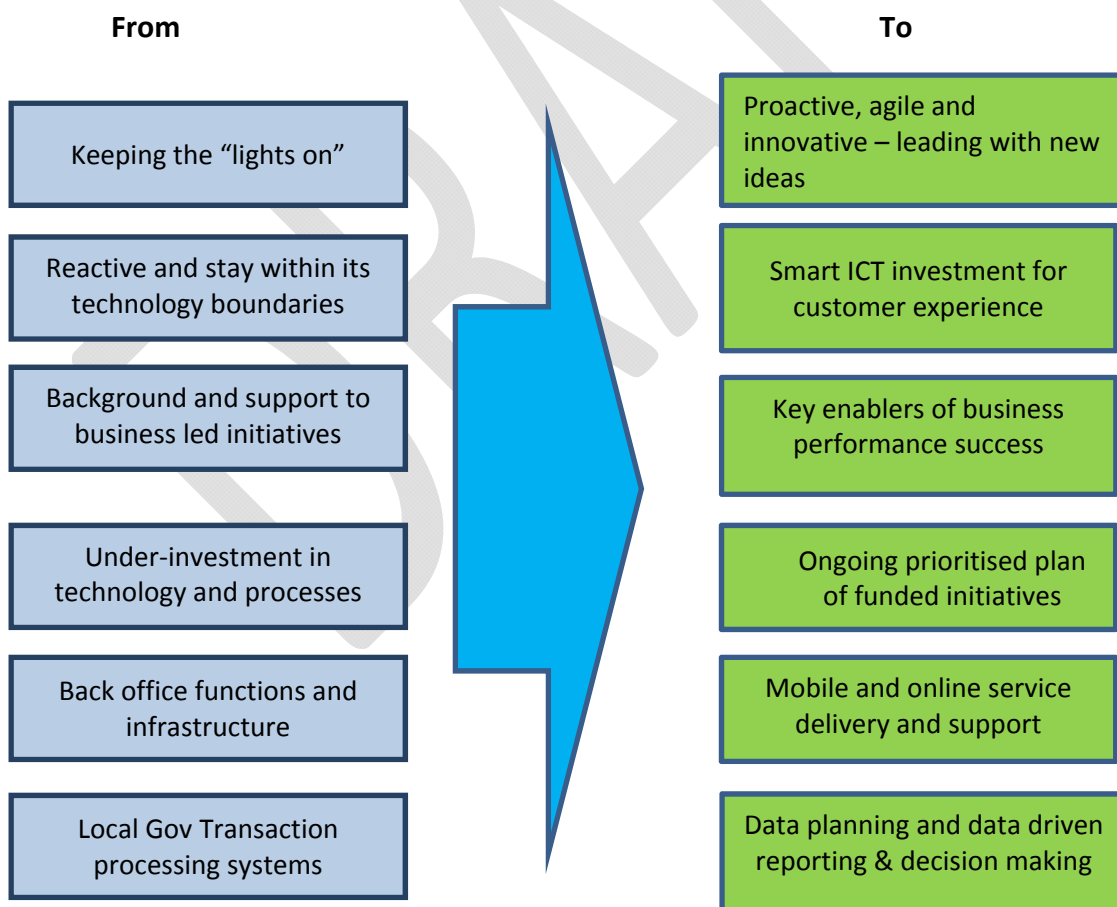


Figure 1 – Future State

## 2. ICT Strategy

We continue to modernise our systems and business processes to deliver on our ICT Vision. In the next 5 years, as part of the digital transformation plan, we will focus on the 7 strategic objectives (key results areas) outlined below.

### 2.1 ICT Strategic Objectives

The strategic objectives or key result areas (KRA's) of the ICT digital transformation plan are listed below and allow grouping of the various potential technology advancements over a 1 to 5 year operating framework detailed later on. The KRA's are:

- 1 Use ICT to optimise the **Customer Experience** (citizen centric online and face-to-face) for all stakeholders
- 2 Use ICT to effectively manage and utilise our **Community Assets, Land and Property**
- 3 Use ICT for **Engagement, Knowledge and Learning** (with staff and community)
- 4 Use ICT tools, information and location data (GIS) to improve **Business Performance**, efficiency and decision making
- 5 Maintain and maximise use of **Modern Business Systems** that are integrated, collaborative and connected (using cloud hosted technology where applicable)
- 6 **Enabling ICT infrastructure and networks** in all locations to connect our people and places (including future developments e.g. Edwardstown Oval, Mitchell Park, BMX complex)
- 7 Enable **Mobile applications** and online tools/data with **GIS mapping** integration (for efficient delivery of services, smart city application enablement and information anywhere anytime)

To achieve these strategic objectives, we need to embed ICT capability into our business transformation and ensure that ICT strategies and potential initiatives are effectively incorporated into our 3-year business plan goals and annual budget process. The CoM ICT Steering Committee has a role in ensuring appropriate priority, resourcing and funding are committed to the various work area plans.

## 2.2 ICT Key Result Areas – Strategic Alignment

The CoM 10 year strategies where ICT can be an enabler are shown in Appendix 1. The ICT strategic objectives (KRA's) are aligned broadly to the six themes of the Community Vision -Towards 2040 as follows:

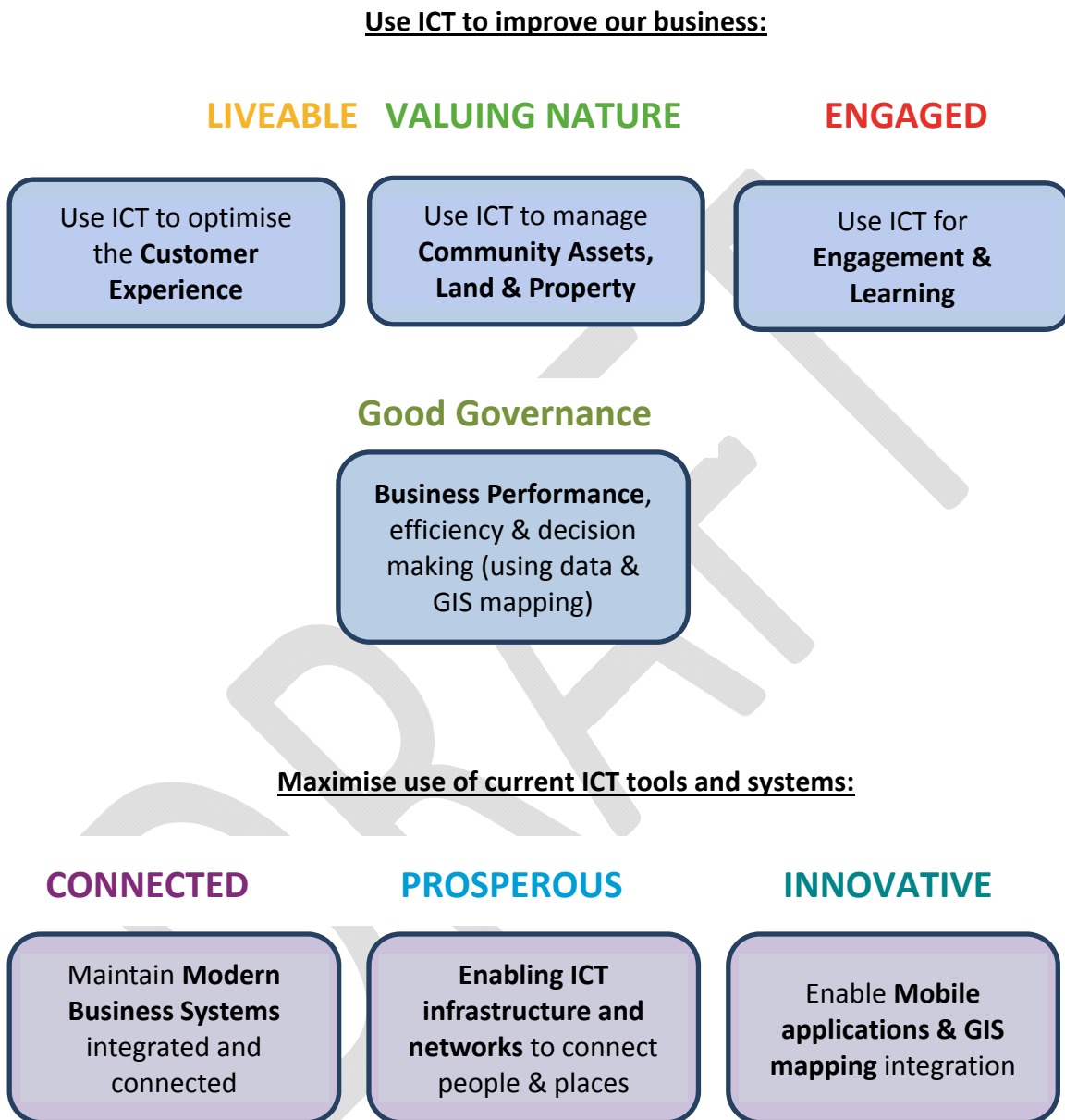


Figure 2 – ICT Strategy – 7 Key Result Areas

## 2.3 ICT Strategy Guiding Principles

These guiding core principles will be adopted when implementing new business solutions. Each project initiative needs to consider how the solution delivers against these strategic principles.

Category	ICT Guiding Principles
<b>Access</b>	<ol style="list-style-type: none"> <li>1. Allow for secure access <i>anytime, anywhere, any device</i> to those who need the information and are authorised and authenticated (including reporting and analytics mobile solutions).</li> <li>2. There will be a positive and consistent user experience for customer, resident, staff, elected member, volunteer, student and communities interacting online with City of Marion (CoM).</li> </ol>
<b>Information and Data Management Plan</b>	<ol style="list-style-type: none"> <li>3. There will be a 'single point of truth' for all CoM information sources</li> <li>4. Customer will be uniquely identified across CoM to optimise customer service experience delivery</li> <li>5. CoM information will be fully integrated and optimal to maximise its value (for ease of access, sharing, reporting and decision making)</li> <li>6. Information will be captured once at the source with an important focus on data quality and accuracy (particularly names and addresses, and community assets).</li> <li>7. Ways to reuse data and publish/acquire data sets for public benefit will be explored (including GIS mapping data).</li> </ol>
<b>Solution and Benefit Ownership</b>	<ol style="list-style-type: none"> <li>8. All business solutions will conform to CoM preferred Enterprise Architecture and standards</li> <li>9. Solutions are fit for purpose, industry proven, integrated for operational efficiency, improve how we work, accessible by mobile workers, positioned for service delivery &amp; supported by Corporate ICT</li> <li>10. Capability for automated self-service will be provided to ensure human effort is invested efficiently</li> <li>11. Initiatives will have a Business owner, who is responsible for adequate resource commitment to ensure successful project delivery.</li> </ol>
<b>Priority Assessment</b>	<ol style="list-style-type: none"> <li>12. Business cases are prepared for all ICT-related investments and the associated business benefits are identified and realised</li> <li>13. Consideration will be given to strategic plan alignment, desirability, feasibility and viability in assessing ICT-related business initiatives</li> <li>14. The CoM project prioritisation criteria will be used in assessing ICT-related business initiatives for technology implementation risk, complexity and ICT architectural alignment.</li> </ol>
<b>Agility and Innovation</b>	<ol style="list-style-type: none"> <li>15. Seek opportunities to work collaboratively with third parties, partnerships, the university sector and other councils.</li> <li>16. Seek innovative, flexible and agile quick deployment solutions.</li> </ol>

## 2.4 ICT Digital Transformation Plan Roadmap

ICT Strategy Roadmap - Potential ICT Initiatives			
Strategic Objectives (KRA grouping)	Current and Next 12 months (approved in work area plans)	Next 2-5 years (business planning process)	Next 5+ years (business planning process)
<b>LIVEABLE</b>			
<b>1. Use ICT to optimise Customer Experience for all stakeholders</b>	<ul style="list-style-type: none"> <li>• Online services development applications tracking improvements for customers</li> <li>• CoM Online processing for Land Division applications (via EDALA)</li> <li>• New web site (customer experience and citizen service centric)</li> <li>• Online services customer event requests lodgement</li> <li>• Data Quality review and cleanup of names and addresses enabling effective online customer engagement</li> <li>• Electronic bill delivery to customers</li> <li>• Smart fees and payment processing</li> <li>• Council Facilities online booking requests</li> <li>• Ticketing system (MCC)</li> </ul>	<ul style="list-style-type: none"> <li>• Online section 7 certificate search requests</li> <li>• Online development applications lodgement (Dev Connect)</li> <li>• SA Government Planning portal linkages</li> <li>• Community service portal and engagement platform - extensive online self-services (CRM integrated)</li> <li>• Customer needs-based data analytics</li> <li>• Customer “smart” mobile applications</li> <li>• Real time service and facilities information</li> <li>• Smart parking</li> <li>• Cross-council service requests</li> <li>• Complaints Handling System</li> <li>• Multi-lingual cultural awareness service options</li> </ul>	<ul style="list-style-type: none"> <li>• Customer video conferencing</li> <li>• Open data sharing to the public</li> <li>• Common shared business applications with other councils</li> <li>• Use of Robotics</li> </ul>
<b>LIVEABLE</b>		<b>VALUING NATURE</b>	
<b>2. Use ICT to Manage Community Assets, Land and Property</b>	<ul style="list-style-type: none"> <li>• GPS fleet tracking, optimisation and safety</li> <li>• Smart lighting capability</li> <li>• Asset Systems review</li> <li>• Asset reporting improvements</li> <li>• Expansion of Mobility tools for outdoor workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic lease and property management system</li> <li>• Facilities and open space usage measurement</li> <li>• Environmental and Sustainability Data Management and Reporting</li> <li>• Improved integrated Asset system for maintenance and work order management</li> <li>• Asset utilisation monitoring and management</li> </ul>	<ul style="list-style-type: none"> <li>• Traffic and people movement applications</li> <li>• Real time asset condition monitoring</li> <li>• Smart waste collection schedules</li> <li>• Environment monitoring capability enhancements</li> <li>• Smart City applications and data capture</li> <li>• “Big data” analysis</li> </ul>

ICT Strategy Roadmap - Potential ICT Initiatives			
Strategic Objectives (KRA grouping)	Current and Next 12 months (approved in work area plans)	Next 2-5 years (business planning process)	Next 5+ years (business planning process)
		<ul style="list-style-type: none"> <li>• Use of drones (legislative requirements)</li> <li>• Improved asset reporting for budgeting, valuations, costings, capital works and renewal planning</li> <li>• Mobility tools for job dispatching, asset inspections and maintenance with GIS integration</li> <li>• Customer Service request and linkage to assets</li> <li>• Green IT and carbon emissions-related initiatives</li> </ul>	
<b>ENGAGED</b>			
<b>3. Use ICT for Engagement, Knowledge and Learning</b>	<ul style="list-style-type: none"> <li>• Training Management System</li> <li>• Corporate Intranet upgrade (Combi)</li> <li>• Employee self- service portal (Pay Connect)</li> <li>• New ideas tracking and collaboration forums</li> <li>• Online training, e-learning - video tools (virtual classrooms)</li> <li>• Social networking internal e.g. Yammer</li> <li>• Social media Community focus enhancement (new web site)</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with students and universities</li> <li>• Staff Performance Development reviews system improvements (linked to Training Plans)</li> <li>• ICT computer literacy training (outdoor staff)</li> <li>• Virtual Communities and external social networks</li> <li>• Web site and Libraries community learning</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge Management enhanced intranet / employee portal</li> <li>• Virtual offices and work from home</li> </ul>
<b>GOOD GOVERNANCE</b>			
<b>4. Use ICT tools, information and GIS location data to improve business</b>	<ul style="list-style-type: none"> <li>• Business process automation forms and workflow (including finance and procurement)</li> <li>• Staff online leave and timesheet processing</li> </ul>	<ul style="list-style-type: none"> <li>• Data Warehouse reporting improvements for Rates Valuations and Procurement</li> <li>• Advanced analytics and real-time business intelligence (BI)</li> <li>• Stock system</li> </ul>	<ul style="list-style-type: none"> <li>• Artificial intelligence in decision making</li> </ul>



## ICT Strategy Roadmap - Potential ICT Initiatives

Strategic Objectives (KRA grouping)	Current and Next 12 months (approved in work area plans)	Next 2-5 years (business planning process)	Next 5+ years (business planning process)
<p><b>performance, efficiency and decision making</b></p>	<ul style="list-style-type: none"> <li>• Elected Member Extranet, discussion boards and enhanced search</li> <li>• Council agenda and minutes automation</li> <li>• WHS hazard, risk and incident management</li> <li>• Vehicle Fleet bookings system renewal</li> <li>• Monthly KPI reporting for Finance and WHS</li> <li>• Enhanced workforce planning and FTE reporting</li> <li>• Data Warehouse data plan management for reporting improvements for Finance and HR (BIS system)</li> <li>• Long Term Plan financial modelling tool</li> <li>• Corporate performance Reporting improvements</li> <li>• Service reviews improved progress reporting</li> <li>• ICT Service Helpdesk system upgrade</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment / Candidate Management</li> <li>• Improved Budgeting and Forecasting System</li> <li>• Contractor Compliance Management</li> <li>• Volunteer Management - resource, skills, activity scheduling</li> <li>• Talent and Leadership Management (retention)</li> </ul>	
<b>CONNECTED</b>			
<p><b>5. Maintain and maximise use of Modern Business Systems (integrated, collaborative, connected, and cloud hosted where applicable)</b></p>	<ul style="list-style-type: none"> <li>• New Document and Records Management system consolidation (CoM Connect)</li> <li>• Continually maintain and renew core business information management systems (including data integration and reporting)</li> <li>• Continually maintain and renew core ICT infrastructure and network services</li> <li>• Fibre data network connectivity for neighbourhood centres</li> <li>• Unified Communications and telephony enhancements</li> <li>• Customer Relationship Management (CRM) system streamlined records integration</li> </ul>	<ul style="list-style-type: none"> <li>• ICT Data network capacity</li> <li>• Cloud computing applications and services</li> <li>• Cloud-based storage (business continuity)</li> <li>• Leverage National Broadband Network (NBN) rollout</li> <li>• GIG City opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Full cloud-based infrastructure services</li> </ul>

ICT Strategy Roadmap - Potential ICT Initiatives			
Strategic Objectives (KRA grouping)	Current and Next 12 months (approved in work area plans)	Next 2-5 years (business planning process)	Next 5+ years (business planning process)
	<ul style="list-style-type: none"> <li>• Digitisation of historical development applications (from Microfiche)</li> <li>• Development Services online processing tools</li> <li>• Business Continuity service availability enhancements</li> </ul>		
<b>PROSPEROUS</b>		<b>CONNECTED</b>	
<b>6. Enabling ICT infrastructure and networks to connect our people and places</b>	<ul style="list-style-type: none"> <li>• Business growth and engagement opportunities (Web site)</li> <li>• Digital Hub establishment</li> <li>• Enabling technology and fibre data networks in current Strategic Developments</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling technology in future Strategic Developments</li> <li>• Foot traffic monitoring and events attendance feedback</li> <li>• GPS tracking precinct focus</li> </ul>	<ul style="list-style-type: none"> <li>• Voice recognition enabled services</li> </ul>
<b>INNOVATIVE</b>			
<b>7. Enable Mobile applications and online tools/data with GIS mapping integration (efficient service delivery)</b>	<ul style="list-style-type: none"> <li>• Community Safety mobile applications for staff</li> <li>• Open Space mobile work orders</li> <li>• GIS system public maps online (GIS Connect)</li> <li>• Tablet computers (Windows 10+)</li> <li>• Mobile device printing</li> </ul>	<ul style="list-style-type: none"> <li>• Mobile forms and business process workflows (including health and job safety)</li> <li>• GIS mapping enhanced functionality and mobility capabilities</li> <li>• GIS new and consolidated datasets</li> <li>• Mobile applications for development services field workers</li> <li>• Mobile applications assets maintenance and work order systems (field workers)</li> <li>• GIS high resolution time lapsed aerial photograph</li> <li>• Increase GIS capabilities organisation-wide</li> </ul>	<ul style="list-style-type: none"> <li>• Wearable internet connected technology (e.g. google glasses)</li> <li>• Assistive Technology smart home design and automation (development services)</li> <li>• 3D printing</li> <li>• Use of virtual reality in development applications and infrastructure planning</li> </ul>

## Appendix 1. ICT Enablement - CoM 10 Year Strategic Plan

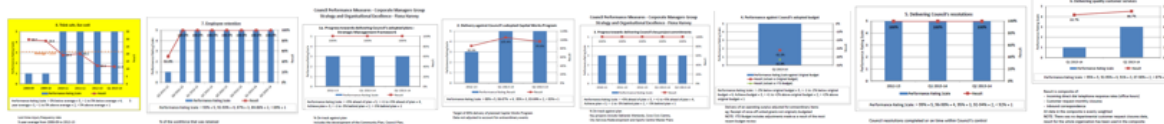
The CoM 10 year strategic plan identifies a number of strategies where ICT can be an enabler. These strategies include:

- We will make our services, facilities and open spaces more accessible
- We will create more opportunities for residents to enjoy recreation and social interaction in our neighbourhood centres, libraries, sports facilities and other Council facilities
- Communities that are safe and inclusive, embracing active living and healthy lifestyles
- We will operate more efficiently and sustainably in terms of energy and water use, using the best technologies and methods to be as self-sufficient as possible
- We will increasingly use data and community responses to understand what our community values and then we will deliver what they want
- We will ensure our community is well informed about the services we provide
- Meaningful opportunities for community engagement, partnerships and co-creation
- We will use the best technology possible to improve efficiency of our operations and delivery of our services
- We will use data to provide evidence for resource allocation relating to our services
- We will use technology and social media to improve our sharing of information
- We will use technology to better engage with our communities, understand their needs and seek their feedback
- A community that harnesses creativity, research and collaboration to pursue innovative ideas
- A city that provides infrastructure and support that enables innovation to flourish
- We will ensure that our development regulation and interaction with businesses allows for a thriving economy, increased visitation and vibrant atmosphere
- We will work with universities, business peak groups, Regional, State and Federal Government to facilitate local economic growth
- We will encourage our residential and business communities to pursue education and training, innovation and local investment
- We will bring people together through networking opportunities to provide more economic opportunities (e.g. business to business, landlord and tenant)
- We will provide more opportunities for use of the internet in public spaces
- A city that supports equitable access to diverse information sources and reliable digital technologies
- To strengthen the foundation of our business through excellent financial management and strong and transparent decision making whilst seeking to become nimbler, adaptive and less risk averse
- Using data and technology to help us set priorities and make decisions, measure our performance against our strategic and corporate priorities and are committed to seeking feedback from our community to strengthen this
- To maximise community value we place strong emphasis on developing delivery models using regional and partnership approaches.

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## Appendix 2. ICT Strategy Key Result Areas Overview

### Strategic Themes: Information & Communication Technology (ICT)



Cascaded Corporate Key Performance Indicators

**Team Performance Indicators**

- ✓ ICT Service Requests resolution timeframes
- ✓ Systems availability (unplanned outages)
- ✓ Customer satisfaction incl. phone support
- ✓ ICT-related initiatives, business improvements & projects

**Role of ICT:** To enable and improve customer service experience, business performance, and residents' quality of life through ICT. With a focus on Good Governance ICT supports over 100 business applications & modules and network services for 345 computer users to achieve the aspirations of the 6 themes in the Community Vision – Towards 2040.

#### ICT Strategy - Key Result Areas

##### Maximise use of current ICT tools & systems:

<b>Business as usual (BAU)</b> - Maximise use of current systems & ICT tools Good Governance	<b>Modern Business Systems</b> - Integrated, collaborative & connected Connected	<b>Enabling ICT Infrastructure and Networks</b> - Connect our people and places Prosperous, Connected	<b>Mobile applications &amp; GIS mapping integration</b> - Smart service delivery & information anywhere anytime Innovative
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##### Use ICT to improve (our business):

<b>Customer Experience</b> Liveable	<b>Manage Community Assets, Land &amp; Property</b> Liveable, Valuing Nature	<b>Engagement, Knowledge &amp; Learning (Staff &amp; Community)</b> Engaged	<b>Business performance, efficiency &amp; decision-making (using ICT tools, data &amp; GIS)</b> Good Governance
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ICT and Project Governance, Leadership, ICT Skills Development, Support/Resources, ICT Annual Work Area Plan

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officers:** Fiona Harvey, Manager Innovation and Strategy  
Ray Barnwell, Manager Finance and Contracts

**General Managers:** Abby Dickson, General Manager City Development  
Vincent Mifsud, General Manager Corporate Services

**Subject:** Asset Valuation Process and Outcomes for 2016/17

**Report Reference:** FAC150817R8.8

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**REPORT OBJECTIVES**

This report provides a summary of the process and outcomes of the 2016/17 asset valuations and a comparison with the 2015/16 valuations.

**EXECUTIVE SUMMARY**

At its meeting on the 14 October 2014 (AC141014R6.2) the Audit Committee requested that an annual report on valuations of buildings and assets, and their useful lives, be presented to the audit committee each year to enable an informed discussion on the annual valuations prior to the audited statements being received.

A desktop valuation of infrastructure assets (roads, drains, bridges, footpaths, kerbs, retaining walls) was undertaken this year by Australia Pacific Valuers (APV), and a desktop valuation for land, buildings, structures, site improvements, wetlands, bus stops, artworks and other assets was undertaken by Maloney Field Services (now JLL Australia).

The 2016/17 assets Fair Value valuation is \$1,098,947,944 compared with the 2015/16 Fair Value valuation of \$1,077,235,367. This equates to a 2.0% overall increase in value.

**RECOMMENDATION**

**DUE DATES**

**That the Finance and Audit Committee:**

**15 August 2017**

- 1. Notes the 2016/17 asset valuations for all Infrastructure and non-Infrastructure Assets.**

**BACKGROUND AND DISCUSSION**

**Valuation Process**

Council engages external, independent and qualified valuers to determine the fair value of the council's non-current assets. This is conducted using the Australian Accounting Standards AASB13 Fair Value Measurement. The definition of Fair Value is:

*'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'*

Under this overarching Standard all assets (with the exception of assets held for sale) are valued in accordance with AASB13 at Fair Value.

The valuation process includes comprehensive valuations undertaken every 3 years with desktop valuations undertaken in alternate years. Desktop valuations are undertaken in alternate years as a means to monitor and counteract large valuation fluctuations due to external economic conditions over the course of the three years.

The 2016/17 valuation for Infrastructure assets was a desktop valuation undertaken by Australia Pacific Valuers (APV). The non-Infrastructure asset (land and property, structures, wetlands, bus stops, art work, etc.) valuation was a desktop valuation undertaken by Maloney Field Services (now JLL Australia). The non-infrastructure asset valuation for 2016/17 was originally scheduled to be comprehensive. However, due to the open space asset data collection and condition assessment exercise being undertaken in 2016/17 it was determined that best value would be gained from a desktop valuation. It is expected a comprehensive valuation will be undertaken on this validated and expanded open space asset data set in 2017/18. The contract for both infrastructure and non-infrastructure asset valuations came to an end in 2015/16 and was held over for a 12-month period. Prior to the appointment of a new contract, a review of the existing valuation process will occur in 2017/18 to identify process improvements.

Under Australian Accounting Standards assets are required to be componentised and categorised. For example, roads are valued as formation, pavement and seal; buildings valued as roof, structure, fit-out, and services; stormwater pipes valued depending on materials (e.g. reinforced concrete, PVC, or Ribloc). Useful lives of assets are estimated based on an analysis done on City of Marion's asset conditions and external environment, in conjunction with consideration of modelled, standard useful lives for each asset type. Useful lives also vary for each asset component and are reviewed on an annual basis.

Council's current valuation methodology is comprised of the previous year's valuation data being provided to responsible officers who update this data with any new information in relation to quantities, materials, unit rate, acquisition and disposals, and contributed assets.

The updated data is then presented as at 31 March to the independent valuers for their valuation assessment. In addition, the financial accounts are appropriately updated to include all further asset acquisitions and disposals from 1 April to 30 June each year.

Valuations are currently completed as at 31 March (March month end). This was not brought forward to 28 February (February month end) in 2016/17 as discussed in the 2015/16 report due to resourcing implications and the process timeframe. This accelerated completion date (28 February) will be taken into consideration with the review of the valuation process scheduled for 2017/18.

## **ANALYSIS**

This report provides a summary of the 2016/17 valuations for both Infrastructure and non-Infrastructure assets.

The summary tables below show Gross Values (Replacement Cost or Market Value) and Fair Values as per AASB 13, and a comparison of 2016/17 and 2015/16 valuations.

## Infrastructure Assets

Asset	Gross (RC or MV)			Fair Value		
	2015 / 2016	2016 / 2017	Var (%)	2015 / 2016	2016 / 2017	Var (%)
<b>Road Assets</b>						
Sealed Road	234,449,850	237,557,634	1.3%	203,223,623	206,270,445	1.5%
Kerb & Channel	136,763,605	138,845,660	1.5%	117,489,273	119,240,769	1.5%
Kerb & Channel DPTI	9,559,100	9,780,591	2.3%	8,057,152	8,256,113	2.5%
Bridge	5,579,108	5,662,795	1.5%	4,689,719	4,749,062	1.3%
Footpath	119,781,048	121,610,615	1.5%	95,679,709	97,026,722	1.4%
Traffic Device	14,156,826	14,369,171	1.5%	11,279,650	11,437,871	1.4%
Traffic Sign	3,015,372	3,043,304	0.9%	1,601,193	1,614,660	0.8%
<b>Road Asset Total</b>	<b>\$ 523,304,910</b>	<b>\$ 530,869,768</b>	<b>1.4%</b>	<b>\$ 442,020,318</b>	<b>\$ 448,595,643</b>	<b>1.5%</b>
<b>Stormwater Assets</b>						
Stormwater Drain	152,383,659	156,354,926	2.6%	135,563,072	139,193,956	2.7%
Stormwater Pit	22,184,098	22,914,295	3.3%	19,954,023	20,627,149	3.4%
Junction Box	7,767,103	8,045,712	3.6%	7,126,523	7,384,781	3.6%
Headwall	321,349	331,440	3.1%	291,120	300,572	3.2%
Culvert	13,415,883	13,683,066	2.0%	10,652,531	10,863,466	2.0%
Gross Pollutant Trap	2,428,500	2,503,386	3.1%	2,306,519	2,419,076	4.9%
<b>Stormwater Assets Total</b>	<b>\$ 198,500,592</b>	<b>\$ 203,832,825</b>	<b>2.7%</b>	<b>\$ 175,893,788</b>	<b>\$ 180,789,000</b>	<b>2.8%</b>
<b>Miscellaneous Assets</b>						
Parking Bay	48,474	49,208	1.5%	46,406	47,097	1.5%
Retaining Wall	6,169,232	6,275,412	1.7%	5,734,161	5,831,769	1.7%
<b>Miscellaneous Assets Total</b>	<b>\$ 6,217,706</b>	<b>\$ 6,324,620</b>	<b>1.7%</b>	<b>\$ 5,780,567</b>	<b>\$ 5,878,866</b>	<b>1.7%</b>
<b>TOTAL</b>	<b>\$ 728,023,208</b>	<b>\$ 741,027,213</b>	<b>1.8%</b>	<b>\$ 623,694,673</b>	<b>\$ 635,263,509</b>	<b>1.9%</b>

Note: The Gross Values are provided for information purposes only. It is the Fair Values that are disclosed in the annual Statutory Accounts.

## Non-Infrastructure Assets

Asset	Gross (RC or MV)			Fair Value		
	2015 / 2016	2016 / 2017	Var (%)	2015 / 2016	2016 / 2017	Var (%)
Land	341,725,439	358,038,570	4.8%	341,725,439	358,038,570	4.8%
Buildings	123,439,970	121,877,491	-1.3%	61,919,559	57,727,085	-6.8%
Structures	9,310,468	9,313,271	0.03%	4,310,454	4,049,160	-6.1%
Site Improvements	47,954,034	47,964,218	0.02%	28,745,273	27,007,116	-6.0%
Bus Shelters	1,904,578	1,952,193	2.5%	933,399	859,933	-7.9%
Other	898,130	906,270	0.9%	451,589	437,175	-3.2%
Artworks	225,820	225,820	0.0%	225,820	225,820	0.0%
Wetlands	18,225,632	18,681,273	2.5%	15,229,161	15,339,576	0.7%
<b>TOTAL</b>	<b>\$ 543,684,071</b>	<b>\$ 558,959,106</b>	<b>2.8%</b>	<b>\$ 453,540,694</b>	<b>\$ 463,684,435</b>	<b>2.2%</b>

## Total Assets

Asset	Gross (RC or MV)			Fair Value		
	2015 / 2016	2016 / 2017	Var (%)	2015 / 2016	2016 / 2017	Var (%)
<b>TOTAL</b>	<b>\$ 1,271,707,279</b>	<b>\$ 1,299,986,319</b>	<b>2.2%</b>	<b>\$ 1,077,235,367</b>	<b>\$ 1,098,947,944</b>	<b>2.0%</b>

There were no changes in useful lives for any asset classes in 2016/17.

## 2015/16 and 2016/17 comparisons

Overall the comparison between 2015/16 and 2016/17 Fair Value shows a 2.0% increase for all asset types. This includes a 1.9% increase in value of Infrastructure assets and 2.2% increase in value of non-Infrastructure assets. These overall changes in values appear reasonable given the current economic climate and the small changes in Fair Value for most 'high value' asset types e.g. roads, kerb and channel, footpaths.

### Infrastructure Assets

Most notable are the changes in variance for stormwater assets. This directly relates to the application of a 2% indexation increase and an increase in Replacement Cost (RC) due to additions.

As there are no material changes to the existing condition scores, any increase in gross (such as from capital expenditure, "found" assets or indexation) has a similar percentage increase in Fair Value. To get a better view of the actual differences to the calculation of Fair Value, it is best to compare the Fair Value as a Percentage of Gross. This calculation for 2015/16 v 2016/17 has been provided below. The general difference in Fair Value as a percentage of Gross is "immaterial" for most of the asset types.

	Gross (RC or MV)		Fair Value		FV as % of Gross		Difference
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	
Stormwater Drain	\$152,383,659	\$156,354,926	\$135,563,072	\$139,193,956	88.96%	89.02%	0.06%
Stormwater Pit	\$22,184,098	\$22,914,295	\$19,954,023	\$20,627,149	89.95%	90.02%	0.07%
Junction Box	\$7,767,103	\$8,045,712	\$7,126,523	\$7,384,781	91.75%	91.79%	0.03%
Headwall	\$321,349	\$331,440	\$291,120	\$300,572	90.59%	90.69%	0.09%
Culvert	\$13,415,883	\$13,683,066	\$10,652,531	\$10,863,466	79.40%	79.39%	-0.01%
Gross Pollutant Trap	\$2,428,500	\$2,503,386	\$2,306,519	\$2,419,076	94.98%	96.63%	1.66%

For Gross Pollutant Traps, the pronounced change is due to the removal of an asset with poor condition, addition of new assets and the improvement in condition score for 4 other assets.

### Non-Infrastructure Assets

- Land – Land value forms 77% of the overall value of the non-infrastructure asset class, hence a 4.8% variance in the value of this class of asset has a significant effect on the overall increase or decrease FV in non-infrastructure assets.

Land value had not changed since the 2014/15 valuation due the relative minor nature of the increases over this period. However, in 2016/17 the desktop valuation will reflect a 4.8% market movement. Due to the materiality of this movement this will be reflected in the 2016/17 annual accounts.

- Buildings –The Replacement Cost (RC) has decreased by 1.3% as a consequence of the disposal during 2016/17 of removing the Hallett Cove Youth Centre and Library.

Factoring in the \$1.6 M decrease in FV from removing Hallett Cove Youth Centre and Library (based on MV approach) the overall variance is 4.3%.

- Other Non-Infrastructure Assets

Valuation movements in all other non-infrastructure assets are of a minor valuation nature and in line with expectations taking into account depreciation movements.



Due to the significant additional overheads for year-end accounting and increased reconciliation and validation required as part of the Annual Audit, Administration have in consultation with our external auditors agreed that the desk top revaluation movements for non-infrastructure assets (other than land) will not be brought into the 2016/17 financial statements as the movements are not material.

It should be noted that desktop valuation updates for Land (\$358.038m) and Infrastructure Assets (\$635.264m) which account for 90% of our non-current assets, will be recognised and accounted for in the 2016/17 financial statements.

## **CONCLUSION**

The 2016/2017 valuations reported an overall increase in valuation at Fair Value of 2.0%. Notwithstanding the items mentioned above this change seems reasonable in the current economic climate.

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE  
15 AUGUST 2017**

**Originating Officer:** Ray Barnwell, Manager Finance and Contracts

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Discussion – An Appropriate Level of Debt

**Report Reference:** FAC150817R8.9

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## **REPORT OBJECTIVES**

The purpose of this report is to provide information to facilitate discussion with the Finance and Audit Committee (FAC) in regard to Council's Treasury Management and Reserve Funds policies and what may be considered an appropriate level of borrowings.

## **EXECUTIVE SUMMARY**

When adopting its 2017/18 Annual Business Plan and Long Term Financial Plan 2017/18 to 2026/27 (GC270617R04), Council recognised that the City of Marion is in a strong financial position with a relatively low level of debt and is well positioned to service its borrowings.

With a number of major projects forecast to be delivered over the coming years the question was raised as to what Council should consider an appropriate level of debt notwithstanding the cash reserves currently at its disposal for funding major infrastructure projects.

It was decided that it would be beneficial to have a discussion with the FAC and seek their feedback and guidance in relation to what would be considered an appropriate level of borrowings for Council, whilst ensuring we continue to manage our funding requirements to operate in a financially sustainable manner and fund major strategic projects.

## **RECOMMENDATIONS**

	<b>DUE DATES</b>
<b>That the Finance and Audit Committee:</b>	
1. Notes the report.	<b>15 Aug 2017</b>
2. Facilitates discussion and provide their feedback in relation to an appropriate level of borrowings for Council.	<b>15 Aug 2017</b>

## **Background and Discussion**

Council is seeking feedback and guidance in relation to what may be considered an appropriate level of debt. Council has a number of accounting policies that seek to provide sound corporate governance, guidance and direction to management, staff and Council in relation to funding and treasury matters. These policies seek to underpin Council's decision making in relation to financing its operations and managing its long term funding requirements in a financially sustainable manner.

In particular Council's Treasury Management policy seeks to guide and direct Council in the way borrowings are raised and how its investments are managed, and the Reserve Funds policy guides decision making with regard to the recognition and allocation of funding for future purposes.

The principles outlined in Council's Treasury Management policy are that Council's operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery; and
- affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).

There are a number of factors when assessing what may be considered appropriate levels of debt for Council. These factors may include items such as;

- Intergenerational equity
- Affordability - current debt levels and financial ratios
- What should Council use borrowings for?
- Borrowing -v- cash reserves
- Current level of cash reserves

### **Intergenerational Equity**

Striking a balance between current funding capacity and aligning the cost of an asset with those that benefit from its use over its long life, promotes intergenerational equity and does not impose the full cost of infrastructural assets on current ratepayers.

Total debt should be neither too high nor too low. If total debt is too high, it may be argued that current ratepayers are not paying their fair share and leaving too much of a burden for future generations. Equally, if debt is too low it can be argued that current ratepayers are being asked to carry too much of the burden to the benefit of future ratepayers.

### **Affordability - Current Debt Levels and Financial Ratios**

Council's Treasury Management policy seeks to guide and direct Council in the way borrowings are raised and how its investments are managed. Council's treasury management strategy should aim to keep debt levels as low at any point in time as its annual budget and long term financial plan and associated cash flow projections allow. In essence, Council must ensure its total debt does not exceed its ability to service this level of debt.

Council uses the following two measures to monitor its affordability and ability to service its debt.

## Net Financial Liabilities Ratio

[Net Financial Liabilities \(total liabilities, less cash and other financial assets readily convertible to cash\)](#)  
[Total Operating Revenue](#)

Target Range – Up to 50%

The purpose of this ratio is to measure debt as a percentage of total income. As the level of debt affects the level of interest council pays it should also be considered in conjunction with the Debt Servicing Ratio.

Net Financial Liabilities Ratio										
Target	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Up to 50%	1.4%	18.8%	11.3%	3.9%	-4.4%	-13.1%	-22.8%	-35.5%	-48.9%	-62.6%

## Debt Servicing Ratio

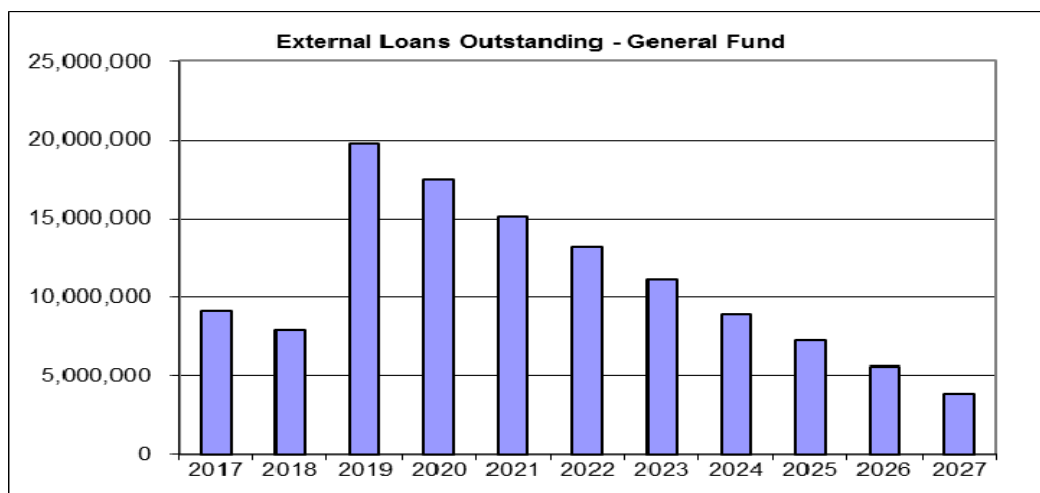
[Total Debt Service Costs \(Loan Principal & Interest Repayments\)](#)  
[Rate Revenue](#)

Target Range – Average of between 0% and 5% over a rolling five-year period.

This ratio is an indicator of Council's ability to service its borrowings (both interest and principal) from its expected rate revenue. It shows the portion of Council's rate revenue that is being used to repay debt including servicing the cost of interest on that debt.

Debt Servicing Ratio										
Target	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
0 - 5%	2.0%	1.8%	3.5%	3.4%	2.8%	2.7%	2.6%	1.9%	1.8%	1.8%

As highlighted in Council's recently adopted Long Term Financial Plan council's Net Financial Liabilities ratio is well below its 50% target and its Debt Servicing Ratio is on average over the LTFP 2.4% which confirms that Council has a relatively low debt holding and is well positioned to service its debts.



With no borrowings forecast in 2017/18, and after principal repayments of existing loans Council's debt is forecast to fall to \$7.905m by 30 June 2018. New projected borrowings of up to \$12.96m currently forecast in Council's LTFP will see Council debt peak in 2018/19 at \$19.76m before gradually decreasing over the remainder of the 10 year LTFP to \$3.81m.

The above ratios illustrate that Council's debt levels are relatively low and Council is well positioned to service its debts.

### **What Should Council use Borrowings for?**

In line with the principles of good governance supported by Council's Treasury Management policy Council should only be borrowing for inter-generational major projects. The projects listed below would typically present opportunities for Council to utilise borrowings.

#### **Major Projects**

- Edwardstown Soldiers Memorial Recreational Ground (\$8m) - forecast to commence in 2017/18 and be completed in 2018/19. Federal grant funding of \$4.0m will be used in 2017/18 with Council's contribution of \$4.0m forecast to come from the Asset Sustainability Reserve - Major New Projects fund in 2018/19.
- Southern BMX facility (\$3.5m) - scheduled for completion in 2017/18 utilising State Government grant funding of \$2m and contributions of \$750k each from the City of Marion and Onkaparinga Council.
- Mitchell Park Sports and Community Centre (\$20m), is forecast to commence in 2018/19 pending successful grant funding application for \$10m, with the balance currently forecast to be funded through borrowings.
- Essential works for the refurbishment of the Administration Centre (\$2.96m), subject to Council approval, are currently forecast in the LTFP in 2018/19, however this will continue to be reviewed in each iteration of the LTFP.
- Soccer Facilities (\$5.0m) – currently forecast for 2018/19, state government grant funding of \$2.5m matching a contribution of \$2.5m from Council will go towards construction of two artificial pitches and a building in the south of the city. With the announcement of grant funding, this may need to be brought forward to 2017/18.

It should be noted that in line with its Treasury Management Policy Council will not utilise borrowings to finance its operating activities or recurrent expenditure and endeavour to fund all capital renewal programs from operating cash flow. This is because Council's core services are both (1) Operational Services and (2) Capital (CAPEX) Renewal Services. Council will only borrow for new/upgrade capital projects, having regard to sound financial management principles and giving consideration to intergenerational equity for the funding of long term major infrastructure projects.

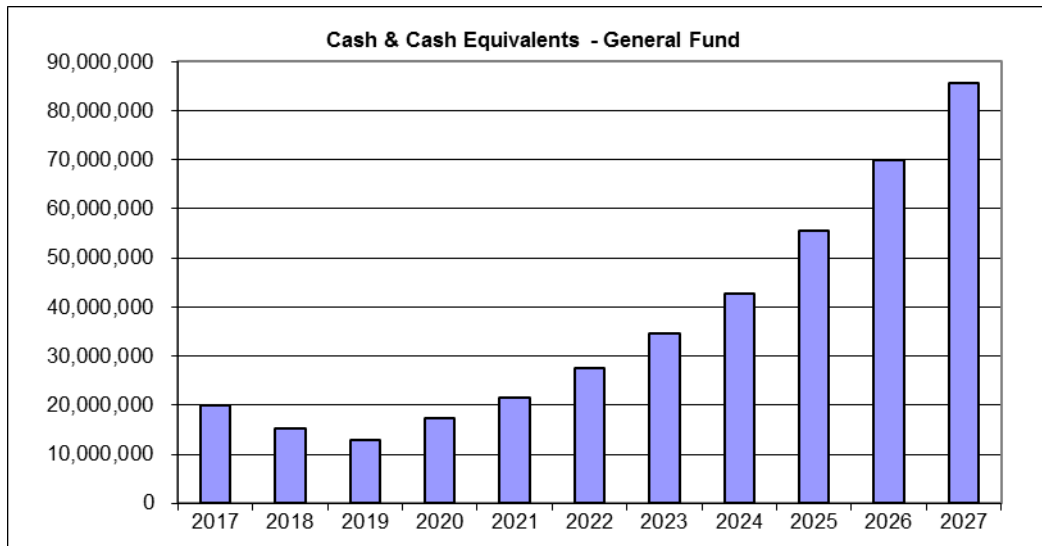
### **Borrowing - v - Use of Cash Reserves**

It would generally be more cost effective for a council to meet expenditure needs by first using any surplus cash and investments available before undertaking any new borrowing. This is because interest charged on borrowings is currently higher than that earned through investments.

Council currently has cash holdings and consideration of the timing of when to take out borrowings or use these cash reserves is an important question to consider. Therefore, it makes little sense to borrow money when there are sufficient cash reserves available to meet

immediate and foreseeable funding needs. This could be compared to borrowing or paying a minimum credit card payment and leaving the balance unpaid while sitting on money in the bank for a rainy day.

Based on the recently adopted LTFP, it is projected that Council's accounting reserve balances, which are currently in the order of \$16m, will at the end of 2025/26 (excluding the Asset Revaluation Reserve – which has no funding requirements) total \$34.4m, and its projected cash balance at this time, as depicted in the table below will be \$85.6m.



Note: The data in this Table is based on the 2016/17 3<sup>rd</sup> Budget Review.

With the interest rates charged on borrowings at any given time higher than the rates that can be earned on investments, Council would be better off utilising its own financial assets to avoid or defer any future borrowings. Currently there is a margin of around 1.9% between the 10 year borrowing rate available to Council (4.25%) and the long term deposit rate (2.25%), therefore for every \$1m borrowed while sitting on cash reserves it would cost Council in the order of \$113k p.a.

## CONCLUSION

In summary, there is not necessarily a right or wrong level of debt. An appropriate level of debt at any point in time must take into account a number of factors such as affordability and availability of cash reserves, ultimately striking a balance between current funding capacity and intergenerational equity to ensure long term funding is managed in a prudent and financially sustainable way.

**CITY OF MARION  
FINANCE AND AUDIT COMMITTEE MEETING  
15 AUGUST 2017**

**Originating Officer:** Paul Johns, Acting Unit Manager Risk

**Corporate Manager:** Kate McKenzie, Manager Corporate Governance

**General Manager:** Vincent Mifsud, General Manager Corporate Services

**Subject:** Insurance Claims Management Activity Report

**Report Reference:** FAC150817R8.10

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**REPORT OBJECTIVES:**

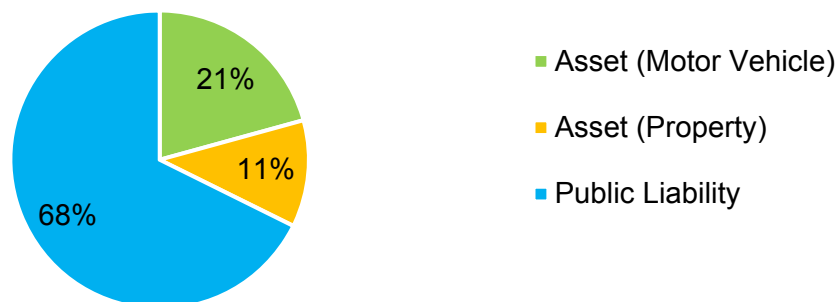
The objective of this report is to provide the Finance and Audit Committee (FAC) details about the incidents reported to and claimed against the City of Marion (CoM) for the period 1 July 2016 to 30 June 2017.

**BACKGROUND:**

Local Government Risk Services (LGRS), a division of Jardine Lloyd Thompson, have been specialist risk and insurance providers to Local Government in South Australia for over 40 years. Under the banner of LGRS, which encompasses the Local Government Association Mutual Liability Scheme (LGAMLS) and Local Government Association Asset Mutual Fund (LGAAMF), the CoM is provided with a comprehensive range of insurance products including, property, asset, public and professional liability insurance.

**EXECUTIVE SUMMARY:**

During the reporting period there was a total of 498 incidents reported, proportioned as below:



Of the incidents reported, 102 reports related to CoM Motor Vehicle Assets resulting in 30 claims, 58 reports were related to CoM Property Assets resulting in 14 claims and 338 reports were related to Public Liability incidents resulting in 35 claims. In summary of the 498 incidents, 79 claims were made.

The proportion of claims to incidents experienced in the reporting period is 6% lower than previous years. The majority of incidents and claims continue to relate to public liability matters.

**RECOMMENDATIONS (2)****DUE DATES**

**That the Finance and Audit Committee:**

- |  |                       |
|--|-----------------------|
| 1. Receives and notes this report.   | <b>15 August 2017</b> |
| 2. Provides comment on the adequacy of the mitigating actions in response to incident data for the period 2016/2017. | <b>15 August 2017</b> |

## STATISTICAL ANALYSIS:

### Asset (Motor Vehicle) Incidents and Claims

During the reporting period there was a total of 102 incidents reported involving CoM Motor Vehicles resulting in 30 claims and of these 27 were submitted to the LGAAMF.

- CoM workers were 'at fault' in 82% of incidents reported during the period. Of these incidents, 21 resulted in a formal claim to the LGAAMF.
- There has been a minor increase in the number of incidents reported this year (102) compared to the previous year (99).
- 32% of the incidents reported occurred whilst using items of plant on a worksite. E.g. hitting of a fence or damage to underground Telstra cable.
- Value of claims has reduced by 35% compared to the previous reporting period.

The table and graph below provide further details relating to the incidents and claims for this reporting period compared to the previous reporting period.

### Action in response to Motor Vehicle Asset Incidents and Claims:

To support a reduction of plant related incidents and claims, training in conducting plant risk assessment and development of safe operating procedures occurred in April 2017.

During July 2017, SAPOL presented Australian Road Rules Update and Driver Safety Awareness Training.

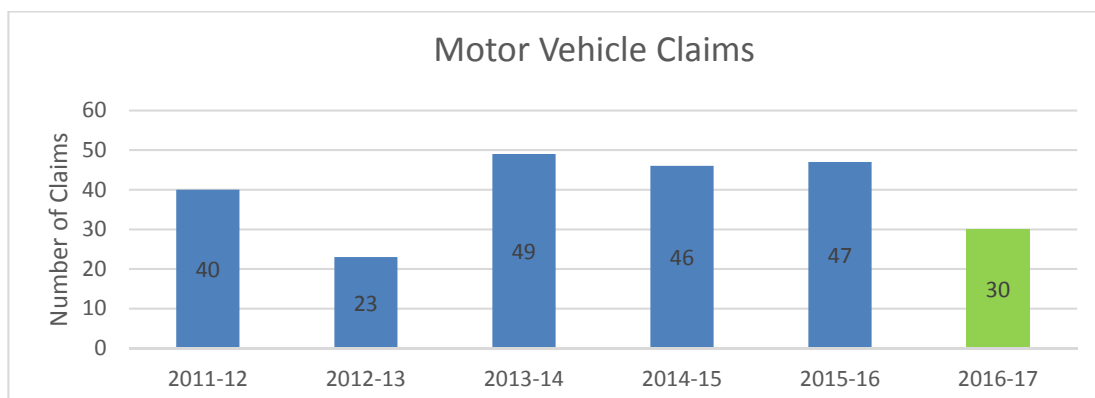
Following several incidents from water truck operations, a review of water truck operating procedures has been undertaken to reduce likelihood of situations arising where incidents have occurred.

Regular safety-focused messages including reversing of plant and heavy fleet and driving to winter conditions are included in newsletters, toolbox talks and general staff meetings.

The programmed renewal of fleet assets continues to include a review of safety considerations by undertaking pre-purchase risk assessments to improve decision making regarding the appropriateness of the fleet relevant to the task being performed and also to provide higher level safety features such as reversing sensors and cameras across fleet vehicles.

Quarterly reporting has been introduced to the Executive Leadership Team for 2017/18 to monitor claim management and mitigation of risk exposure.

Insurance Category	Incidents 2015-16	Claims 2015-16	\$ Value of Claims 2015-16	Incidents 2016-17	Claims 2016-17	\$ Value of Claims 2016-17
CoM 'at fault'	82	36	45,080	84	21	25,220
Third Party 'at fault'	17	11	20,785	18	9	17,825
<b>TOTAL</b>	<b>99</b>	<b>47</b>	<b>65,865</b>	<b>102</b>	<b>30</b>	<b>43,045</b>





## **Asset (Property) incidents and claims**

During the reporting period there was a total of 58 incidents reported relating to CoM Property resulting in 14 claims submitted to the LGAAMF.

- There was a 14% increase in the number of incidents reported compared to the previous year
- The number of claims doubled with an increase from 7 to 14 this period, which increased the percentage of incidents resulting in claims from 14% to 24%.
- The highest number of incidents reported through this year are Environmental issues which is on par with the increase of severe weather events the state has experience over the last 12 months.
- Motor vehicle impacts have doubled for the period. These are instances where CoM assets have been damaged when hit by motor vehicles.
- Vandalism has decreased significantly from last year by 56%

The most significant claims for this period were:

- Motor vehicle impact to a shelter in Herron Way Reserve, when a mower slid down an embankment and hit the shelter - \$11,780
- Motor vehicle impact to a Gabion Wall on Cove Road, Hallett Cove – \$15,906
- Vandalism to windows at Marion Cultural Centre - \$6,192

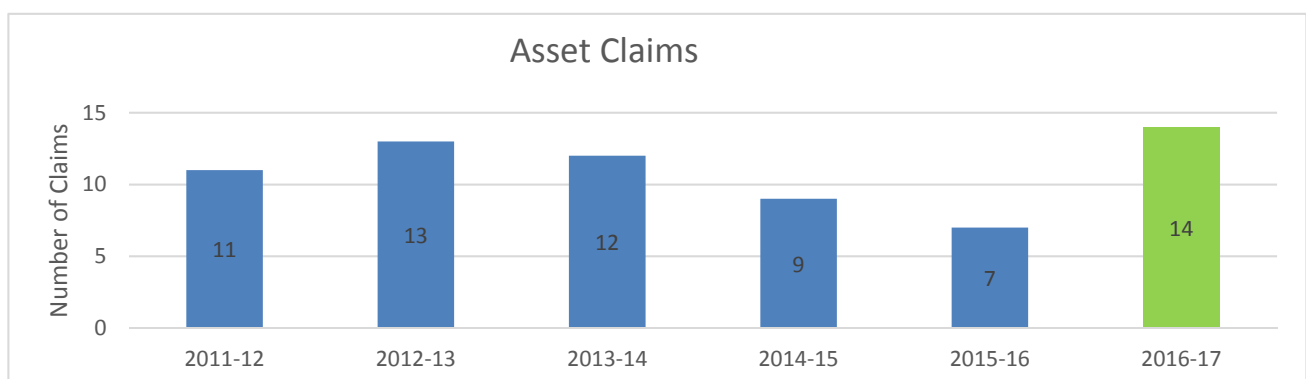
### **Action in response to Asset (Property) incidents and claims:**

Incident and claims data is regularly reviewed by the Risk Management Unit in collaboration with the LGAAMF and the relative business unit ie Land and Property, Operational Services, Civil and Open Space Operations with the view to identifying opportunities to improve asset management, maintenance and security in order to minimise potential losses.

In response to the Herron Way Reserve mower incident, an investigation was undertaken to review safe work methods for maintaining reserves. This resulted in use of other plant and processes for significant gradients to reduce risk of mowers sliding on slopes and embankments.

The table and graph below provide further detail relating to the incidents and claims for this reporting period compared to previous reporting periods.

Insurance Category	Insurance Category Description	Incidents 2015-16	Claims 2015-16	Incidents 2016-17	Claims 2016-17	\$ Value of Claims 2016-17
<b>Accidental Damage</b>	Incidents that are not intentional or deliberately caused	11	5	5		
<b>Arson</b>	CoM asset that has been deliberately set on fire	3		2	2	2,045
<b>Break-in</b>	Forced entry into building with the intention of theft/damage	1		5		
<b>Environmental</b>	An incident caused by environmental factors ie heavy rain, high winds	3	1	17	6	4,435
<b>Fire</b>	Fire not caused by deliberate activity ie faulty electrical equipment	2		1		
<b>Machinery Break Down</b>	Break down of electrical plant and machinery	4		2		
<b>Motor Vehicle Impact</b>	An incident where a motor vehicle collides with a CoM asset	6	1	12	5	41,497
<b>Theft</b>	Theft of City of Marion asset, e.g. playground equipment from reserve.	1		1		
<b>Vandalism</b>	Deliberate damage to City of Marion asset	18		8	1	6,192
<b>Water Damage</b>	Water damage not caused by environmental issue	1		4		
<b>TOTAL</b>		<b>50</b>	<b>7</b>	<b>58</b>	<b>14</b>	<b>58,349</b>



## **Public Liability and Professional Indemnity Incidents and Claims**

During the reporting period there was a total of 338 incidents reported that resulted in 35 public liability claims, outlined as follows:

- There was a 1% decrease in the number of incidents reported compared to the previous year (341 down to 338)
- The number of claims reduced from 52 last period compared to 34 this period, which represents a 35% decrease in the number of claims for the period.

Three categories represent 60% of public liability incidents as outlined:

- Footpaths represents 25% of public liability incidents and mainly relate to trips and falls.
- Tree Management represents 19% of public liability incidents and relates to the increased extreme weather events experienced during the reporting period, where trees have damaged property.
- Community Facilities represent 16% of public liability incidents and relate to incidents that have occurred in community facilities such as neighbourhood centres and libraries.

In response to a professional indemnity claim currently relating to development application dispute in Marino, the City of Marion has taken the following steps to prevent similar situations arising in future:

- Following a decision from the Environment, Resources and Development (ERD) Court stating that when two dwellings are proposed (including where one of those dwellings exists), a land division application should be lodged with the Council to be assessed concurrently. City of Marion has changed the application process to ensure land division applications are processed concurrently with the dwelling applications.
- Additionally, it was identified that only two dwellings types are not 'non-complying' in the Hills Policy Area. The criteria for the City of Marion's Hills Policy Area has been altered to identify specific dwelling types only as non-complying.

There are significant legal costs associated with this claim reflected within the professional indemnity insurance category of the table below. This claim is expected to take some time in litigation.

A second profession indemnity claim related to allegations that council allowed a property to be sold that did not meet building codes. It is believed the claimant did not engage a suitably qualified building inspector to provide a report on the property prior to purchase. This claim is expected to take some time in litigation with costs anticipated to be legal fees only.

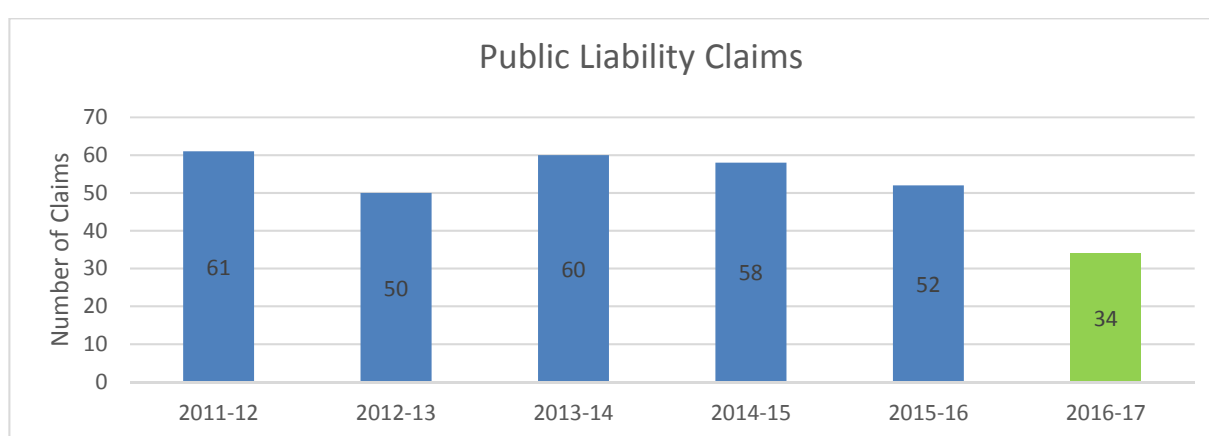
### **Actions in response to public liability and professional indemnity Claims:**

In response to damage to underground assets (gas, water, Telstra) Dial Before You Dig and the APA Group (gas assets owner) conducted awareness training and 'underground service location' training with City of Marion field based staff and leadership team members.

The LGAMLS undertook an Annual Risk Management Review and Civil Liability Risk Profile in May of 2016. It included an assessment of CoM's exposure to civil liability risks and evaluates our risk mitigation systems in place to minimise exposures. This resulted in an action plan, a progress report will be provided to the FAC meeting scheduled for 10 October 2017.

The table and graph below provides further detail relating to the incidents and claims for this reporting period compared to previous reporting periods. Please note that Community Facilities is a new insurance category where in the 2016-17 reporting period this data was captured under Community Land and the new insurance categories of Footpaths, Road (Other) and Kerb & Water Table were previously captured within the Road Management insurance category.

Insurance Category	Insurance Category Description	Incidents 2015-16	Claims 2015-16	Incidents 2016-17	Claims 2016-17	\$ Value of Claims 2016-17
Community Facilities	Incidents that occur in Community Facilities such as Neighbourhood Centre, Libraries, etc.			54	2	0
Community Land	Incidents that occur on Community Land such as laneways/walkways etc.	90	3	28	3	677
Contract Management	CoM Contractor causing damage to property or personal injury.	17	4	20		
Event Management	Personal injury to participant of CoM run events	30	1	16		
Footpaths	Trip & fall on uneven footpath			84	6	1,560
Kerb & Water Table	Damage to motor vehicle when driven into SEP			25	6	5,280
Non-Employment Relationships	Incident involving a CoM Volunteer or Work Experience person.	4		5	1	0
Playgrounds	Child injured on a playground.			1		
Professional Indemnity	Incorrect information/advice provided to the public e.g. Development Assessment decisions	1		7	2	1,261,606
Reserves	Incident occurring on a reserve such as tripping over a tap.			4	1	590
Road Management	Motor vehicle damaged on pot hole.	148	38	19	3	1,043
Road (other)	Trip and fall on a verge or road reserve.			10		
Tree Management	Damage caused by a street or reserve tree.	51	6	65	10	1,540
<b>TOTAL</b>		<b>341</b>	<b>52</b>	<b>338</b>	<b>34</b>	<b>1,272,296</b>



### **Insurance Review**

At the General Council meeting held on 14 March 2017 (GC140317F03) it was resolved that Council 'authorise the Chief Executive Officer to test the market for insurance coverage and present the results to a General Council Meeting'. The market testing process is being undertaken in a three-phase approach consisting of the following:

- Phase 1 – undertake a tender process to select a Contractor to provide a limited short term insurance broking and risk management service (with Council reserving the right to enter into a comprehensive ongoing service, subject to future evaluation of insurance quotes/policy conditions and assessment against the current providers services etc, as outlined below). It is anticipated that this phase will be completed by end of August 2017.
- Phase 2 – successful Contractor will approach insurers to obtain insurance premium quotes and policy conditions for the 2018/19 financial year based on 2017/18 insured asset values, current claims history and Council instruction regarding desired deductibles and levels of coverage to facilitate a fair comparison to the current service offered. It is anticipated that this phase will be completed by the end of September 2017.

Council will then undertake a comprehensive commercial evaluation of proposed insurance broking and risk management services including quoted insurance premiums, terms and conditions compared to the current service provider arrangements. This is anticipated to be completed during October/November 2017.

Council will then make a decision to remain or change proposed insurance service providers and extend or terminate the limited short term insurance service contract accordingly. This is anticipated to be completed by end of December 2017.

- Phase 3 – Where the limited short term contract is extended, the Contractor subsequently would be engaged to provide a comprehensive ongoing insurance broking and risk management service. Timing for this phase is to be confirmed.

**CONCLUSION:**

A proactive response to incidents and investigation of claims is provided for each category of insurance and the City of Marion continues to focus on key risk areas including review and implementation of the Risk Management Policy and Framework, Workplace Emergency Management Plans, the Business Continuity Plan in addition to the implementation of the new Asset Management Plan.

The Risk Management Unit continues to record all reported incidents and claims received and work in collaboration with the relative business units to ensure that they are investigated, preventative actions are implemented and the issue is managed and monitored effectively to mitigate the risk to the public and property. Risks are reviewed and monitored regularly via project risk registers and work area risk registers which identify appropriate risk controls and treatments. Reports are reviewed quarterly by the Executive Leadership Team, risk registers are reviewed quarterly by the Senior Leadership Team and results are reported to the FAC annually as per the Risk Management Framework.