

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 30 May 2017

Commencing at 9.30am

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

25 May 2017

**CITY OF MARION
FINANCE AND AUDIT COMMITTEE AGENDA
FOR THE MEETING TO BE HELD ON
TUESDAY 30 MAY 2017
COMMENCING AT 9.30AM
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 28 February 2017
Report Reference: FAC300517R4.1I

5. BUSINESS ARISING

- 5.1 Review of the Business Arising from previous meetings of the Finance and Audit Committee
Report Reference: FAC300517R5.1FI

6. ELECTED MEMBER REPORT

- 6.1 Elected Member's Report
Report Reference: FAC300517R6.1FI


7. CONFIDENTIAL ITEMS

Nil

8. REPORTS

Matters for Discussion

Corporate & Financial Management

- 8.1 Deloitte Audit Engagement for the Year Ending 30 June 2017
Report Reference: FAC300517R8.1
- 8.2 Annual Business Plan 2017/18 & Long Term Financial Plan
Report Reference: FAC300517R8.2I I

8.3	Auditor-General Report – Examination of governance arrangements in local government: February 2017 Report Reference: FAC300517R8.3	JF
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Risk Management

8.4	Annual Review of WHS Program Report Reference: FAC300517R8.4	€ I
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Service Reviews and Internal Audit

8.5	Internal Audit Program 2015 – 2017 (16/17 FY) Report Reference: FAC300517R8.5	€
8.6	Organisational Service Reviews 16/17 Update Report Reference: FAC300517R8.6	€ I
8.7	Proposed Service Review Schedule 2017/18 Report Reference: FAC300517R8.7	G

9. ANY OTHER BUSINESS

10. MEETING CLOSURE

The Audit Committee meeting shall conclude on or before 12.30 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: 4.00pm – 6.00pm

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

Venue: Council Chamber, Administration Building

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
HELD AT THE ADMINISTRATION CENTRE
245 STURT ROAD, STURT
ON TUESDAY 28 FEBRUARY 2017**



PRESENT

Mr Greg Connor (Chair), Ms Kathryn Presser, Ms Emma Hinchey, Councillor Raelene Telfer and Councillor Nick 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
Ms Jaimie Thwaites	Acting Manager Corporate Governance
Mr Ray Barnwell	Manager Finance (items 8.1 – 8.7)
Mr Colin Heath	Manager Contracts and Operational Support (item 7.4)
Ms Sherie Walczak	Acting Unit Manager Governance & Records (items 7.1, 7.5, 8.4 & 8.5)
Ms Deborah Horton	Unit Manager Performance Improvement Team (items 8.1 – 8.7)

1. OPEN MEETING

The meeting commenced at 9.32am. The Chair welcomed all those present to the meeting.

2. KAURNA ACKNOWLEDGEMENT

We begin by acknowledging the Kurna 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 15 December 2016

9.33am Moved Councillor Telfer, Seconded Ms Presser that the minutes of the Finance and Audit Committee meeting held on 15 December 2016 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: FAC280217R5.1**

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 was provided with an updated Business Arising statement that noted the following in relation to item 2 of the report:

- A new PMO role is being established to focus on developing a corporate program and project management framework, support for project officers, project governance and reporting. This role will firstly assess the current state of project management and then design and develop a framework over the coming months.
A key tool – Work Area Plan project reporting- has been developed to capture all key business plan, work area and 'CE special' projects. Monthly project updates are being provided by all SLT to ensure delivery of projects is tracked with strong accountability.

ACTION: The Committee requested that the Project Management Report be brought to the August 2017 Committee Meeting

6. ELECTED MEMBER REPORT

6.1 Elected Member's Report Report Reference: FAC280217R6.1

9.36am Councillor Telfer spoke to the report. In speaking to the report Councillor Telfer noted the following:

- Council had held a Planning Day on 21 January 2017 with the Executive Leadership team.
- The budget planning process for 2017/18 has commenced much earlier than previous years
- Council is currently looking at a number of heavy agenda items
- The proceeds from the sale of the former Hallett Cove Library building noted on page 18 of the agenda deserved a particular mention.
- Asset optimisation is a key focus of this current Council even though some assets may be hard to let go.

The Committee noted the report.

7. CONFIDENTIAL ITEMS

7.1 Local Government Association Insurance Schemes Review Reference No: FAC280217F7.1

9.40am Moved Councillor Telfer, Seconded Councillor Kerry that pursuant to Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Chief Executive Officer; Tony Lines, General Manager Operations; Vincent Mifsud, General Manager Corporate Services; Abby Dickson, General Manager City Development; Jaimie Thwaites, Acting Manager Corporate Governance, Sherie Walczak, Acting Unit Manager Governance and Records, Gary Oakley, CEO Public Sector - Jardine Lloyd Thompson Pty Ltd (JLT); Tony Gray, General Manager Local Government Risk Services – JLT and Lyndon Parnell, Managing Director Finrisk Pty be excluded from the meeting as the Council receives and considers information relating to Local Government Association Insurance Schemes Review, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information the disclosure of which could prejudice the commercial position of Council and would on balance be contrary to the public interest.

Carried Unanimously

9.40am the meeting went into confidence

10.23am Councillor Nick Kerry re-entered the meeting

10.36am Mr Gary Oakley (JLT), Mr Tony Gray (JLT) and Mr Lyndon Parnell (Finrisk Pty) left the meeting

10.36am Ms Presser and Councillor Kerry left the meeting

10.37am Ms Presser re-entered the meeting

10.38am Councillor Kerry re-entered the meeting

Moved Councillor Telfer, Seconded Councillor Kerry that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, Local Government Association Membership and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(b) of the Act, except when required to effect or comply with the Committee's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2017.

Carried Unanimously

11.08am the meeting came out of confidence

Meeting adjournment

The Chair sought and was granted leave of the meeting for a 5-minute adjournment.

11.09am Councillor Kerry left the meeting and did not return

11.09am meeting adjourned

11.16am meeting resumed

7.2 Local Government Association Membership

Reference No: FAC280217F7.2

11.19am Moved Ms Presser, Seconded Councillor Telfer that pursuant to Section 90(2) and (3)(b) and (h) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Chief Executive Officer; Tony Lines, General Manager Operations; Vincent Mifsud, General Manager Corporate Services; Abby Dickson, General Manager City Development; Jaimie Thwaites, Acting Manager Corporate Governance, Craig Clarke, Unit Manager Communications, be excluded from the meeting as the Council receives and considers information relating to Local Government Association Membership, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information the disclosure of which could prejudice the commercial position of Council and would on balance be contrary to the public interest and legal advice.

Carried Unanimously

11.19am the meeting went into confidence

Moved Ms Presser, Seconded Councillor Telfer that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, Local Government Association Membership and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(b) and (h) of the Act, except when required to effect or comply with the Committee's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2017.

Carried Unanimously

11.47am the meeting came out of confidence

7.3 Organisational Service Reviews – Libraries Appendix 5 **Reference No: FAC280217F7.3**

11.48am Moved Councillor Telfer, Seconded Ms Hinchey that pursuant to Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Finance & Audit Committee orders that all persons present, with the exception of: Adrian Skull Chief Executive Officer, Vincent Mifsud General Manager Corporate Services, Abby Dickson General Manager City Development, Tony Lines General Manager Operations, Liz Byrne Manager Community & Cultural Services, Jackie Dolling Acting Unit Manager Service Quality Libraries, Jayne Webster Acting Unit Manager Community Connections & Learning, Ola Wleklinski Unit Manager Libraries Collection & Outreach, Ray Barnwell Manager Finance, Jaimie Thwaites Acting Manager Corporate Governance, Deborah Horton Unit Manager Performance & Improvement, Melissa Nottle-Justice Business Improvement Officer be excluded from leaving the meeting as the Committee receives and considers information relating to the City of Marion Libraries Service Review (Appendix 5), upon the basis it is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential on the grounds that the report contains information relating to personnel matters.

Carried Unanimously

11.48am the meeting went into confidence

Moved Councillor Telfer, Seconded Ms Hinchey that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, City of Marion Libraries Service Review (Appendix 5) and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2017.

Carried Unanimously

12.15pm the meeting came out of confidence

7.4 Organisational Service Reviews – Public Litter Appendix 6 **Reference No: FAC280217F7.4**

12.16pm Moved Councillor Telfer, Seconded Ms Presser that pursuant to Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Finance & Audit Committee orders that all persons present, with the exception of: Adrian Skull Chief Executive Officer, Vincent Mifsud General Manager Corporate Services, Abby Dickson General Manager City Development, Tony Lines General Manager Operations, Ray Barnwell Manager Finance, Jaimie Thwaites Acting Manager Corporate Governance, Colin Heath Manager Contracts & Operational Support, Deborah Horton

Unit Manager Performance & Improvement, Melissa Nottle-Justice Business Improvement Officer be excluded from leaving the meeting as the Committee receives and considers information relating to the City of Marion Public Litter Service Review (Appendix 6), upon the basis it is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential on the grounds that the report contains information relating to commercial information of a commercial nature (not being a trade secret) the disclosure of which (i) could reasonably be Report Reference: FAC151216F7.4 expected to prejudice the commercial position of a person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest

Carried Unanimously

12.16pm the meeting went into confidence

Moved Councillor Telfer, Seconded Ms Presser that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, City of Marion Public Litter Service Review and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2017.

Carried Unanimously

12.21pm the meeting came out of confidence

7.5 External Audit Tender **Report Reference: FAC280217R7.5**

12.21pm Moved Ms Hinchey, Seconded Ms Presser that pursuant to Section 90(2) and (3)(b) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons Adrian Skull (Chief Executive Officer), Vincent Mifsud (General Manager Corporate Services), Abby Dickson (General Manager City Development), Jaimie Thwaites (Acting Manager Corporate Governance), Ray Barnwell (Manager Finance), Sherie Walczak (Unit Manager Risk) be excluded from the meeting as the Committee receives and considers information relating to the tender for the provision of External Audit Services upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information is of a commercial nature.

Carried Unanimously

12.21pm the meeting went into confidence

Moved Councillor Telfer, Seconded Ms Hinchey that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the Committee orders that this report, the minutes arising from this report and any other information distributed at the meeting having been considered in confidence under Section 90(2) and (3)(d) of the Act be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council meeting in December 2017.

Carried Unanimously

12.25pm the meeting came out of confidence

12.26pm Internal Audit Program Status Report **Report Reference: FAC280217R8.7**

12.26pm Mr Justin Jamieson, Engagement Partner - KPMG and Jared Lawrence, Engagement Director – KPMG joined the meeting

Mr Jamieson (KPMG) and Mr Lawrence (KPMG) spoke to each of the attached Internal Audit reports.

The Committee provided feedback on each of the scope documents as listed below:

- Accounts Receivable report (Attachment 1) - The Committee noted that the benchmarking data is from interstate councils. It was recommended that the Local Government Financial Managers Group or the Grants Commission could be approached for South Australian comparison data.
- Purchase Cards report (Attachment 2) - The Committee noted that there are a very low number of purchase cards in the organisation. This is perhaps due to the organisational culture however, consideration should be given to increasing the number of cards where appropriate to gain efficiencies.
- ICT – Cyber Security Maturity report (Attachment 3) - Compared to other organisations (Local Government and others) the City of Marion is situated appropriately in relation to cyber security. Historically the two biggest potential risks were financial and protection of customer data. Infrastructure risks has grown in focus more recently. It was recommended that the management of cyber security needs to be an ongoing priority. The Policy needs to be formally implemented and strong and specific training needs to be rolled out to ensure compliance. The Manager ICT confirmed for the Committee that penetration tests are regularly performed by CQR and the organisations ability to recover if an issue was to occur is part of the Business Continuity Planning.
- Policy Framework Scoping Document (Attachment 4) - The review will need to link to the Draft Policy Framework (Report Reference: FAC280217R8.2). The Acting Manager Corporate Governance confirmed that part of the review by KPMG will be to provide comment on the Draft Policy Framework particularly once the assessment of the policies has been undertaken and the ideal suite of policies has been drafted.
- Property Portfolio Management Scoping Document (Attachment 5) – noted the report.

12.56pm Mr Justin Jamieson, Engagement Partner - KPMG and Jared Lawrence, Engagement Director – KPMG left the meeting

8. Reports

Matters for Discussion

Corporate & Financial Management

12.57pm Financial Management Policies **Report Reference: FAC280217R8.1**

The Manager Finance gave an overview of the Budget, Treasury Management and Reserve Funds Policies.

The Committee provided feedback on each of the financial management policies as listed below:

- Budget Policy
 - Noted that the Policy has been updated to reflect the current new processes.
 - Point 6 in the Policy should be amended to reflect that Management do not “approve” budgets as that is Council’s role.
 - Under the heading ‘Budget Reviews’ (page 29 of the agenda) the Policy should include identifying unexpected expenses and overruns in addition to the savings opportunities mentioned.

- Treasury Management Policy
 - Under the Investments heading in the policy (page 33 of the agenda) the Committee suggested removing the words “without approval from Council” to give greater clarity around the investment criteria.
 - The sentence “Investment of surplus funds outside of the above investment choices must be reported to Council for approval” should also be removed from under the same heading.
 - Consideration should be given to the rating of specific instruments not just the rating of the financial institutions.
 - The policy notes (page 34 of agenda) that quotations are obtained to ensure competitive rates for investments are achieved, it would be useful to specify the minimum number of quotations required.
 - A definition of surplus funds should also be included.

- Reserve Funds Policy
 - under the heading Grants/Carry Forward Projects Reserve (page 38 of the agenda) it would be useful to expand the section “Use of Fund” to clearly distinguish funds held for grants not fully expended and funds held for capital works carried over from the previous year. It was noted during the discussion that future budgets are adjusted to embed savings of a recurrent nature identified during the year. It was suggested that the additional wording on page 40 ‘Council will contribute up to 50% of the funds’ should be changed to ‘Council may contribute up to about 50% of the funds’ in order to have a degree of flexibility around Council’s contribution to co-funded projects.

The Committee noted that the Policies be recommended to Council with the suggested amendments incorporated.

1.13pm Policy Framework **Report Reference: FAC280217R8.2**

The Committee provided the following feedback on Draft Policy Framework:

- A “Policy” should be high level
- A “Procedure” should deliver an outcome.
- The procedure template is quite short, ensure there is enough scope within the template to provide detail as required.
- EMG reference should be replaced by ELT (Executive Leadership Team)
- Remove the last bullet point on page 5 “Able to be implemented within Council resources”, as this is not necessary.

1.15pm Ms Presser left the meeting and did not return

1.15pm Annual Business Plan 2017/18 and Long Term Financial Plan Report Reference: FAC280217R8.3

The Committee questioned the 2% Assumption relating to employee costs, in particular noting the planned 0.5% increase each year for 5 years of the Super Guarantee from 2021/22. This is concerning given under the staff Enterprise Bargaining Agreement there are no forced redundancies and Council's position is that there will be no reduction in service standards therefore will this assumption of a flat 2% each year per be achieved? Is it realistic?

It was suggested that the details of what makes up the 2% Assumption be provided in the document.

The Committee noted the accounting Reserves are currently fully cash backed and noted that there are considerable cash reserves. Whilst it is good to have a war chest Council will need to consider how big this should be and what is the best use of those funds.

The Committee suggested the following amendments be considered in relation to the Corporate KPIs:

- As Council's budget is based on a balanced cash position then a positive cash indicator may be more useful as a KPI instead of the current +/-5% of Operating Budgeting
- staff net numbers be changed to a suitable indicator relating to total employee costs (a reduction in the number of staff does not necessarily translate to a reduction in employee costs)
- Requested that the key staff mentioned in the retention KPI be identified so that appropriate measurement could occur.

The Committee advised that in relation to the Environmental Scan it is difficult to know what we don't know particularly about changes in technology. For example, what impact would driverless cars have on taxi drivers, train drivers etc? It was also suggested that the item relating to technology change and enhancements should reference to the increased risk of cyber security threats.

The Committee noted the report.

Risk Management

1.33pm Corporate Risk Profile Report Reference: FAC280217R8.4

The Committee acknowledged that the report is a summary of a detailed register of some 200 plus risks. They noted however, that they would have liked to see the detail behind the summary.

It was acknowledged that it is positive that there are no extreme risks however it is a concern that some risks remain unchanged as high. The Acting Unit Manager Governance & Risk noted that there are some risk ratings that will not decrease unless there is investment in systems and resources. The Committee noted that the extra resources required to mitigate these risks sooner should be considered a priority, as it was not good practice that for three years running the risk ratings of high had remained unchanged.

The Committee recommended that all risks that exceed Council's risk appetite (e.g. above medium) should be reported to Council on a quarterly basis.

The Committee noted the report.

**1.42pm WHS Rebate Calculations
Report Reference: FAC280217R8.5**

The Committee noted the report.

Service Reviews and Internal Audit

**1.43pm Organisational Service Reviews 16/17 Update
Report Reference: FAC280217R8.6**

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:

- Maintenance of Council facilities (Appendix 1) - noted
- Asset Systems (Appendix 2) – ambit of the review has been reduced. In response to the question if the depreciation of assets was considered best practice it was noted that comprehensive independent valuations are regularly carried out and interim desktop reviews are undertaken annually.
- Roads (Appendix 3) – include consideration of whether other opportunities may be available (e.g. utilising other companies)
- Marion Celebrates (Appendix 4) – review focusses on current practice, not opportunities to develop.
- Library (Appendix 5) – note separate confidential item above
- Public Litter (Appendix 6) - note separate confidential item above

The Committee agreed with the reasoning in the report to delay the items ‘Commonwealth Home Support Service’ and ‘Records Management’

The Committee raised concern that some of the reviews are taking up more of administrations time than was initially anticipated. A balance in effort is critical and consideration should be given to “best practical practice”. A review should be undertaken on the whole service review program and focus should be on the value add or cost versus benefit analysis of the service reviews.

ACTION: A report be bought to the May Finance and Audit Committee meeting regarding a review of the Service Review Program by the Performance Improvement Team, including learnings from the current process.

9. ANY OTHER BUSINESS

Nil

10. MEETING CLOSURE

The meeting was declared closed at 2.00pm.

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: 9.30am – 12.30pm

Date: 30 May 2017

Venue: Chamber, Administration Building

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CHAIRPERSON

/ /

CITY OF MARION

BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 25 May 2017



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	8 March 2016	That the Project Management Report be brought to the next Committee Meeting	F Harvey	May 2016	Item discussed at the Finance and Audit Committee in February with the Committee requesting a report be brought to the August 2017 Committee meeting. (see item 4 below)	Completed See Item 3 below
2.	16 August 2016	Treasury Management and Reserve Funds Policy The Committee email any example of policies they may have used or seen in other industries. The Committee requested that further work be undertaken on the Reserve Funds Policy and Treasury Management Policy and they be presented to the next Committee meeting for consideration. Any updates can be included as part of the 2017/18 Annual Business Plan and LTFP process.	R Barnwell V Mifsud	October 2016	The policies were presented to the 28 February 2017 FAC meeting (Item - 'Financial Management Policies, Report Reference: FAC280217R8.1)	Completed
3.	28 February 2017	The Committee requested that the Project Management Report be brought to the August 2017 Committee Meeting	F Harvey	August 2017	Significant work has progressed in the implementation of the Work Area Plan (WAP) project management and reporting tool. Recruitment has begun for the newly established Project Management Office Leader role, within the Innovation and Strategy Department	
4.	28 February 2017	A report be bought to the May Finance and Audit Committee meeting regarding a review of the Service Review Program by the Performance Improvement Team, including learnings from the current process.	D Horton J Thwaites	May 2017	Completed.	30 May 2017.

* completed items to be removed are shaded

Report Reference: FAC280217R5.1

SCHEDULE OF MEETINGS 2017			
Day	Date	Time	Venue
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

Topic	Action
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

Topic	Action
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)

Topic	Action
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
Joint Workshop with Council (4.00 pm – 6.00 pm)	Topic TBC

TUESDAY, 10 October 2017

Topic	Action
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

Topic	Action
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

**CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
30 May 2017**

Originating Officer: Jaimie Thwaites, Acting Manager Corporate Governance
Councillor Raelene Telfer, Councillor Nick Kerry

Subject: Elected Members' Report

Report Reference: FAC300517R6.1

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 28 February 2017, Council has held six (6) Council Meetings on 28 February, 14 March, 28 March, 11 April, 9 May and 23 May 2017.

As recommended by the Committee, Council has now introduced a monthly Work Health Safety monitoring report that monitors implementation of audit outcomes, lost time injuries and WHS mitigation strategies and hazard reduction.

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

GENERAL COUNCIL

28 February 2017 General Council Meeting

Nil

14 March 2017 General Council Meeting

Local Government Association Membership

The report provided Council with a comprehensive review of the Local Government Association (LGA) membership and associated services, including a cost benefit analysis (Net Present Value financial analysis and assessment) of the City of Marion's (CoM) membership. The details contained within the report and the supporting Appendices provide data regarding the impact on services and risks to Council should it choose to cease its membership with the LGA. It is provided to assist Council in making an informed decision regarding its LGA Membership for 2017/18 and beyond. In regards to this item it was resolved that Council:

1. *Retain its membership with the Local Government Association of South Australia for the financial year 2017/18.*
2. *Requests the LGA to proactively focus on the following list of performance improvement areas, in order to provide a greater level of service and value to its members:*

- 2.1. *LGA Value Proposition – regular review of the value provided by the member organisation.*
- 2.2. *Insurance (Mutual) Schemes – communicate how the Auditor General’s concerns are being addressed and release the independent review into the Scheme’s operation.*
- 2.3. *Industrial Relations:*
 - a. *Provide IR advice to members on issues common to all Councils to obviate the need to go to legal companies and save ratepayer money;*
 - b. *Work towards one ASU and one AWU cross-sector Enterprise Bargaining agreement.*
- 2.4. *Annual member subscription fees – should be based on (1) the number of ratepayers and (2) Council revenue in bands that are equitable.*
- 2.5. *Council of the Future – work with Councils to assist and advise on them working together across boundaries to realise efficiencies.*
- 2.6. *Benchmarking – provide benchmarking data to assist in Councils realising efficiencies (provide regular benchmark metrics).*
- 2.7. *Training – relevant training, seminars and conferences that are offered at member rates.*
- 2.8. *Unity CMS Platform – more advanced and regular updates/enhancements to deliver higher quality services to the community.*
- 2.9. *LGAP – higher level of collaboration and consultation with Councils in regards to procurement opportunities (LGAP contracts).*
3. *Tenders for the replacement of the Unity CMS platform with the City of Marion website outside the LGA portal.*

Local Government Association Insurance Schemes Review

The report provided Council with updated information in regards to its insurance arrangements with the Local Government Association (LGA) Insurance Schemes. Council’s approval was sought to authorise the Chief Executive Office to negotiate directly with Jardine Lloyd Thompson (JLT) Australia’s Chief Executive Officer Public Sector of the LGA Insurance Schemes to achieve improved annual insurance costs, or if deemed necessary test the market for “like-for-like” insurance coverage. In regards to this item it was resolved that Council:

1. *Authorise the Chief Executive Officer to test the market for insurance coverage and present the results to a General Council Meeting.*

External Audit Tender

Council resolved to appoint Deloitte as the City of Marion’s service provider in the delivery of External Audit Services for a 5 year fixed term fixed price contract, commencing with the audit for the financial year ending 30 June 2017.

28 March 2017 General Council Meeting

Leasing and Licensing of Council Owned Facilities Policy

Council considered feedback on the draft Leasing and Licensing Policy and adopted the policy for implementation.

LGA Public Awareness Campaign Regarding Rate Capping

The President of the Local Government Association (LGA), Mayor Lorraine Rosenberg, wrote to Mayor Hanna regarding the LGA Board's decision to run a public awareness campaign to positively position the local government sector in the lead up to the next State election in March 2018. Council noted the correspondence and resolved to write to the LGA objecting to the anti-rate capping campaign because:

- (a) Councils ought to be able to manage financially within reasonable rate rise limits provided there are exemptions for extraordinary circumstances eg when a Council has experienced a natural disaster or a Council can justify capital expenditure for an exceptional project;
- (b) Whether the campaign is notionally funded from LGA membership fees or investment income, it is ultimately funded by ratepayers who would not want their rates used this way; and
- (c) Clearly only the Liberal Party have adopted a policy of introducing rate capping, so the proposed public campaign will be seen as a partisan, anti-Liberal campaign leading up to the 2018 election, and local government including the LGA should be seen as scrupulously non-partisan when it comes to State and Federal elections.

Review of Elected Member Records Management Policy

Council adopted an *Elected Members Records Management Policy*

11 April 2017 General Council Meeting

Internal Audit Contract

Council resolved that the KPMG contract for Internal Audit services be extended (including the revised fee structure) for a further two years until 30 June 2019.

Council's Draft 10-Year Strategic Plan

Council considered the draft 10-year Strategic Plan for adoption for community consultation. In regards to this item it was resolved that Council:

1. *Adopts the draft 10-year Strategic Plan for community consultation*
2. *Notes the community consultation on the draft Strategic Plan will occur in combination with the consultation on the draft Annual Business Plan in May 2017.*
3. *Notes the draft suite of Community Indicators as a starting point for assessing progress of strategic goals*

LGA Membership subscription calculations

A report was considered on a proposal to revise the formula used by the Local Government Association (LGA) to calculate their annual membership subscription charge. Council resolved to advise the LGA that the City of Marion's preference was the New Option of one equal flat charge for all councils, and retain cap (option 4 in the report) to be phased in over 3 years. This option would retain the 40% population and 60% revenue weighting for the balance of subscriptions, use a three-year average for the revenue calculation, and maintain the three times average cap.

9 May 2017 General Council Meeting

Marion Outdoor Swimming Centre Master Plan

Council considered a comprehensive collation of information to enable progress of the Marion Outdoor Swimming Centre (MOSC) facility upgrades. In regards to this item it was resolved that Council:

1. *Endorses the allocation of funds for the undertaking of upgrade works for the upgrade of the Marion Outdoor Swimming Centre as set out in this report.*
2. *Endorses an allocation of up to \$268,000 be provided in the 2017/18 Annual Business Plan and Budgeting process for:*
 - *Preparation of detailed design and costing for the reconfiguration of the foyer and upgrade to the facade.*
 - *Supply and installation of new shade structures.*
 - *Preparation of detailed design and costing for a new BBQ and picnic area.*
 - *Preparation of designed design and costing for the change room upgrade*
3. *Council refers to this project as a whole as the Marion Outdoor Pool Upgrade*
4. *Notes further reports will be provided for the allocation of funding to enable the remaining upgrades to be undertaken in 2017/18 or 2018/19.*

CEO Key Performance Indicators for Quarter 3 2016/17

The confidential report provided Council with the third quarter YTD status report on the CEO Key Performance Indicators. It forms part of the regular CEO Performance Reporting to Council.

Draft Annual Business Plan for Public Consultation

The Long Term Financial Plan (LTFP) and Annual Business Plan (ABP) are an integral part of Council's suite of Strategic Management Plans. The city's Community Vision – 'Towards 2040', and 3-year 2016-2019 Business Plan, set the foundation for the development of the ABP and LTFP.

Council developed the Draft LTFP and Draft ABP 2017/18 in accordance with Council's Financial Framework with further refinement during the 2017/18 budget process. This encompasses maintaining current services and service delivery levels for the community, as well as meeting Council's planned capital renewal programs over the life of the LTFP.

At the meeting it was resolved that Council:

1. *Endorse the City of Marion Draft Annual Business Plan 2017/18 and Draft Long Term Financial Plan for public consultation (attached as Appendix 1), subject to any changes proposed by Council, on the basis of a proposed average rate increase of 2.2%.*
2. *Endorse that public consultation be facilitated via the conduct of a meeting of the Council to be held on 13 June 2017 at which members of the public may ask questions and make submissions, in relation to the Draft Annual Business Plan 2017/18 and draft LTFP, for at least one hour.*

2017-18 Corporate and CEO KPIs

Council resolved to adopt the Corporate KPIs for the 2017-18 financial year as follows:

Key Performance Indicator	Core Target	Stretch Target
Financial Sustainability	Council maintains a break even or better cash funding position in delivering its annual budget	
Delivery of agreed projects identified in the Annual Business Plan and the second year targets in the 3 year Plan	Greater than or equal to 95%	
Lost Time Injury Frequency Rate	Greater than or equal to 25% reduction from the previous year's result	Greater than or equal to 30% reduction from the previous year's result
Total employee costs (including agency staff)	Less than or equal to 3% increase in actual employee costs (including agency staff) against prior year's actual costs	Less than or equal to 2% increase in actual employee costs (including agency staff) against prior year's actual costs
Retention of key staff	Greater than or equal to 80% key staff retained	Greater than or equal to 90% key staff retained
Overall satisfaction with Council's performance	Greater than or equal to 75% rated as satisfied or above	Greater than or equal to 85% rated as satisfied or above
Asset Sustainability	Asset Sustainability Ratio greater than or equal to 80%	Asset Sustainability Ratio greater than or equal to 90%
Delivery of Council's capital works program	Greater than or equal to 80% delivery of Council's planned capital works program (adjusted for extraordinary items)	Greater than or equal to 90% delivery of Council's planned capital works program (adjusted for extraordinary items)

In addition, it was resolved to seek to align the Corporate KPIs with those of the Chief Executive Officer, when the 2016-2017 end of year CEO performance review has been concluded in November 2017.

2017-2020 City of Marion Libraries Marketing Plan

Council adopted the 2017-2020 Libraries Marketing Plan.

23 May 2017 General Council Meeting

Fraud and Corruption Management Framework

Council endorsed and adopted the Fraud and Corruption Management Framework.

Developments over \$3 million

Council resolved to Instructs administration to refer all development applications that have been “called in” by the State Coordinator-General pursuant to Schedule 10(20) of the Development Regulations 2008 to General Council for comment.

Council Subsidiaries – Draft Budget and Business Plan Review

Council noted its support for the Business Plans of Council's two regional subsidiaries namely Council Solutions and the Southern Region Waste Resource Authority (SRWRA).

Annual Review of Delegations

Council considered a report regarding a full review for the 2016/17 financial year of the Delegations to ensure that Council is compliant with the relevant legislation and provides for effective, efficient and appropriate decision making by Council officers. The review incorporated the feedback from the Auditor-General's Report '*Examination of governance arrangements in local government: February 2017*'.

3rd Budget Review 2016/17

Council adopted the 3rd quarter budget review including the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows. The 3rd Budget Review operating budget surplus of \$6.597m (7.6%) currently exceeds the target set in the Annual Business Plan and Budget of \$0 - \$4.303m (0 – 5%).

Corporate Performance Report (Organisational Key Performance Indicators 2016/17) – 3rd Quarter 2016-17 YTD

Council noted the Corporate Performance Report (Organisational Key Performance Indicators 2016/17) – 3rd Quarter 2016-17 YTD provided in the report and summarised as follows:

KPI	Key Performance Indicator	Measure/Range 2016/17	Qtr 1	Qtr 2	Qtr 3
A	Delivery within 5% parameters of agreed annual budget costs	95%-105%	111% 	104% 	100%
Comment: N/a					
B	Delivery of agreed projects identified in the Annual Business Plan and the first year targets in the 3 year Plan	95% or greater	1% 	7% 	14%
Comment: 2 projects complete to date. The organisation is on track to achieve 100% of the remaining 12 projects by 30 June 2017.					
C	Lost Time Injury Frequency Rate	Reduction of 25% in the LTIFR from the previous year's result	77% 	68% 	78%
Comment: N/a					
D	Staff net numbers (full time equivalent, employee and agency)	A reduction	.95% 	+2.1% 	+1.75%
Comment: This quarter has seen a slight increase due to; <ul style="list-style-type: none"> • 2 gap year staff (resolution of Council). • 4 seasonal pool staff. 					
E	Retention of key staff	Equal to or greater than 95%	N/A	N/A	N/A
Comment:					
F	Community Satisfaction. Overall satisfaction with each of: 1. Community facilities 2. Sports facilities 3. Events	Greater than 75%	N/A	N/A	N/A
Comment: This is on track with the survey to be released in May to 5,000 households.					

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 (7 March 2017)

- Marion Outdoor Swimming Centre
- Overview of Strategic Management Framework

Urban Planning – 4 April 2017

No items to report

Urban Planning – 1 May 2017 (Special Meeting)

- Community/Recreation Development Plan Amendment (DPA) - Public Hearing

Review and Selection Committee (2 May 2017)

- 17-18 Corporate and CEO KPIs
- CEO Key Performance Indicators for Quarter 3 2016/17

Infrastructure and Strategy Committee (2 May 2017)

- Project and Program Oversight
- Infrastructure Projects Progress Updates
- Marion Outdoor Swimming Centre Master Plan

- Asset Systems Service Review
- Drainage Service Review

OTHER BUSINESS

Oaklands Crossing Upgrade Campaign

The City of Marion is continuing to talk to the State and Federal Governments over investing in the Oaklands Crossing upgrade.

BMX

A joint briefing was held for the elected members of Marion and Onkaparinga Councils on Thursday 4 May at the City of Marion Council chambers.

A presentation was made on the progress of the project in relation to the design of the facility and project costs. The State Government and the Cities of Marion and Onkaparinga have created a funding pool of \$3.5 million (\$2m State, \$0.75m Onkaparinga, \$0.75m Marion). The joint meeting was advised that the extensive clay deposits on the site required extensive work and would require in the order of \$1.0m to \$1.5m in works to deal with the clays. The meeting was advised that this, and other costs, would see the project cost exceed the \$3.5 million funding pool.

The briefing also referred to the funding agreement with the State Government that requires that the parties reach a 'mutually agreeable' solution to the cost of the project if it exceeds \$3.5million.

RECOMMENDATION

The Finance and Audit Committee note the report.

DUE DATE

May 2017

**CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
30 MAY 2017**

Originating Officer: David Harman, Financial Accountant

Corporate Manager: Ray Barnwell, Manager Finance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: Deloitte Audit Engagement for the Year Ending 30 June 2017

Report Reference: FAC300517R8.1

REPORT OBJECTIVES:

The purpose of this report is to provide details of Deloitte's audit engagement for the year ending 30 June 2017.

EXECUTIVE SUMMARY:

In February 2017, on the recommendation of the Finance and Audit Committee, Council endorsed the engagement of Deloitte as Council's external auditor for a term of 5-years in accordance with Section 128 of the Local Government Act 1999.

Deloitte's have provided a report which outlines their audit plan in relation to the 30 June 2017 audit. (Appendix 1).

RECOMMENDATIONS**DUE DATES****That the Finance and Audit Committee:**

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

BACKGROUND

The objective of Council's external audit is to provide an independent audit opinion of the accounts and annual financial reports of the City of Marion for each financial year covered by the term of the audit appointment. The external audit will also provide an independent audit opinion on the controls exercised by Council, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions. The audit must meet both statutory requirements and Australian Auditing Standards.

Section 125 and 129 of the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 1999 set out the requirements for the conduct of Council's annual audit.

ANALYSIS:

Provided at Appendix 1 is a copy of the Audit Plan for the financial year ending 30 June 2017 prepared by Deloitte. This sets out the responsibilities of Deloitte and Council in undertaking the audit, the scope of the audit, and various administrative matters including the audit timetable and fees.

On review of the Audit Engagement letters, it is noted that the scope of the audit proposed by Deloitte is in line with the scope of services detailed in the Contract for Services and as required under the Local Government Act 1999. Furthermore, the fees outlined for the services are consistent with those quoted in the original Deloitte tender for services and as such, appropriate approved budget allocations have been made.

CONCLUSION:


Undertaking an audit of Council's financial statements on an annual basis is a statutory requirement under the Local Government Act 1999.

The proposed scope of services outlined in the Audit Strategy for the year ending 30 June 2017 is consistent with the requirements of the Local Government Act 1999 and the Contract for Services between Council and Deloitte.

Appendix 1: Deloitte Audit Plan for the financial year ending 30 June 2017

Appendix 2: Deloitte Audit Engagement Letter – Financial Statements

Appendix 3: Deloitte Audit Engagement Letter – Internal Controls

The Deloitte logo is displayed in white text on a dark background. It consists of the word "Deloitte" in a bold, sans-serif font, followed by a small green dot.A long-exposure photograph of a multi-lane highway at night. The image shows bright, curved light trails from vehicles, primarily headlights and taillights, creating a sense of motion. The road is flanked by streetlights that appear as a series of small, glowing points in the distance. The overall scene is dark, with the light trails providing the main source of illumination.

Corporation of City of Marion
Audit Plan for the financial year ending
30 June 2017

19 May 2017



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Mr Greg Connor
Chair, Finance and Audit Committee
Corporation of the City of Marion
245 Sturt Road
STURT SA 5047

24 May 2017

To the Members of the Board Finance and Audit Committee

We are pleased to provide you with our Audit Service Plan for the year ended 30 June 2017 for the Corporation of the City of Marion (the "Council").

This document has been prepared as part of the planning and communication process in respect of the Council and its purpose is to provide the Board Finance and Audit Committee with an overview of the components of our audit service plan for the 30 June 2017 year end.

As the basis of our planning is the identification and assessment of risks that will impact the business operations of the Council, this document outlines the audit focus areas that have been identified, assesses the impact that they potentially may have on the financial statements, and documents our approach to address these audit focus areas as part of our audit and review process.

The plan also provides details of the Deloitte team, and proposed lines and processes for communication of significant issues arising during the audit.

This document has been prepared solely for the Board Finance and Audit Committee of the Council and forms part of a continuing dialogue between them and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason, we believe it would be inappropriate for this document to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept any responsibility for any reliance that they might place on it.

Yours faithfully

Penny Woods
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

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WELCOME	EXECUTIVE SUMMARY	Deloitte Audit Approach	Preliminary Risk Assessment	Audit Impact	Timetable & Communication Plan	Audit Team	

Executive Summary

Item

Overview

Introduction

This document details our proposed scope for Corporation of City of Marion (the "Council") for the year ending 30 June 2017.

Scope of the audit

We will conduct an audit of the Council for the year ending 30 June 2017 in accordance with Australian Auditing Standards to enable an opinion to be formed as to whether the financial report of the Council has been prepared in accordance with the *Local Government Act 1999*.

The scope of the statutory audit regarding the internal controls exercised by the Council will include such procedures as required to enable us to provide an opinion whether the controls exercised by the Council, during the financial year in relation to:

- the receipt, expenditure and investment of money,
- the acquisition and disposal of property; and
- the incurring of liabilities

were sufficient, in all material respects, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions.

Areas of audit focus

The audit focus areas that we have identified as part of our overall audit strategy are:

- Revenue – rates and statutory charges and grant revenues
- Expenditure
- Non-current assets
- Internal control assessment

Materiality

Materiality levels will be determined using judgement in relation to benchmarks such as total equity, net surplus/deficit, revenue, operating expenditure, total comprehensive income and total equity. We will continue to report to the Finance and Audit Committee on all unadjusted misstatements greater than 5% of materiality.



Executive Summary

Item

Overview

Assessment of engagement quality

Upon completion of our service cycle, we will meet with the Council’s senior management and Finance and Audit Committee to obtain an evaluation of our performance against your expectations. Feedback obtained from this process will be used in refining our 2018 audit service plan and ensuring your focus areas are adequately addressed.

Client service team

We have assigned individuals to the engagement who are familiar with the Council’s personnel, operations and accounting policies and the industry within which you operate so we can retain the value of past experience. Penny Woods will be the audit engagement partner and be responsible for our overall audit strategy and for signing the audit reports. She will be supported by Jason Liu (Manager) and Eleni Karpathios (Senior).

We will also engage specialists in the following areas:

- **Valuation experts** to assess external valuation firm’s assumptions.
- **Computer assurance specialists** to participate in the evaluation of internal control and in the use of our computerised audit applications.

Independence

Deloitte has developed important safeguards and procedures in order to ensure our independence and objectivity. Specific safeguards include:

- the provision of a statement of independence from Deloitte to the Elected Members of the Corporation of the City of Marion;
- the adoption of a partner rotation policy; and
- we have included Corporation of City of Marion in our list of restricted clients to ensure that as a firm we maintain and monitor the strict requirements for such entities in relation to Corporation of City of Marion.


We will reconfirm our independence for the year ending 30 June 2017 in our final report to the Finance and Audit Committee.

Timetable and communication of plan


Our audit timetable has been developed through discussion with the Council’s management team so as to maximise our efficiency and compliance with reporting timetables.

We have outlined our timing of work and estimated delivery dates in “Timetable & Communication Plan” tab. At the time of writing this document, our timetable has been developed based on the preliminary reporting timetables. We will update our plan should this timetable change.


4




WELCOME




EXECUTIVE SUMMARY




Deloitte Audit Approach




Preliminary Risk Assessment



Audit Impact



Timetable & Communication Plan



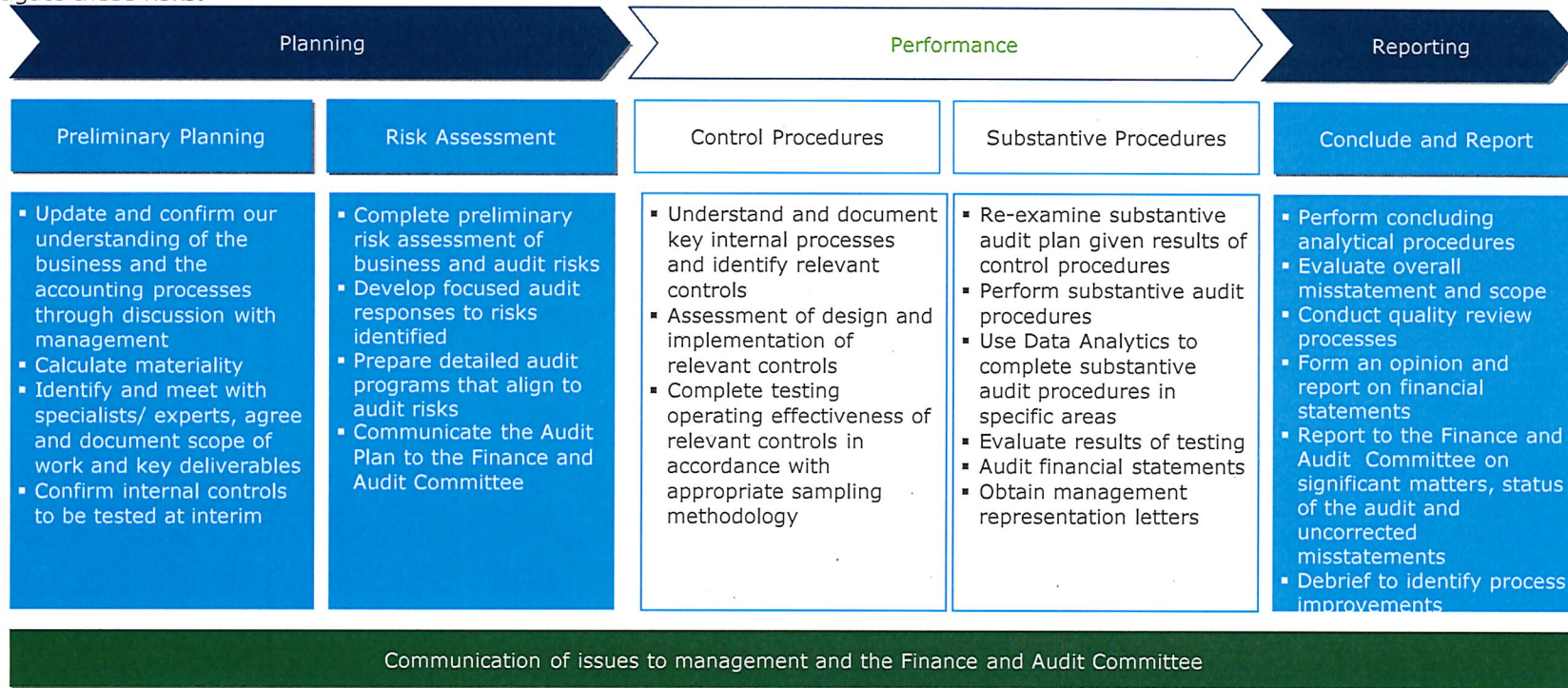
Audit Team

The Deloitte Audit Methodology

Our audit approach is partner-led, risk-based and has been tailored specifically for Corporation of City of Marion. In applying a structured risk assessment methodology, our objective has been developed to identify risks specific to a business unit, or pervasive to the Council, and then to develop appropriate audit responses by tailoring our audit procedures to address these areas. In particular, we seek to determine how management controls risk. On the following pages we highlight our preliminary risk assessment and the audit procedures identified to mitigate these risks.

We confirm and verify the appropriateness of our approach throughout the engagement by:

- Periodic meetings with Manager Finance
- Regular communication with Key Finance team members
- Periodic meetings with the Finance and Audit Committee
- Our historical relationship with management and the Board.



Internal Controls

Obtaining an understanding of internal controls relevant to the audit

In accordance with Australian Standards on Auditing, for controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented ("D&I").

The controls that are determined to be relevant to the audit are those:

- where we plan to obtain assurance through operating effectiveness;
- relating to identified risks (including this risk of fraud in revenue recognition) or areas of audit focus; and
- where we are unable to obtain sufficient audit assurance through substantive procedures alone.

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

If key controls cannot be relied upon or do not operate as expected, we will have to revise our audit plan in order to extend our substantive work, with the associated impact on our costs. We will work closely with you and communicate our results at the earliest opportunity.

Our audit is not designed to provide assurance as to the overall effectiveness of the controls operating within the Organisation, although we will report to management any recommendations on controls that we may have identified during the course of our audit work.

Business cycles

We adopt a rotation plan for testing operating effectiveness of internal controls within business cycles. The table below sets out when internal controls in a business cycle were last tested and when they will be next tested:

Selected for testing Operating Effectiveness				
Business cycle	2017	2018	2019	2020
Fixed Assets*	Yes	Yes	No	No
Expenditure*	Yes	No	Yes	No
Payroll*	Yes	No	No	Yes

**Deloitte will test controls for design & implementation during the years they are not selected for operating effectiveness testing.*

We will leverage testing on these business cycles based on our design & implementation testing of internal controls discussed on page 9.

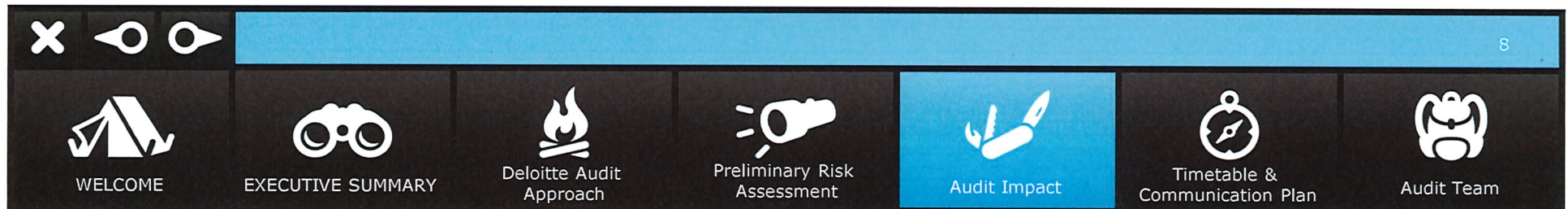
Audit Focus Areas

For each audit focus area identified in our preliminary risk assessment, we have detailed the key financial statement impacts and the audit procedures to be completed, in the table below. The table highlights the direct link between our audit focus area and our audit procedures, summarising our risk based audit approach

Audit focus areas	Financial Statement Impact	Audit Approach	Audit Procedures
Revenue	<ul style="list-style-type: none"> ▪ Rates and statutory charges ▪ Grant revenue 	Substantive testing	<p>Rates and statutory charges As a material transaction cycle, revenues recognised from rates and statutory charges will be assessed for validity and completeness. The design and implementation of controls will be assessed combined with substantive testing.</p> <p>Grant revenues We shall consider the extent to which grant revenues have appropriately been deferred to the balance sheet as a result of unfulfilled obligations at period end and substantively test in detail.</p>

Audit Focus Areas (Cont.)

Audit Focus Areas	Financial Statement Balance	Audit Approach	Audit Procedures
Expenditure	<ul style="list-style-type: none"> ▪ Materials, contracts & other expenses ▪ Amortisation 	Substantive testing	<ul style="list-style-type: none"> ▪ Given the volume, magnitude and public accountability of Council expenditures the preventative and detective controls over expenditures, including the budgetary cycle will be given consideration. Substantive detailed testing will be performed to assess the validity of the underlying expenditures. ▪ Depreciation expenditure will be analysed for each asset category for compliance with Council approved policy with an assessment of useful lives and residual values.
Non-current assets	<ul style="list-style-type: none"> ▪ Infrastructure, property, plant & equipment 	Substantive testing	<ul style="list-style-type: none"> ▪ Major project expenditures will be assessed to determine whether expenditure has been appropriately capitalised. Progress against budget will also be reviewed. ▪ In particular, review of capital expenditure approvals at inception of the project as well as verification of expenditure against Delegated Authorities throughout the project life. ▪ The methodology and basis for the determination of fair value of assets as well as the level of appropriate disclosures will be assessed. ▪ Independent review of the external valuation firm's assumptions by the audit team and our Deloitte infrastructure valuation specialist.



Audit Focus Areas (Cont.)

Audit focus areas	Financial Statement Impact	Audit Approach	Audit Procedures
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Internal Controls Assessment

Testing of controls

Control assessment will be performed on a rotation basis for each of the six risk categories. For the financial year ending June 14 all six categories were tested. In the current financial year, Deloitte will perform testing on Revenue and Expenditure. We will also include controls outside of the rotation where we have pinpointed that there may be further risk, including:


- Where there are changes in staff
- Controls that have changed
- Variance of 2 or more between preparer or reviewer rating
- Controls rated 1 or 2


The rotation plan will start again from 2018 with assets and external services being scoped in.


Risk Category Rotation Plan			
Business cycle	2017	2018	2019
Strategy			Yes
Assets		Yes	
Liabilities			Yes
Revenue	Yes		
Expenses	Yes		
External Services		Yes	


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 WELCOME



 EXECUTIVE SUMMARY


 Deloitte Audit Approach


 Preliminary Risk Assessment

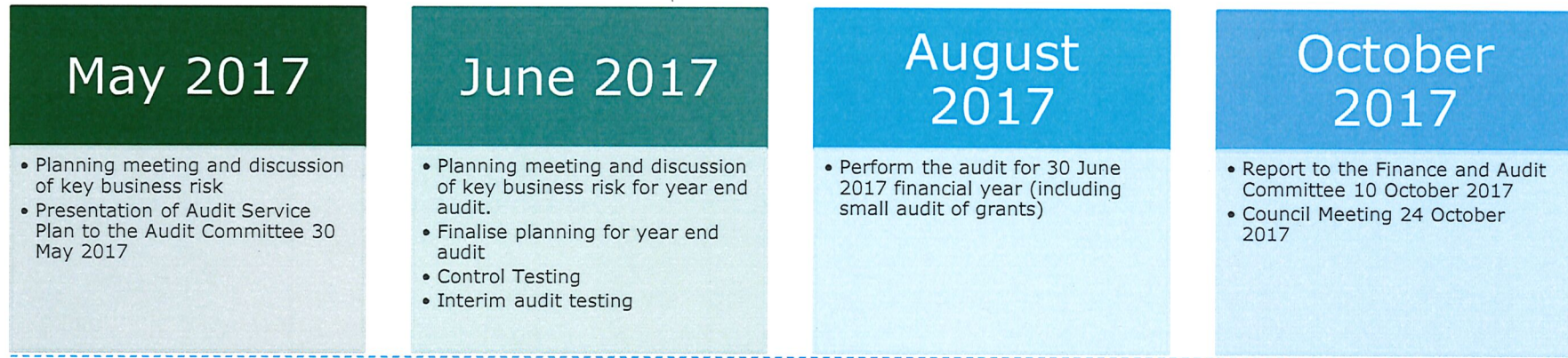

 Audit Impact


 Timetable & Communication Plan

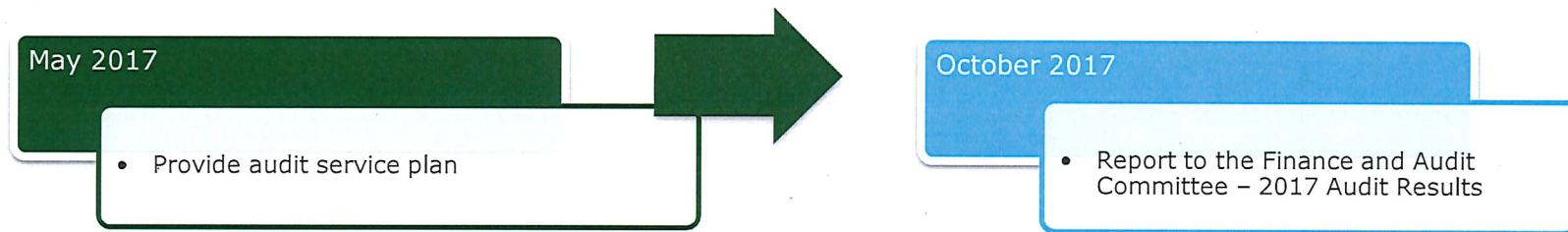

 Audit Team

Audit Timetable and Formal Reporting

Set out below is the expected timing of our reporting and communication with Corporation of City of Marion in relation to the 30 June 2017 year end.



Reporting to the Finance and Audit Committee



Audit Team



Penny Woods
**Audit Engagement
Partner**



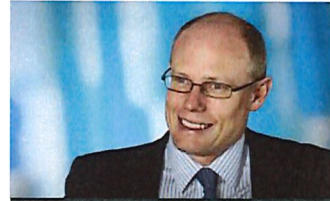
Jason Liu
Manager



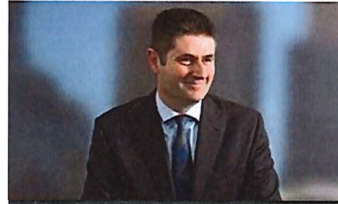
Eleni Karpathios
Senior

Corporation of City of Marion

Specialists



David Hobbis
Partner
Computer Assurance



Andrew Scarff
Partner
Valuations



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About Deloitte Australia

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Member of Deloitte Touche Tohmatsu Limited

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30 May 2017

Mr Adrian Skull
Chief Executive Officer
City of Marion
PO Box 21
OAKLANDS PARK SA 5046

Dear Sir

The Objective and Scope of External Audit Services

You have requested that we audit the financial report of the Corporation of the City of Marion ('the Council'), which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Chief Executive Officer's declaration. You have also requested that we audit the financial reports of Work Cover contributions and various government grants ("small audits") as of and for the year ending 30 June 2017.

We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. This letter and our standard terms and conditions, which are enclosed with this letter, set out the basis on which we will provide our services to you. In the delivery of these services we may engage other Deloitte Member Firms including the Deloitte Extended Delivery Centre (EDC) to assist with certain aspects of this engagement. EDC refers to Deloitte Member Firms and their affiliates operating in India. We will at all times remain responsible for the work undertaken in the delivery of those services to you.

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

We will undertake this engagement with the objective of reporting to the members of the Entity on the financial report in the format outlined in the example Independent Auditor's Report as per Appendix A. It should be noted that there may be circumstances in which our report may differ from its expected form and content based on our audit findings.

We request that where any document containing the financial report indicates that the report has been audited, our auditor's report will also be included in the document.

The responsibilities of the auditor

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. For such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

The responsibilities of management and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that management acknowledges and understands that they have the responsibility:

- (a) for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1999, the Local Government (Financial Management) Regulation 2011 and Australian Accounting Standards;
- (b) for determining that the basis of preparation of the financial report is appropriate to meet the requirements of the Local Government Act 1999, the Local Government (Financial Management) Regulation 2011 and Australian Accounting Standards;
- (c) for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and
- (d) to provide us with:
 - (i) access to all information of which management is aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - (ii) additional information that we may request from management for the purpose of the audit; and
 - (iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence, and;
- (e) for ensuring that the financial report and any other information we may obtain, both prior to, or after the date of our auditor's report is provided to us on a timely basis, and will be consistent with one another, and the other information will not contain any material misstatements.

As part of our audit process, we will request from management, and where appropriate the Chief Executive Officer, written confirmation concerning representations made to us in connection with the audit.

We look forward to full co-operation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit.

Independence

We confirm that, to the best of our knowledge and belief, we are independent of the Council in accordance with the independence requirements of the applicable professional standards (the "Independence Rules"). Should we become aware that we have contravened the Independence Rules, we shall notify you on a timely basis.

Independence matters relating to the provision of services and hiring

The Independence Rules include specific restrictions on the provision of services and employment relationships that can exist between the audited entity and its auditors. To assist us in meeting the independence requirements of the Independence Rules, and to the extent permitted by law and regulation, we request you discuss with us:

- (a) the provision of services offered to you by Deloitte prior to engaging or accepting the service; and
- (b) the prospective employment opportunities of any current or former partner or professional employee of Deloitte prior to the commencement of formal employment discussions with the current or former partner or professional employee

Electronic Presentation of the Audited Financial Report

It is our understanding that the entity intends to electronically present the audited financial report and auditor’s report on its internet web site. Responsibility for the electronic presentation of the financial report on the entity’s web site is that of the governing body of the entity. The security and controls over information on the web site should be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial report on the entity’s web site is beyond the scope of the audit of the financial report.

Fees

Our fees of \$27,800 (excluding GST) are inclusive of 2 small audits, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.

Out of pocket expenses (e.g. travel) or reimbursable expenses will be charged at cost. We will work with you to keep out of pocket expenses to a minimum. It is envisaged that out of pocket expenses will be of the nature normally incurred on an audit such as travel at the ATO mileage rates.

Payment Schedule

In accordance with established practice, our fees will become payable upon completion of each significant stage of the engagement, which we anticipate will occur as noted below. We will issue our invoices prior to the anticipated date to facilitate timely payment.

Stage	Invoice Date	GST Exclusive Amount \$	GST Inclusive Amount \$
Planning	3 July 2017	7,800	8,580
Final visit	21 August 2017	20,000	22,000
Total		27,800	30,580

Special Conditions

The attached standard terms and conditions are amended by deleting clauses 9.9 and 9.10.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial report.

Yours faithfully
 DELOITTE TOUCHE TOHMATSU

Penny Woods
 Partner
 Chartered Accountants

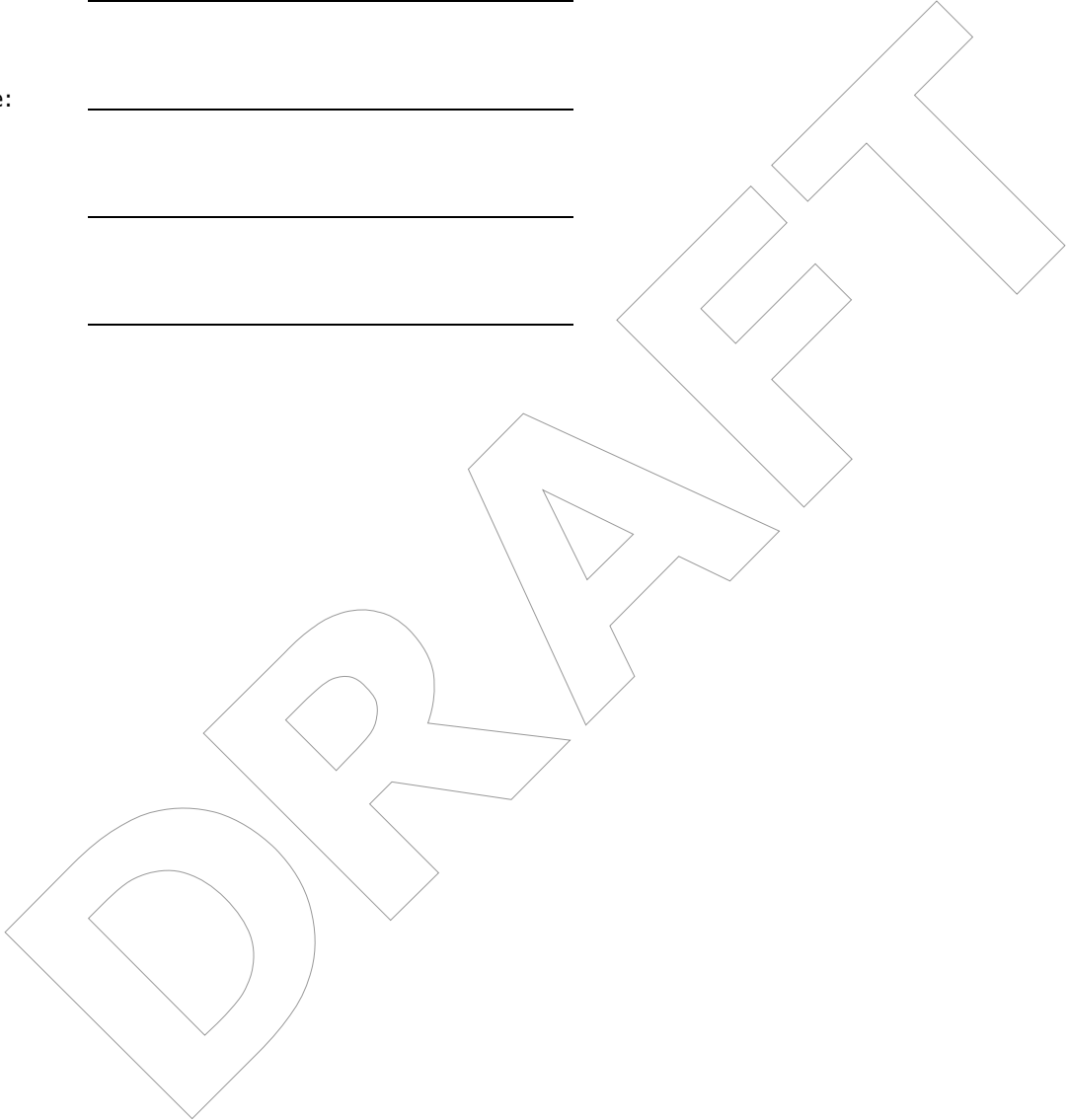
Acknowledged and agreed on behalf of the City of Marion by:

Signature: _____

Name: _____

Title: _____

Date: _____



Independent Auditor's Report to the Members of the Corporation of the City of Marion

Opinion

We have audited the financial report of the Corporation of the City of Marion (the "Council"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration the Chief Executive Officer.

In our opinion the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

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

Other Information

The Chief Executive Officer is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Chief Executive Officer's Responsibilities for the Financial Report

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

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive Officer either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

Penny Woods
 Partner
 Chartered Accountants
 Adelaide, [date]

Independent Auditor's Report to the Members of the Corporation of the City of Marion and the Grantor (the "Department")

We have audited the accompanying Financial Statement which comprises details of the grant monies received and expended (the "Report") of Corporation of the City of Marion ("the Recipient"). The Report has been prepared by the management of City of Marion in accordance with the Grant Program (the "Program") for the funding period from xx to xx.

Management's Responsibility for the Report

Management is responsible for compliance with the Program and the preparation and fair presentation of the Report and has determined that the accruals basis of accounting is appropriate to meet the financial reporting requirements of the Program and the needs of the Members of the Corporation of the City of Marion and the Department. Management's responsibility also includes such internal control as management determine is necessary to enable compliance with the Act and the preparation and fair presentation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Report and whether the grant monies were expended in accordance with the Program based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Report is free from material misstatement and whether the grant monies were expended in accordance with the Program.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report and whether the grant monies were expended in accordance with the Act. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Recipient's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Recipient's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Report.

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

Opinion

In our opinion, the Report presents fairly, in all material respects, the grant monies received and expended by the Recipient, in accordance with the accruals basis of accounting and the grant monies were expended in accordance with the Program for the funding period from xx to xx.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the "Management's Responsibility for the Report" paragraph above which states that the Report has been prepared in accordance with the accruals basis of accounting. The Report is prepared to assist the Corporation of the City of Marion to meet the financial reporting requirements of the Program. As a result the Report may not be suitable for another purpose. Our report is intended solely for the Members and the Department and should not be distributed to or used by parties other than the Members and the Department.

DELOITTE TOUCHE TOHMATSU

P J Woods
Partner
Chartered Accountants
Adelaide, [date]



Independent Auditor's Report to the Corporation of the City of Marion and Local Government Association Workers Compensation Scheme ("the Scheme")

We have audited the accompanying information as per the Actual Wage Declaration (the "Declaration") of the City of Marion ("the Employer") for the year ended 30 June 2017, as stamped by us for identification purposes. The Declaration has been prepared by the Employer in accordance with the requirements of the Scheme.

Employer's Responsibility of the Declaration

The Employer is responsible for the preparation and fair presentation of the Declaration in accordance with the requirements of the Scheme. The Employer's responsibility also includes such internal control as the Employer determine is necessary to enable the preparation and fair presentation of the Declaration that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Declaration based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Declaration is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the information as shown on the Declaration. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, of information shown on the Declaration, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Declaration, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the employer, as well as evaluating the overall presentation of the Declaration.

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

Opinion

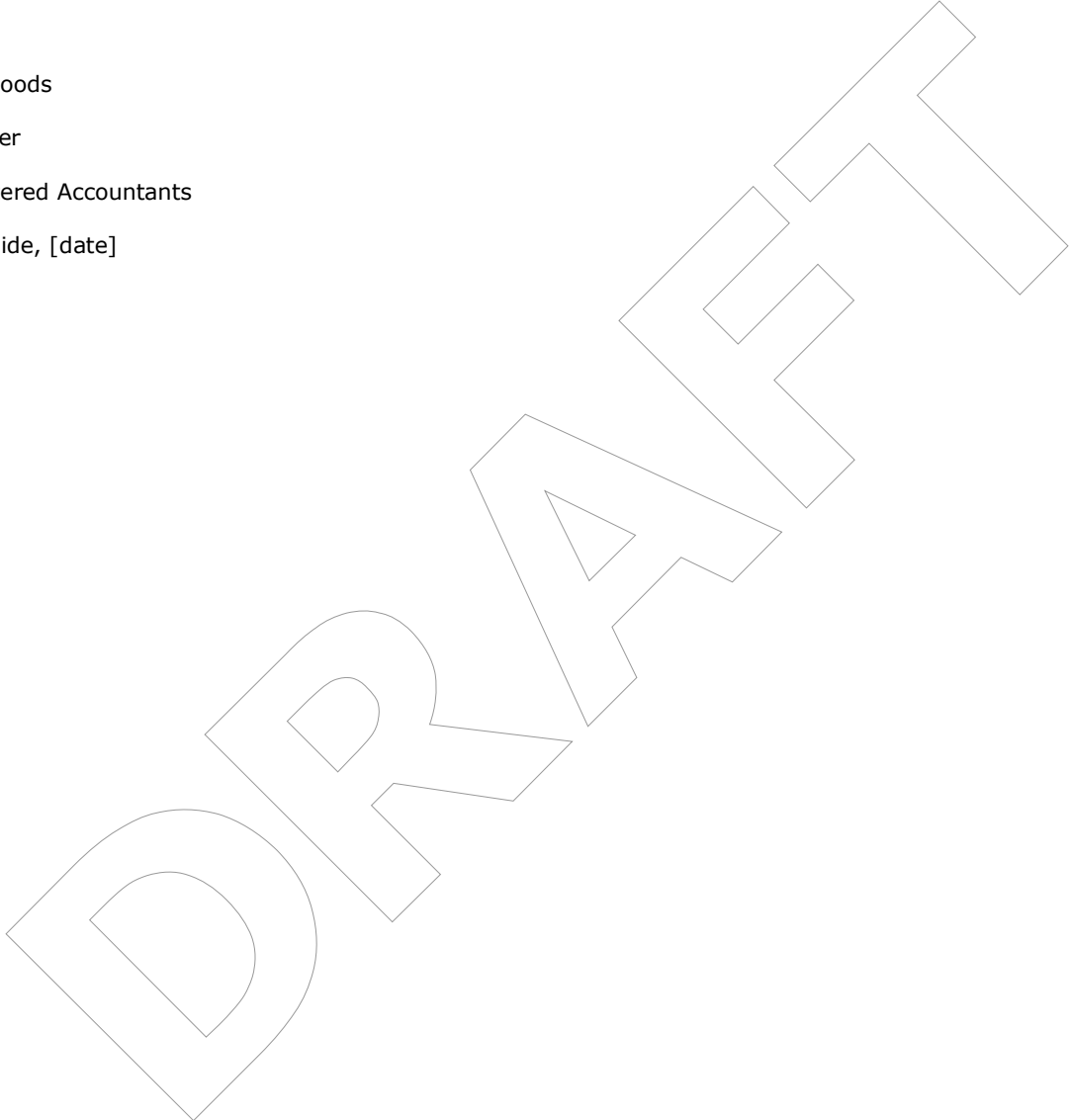
In our opinion, the Declaration presents fairly, in all material respects, the information of the City of Marion for the year ended 30 June 2017 in accordance with the Scheme.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the "Employer's Responsibility for the Declaration" paragraph above which states that the Declaration has been prepared in accordance with Scheme. The Declaration has been prepared to assist the City of Marion to meet its obligations under the Scheme. As a result, the Declaration may not be suitable for another purpose. Our report is intended solely for the Council of the City of Marion and the Scheme and should not be distributed to or used by parties other than the Council of City of Marion and the Scheme.

DELOITTE TOUCHE TOHMATSU

P J Woods
Partner
Chartered Accountants
Adelaide, [date]



Independence

How we ensure independence

Our commitment to independence and objectivity is the foundation of Deloitte's reputation for integrity and quality. Our commitment to independence starts with the tone at the top and is followed by careful and consistent implementation and monitoring of comprehensive independence quality controls, policies and procedures. Of particular note;

- On appointment, all partners and staff assigned to the audit engagement are required to confirm to the audit partner they are independent of all entities subject to audit, prior to commencing any work on the audit engagement.
- The City of Marion will be placed on our Restricted Entity list, which includes all entities which are restricted from the provision of independence impairing activities including investment or Board representation.
- Auditor independence is declared on an annual basis as part of signing the statutory audit opinion.

No conflict of interest

Deloitte is presently unaware of any conflicts of interest, potential or otherwise, that would in any way adversely affect our ability to perform services in accordance with the requirements of this proposal.

We are aware that the Council currently uses the Control Self-Assessment tool as developed by Deloitte. We have confirmed that the use of this tool is neither a conflict of interest nor independence impairing. Further, the LGA and Treasury have confirmed that the use of the tool is not a conflict of interest or independence impairing.

Partner rotation

The Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 together restrict the audit partner tenure to no more than 5 consecutive years. Deloitte captures and monitors this legislative compliance as part of the annual planning documentation.

Quality

Our quality control procedures

Deloitte has always maintained a firm-wide emphasis on professional service quality and quality control. For us, the components of quality are not static; we continually revisit, review and improve them.

Prior to signing an audit opinion, the following procedures are undertaken to ensure we provide assurance on the accuracy of the financial report and maintain the highest standards in the conduct of our audit.

Professional Standards Review

In recognition of increasing standards of governance and independence, we have an additional level of quality assurance included in internal processes – the Professional Standards Review (PSR). PSR is aimed specifically at the quality of our deliverables and gives the City of Marion added assurance that appropriate independent and experienced professionals have reviewed all reports and financial statements bearing our opinion.

These processes provide your management and the Council with the highest level of confidence that your reporting complies with regulatory obligations.

Client service assessment

We will continuously seek input from you to ensure we fully understand and exceed your expectations. At the conclusion of the audit engagement, an independent partner of the firm will conduct a client service assessment to seek your feedback.

30 May 2017

Mr Adrian Skull
Chief Executive Officer
City of Marion
PO Box 21
OAKLANDS PARK SA 5046

Dear Sir

Independent Assurance Report on the Internal Controls of the Corporation of the City of Marion

Thank you for the opportunity to provide services to the Corporation of the City of Marion ('the Council'). This letter and our standard terms and conditions (the "Terms") which are enclosed with this letter set out the basis on which we will provide our services to you.

Background

Under *Section 125 of the Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

Our engagement

You have requested that we conduct a reasonable assurance engagement in order to express an opinion whether the Council has complied, in all material respects, with the requirements in relation to the design and implementation of internal controls as measured by *Section 125 of the Local Government Act 1999*. Our report will cover the period 1 July 2016 to 30 June 2017.

The purpose of the engagement is to audit the compliance of the Council with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period under review are in accordance with legislative provisions.

Our engagement will be conducted in accordance with Australian Standards on Assurance Engagements (*ASAE 3100 Compliance Engagements*), issued by the Australian Auditing and Assurance Standards Board. Our engagement will provide reasonable assurance as defined in these standards. The procedures we will perform are described in more detail below.

These standards also require us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

The scope of our engagement is limited to the matters set out in this letter. So that we are able to assist you effectively, please ensure that you are satisfied that the scope of our engagement. If you wish to discuss this with us further please let us know.

Engagement team

Penny Woods is the partner who is primarily responsible for the engagement. Jason Liu and Eleni Karpathios will assist with the engagement. From time to time we may need to include other partners and staff to assist us with our engagement. In the delivery of our services we may engage other Deloitte Member Firms including the Deloitte Extended Delivery Centre (EDC) to assist with certain aspects of this engagement. EDC refers to Deloitte Member Firms and their affiliates operating in India. We will at all times remain responsible for the work undertaken in the delivery of those services to you.

Procedures

Our engagement will include such procedures as we consider necessary in the circumstances, including, but not limited to obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of internal controls on a sample basis based on the assessed risks.

Reporting

As part of our engagement, we will provide you with a report which contains our opinion. Our conclusion will state whether the Council has complied, in all material respects, with the requirements as measured by *Section 125 of the Local Government Act 1999*. An example of our report is contained in Appendix A.

Our report may only be used by the members of the Council for the purpose described in this letter and otherwise, in the manner described in the Terms.

The Member of the Council's responsibilities

The Members of the Council are responsible for ensuring that the Council has complied, in all material respects, with the requirements as measured by *Section 125 of the Local Government Act 1999*.

The Members of the Council are also responsible for making all related information available to us for the purpose of our engagement.

Further, as part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the engagement.

Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the Australian professional accounting bodies in relation to an assurance engagement. In conducting the engagement, should we become aware that we have contravened these independence requirements, we will notify you on a timely basis.

Inherent limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls are undertaken on a test basis.

Engagement Fees

Our fees of \$7,200 (excluding GST) for the engagement will be billed as work progress, are based on the time required by the individuals assigned to the engagement. If you require us to provide additional services please let us know and we can provide you with an indication of the likely fees involved.

Timing

The engagement will be conducted at the same time as the statutory audit of the general purpose financial statements for the year ended 30 June 2017.

Engagement assumptions

The scope of our engagement, the time frames for completion and the fees have been prepared on the following assumptions:

- There are no undue complications or delays in performing the engagement.
- The scope of the work and the procedures performed are the same as those which are outlined in this letter.
- You meeting your responsibilities as outlined in this letter and the Terms in a timely manner.

If these assumptions are wrong or the circumstances change then we may need to change the scope of the engagement, vary the fees or extend the timeframes for completion. We will contact you immediately we become aware of a potential delay, and agree on the best means to manage the issue.

Acceptance

Please confirm that you agree to these terms by signing, dating and returning the enclosed copy of this letter to us.

Please contact Penny Woods if you would like to discuss this letter and the terms of engagement with us.

We look forward to working with you.

Yours faithfully
DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants

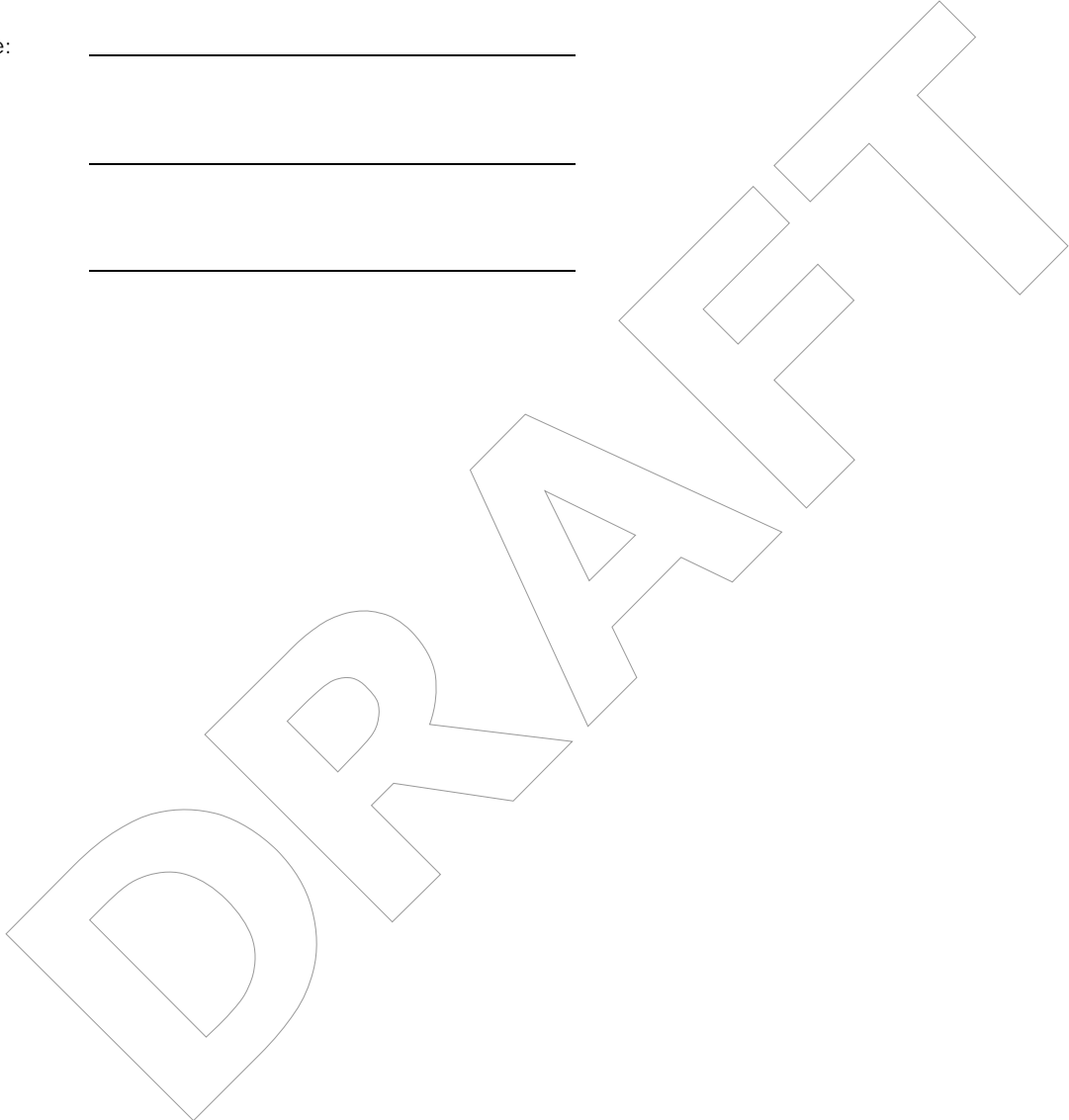
Acknowledged and agreed on behalf of the Corporation of the City of Marion by:

Signature: _____

Name: _____

Title: _____

Date: _____



Independent Assurance Report in the Internal Controls to the members of the Corporation of the City of Marion

We have been engaged by the Corporation of the City of Marion (the Council) to conduct a reasonable assurance engagement relating to the Council's compliance with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 are in accordance with legislative provisions.

The Council's Responsibility for the Internal Controls

The Council is responsible for compliance with material requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, to express a conclusion whether, in our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls for the period 1 July 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, testing and evaluating the design and implementation of internal controls on a sample basis based on the assessed risks.

Limitation of Use

This report has been prepared for the members of the Council in accordance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with requirements as measured by the *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 are in accordance with legislative provisions.

DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants
Adelaide, [date]

DRAFT

**CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
30 May 2017**

Originating Officer: David Harman, Financial Accountant

Corporate Manager: Ray Barnwell, Manager Finance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: Annual Business Plan 2017/18 and Long Term Financial Plan

Report Reference: FAC300517R8.2

REPORT OBJECTIVES & EXECUTIVE SUMMARY:

The purpose of this report is to provide the Finance & Audit Committee (FAC) with an update on the development of Council's Draft Annual Business Plan (ABP) 2017/18 and Draft Long Term Financial Plan 2017/18 to 2026/27 (LTFP) since the 28 February 2017 Finance and Audit Committee meeting (FAC280217R8.3).

Key changes include alterations to the framework and assumptions used in the preparation of the LTFP, changes to the funding required for a number of projects and programs, as well as a number of additions, and also a number of changes relating to the use and allocation of Reserve Funds. These are all detailed within the report.

This report presents the FAC with Council's new Corporate KPI's and targets for 2017/18 which have been prepared following consideration of the committee's feedback, including the use of a cash indicator instead of +/- 5% of budget and changing from "staff net numbers" to an "employee cost" based KPI. Stretch targets have also been included for 2017/18 KPI's.

RECOMMENDATIONS

DUE DATES

That the Finance & Audit Committee:

- | | |
|---|--------------------|
| <p>1. Note the changes since its 28 February 2017 FAC meeting to the framework and additions to the Draft ABP 2017/18 and LTFP currently out for Community Consultation</p> | 30 May 2017 |
| <p>2. Provide feedback on:</p> <ul style="list-style-type: none"> • the current iteration of the Draft ABP 2017/18 and LTFP (Appendix 1) • the updated organisational KPIs | 30 May 2017 |

Discussion

Since the ABP 2017/18 and the LTFP were presented to the FAC at its 28 February 2017 meeting (FAC280217R8.3) a number of changes have been incorporated.

Council has gone out to consultation based upon a proposed rate increase over the term of the LTFP of 2.2%. This provides, on average, a balanced or better funding position over the ten years of the LTFP, with only 2018/19 forecasting a funding deficit.

The table below highlights the key steps remaining for the ABP 2017/18 and LTFP process from this point. Please note that these dates may be subject to some alteration.

KEY STAGES	DATE	MEETING
Community consultation and engagement period and provision of written submissions	10 May – 13 June	
Opportunity for Finance & Audit Committee to provide feedback on Draft ABP, LTFP and updated suite of KPI's	31 May	Finance & Audit Committee
Opportunity for community representation	13 June	General Council
Consider final draft of ABP 2017/18 and final draft LTFP	13 June	General Council
Adopt ABP 2017/18 and LTFP	27 June	General Council

The following table shows the net funding impact to the LTFP of increases or reductions to projects or programs since the ABP and LTFP were last presented to the committee:

Project/Program	2017/18 \$000s	LTFP \$000s	Comment	Net impact on LTFP favourable/ (unfavourable)
Urban Activation	250	250	Changed from ongoing to one-off	2,250
Heron Way Reserve Stage 5 - Amphitheatre	1,035	1,803	Increased scope of works	(469)
Youth Plaza Oaklands Wetland	705	985	Increase to allocated budget	(260)
Sports Court Funding	599	2,299	Implementation of planned program	(299)
Marion Outdoor Pool Design works	268	268	New addition	(268)
Shade for Council Playgrounds	550	2,250	New addition	(2,250)
Total	3,407	7,855		(1,296)

In addition to these changes, Council's contribution to the Edwardstown Soldiers Memorial Oval redevelopment and Southern Region Soccer Facility are now planned to be funded from council's reserve funds, reducing the requirement for loan funding by up to \$6.5m. Where it is in compliance with Council's Reserve Funds Policy, a number of other small projects have also been funded from reserves – the overall impact of usage of reserve funds is detailed later in this report.

Public Consultation

Public consultation of the 2017/18 Draft Annual Business Plan will conclude on Tuesday 13 June 2017 with the ratepayers being able to give deputations at the General Council meeting on that night.

While no formal feedback submissions have been received at the time of preparing this report (25 May 2017), there have been 26 downloads of the Draft ABP document and eight residents responded to a poll regarding their support of the ABP. Five residents showed strong support for the ABP, two indicated support and one resident indicated they do not support the ABP.

Framework and Assumptions

The framework and assumptions that the ABP and LTFP have been prepared under remain the same as presented to the Finance and Audit Committee at their 28th February 2017 meeting (FAC280217R8.3), with the exception of the relevant updates provided below.

Framework:

- Maintain, on average, a break-even or better funding (cash) position over the Long Term Financial Plan
Comment – this replaces Council maintaining an operating surplus ratio of between 0 and 5%, as this target was not consistent with Council meeting its long term strategies.

Assumptions

In developing the Draft ABP 2017/18 and Draft LTFP, the following key assumptions have been amended:

- A 2.0% increase per annum is applied to Employee operating costs and consideration has been given to the revised timetable relating to the change in the Superannuation Guarantee. These increases recommence on 1 July 2021 - halfway through the LTFP - with five annual increases of 0.5% each, being incorporated into the LTFP.
Comment: In response to concerns raised by the committee at its meeting on 28 February 2017 around the adequacy of a flat 2.0% per annum increase, the increases to the Superannuation Guarantee have been built back into the LTFP.
- Rates – an increase of 2.2% plus growth which is currently forecast at 1.0%. This assumption will continue to be monitored in light of global economic forecasts and the financial impact that those circumstances may have on Marion ratepayers and their capacity to pay.
Comment: this has been decreased from 2.5% and is currently projected to be sufficient for Council to achieve its long term strategies while maintaining a break-even or better funding (cash) position over the LTFP

Borrowings

The borrowings program in Council's LTFP include the following projected new loans taken out over 10 year loan terms:

Project	Year	\$000's
Mitchell Park Sporting and Community Centre - subject to grant funding	2018/19	10,000
Administration Building essential works - proposed	2018/19	2,960
Total new borrowings		12,960

These borrowings are indicative and will see Council's borrowings projected to peak at \$19.8 million in 2018/19, with its Debt Servicing Ratio peaking at 3.5% in 2018/19 and its Net Financial Liabilities ratio reaching 19.6% (noting this is based off of a Statement of Financial Position projected from 2016/17 3rd Budget review) in 2018/19 against a target of up to 50%.

Council's Treasury Management Policy states that Council will apply any funds that are not immediately required to meet approved expenditure, (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts), to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that

would otherwise be required, meaning that there is a possibility that these borrowings may not be required.

Financial Ratios

A positive operating cash flow is vital to support operating requirements in addition to providing funding for the renewal of existing assets over time to maintain community service standards.

Council's financial ratios have had no significant changes compared with the report received by the committee on 28 February 2017 (FAC280217R8.3).

The Operating Surplus Ratio is forecast to exceed the currently adopted target of 0–5%. This is primarily due to substantial on-going savings in excess of \$2.4m now embedded in the LTFP. In addition, the forecast rate revenue is set to increase at a higher rate than the inflation indexation applied to Council's operating expenses. The budgeted operating surpluses will provide the necessary cash funding for the renewal of existing assets over time to maintain community service standards.

With projected new borrowings of \$12.96m included in the LTFP Council's ratios relating to borrowings are within target over the term of the LTFP.

The Asset Consumption Ratio is slightly below its target range, but is more in line with the known condition of Council's asset base – particularly its buildings – where an increased level of maintenance and renewal is required.

Council's cash balance over the 10 year term of the LTFP is sufficient to meet its needs and financial sustainability targets, however a cash deficit is projected in 2018/19. As a result of this, council's cash position is projected to be very close to its required Reserve balances from 2017/18 to 2019/20, however with good financial planning and sound treasury management this should not be cause for concern.

Reserve Funds

In regards to the cash balance, over the 10 years, Council's reserve funds will build up to \$34.304m (down from \$46.9m presented in FAC280217R8.3), taking into consideration the use of reserve funds to fund its contribution towards Edwardstown Soldiers Memorial Oval redevelopment (\$4.0m over 2017/18 – 2018/19), the Southern Region Soccer Facility (\$2.5m in 2018/19) and a number of other small projects.

Another change to the Reserve Funds in the LTFP, has been the reduction of fund allocations to the Community Facilities Partnership Program (CFPP) Reserve in years where the LTFP indicates a funding (cash) deficit – the only year this occurs is 2018/19 where the CFPP contribution has been reduced to zero.

The LTFP does not assume reserve funds other than those mentioned above are spent and as a result, to keep these reserves fully funded, a similar increase in cash is required, and this is met with the current LTFP.

Organisational KPIs

At its meeting on 28 February 2017 (FAC280217R8.3) the committee provided its feedback on Council's KPI's, suggesting the use of a cash indicator instead of +/- 5% of budget and changing from "staff net numbers" to an "employee cost" based KPI.

This feedback has been considered and the revised organisational KPIs have moved away from non-specific performance measures to more quantifiable indicators of performance. The new KPIs cover six ranges of performance measures including financial, staffing, WHS, major
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projects and achievement of strategic goals. Stretch targets have also been included for the majority of 2017/18 KPI's.

Key Performance Indicator	Core Target	Stretch Target
Financial Sustainability	Council maintains a break even or better cash funding position in delivering its annual budget	
Delivery of agreed projects identified in the Annual Business Plan and the second year targets in the 3 year Plan	Greater than or equal to 95%	
Lost Time Injury Frequency Rate	Greater than or equal to 25% reduction from the previous year's result	Greater than or equal to 30% reduction from the previous year's result
Total employee costs (including agency staff)	Less than or equal to 3% increase in actual employee costs (including agency staff) against prior year's actual costs	Less than or equal to 2% increase in actual employee costs (including agency staff) against prior year's actual costs
Retention of key staff	Greater than or equal to 80% key staff retained	Greater than or equal to 90% key staff retained
Overall satisfaction with Council's performance	Greater than or equal to 75% rated as satisfied or above	Greater than or equal to 85% rated as satisfied or above
Asset Sustainability	Asset Sustainability Ratio greater than or equal to 80%	Asset Sustainability Ratio greater than or equal to 90%
Delivery of Council's capital works program	Greater than or equal to 80% delivery of Council's planned capital works program (adjusted for extraordinary items)	Greater than or equal to 90% delivery of Council's planned capital works program (adjusted for extraordinary items)

CONCLUSION:

This report highlights the additions of a number of items since the previous iteration of the ABP 2017/18 and LTFP presented to the Finance and Audit Committee on 28 February 2017, drawing attention to the impacts on Council's ongoing Financial Sustainability. It also includes commentary around Council's capacity to fund future major capital projects.

Appendix 1 – Annual Business Plan 2017/18 Draft for Community Consultation

City of Marion Annual Business Plan 2017-2018



- Draft for Community Consultation



Your voice

The City of Marion is seeking your input and feedback regarding the Draft Annual Business Plan 2017/18. This process provides you with the opportunity to have your say on the level of service and the activities undertaken by the council before the final budget is adopted.

Community consultation begins at 9am on Wednesday 10th May and closes at 7:30pm on Tuesday 13th June 2017.

Online submission forms are available on council's community engagement website **makingmarion.com.au**

Written submissions are also welcomed addressed to the following.

City of Marion
PO Box 21
Oaklands Park SA 5046

Oral submissions may be made at the General Council meeting on Tuesday 13th June, which begins at 6.30pm, and interested persons are invited to attend. At this meeting, members of the public may ask questions and make submissions in relation to the Draft Annual Business Plan 2017/18 for a period of at least one hour. The meeting will be held at Council's Administration Building, 245 Sturt Road, Sturt. Please let us know if you are planning to attend by contacting:

Fiona Harvey
Manager Innovation and Strategy
Telephone: 08 8375 6600

We welcome your feedback.

Mayor Kris Hanna

Adrian Skull, Chief Executive

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1. Introduction

The Annual Business Plan 2017/18 describes the services and projects that council intends to undertake over the next 12 months and the financial decisions that underpin them, so that we can progress the community's aspirations in the City of Marion Community Vision - 'Towards 2040'. The 2017/18 Annual Business Plan supports the delivery of the second year of the 2016-2019 Business Plan, along with a number of new strategic projects and service improvements.

Council is committed to delivering value to our ratepayers and continues to focus on identifying on-going savings that can be passed on to ratepayers. This strong focus on efficiency has enabled a further reduction in the proposed average rate increase down to 2.2% while maintaining current service levels.

During 2017/18 the City and Community will continue to be improved through investment in initiatives including:

- LED Streetlight Replacement across the City
 - Commencing in 2017/18 Council is working towards replacing all of its streetlights with energy efficient LED fittings over three years. The key benefits include reducing energy use by over 75%, therefore reducing the carbon footprint. LED lighting allows objects to be clearer to see, minimises glare, reduces environmental impact, minimises operating and maintenance costs, and improves amenity and has an estimated payback period of less than six years.
- The Edwardstown Soldiers Memorial Oval redevelopment
 - Council will commence the \$8.0m redevelopment of the Edwardstown Soldiers Memorial Oval having successfully received \$4.0m in grant funding from the federal government's National Stronger Regions Fund. This redevelopment will particularly progress goals related to social connectedness, active and healthy lifestyles, developing neighbourhoods that are activated, attractive and safe, and empowering communities to work in partnership with Council.
- The Hallett Cove Foreshore redevelopment
 - Staged works at Hallett Cove Foreshore on Heron Way will continue with an amphitheatre and events space to be developed and plans for the playground and reserve to be progressed.
- Development of the Sam Willoughby UCI BMX Track
 - In partnership with the State Government and the neighbouring City of Onkaparinga, work is scheduled to commence on an international standard BMX Facility on Majors Road.
- Improvements in the amenity of our Streetscapes
 - Following on from the development of its Streetscape Policy, works will progress on improving the amenity, character and functionality of streetscapes in the City of Marion so they improve the environment and add value to people's experience in the City.
- Refurbishment of our Sports Courts
 - Following on from the Tennis and Netball review, Council will continue to progress its three year program for the refurbishment of its sports courts and associated facilities to significantly improve the service provision of courts across the city.

2. Community Vision – Towards 2040

The six themes of our community vision represent the shared values and aspirations that will guide how our city develops, towards 2040'. It is an aspirational expression of the outcomes that are important for this community now and into the future:



Engaged

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

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 minimizing the impact on the climate, and protecting the natural environment.

Prosperous

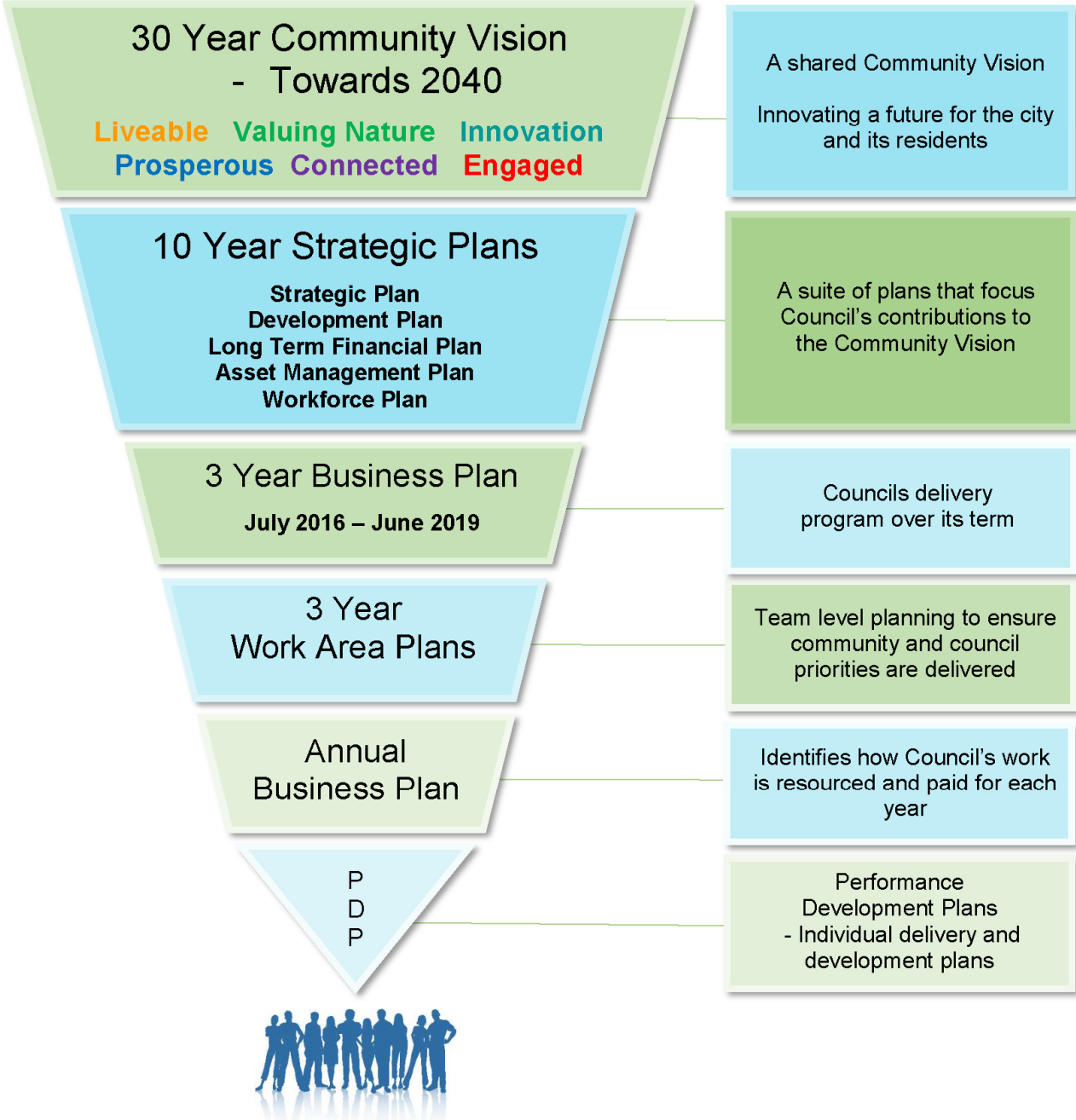
By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

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.



This Annual Business Plan 2017/18 is an integral part of council's strategic management framework (SMF). The SMF ensures that strategic and operational plans, management systems and processes are aligned and integrated. This enables Council to effectively deliver its strategic goals and the Community's vision over the next 30 years.

3. Our Purpose, Vision and Values

OUR PURPOSE

(Why we exist)

To improve our residents' quality of life; continuously, smartly and efficiently

OUR COMMUNITY VISION

(What we want to become)

A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected

OUR VALUES

With the community and safety at the forefront of everything we do, we value:

Respect - Treating everyone as we want to be treated, where all contributions are valued

Integrity - Fostering trust and honesty in all of our interactions

Achievement - Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another

Innovation - Encouraging new ideas, and learning from our experience to do things better

4. Significant influences and priorities

4.1 Key emerging internal and external considerations

A comprehensive environmental scan of internal and external political, economic, environmental, social and technological issues was conducted, providing a context for the development of the Annual Business Plan 2017/18. The recent environmental scans formed key inputs into the development of the 2016-2019 Business Plan and the review of the 10 year Strategic plan. Since the development and adoption of these plans a number of risks and opportunities have emerged which are being considered through the development of the draft 2017/18 Annual Business Plan. A summary of the latest environmental scan is provided in the table below.

Critical external issues and opportunities:	
<p>Political</p> <ul style="list-style-type: none"> • Maximising ratepayer/community value • Maximising opportunities in the lead up to the next state election, noting changes in electoral boundaries and candidates • Implications of introduction of rate capping through potential change in Government at state level • Ongoing changes to Federal, State and Local Government policies and funding programs 	<p>Economic</p> <ul style="list-style-type: none"> • Compromised financial capacity of ratepayers in economic climate • The number of GST registered businesses in Marion is falling • The number of jobs in Marion remains static although our population is increasing • Maximising opportunities to support small business • Development of the Tonsley site

<p>Technological</p> <ul style="list-style-type: none"> • Rapid technological change, specifically the rollout of NBN in some City of Marion areas • Digital divide • Access to data and information • Opportunities through the transition to 'smart' LED lighting across the City 	<p>Social and Cultural</p> <ul style="list-style-type: none"> • Concerning public health demographics • HACC transitioning to national and regional customer led wellbeing and home support programs • Population growth and changing demographics • Increasing community interest in volunteerism is providing a varied skill base • Potential health issues around noise and air pollution around major traffic routes & building work
<p>Natural environment</p> <ul style="list-style-type: none"> • Impacts of climate change • Growth of localism • Emergence of Nature Play 	<p>Urban environment</p> <ul style="list-style-type: none"> • Limited housing choice to meet the needs of everyone in the community • Population growth and urban infill cause increased traffic and limited on-street parking with increasing demands on public places and spaces and public services • Opportunities in integrating nature into the urban environment, WSUD, energy efficiency and green infrastructure • Opportunities to lift vibrancy of commercial/retail areas through infrastructure upgrades and activation • Increased implementation of planning reforms
<p>Transport & Connectivity</p> <ul style="list-style-type: none"> • South Road & Darlington Interchange upgrades • Poor transport linkages to public places and spaces, goods and services, local business and industry • Potential risk of isolation to residents that are ageing and mobility impaired • Opportunity to expand and integrate walking & cycling networks with major transport infrastructure upgrades • Commitment to Flinders Link Rail extension • Connections in and around Tonsley, Darlington and Flinders developments, with impacts on traffic, parking, pedestrian/cycling movements • Opportunities to progress an Oaklands Hub development through the redesign of the Oaklands Rail Crossing • Opportunities to improve East-West connectivity through Sturt Rd, in conjunction with the Darlington, Tonsley and Flinders Link project 	
<p>Service provision</p> <ul style="list-style-type: none"> • Limited funding capacity for competing strategic projects or incremental service improvements given current rates assumptions and funding position. Could be exacerbated if change in Government at next State Election and rate capping introduced 	<p>Risk and strategic alignment</p> <ul style="list-style-type: none"> • Alignment of the organisation to deliver the aspirations of the Strategic and Council/Business Plans • Transition to an agile & responsive delivery model whilst maintaining prudent financial management • Alignment of risk management throughout the organisation • Changes to regional emergency management planning

<p>Long Term Financial sustainability</p> <ul style="list-style-type: none"> • Need for greater collaboration, partnering and innovative funding solutions to achieve community outcomes in a challenging fiscal environment 	<p>Asset reliability and sustainability</p> <ul style="list-style-type: none"> • Reviewing our existing asset base: <ul style="list-style-type: none"> • In light of increasing costs and customer service requests to maintain and renew our existing asset base • Understanding which assets could be repurposed, reused or disposed of in order to enhance other assets to better meet community needs • Investigating innovative asset management models e.g. share community use, public private partnerships and related business and retail opportunities • Increased unreliability of power supply, with impacts to businesses (including council) and residents
<p>Workforce</p> <ul style="list-style-type: none"> • Embedding Work Health & Safety system improvements throughout the organisation • Need to provide the appropriate technology tools and information resources for staff to connect, collaborate and do their jobs efficiently and effectively • Continued building leadership and workforce capability and skills, particularly in the areas of project management, partnership models and industry experience • Managing an ageing workforce, with provision of opportunities for transition programs, mentoring and training 	

4.2 Framework of the Annual Business Plan

The Annual Business Plan 2017/18 has been prepared on the basis of a framework that aims to inform the community and hold the City of Marion accountable to its stakeholders. The key items in this framework are as follows.

Support the achievement of the City of Marion's Strategic Directions.

This Annual Business Plan has been reviewed against the Community Vision and Strategic Plans to ensure that council's activities over the next 12 months make the best possible progress towards achieving the community's vision for the future City of Marion.

Address issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.

Every year council undertakes a number of internal audits. These reviews and assessments have identified a number of key opportunities or requirements for council to improve its operations. This document includes the necessary resources to continue council's independent review process and implement recommendations accordingly.

Maintain, on average, a break-even or better funding (cash) position over the Long Term Financial Plan

With a primary focus on cash flow and ensuring Council's asset renewal and upgrades are fully funded, this target is currently being met. To ensure ongoing financial sustainability Council monitors and reviews all its financial indicators together.

Continue to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new when it is cost effective to do so

The Annual Business Plan has been prepared taking into consideration Asset Management Plan requirements, outcomes of recent infrastructure audits, targets set for renewal versus depreciation (95-100% as per Asset Management Policy) and a focus on maintaining council's asset base.

Review existing services and assets to ensure they meet prioritised community needs

The council continues its rolling process of Service Reviews, aimed at maximising community value through continuously improving its operating efficiency and service performance to the community. This Annual Business Plan has been prepared on the basis of continuing existing services, noting that a rolling program of review is being implemented.

Council only approve new Major Projects where it has the identified funding capacity to do so

Council debt is forecast to decrease from \$9.1m to \$7.9m between 30 June 2017 and 30 June 2018. With consideration given to its financial ratios, this means that Council has the funding capacity to consider new strategic Major Projects and is currently investigating partnerships to aid in the development of a number of sporting facilities.

Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils

Comparative 2016/17 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils, with its current position ranking being the 5th lowest of 18 metropolitan councils.

5. Continuing and improving services

All councils have responsibilities under the *Local Government Act 1999* and other relevant legislation to deliver services for the community. Council is committed to maintaining all services including, but not limited to:

Ongoing Services	
Land use and development planning	Reserves, parks and gardens management
Development and building assessments	Arts and cultural promotion and support
Facilitation of urban developments	Library services
Local Government searches	Sports & recreation promotion and support
Economic planning and leadership	Community capacity building and development
Environmental planning & leadership	Inspection, regulation and control
Biodiversity management	Emergency planning & response
Waste services	Community care
Water management	Immunisation services
Infrastructure management	Public health planning
Community facilities management	

Enabling Services

Strategic management	Communications & marketing
Organisational excellence	Human resources & workforce planning
Strategic asset management	ICT & knowledge management
Financial management	Operational support
Governance support	

6. Project priorities

Council plans to commence or continue working on the following strategic initiatives, as set out in our 2016-2019 Business Plan:

Liveable	
Strategies	2017/18 Initiatives
Access to housing choice and services for a growing and diverse population	Review housing zones to preserve the character of areas in the north of our city and create housing choice in the south
	In partnership with State Government, the SA Jockey Club and adjoining councils, support the housing development at Morphettville Racecourse
	Develop and deliver an Age Friendly Strategy in partnership with neighbouring councils
	Support our community to 'age well' through participation in the Adelaide Living Laboratory
	Deliver an asset optimisation program to ensure assets deliver services in a sustainable and valuable way to meet community needs
Neighbourhoods that reflect local character, heritage and enable a sense of belonging	Celebrate and recognise our Kurna heritage through committed delivery of the 2016-2019 Reconciliation Action Plan (RAP)
	Build strong relationships with the Elders of the Kurna community, facilitated by the RAP Committee
	Deliver the iconic Hallett Cove Foreshore precinct development
	Marion Historic Village Transformation: Traffic controls on George and Dwyer Streets Traffic controls on Diagonal Road and Crew Street
Neighbourhoods that are safe, activated and attractive places for people	Amend the zoning of key sporting areas/hubs to support revitalised, modern sports facilities
	Deliver State of the Art Sport and Recreational Facilities across the City: Community Club and indoor sports stadium at Mitchell Park Sports and community complex at the Edwardstown Soldiers Memorial Oval A new regional soccer facility in the South in partnership with Football SA an International standard BMX complex in the South, led by BMX SA Capella Reserve redevelopment in partnership with the Cove Football Club to pursue funding opportunities Modern sustainable tennis and netball facilities across the City to meet the needs of the Community now and into the future
	Complete the detailed design of the Marion Outdoor Pool Masterplan and seek grant/partnership funding
	Consider a location and design for a second dedicated dog park
	Deliver 4 playground projects, and prepare plans and designs for 4 further projects
An inclusive Community embracing diverse cultures, active living, and healthy lifestyles	Deliver priority open space projects
	Deliver transformed youth partnership programs focused on providing diverse and exciting opportunities for youth leadership, engagement and services
	Build the play space at Hendrie St

Valuing nature

Strategies	2017/18 Initiatives
A healthy and climate resilient urban environment	Significantly increase energy efficiency across our council facilities
	Deliver sustainable lighting program priorities
	Implement the Resilient South Climate Change Policy and Plan
	Ensure all elements of the redevelopment project are in place to support construction
	Expand the Oakland's Wetland water distribution network to maximise sustainable irrigation of our parks and reserves
	Investigate the potential to establish a water supply business using the Oakland's Wetlands water distribution network
	Manage stormwater in close partnership with our neighbours
	Target an allocation of 5% of drainage and traffic capital works budgets to Water Sensitive Urban Design outcomes
	Continue to transform the Glade Crescent Wetlands scheme
	Develop and deliver a Regional Coastal Management Plan to support sustainable coastal management
A City that reflects a deep value of the natural world	Plan and deliver a program for the protection of precious remnant native vegetation in our reserves
Improved condition, diversity and connectivity of ecosystems	Working closely with key partners maximise Glenthorne Farm community benefits

Prosperous

Strategies	2017/18 Initiatives
An exciting urban environment that attracts business investment and economic activation	Work in partnership to progress the Tonsley Redevelopment as a state of the art advanced manufacturing and urban environment
	Work with key partners on the Darlington project and the Flinders Link rail project to maximise business and employment opportunities
	Advocate for the future development of the North-South Corridor to improve east-west connectivity, maximised community access and the valuable adjacent development
	Review Edwardstown Industry/Commerce Planning framework to support future business needs
	Facilitate the development of priority precincts that cater for a range of residential and business needs, and services that are aligned with the 30 Year Plan for Greater Adelaide
A City that promotes and supports business growth and offers increased local employment and skills development opportunities	Develop, in close cooperation with other councils and State Government, a business attraction plan that support jobs growth
	Implement the priority actions of the Southern Adelaide Economic Development Board
	Work with key partners in the region and State Government to extend the Tonsley Small Business Advisory Services beyond June 2017
	Reduce red-tape to support and promote business growth and employment opportunities
	Deliver digital economy education programs for businesses to capitalise on the NBN roll-out
A welcoming City offering both residents and visitors a wide range of leisure and cultural experiences	In partnership with local businesses, grow visitation and increase spending in the region to secure additional economic benefit and increased jobs through the delivery of a Visitor Economy Strategy

Innovative

Strategies	2017/18 Initiatives
A City that harnesses creativity, research and collaboration to pursue innovative ideas	Renew the Leasing and Licensing Policy to set up a strong support and collaboration model for clubs and organisations
	Launch a marketing plan for all neighbourhood centres that supports creative use, programming and participation within the centres
	Maximise community feedback through a range of surveys, tools and campaigns to support our ongoing focus on innovation and improvement
	Expand the solar panel network to maximise the use of renewable energy at council facilities
Provide flexible facilities across the City to support innovation	Establish and maintain a presence at Tonsley in partnership with the New Venture Institute and Co-HaB to encourage creativity, research and partnerships within the City
	Continue to promote and provide valuable programs at the Cove Enterprise Hub to support start-ups and small businesses in the southern region
	Investigate Smart City technology and infrastructure opportunities

Connected

Strategies	2017/18 Initiatives
A road network that connects neighbourhoods and supports safe walking, cycling and vehicle travel	Subject to funding, deliver key extensions to the shared use path along the Adelaide to Marino Rocks Greenway
	Complete Glandore Laneways project to finalise council ownership of the laneways and improve safety and traffic flow
	Advocate for key rail infrastructure including the grade separation at the Oaklands Rail crossing and the light rail from Tonsley to Flinders Medical and University precinct
A City that advocates improved public transport systems, linkages and networks that connect people to destinations	Develop a Policy and Program to enhance streetscapes across the City
A City that supports equitable access to diverse information sources and reliable digital technologies	Expand our communication and engagement network through our website and social media platforms
	Deliver valuable digital literacy programs in our libraries and neighbourhood centres
	Subject to funding, deliver the 'Maker Space' and a range of programs to harness technologies and equipment

Asset Management

Council has been moving towards a stronger long-term planning approach to community assets – it manages over \$1 billion of assets including roads, footpaths, drains, community buildings, parks and reserves on behalf of the community. The asset management planning process provides a long term approach to ensuring infrastructure and facilities continue to provide the services required by the community. Council continues to develop, implement and review its Asset Management Policy and Plans with a focus on whole-of-life asset management, including maintenance and renewal of assets.

Asset management planning ensures that delivery of services from infrastructure assets is provided in the most cost effective manner. Council's Asset Management Plans detail information about our assets and define the services to be provided, how the services are provided, and what funds are required to provide the services.

Council's Asset Management Policy sets the principles that govern the provision and management of assets. The Policy includes a Strategic Asset Management Framework, which comprises an assessment of asset criticality (based on priority 1-critical, priority 2-important, and priority 3-aspirational/discretionary) and asset priority (based on asset maintenance before renewal and renewal before new/upgrade, where it is cost effective to do so).

Principle 7 within the Policy specifies that "Prioritisation of new asset investments and asset disposal decisions are based on an evaluation of potential public value, encompassing consideration of such criteria as asset utilisation potential, benefits, risks, ownership and management options, life cycles and costs in accordance with Council's Prudential Management Policy and Disposal of Land and Assets Policy."

The process for developing capital works infrastructure projects is determined by criteria including condition, risk, technical, environmental and budgetary considerations. These criteria are assessed to prioritise a list of projects across the Council area that informs the capital works program, meaning that poorest condition and highest risk assets are responded to first.

Key initiatives in maintenance, renewal and replacement of community assets and facilities for 2017/18 include:

- Reviewing our existing asset base in light of:
 - Increasing costs to maintain and renew our existing asset base
 - Understanding which assets could better meet community needs
 - Investigating innovative asset management models e.g. share community use, public private partnerships and related opportunities
- The renewal of council's assets with forecast spends of approximately \$15.556m, including:
 - Capital renewal of council's roads and kerbs with a forecast spend of approximately \$4.3m.
 - Improving Marion's existing footpath network at a cost of \$1.5m.
- Preparation of building renewal plans for all council buildings.
- Supporting actively exploring and investing in technology solutions that will deliver enhanced outcomes and services for the community.

7. Measuring our success

Monitoring performance is a critical element of strategic management. It is the mechanism for critically ensuring that council is contributing to the achievement of both the Strategic Plan and the 3-year Business Plan 2016-19.

Our Key Performance Indicator (KPI) dashboard for 2017/18 (provided in the table below) takes account of council's objectives over the next three years.

Key Performance Indicator	Core Target	Stretch Target
Financial Sustainability	Council maintains a break even or better cash funding position in delivering its annual budget	
Delivery of agreed projects identified in the Annual Business Plan and the second year targets in the 3 year Plan	Greater than or equal to 95%	
Lost Time Injury Frequency Rate	Greater than or equal to 25% reduction from the previous year's result	Greater than or equal to 30% reduction from the previous year's result
Total employee costs (including agency staff)	Less than or equal to 3% increase in actual employee costs (including agency staff) against prior year's actual costs	Less than or equal to 2% increase in actual employee costs (including agency staff) against prior year's actual costs
Retention of key staff	Greater than or equal to 80% key staff retained	Greater than or equal to 90% key staff retained
Overall satisfaction with Council's performance	Greater than or equal to 75% rated as satisfied or above	Greater than or equal to 85% rated as satisfied or above
Asset Sustainability	Asset Sustainability Ratio greater than or equal to 80%	Asset Sustainability Ratio greater than or equal to 90%
Delivery of Council's capital works program	Greater than or equal to 80% delivery of Council's planned capital works program (adjusted for extraordinary items)	Greater than or equal to 90% delivery of Council's planned capital works program (adjusted for extraordinary items)

We will report on our progress against our 2017/18 KPI dashboard quarterly at Council meetings and in our 2017/18 Annual Report.

8. Funding the Annual Business Plan

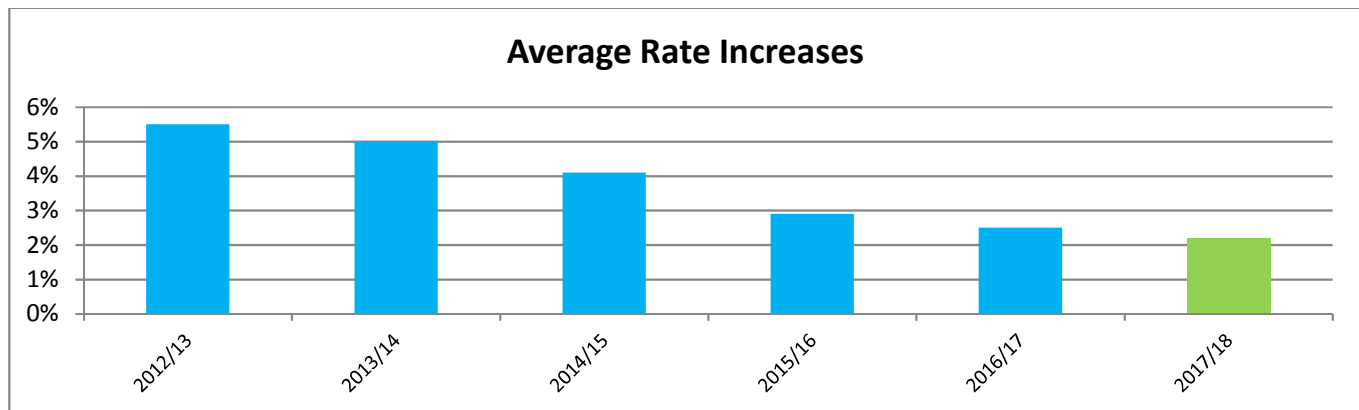
8.1 Your rates in 2017/18

The Annual Business Plan is based on a proposed average rate increase of 2.2%. In setting rates for 2017/18, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2017/18.

Rates account for 86% percent of council's operating revenue with others sources including fees, charges and grants. These revenues contribute to the necessary funding for planned capital renewal programs in 2017/18.

While an average rate increase of 2.2% is proposed, it is to be noted that actual rates payable by a rate payer will vary according to individual property valuations, the attributed land use, and whether there has been any new development or capital improvement at the land.

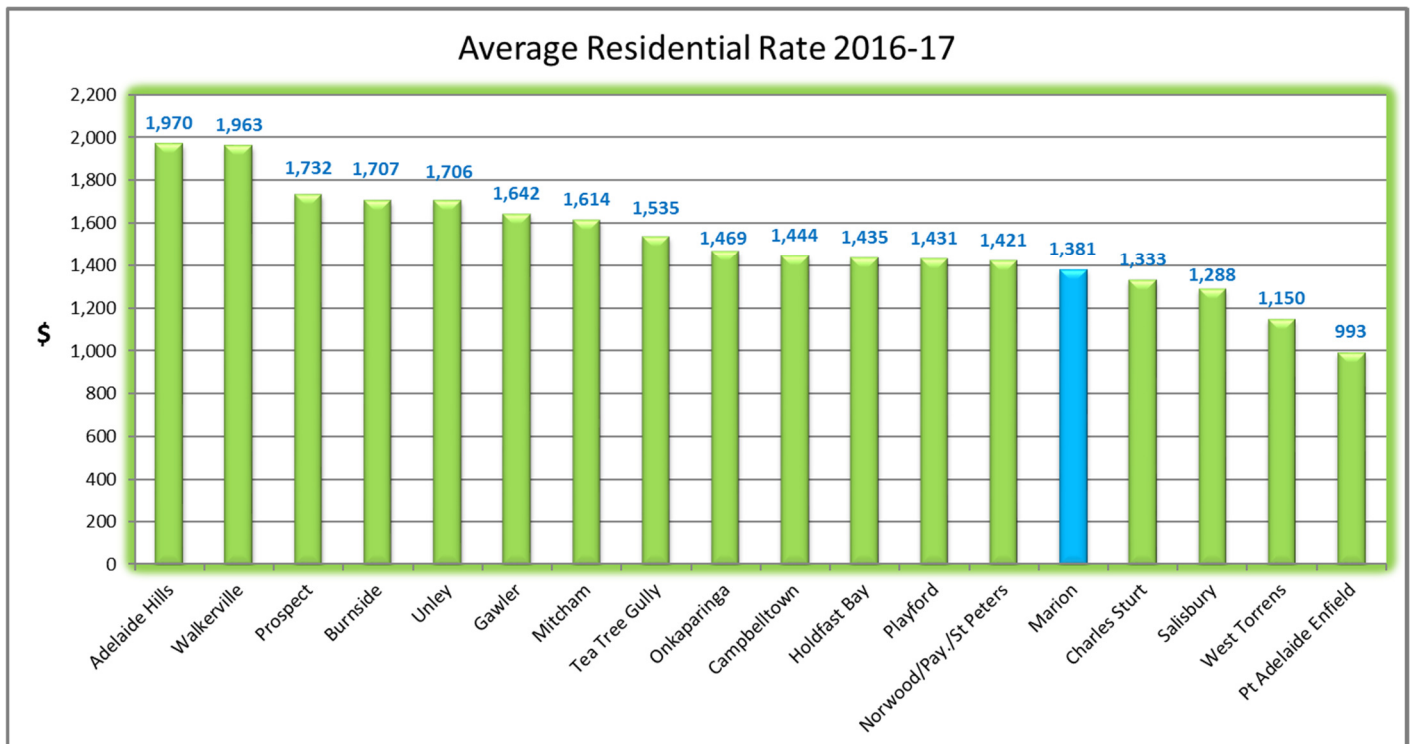
Over the past years, we have listened to your feedback and Council is aware of the impact of rate increases on the community. We are continually looking for opportunities that allow this burden to be reduced and as a result our rate increases have been decreasing steadily over the past five years. The 2017/18 proposed rate increase is the lowest in over 10 years, and continues to head in the desired downward direction.



With changing community needs and other external influences impacting on the community, there is a need for council to consider how to plan more effectively, both for the longer term and more immediate community benefit. The proposed rate increase is set at a level that provides confidence that services will be maintained and that a sufficient capital expenditure program is planned to maintain council's assets.

Your feedback received from the community consultation process will be balanced with achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship. This feedback will be strongly considered in setting the rate increase, which will form the basis of the Annual Business Plan.

The graph presented below illustrates council's relative rating effort compared to other Adelaide metropolitan councils. Marion was ranked 5th lowest average residential rate in 2016/17.



Note: Comparative data for the 2017/18 year will be available following the release of the LGA Council Rates Survey which is typically released in the first quarter of the next calendar year.

8.2 Differential Rating

Council currently derives 18% (2016/17: 18%) of its rate revenue from the Commercial and Industrial sectors. Commercial and Industrial users consume a greater proportion of council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based upon its Land Use and will continue to do so to ensure a fair and equitable distribution of rates within the City of Marion. The differential rate is charged in addition to the normal rate. In applying this approach, council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories. Differential rates to apply to land use are as follows:

Commercial	85%	(2016/17: 85%)
Industrial	70%	(2016/17: 70%)
Vacant Land	100%	(2016/17: 100%)

8.3 Budgeted Income Statement

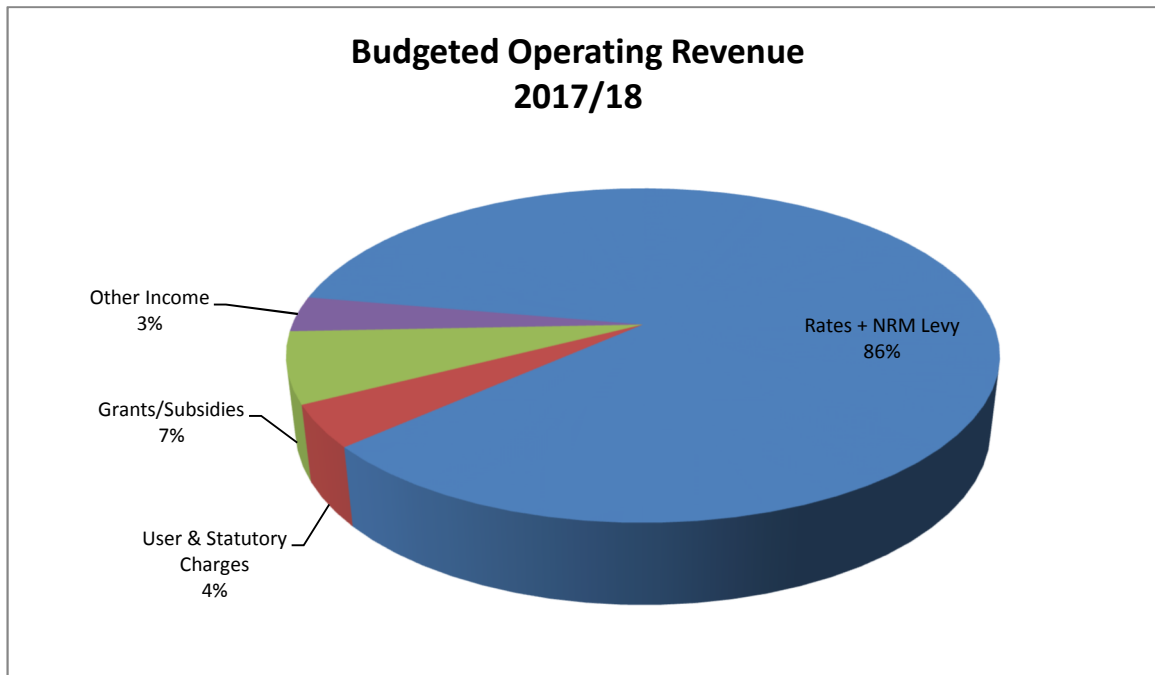
An operating surplus of \$5.735m before capital revenues is forecast for 2017/18. An operating surplus is required to fund the renewal of existing infrastructure in accordance with council's asset management plans.

	3rd Review 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Budgeted Income Statement			
Operating Revenue			
Rates - General	70,858	73,130	2,272
Rates - NRM Levy *	1,683	1,767	84
Statutory Charges	1,750	1,812	62
User Charges	1,795	1,752	(43)
Grants/Subsidies	7,587	6,008	(1,579)
Investment Income	854	754	(100)
Reimbursements	788	681	(107)
Other Revenue	763	1,233	470
Share of Profit/(Loss) SRWRA	324	334	10
Total Operating Revenue	86,402	87,471	1,069
Operating Expenditure			
Employee Costs	32,928	34,178	1,250
Contractor Services	18,053	17,038	(1,015)
Materials	4,632	4,974	342
Finance Charges	613	545	(68)
Depreciation	17,104	17,030	(74)
Other Expenses	6,476	7,970	1,494
Total Operating Expenditure	79,805	81,736	1,931
Operating Surplus/(Deficit) before Capital Revenues	6,597	5,735	(862)
Capital Grants and Contributions	2,114	2,000	(114)
Physical resources received free of charge	1,500	1,500	-
Net Surplus/(Deficit) resulting from Operations	10,211	9,235	(976)

* Note: The NRM Levy is collected by Council on behalf of the Adelaide and Mt Lofty Ranges Natural Resources Management Board.

8.4 Operating Revenue

The main source of income for council is rate revenue; making up 86% of total council revenue in 2017/18, with other sources being government regulated fees for statutory services, an environment of diminishing levels of untied federal grant monies, as well as other grants from State and Federal government.



General Rates

Council's revenue in 2017/18 includes \$73.1m to be raised in general rates. The budget has been developed on the basis of a proposed average rate increase of 2.2% (excluding new developments and capital improvements). In setting rates for 2017/18, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2017/18.

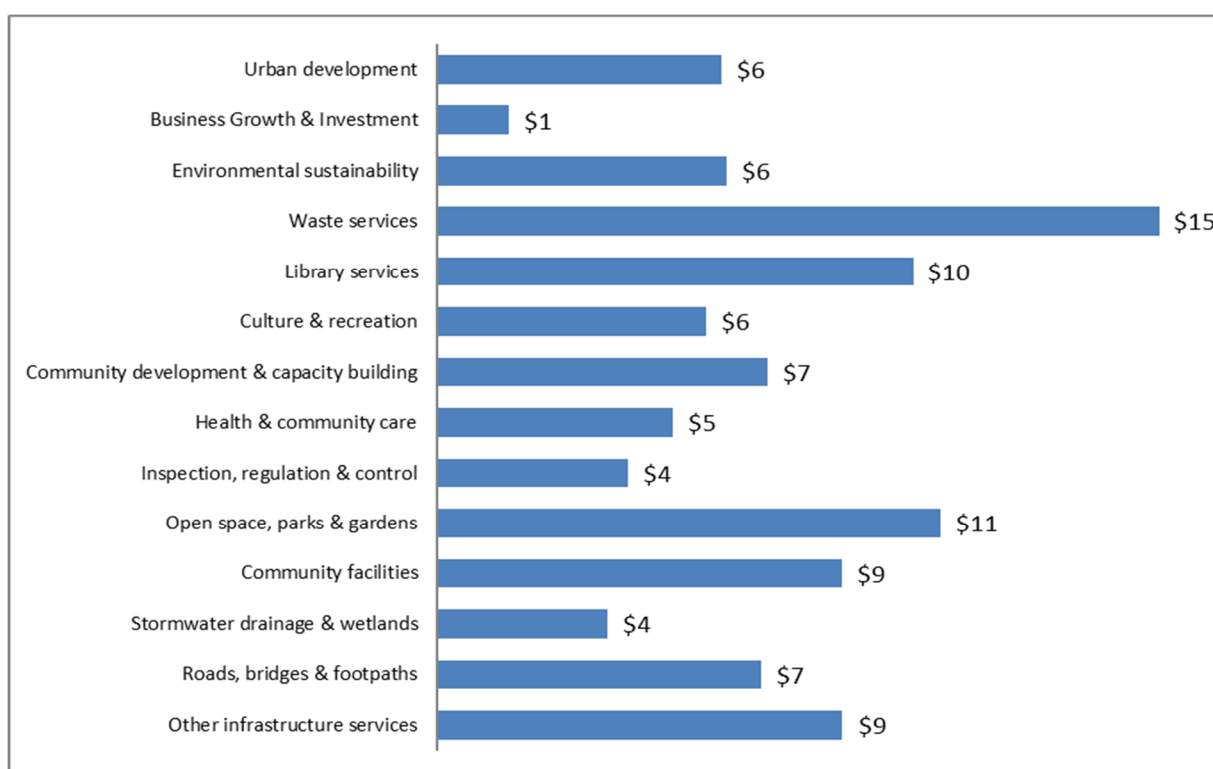
Growth for new developments and capital improvements is forecast at 1% for 2017/18. This predominantly is the result of new housing in Marion and property improvements as reported by the Valuer General. The revenue created by this growth will cover the increased costs of servicing a growing community which includes the requirement to maintain and provide for the replacement of infrastructure such as stormwater drainage and transport networks.

Other Sources of Revenue

- **User Charges set by council** – Relate mainly to the recovery of service delivery costs through the charging of fees to users of council's services. These include charges for the use of council's community facilities, swimming pool admission and the like.
- **Statutory Charges set by State Government** – Relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.
- **Grants and Subsidies** – Grants include all monies received from State and Federal sources for the purpose of funding the delivery of council's services to ratepayers and for the funding of the capital works program.

8.5 Operating Expenditure

Council's operating expenses are forecast to increase to \$81.736m in 2017/18. The following graph shows a breakdown of operating expenditure across council services for every \$100 spent:



Employee Costs

Employees are responsible for the provision of a number of Council's key services, including the ongoing maintenance of open space areas, libraries and neighbourhood centres, the Marion Outdoor Swimming Centre, urban development, urban and health and community care. Employees are either directly employed by council, or indirectly through an employment agency (i.e. agency staff) where temporary workforce requirements have arisen through seasonal demand or short-term vacancies of existing positions.

Employee costs are forecast to increase by \$1,250k primarily as a result of increases in existing staff Enterprise Agreements (currently 2.0%, in line with March 2017 CPI). The net increase also includes positions that are fully funded by state and federal government grants (\$497k).

Contractor Services

Contractor services relate mainly to the provision of council services by external providers. Council uses contractors to assist in the provision of major services such as waste collection, and also where specialist services or advice is required where it is not warranted for Council to have permanent in-house resources. A decrease of \$1.0m is forecast in the 2017/18 draft budget.

Materials

Council's Materials budget includes utilities, products utilised in the delivery of community services and maintenance of council's infrastructure, open space, and other assets, as well as fuel for the fleet of vehicles used to deliver services.

Despite significant projected price increases in 2017/18 for electricity and gas, an increase of \$342k in materials is forecast in the 2017/18 draft budget.

8.6 Capital Revenue

Capital Grants and Contributions

Council has forecast \$2.0m in capital grants and contributions towards works planned in 2017/18. The contributions are made up of \$1.6m towards the Edwardstown Oval Redevelopment and \$0.4m towards South Australia's first inclusive playground – a playground that will take into account the needs of children with disabilities.

8.7 Budgeted Capital Expenditure

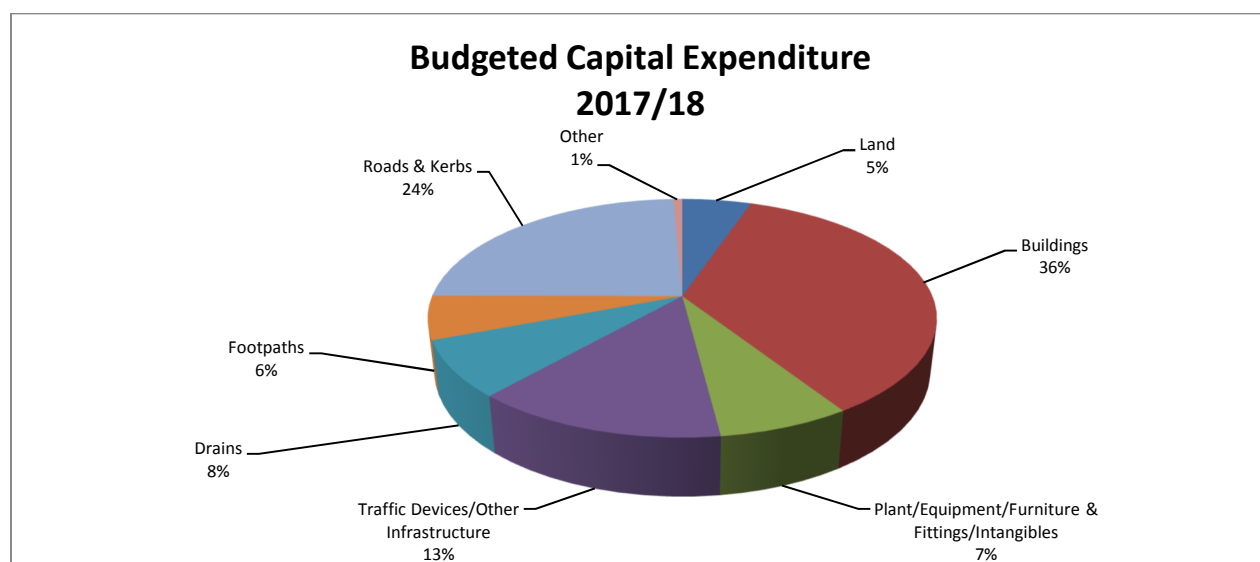
The 2017/18 Budgeted Statement of Capital Expenditure forecasts total capital expenditure of \$25.398m including \$15.566m renewal and \$9.832m new and upgrade.

The following table summarises council's planned Capital Works Program for 2017/18.

Capital Expenditure	3rd Review 2016/17 \$'000	Budget 2017/18 \$'000
Land	3,261	1,330
Buildings	4,016	9,049
Infrastructure:		
Roads & Kerbs	6,691	6,160
Drains	2,900	1,933
Footpaths	1,755	1,500
Traffic Control Devices	185	378
Other	3,715	3,069
Plant and Equipment	3,293	1,759
Furniture and Fittings	100	50
Other	311	170
Total Capital expenditure	26,227	25,398
Represented By:		
Capital Expenditure		
Assets - New	10,362	9,832
Assets - Renewal	15,865	15,566
	26,227	25,398

Key capital projects included in the draft budget are the commencement of construction of the Edwardstown Soldiers Memorial Oval redevelopment (\$3.7m), the development of an international standard BMX Track (\$0.8m) in partnership with the City of Onkaparinga and the State Government and improvements in the amenity of our Streetscapes (\$1.8m).

A detailed listing of other proposed projects is included at Appendix 2.



8.8 Financing the Budget

Financing the budget refers to the use of borrowings or available cash balances to meet any shortfall between expenditure (both operating and capital) and revenue.

	3rd Review 2016/17 \$'000	Budget 2017/18 \$'000
Net Lending/(Borrowing)		
Operating Surplus/Deficit before Capital Amounts	6,597	5,735
<u>less: Net Outlay on Existing Assets</u>		
Capital expenditure on asset renewal/replacement	15,865	15,566
less Depreciation/Ammortisation	(17,104)	(17,030)
	(1,239)	(1,464)
<u>less: Net Outlay on New/Upgrade Assets</u>		
Capital expenditure on New & Upgrade Assets	10,362	9,832
less Capital Grants	(2,114)	(2,000)
	8,248	7,832
Adjustments		
Proceeds from Sale of Surplus Land	1,572	0
Share of Equity - Southern Region Waste Resource Authority	(324)	(334)
	1,248	(334)
Net Lending/(Borrowing)	836	(967)

The table above identifies the council's net lending/(borrowing) result. Council's budget for 2017/18 is expected to result in a net borrowing position of \$0.967m.

Financing transactions associated with accommodating the expected net lending result in 2017/18 are as follows:

Financing Transactions	3rd Review 2016/17 \$'000	Budget 2017/18 \$'000
New Borrowings	0	0
less: Repayment of Principal on Borrowings	(1,126)	(1,197)
less: Increase/(Decrease) in Cash & Investments		
Transfers from/(to) Reserves	2,252	2,164
Cash Drawdowns/(Investment)	(1,962)	0
Equals: Financing Transactions	(836)	967

No additional borrowings are forecast in 2017/18, and as such principal repayments of existing loans will result in a forecast balance outstanding as at 30 June 2018 of \$7.905m.

8.9 Financial Ratios

To assist council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a council target has not been adopted, the recommended Local Government Association (LGA) target has been used. The following table details these financial indicators and whether or not the prescribed target has been achieved over the five years up to the end of 2017/18.

Ratio	Target	2017/18 Budget	5 Year Average	On Track
Operating Surplus	0% - 5%	6.56%	7.91%	*
Asset Sustainability	95% - 100%	91.4%	89.46%	*
Asset Consumption	80% - 100%	76.90%	75.52%	*
Net Financial Liabilities	0% - 50%	3.73%	N/A	✓
Debt Servicing	0% - 5%	1.62%	N/A	✓

* The Operating Surplus Ratio is forecast to exceed the currently adopted target of 0–5%. The forecast surplus is required to provide the funding necessary to meet the costs of delivering services and projects to the community in 2017/18 including the renewal and upgrade of existing community assets over time to maintain community service standards and expectations.

Council's Asset Sustainability and Asset Consumption ratios both fall outside of their targets. This indicates that Council's asset base requires further renewal, with continuing work on its Asset Management Plans and strategies relating to specific asset classes in progress to set a good foundation for improving this in future.

All other ratios are within their targeted ranges. Meeting these targeted ranges is consistent with Council meeting its objective of long-term financial sustainability.

Appendix 1 - Long Term Financial Plan Funding Statement Page 86

City of Marion
 10 Year Financial Plan for the Years ending 30 June 2027
 BUDGET SUMMARY - GENERAL FUND
 Scenario: Draft Annual Business Plan 2017/18

	Current Year	Projected Years									
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
Income											
Rates	72,541	74,898	77,282	79,743	82,281	84,901	87,604	90,394	93,272	96,242	99,307
Statutory Charges	1,750	1,812	1,857	1,904	1,951	2,000	2,050	2,101	2,154	2,208	2,263
User Charges	1,795	1,752	1,796	1,841	1,887	1,934	1,982	2,032	2,083	2,135	2,188
Grants, Subsidies and Contributions	7,587	6,008	6,158	6,312	6,470	6,632	6,798	6,968	7,142	7,320	7,503
Investment Income	854	754	239	183	182	211	242	289	416	607	828
Reimbursements	788	681	698	715	733	751	770	789	809	829	850
Other Income	763	1,233	488	494	501	507	513	520	527	534	541
Net gain - equity accounted Council businesses	324	334	344	354	365	376	387	398	410	423	435
Total Income	86,402	87,471	88,862	91,546	94,370	97,312	100,347	103,491	106,812	110,298	113,915
Expenses											
Employee Costs	32,928	34,178	34,482	34,882	35,579	36,291	37,017	37,757	38,512	39,282	40,068
Materials, Contracts & Other Expenses	29,161	29,982	31,202	30,446	29,778	30,370	31,333	31,588	32,216	32,856	33,899
Depreciation, Amortisation & Impairment	17,104	17,030	17,711	18,420	19,157	19,923	20,720	21,549	22,411	23,307	24,239
Finance Costs	613	545	470	939	819	700	601	496	396	319	240
Total Expenses	79,805	81,736	83,865	84,687	85,333	87,284	89,670	91,390	93,534	95,765	98,446
Operating Surplus	6,597	5,735	4,997	6,859	9,037	10,028	10,677	12,101	13,278	14,533	15,470
Amounts Received Specifically for New or Upgraded Assets	2,114	2,000	12,400	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Net Surplus / (Deficit) for the Year	10,211	9,235	18,897	8,359	10,537	11,528	12,177	13,601	14,778	16,033	16,970
Capital (Balance Sheet) and Reserve Movements											
Capital Expenditure	(26,227)	(25,398)	(51,665)	(19,627)	(21,360)	(21,613)	(21,989)	(22,909)	(20,978)	(21,403)	(21,799)
Loan Repayments (External)	(1,126)	(1,197)	(1,100)	(2,235)	(2,355)	(1,985)	(2,084)	(2,189)	(1,624)	(1,700)	(1,779)
New Loan Borrowings (External)	-	-	12,960	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	2,252	2,164	4,139	(2,500)	(2,557)	(2,614)	(2,673)	(2,734)	(2,796)	(2,860)	(2,925)
Total Capital (Balance Sheet) and Reserve Movements	(25,101)	(24,431)	(35,666)	(24,363)	(26,272)	(26,212)	(26,747)	(27,832)	(25,397)	(25,962)	(26,504)
Net Result (including Depreciation & Other non-cash items)	(14,891)	(15,196)	(16,769)	(16,004)	(15,735)	(14,684)	(14,570)	(14,231)	(10,619)	(9,929)	(9,534)
Add back Depreciation Expense (non-cash)	17,104	17,030	17,711	18,420	19,157	19,923	20,720	21,549	22,411	23,307	24,239
Proceeds of Sale from Surplus Land	1,572	-	-	-	-	-	-	-	-	-	-
Less Other Income (non-cash)	(1,824)	(1,834)	(1,844)	(1,854)	(1,865)	(1,876)	(1,887)	(1,898)	(1,910)	(1,923)	(1,935)
Cash Budget Surplus/(Deficit)	1,962	-	(901)	562	1,557	3,363	4,263	5,419	9,881	11,455	12,770

OPEN SPACE & RECREATION WORKS PROGRAM 2017/18			
Location	Suburb	Ward	Description
Playground Implementation Program			
Sixth Avenue Reserve	Ascot Park	Woodlands	Construction
Clare Avenue Reserve	Sheidow Park	Southern Hills	Construction
Breakout Creek Reserve (YMCA)	Glengowrie	Mullawirra	Construction
Gully Road Reserve	Seacliff Park	Southern Hills	Construction
Appleby Road Reserve	Morphettville	Mullawirra	Construction
Hendrie Street Inclusive Playground	Park Holme	Mullawirra	Construction
Bandon Terrace Reserve	Marino	Coastal	Consultation, Concept and Detail Design
Shamrock Road Reserve	Hallett Cove	Coastal	Consultation, Concept and Detail Design
First Avenue Reserve	Ascot Park	Woodlands	Consultation, Concept and Detail Design
Mitchell Park Oval	Mitchell Park	Warraparinga	Consultation, Concept and Detail Design
Various	Various	Various	Remove Playground without replacement
Reserve Improvements			
Hallett Cove Beach (Grand Central Reserve)	Hallett Cove	Coastal	Construction Amphitheatre works
Hallett Cove Beach (Reserve & Playground)	Hallett Cove	Coastal	Detail design
Stage 2 Recreation Plaza Oaklands Wetlands	Oaklands Park	Warracowie	Detail design and construction
Oaklands Estate (Reserve & Playground)	Oaklands Park	Warracowie	Detail design
2nd Dog Park	TBC	TBC	Determine location, consultation, concept design
Jervois Street Reserve	South Plympton	Woodlands	Install double shelter and tables
Reserve Street Reserve Dog Park	Trott Park	Southern Hills	Install shelter and seating
Capella Reserve	Hallett Cove	Coastal	Consultation and develop Precinct Plan
Various	Various	Various	Installation of shade sails
Public Toilets			
Gully Road Reserve	Seacliff Park	Southern Hills	Install new facility
Tennis & Netball Courts			
Woodforde Family Reserve	Park Holme	Mullawirra	Courts and facility improvements
Hallett Cove Beach Tennis Club	Hallett Cove	Coastal	Courts and facility improvements
Warradale Park Tennis Club	Warradale	Warracowie	Courts and facility improvements
Southbank Tennis Club	Trott Park	Southern Hills	Courts and facility improvements
Marion Tennis Club	Marion	Warraparinga	Courts and facility improvements
Sandery Avenue Courts	Seacombe Gardens	Warracowie	New shelter, site power and storage

PROPERTY/BUILDING WORKS PROGRAM 2017/18			
Location	Suburb	Ward	Description
Various	Various	Various	Solar infrastructure installations
Majors Road	O'Halloran Hill	Southern Hills	BMX Track Development
Edwardstown Sports Club	Edwardstown	Woodlands	Sporting club redevelopment
Marion Sports Club	Marion	Warraparinga	Car park and drainage works
Fitzgerald James Building	Glandore	Woodlands	Replace ceiling, carpets, walls
Marion Leisure & Fitness Centre	Morphettville	Mullawirra	Replace carpet and car park works
Seaview Downs Kindergarten	Seaview Downs	Southern Hills	Replace fence
Cove Civic Centre	Hallett Cove	Coastal	Internal signage
Plympton Park Sports Club	Plympton Park	Mullawirra	Replace windows and doors
Marion Band Edwardstown	Edwardstown	Woodlands	Replace kitchen and remove asbestos
Southbank Tennis Club	Trott Park	Southern Hills	Replace carpet
YMCA Glengowrie	Glengowrie	Mullawirra	Replace kitchen
Perry Barr Farm	Hallett Cove	Coastal	Bitumen back laneway and stormwater treatment
Marion Golf Park	Seacliff Park	Coastal	Car park works
Coastal Walking Trail	Hallett Cove	Coastal	Replacement of handrails and balustrade
Marion Swim Centre	Park Holme	Mullawirra	Line ceiling
Perry Barr Farm Shearing Shed	Hallett Cove	Coastal	Replace ceiling

ROAD RESEAL PROGRAM 2017/18				
Road Name	Suburb	Ward	From	To
Allambee Avenue	Edwardstown	Woodlands	Daws Road	Conmurra Avenue
Allison Street	Ascot Park	Woodlands	John Street	Robert Street
Ballara Avenue	Warradale	Warracowie	Ormonde Avenue	Astrid Avenue
Barclay Avenue	Glengowrie	Mullawirra	Gowrie Avenue	Fisk Avenue
Barham Avenue	Morphettville	Mullawirra	Nilpena Avenue	Nunyah Avenue
Barham Cds	Morphettville	Mullawirra	Barham Avenue	Barham Avenue
Barramundi/Capella Roundabout	Hallett Cove	Coastal		
Bay Street	Seacombe Gardens	Warracowie	Morphett Road	Russell Avenue
Beaconsfield Terrace	Ascot Park	Woodlands	Marion Road	Linda Street
Beaumont Street	Clovelly Park	Warriraringa	Norrie Street	English Avenue
Boyd Court	Trott Park	Southern Hills	Meldrum Street	Cul-De-Sac
Bradman Street	Sturt	Warriraringa	Travers Street	Ralph Street
Browning Avenue	Plympton Park	Mullawirra	South Terrace	Acacia Street
Butler Crescent	Glengowrie	Mullawirra	Maxwell Terrace	Fisk Avenue
Cameron Court	Mitchell Park	Warriraringa	Bruce Avenue	Cul-De-Sac
Carlow Street	Sturt	Warriraringa	Diagonal Road	Duncan Street
Chalfont Way	Glengowrie	Mullawirra	Oaklands Road	St Peters Way
Charles Street	Ascot Park	Woodlands	Daws Road	Adelaide Terrace
Clare Avenue	Sheidow Park	Southern Hills	Clare Court	Westall Way
Cummings Crescent	Mitchell Park	Warriraringa	Lutana Crescent	Mary Street
Darling Street	Sturt	Warriraringa	Diagonal Road	Bradman Street
David Avenue	Mitchell Park	Warriraringa	Daws Road	Bruce Avenue
Davidson Avenue	Park Holme	Mullawirra	Sandison Avenue	O'Halloran Terrace
De Laine Avenue	Edwardstown	Woodlands	Macklin Street	Towers Terrace
Munbar Avenue	Morphettville	Mullawirra	Denham Avenue	Claines Avenue
Dunorlan Road	Edwardstown	Woodlands	House #80	Calstock Avenue
Edgeworth Street	South Plympton	Woodlands	Raglan Avenue	Wood Street
Egmont Avenue	Warradale	Warracowie	Diagonal Road	Jeffrey Avenue
Elder Terrace	Glengowrie	Mullawirra	Maxwell Terrace	Fisk Avenue
Embert Street	Sturt	Warriraringa	Melbourne Street	Ralph Street
Emma Close	Mitchell Park	Warriraringa	Bradley Grove	Dead End
English Avenue	Clovelly Park	Warriraringa	Beaumont Street	Hendon Avenue
Erudina Avenue	Edwardstown	Woodlands	Conmurra Avenue	Konando Terrace
Esplanade	Marino	Coastal	Cul-De-Sac	Road Widening O/S #2
Everest Street	Morphettville	Mullawirra	Tensing Street	Hunt Avenue
Fetlar Avenue	Marion	Warriraringa	Rathlin Avenue	Stroma Road
Forresters Road	Hallett Cove	Coastal	Quailo Avenue	Goroke Street
Franklin Street	Sturt	Warriraringa	Melbourne Street	Day Street
French Crescent	Trott Park	Southern Hills	Bovard Court	Heysen Drive
Furner Road	Mitchell Park	Warriraringa	Bradley Grove North	#15/17 (At Station)
Garden Street	South Plympton	Woodlands	Thomas Street	Vincent Street
Goroke Street	Hallett Cove	Coastal	Forresters Road	Rogana Crescent
Greenock Drive	Sturt	Warriraringa	Parkmore Avenue	Grandview Road
Gretel Crescent	Hallett Cove	Coastal	Grand Central Avenue	Aurora Street
Gulfview Road	Seaview Downs	Southern Hills	Morphett Road	Fowler Street
Hamilton Avenue	Warradale	Warracowie	Hamilton Court	Sienna Avenue
Harkin Avenue	Mitchell Park	Warriraringa	Trowbridge Avenue	Kelly Grove
Harlow Street	Mitchell Park	Warriraringa	Quick Road	Thorne Crescent
Harris Street	Edwardstown	Woodlands	De Laine Avenue	Angus Avenue
Harrow Street	Dover Gardens	Warracowie	Crown Street	Clacton Road
Helmsdale Avenue	Glengowrie	Mullawirra	Francis Avenue	Kersely Avenue
Hessing Crescent	Trott Park	Southern Hills	Brack Court	Insley Court
Hester Avenue	Mitchell Park	Warriraringa	Bradley Grove	Kelly Grove
Jervois Terrace	Marino	Coastal	Spinks Road	Short Street
Johnstone Road	Oaklands Park	Warracowie	Crozier Terrace	Perrin Street
Joyner Street	Dover Gardens	Warracowie	Morphett Rd	Branksome Terrace
Kathleen Street	Dover Gardens	Warracowie	Ella Street	Laurence Street
Kelly Grove	Mitchell Park	Warriraringa	Harkin Avenue	Cul-De-Sac
Kingston Avenue	Seacombe Gardens	Warracowie	Glamis Avenue	Alderman Avenue
Konando Terrace	Edwardstown	Woodlands	Yanyarrie Avenue	Allambee Avenue
Kooraweera Street	Hallett Cove	Coastal	Nungamoora Street	Pindee Street
Kurrajong Place	Seacombe Gardens	Warracowie	Pitt Street	Kent Avenue
Lagunta Avenue	Edwardstown	Woodlands	Konando Terrace	Daws Road
Laurence Street	South Plympton	Woodlands	Thomas Street	Vincent Street
Letcher Road	Oaklands Park	Warracowie	Crozier Terrace	Dwyer Road
Macklin Street	Sturt	Warriraringa	Service Lane	Bradman Street
Maldon Avenue	Mitchell Park	Warriraringa	Alawoona Avenue	Barkuna Avenue
Maxwell Avenue	Edwardstown	Woodlands	Towers Terrace	Railway Terrace
Mikasa Court	Trott Park	Southern Hills	Doulton Drive	End
Milton Avenue	Plympton Park	Mullawirra	Swinburne Avenue	Ferry Avenue
New Street	South Plympton	Woodlands	Cross Road	Pleasant Avenue
Nilpena Avenue	Morphettville	Mullawirra	Hendrie Street	Appleby Road
Nottingham Crescent	Glandore	Woodlands	Maud Street	South Road
Oakbank Crescent	Sheidow Park	Southern Hills	Bathbank Crescent	Cul-De-Sac

ROAD RESEAL PROGRAM 2017/18 (Continued)				
Road Name	Suburb	Ward	From	To
Omar Avenue	Warradale	Warracowie	Macarthur Avenue	Virgo Avenue
Parkmore Avenue	Sturt	Warriraringa	Rosefield Lane	Travers Street
Penrith Court	Mitchell Park	Warriraringa	Bradley Grove	Cul-De-Sac
Pildappa Avenue	Park Holme	Mullawirra	Bowaka Street	Rotorua Avenue
Portland Avenue	Sturt	Warriraringa	Diagonal Road	Torquay Road
Price Street	Plympton Park	Mullawirra	Taranna Road	Cul-De-Sac
Princes Parade	Clovelly Park	Warriraringa	South Road	York Avenue
Ralph Street	Sturt	Warriraringa	Bradman Street	Day Street
Ramsay Avenue	Seacombe Gardens	Warracowie	Morphett Road	Miller Street
Ranford Crescent	Mitchell Park	Warriraringa	Byard Terrace	Egan Crescent
Richard Avenue	Mitchell Park	Warriraringa	Daws Road	The End
Rider Street	Seacombe Gardens	Warracowie	Sutton Avenue	Limbert Avenue
Rotorua Avenue	Park Holme	Mullawirra	Tarranna Avenue	Weroona Avenue
Rotorua Avenue	Park Holme	Mullawirra	Nilpena Avenue	Tiparra Avenue
Rotorua Avenue	Park Holme	Mullawirra	Condada Avenue	Pildappa Avenue
Scott Street	Plympton Park	Mullawirra	Arthur Street	Clement Street
Seacombe Crescent	Seacombe Heights	Southern Hills	Waite Avenue	Grandview Drive
Service Lane	Edwardstown	Woodlands	South Road	Gumbowie Avenue
Shearing Street	Oaklands Park	Warracowie	Morphett Road	Barry Road
Stanton Street	Edwardstown	Woodlands	Wright Street	Fuller Street
Sunshine Avenue	Warradale	Warracowie	Morphett Road	Lincoln Avenue
Sunshine Avenue	Warradale	Warracowie	Struan Avenue	Council Boundary
Tarnham Road	Seacombe Heights	Southern Hills	Morphett Road	Calum Grove
Taylor Court	South Plympton	Woodlands	Thomas Street	Cul-De-Sac
Terra Avenue	Mitchell Park	Warriraringa	Percy Avenue	Cul-De-Sac
Waverley Avenue	Edwardstown	Woodlands	Conmurra Avenue	Deloraine Road
Wentworth Street	Seacombe Gardens	Warracowie	Miller Street	Kent Avenue
Western Avenue	Park Holme	Mullawirra	Copley Street	Duncan Avenue
Whiteley Drive	Trott Park	Southern Hills	Counihan Court	Olsen Court
Wooton Road	Edwardstown	Woodlands	Cross Road	Castle Street

RESIDENTIAL FOOTPATH PROGRAM 2017/18				
Road Name	Suburb	Ward	From	To
Proactive Footpath Works	Various	Various		
Argyll Street (east)	Marino	Coastal	Frank St	Jervois Terrace
Ocean Boulevard (east)	Seacliff Park	Southern Hills	Gardenia	No 54
Mulga Street (east)	Seacombe Gardens	Warracowie	Ramsay Ave	Syme Street
Doreen St - Laneway	Oaklands Park	Warracowie	Doreen St	Bombay Street
River Parade	Hallett Cove	Coastal	Osprey Ct	River Parade
Nottingham Terrace	Glandore	Woodlands	Tram Stop 7	Hall
Maldon Avenue	Mitchell Park	Warriraringa	Karu Cres	No 25
Young Street	Hallett Cove	Southern Hills	School	Fisher Avenue
Brooklyn Laneway	Hallett Cove	Southern Hills	Brooklyn Drive	Lonsdale Road

TRAFFIC DEVICES PROGRAM 2017/18			
Road Name	Suburb	Ward	Description
Sixth Avenue	Ascot Park	Woodlands	Bike crossing
Parson Grove	Park Holme	Mullawirra	Median parking
Boonga Street	Hallett Cove	Coastal	Installation of bollards
Hazelmere Road	Glengowrie	Mullawirra	Parking bay
The Cove Road	Hallett Cove	Coastal	Car park
Trott Grove	Oaklands Park	Warracowie	Median car park
Various	Various	Various	Street signs
Various minor works	Various	Various	signs, equipment, traffic islands

STORMWATER DRAINAGE PROGRAM 2017/18		
Road Name	Suburb	Ward
Mitchell Street	Glengowrie	Mullawirra
Barramundi Drive	Hallett Cove	Coastal
Crozier/Johnstone	Oaklands Park	Warracowie
Glade Crescent	Hallett Cove	Coastal
Grey Road	Hallett Cove	Coastal
Coolah Terrace	Marion	Warracowie

IRRIGATION & WETLANDS PROGRAM 2017/18		
Location	Suburb	Ward
Oakland's distribution network	Various	Various
Plympton Oval	Plympton Park	Mullawirra
Capella Drive Oval	Hallett Cove	Coastal
Glade Crescent Reserve	Hallett Cove	Coastal
Marion Swim Centre Reserve	Park Holme	Mullawirra
Bandon Terrace Reserve	Marino	Coastal
Scarborough Terrace Reserve	Dover Gardens	Warracowie
Aroona Road Reserve	Hallett Cove	Coastal
Sixth Avenue Reserve	Ascot Park	Woodlands
Various small Reserves	Various	Various

OTHER INFRASTRUCTURE PROGRAM 2017/18		
Details	Suburb	Ward
Streetscapes	Various	Various
Sturt Linear Path	Morphettville	Mullawirra
Walking & Cycling Pathways	Various	Various
Kerb & Water Table	Various	Various
Bus Shelters	Various	Various

**CITY OF MARION
FINANCE & AUDIT COMMITTEE
30 May 2017**

Originating Officer: Jaimie Thwaites, Acting Manager Corporate Governance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: Auditor-General Report – Examination of governance arrangements in local government: February 2017

Report Reference: FAC300517R8.3

REPORT OBJECTIVES

To provide the Finance and Audit Committee with a copy of the Auditor-General's Report 'Examination of governance arrangements in local government: February 2017' (the report) and give an update on the status of the recommendations.

EXECUTIVE SUMMARY

During the period from July 2014 to June 2016, the Auditor General's Office examined governance in local government. For the purposes of the examination 3 randomly selected publicly funded bodies from the South Australian local government sector, namely City of Marion, the Barossa Councils and Adelaide Hills Waste Management Authority (AHWMA) were audited.

The objective of the examination was to determine whether these publicly funded bodies' activities are being managed efficiently and economically through a sound governance and accountability framework.

In relation to the City of Marion the audit conclusion was:

Overall, Marion Council's governance and accountability framework is adequate for managing its activities efficiently and economically. Marion Council reviews and evaluates its administrative arrangements and processes to manage its activities more efficiently and achieve better outcomes. A key initiative is establishing the Performance and Improvements Team to deliver a service review program that focuses on achieving efficiency and effectiveness.

There is scope for improvement in some areas, such as monitoring the performance of regional subsidiaries through better reporting, implementing legal compliance and fraud risk management frameworks and reviewing the complaint management system.

Steps have been taken to address each of the Auditor-General's recommendations contained in the report. The status of these actions is attached as Appendix 1.

The Auditor-General's report was tabled in the House of Assembly and made public on 28 February 2017. A copy of this report is attached as appendix 2.

RECOMMENDATION

DUE DATE

That the Finance and Audit Committee:

1. Notes the report.

23 May 2017

Report of the Auditor-General – Examination of governance arrangements in local government: February 2017

Status of Recommendations

Item	Recommendation	CoM Response	Status
<p>3.1.1 Audit conclusion</p>	<p>Overall, Marion Council's governance and accountability framework is adequate for managing its activities efficiently and economically. Marion Council reviews and evaluates its administrative arrangements and processes to manage its activities more efficiently and achieve better outcomes. A key initiative is establishing the Performance and Improvements Team to deliver a service review program that focuses on achieving efficiency and effectiveness.</p> <p>There is scope for improvement in some areas, such as monitoring the performance of regional subsidiaries through better reporting, implementing legal compliance and fraud risk management frameworks and reviewing the complaint management system.</p>	<p>Marion Council supported most of the recommendations we made and acknowledged the positive governance findings in our Report. Marion Council advised that certain actions are being taken to address the recommendations and provided specific completion time frames ranging from October 2016 to December 2017.</p>	
<p>3.4.3 Not all information needed to monitor regional subsidiaries was received</p>	<p>Marion Council should receive regular reports to monitor the regional subsidiaries' performance in delivering services efficiently and economically. These reports should be tabled at council meetings.</p>	<p>Marion Council responded that action is being taken and will be completed by December 2016.</p>	<p>The Audited Financial Statement for Council Solutions and Southern Regional Waste Resource Authority were presented to Council at the 11 October 2016 General Council meeting (GC111016R10).</p> <p>The 2017/18 Draft Annual Business Plan and Budgets for Council Solutions and Southern Regional Waste Resource Authority were presented to Council at the 23 May 2017 General Council meeting (GC230517R10).</p>

Item	Recommendation	CoM Response	Status
<p>3.4.4 Not all committees' performance is regularly evaluated</p>	<p>Consistent with the practices adopted by the finance and audit committee, Marion Council should regularly evaluate the performance of all committees. The purpose is to ensure they are achieving their intended purpose and to encourage continuous improvement in performance. The evaluation requirement should be documented in the terms of reference for each committee.</p>	<p>All committees' terms of reference were scheduled to be reviewed at the council meeting of 25 October 2016. This includes the recommendation to evaluate the committees' performance biannually.</p> <p>Performance reviews of all committees (excluding the finance and audit committee) will be completed by October 2017.</p>	<p>A new Section 41 Committee structure was adopted on 1 November 2016 (SGC011116R04). To be implemented from January 2017.</p> <p>All Committee Terms of Reference include the requirement that the Committee will review its Performance on a bi-annual (every two years) basis using performance indicators developed for that purpose.</p>
<p>3.4.5 Some policies and procedures need to be reviewed</p>	<p>Marion Council, through its Administration, should regularly review policies and procedures to ensure they remain relevant and accurate.</p>	<p>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.</p> <p>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.</p>	<p>The draft Policy framework was presented to the Finance and Audit Committee on 28 February 2017 (FAC280217R8.2).</p> <p>Currently an internal audit is being conducted by KPMG on Council's Policies. The Audit is due to be completed by 30 June 2017. The feedback from this audit will be used to further enhance the framework prior to presenting it to Council for adoption.</p>
<p>3.4.6 There is no documented policy and procedures for authorised persons</p>	<p>Marion Council should endorse a policy for appointing and administering authorised persons. It should establish procedures to support the policy.</p>	<p>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.</p> <p>In assessing Marion Council's response, we note that councils require authorised persons under various Acts, not just the LG Act (eg the <i>Dog and Cat Management Act 1995</i> and <i>Expiation of Offences Act 1996</i>). 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.</p>	<p>More detailed draft procedures have been developed for appointing authorised officers.</p>

Item	Recommendation	CoM Response	Status
<p>3.4.7 The authorised person register is not regularly reviewed</p>	<p>The Administration should regularly review the authorised person register to ensure it is current and accurate.</p> <p>A formal regular review may consist of obtaining sign-off from the relevant division to confirm the authorised person's appointment details are valid, current and in line with their roles and responsibilities. This will ensure that officers are not improperly exercising powers under legislation and exposing Marion Council to adverse operational and legal consequences.</p>	<p>This will be addressed and implemented within the relevant procedure and included in Governance and Record's work area plan by February 2017</p>	<p>The procedure will document the requirement for regular review (ie. 6 monthly).</p> <p>Work is also being undertaken across departments to put procedures in place to ensure the register is kept up to date (particularly in regards to staff departures).</p>
<p>3.5.3 Sub-delegations not appropriately approved</p>	<p>Marion Council's instrument of delegations should be a complete record of all delegations.</p> <p>The CEO's sub-delegation reflected in the instrument of delegations should be at the level needed for efficient decision-making over the expenditure of funds. The instrument of delegations should prescribe all conditions and limitations, for example specific amount limits assigned to positions.</p> <p>The purchase order system should be reviewed and updated for the current and approved instrument of delegations.</p>	<p>In line with the annual review process, the delegations are being reviewed and were scheduled to be reported to Marion Council in November 2016. The findings are being addressed as part of this review.</p> <p>At the time of finalising this Report, in February 2017, the CEO advised that the delegations will be provided to the Marion Council at its April 2017 meeting. The delay is due to resource issues and coordinating the timing with the draft agenda process.</p>	<p>The Schedule of Delegations was reviewed and presented to Council on 23 May 2017 (GC230517R11).</p> <p>The Schedule of Delegations has been updated to be a complete record of delegations (including Financial and Human Resource delegations).</p>
<p>3.5.4 There are no human resource delegations</p>	<p>The instrument of delegations should clearly provide for human resource delegations consistent with applicable policies.</p>	<p>The human resource delegations are being addressed as part of the annual review process discussed in section 3.5.3.</p>	<p>As above.</p>

Item	Recommendation	CoM Response	Status
<p>3.6.3 No established criteria and evaluation of general managers' performance</p>	<p>The CEO should ensure the General Managers' performance criteria is clearly documented and aligned with achieving the council's strategic objectives. The performance criteria should be part of the employment contract.</p> <p>As required by the employment contract, the CEO should ensure that the General Managers' performance is reviewed annually against the established performance criteria and that documentation of these reviews is retained on file.</p>	<p>The finding has been addressed by the General Managers' new performance review process, implemented at the beginning of 2016-17.</p>	<p>The new performance process has been implemented.</p>
<p>3.6.4 Links between the internal audit projects and strategic risks are unclear</p>	<p>The internal audit plan should provide a clear link between the planned projects and Marion Council's high strategic risks.</p>	<p>A new plan will be developed for 2017-18 and 2018-19. The finance and audit committee will consider this plan in May 2017. The link between projects and risks will be included in the new plan.</p>	<p>KPMG will be working with City of Marion to develop new plans for 17/18 and 18/19. At KPMG's request, these plans will be presented to the 15 August 2017 Finance and Audit Committee.</p>
<p>3.7.3 There is no legal compliance framework</p>	<p>As identified in the strategic risk register, the Administration should implement a legal compliance framework to help monitor compliance with the legal and regulatory obligations relevant to Marion Council's operations.</p>	<p>A centralised legal compliance framework is currently being developed based on existing work priorities. The draft framework is scheduled to be considered by the finance and audit committee in August 2017.</p>	<p>The Legal Compliance Framework is listed as part of the Governance and Records Work Area Plan.</p>
<p>3.7.4 There is not enough data to evaluate the efficiency of the complaint management</p>	<p>The Administration should undertake a review of the complaint management system to identify opportunities to improve:</p> <ul style="list-style-type: none"> • the effectiveness and efficiency of the system 	<p>Marion Council acknowledged that improvement in this area is required. This will be progressed throughout 2017 and completed by December 2017.</p>	<p>A review of the Complaints and Grievance Policy and Procedure was presented and endorsed by Council at the 24 January 2017 General Council Meeting (GC240117R08).</p> <p>The process will continue to be reviewed</p>

Item	Recommendation	CoM Response	Status
system	<ul style="list-style-type: none"> • service delivery to the community • integration with other organisational processes. 		and opportunities for improvement will be implemented as identified.
3.7.5 There is no fraud risk management framework	<p>Marion Council should continue to implement a fraud risk management framework for the efficient management of fraud and corruption risk. This includes developing a fraud and corruption control plan, a fraud and corruption register and if feasible a designated fraud control officer.</p> <p>In developing a framework, Marion Council should consider our comments below and the guidance in Australian Standard AS 8001-2008 'Fraud and Corruption Control' (AS 8001)</p>	<p>Marion Council has developed a fraud and corruption framework that was considered by the finance and audit committee on 4 October 2016. The committee endorsed the framework to be considered by Marion Council subject to the committee's feedback. The framework addresses a number of the recommendations and will be implemented by June 2017</p>	<p>The Fraud and Corruption framework was presented to the General Council on 23 May 2017 (GC230517R07).</p>



**Government
of South Australia**

Report of the Auditor-General

Tabled in the House of Assembly and ordered to be published, 28 February 2017

Second Session, Fifty-Third Parliament

Examination of governance arrangements in local government: February 2017

By authority: P. McMahon, Government Printer, South Australia

2017

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Dear President and Speaker

**Report of the Auditor-General: Examination of
governance in local government: February 2017**

Pursuant to section 32(3) of the *Public Finance and Audit Act 1987*, I present to each of you a copy of my Report on the 'Examination of governance in local government: February 2017'.

Content of the Report

In accordance with section 32(1)(a) of the *Public Finance and Audit Act 1987* the Auditor-General may examine the accounts of a publicly funded body and the efficiency and economy of its activities I have completed an examination of governance in local government and this report communicates the findings from that examination.

Acknowledgements

The audit team for this report was Andrew Corrigan and the Local Government audit team.

I would like to record my appreciation for the cooperation and assistance provided by the staff of City of Marion and The Barossa councils during the course of the examination.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richardson'.

Andrew Richardson
Auditor-General

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1 Executive summary

1.1 Background

South Australia has 68 councils that govern and manage their local areas in accordance with the *Local Government Act 1999* (LG Act). Collectively these councils employ over 10 000 people, and manage a budget of over \$2 billion and infrastructure of about \$22 billion.¹

A council is responsible for managing its local area, which involves the future planning and development of the local area, creating a safe and healthy environment and providing a range of services, facilities and programs to its community.

A council acts as a representative, informed and responsible decision maker in the interests of its community. As such, a council is primarily accountable to its community for the use of public money and its performance in providing services and carrying out various activities. In doing so, a council seeks to ensure that its resources are used fairly, effectively and efficiently.

Governance is about the council's processes for making and implementing decisions and managing its resources to achieve its objectives and functions. Good governance ensures the best possible processes are in place to achieve better outcomes. These processes should consider the efficient and economic use of resources.

We examined three publicly funded bodies: two councils (City of Marion (Marion Council) and The Barossa Council) and a regional subsidiary (Adelaide Hills Waste Management Authority (AHWMA)). The purpose was to determine whether their activities are being managed efficiently and economically through a sound governance and accountability framework. Key principles of good governance that this examination focused on include administrative arrangements, management and oversight, transparency and accountability, and conduct.

At the time of this Report our examination of the AHWMA was being completed. The results of this examination will be separately reported.

Further details of our audit scope are provided in section 2, with detailed examination results for the two councils provided in sections 3 and 4.

1.2 Audit conclusions

Overall, the two councils examined have implemented adequate governance and accountability frameworks to efficiently and economically manage their activities.

Both councils examined have implemented initiatives to review and evaluate administrative arrangements and processes to manage their activities, including the efficient delivery of services to achieve better outcomes.

¹ 'Solutions for SA State Budget Submission 2016-2017', April 2016, Local Government Association of South Australia.

Both councils examined also recently reviewed their governance and organisational structures resulting in a reduction of senior staff and restructure of council committees. Notably, The Barossa Council significantly reduced its council committees by 16. This emphasised the importance of councils evaluating the performance of committees regularly to ensure they are achieving their objectives and intended purpose. The roles and responsibilities of committees are clearly defined and operate under approved terms of reference.

The two councils examined have management and oversight over their activities where:

- delegated authorities were in place for efficient decision-making. However, we noted that sub-delegations for Marion Council had not been made in accordance with the LG Act
- short and long-term financial and operational plans had been endorsed. The governing body received regular performance reports against these approved plans. Further, the Chief Executive Officer's (CEO's) performance evaluation was aligned with achieving the council's strategic objectives
- a risk management policy and framework was being developed or was recently implemented
- audit committees existed, and were responsible for advising on the efficient and effective use of resources, monitoring of risks and oversight of the internal audit function.

We did note areas where governance and accountability should be strengthened. Those findings primarily concerned the regularity and timeliness of performing some governance tasks. Each of these matters supports the overall system of governance but with varying degrees of importance. Individual councils are also likely to risk rate activities differently, according to their circumstances. As an example, this was the case for legal compliance frameworks. Our examination highlighted the importance of all councils ensuring the primary aspects of their governance arrangements are current, relevant and achieving their intended purpose. Individual matters for each council are reported with our audit recommendations.

1.3 Recommendations

We made a series of recommendations to the two councils reviewed to address the findings identified.

Details of our recommendations are provided in:

- sections 3.4 to 3.7 for Marion Council
- sections 4.4 to 4.7 for The Barossa Council.

2 Background

2.1 Importance of governance in local government

The LG Act is the primary legislation for the governance and operation of councils. Councils also have legislative obligations under other Acts and may be subject to specific advice and direction in making council decisions.²

A key role of a council is to act as a representative, informed and responsible decision maker in the interests of its community.³ As such, a council is primarily accountable to its community for the use of public money and its performance in providing services and carrying out various activities. In doing so, a council seeks to ensure that its resources are used fairly, effectively and efficiently.

Governance is about the council's processes for making and implementing decisions and managing its resources to achieve its objectives and functions. Good governance ensures the best possible processes are in place to achieve better outcomes for the council and its community. Best possible processes would consider the efficient and economic use of resources and effectiveness in achieving better outcomes. Good governance also increases the community's confidence in its council to make fair and equitable decisions. While a council may deliver effective outcomes it may not have achieved them efficiently. Deficiencies in the decision-making process and actions taken to deliver outcomes may highlight inefficiencies.

The Australian National Audit Office's Public Sector Governance Better Practice Guide succinctly states the scope and aims of good governance practice:

Public sector governance encompasses leadership, direction, control and accountability, and assists an entity to achieve its outcomes in such a way as to enhance confidence in the entity, its decisions and its actions. Good public sector governance is about getting the right things done in the best possible way, and delivering this standard of performance on a sustainable basis.⁴

Key principles of good governance include the following:

- Administration arrangements – implement an organisational structure to manage key activities and functions of the council efficiently. Such arrangements should be supported by clearly defined roles, responsibilities and accountabilities.
- Management and oversight – maintain effective delegations to enable efficient decision-making, consistent with council policies; reporting requirements to monitor delegated decisions and hold delegates to account; monitoring performance in achieving strategic directions, goals and financial outcomes; and effective risk management strategy that is integrated in all council activities and processes.

² For example, in the areas of planning and development, public health and safety and environment.

³ Section 6(a) of the LG Act.

⁴ 'Public Sector Governance: Strengthening performance through good governance', Australian National Audit Office, June 2014, p 7.

- Transparency and accountability – implement effective systems to support council’s accountability to its community for its decisions and activities. Such systems include performance management and independent reviews.
- Conduct – decisions made are consistent with legislation and within the powers of the council; councillors and employees comply with principles of good conduct.

Regular review and evaluation of the effectiveness of governance and service/activities also assists to make best use of resources, achieve continuous improvement in performance and achieve better outcomes more efficiently.

Another key principle of governance is good culture, which is outside the scope of this examination. Nevertheless it is an important principle to consider, as expressed by the Audit Office of New South Wales:

It is important to recognise that implementing a set of processes and procedures will not deliver good governance unless they are accompanied by a good governance culture. The attitude, values, beliefs and behaviours of leaders must support good governance.⁵

2.2 Audit objective and scope

We have examined governance in local government. The examination was conducted under section 32(1)(a) of the *Public Finance and Audit Act 1987*, which authorises the Auditor-General to examine the accounts of a publicly funded body and the efficiency and economy of its activities.

There are over 90 publicly funded bodies in South Australia’s local government sector. For this examination we randomly selected three:

- Marion Council
- The Barossa Council
- AHWMA.⁶

The objective of our examination was to determine whether these publicly funded bodies’ activities are being managed efficiently and economically through a sound governance and accountability framework. Governing an organisation efficiently and economically will lead to better outcomes for the resources employed and acquired at the appropriate time and at the lowest cost.

The audit criteria for this examination covered the aspects of governance shown in figure 2.1.

⁵ ‘Governance Lighthouse – a strategic early warning signal’, Audit Office of New South Wales, February 2015, p 1.

⁶ At the time of this Report our examination of AHWMA was still in progress. The outcome of this examination will be communicated in a separate Report.

Figure 2.1: Audit criteria

Administrative arrangements	Management and oversight	Transparency and accountability	Conduct
<ul style="list-style-type: none"> • organisational structure • roles and responsibilities • policies and procedures 	<ul style="list-style-type: none"> • delegations • strategic, operational and financial planning • performance reporting • risk management 	<ul style="list-style-type: none"> • performance management • audit committee • internal audit 	<ul style="list-style-type: none"> • conflicts of interest • complaint handling • fraud corruption and control • legal compliance

These criteria were developed with reference to the LG Act, relevant Australian/New Zealand standards and better practice guidance on governance.

The examination included a detailed review of documentation and discussions with relevant personnel of the publicly funded bodies. The examination covered the period from July 2014 to June 2016. We reported our findings in September 2016 and the councils responded in October 2016.

Details of the actions taken or proposed by the two councils are provided in sections 3 and 4.

- 3 City of Marion
- 3.1 Executive summary
- 3.1.1 Audit conclusion

Overall, Marion Council's governance and accountability framework is adequate for managing its activities efficiently and economically. Marion Council reviews and evaluates its administrative arrangements and processes to manage its activities more efficiently and achieve better outcomes. A key initiative is establishing the Performance and Improvements Team to deliver a service review program that focuses on achieving efficiency and effectiveness.

There is scope for improvement in some areas, such as monitoring the performance of regional subsidiaries through better reporting, implementing legal compliance and fraud risk management frameworks and reviewing the complaint management system.

3.1.2 Key findings and recommendations

Administrative arrangements (section 3.4)

Marion Council's governance and organisational structures have recently been reviewed resulting in four new committees and a reduction of four senior managers. The roles and responsibilities of the committees are clearly defined and operate under approved terms of reference. Marion Council has established the Performance and Improvements Team to deliver a service review program. This program aims to review council activities with a focus on achieving efficiency and effectiveness through improved service quality, streamlining processes and determining which services provide better community services.

Marion Council monitors the operation and performance of its committees through regular reporting. We found that its regional subsidiaries have not fulfilled their reporting obligations by providing regular reports to Marion Council to monitor their performance in delivering services efficiently and economically. We recommended that Marion Council receive regular reports.

Marion Council has endorsed policies for key activities, except for the appointment and administration of authorised persons. We recommended that Marion Council endorse a policy and establish a related procedure.

Management and oversight (section 3.5)

Marion Council and its CEO had endorsed an instrument of delegations, which is regularly reviewed. While sub-delegations are necessary for efficient decision-making, we found the sub-delegations had not been made in accordance with the LG Act. We recommended that the instrument of delegations provide a complete record of all delegations, including the CEO's sub-delegations.

Marion Council has a strategic management framework and endorsed short and long-term strategic financial and operational plans. It receives regular performance reports against these approved plans.

Marion Council endorsed a revised risk management policy and framework in January 2016. A comprehensive review of its operational and strategic risk registers was undertaken, resulting in a corporate risk register.

Transparency and accountability (section 3.6)

Marion Council's CEO's performance evaluation is aligned with achieving its strategic objectives and is also outlined in the CEO's employment contract. The General Managers' performance criteria and most recent performance review report could not be provided. We recommended that the performance criteria be included in the employment contract and aligned with the achievement of Marion Council's strategic objectives.

Marion Council has a finance and audit committee that advises on the efficient and effective use of resources. This committee oversees the scope of work and performance of internal audit. While the internal audit plan was based on consideration of a number of factors, we found that the internal audit projects identified did not clearly indicate which strategic risks were being addressed. We recommended that there be a clear link between the planned internal audit projects and Marion Council's high strategic risks.

Conduct (section 3.7)

Marion Council has endorsed policies and/or protocols for managing conflicts of interest, complaint handling, and fraud corruption and control. We found areas could be improved by implementing legal compliance and fraud risk management frameworks. Further, a review of the complaint management system should be undertaken to identify opportunities to improve the effectiveness and efficiency of the system, service delivery to the community and integration with other organisational processes.

3.1.3 Marion Council's response

Marion Council supported most of the recommendations we made and acknowledged the positive governance findings in our Report. Marion Council advised that certain actions are being taken to address the recommendations and provided specific completion time frames ranging from October 2016 to December 2017.

3.2 Marion Council overview

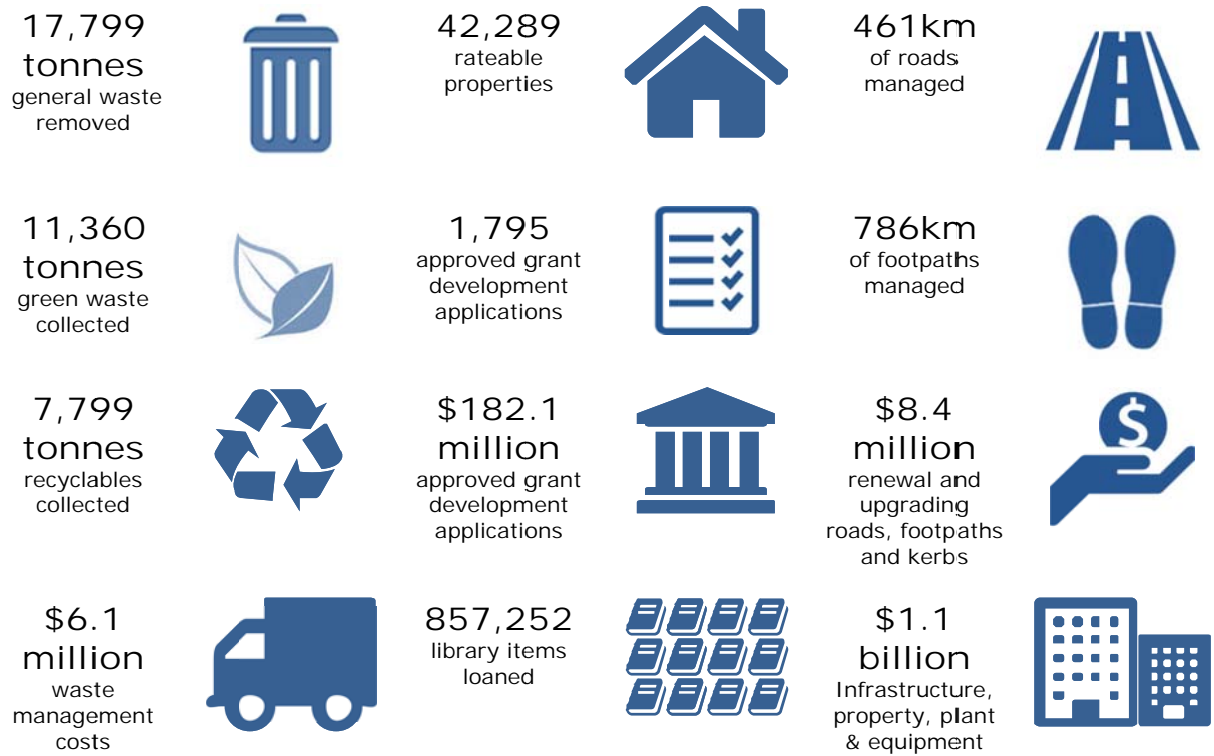
Marion Council is responsible for managing its local area of 55 km², planning for the future and creating a safe and healthy environment. It does this by providing a range of services, facilities and programs that are either statutory or discretionary. These services include, for example:⁷

- local roads, footpaths and drainage
- waste collection and recycling management
- library and information services
- recreation, sporting and cultural activities.

⁷ City of Marion, home page, viewed 6 September 2016, <<https://www.marion.sa.gov.au>>.

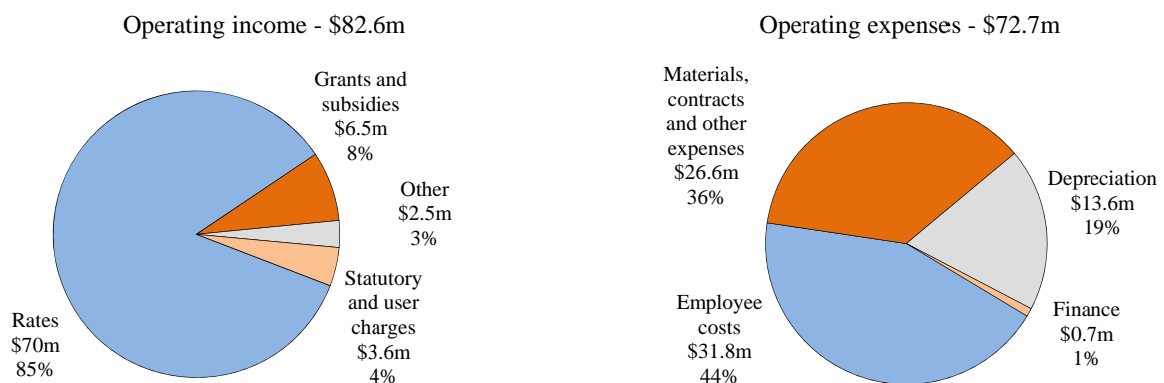
Marion Council must seek to ensure that its resources are used fairly, effectively and efficiently in delivering services to its community and carrying out various activities. Good governance ensures the best possible structures and processes are in place to manage resources and lead to better outcomes and service delivery.

3.2.1 Marion Council snapshot – year ending 30 June 2016⁸



In 2015-16, Marion Council reported an operating surplus of \$9.9 million. Figure 3.1 shows the council's sources of income and expenditure incurred to deliver services to the community.

Figure 3.1: Sources of income and expenditure incurred in 2015-16⁹

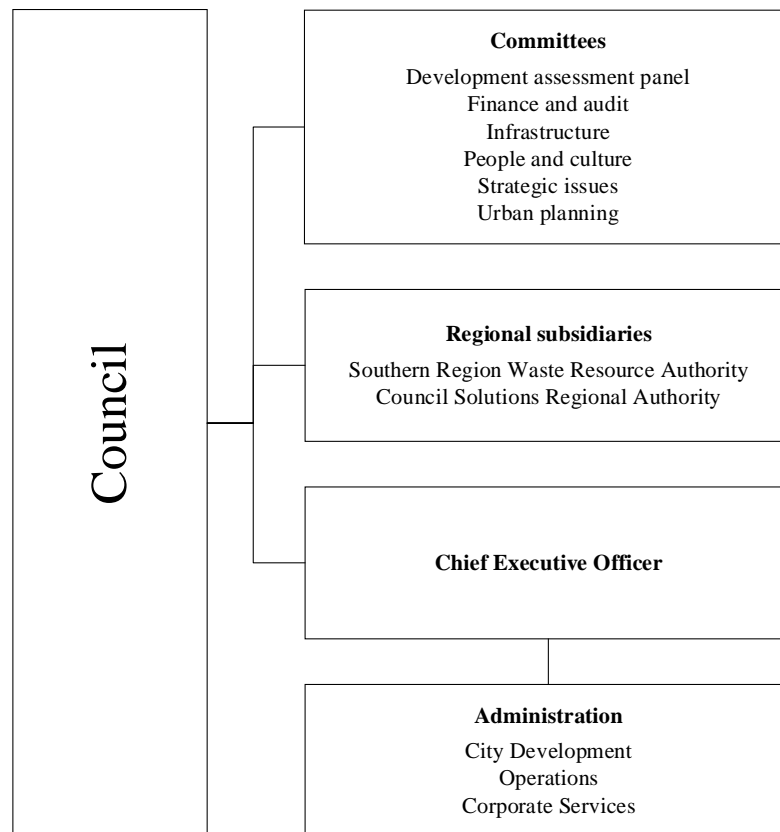


⁸ Data supplied by the Marion Council. We have not audited this data.

⁹ Data sourced from the Marion Council's audited financial statements for the year ending 30 June 2016.

The operating surplus contributes to funding the renewal and maintenance of \$1.1 billion of physical assets managed by Marion Council. As at 30 June 2016, the asset sustainability reserve totalled \$10 million. Its primary purpose is to fund infrastructure failure and assist in funding long-term asset management objectives.

3.3 Marion Council's governance structure



Marion Council

Marion Council is incorporated under the LG Act. It is governed by an elected mayor and 12 elected councillors (two councillors representing each ward). The November 2014 local government elections resulted in eight new appointments to the council, including a new mayor.

Sections 58 and 59 of the LG Act provide for the specific roles of mayors and council members. Specifically, as a person elected to the council, a council member is to represent the interests of residents and ratepayers, provide community leadership and guidance, and facilitate communication between the community and the council. As a member of the council's governing body, an elected member is to:

- participate in the deliberations and civic activities of the council
- keep the council's objectives and policies under review to ensure that they are appropriate and effective
- keep the council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery, under review

- ensure, as far as is practicable, that they observe the principles under section 8 of the LG Act in performing their roles and functions.

The Chief Executive Officer and Administration

Marion Council appointed a new CEO in August 2015. The CEO is responsible for the daily management of Marion Council's operations and affairs, to achieve its objectives and perform the functions in section 99(1) of the LG Act.

In consultation with Marion Council, the CEO determines the organisational structure of the Administration and appoints and manages staff. The Administration's role is to implement council's decisions, and to advise and support the council and CEO.

Marion Council's committees

To help it perform its functions, Marion Council has established the following committees to provide advice to the council on various matters:

- Development assessment panel¹⁰ – considers a range of development applications to ensure that new development proposals are consistent with Marion Council's development plan.
- Finance and audit – advises Marion Council on the efficient and effective use of resources; evaluating and improving the effectiveness of risk management, control and governance processes.
- Infrastructure – advises on the strategic management of Marion Council's assets and infrastructure.
- People and culture – reviews, monitors and advises on organisation performance and culture strategies, including the CEO's performance review.
- Strategic issues – advises Marion Council on matters of strategic importance, such as the level and extent of services to achieve long-term objectives.
- Urban planning – advises on orderly and efficient urban planning and development.

Regional subsidiaries

Under section 43 of the LG Act, Marion Council has established, with other specific councils, the following regional subsidiaries:

- Council Solutions Regional Authority¹¹ which provides its constituent councils the benefits of a collaborative and strategic approach to procurement and contract negotiation and management services
- Southern Region Waste Resource Authority¹² which provides and operates waste management services.

¹⁰ Established under section 56A of the *Development Act 1993*.

¹¹ Constituent councils are the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully.

¹² Constituent councils are the Cities of Marion, Onkaparinga and Holdfast Bay.

Authorised persons

Under section 260 of the LG Act, a council may appoint an authorised person to help perform council functions. Marion Council has appointed 52 authorised persons.

An authorised person must be issued an identity card, which provides any conditions or limitations of the authorisation. Authorised persons have powers to enter and inspect specific premises and make inquiries to ensure compliance with specific provisions of the LG Act or another Act the council administers. In some cases the powers extend to enforcing penalties for non-compliance with legislation. As such, authorised persons play an important role in administering legislation. Deficiencies in appointing and managing authorised persons may have adverse operational and legal consequences.

3.4 Administrative arrangements

3.4.1 Background

To conclude on whether Marion Council is governing its activities efficiently and economically, we examined whether the:

- governance structure is reviewed regularly to ensure it remains appropriate for managing its key activities and the best use of resources
- council monitors the operation and performance of its committees and subsidiaries
- roles and responsibilities of committees, subsidiaries and key personnel are clearly defined. This includes appointed members collectively having the necessary skills and experience for the purposes of the committee
- council has endorsed policies that establish how key activities are to be conducted
- appointment and management of authorised persons is in line with legislation and policy.

3.4.2 Positive council administrative practices for good governance

Our examination found that:

- the CEO recently reviewed the organisational structure which resulted in a reduction of four senior managers
- Marion Council recently reviewed the committee structure and established four new committees. All committees operate under approved terms of reference that clearly provide its role and responsibilities. Except for the finance and audit committee, all committees comprise the Mayor, three councillors and an independent expert member
- the finance and audit committee comprises three independent members and two councillors. Following good governance principles, an independent member has been appointed as chair of the committee. In consultation with Marion Council members and management, the committee's performance is assessed biannually. As a result, the committee members have identified performance improvements that have been documented in an action plan

- Marion Council has established the Performance and Improvements Team to deliver, manage and monitor a service review program. The program aims to review Marion Council's services, programs and processes with a focus on achieving efficiency and effectiveness through improved service quality, streamlining processes and determining which services provide better community outcomes. At the time of our examination, the finance and audit committee was being consulted on the proposed service review framework and 2016-18 program.

We also identified areas that should be improved to achieve better governance. These are outlined in sections 3.4.3 to 3.4.7.

3.4.3 Not all information needed to monitor regional subsidiaries was received

Recommendation

Marion Council should receive regular reports to monitor the regional subsidiaries' performance in delivering services efficiently and economically. These reports should be tabled at council meetings.

Finding

Marion Council has two regional subsidiaries to provide services to its community and to carry out activities on its behalf. Marion Council remains accountable to its community for these services/activities and the liabilities incurred or assumed by the regional subsidiary are guaranteed by the constituent councils. Marion Council is also accountable to its community for monitoring the performance of the regional subsidiaries in achieving its strategic direction and outcomes.

Each regional subsidiary operates under a charter that outlines its reporting obligations to Marion Council. These reporting obligations provide Marion Council with the necessary information to oversee the regional subsidiary's performance and make appropriate, timely and informed decisions, such as whether it remains an efficient and effective mechanism to deliver the service or undertake the activity on behalf of Marion Council.

Our examination found that the regional subsidiaries have not fulfilled the reporting obligations outlined in their charters. Marion Council did not receive:

- the proposed 2015-16 budget, which must be referred to Marion Council at the same time it is submitted to the regional subsidiary's Board of Management (Board). This gives Marion Council the opportunity to review and comment on the budget before the Board endorses it
- the 2015-16 budgets endorsed by the Boards
- quarterly reports summarising the financial position and performance of the regional subsidiary against the annual budget
- a report on the work and operations of the regional subsidiary detailing achievement of the aims and objectives of its business plan and incorporating the audited financial statements

- a balance sheet and full financial report to Marion Council at the end of each financial year. This gives Marion Council the opportunity to review and comment on the financial statements before they are finalised. We note that both regional subsidiaries provided audited financial statements for the year ending 30 June 2015 to Marion Council in October 2015.

We were advised that summary reports of matters discussed at meetings of the regional subsidiaries' Boards are provided to the elected members via the Extranet.¹³ However, these reports are not tabled at the council meetings.

Marion Council's response

Marion Council responded that action is being taken and will be completed by December 2016.

3.4.4 Not all committees' performance is regularly evaluated

Recommendation

Consistent with the practices adopted by the finance and audit committee, Marion Council should regularly evaluate the performance of all committees. The purpose is to ensure they are achieving their intended purpose and to encourage continuous improvement in performance. The evaluation requirement should be documented in the terms of reference for each committee.

Finding

As previously mentioned, Marion Council recently reviewed its committee structure and established four new committees. The finance and audit committee's policy and terms of reference require its performance to be reviewed biannually to ensure continuous improvement.

There is no such requirement for the other committees. It is not clear how the performance of these committees is/will be evaluated to encourage continuous improvement leading to better outcomes.

Marion Council's response

All committees' terms of reference were scheduled to be reviewed at the council meeting of 25 October 2016. This includes the recommendation to evaluate the committees' performance biannually.

Performance reviews of all committees (excluding the finance and audit committee) will be completed by October 2017.

¹³ Extranet – an intranet that can be partially accessed by authorised external users, enabling the Council to exchange information over the internet securely.

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:¹⁴

- 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.

3.4.7 The authorised person register is not regularly reviewed

Recommendations

The Administration should regularly review the authorised person register to ensure it is current and accurate.

¹⁴ The Local Government Association of South Australia provides best practice procedures and templates for appointing authorised persons.

A formal regular review may consist of obtaining sign-off from the relevant division to confirm the authorised person's appointment details are valid, current and in line with their roles and responsibilities. This will ensure that officers are not improperly exercising powers under legislation and exposing Marion Council to adverse operational and legal consequences.

Finding

The Unit Manager, Council Support maintains an authorised person register. Our examination found that the register contains inaccurate information and is not regularly reviewed.

For example:

- four people on the register (out of the 10 we tested) were no longer employees
- two authorised persons were issued with new identity cards due to changes in details but the register was not updated to reflect these changes (ie name change, appointment and issue of new identity card dates)
- the instruments of appointment for two authorised persons were not maintained on file
- the authority details provided on the identity card of one authorised person did not agree to the authorised instrument of appointment.

We also found that the identity card of one authorised person needed updating as they are required to have a separate identity card for appointment as a Dog and Cat Management Authorised Officer. Action was promptly taken by Administration to address this matter.

Inaccuracies in the register lead to it being unreliable and ineffective for its intended purpose, the management of appointments and identity cards.

Marion Council's response

This will be addressed and implemented within the relevant procedure and included in Governance and Record's work area plan by February 2017.

3.5 Management and oversight

3.5.1 Background

To conclude on whether Marion Council has mechanisms to efficiently monitor and manage the performance of its key activities we examined whether Marion Council:

- and its CEO had endorsed an instrument of delegations that is regularly reviewed
- has a strategic management framework and endorsed strategic plans
- receives regular reports on actual performance against approved plans
- has a risk management framework and an endorsed risk management plan.

3.5.2 Positive council management and oversight practices for good governance

Our examination found that Marion Council:

- has a strategic management framework and endorsed short and long-term strategic financial and operational plans. The plans describe the services and projects that the council intends to undertake and the financial decisions that underpin them
- received regular reporting against approved plans, including quarterly budget reviews, quarterly performance reports against the measures adopted in the annual plan and budget, monthly finance reports showing major projects, actual versus budget with commentary and variation notes, and debtors report for sundry debtors and rates debtors
- endorsed a revised risk management policy and framework in January 2016. The Administration undertook a comprehensive review of the operational and strategic risk registers resulting in a corporate risk register.

We also identified areas that should be improved to achieve better governance. These are outlined in sections 3.5.3 and 3.5.4.

3.5.3 Sub-delegations not appropriately approved

Recommendations

Marion Council's instrument of delegations should be a complete record of all delegations.

The CEO's sub-delegation reflected in the instrument of delegations should be at the level needed for efficient decision-making over the expenditure of funds. The instrument of delegations should prescribe all conditions and limitations, for example specific amount limits assigned to positions.

The purchase order system should be reviewed and updated for the current and approved instrument of delegations.

Finding

Effective governance includes delegating powers and functions to facilitate efficient decision-making on behalf of the council. Marion Council's delegations of authority promote efficiency by allowing operational decisions to be made by the CEO and Administration. It is important that these delegations are made in accordance with the LG Act as the council remains accountable for the decision an authorised delegate makes.

Section 44 of the LG Act provides for the council to delegate a power or function vested or conferred under this or another Act. Similarly, section 101 of the LG Act provides for the CEO to delegate a power or function vested or conferred in or on the CEO under the LG Act.

A delegation may be made, for example, to the CEO, a council employee, an authorised person or a committee. Unless directed otherwise, the council authorises the sub-delegation of the delegated power or function made to a delegate.

We found that the instrument of delegations:

- was endorsed by Marion Council in November 2015
- provides the powers and functions delegated to the CEO
- provides the powers and functions that the CEO has sub-delegated to various positions in Administration.

Marion Council delegated the expenditure of funds, within the approved budget, to the CEO. The CEO has sub-delegated this authority to the three General Managers. There are consequently four officers who have authority to expend funds on behalf of Marion Council.

We found that the General Managers have further sub-delegated their authority to other employees. While this level of delegation is necessary for efficient decision-making, it does not comply with the LG Act. That is, the General Managers, as sub-delegates, do not have the authority to further sub-delegate the authority that the CEO has delegated. Under section 44(4)(b), the General Managers can only sub-delegate where the council has directly delegated the power or function to them.

We also found that the General Managers' sub-delegations to employees are through email correspondence. Under section 44(6) the council must maintain a separate record of all delegations. All delegations must be recorded in the council's instrument of delegations.

We were advised that the email correspondence is provided to update the purchase order system for changes in delegations to enable the efficient approval and processing of expenditure. Our examination of the delegations reflected in the purchase order system found:

- many of the delegations are based on notifications prior to November 2015. The CEO has revoked all previous sub-delegations under the current instrument of delegations. The purchase order system should be consistent with the current and approved instrument of delegations
- amount limits are provided whereas the instrument of delegations does not provide limits. For example, the CEO's system limit is \$4 million and the General Managers' is \$1 million
- the purchase order system is based on an officer's name, so every change would require approval from the CEO as per delegations
- instances where it was not being updated for changes, such as staff on extended leave or a staff member no longer acting in a position (acting position ended on 12 October 2015 but the system was updated on 7 December 2015 in response to our inquiry).

Delegations need to be made in accordance with the LG Act to reduce the risk of unauthorised transactions that may affect the efficiency and economy of activities. The instrument of delegations should be a complete and accurate record of the authority approved by Marion Council and sub-delegates for efficient decision-making.

Marion Council's response

In line with the annual review process, the delegations are being reviewed and were scheduled to be reported to Marion Council in November 2016. The findings are being addressed as part of this review.

At the time of finalising this Report, in February 2017, the CEO advised that the delegations will be provided to the Marion Council at its April 2017 meeting. The delay is due to resource issues and coordinating the timing with the draft agenda process.

3.5.4 There are no human resource delegations

Recommendation

The instrument of delegations should clearly provide for human resource delegations consistent with applicable policies.

Finding

Under section 103 of the LG Act the CEO is responsible for managing council employees (including appointing, managing, suspending and dismissing employees). We found that the CEO has not delegated any of these powers through the instrument of delegations. In practice, however, managers approve staff leave arrangements (including extended leave).

While it is inefficient for a CEO to approve all leave arrangements, delegations need to be based on effective policies so that appropriate decisions can be made. The delegations need to be reflected in the instrument of delegations.

Marion Council's response

The human resource delegations are being addressed as part of the annual review process discussed in section 3.5.3.

3.6 Transparency and accountability

3.6.1 Background

Marion Council exists to govern on behalf of its community so it must efficiently account for its activities and performance and have appropriate systems that support this accountability. Such key systems include performance management and independent reviews.

To conclude on whether Marion Council has efficient systems to support its accountability to its community for its decisions and activities, we examined the:

- CEO's and senior management's performance evaluation process and whether it is aligned with achieving the council's strategic objectives
- structures that provide independent review of processes and decision-making (ie audit committee, internal audit and external audit).

3.6.2 Positive council transparency and accountability practices for good governance

We found that Marion Council has:

- aligned the CEO's performance evaluation process with achieving the council's strategic objectives as outlined in the employment contract

- a finance and audit committee that advises the council on the efficient and effective use of council resources. It assists Marion Council to accomplish its objectives by evaluating and improving the effectiveness of financial management, risk management, internal controls and governance processes
- an internal audit function, performed by an independent accounting firm.

We also identified areas that should be improved to achieve better governance. These are outlined in sections 3.6.3 and 3.6.4.

3.6.3 No established criteria and evaluation of general managers' performance

Recommendations

The CEO should ensure the General Managers' performance criteria is clearly documented and aligned with achieving the council's strategic objectives. The performance criteria should be part of the employment contract.

As required by the employment contract, the CEO should ensure that the General Managers' performance is reviewed annually against the established performance criteria and that documentation of these reviews is retained on file.

Finding

The CEO is ultimately accountable to the council for the financial performance of the organisation. This involves achieving the goals and objectives set by the council in a timely and efficient manner.

It is expected that the CEO's and General Managers' performance criteria is aligned with achieving the council's strategic objectives. This will help to achieve council's objectives as there will be a consistency of direction that will lead to efficiencies.

The CEO's and General Managers' employment contracts refer to performance criteria for their performance assessments. Performance reviews are carried out annually and evidenced by a written report.

The CEO's performance criteria are aligned with achieving the council's strategic objectives. The current CEO commenced in August 2015 and an annual performance evaluation was not due at the time of our examination.

We found that the General Managers' performance criteria did not form part of the employment contract and could not be provided when we requested it. Further, the most recent General Managers' performance review report could not be provided.

We were advised that for 2016-17 the General Managers have prepared a Leadership (Performance) Development Plan. The objectives in these plans are linked to the council's strategic objectives and specific key performance indicators. The General Managers' performance will be evaluated against the objectives semi-annually.

Marion Council's response

The finding has been addressed by the General Managers' new performance review process, implemented at the beginning of 2016-17.

3.6.4 Links between the internal audit projects and strategic risks are unclear

Recommendation

The internal audit plan should provide a clear link between the planned projects and Marion Council's high strategic risks.

Findings

The internal audit function provides an independent review of Marion Council's operations and activities. It aims to add value and ensure the efficiency, effectiveness and economy of significant programs and activities.

The internal audit function is performed by an independent accounting firm. The finance and audit committee oversees the scope of work and performance of internal audit. The finance and audit committee endorsed the current internal audit plan in December 2015 for the 2015-16 and 2016-17 financial years (this period covers the internal auditor's current contract term at a cost of approximately \$100 000 p.a.).

An internal audit plan should address relevant elements of the council's risk profile. Marion Council's internal audit plan considered a number of factors including the strategic plan and objectives as aligned with the strategic risks, process improvements and compliance, and consultation with Marion Council's executive team and key governance stakeholders.

Our examination of the internal audit plan found that the internal audit projects identified do not clearly indicate which strategic risks are being addressed. For example, payroll operations, cash handling and purchase cards are internal audit projects planned for review. These areas were not assessed as high risk in Marion Council's risk registers.

To ensure Marion Council is obtaining the optimum value of the resources allocated to its internal audit function, the internal audit plan should focus on areas assessed as high risk. Each project on the plan should be linked to a strategic risk. If some strategic risk areas do not require internal audits, reasons should be documented on the plan.

Marion Council's response

A new plan will be developed for 2017-18 and 2018-19. The finance and audit committee will consider this plan in May 2017. The link between projects and risks will be included in the new plan.

3.7 Conduct

3.7.1 Background

To conclude on whether Marion Council is managing its activities efficiently we examined whether it has endorsed policies and protocols to support the following key areas of conduct:

- conflict of interest
- legal compliance
- complaint handling
- fraud corruption and control.

3.7.2 Positive council conduct practices for good governance

Our examination found that Marion Council:

- maintains a current register of interests and the ordinary/primary returns are received in the time frames set out in the LG Act
- conducts regular staff fraud training to maintain awareness of related policies and legislative requirements for responding to known and suspected fraud
- recently endorsed a fraud corruption and control policy and started to develop a fraud risk management framework.

We also identified areas that should be improved to achieve better governance. These are outlined in sections 3.7.3 to 3.7.5.

3.7.3 There is no legal compliance framework

Recommendation

As identified in the strategic risk register, the Administration should implement a legal compliance framework to help monitor compliance with the legal and regulatory obligations relevant to Marion Council's operations.

Finding

Taking into consideration Marion Council's size, the diverse nature of its operations and its extensive legal and regulatory obligations, we sought to identify if it had a legal compliance framework.

A legal compliance framework helps ensure that activities are conducted in accordance with legal and internal policy requirements. Without one there is an increased risk of non-compliance with legislation and related consequences for the efficiency and economy of council activities. These include litigation and subsequent financial loss and rate-payer dissatisfaction, potentially leading to an increase in complaints.

Our examination found that Marion Council has assessed the failure to recognise and comply with or properly manage statutory obligations as a high risk. Further, it considers the implementation of a legal compliance framework as a risk mitigating strategy.

We were advised that the allocation of regulatory responsibilities occurs through Marion Council's Schedule of Delegations. While the responsibility for certain legislation has been assigned to individual officers, we found Marion Council has not developed and implemented a formal, structured and robust legal compliance framework to address the identified risk.

We consider an effective legal compliance framework to include:

- a central corporate role that supports identifying relevant legislation, documenting the requirements of key provisions and assigning responsibility to designated officers. This also includes keeping abreast of legislative changes, alerting the responsible officers and providing necessary assistance/training on the key changes

- formal processes for confirming that key provisions of legislation are assigned to officers and confirmation that this remains current
- documented policies and procedures that record action required for specific provisions of legislation, including managing and reporting instances of non-compliance
- reference to other relevant activities, such as complaint handling and risk management.

Marion Council's response

A centralised legal compliance framework is currently being developed based on existing work priorities. The draft framework is scheduled to be considered by the finance and audit committee in August 2017.

3.7.4 There is not enough data to evaluate the efficiency of the complaint management system

Recommendation

The Administration should undertake a review of the complaint management system to identify opportunities to improve:

- the effectiveness and efficiency of the system
- service delivery to the community
- integration with other organisational processes.

Finding

In accordance with section 270 of the LG Act, Marion Council has a complaints and grievance policy which is currently under review. This policy provides that Marion Council is committed to governance excellence through an efficient, fair and accessible mechanism to resolve service complaints or grievances.

The Administration manages a large number of customer events which include complaints and requests for services (total customer events of 34 715 and 47 221 in 2014-15 and 2015-16, respectively). Of these only five and 10 in 2014-15 and 2015-16, respectively, resulted in a formal internal review of council actions.

Complaint details received are recorded in various registers maintained by the areas that are responsible for managing specific complaints. A separate register is maintained for complaints resulting in a section 270 review.

Complaints are a valuable source of information about how and where mistakes have occurred and can highlight weaknesses in processes/systems. The main deficiency in complaint handling systems is where entities fail to integrate the essential components of an effective complaint management system with service improvement practices, leading to lost opportunities for improvement and continued client satisfaction.¹⁵

¹⁵ 'Complaint Management Framework', Ombudsman SA, March 2016.

Resources are employed to manage complaints, including recording any actions taken. Whether these resources are significant is unknown as Marion Council does not capture the cost of complaint management across the various areas.

There is a lack of analysis or evaluation of complaints and outcomes to improve on Marion Council's services and functions. Such analysis would contribute to the efficiencies of a complaint management system. For example, maintaining relevant and sufficient data in the registers could provide valuable information to inform Marion Council's risk assessment and management process. A consequence of many risks is an increase in complaints from ratepayers/community stakeholders. Marion Council's risk management framework provides the integration with feedback processes, including complaints, which provides information about sources of risks and risks having been realised. Marion Council's risk management implementation plan provides for the integration activities.

Further, there is no evidence that management has reviewed the complaint management system to ensure it is adequate, effective and efficient and practices are consistent across the areas.

Without this information it is difficult for Marion Council to determine whether its complaint management system is operating efficiently and in turn supporting its activities.

Marion Council's response

Marion Council acknowledged that improvement in this area is required. This will be progressed throughout 2017 and completed by December 2017.

3.7.5 There is no fraud risk management framework

Recommendation

Marion Council should continue to implement a fraud risk management framework for the efficient management of fraud and corruption risk. This includes developing a fraud and corruption control plan, a fraud and corruption register and if feasible a designated fraud control officer.

In developing a framework, Marion Council should consider our comments below and the guidance in Australian Standard AS 8001-2008 'Fraud and Corruption Control' (AS 8001).

Finding

Fraud prevention strategies provide the most cost-effective method of controlling fraud in an organisation. Fraud can be perpetrated by employees, customers, contractors and external service providers, acting alone or in collusion. Research indicates that around 75% of fraud is perpetrated by employees and 47% of major frauds occur due to deficient internal controls.¹⁶

¹⁶ 'A Survey of Fraud, Bribery and Corruption in Australia and New Zealand 2012', KPMG Forensic, February 2013.

Effective fraud prevention requires a number of elements, including an ethical organisational culture, a strong awareness of fraud among employees, suppliers and clients, and an effective fraud risk management framework. Without a fraud risk management framework there is an increased risk that Marion Council does not effectively manage, respond and report on suspected fraud or detected corruption incidents. This may result in significant financial loss and increased reputational risk.

Our examination focused on the following key elements of an effective fraud risk management framework:

- a sound fraud and corruption control policy
- a comprehensive fraud and corruption control plan
- sound fraud risk assessment and management processes
- appropriate allocation of resources to controlling fraud and corruption risk, including implementation and management of fraud prevention strategies
- internal audit activity in controlling fraud and corruption, including review of the effectiveness of the fraud control framework
- fraud-related controls for activities with a high fraud risk exposure
- regular fraud awareness training to maintain awareness of policies and legislative requirements in responding to known and suspected fraud. We found that regular staff fraud training is being provided to staff.

Marion Council recently endorsed a fraud and corruption control policy

In 2013-14 the external auditors recommended that Marion Council have appropriate policies and procedures to manage and investigate instances of fraud. Management responded that a specific core assurance fraud risk assessment could be completed through the internal audit function. Fraud controls are currently assessed through the core assurance reviews carried out by internal audit.

This review identified an action to implement a fraud policy by the end of 2015-16.

Marion Council endorsed a fraud and corruption management policy in May 2016.

At the conclusion of our examination, the Administration had prepared a draft fraud and corruption management framework for the finance and audit committee meeting of 4 October 2016.

Marion Council does not have a fraud and corruption control plan

In developing a fraud and corruption control plan, Marion Council should undertake an assessment of fraud and corruption risk to determine how significant the risk/threat is and where it is vulnerable. This should include responsibility for implementing, monitoring and reporting on the plan being assigned to someone with the appropriate skills and experience.

Transactional data analysis is an efficient and effective tool in identifying potential fraudulent activity and areas of vulnerability. In developing a fraud and corruption control plan, Marion Council should consider developing its data analytics capability.

Marion Council does not have a designated fraud control officer

AS 8001 emphasises that a key strategy in managing the risk of fraud and corruption in an entity is to implement and maintain a sound ethical culture. This includes senior management having a high level of commitment to controlling the risks of fraud and corruption both against and by the entity. A high level of risk consciousness for the risks of fraud and corruption should be present across senior management.

We were advised that management and budget officers are responsible for fraud control.

The extent of resources applied to managing fraud and corruption control depends on Marion Council's assessment of fraud and corruption risk, commitment to preventative strategies, and consideration of various responsibilities within Marion Council for managing fraud and corruption risk. For example, an existing position may be expanded to include the responsibilities of a fraud control officer with assistance from internal audit.

A fraud control officer has primary responsibility to ensure appropriate fraud control arrangements are in place. This officer may be directly responsible to the CEO and/or report to the audit committee. These duties may include:

- overseeing the implementation and review of the fraud and corruption control framework, including the policy and plan
- managing and reporting incidents of fraud
- keeping up to date with relevant legislation and good practice in fraud and corruption control
- facilitating relevant fraud and corruption awareness and training.

In developing a fraud and corruption control framework, Marion Council should identify the resources required to effectively manage, respond and report on fraud and corruption risk and incidents of fraud.

Marion Council does not have a fraud and corruption register

In developing a framework, Marion Council should establish and maintain a fraud and corruption register to capture all reportable fraud and corruption incidents. This information would help to:

- manage the incident to ensure compliance with policy and appropriate and timely action is taken
- report incidents to the relevant council authority and external bodies
- analyse the nature and cause of the incident to assist in future fraud and corruption risk assessment and ensuring effective internal controls are implemented to address the specific risk.

Marion Council's response

Marion Council has developed a fraud and corruption framework that was considered by the finance and audit committee on 4 October 2016. The committee endorsed the framework to be considered by Marion Council subject to the committee's feedback. The framework addresses a number of the recommendations and will be implemented by June 2017.

4 The Barossa Council

4.1 Executive summary

4.1.1 Audit conclusion

Overall, The Barossa Council's governance and accountability framework is adequate for managing its activities efficiently and economically. The Barossa Council reviews and evaluates its administrative arrangements and processes to manage its activities more efficiently and achieve better outcomes. The Barossa Council's strategic projects framework contributes to achieving operational efficiencies, financial and resources savings and process improvements. For example, the redefining community committees project resulted in a reduction in the number of council committees from 25 to nine.

There is scope for improvement in some areas, such as risk management and implementing a legal compliance framework.

4.1.2 Key findings and recommendations

Administrative arrangements (section 4.4)

The Barossa Council's governance structure has recently been reviewed resulting in a reduction of 16 committees. The roles and responsibilities of the committees are clearly defined and operate under approved terms of reference. Following good governance principles, an independent member has been appointed as chair of the audit committee.

The Barossa Council monitors the operation and performance of its committees and regional subsidiaries through regular reporting. Following good practice, the audit committee undertakes a self-evaluation of its performance. We recommended that this practice be applied to all committees.

The Barossa Council has endorsed policies for key activities that are reviewed regularly. Authorised persons are appointed in accordance with legislation and an accurate register of authorised persons is maintained.

Management and oversight (section 4.5)

The Barossa Council and its CEO has endorsed an instrument of delegations, which is regularly reviewed.

The Barossa Council has a strategic management framework and endorsed short and long-term strategic financial and operational plans. It receives regular performance reports against these approved plans.

The Barossa Council endorsed a risk management policy in November 2015 and was in the process of implementing the risk management framework. We recommended that this framework and process be fully implemented as a matter of priority.

Transparency and accountability (section 4.6)

The CEO's and senior management's performance evaluation is aligned with achieving The Barossa Council's strategic objectives.

The audit committee advises on the efficient and effective use of resources. We found that The Barossa Council does not have a specific resource dedicated to the internal audit function and that the internal audit program is focused on high financial risks. To ensure efficient use of resources, internal audit activities should also address other elements of The Barossa Council's risk profile. We recommended that The Barossa Council review the effectiveness of its internal audit function and confirm that resources allocated remain adequate.

Conduct (section 4.7)

The Barossa Council has endorsed policies and/or protocols for managing conflicts of interest, complaint handling and fraud corruption and control. We found areas that could be improved by implementing a legal compliance framework and making a timely assessment of fraud and corruption risk.

4.1.3 The Barossa Council's response

The Barossa Council responded that, throughout our examination, it was given an excellent opportunity to respond and provide input as to the overall governance framework. Where possible, the Administration has used the learnings from the examination to make immediate improvements, even prior to the final report.

The Barossa Council responded that it was pleased with the examination results and the report indicates that, with limited resources, it has achieved a balanced approach to governance, risk and organisational efficiency.

The Barossa Council noted and agreed with all recommendations.

4.2 The Barossa Council overview

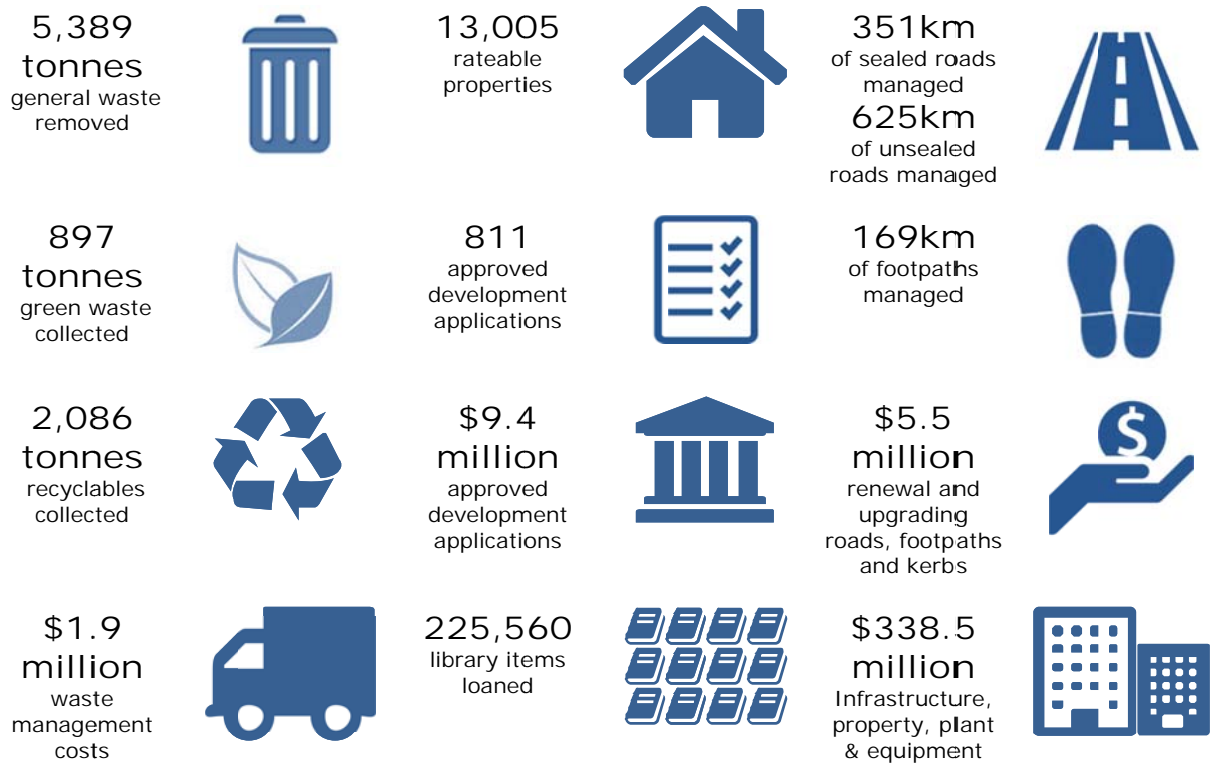
The Barossa Council is responsible for managing its local area of 912 km², planning for the future and creating a safe and healthy environment. It does this by providing a range of services, facilities and programs that are either statutory or discretionary. These services include, for example:¹⁷

- local roads, footpaths and drainage
- waste collection and recycling management
- library and tourist information services
- recreation, sporting and cultural activities
- environmental health services.

The Barossa Council must seek to ensure that council resources are used fairly, effectively and efficiently in delivering services to its community and carrying out various activities. Good governance ensures the best possible structures and processes are in place to manage resources and lead to better outcomes and service delivery.

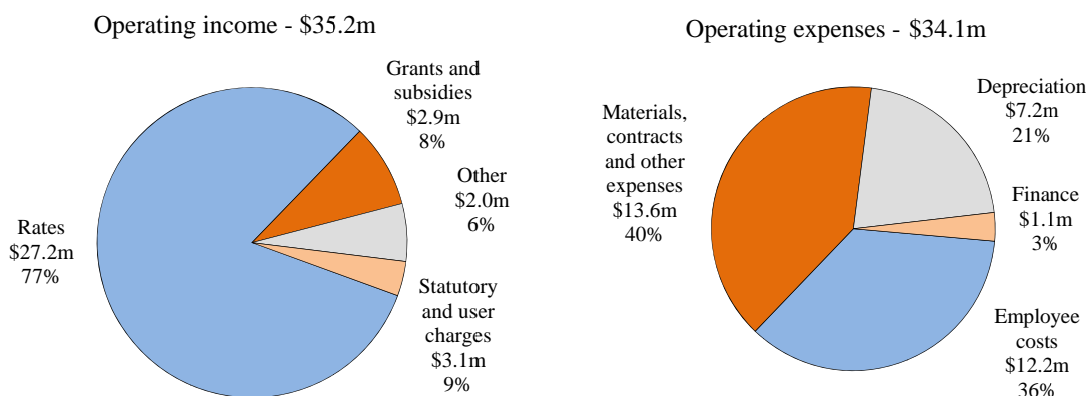
¹⁷ The Barossa Council, home page, viewed 21 September 2016, <<https://www.barossa.sa.gov.au/>>.

4.2.1 The Barossa Council snapshot – year ending 30 June 2016¹⁸



In 2015-16, The Barossa Council reported an operating surplus of \$1.1 million. Figure 4.1 show the council’s source of income and expenditure incurred to deliver on the services to the community.

Figure 4.1: Sources of income and expenditure incurred in 2015-16¹⁹

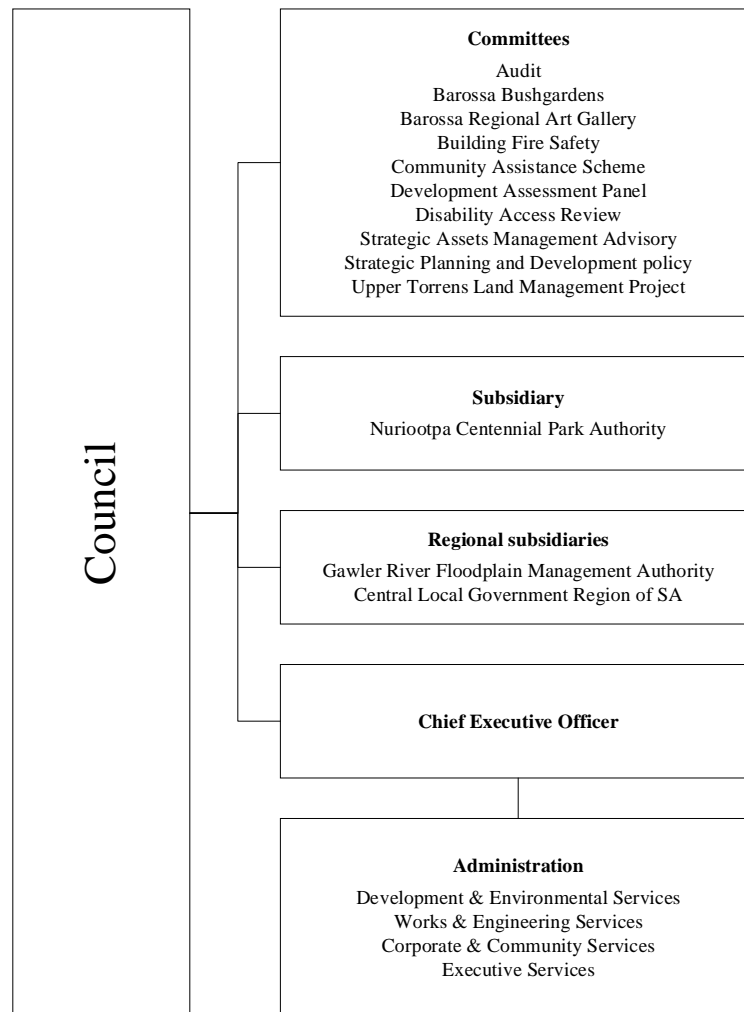


The operating surplus contributes to funding the renewal and maintenance of \$338.5 million of physical assets managed by The Barossa Council.

¹⁸ Data supplied by The Barossa Council. We have not audited this data.

¹⁹ Data sourced from The Barossa Council’s audited financial statements for the year ending 30 June 2016.

4.3 The Barossa Council's governance structure



The Barossa Council

The Barossa Council is incorporated under the LG Act. The Barossa Council is governed by an elected mayor and 11 elected councillors. The Barossa Council area is not divided into wards. The November 2014 local government elections resulted in six new appointments to the council, including a new mayor.

Sections 58 and 59 of the LG Act provide for the specific roles of mayors and council members. Specifically, as a person elected to the council, a council member is to represent the interests of residents and ratepayers, provide community leadership and guidance, and facilitate communication between the community and the council. As a member of the council's governing body, an elected member is to:

- participate in the deliberations and civic activities of the council
- keep the council's objectives and policies under review to ensure that they are appropriate and effective
- keep the council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery, under review

- ensure, as far as practicable, that they observe the principles under section 8 of the LG Act in performing their roles and functions.

The Chief Executive Officer and Administration

The CEO is responsible for the daily management of The Barossa Council's operations and affairs, to achieve its objectives and perform the functions in section 99(1) of the LG Act. In consultation with The Barossa Council, the CEO determines the organisational structure of the Administration and appoints and manages staff. The Administration's role is to implement council's decisions, and to advise and support the council and CEO.

Barossa Council committees

To help it perform its functions, The Barossa Council has established the following committees to provide advice to the council on various matters:

- Audit – monitors the integrity of the financial statements including the annual report and review significant financial reporting issues. Reviews the effectiveness of internal controls, risk management systems, internal audit function and any other areas it deems appropriate. Oversees the selection process and monitors the relationship with external audit.
- Barossa Bushgardens – dedicated to the protection and promotion of local plant species and the health of the wider environment. Oversees a range of garden displays, a community nursery and Natural Resource Centre.
- Barossa Regional Art Gallery – manages the visual arts and music centre.
- Building Fire Safety²⁰ – investigates whether commercial building owners are maintaining the proper level of building fire safety for the protection of all building occupants and addresses bushfire risk and compliance in designated bushfire prone areas.
- Community Assistance Scheme – manages heritage, community and youth grants.
- Development Assessment Panel²¹ – considers a range of development applications to ensure that new development proposals are consistent with The Barossa Council's development plan.
- Disability Access Review – provides specialist advice and information to The Barossa Council on disability issues.
- Strategic Assets Management Advisory – advises The Barossa Council on the strategic asset management of fixed assets that provide direct services to the community.
- Strategic Planning and Development Policy – develops strategic planning and development policy and initiate projects for the orderly and sustainable development for all Barossa Council areas.

²⁰ Established under section 71 of the *Development Act 1993*.

²¹ Established under section 56A of the *Development Act 1993*.

- Upper Torrens Land Management Project – oversees the implementation of biodiversity and environmental projects in the Upper Torrens Catchment area.

Subsidiaries

Under section 42 of the LG Act, The Barossa Council has established a subsidiary, the Nuriootpa Centennial Park Authority, which manages the Barossa Valley Tourist Park.

Under section 43 of the LG Act, The Barossa Council has established, with other specific councils, the following regional subsidiaries:

- Central Local Government Region of South Australia²² which is established to undertake coordinating, advocacy and representational roles on behalf of constituent councils
- Gawler River Floodplain Management Authority²³ which coordinates the construction, operation and maintenance of flood mitigation in the Gawler River area.

As at 30 June 2016 The Barossa Council ceased its membership with the Southern and Hills Local Government Association as similar services were already provided by the Central Local Government Region of South Australia.

Authorised persons

Under section 260 of the LG Act, a council may appoint an authorised person to help perform council functions. As at 18 August 2016, The Barossa Council had appointed 48 authorised persons.

An authorised person must be issued an identity card, which provides any conditions or limitations of the authorisation. Authorised persons have powers to enter and inspect specific premises and make inquiries to ensure compliance with specific provisions of the LG Act or another Act the council administers. In some cases the powers extend to enforcing penalties for non-compliance with legislation. As such, authorised persons play an important role in administering legislation. Deficiencies in appointing and managing authorised persons may have adverse operational and legal consequences.

4.4 Administrative arrangements

4.4.1 Background

To conclude on whether The Barossa Council is governing its activities efficiently and economically, we examined whether the:

- governance structure is reviewed regularly to ensure it remains appropriate for managing its key activities and the best use of resources

²² Constituent councils are The Barossa Council, District Council of Barunga West, Clare and Gilbert Valleys Council, District Council of the Copper Coast, The Flinders Ranges Council, Regional Council of Goyder, Light Regional Council, District Council of Mallala, District Council of Mount Remarkable, Northern Areas Council, District Council of Ororoo/Carrieton, District Council of Peterborough, Port Pirie Regional Council, Wakefield Regional Council and District Council of Yorke Peninsula.

²³ Constituent councils are the City of Playford, District Council of Mallala, Town of Gawler, The Barossa Council, Light Regional Council and the Adelaide Hills Council.

- council monitors the operation and performance of its committees and subsidiaries
- roles and responsibilities of committees, subsidiaries and key personnel are clearly defined. This includes appointed members collectively having the necessary skills and experience for the purposes of the committee
- council has endorsed policies that establish how key activities are to be conducted
- appointment and management of authorised persons is in line with legislation and policy.

4.4.2 Positive council administrative practices for good governance

Our examination found that The Barossa Council:

- supports good governance, as expressed on its website:²⁴

The Barossa Council thoroughly supports a good governance framework to ensure that it is open, accountable and transparent in its interactions with its community, businesses and other tiers of government and staff. It is the responsibility of the Elected Council to achieve and maintain standards of good public administration (section 8k of the Act). Good governance is critical to prevent corruption and maladministration

- through its strategic project on redefining community committees, developed new models for the sustainable delivery of council services, which are managed through its committees. It recognised that it was inefficient to continue to employ resources to assist numerous committees in fulfilling their role, some which had changed over the years. The council transitioned the activities of 19 community based committees to relevant community groups and incorporated associations. It continues to support the newly incorporated associations and community groups where needed. The number of council committees reduced from 25 to nine. The nine remaining committees have terms of reference that clearly outline their roles and responsibilities
- monitors the operation and performance of its regional subsidiaries by reviewing key outcome summary reports, minutes of meetings, draft business plans and budgets, audited financial statements and other reporting requirements of the charter
- audit committee comprises three independent members and two councillors. Following good governance principles, an independent member has been appointed as chair and the committee evaluates its performance annually
- has endorsed key policies as required by the LG Act which establish the way activities are to be conducted. We examined a sample of key policies and found that they were reviewed regularly and responsibility had been allocated to an appropriate officer.

The Barossa Council maintains an authorised persons register and sample testing found that the register was accurate in that:

- authorised person appointments were in accordance with approved delegations

²⁴ The Barossa Council, 'What is Governance?' viewed 21 September 2016, <<https://www.barossa.sa.gov.au/sections/council/governance/what-is-governance>>.

- authorised persons had been issued with an appropriate identification card and this agreed to the instrument of appointment
- officers had signed and acknowledged their responsibilities.

We also identified areas that should be improved to achieve better governance. These are outlined in sections 4.4.3 to 4.7.4.

4.4.3 Not all committees' performance is regularly evaluated

Recommendation

The Barossa Council should regularly evaluate the performance of all committees to ensure each is achieving its intended purpose and to encourage continuous improvements in performance. The evaluation requirement should be documented in the terms of reference for each committee.

Finding

While not in its terms of reference, the audit committee has self-evaluated its performance. This is considered good practice and not only encourages continuous improvement, but also helps to ensure the audit committee is fulfilling its objectives and intended purpose.

This practice could be applied to all council committees and council could consider seeking feedback from all elected members of The Barossa Council and key staff of the administration as part of the evaluation.

The Barossa Council's response

The Barossa Council does receive minutes, reports and annual reports from committees which helps it to oversee their activities and performance. Implementation of a broader evaluation tool has commenced and will be completed in the first quarter of 2017.

4.5 Management and oversight

4.5.1 Background

To conclude on whether The Barossa Council has mechanisms to efficiently monitor and manage performance of its key activities we examined whether it:

- and the CEO had endorsed an instrument of delegations that is regularly reviewed
- has a strategic management framework and endorsed strategic plans
- receives regular reports on actual performance against approved plans
- has a risk management framework and an endorsed risk management plan.

4.5.2 Positive council management and oversight practices for good governance

Our examination found that The Barossa Council:

- has a strategic management framework and endorsed short and long-term strategic financial and operational plans. The plans describe the services and projects that council intends to undertake and the financial decisions that underpin them

- receives regular reporting against approved plans, including quarterly budget reviews and monthly finance reports showing capital expenditure to date, actual versus budget with commentary and explanation of variations
- introduced a strategic projects framework in January 2013 that would contribute to the achievement of operational efficiencies, financial and resource savings and service and process improvements in delivering core council services. Targets for financial savings and efficiency gains have been identified and overall this framework aims to achieve savings of \$1.1 million over four years. (The identified savings are outside the scope of this examination)
- has endorsed an instrument of delegations that is reviewed annually. The CEO has also endorsed his sub-delegations. The CEO has sub-delegated specific expenditure of fund limits to various council officers for efficient decision-making on daily operational matters
- endorsed a risk management policy in November 2015. The Administration is currently implementing a risk management framework and process.

We also identified an area that should be improved to achieve better governance. It is outlined in section 4.5.3.

4.5.3 The risk management framework and associated processes are still in progress

Recommendation

Consistent with the risk management action plan, The Barossa Council should fully implement the risk management framework and processes as a matter of priority to enable an efficient risk management system and effective risk management practices.

Finding

Risk management is the process by which potential impediments and opportunities for the council to achieve its objectives are managed. This management process includes risk identification, analysis, assessment, treatment, monitoring and review. Risk management therefore is a results-based concept with a focus on opportunities as well as exposures. The importance of risk management is that it underpins the council's control environment and is therefore integral to its operations.

The Barossa Council endorsed a risk management policy in November 2015. The policy reflects The Barossa Council's risk profile, appetite and tolerances to assist the Administration in assessing and managing risk. This will determine the extent of action needed to achieve an acceptable risk level for the identified risk.

Our examination noted that The Barossa Council is currently reviewing and implementing its risk management framework and processes to align with its risk management policy. The target completion date is December 2017.

The implementation process includes centralising the existing risk registers to a new system, Control Track (risk manager module). Once implemented this will provide better capability to link risks to controls and enable efficient reporting, monitoring and self-assessment of controls. We note that financial risks are already assessed and managed through Control Track.

A key priority is finalising the assessment of The Barossa Council's strategic and operational risks, which is scheduled to be completed by November 2016. This will enable better risk reporting to and monitoring by The Barossa Council, the audit committee and the corporate management team. For example, they will be able to generate a risk management plan and reports suited to the needs of The Barossa Council and various levels of the management.

The Barossa Council's response

The Barossa Council is well advanced in implementing the framework with available resourcing levels and is on target with the implementation plan provided during the examination.

4.6 Transparency and accountability

4.6.1 Background

The Barossa Council exists to govern on behalf of its community so it must account for its activities and performance and have appropriate systems that support this accountability. Such key systems include performance management and independent reviews.

To conclude on whether The Barossa Council has efficient systems to support its accountability to its community for its decisions and activities, we examined the:

- CEO's and senior management's performance evaluation process and whether it is aligned with achieving The Barossa Council's strategic objectives
- structures that provide independent review of processes and decision-making (ie audit committee and internal audit).

4.6.2 Positive council transparency and accountability practices for good governance

We found that The Barossa Council has:

- aligned the CEO's and Director's performance evaluation process with the achieving the strategic objectives
- an audit committee to monitor the integrity of the financial statements, including the annual reports and to review significant financial reporting issues. This committee reviews the effectiveness of internal controls, risk management systems, the internal audit function and any other areas it deems appropriate. It also oversees the selection process and monitors the relationship with external audit.

We also identified an area that should be improved to achieve better governance. It is outlined in section 4.6.3.

4.6.3 Undertake a strategic review of the internal audit function

Recommendation

Once the risk management framework is fully implemented, The Barossa Council, through its audit committee, should review the effectiveness of the internal audit function in the context

of council risks; confirm that the resources allocated to the internal audit function remain adequate; and consider investigating options to resource the internal audit function.

Finding

An internal audit function provides management with:

- an independent appraisal of council's key operations and activities
- advice to improve effectiveness, efficiency and economy in the use of resources
- monitoring and reporting on remedial action taken by management.

The Barossa Council does not have a specific resource dedicated to the internal audit function. The Coordinator, Internal Control provides support for financial internal controls. This resource has been dedicated to developing the self-assessment internal control system and monitoring management's control assessment processes. We were advised this is a current priority in preparing The Barossa Council for its first year of being issued a controls opinion by its external auditor. Additionally, the Risk Manager performs internal audits for work health and safety risks.

The draft internal audit schedule provides the areas of review for 2016-17 and 2017-18. We note that the draft schedule is focused on high financial risks. To ensure efficient use of internal audit resources, internal audit activities should also address other elements of The Barossa Council's risk profile. For example, strategic risks and other areas of high risk should be considered in identifying internal audit activities.

Once The Barossa Council's risk management framework is fully implemented, better information on risk will be readily available to the audit committee to review the effectiveness of the internal audit function and the internal audit program. This includes considering and making recommendations on the adequacy and efficient use of the resources allocated to internal audit.

The Barossa Council's response

In addition to the response provided under section 4.5.3, a review of the audit committee's role will be undertaken.

4.7 Conduct

4.7.1 Background

We examined whether The Barossa Council has endorsed policies and protocols to support the following key areas of conduct:

- conflict of interest
- legal compliance
- complaint handling
- fraud corruption and control.

4.7.2 Positive council conduct practices for good governance

Our examination found that The Barossa Council:

- maintains a current register of interests and the ordinary/primary returns are received in the time frames set out in the LG Act
- has a fraud and corruption control policy and process
- staff have regular fraud awareness training to maintain awareness of policies and legislative requirements in responding to known and suspected fraud
- has endorsed a complaint handling policy and process, request for services policy and process and internal review of council decisions policy and process as required by section 270 of the LG Act
- maintains a complaints register in the Customer Request Management System (CRMS)
- Corporate Management Team has a regular agenda item for quarterly reviews of CRMS data
- CEO reported to council in December 2015 that a customer request review had been conducted across the organisation to allow for improvements in customer service response and provision of information.

We also identified areas that should be improved to achieve better governance. These are outlined in sections 4.7.3 and 4.7.4.

4.7.3 There is no legal compliance framework

Recommendation

Once the risk management framework is fully implemented, The Barossa Council should consider developing a legal compliance framework suited to its size, the nature of its activities and legal obligations, and its risk tolerance.

Finding

The current risk register identifies non-compliance with legislation as a medium risk which is required to be reduced to low in accordance with The Barossa Council's current risk tolerance level. We note that the risk register is under review, with risks being assessed and the required risk treatments identified.

Responsibility for legislation has been assigned to individual officers. Our examination, however, did not identify a formal, structured and robust compliance framework.

A legal compliance framework would help ensure that The Barossa Council's activities are conducted in accordance with legal and internal policy requirements. Without it there is an increased risk of non-compliance with relevant legislation and related consequences for the efficiency and economy of activities. These include litigation and subsequent financial loss and rate-payer dissatisfaction, leading to a potential increase in complaints.

We consider an effective legal compliance framework to include:

- a central corporate role that supports identifying relevant legislation, documenting the requirements of key provisions and assigning responsibility to designated officers. This also includes keeping abreast of legislative changes, alerting the responsible officers and providing necessary assistance/training on the key changes
- formal processes for confirming that key provisions of legislation are assigned to officers and confirmation that this remains current
- documented policies and procedures which record action required to be taken with respect to specific provisions of legislation, including the management and reporting instances of non-compliance
- reference to other relevant activities, such as complaint handling and risk management.

The Barossa Council's response

The Barossa Council will consider the necessity for a legal compliance framework once the full risk management framework is implemented and undertaken an updated risk assessment on legislative compliance.

4.7.4 The assessment of fraud and corruption control risk is not timely

Recommendations

As a matter of priority, The Barossa Council should assess its fraud and corruption control risks and implement the necessary action to reduce the risk to an acceptable level consistent with policy.

In undertaking an assessment, The Barossa Council should consider developing a data analytics capability and a fraud and corruption control plan. Once the risk assessment is completed, The Barossa Council should review and confirm that the resources allocated to fraud prevention strategies remain adequate.

Finding

Fraud prevention strategies provide the most cost-effective method of controlling fraud in an organisation. Fraud can be perpetrated by employees, customers, contractors and external service providers, acting alone or in collusion. Research indicates that around 75% of fraud is being perpetrated by an employee and 47% of major frauds occur due to deficient internal controls.²⁵

The Barossa Council's fraud and corruption prevention policy states that there is no tolerance for fraudulent or corrupt activity and that it is committed to its control and prevention through risk assessments to identify circumstances in which it could potentially occur.

²⁵ 'A Survey of Fraud, Bribery and Corruption in Australia and New Zealand 2012', KPMG Forensic, February 2013.

We found that fraud and corruption risks have not been formally assessed since November 2011. At that time, a number of risks were assessed as high or medium, which does not reflect The Barossa Council's current risk tolerance. We were advised that these risks will be considered as part of the risk management framework implementation process.

Transactional data analysis is an efficient and effective tool in identifying potential fraudulent activity and areas of vulnerability. Data analytics would assist in risk assessment and efficient allocation of resources to address significant risks/threats.

The Barossa Council's response

Through the implementation of the full risk management framework, a specific strategic risk assessment of fraud and corruption controls will be completed by the end of March 2017.

As acknowledged in this Report, The Barossa Council has a proactive approach to fraud and corruption policy and process and associated training and awareness program, thus reducing its exposure. Equally a strong internal control system is in place and adequately addresses any significant risk exposure when coupled with the fraud and corruption framework in place. Further, a strong organisational culture and commitment to legislative compliance provides a level of assurance in regard to sound fraud and corruption controls.

**CITY OF MARION
FINANCE AND AUDIT COMMITTEE MEETING
30 MAY 2017**

Originating Officer: Paul Johns, Acting Unit Manager Risk

Corporate Manager: Jaimie Thwaites, Acting Manager Corporate Governance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: WHS Annual Risk Report

Report Reference: FAC300517R8.4

EXECUTIVE SUMMARY

The objective of this report is to provide the Finance & Audit Committee with an update on the current status of the Think Safe Live Well, Work Health and Safety (WHS) Management System and seek feedback on key strategies to ensure successful improvement and integration of the management system.

BACKGROUND:

Since 2011, the City of Marion has consistently branded its WHS program and system as 'Think Safe Live Well'. 'Think Safe Live Well' focuses on three overlapping elements being:

1. Safety culture
2. Leadership
3. WHS Systems



Safety culture and leadership was the focus early in the Think Safe Live Well Program with effort spent on engaging with staff (particularly the Leadership Team), to enhance and embed 'wellbeing' as part of the WHS systems which provided a number of positive outcomes with respect to the embedding of a proactive culture of safety within our workforce.

Leading up to 2012, the national harmonisation review of the *Occupation Health, Safety and Welfare Act 1986*, and the implementation of the new Work Health Safety Act 2012, in conjunction with staff changes within the risk team, resulted in the WHS Management System receiving non-conformances in the Local Government Association Workers Compensation Scheme (LGAWCS) KPI Audit and Appraisal Report completed in 2013.

The Risk Team spent 2016 increasing organisational capacity and accountability for identify hazards and managing associated risks, managing incidents to prevent lost time injury and specifically addressing the non-conformance areas identified in the LGA WCS KPI Audit and Appraisal Reports to further implement the WHS Management System.

RECOMMENDATIONS (2)

DUE DATES

That the Finance and Audit Committee;

- | | |
|---|------------------|
| 1. Notes the report | 30 May 17 |
| 2. Reviews and provides feedback on the WHS Performance Report noting the steps outlined for improving and embedding WHS outcomes. | 30 May 17 |

DISCUSSION:**LGAWCS WHS & RTW KPI Audit and Appraisal Report**

Each year, the City of Marion is audited by the LGAWCS. The nature of this audit will vary each year depending on the current industry focus. The purpose of these Audits is to test conformance of Council's WHS Management System against Return to Work SA's Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers. The LGAWCS will provide recommendations with regard to closing out identified non-conformances and assisting Council to continuously improve their WHS Management Systems.

Year	Audit Results	Total Elements
2013	26 non-conformances (Objective Appraisal Report)	26
2014	4 conformance, 5 observations, 2 non-conformances (Partial Audit on specified elements).	11
2015	12 conformance, 2 observations, 9 non-conformances (Partial Audit on specified elements).	23
2016	11 conformance, 2 observations, 12 non-conformances (Partial Audit on specified elements).	25

The LGAWCS KPI Audit and Appraisal Report 2016 resulted in WHS improvement based on previous years however seven non-conformances were identified for WHS and five for RTW sub-elements. All five of the RTW non-conformances were addressed through minor procedure revisions endorsed by the WHS Committee in December 2016 and an action plan has been developed to address the seven WHS non-conformances.

The audit report did recognise *“great work has been undertaken in hazard management to develop the Organisational HSE Hazard Register, manage hazardous substances, conducting higher level incident investigations, emergency management & policy and procedure compliance”*.

It also recognised that the majority of the overarching system, policies and underpinning procedures have been developed and endorsed, however the implementation phase is lengthy. This work is ongoing and requires resources and time to be able to evidence appropriate levels of embedding across the organisation. Improvement is anticipated to be reflected in subsequent audits in the future.

LGAWCS KPI Action Plan for Monitoring and Reporting

Each year, in response to the LGAWCS WHS & RTW KPI Audit an action plan is developed and agreed upon. The actions are set out to address identified non-conformances with Councils WHS Management System and RTW processes. The LGAWCS monitor the action plan each month and provide the CEO with a progress update.

Each year a rebate on Councils Workers Compensation Insurance Premium is calculated based on the percentage of actions successfully closed out from the action plan.

The table below summarises the outcomes of this process for the past four financial years.

Year	Premium	Rebate	Net Cost	Action Plan Results
2013-14	\$1,085,960	\$421,112	\$664,848	84% Actions Complete
2014-15	\$1,202,920	\$308,152	\$894,768	39% Actions Complete
2015-16	\$1,300,245	\$374,070	\$926,175	98% Actions Complete
2016/17	\$1,296,216	xxx	xxx	100% Actions Complete

Note: The rebate for 2016-17 is likely to be received in October 2017 and is expected to be favourable due to all actions being successfully completed in this period.

WHS Works Program

Work has continued towards building our WHS systems and processes, particularly identifying our key hazards and high risk areas for priority based system development.

Progress on these critical elements are outlined below:




- Review of **WHS Policies** and policy positions (Completed)
- Implementation and embedding of the underpinning **WHS Procedures** (80% progressed)
- Facilitation of a **Hazard Management** program across all Work Areas (85% progressed)
- A **WHS Training Program** based on the WHS Training Needs Analysis (80% progressed)
- A **Corrective & Preventative Action Register** to outline and prioritise the actions to address the LGA WCS KPI Audit non-conformances (Completed)
- Integration of **WHS Contractor Management** critical elements with the Contracts and Procurement Framework (Completed)
- Review of **Workplace Emergency Management** Policy, Procedure, and individual Site Plans and with implementation of warden training and regulated testing programme across all work sites (Completed)

A number of Hazard Prevention and LTI Reduction Strategies are currently being implemented including:

- **Development of a WHS Plan.** Based on a WHS Management System Review by the Risk Working Group, consultation with the Senior Leadership Team (SLT) and across the organisation, the WHS Plan will be integrated into the organisational values, strategic planning and assist Marion in meeting legislative obligations for it Officers, the performance standards for self-insurers and reduce risk of harm.
- **Organisational WHS Corrective & Preventative Action Register** has been developed to centrally capture all agreed actions from audit, inspections, risk assessment and hazard & incident investigations. Actions are monitored and reported on through the WHS Committee and Executive Leadership Team (ELT).
- **Introduction of Skytrust.** A LGAWCS funded software for WHS functions that will increase metrics and transparency of WHS performance, providing greater level of dynamic information that will assist us in making decisions and allocating resources to reduce risk of injury, illness, damage to property and the environment.
- **Early intervention** strategies for reducing Lost Time Injury Frequency Rates. Includes agreement with preferred medical providers, letters to doctors stating Marion's commitment to early return to work for injured staff, register of suitable duties and injury management training including key messages about importance of injury management presented by the CEO and GMs.
- **Safety observations.** People Leaders including ELT and WHS Coordinator will be trained in having positive conversations about work health & safety practices and observing opportunities for improvement with field based staff. Safety Observations aim to recognise and reward good work practices and identify solutions for work health & safety risks ultimately improving morale and shift towards a proactive safety culture.

Monitoring and Evaluation

The WHS Monitoring Report was developed in 2015 to enable the ongoing monitoring of the WHS Works Program and follows the same dashboard style of the corporate performance reports.

	Target met/exceeded Includes items that are currently on track or have been completed on or ahead of schedule
	Target not currently met but can get back on track Off track performance is being reviewed and corrective action/improvement taken as appropriate
	Target not met or in danger of not being achieved Off track performance is being reviewed and corrective action/improvement taken as appropriate

This report included both outcome based indicators (OBIs) and positive performance indicators (PPIs). OBIs are lag indicators which measure past performance and PPIs are lead indicators which are used to measure how well arrangements for WHS are performing.

This report was replaced by the WHS Monthly Report to council which reports on the 25% reduction target for the Lost Time Injury Frequency Rate (LTIFR) on the previous year, WHS audit results from LGAWCS and hazard, injury and LTI prevention strategies. An example of the most recent report is attached as Appendix 1.

LTIFR is currently 9.3, down from 28.8 at 30 June 2016 and representing a financial year to date reduction of 68%.

Following development of the WHS Plan we will have a number of programs with measurable objectives and targets that will be monitored and reported through ELT and the WHS Committee.

CONCLUSION

Significant progress has been made to improve our WHS performance through addressing the City of Marion's WHS systems, including policies, procedures and processes, and the embedding of these throughout the organisation's Work Areas.

The ongoing improvement of WHS systems, culture and leadership has been committed to as an ongoing program of work aiming to achieve accountability and integration of WHS responsibilities and processes in all work areas across the City of Marion.

**CITY OF MARION
GENERAL COUNCIL MEETING
23 MAY 2017**

Originating Officer: Paul Johns, Acting Unit Manager Risk

Corporate Manager: Jaimie Thwaites, Acting Manager Corporate Governance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: WHS Performance Report – April 2017

Report Reference: GC230517R16

EXECUTIVE SUMMARY

The objective of this standing monthly report is to provide Council with assurance that the City of Marion has effective strategies in place to meet its legal obligations as outlined in the Work Health and Safety Act (SA) 2012 and monitor Council's 2016/17 target of a 25% reduction of the Lost Time Injury Frequency Rate (LTIFR) on the previous year.

The Think Safe Live Well program's vision is "**Zero harm with enhanced wellbeing**" and focuses on further developing our leadership styles, organisation culture and WHS systems by:

- Embedding a culture of safety and wellbeing as a part of normal business practice
- Developing our people to lead the change across the City of Marion
- Continually improving our WHS Management System (WHSMS) to achieve best practice.

PERFORMANCE RESULTS – AUDIT RESULTS

The City of Marion is subject to annual audits conducted by the Local Government Association Workers Compensation Scheme (LGAWCS) which test Council's WHSMS against selected sub-elements of the Return to Work (RTW) SA's Performance Standards for Self Insurers (PSSI). Council sets an action plan outlining its commitments to address non-conformances identified and improve its WHSMS. This year 100% of the actions from the 2015 Audit were completed by 31 October 2016 which should result in receipt of 100% of the LGAWCS rebate available. The LGAWCS KPI Audit and Appraisal Report 2016 took place in October and the formal results identify an improvement based on the previous year's WHS results. The subsequent Action Plan has now been developed and submitted to the LGAWCS for ongoing monitoring of actions.

PERFORMANCE RESULTS – LOST TIME INJURIES

In order to measure improvement, safety indicators are measured and monitored against our industry counterparts being Group A Councils (¹GaC). Two important safety indicators measured are Lost Time Injuries (²LTIs), outlined in Table 1 and 2 from internal incident reporting data, and Lost Time Injury Frequency Rate (³LTIFR) from the LGA's Claims Analysis Portal data, outlined in Figure 1.

Table 1: Number of LTIs per month - Financial Year 2015-16

Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total
0	1	4	2	2	0	3	1	2	1	3	0	19

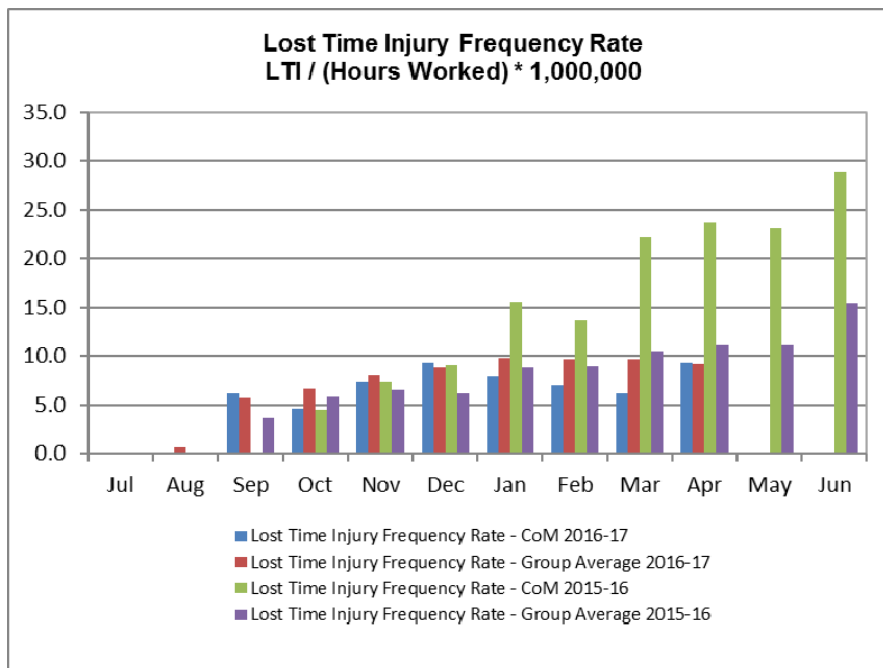
Table 2: Number of LTIs per month - Financial Year 2016-17

Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
0	1	2	0	1	0	0	1	0	0			5

¹ GaC are metropolitan councils with more than 300 staff ie Marion, Adelaide, Charles Sturt, Onkaparinga, Playford, Port Adelaide Enfield, Salisbury and Tee Tree Gully.

² LTIs are those injuries where a whole work day or more has been lost due to a workplace injury.

³ LTIFR is an industry standard tool for measuring LTI's within a given accounting period which enables comparison to other organisations for the purpose of benchmarking.

Figure 1: LTIFR per month – Financial Year comparison against Group A Councils

All five LTIs as at the end of April 2017 have now been processed and appear in the LGAWCS claims data. The LTIFR is now accurately reflected as 9.3. These figures are in comparison to a total of 19 LTIs recorded in 2015/16 and a corresponding LTIFR of 28.8.

The five LTI's reported have been categorised into the following primary classes of injuries:

1. One x Manual handling (muscular stress while lifting or carrying).
A back injury whilst sorting concrete from recycling piles.
2. One x Fall from the same and differing level (slips, trips and falls).
A broken ankle whilst walking on a wet slippery surface.
3. Two x Repetitive movement (low muscle loading).
 - An elbow strain from a manual labour task (ie repetitive spreading of mulch).
 - A shoulder strain from a manual labour task (ie repetitive raking of leaves).
4. One x Mental disorder (exposure to mental stress factors).
An accusation of bullying which is currently under investigation.

It should be noted that, due to appropriate determination deferrals and data transfers, there can be delays in LTIs being recorded in the LGAWCS data which can affect the comparison data illustrated in Figure 1. City of Marion's data (outlined in Table 1 and Table 2) shows only five LTI incidents reported as at April 2017 compared to sixteen incidents reported as at April 2016. If the current downward trend continues, the forecasted LTIFR for the end of period reporting is likely to be 10.8 which, if achieved, would represent a reduction of 62% on the reported LTIFR for 2015/16.

WORK HEALTH & SAFETY MANAGEMENT STRATEGY

During April the feedback from SLT's WHS Strategy Workshop in March was collected and analysed. The WHS Management System was reviewed for presenting to Risk Working Group. A draft WHS Plan was developed using feedback from the WHS Strategy Workshop and findings from the WHS Management System review. Further consultation across the organisation will take place over May and June.

RECOMMENDATION

That Council:

- 1. Notes the report and statistical data contained therein.**

DUE DATE

23 May 2017

**CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
30 MAY 2017**

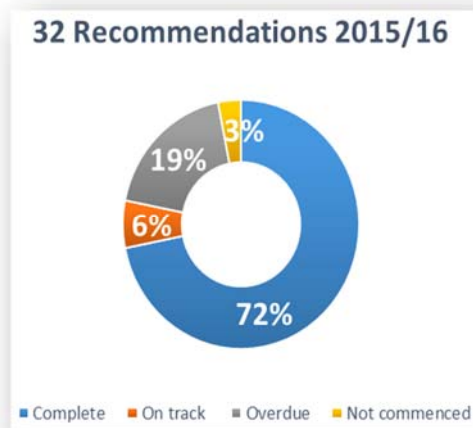
Originating Officer: Deborah Horton, Unit Manager Performance & Improvement
Manager: Jaimie Thwaites, Acting Manager Governance
General Manager: Vincent Mifsud, General Manager Corporate Services
Subject: Internal Audit Program 2015 – 2017 (2016/17 Report to date)
Report Reference: FAC300517R8.5

REPORT OBJECTIVES

To provide the Finance & Audit Committee (the Committee) with a report detailing the Internal Audit program for the 2016/17 financial year, which concludes on 30 June, with a final report of the Internal Audit Program 2015 – 2017 to be provided at the 15 August Committee meeting.

EXECUTIVE SUMMARY

The Internal Audit Program 2015 – 2017 is due to conclude 30 June 2017. It has reviewed 12 projects in total (six projects per year). The 2016/17 program has reviewed six services – three are complete, with the remaining three projects on track to be complete by 30 June 2017. The following provides a visual of the programs recommendation status;



DUE DATES

RECOMMENDATIONS

That the Finance & Audit Committee:

- | | |
|--|--------------------|
| 1. Note this report. | 30 May 2017 |
| 2. Provide feedback regarding Internal Audit Reports included in Appendix 1 (Property Portfolio Management). | 30 May 2017 |

BACKGROUND

On the 15 December 2015, the Audit Committee (as previously known) reviewed and provided comment on a list of projects for a two-year internal review program managed by KPMG.¹ 11 projects were identified. The internal audit program for 2016/17 concludes on 30 June 2017 effectively accomplishing the 2015 – 2017 program (AC151215R7.7).

The program has provided Council, the Committee, Executive (and therefore the community) an objective assessment of the adequacy and effectiveness of the organisations control systems. A final report summarising the efficacy of the program is expected to be presented to the Finance & Audit Committee 15 August 2017 meeting.

ANALYSIS

Internal Audit Plan 2016/17

Table one below provides information regarding the approved projects for 2016/17 which are at various stages of completion (those shaded are complete), with a short summary of their status provided below;

Project name	Commence Date	Scope Presented	Table one F&AC (Final)
Corporate Performance Reporting	Jan '17	FAC41016R7.12	15 Aug '17
Accounts Receivable	Oct '16	FAC41016R7.12	28 Feb '17
Purchase Cards	Dec '16	AC151215R7.8	28 Feb '17
ICT – Cyber Security Maturity	Oct '16	FAC41016R7.12	28 Feb '17
Policy Framework	Feb '17	FAC280217R8.7	15 Aug '17
Property Portfolio Management	Feb '17	FAC280217R 8.7	30 May '17

Corporate Performance Reporting

Fieldwork and stakeholder engagement has commenced. The final report will be complete by 30 June 2017, and reported to the Committee at its meeting 15 August 2017.

Policy Framework

Fieldwork is in progress along with a desktop review of 100+ policies from across the organisation. Stakeholder consultation has also commenced. A final report will be complete by 30 June 2017, and reported to the Committee at its meeting 15 August 2017.

Property Portfolio Management

A report is provided (Appendix 1). There are seven recommendations (three rated 'moderate' and four rated 'low' in terms of managing risk).

Monitoring Internal Audit Recommendations – overall status by exception

Table two (overleaf) provides the status of recommendations from the Internal Audit Plan 2015-2017 to March 2017. It is noted 42 recommendations in total have been made to-date, with 24 completed (all 'high' rated recommendations), 10 are on track, six are overdue and two not yet commenced.

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.

¹ AC151215R7.7, minutes approved by Council on 19 January 2016 (GC190116R01).

Project	Findings	On Track	Overdue	Completed	Not Commenced	Comments
Capital Works Program (2015/16)	8		4	4		<p>Since reporting in February to the Committee, two recommendations have been completed.</p> <p>The four recommendations yet to have 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.</p>
Payroll (2015/16)	6		2	4		<p>No change since reporting in February to the Committee.</p> <p>The two outstanding recommendations 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 best approach to meet Payroll and HR team needs in SharePoint.</p>
Building Insurance & Asset Valuation (2015/16)	8	1		7		A report on the LGA Insurance Scheme was considered at the 14 March 2017 Council meeting. Tender documentation is being prepared with the objective of going to the market at the end of May 2017.
Cash Handling (2015/16)	8	1		7		The remaining on-track recommendation relates to register systems being 'fit for purpose' and is due for completion June '17.
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	2		1	1	<p>One recommendation has been completed (development of workflows for those expiations not currently included within Authority).</p> <p>Two recommendations are on-track and due for completion June '17.</p> <p>One recommendation in relation to exploring additional software reporting functionalities with the developer has not yet commenced due to the need for internal conversations to be held first to see if there is a beneficial pathway forward.</p>
Purchase Cards (2016/17)	2			1	1	<p>One recommendation regarding ongoing monitoring of purchase cards exceeding limits has been completed.</p> <p>The one outstanding recommendation, yet to commence (due for completion June '17) relates to the review of the Purchase Card Policy and review of low-use purchase cards.</p>
TOTAL	42	10	6	24	2	

Table two



Property Portfolio Internal Audit Report

City of Marion

May 2017



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.

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Distribution			
For action		For information	
Carol Hampton	Manager, City Property	City of Marion	Finance and Audit Committee

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Appendix 1:
Staff Consultation

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Appendix 2:
Classification of Findings



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Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Classification of Findings
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Objective

This internal audit project focussed on the overall effectiveness of the City of Marion’s (CoM) management of its property portfolio. This included consideration of the CoM’s arrangements for lease management, asset management, repairs and maintenance, contractor risk and compliance management, financial management, as well as overall oversight, monitoring and reporting.

Scope

To address the overall objective above, the scope of the property portfolio management internal audit project included consideration of the following:

- Overall value achieved through the CoM’s property portfolio in the context of the CoM strategy, including overall building utilisation (amount of buildings leased and purposes used for)
- Processes in place in relation to lease management including entering into the leases, managing ongoing lease arrangements (annual reviews, site inspections, consideration of any sub-lease arrangements) as well as processes in relation to lease termination (as applicable)
- Processes in place and management of contracts in relation to asset management and repairs and maintenance arrangements
- Processes in place in relation to financials (e.g. rent collection, outgoings (with a focus on utilities) and debt management)
- Overall oversight, reporting and monitoring.

Approach

The approach for the property portfolio management internal audit project included the following key phases/activities:

- Consulted with relevant CoM Management and staff
- Gained an understanding of relevant policies and procedures (and other relevant documentation) in place in relation to the CoM’s property management

- Undertook a site tour of key properties to assist in understanding of CoM’s property portfolio
- Gained an understanding of practices and processes in relation to the CoM’s management and administration of its property portfolio management
- Consideration of systems used in relation to the property portfolio (use of Authority compared to level of end user computing (spreadsheets))
- Considered key controls and risks associated with property management processes
- Consideration of management reporting and monitoring processes
- Consideration of the efficiency and effectiveness of property management processes.

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 2 to this report.

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

	Critical	High	Moderate	Low	PIO
Number of internal audit findings	-	-	3	4	-

Positive observations

A number of positive observations were made as part of this internal audit:

- Key people responsible for the City of Marion’s property portfolio, including the Manager City Property and Leasing Officer have been employed relatively recently by the City of Marion (approximately one year ago), thereby strengthening the skills and experience in relation to management and administration of the CoM properties.
- To remedy previous administration issues in relation to lease management, a lease tracking system has been developed (excel spreadsheet) to identify when a lease is due for expiry, renewal, etc. This process has identified a number of leases that are up for expiration and charges that had not been raised.
- Elected Members have recently approved a new leasing policy in respect of the City of Marion’s property portfolio. This new policy provides the foundation for a new, consistent framework to be applied across leases providing greater equity, consistency and transparency for all stakeholders. Under the new policy, rents will be based on the market rate (externally provided), discounted based on a structured subsidy framework. The approach will help to incentivise compliance by lessees for certain obligations under the leases and encourage utilisation.
- The City of Marion’s portfolio is made up of predominantly community based assets including sporting, recreation, cultural and community spaces. It was reported that many of the properties are well utilised. Hence, a high-level observation was made that the property portfolio is providing community benefit to a broad community stakeholder base (note that some properties have specific purposes where benefits may be associated with a single group of stakeholders).
- There are very few “commercial” properties in the portfolio. It was reported that the Boatshed Café is considered to be a commercial lease, however, there are certain lease conditions (e.g. capital improvements to be paid by the lessee) which minimise rent payments.
- The 2016/17 budget included an additional (and ongoing) \$350k per annum amount for property-related maintenance. This was based on an external building condition audit. It should be noted that the City of Marion’s property portfolio leased out to sporting and community groups are relatively “tired” hence, this amount will support the ongoing maintenance and renewal requirements.
- Decision-making in relation to the property portfolio appears to be cognisant of broader strategic initiatives. For example, properties surrounding the newly developed Cove Civic Centre have been disposed of. There is awareness of the sporting hub strategy as well as the recent tennis and netball review. A Community Facilities Strategy has been recently prepared for discussion with Council and to guide service levels.

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Internal audit findings

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

	Ref	Description	Issue Owner	Target Date
3 Moderate Findings	F1	Building asset maintenance is not effectively planned, implemented, reported and monitored	Carol Hampton, Manager City Property	August 2017
	F2	There is limited management reporting capability for the property portfolio	Carol Hampton, Manager City Property	December 2017
	F3	The interface between the (i) Land and Property Team and (ii) Finance team has improved in recent months but remains challenging in terms of information flow (both ways)	Carol Hampton, Manager City Property	June 2018
4 Low Findings	F4	Kiwanis Club occupy and pay rent for use of City of Marion assets, however, there is no lease arrangement in place	Deb Clunie, Leasing Officer	August 2017
	F5	Compliance and documentation management matters regarding existing leases	Carol Hampton, Manager City Property	Ongoing (provide update on status in March 2018)
	F6	Lease documents are not stored securely and are also not readily accessible for key stakeholders	Carol Hampton, Manager City Property	Ongoing (provide update on status in March 2018)
	F7	There is an opportunity to consider service delivery models for key maintenance activities	Carol Hampton, Manager City Property	August 2017

Overview of the property portfolio

The CoM's property portfolio comprises more than 90 properties including:

- **Council administration and depot buildings** – examples include the Administration building and City Services.
- **Sports and recreation grounds** – examples include Club Marion, Glandore Recreation Centre, Edwardstown Soldiers Memorial Recreation Ground, Cove Sports and Community Club, Mitchell Park Sports and Community Club and various soccer grounds and tennis and netball courts
- **Cultural Centres and Libraries** – examples including Marion Cultural Centre, Living Kaurna Cultural Centre, Hallett Cove Library, Parkholme Library.
- **Neighbourhood Centres** – examples include Cooina, Mitchell Park Neighbourhood Centre, Trott Park Neighbourhood Centre.
- **Community properties** – examples include community halls, community centres and Meals on Wheels
- **Kindergartens** (leased to Department of Education and Child Development (DECD))
- **Other** (bus shelters, sheds, etc.).

In relation to ownership status, the City of Marion property list includes:

- CoM owned and occupied properties
- Non-commercial leases (sporting and community clubs lessees)
- Commercial leases (cafes, golf park and pro-shop)
- Leased/licenced in from other parties (e.g. CoM as lessee) (includes sites for tank, stormwater infrastructure, coast to vines trail, phone tower, public walkways, etc.).

Governance arrangements

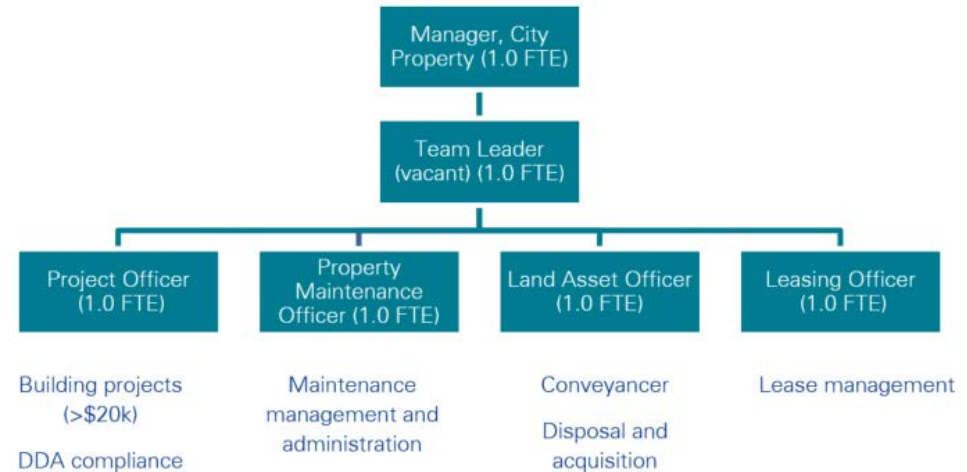
The CoM has recently implemented new governance arrangements in relation to the Council's sub-committee structure, which has included the establishment of an Infrastructure and Strategy Committee (established late 2015).

The Infrastructure and Strategy Committee comprises the Mayor, five Councillors and an independent member. The Infrastructure and Strategy Committee's purpose includes providing advice and recommendations to Council regarding the strategic management of council assets, monitoring major projects (e.g. >\$4million) and aligning management of assets to its long term strategic objectives.

The Infrastructure and Strategy Committee is the key Council committee with regard to oversight of the CoM's property assets.

Land and Property Team

The CoM property portfolio is managed primarily by the Land and Property Team. The Land and Property team includes the following personnel:



In addition, there are two FTE personnel who are leading and supporting community capacity building.

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New leasing and licencing policy

The Council has recently approved a new policy in relation to “Leasing and Licensing of Council Owned Facilities Policy” (approved 2017). Key elements of the policy include:

Policy element	Description
Policy statement	City of Marion may lease or license Council owned or managed land to meet Council’s strategic plans based on community priorities. The aim of the policy is to make land and building facilities available to groups or organisations on a fair and equitable basis to meet community needs and support the optimal use of facilities.
Vision	Council will ensure facilities are fit for purpose and the term and conditions of leases are equitable, consistent, support good governance, accountability and optimise the use of Council facilities.
Principles	Principles underpinning the policy include community benefit and social inclusion, governance and accountability and environmental sustainability.
Rent	Based on market rate as determined by an external valuer and discounted for not-for-profit organisations against a framework (up to 93% discount) with a minimum rent in most cases.
Terms	Based on five-year terms (exceptions to be considered by Council).
Maintenance	Council will take responsibility for structural items
Outgoings	Organisations will be responsible for outgoings (utilities, waste disposal) (please note water has specific arrangements in place)

The discount framework for rent for sporting and community organisations is as follows:

Criteria	% Subsidy
Good governance	33%
Utilisation	30%
Social inclusion	20%
Volunteer management	5%
Environmental initiatives	5%
Maximum discount available	93%

Historically, lease management at the CoM has not been managed effectively with a lack of systems, processes and controls in place that would have ensured that leases were current and lessees complied with lease obligations. The CoM has recently recruited a new Lease Manager who has established a number of processes and registers (e.g. lease tracking register) to help manage and administer the CoM’s leases.

The CoM has recently developed a standard lease agreement template which will be rolled out as existing leases expire and/or are renewed. This new lease template will help provide a greater level of standardisation over time.

City of Marion property portfolio (key properties)

The following map shows the location of key City of Marion properties, including for key categories such as Council administration and depot buildings, sporting grounds, community properties, tennis courts and kindergartens.

**Please note that this map is not to scale and is for representation purposes only.*

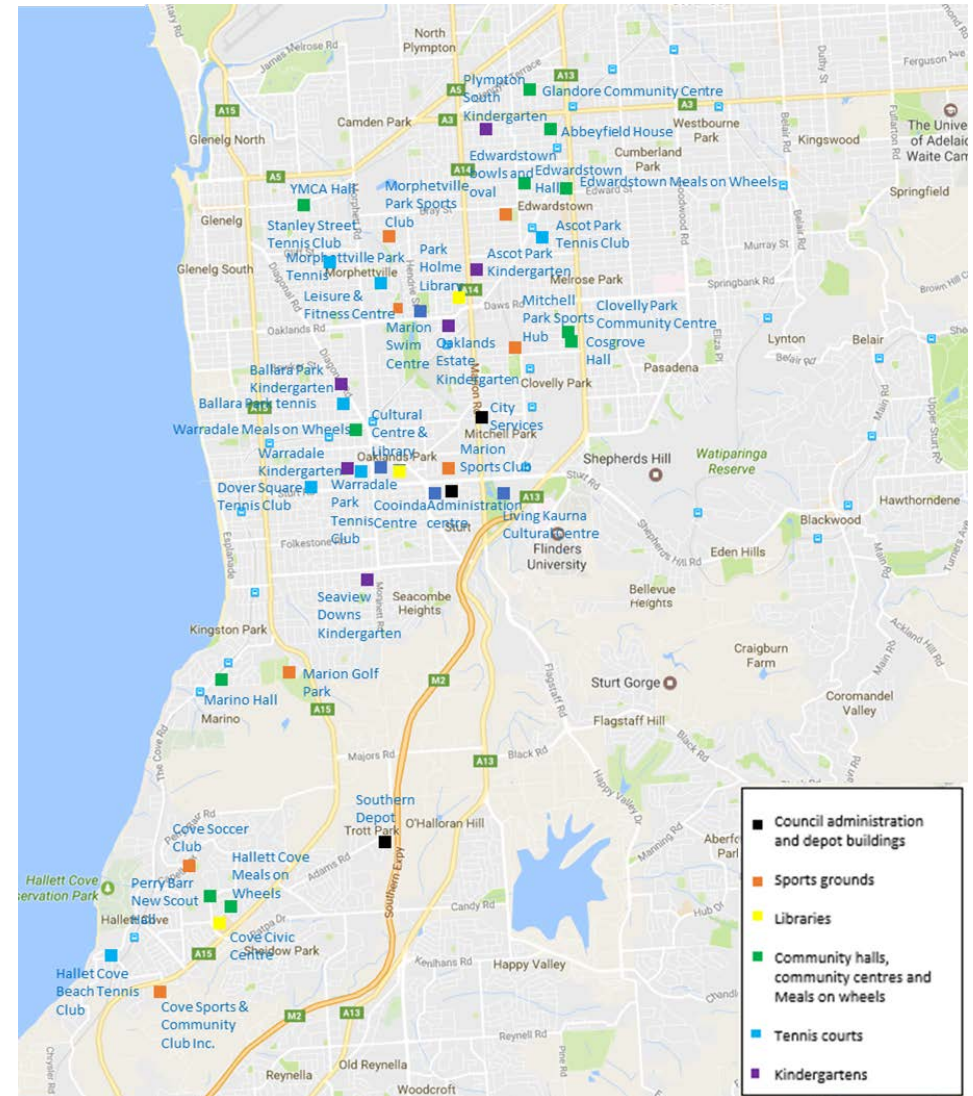


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Alignment of the City of Marion's property portfolio with strategy

The City of Marion's property portfolio contributes to the Council's key strategies in relation to building a community which is liveable, values nature, innovative, prosperous, connected and engaged. The following table is based on the CoM Business Plan 2016-2019, identifying the key initiatives under each strategy which directly (or closely) relates to the CoM's ownership and management of its property portfolio.

	<i>Liveable</i>	<i>Valuing nature</i>	<i>Innovative</i>	<i>Prosperous</i>	<i>Connected</i>	<i>Engaged</i>
Towards 2040	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.	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.	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.	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.	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.	By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.
Initiatives directly relevant to CoM Property Portfolio	<p>Amend the zoning of key sporting areas/hubs to support revitalised, modern sports facilities.</p> <p>Deliver excellent Sport and Recreation Facilities across the City: Edwardstown Soldiers Memorial Oval sports and community complex development, sustainable netball and tennis courts to meet the needs of the current and future community.</p> <p>Review underutilised reserves and facilities to ensure community spaces and usage are well optimised.</p> <p>Linkage to Marion Outdoor Pool Masterplan.</p>	<p>Significantly increase energy efficiency across our council facilities.</p> <p>Deliver sustainable lighting program priorities.</p>	<p>Renew the Leasing and Licensing Policy to set up a strong support and collaboration model for clubs and organisations to continue to innovate their businesses.</p>	N/a	N/a	<p>Supporting lease and licence holders to develop club management capacity.</p>

City of Marion's property portfolio provides value to the community, supporting the Council deliver on the 2040 plan and Business Plan initiatives.

Additional organisational context

The City of Marion has a number of strategies and plans which have recently been finalised or are currently being developed which interface with the property portfolio, as shown in the following diagram.



The purpose of this diagram is to show the various strategies and plans (finalised and in development) across the CoM which need to be considered when considering the property portfolio.

That is, there are a number of moving parts being developed concurrently.

Financial overview – High level

The following table provides an overview of high-level financial information to provide a summary of the financial performance for the overall property portfolio. It should be noted that the CoM's property portfolio is largely community based and includes a number of ageing buildings as well as a number of new facilities which have increased expenditure (e.g. City Services, Cove Civic Centre), hence operating financial performance is not a major driver for the overall management of the properties.

	Three-year period (2014/2015 – 2016/2017*)	Average year (12 months)
Revenue	\$1,548,294	\$563,016
Expenditure	(\$7,817,183)	(\$2,842,612)
Surplus/(deficit)	(\$6,268,888)	(\$2,279,595)

**Note that the current year actuals are only partial to March 17. Average year based on 12 months extrapolation of data over 33 months. It should be noted that there are challenges in relation to reporting of financial information presented above which may impact its accuracy.*

Building asset management and maintenance

For many properties, maintenance obligations reside with the lessee. Historically, the lessees, who are typically sporting and community organisations, have not maintained the properties which they occupy. Over many years this has contributed to the current condition many of the properties are in. Also, historically, funding was not provided for building renewal.

It should be noted, that the CoM's philosophy has shifted towards the CoM taking on the responsibility to coordinate and fund major maintenance activities. This philosophy appears to be reasonable.

Building maintenance resourcing

The Land and Property team includes a full-time Property Maintenance Officer who manages, coordinates and administers property maintenance requirements in respect of the CoM's property portfolio.

Maintenance request process

There is a process in place in relation to maintenance requests being raised via "Customer Events" module in Authority. Addition ad-hoc or urgent requests are made directly via phone or email to the Property Maintenance Officer.

The majority of maintenance requests are raised by CoM staff. A small proportion of maintenance requests originate from lessees.

Where necessary, the Property Maintenance Officer will inspect sites in relation to requests and coordinate contractors as required. Importantly, the Property Maintenance Officer inspects the majority of works (all non-routine work) prior to approving the invoice.

Maintenance Contracts

The CoM has been progressing in the establishment of contract arrangements with key contractors, through tender processes, to help deliver proactive maintenance, process efficiencies, value for money and manage risk, in relation to contract maintenance services.

Maintenance contracts currently in place include:

- Plumbing
- Security
- Electrical (including tagging and testing)
- Air conditioning.
- Additional maintenance areas where contracts are being pursued include:
 - Fire protection
 - Structural integrity (e.g. light towers, signs)
 - Pest control
 - Handyman services
 - Gutter cleaning
 - Lifts

Planned versus reactive maintenance

Based on consultation with the Property Maintenance Officer, a high proportion of the maintenance activities are reactive based on maintenance requests that through the Customer Events maintenance request process. There is limited planned maintenance except for key service contracts such as air conditioning and fire safety inspections. This is currently being addressed through the Building Condition Audit and review of the Asset Management Plan.

Building Asset Management

The CoM maintains an overarching Asset Management Plan covering Transport, Stormwater, Open Space, Buildings and Coastal Walking Trail. The Asset Management Plan provides relatively high-level information in relation to asset management for buildings. A number of other Councils such as the City of Holdfast Bay maintain a more detailed standalone Building Asset Management Plan. The Asset Management Plan for buildings is currently being reviewed in relation to the current and future needs of the community and in a way which minimises the whole of life costs of the building assets within its portfolio.

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Finding 1 – Building asset maintenance is not effectively planned, implemented, reported and monitored

Moderate

Finding(s)

Building maintenance does not appear to be effectively planned, implemented, reported and monitored.

CoM maintenance expenditure in relation to building is over \$2 million per annum (includes utilities). It should be noted that reporting of this data was problematic and there a general lack of confidence in the overall reporting capability for maintenance activities and expenditure.

Currently, the CoM has only limited planned/programmed maintenance schedules in place. Proactive maintenance currently performed includes air-conditioning servicing, pest control, gutter cleaning, testing and tagging and fire safety.

- A number of maintenance-related matters were raised including:
- Other than listed above, there is no programmed maintenance plans and most maintenance works are ad-hoc/reactive.
- There is a lack of detailed budgeting for building maintenance despite expenditure being more than \$2 million per annum.
- Contract management for maintenance contractors appears to be led by the contractor without strong oversight (e.g. contractors are setting the planned maintenance activities).
- Maintenance contracts have been established for a number of maintenance types, however, there has been delays in getting additional contracts in place for other categories. For example, there is no contract in place for fire protection. It should be noted that fire protection expenditure materially increased between 2014/15 and 2015/16 (from 90k to \$150k).

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Recommendation(s)

1. It is recommended that the CoM considers developing an asset maintenance plan/program which prioritises planned maintenance tasks taking into account:
 - Legislative/mandatory matters
 - Public safety
 - Alignment with the property/building’s asset management plan
 - Utilisation and community value
 - Building condition.

The programmed maintenance plan should then be funded via the Council budget, with the highest priority tasks completed first each year.

2. A detailed maintenance budget is developed for each year aligned with the overarching Asset Management Plan
3. Contract management approaches are improved to ensure contractors are managed effectively.
4. It is also recommended that the CoM continues to put in place maintenance contracts which provide value for money, assist in managing risks and transparency. A timeline should be developed and monitored for when contracts are to be put in place.

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Agreed Management Action(s):

The current Asset Management Plan is being reviewed to incorporate, the Building Condition audit, DDA, Asbestos Management Work, this plan will guide the budget development for 2017/18.

- A Service Review on maintenance has commenced (due to report to Finance and Audit Committee in August) the deliverables will include:
- Process Map Core Services – the core services will be defined and mapped;
- Gathering of relevant data and analysis
- Benchmark with neighbouring councils and like industry providers to ascertain best practice;
- Review of team’s productivity in relation to maintenance of facilities to identify service and activity innovations, reducing manual processes where possible;
- Review of Council’s maintenance replacement/renewal program
- Identify service improvements and cost efficiencies;
- Establish service levels and KPI’s for the program to enable ongoing monitoring and evaluation of performance;

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Finding 1 – Building asset maintenance is not effectively planned, implemented, reported and monitored (continued)

Moderate

Finding(s)	Recommendation(s)	Agreed Management Action(s):
<ul style="list-style-type: none"> Purchase orders for works are raised following maintenance works being undertaken which highlights a significant control breakdown (and is not consistent with Council policy). It should also be noted that purchase orders need to be raised for every item (i.e. not threshold) which makes the process inefficient. Further, standing orders for contracted, planned works are not being utilised. There is lack of evidence that work is physically inspected prior to sign-off on invoices It was reported that the voracity in which invoices are reviewed may need to be improved (internal audit testing did not identify exceptions compared back to contract rates). <p>In addition, there is a lack of formal reporting or analysis in relation to maintenance activities. This introduces potential risks in relation to maintenance not only not being planned, but also that there is a lack of understanding/oversight of the maintenance being undertaken.</p>	<p>5. Procurement processes for maintenance services is reviewed to ensure purchase order processes, inspections and invoice processing is efficient and effective (and consistent with CoM processes).</p>	<ul style="list-style-type: none"> Report – a final report with recommendations will be prepared for Council and Finance & Audit Committee review with any changes to the service to be provided in a report to Council.

Responsibility: Carol Hampton, Manager City Property

Target date: August 2017

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Finding 2 – There is limited management reporting for the property portfolio

Moderate

Finding(s)

There is limited management reporting in relation to CoM’s property portfolio which means that it is difficult to manage the overall property efficiently or effectively.

Currently, reports can be generated but this is on an ad-hoc basis and requires a lot of manual intervention. Whilst processes are being implemented and improved, there is still a lack of reporting capability.

CoM utilises its Authority/Civica IT system in relation to its property portfolio for finance and asset management (asset register). Asset maintenance also utilises the “Customer Events” module to raise maintenance requests.

However, there are also multiple Excel spreadsheets used to record, track and monitor key data relating to the property portfolio including:

- Standing Debtors
- Leasing tracking (this has only recently been introduced)
- Property list
- Rate rebate recording (mandatory and discretionary)
- Valuations worksheet

The use of Excel spreadsheets introduces risks in relation to the completeness, accuracy and integrity/security of data. In addition, there are challenges in relation to having a clear “single source of truth” for property related data.

Recommendation(s)

It is recommended that relevant CoM stakeholders develop appropriate management reports which report on key matters.

- Financials (actuals against budget, and monthly variances)
- Debtors
- Maintenance activities (spend by contractor, site, type of expenditure, etc.)
- Lease changes / updates
- Compliance matters
- Any other relevant matters

It is noted that the CoM utilities excel spreadsheets to manage is property portfolio. To improve reporting, it is recommended that the CoM ensures its current systems are effectively configured to support reporting (and/or it investigates the cost / benefits of a property management system).

Agreed Management Action(s):

The recommendation will require collaboration with a number of teams and potential integration with a number of projects which are underway eg Asset Management System to be able to deliver these required reports.

This is not a unique issue to Land and Property and is something the organisation is looking to address. This matter will be brought to the attention of ELT to assist with determine the priority that this can be given.

Responsibility: Carol Hampton, Manager City Property

Target date: December 2017

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Finding 3 – The interface between the (i) Land and Property Team and (ii) Finance team has improved in recent months but remains challenging in terms of information flow (both ways)

Moderate

Finding(s)	Recommendation(s)	Agreed Management Action(s):
<p>Internal Audit noted that the interface between the Land and Property function and the Finance function is challenging, particularly in relation to the flow of information. It should be noted that it was also reported that this interface has improved in recent times (coinciding with the appointment of the Leasing Officer to the Land and Property Team and better communication between the two functions). For example:</p> <ul style="list-style-type: none"> The Land and Property team does not have readily available information or reporting in relation to whether (i) invoices have been issued to lessees or (ii) whether invoices have been paid. The current practice requires the Leasing Officer to run a report in relation to aged debtors. However, this is slightly problematic in the sense that instances where invoices are not issued do not appear on the aged debtor reports. The Finance team rely on information to be “pushed” to them in relation to lease changes. Hence, there is a risk that new leases or any changes are not reported to/or picked up by the Finance team. Standing orders in relation to raising invoices have been agreed for a proportion of leases, however, there are many leases which are not currently on standing orders (mainly annual payment) and further standing orders do not cover the life of the lease term and relevant terms (e.g. indexations). Standing orders are typically raised based on financial year periods. Hence, not all invoices are scheduled to be raised, and there is a risk that invoices may not be issued in a timely manner, raised at all, or amounts are accurate/up-to-date in relation to rent. There is a risk that the manual processes can lead to human error. 	<p>The following recommendations are made:</p> <ol style="list-style-type: none"> The Land and Property team and Finance team workshop improvements to improve the flow of information. This could include regular reports being issued by (i) the Land and Property team to the Finance team in respect to any changes in the period and (ii) from the Finance team to the Land Property team in relation to financials. All leases are stored electronically, and access is provided to all relevant CoM stakeholders across the organisation (e.g. Finance). This will allow the CoM Finance team to readily access lease documents to confirm relevant financial terms and conditions. Standing orders continue to be put in place for all leases for the life of the lease terms, and that these are regularly reviewed and updated for any changes. 	<p>Working with Finance to review processes and identify efficiencies. Regular meetings bi monthly meetings will be set up with Finance and the Leasing Officer to progress this.</p> <p>As leases are renewed they will be shaved in sharepoint which can be accessed by Finance.</p> <p>A number of leases have been in holding over awaiting review of the Leasing and Licencing Policy, as this resulted in a monthly tenancy arrangement standing orders could not be put in place. As new leases are processed standing orders will be put in for the term of the agreement.</p>

Responsibility: Carol Hampton, Manager City Property

Target date: June 2018

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Finding 4 – Kiwanis Club occupy and pay rent for use of City of Marion assets, however, there is no lease arrangement in place

Low

Finding(s)	Recommendation(s)	Agreed Management Action(s):
<p>It was reported that one of the City of Marion’s properties is occupied by the Kiwanis Club (for the purposes of parking buses), however there is no lease arrangement in place. It was reported that Kiwanis pay an amount each year which is akin to paying rent.</p> <p>This presents a range of risks, particularly, with buses coming and going, and being stored onsite, including WHS and public safety risks. The presence of fuel onsite which could present hazardous materials and/or increased fire risks.</p> <p>Further, there is no visibility or requirements in relation to the insurances that must be held by the Kiwanis in relation to the use of the property.</p> <p>It should be noted that this arrangement with the Kiwanis Club has been in place since 1997.</p>	<p>It is recommended that the City of Marion formalise a lease arrangement with the Kiwanis Club to help ensure that the City of Marion is protected via a lease agreement in relation to any risks/liabilities and that appropriate insurances are in place.</p>	<p>While staff have attempted to obtain information from Kiwanis to enable an agreement to be put in place this has not been forthcoming. A timeline has now been determined and this will be formally followed up with Kwianis.</p>

Responsibility: Deb Clunie, Leasing Officer

Target date: August 2017

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Finding 5 – Compliance and documentation management matters regarding existing leases

Low

Finding(s)	Recommendation(s)	Agreed Management Action(s):
<p>Internal Audit conducted compliance testing on a sample basis (sample of 10) across a number of lease/license files (against key lease obligations). The following non-compliance issues were noted.</p> <ul style="list-style-type: none"> 1 of the 3 leases for recreational clubs did not have a current annual report on file 2 of the 3 leases for recreational clubs did not have an adopted budget on file 1 of the 3 leases for recreational clubs did not have a club constitution on file 2 of the 3 leases for recreational clubs did not have AGM minutes on file 4 of the 4 leases required to have insurance did not have a copy of the most recent insurance on file 2 of the 10 leases the CoM had not invoiced rent in accordance with the terms of the lease agreement 4 of the 10 leases had not paid their rent within 30 days The above matters point to an overall lack of formality in terms of the way in which the CoM manage and administer their lease portfolio. Whilst many of the issues relate to document management and administration, this increases the risk to the CoM in terms of insurance currency, visibility of the financial viability of clubs, etc. <p>It should be noted that many of these issues are considered to be legacy issues and that a new Lease Officer has been engaged approximately 12 months ago and is working through the leases in a prioritised manner to rectify such issues (there is a lease tracking spreadsheet which has been populated which is being used to track and manage lease agreement requirements).</p>	<p>It is recommended that the CoM continues to undertake reviews of leases performed by the Lease Officer and remind clubs of their obligations to provide up to date documents including insurance, financials and budgets in accordance with the terms of their lease agreements.</p>	<p>Currently letters are sent out in October each year requesting information e.g AGM, Finances (this is not a requirement in all leases) and followed up in January.</p> <p>Staff in the property team have been allocated specific organisations to liaise with on a regular basis, which will assist in developing stronger relationships and enable support to be provided in meeting leasing obligations.</p> <p>Community capacity activities are supporting clubs to improve governance practices e.g. workshops on running an AGM.</p> <p>The new leasing and licensing policy will assist with improving this through;</p> <ul style="list-style-type: none"> Reporting required to obtain subsidy Consistent lease template requiring information Working with clubs to set up systems to be able to provide the required information <p>Consideration is being given to setting up a standard charter of accounts.</p>

Responsibility: Carol Hampton, Manager City Property

Target date: Ongoing (provide update on status in March 2018)

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Finding 6 – Lease documents are not stored securely and are also not readily accessible for key stakeholders

Low

Finding(s)	Recommendation(s)	Agreed Management Action(s):
<p>Internal Audit noted that lease documentation is not stored securely. Many of the leases are maintained as hardcopies, but these are stored in unlocked cabinets. Typically, key legal documents such as executed leases should be stored in secure (locked) and fire-proof filing cabinets.</p> <p>Hence, there is a risk that lease documents could be lost inadvertently or deliberately. Whilst it is acknowledged that the CoM’s lease portfolio is comprised of primarily community based leases (i.e. low rents), lease documents should be stored securely.</p> <p>It was also reported that whilst some of the leases are scanned in, there is lack of consistency. Not all leases have been scanned in and stored electronically. The CoM has adopted SharePoint for storing and sharing documents, with new leases now being saved in SharePoint.</p> <p>In addition, leases are not readily accessible by other CoM stakeholders outside of the Land and Property team. For example, Finance cannot readily access a complete set of leases which would be beneficial to be able to cross-check lease terms and conditions and rental arrangements.</p>	<p>The following recommendations are made:</p> <ul style="list-style-type: none"> a) Original hard-copy, executed leases are stored in secure, fire-proof filing cabinets. a) All leases are stored electronically utilising the CoM SharePoint platform, and access is provided to all relevant CoM stakeholders across the organisation (e.g. Land and Property Team, Finance Team). 	<p>As new leases are entered into they will be saved in Sharepoint.</p>

Responsibility: Carol Hampton, Manager City Property

Target date: Ongoing (provide update on status in March 2018)

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Finding 7 – There is an opportunity to consider service delivery models for key maintenance activities

Low

Finding(s)	Recommendation(s)	Agreed Management Action(s):
<p>There is an opportunity to consider service delivery models for key maintenance activities in relation to in-house services delivery versus outsourced arrangements. Currently, the bulk of building maintenance work is outsourced to contractors.</p> <p>For example, all electrical work is currently outsourced to external electrical contractors (primarily to a single provider). It was reported that expenditure is more than \$200k per annum typically, and that this work represents standard/routine electrical works. There is a risk that the CoM is not achieving optimum value for money through this service delivery model. It should be noted that electrical work is performed across the organisation including for Land and Property and other functional areas such as Open Spaces (e.g. irrigation).</p> <p>The above area (electrical) is one example which was brought to our attention. Other areas of expenditure may also benefit from consideration of the overall service delivery option.</p>	<p>It is recommended that the CoM analyses maintenance expenditure in relation to buildings by category/nature of work and considers service delivery options (in-house/outsourced) for all key categories to help ensure optimum outcomes for the CoM overall.</p>	<p>As indicated above a Service Review has commenced on the maintenance function which will assist with identifying opportunities to improve efficiencies.</p> <p>As part of this review work has commenced on analysing where the highest amount of expenditure is being incurred, costs per site and customer event queries. This will assist us to have a better understanding of where the focus should be. We are planning to meet with other Councils to understand how they manage maintenance, reactive/planned, contractors, systems and process to manage etc..</p>

Responsibility: Carol Hampton, Manager City Property

Target date: August 2017

There were no Performance Improvement Observations identified as part of the internal audit.

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The table below summarises City of Marion personnel who were involved in discussion and contributed to the findings and actions detailed in this Internal Audit Report.



Name	Title
Carol Hampton	Manager City Property
Deb Clunie	Leasing Officer
Darryl Fowler	Property Maintenance Officer
David Harman	Financial Accountant
Melissa Nottle-Justice	Business Improvement Officer
Carol Hampton	Manager City Property

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The following framework for internal audit ratings has been developed and agreed with City of Marion's 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 will be discussed and rated with City of Marion's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	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"> • Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the Council. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening. 	<ul style="list-style-type: none"> • Requires immediate notification to the Council Finance and Audit Committee via the Presiding Member • Requires immediate notification to City of Marion's Chief Executive Officer. • Requires immediate action planning/remediation actions
High	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"> • Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the Council. • Major decline in service/product delivery, value and/or quality recognised by stakeholders • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries. 	<ul style="list-style-type: none"> • Requires immediate City of Marion's General Manager notification. • Requires prompt management action planning/remediation actions (i.e. 30 days)

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Classification of Findings
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Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	<ul style="list-style-type: none"> Moderate impact on operations or functions. Reputation will be affected in the short-term. Possible decrease in the public’s confidence in the Council. Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. Medical treatment required. 	<ul style="list-style-type: none"> Requires City of Marion’s General Manager and/or Senior Manager attention. Requires short-term management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> Minor impact on internal business only. Minor potential impact on reputation. Should not decrease the public’s confidence in the Council. Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. First aid treatment. 	<ul style="list-style-type: none"> Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

**CITY OF MARION
FINANCE & AUDIT COMMITTEE MEETING
30 MAY 2017**

Originating Officer: Deborah Horton, Unit Manager Performance & Improvement

Manager: Jaimie Thwaites, Acting Manager Corporate Governance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: Organisational Service Reviews 16/17 Update

Report Reference: FAC300517R8.6

REPORT OBJECTIVES

To provide the Finance and Audit Committee (the Committee) with a status update for the 2016/17 Service Review program as endorsed by Council 27 September 2016 (GC270916R05).

EXECUTIVE SUMMARY

The City of Marion 2016/17 Service Review program is progressing as planned and is on track to achieve 2016/17 Annual Business Plan goals of completing nine services within the financial year (GC270916R03).

Of the six services completed, 23 recommendations in total have been identified; 18 are complete, one is not on track, five have not commenced.

RECOMMENDATIONS

DUE DATES

That the Finance & Audit Committee:

- | | |
|--|-------------|
| 1. Note this report. | 30 May 2017 |
| 2. Provide comment on the following; | 30 May 2017 |
| <ul style="list-style-type: none"> a. Organisational Service Review – overall status (Appendix 1) b. Organisational Service Review – recommendation status (Appendix 2) c. Management of Recycling Depot and Stores Report (Appendix 3) d. Storage and Inventory Management (Appendix 4) e. Drainage Service Review (Appendix 5) f. Marion Celebrates Festival Service Review (Appendix 6) g. Parking Management and Regulation Service Review (Appendix 7) | |

BACKGROUND

At the same meeting, 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).

ANALYSIS

This report is divided into two components, the first (Part A) is an overview of the status of each service review being undertaken. The second (Part B) provides a synopsis of the status of the recommendations of completed service reviews for the Committee's information. Provided in appendices are visual representations of part A and B.

Part A Organisational service reviews 2016/17 (current services)

Provided below are short summaries on each service with a visual narrative provided (Appendix 1);

Maintenance of Council facilities

The collation and analysis of customer events associated with this service along with financial information has commenced. Sourcing benchmarking data will be difficult to obtain for this particular service given the inability to compare like for like that offers meaningful value. However, conversations have commenced with neighbouring councils and external agencies to understand how they operate so that ideas for improvements to property management can evolve.

An internal audit of leasing arrangements undertaken by KPMG have shown that opportunities exist surrounding current contract management practices, which this review will explore in greater depth. This review is on track to be presented in draft to the August FAC meeting.

Parking and abandoned vehicles

This report recommended retaining the service and identifying several key improvements that will increase efficiency and effectiveness of the service. The review identified a significant number of abandoned vehicles reported and investigated could have been resolved at first point of reporting. Further information and staff training will address this issue. This has been addressed in the recommendations.

Other improvements seek to address data collection systems (to be confident of the integrity of the data) to enable evidential decision-making based upon accurate statistics.

These two services are not reflective of the entire Community Safety Inspectorate role. As a result the recommendations have been somewhat limited given there are also imminent changes to legislation that will affect this team's roles and responsibilities (*Local Litter and Nuisance Bill 2016 (SA)*).

Asset Systems¹

Since February, an asset management maturity assessment to determine current practices against leading practice/recognised standards by an external consultant was undertaken. The results identified three key areas for high priority associated with: levels of service, data/systems and evaluation. A workshop with Council's Infrastructure and Strategy Committee was undertaken in early May, providing further direction. This review is on track to be presented in draft to the August FAC meeting.

¹ Previously referred to as "Asset Management Systems", "Asset Information Management Systems", "Asset Management".

Management of Recycling Depot and Stores – Storage and Inventory Management

A report (prepared by KPMG) for these two related, but independent services is provided (Appendix 3). The report confirms:

- the Recycling Depot's operations are providing a benefit to the City of Marion, and are achieving the key initial business case expectations; additional recommendations were proposed to enhance the transparency of recording of product in/out of the depot
- there were no major deficiencies noted with the management of inventory, however a range of improvement opportunities were identified to enhance the organisation's control environment, including:
 - reiterating requirements to undertake weekly inventory spot checks, and obtain formal approval prior to loaning of stores equipment
 - considering alternative methods of recording of inventory to reduce the possibility of errors with manual transposition
 - cross training of staff to ensure continuous service delivery within the Stores
 - consideration of additional security cameras within the Stores and the Recycling Depot
 - exploration of further opportunities to reduce items in stock.

Roads

Given current contract arrangements exist (Council Solutions),² this review will focus on internal processes surrounding road condition ratings, road design, scheduling works to identify efficiencies / improvements. Since February, benchmarking data has been sought with a focus on process improvements. This review is on track to be presented in draft to the August FAC meeting.

Drainage

This review has recommended focused improvements to the service, its key recommendation looks to improve carryover costs to under 15% of overall drainage capital works projects.

Marion Celebrates

The review has recommended that the Festival continue in its current form with improvements made to elements of the service.

Public Place litter

This service is 95% complete with consultation progressing between stakeholders.

Part B - Recommendation status of completed service reviews 2016/17

Provided below are short summaries on the status of recommendations by exception (reviews not completed) with a visual narrative provided (Appendix 2);

Hard Waste & Dumped Rubbish

12 of the 13 recommendations are completed. The outstanding recommendation incorporates Council exploring opportunities to partner with not-for-profits to assess whether further benefits can be achieved from separation and recycling of hard material collected.

² Contract value of \$3 – 4 million via the City of Marion/Council Solutions joint tender arrangement for the provision of bituminous road networks.

Governance Systems

The four recommendations are reported as not commenced however; work has begun on an agendas and minutes software solution project that will inform actions to address the recommendations.

Recruitment

The review resulted in one recommendation (manage internally with improvements) with six actions to complete that overarching recommendation. Outstanding actions relate to a review of medical provider contracts, training of staff and utilisation of online recruitment software.

Marion Outdoor Pool

The review resulted in one recommendation (manage internally with improvements) with eight actions to undertake the overarching recommendation. The actions completed related to pricing – which included a slight increase to attendance fees. All other actions are being managed within current resources.

CONCLUSION

All service reviews as a result of the 2016/17 program are steadfastly progressing and as a consequence, are expected to meet the City of Marion Annual Business Plan goals of completing nine within the financial year.

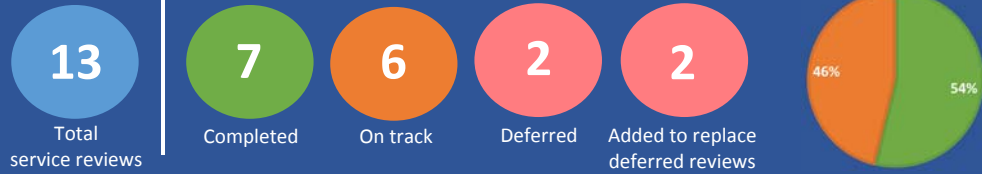


Organisational Service Reviews

Service Review Progress Updates (16/17 FY Schedule)

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

<p>Recruitment</p> <p>FAC041016</p> <p>100%</p> <p>FAC151216</p>	<p>Maintenance of Council Facilities</p> <p>FAC280217</p> <p>15%</p> <p>FAC150817</p>	<p>Marion Outdoor Swim Centre</p> <p>FAC041016</p> <p>100%</p> <p>FAC151216 & GC240117</p>	<p>Parking Management and Regulation</p> <p>FAC041016</p> <p>100%</p> <p>FAC300517</p>	<p>Asset Systems</p> <p>FAC280217</p> <p>30%</p> <p>FAC150817</p>	<p>Governance Systems</p> <p>FAC041016</p> <p>100%</p> <p>FAC151216</p>	<p>Management of Recycling Depot</p> <p>FAC041016</p> <p>TBA</p> <p>FAC300517</p>
<p>Stores - Storage & Inventory Management</p> <p>FAC041016</p> <p>TBA</p> <p>FAC300517</p>	<p>Roads</p> <p>FAC280217</p> <p>15%</p> <p>FAC150817</p>	<p>Drainage</p> <p>FAC041016</p> <p>95%</p> <p>FAC300517</p>	<p>Libraries</p> <p>FAC050516</p> <p>100%</p> <p>FAC280217 & GC140317</p>	<p>Records Management</p> <p>DEFERRED</p> <p>Replaced with</p>	<p>Marion Celebrates</p> <p>FAC280217</p> <p>100%</p> <p>FAC300517</p>	<p>Public Place Litter</p> <p>FAC280217</p> <p>95%</p> <p>FAC280217</p>

DEFERRED

Records Management

Replaced with

DEFERRED

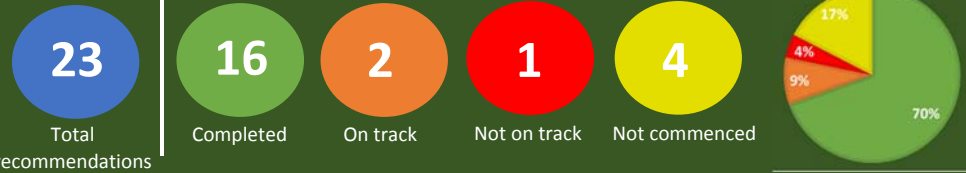
Commonwealth Home Support Program

Replaced with



**Organisational
Service Reviews
Recommendation
Implementation
Progress Updates
Appendix 2**

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



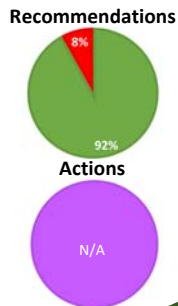
How are we progressing per service review with the implementation of recommendations?



Hard Waste and Dumped Rubbish

Total Service Review Recommendations (R) = 13
Total Actions (A) = N/A

Status	R	A
Completed	12	-
On track	-	-
Not on track	1	-
Not commenced	-	-
Not reported	-	-
Total	13	-



Living Kurna Cultural Centre (LKCC)

Progress – January to March '17

- An MOU between the CoM and the Kurna Nation Cultural Heritage Association has been finalised and signed.
- A Steering Group for the LKCC has been established with an initial gathering taking place around a fire at Warriparinga.
- A Strategic Management Document has been drafted for tabling at the next Street Group meeting.
- The LKCC has a focus on increasing programming.
- A new Cultural Guide employed at the LKCC.



Governance Systems

Total Service Review Recommendations (R) = 4
Total Actions (A) = N/A

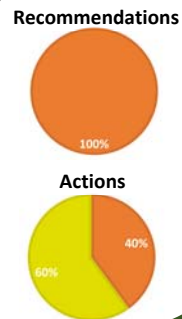
Status	R	A
Completed	-	-
On track	-	-
Not on track	-	-
Not commenced	4	-
Not reported	-	-
Total	4	-



Recruitment

Total Service Review Recommendations (R) = 1
Total Actions (A) = 5

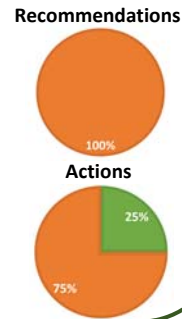
Status	R	A
Completed	-	-
On track	1	2
Not on track	-	-
Not commenced	-	3
Not reported	-	-
Total	1	5



Marion Outdoor Swim Centre

Total Service Review Recommendations (R) = 1
Total Actions (A) = 8

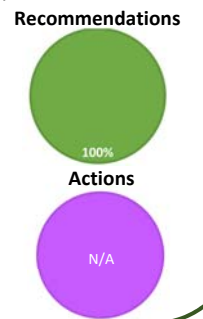
Status	R	A
Completed	-	2
On track	1	6
Not on track	-	-
Not commenced	-	-
Not reported	-	-
Total	1	8



Libraries

Total Service Review Recommendations (R) = 4
Total Actions (A) = N/A

Status	R	A
Completed	4	-
On track	-	-
Not on track	-	-
Not commenced	-	-
Not reported	-	-
Total	4	-



Caveat: Any recommendations that are deemed as 'ongoing' and have no definitive due date are actioned as 'completed'



Inventory Management & Recycling Depot Service Review

City of Marion

May 2017



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Distribution

For action:

Colin Heath	Manager Contracts and Operational Support
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For information:

City of Marion Finance and Audit Committee	
Adrian Skull	Chief Executive Officer
Vincent Mifsud	General Manager Corporate Services

Disclaimers

Inherent Limitations

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Executive summary

Objective

The overall objective of this service review project was to consider the City of Marion's (CoM) effectiveness of inventory management processes. The service review also included assessment of whether the management of the recycling depot – processing of operational waste service is achieving the anticipated benefits to Council (as per the original business case) and to consider the overall efficiency and effectiveness of the service.

Scope

The scope of the review included the following:

1. Provide clarity regarding what is considered 'stock' compared to 'general stores'
2. Identify current internal processes and work practices to manage stock, stores and the recycling depot
3. Compare current practices against better practices associated with the following:
 - Purchasing and issuing of stock
 - Physical controls over stock (e.g. stores access)
 - Stock levels held
 - Stock management (e.g. weekly/annual stocktake processes, storage layout)
4. Consider the extent of storage of general stores items within Council
5. Consider processes for managing stock at the recycling depot
6. Analyse costs and benefits associated with providing the service
7. Review staff and plant resources used in the provision of the service, including opening hours of the Store
8. Consideration of the initial business case justification for establishing the Recycling Depot service
9. Consideration of the market costs of waste disposal and product purchase
10. Consideration of legislative requirements (i.e. EPA license conditions, EPA 1993) against the current service¹

The scope covered the CoM's inventory categories as follows:

- (i) stores,
- (ii) the recycling depot (inventory/bulk goods); and
- (iii) any non-inventory ('general storage items') items.

The scope included particular consideration of efficiencies and better practice recommendations that could be embedded in the CoM's inventory management processes.

¹ Please note that the review focused on processes and controls that the CoM has in place to comply with relevant legislative requirements. It should be noted that this review does not constitute an environmental or legal audit or review.

Approach

The approach for the inventory management and recycling depot service review project included the following key phases/activities:

- Consultation with relevant CoM Management and staff
- Understanding of relevant policies and procedures (and other relevant documentation e.g. initial recycling depot business case) in place in relation to inventory management and the recycling depot
- Site visits of CoM's key stores and inventory management facilities
- Understanding of CoM's processes and internal controls framework (financial, operational and physical) as relevant to inventory management (by leveraging the annual internal controls audit conducted by CoM's external auditors)
- Consideration of management reporting and monitoring processes
- Consideration of the efficiency and effectiveness of inventory management and recycling depot processes, including consideration of better practice recommendations matched to the CoM's context
- Consideration of the overall processes to comply with the legislative requirements in relation to the Recycling Depot
- Service review reporting, including identification of any performance improvement opportunities

Recommendations

The following recommendations have resulted from this review:

1.1 The allocation of what is stock compared to general stores could be defined and documented more clearly. To assist with this classification process CoM should develop a decision tree.

Management Action(s): Process is noted within the Inventory Management Procedure, this will be complimented through inclusion of a decision tree flow chart.

Responsibility: Unit Manager Operational Support

Target date: August 2017

3.1 Explore alternative stock recording systems, to reduce the risk of error associated with the transposing of the A3 paper sheet to Authority.

Management Action(s): Management will investigate options as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: December 2017

3.2 CoM should explore the option to utilise the "min/max" stock level reporting functionality from Authority and review this report on a timely basis to highlight demand and assist in purchasing of stock.

Management Action(s): Min / Max information is applied presently to the stock management system and is accessible to stores staff when assessing procurement needs. Reporting options within Authority will be assessed.

Responsibility: Unit Manager Operational Support

Target date: August 2017

3.3 Increase the utilisation of security cameras at the Stores and Recycling Depot facilities.

Management Action(s): Management will make further requests to the Property Department to improve CCTV coverage for both the Southern Depot and Marion City Services facilities (where assessed as appropriate).

Responsibility: Unit Manager Operational Support

Target date: August 2017

3.4 Explore opportunities to reduce CoM's volume of stock holdings.

Management Action(s): Management will action as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: Applied and Ongoing

3.5 Based on discussion and review of the spot checks, these were not occurring with sufficient regularity. Spot checks should be implemented on a weekly basis.

Management Action(s): Management has reinforced to relevant staff the requirement to undertake weekly spot checks in accordance with the Inventory Management Procedure.

Responsibility: Unit Manager Operational Support

Target date: Complete and ongoing

4.1 CoM continue to limit the use of general stores items in favour of recording items as stock.

Management Action(s): Use of 'Inventory Stock' has improved overall accountability and provides opportunity for precise costing and usage information. Management will continue to action as per the recommendation.

Responsibility: Unit Manager Operational Support with support of SLT/ELT

Target date: Ongoing

4.2 All loaning of Council tools and equipment should be approved by the relevant Operational Manager, to ensure traceability of loaned items.

Management Action(s): Management has reinforced to relevant staff the requirement to obtain approval to ensure compliance to the CoM Borrowing of Equipment Procedure.

Responsibility: Unit Manager Operational Support

Target date: Complete and ongoing

5.1 CoM should explore implementing alternative options (e.g. tablet-based solution, weighbridge etc.) to capture product in and out of the recycling depot, to reduce the risk of lost transactions or transposing errors in the inventory recording process.

Management Action(s): Management will action as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: December 2017

6.1 On a monthly basis, the product received and issued transaction history from the Recycling Depot should be provided by Operational Support to the Operations Units to promote transparency and budget accountability by all parties.

Management Action(s): Management will action as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: July 2017

6.2 CoM consider the option of ceasing the paper delivery service and utilising the stationery supplier to deliver paper directly to each of CoM's sites.

Management Action(s): Management action as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: October 2017

7.1 CoM aims to optimise the Stores' staff available time by continuing to utilise cross-training of Operational Support Unit staff to ensure continuous service delivery within Stores. This will reduce the instances of lost time for operational teams caused by unavailability of Stores staff.

Management Action(s): Maintain cross training function within whole of stores team (including Collections, Recycling and Litter) to optimise the support of the Stores functions. Consideration to fill vacant Stores position will also compliment prompt customer response.

Responsibility: Unit Manager Operational Support

Target date: September 2017 and ongoing

9.1 CoM establishes a methodology for creation of the CoM internal rates used for the Recycling Depot, based on cost recovery principles.

Management Action(s): Management will action as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: Assessed June for July of each year

9.2 CoM should continue to obtain on an annual basis the best available 'special' rates for comparison purposes of the CoM internal rates to the industry assessed option.

Management Action(s): Management will action as per the recommendation.

Responsibility: Unit Manager Operational Support

Target date: Assessed June for July of each year

Project deliverables

1. Provide clarity regarding what is considered stock compared to 'general stores'

Stock

Stock is defined by CoM as items which have been classified for management through the inventory management system. These include:

- Items that provide financial benefit when purchased in bulk that may be allocated as a stock item, thus enabling the purchase to be held as an asset and to be tracked as to single or multiple usage groups and account codes at the time of issue
- Items that are high in value and held in readiness for reuse (such as repair parts)
- Stock is generally items that are one-off use (once issued to the customer will not be returned).

Stores

Stores is defined by CoM as items that are stored but are not classified as stock within the inventory management system. This can include:

- Items that may be used and returned to the store (for example, bulk storage meeting chairs and tables)
- Small plant (these items are tracked through the plant register)

An example is that if CoM are 'on selling' an item (to the internal customer group) then this should be classified as stock. If it is a loan item, then this would be stores. For example, CoM could have a type 1 shovel that is held as stores to be provided to a customer, as no cost hire, and returned after use; and a type 2 shovel that is stock and is available to be permanently issued, or 'on sold', to an internal customer. Figure 1 outlines at a high-level examples of stock and stores items, based on discussions with staff and site tours undertaken.

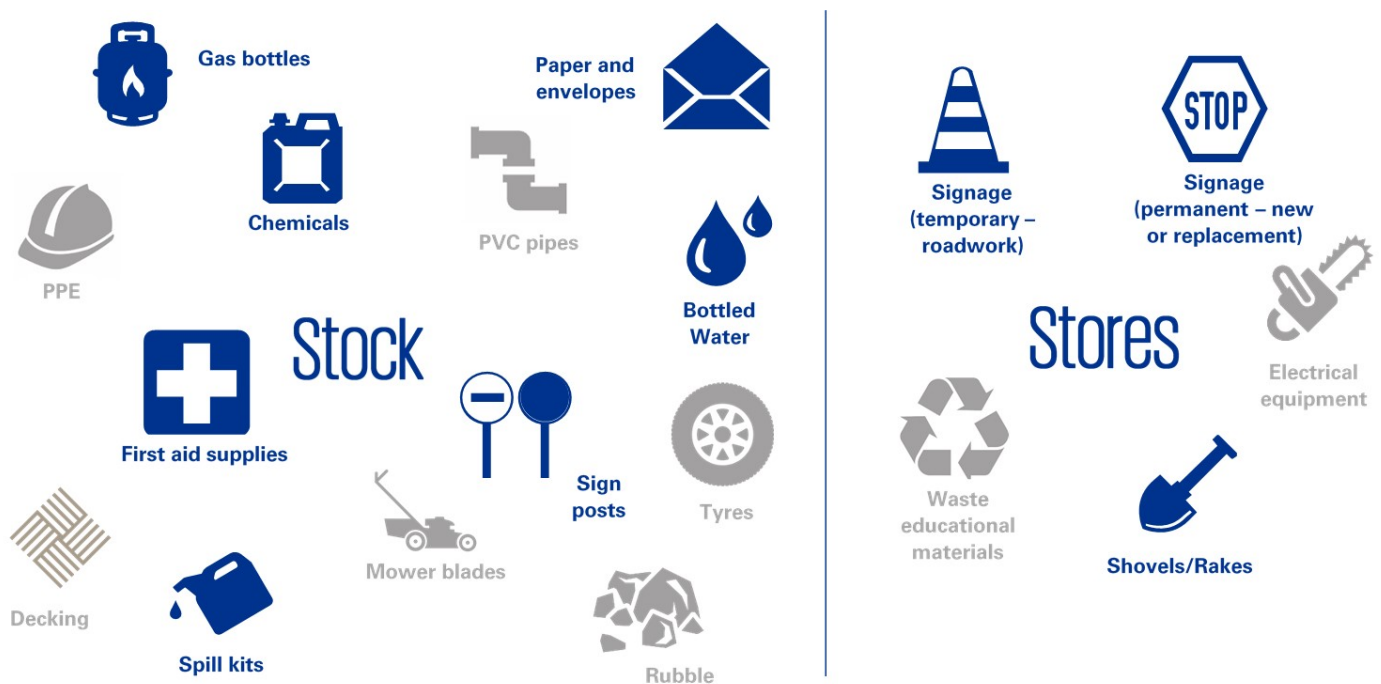


Figure 1 Stock compared to general stores items

Assessment

The current definitions of stock and stores are appropriate for CoM's purposes, however the decision making process of why items are allocated to each category is not clearly defined or documented.

Recommendation(s):

1.1 The allocation of what is stock compared to general stores could be defined and documented more clearly. To assist with this classification process CoM should develop a decision tree.

2. Identify current internal processes and work practices to manage stock, stores and the recycling depot

The Operational Support Unit is responsible for the management of stock, general storage items and the recycling depot. The organisational structure of the Operational Support Unit is outlined below in Figure 2. In addition to the management of stock, stores and the recycling depot, Operational Support is also responsible for a number of other activities not included within the scope of this Service Review. These additional areas include waste services - hard rubbish, public place litter, CoM's workshop and Council after hours and emergency response. The Unit Manager Operational Support reports to the Manager Contracts and Operational Support.

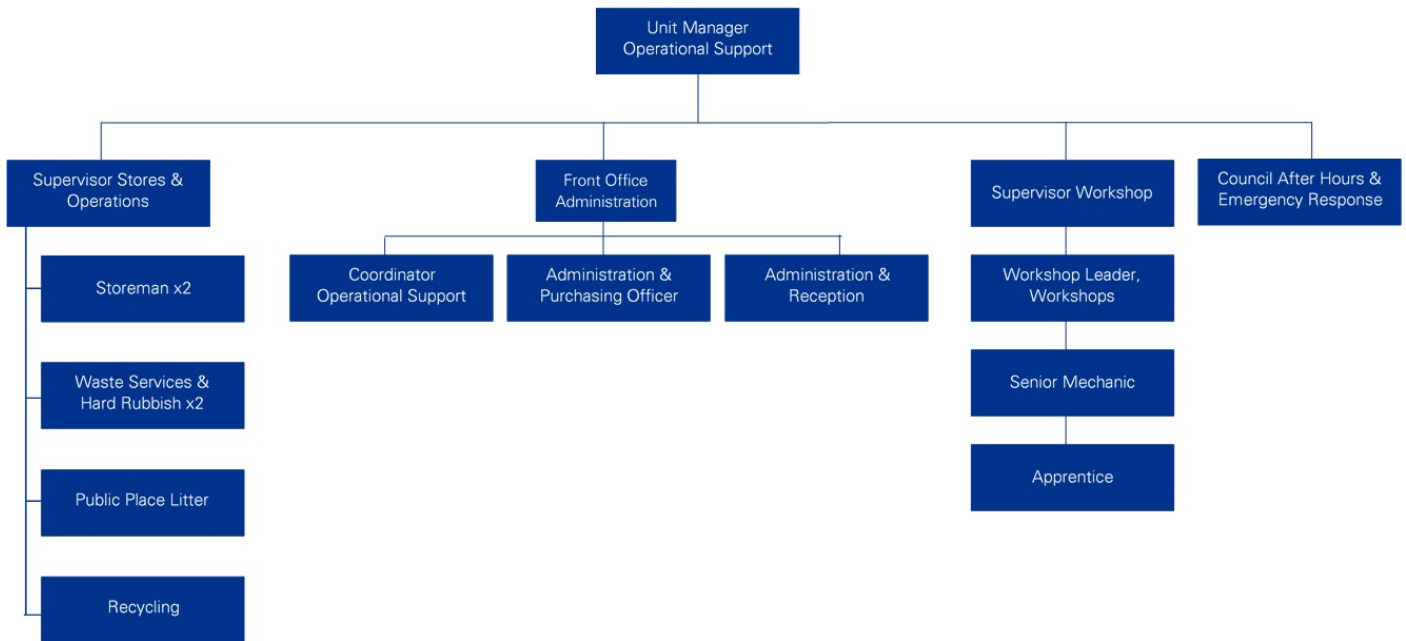


Figure 2 Operational Support Unit organisational structure

The current key processes for stock and stores items:

a. Determining whether there is a need for stock

The various organisational departments (operational and non-operational) within CoM will determine when there is a need for new or replenishment stock, based on the following three elements:

- Clarify ongoing requirement
- Clarify storage availability
- Best price outcome (including linked arrangements)

b. Ordering Stock

CoM utilises a decentralised procurement structure where staff across the organisational units can approve purchase orders for stock/stores. Stock is typically booked directly to jobs/projects. There are also some less common purchasing methods, such as Bunnings accounts utilised.

The process for ordering stock is to raise an On-Line Requisition (OLR) Stock Requisition against the relevant stock number. This process will indicate if a preferred provider has been selected. If not the selected provider should be amended to become the preferred provider (the system-selected provider should be the first choice, unless a better price is available or if delivery date is unable to be satisfied).

c. Receiving stock

Goods are received into Stores, utilising the following process:

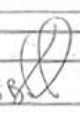
- (i) On receipt, the delivery docket is checked against the requisition system quantity ordered and quality of goods received, and docket checked off with any applicable comments as to condition of goods, signed and passed onto the Front Office (City Services).
- (ii) Goods are placed on shelving (storage location) noting stock location by stock number. Once stock has reached this point, it is then ready to be issued as stock.
- (iii) Within CoM's stock record A3 sheet (discussed in further detail below) the received stock is highlighted and the receipt date and time noted in the store order book.

d. Issuing of stock

CoM uses an A3 paper document for the initial recording of details for who stock is issued to, as shown below.

9

General and Non Stock Issue Sheet								
Item			Task Information			Issued To		Store Use Only
1	Item	Stock No.	Qty	Account No.	Task / Team Name	Name	Signature	Processed
	30 Green Box	1819	9	480.17417	Sig	Wick		
	3-11-16	1820	6	410.17417	Sig	Wick		
	3-11-16	1605	100	420.17405	CIVIL PRINT	ROAD		
	3-11-16	1087	1	420.17413	CIVIL	ROAD		
	3-11-16	295	1	420.17413	Civil	Mark B. Holt		
	3-11-16	1169	5	420.17413	Civil	F. Marks		
	3-11-16	1296 167	1	420.17413	Civil	F. Marks		
	3-11-16	1171	2	420.17413	Civil	F. Marks		
	3-11-16	LCAM	1.50	470021.7425	CIVIL	MATT		
	3-11-16	W.D.LO	1	460.17417	Physguards	M. Newman		
	3-11-16	WATER TUG	1	5089.17413	HOV MAINT	MICHAEL		
	3-11-16	GLASSES	1	420.17413	CIVIL	SHALEY		
	3-11-16	SUNGLAS	315	420.17413	CIVIL	MARK-B		
	3-11-16	UNDA	1776	420.17413	CIVIL	MARK-D		
	3-11-16	Sup. Bag	1596	420.17413	Civil	M. Newman		
	3-11-16	UNDA	1776	420.17413	CIVIL	CERDO		
	3-11-16	Glass	1700	420.17413	Civil	A. Venner		
	3-11-16	Staircase	1572	701.17413	Bins	TODD		
	3-11-16	Glasses	1200	1701.17413	Bins	TODD		
	3-11-16	Glass	1892	4152.7417	Line mark	Kean		
	3-11-16	White	1871	4152.7416	Line mark	Kean		
	3-11-16	ADPAPER	1605	5201.7405	ADMIN	KATIE		
	3-11-16	ADPAPER	1605	100	CIVIL SPACE PRINT	MARCEA		
	3-11-16	SAND	1347	171	DRUM	CERDO		
	3-11-16	Samplets	1522	2	Open Space	Shirley Thompson		
	3-11-16	Barkass	1655	1	Physguards	M. Newman		
	3-11-16	DISHWASH	1741	12	CLAUDEP	CATHY		
	3-11-16	HI-TECH	1791	1.00	2163.17417	CLAUDEP	CATHY	
	3-11-16	SHYESS	1380	2	5570.17413	PARKS	BEATT	
	3-11-16	SHIRT	1350	1	4570.17413	PARKS	PHIL	
	3-11-16	Swivelock	1577	1	420.17413	CIVIL	B. Smith	
	3-11-16	PAPER TIE	1502	2	4010.17413	CIVIL	K. Smith	
	3-11-16	Cable Tie	672	1	2008.17417			
	3-11-16	FLOR SAND	383	1	7009.17417			
	3-11-16	FLOR SAND	382	1	7009.17417			
	3-11-16	VELVA SAND	1547	12	4000.17413			
	3-11-16	Banner Imp	1502	1	7009.17413			

All Items Entered to Authority and Cross Checked
 Date 4/11/16
 Signature 

8

Figure 3 A3 stock management sheet
(Refer next page for key)

The following information is recorded within the A3 general and non-stock issue sheet:

- | | |
|-----------------------|---|
| 1. Date | 6. Task/Team name |
| 2. Item (description) | 7. Name of whom the stock is issued to (and signature, however this is not a requirement to be completed) |
| 3. Stock number | 7a. <i>Optional step: Signature of stock user</i> |
| 4. Quantity | 8. Signature of staff member entering data into authority and cross-checking |
| 5. Account number | 9. Signature of overall reviewer of sheet (Coordinator Operations) |

On a daily basis the information recorded within the sheet is transposed to the Authority system, at which stage the stock issue (transaction) occurs. A report showing the items entered is then printed from Authority and attached to the relevant A3 sheet. The Coordinator Operational Support will then perform a check between the two documents to ensure the correct values have been entered into the system and make any minor adjustments as required.

e. Monitoring stock (observing stock, monitoring the status of stock)

CoM utilises a number of mechanisms to assist with the management of stock including grouping and labelling of stock items, spot checks throughout the year and an annual full stocktake of all inventory at financial year end. Storage bays within CoM's Stores location are labelled with the relevant stock number (applicable only to stock items, not general stores items) and grouped together by inventory type. CoM has also designed spot checks for the Supervisor Stores to ensure that a weekly ten item spot check is undertaken, with discrepancies provided to Coordinator Front Office to investigate and adjust as required. CoM also undertakes an annual stocktake procedure, in line with their financial year end. This is typically undertaken on the first Saturday of the new financial year (early July). A summary of the end of financial year inventory procedures is shown below.



Figure 4 Inventory end of financial year processes

As part of the external audit procedures, the CoM is required to assess and review their controls over inventory. The following table summarises the most recent review over inventory.

Inventory	Assessor	Reviewer	Assessor Rating*	Assessor Comments
Subject to the relevant Council Procurement policy, a purchase order must be raised prior to ordering the goods from a supplier. BPM Control Type: Core	Roger Belding (Unit Manager Operational Support)	Ray Barnwell (Manager Finance)	5	Inventory Management - Purchase of Inventory items have been undertaken in compliance with system requirements. As such are effective. Purchasing Compliance Across Marion - Recent roll out of an enhanced online requisition system has taken place complimented through application of amended procedures, staff training and support of senior leadership and executive. Purchasing, Finance and Accounts Payable areas are aware of the need for positive enforcement of system requirements to ensure a suitable level of compliance. Ref Use of Purchase Order Procedure 1.6. System was only recently rolled out with transition of work practices underway.

Inventory	Assessor	Reviewer	Assessor Rating*	Assessor Comments
<p>Goods and services are approved for order within the Delegations of Authority and in line with formal Tender and Procurement policy. BPM Control Type: Core</p>	<p>Roger Belding (Unit Manager Operational Support)</p>	<p>Ray Barnwell (Manager Finance)</p>	<p>4</p>	<p>Purchasing Compliance Across Marion - Recent Roll out of an enhanced online requisition system has taken place complimented through application of amended procedures, staff training and support of senior leadership & executive. Purchasing, Finance and Accounts Payable areas are aware of the need for positive enforcement of system requirements to ensure a suitable level of compliance. Ref Use of Purchase Order Procedure 1.6. System was only recently rolled out with transition of work practices underway.</p>
<p>Physical inventory is counted regularly by persons independent of day-to-day custody or recording of inventory. Inventory counts are reconciled to inventory records and inventory records are reconciled to the general ledger. BPM Control Type: Core</p>	<p>Roger Belding (Unit Manager Operational Support)</p>	<p>David Harman (Financial Accountant)</p>	<p>4</p>	<p>Inventory is checked at time of system issue. Spot Checks are also undertaken during the year this culminating in an annual Stocktake.</p>
<p>All inventory write-offs and provisions for obsolescence approved by management in accordance with DoA. BPM Control Type: Core</p>	<p>Roger Belding (Unit Manager Operational Support)</p>	<p>Colin Heath (Manager Contracts and Operational Support)</p>	<p>4</p>	<p>Financial delegations applied as per Policy and in compliance with Procedure Disposal of excess Plant, Items & Equipment. Disposals Binder maintained on Blue Point.</p>

Inventory	Assessor	Reviewer	Assessor Rating*	Assessor Comments
<p>The useability of inventory and level of inventory is assessed regularly including a review during physical inventory counts. BPM Control Type: Core</p>	<p>Roger Belding (Unit Manager Operational Support)</p>	<p>Colin Heath (Manager Contracts and Operational Support)</p>	<p>4</p>	<p>Inventory is checked at time of system issue. Spot Checks are also undertaken during the year, with this culminating in an annual Stocktake. Slow-moving items are assessed as a part of the Stocktake process. Work to do includes enhancing stock levels to meet the maintenance needs of operational areas, these areas having a preference to purchase direct rather than using the stock management system. Best practice stock management would define items to be held as stock to be items that have usage across a variety of work groups and account codes; or high volume best purchased in bulk; or items that need to be critically tracked. With this methodology applied there are several additional items that need to be looked at to be held centrally and managed through an inventory system rather than present practice of direct purchase by user groups. Benefit in retaining bulk items as stock includes that inventory stock remains valid as an asset until time of issue.</p>
<p>Stock held in properly secured locations with access restricted to authorised personnel. BPM Control Type: Core</p>	<p>Roger Belding (Unit Manager Operational Support)</p>	<p>Colin Heath (Manager Contracts and Operational Support)</p>	<p>4</p>	<p>Access to Stores is by way of staff issued fob. Induction provides information to new staff that stores and workshops are out of bounds to unauthorised persons. If unauthorised access is discovered it is traceable and CCTV is in place. Error to be corrected as a matter of urgency.</p> <p>Security system applied within the new facility has had data entry errors with a volume of unauthorised staff having fob access to the Store area. This error is being corrected with heightened awareness provided to Stores staff.</p>

*CoM assessor rating is out of 5.

f. Disposing of stock

Disposal of excess plant and equipment, stores and salvaged or recycled materials is through the use of the General Goods Disposal Advice Form. CoM utilises the methodologies from the waste hierarchy pyramid (as outlined in Figure 6) in the consideration of its disposal of excess or obsolete stock or stores items. This is evident through the variety of methods, outlined below, which focus on reuse and recycling as the preferred method of disposal, where appropriate.

The methods utilised by CoM for disposal include:

- Dispose as recycled – items that may be processed into usable product (rubble or mulch)
- Dispose to auction; or, dispose at public tender – for items with residual value
- Disposal of surplus salvage or recycled materials
- Disposal of recyclables from the CoM recycling depot
- Disposal of recyclables by staff, including the purchase of recyclables by staff (i.e. purchase of firewood)
- Destroy to bin – for items with no residual value

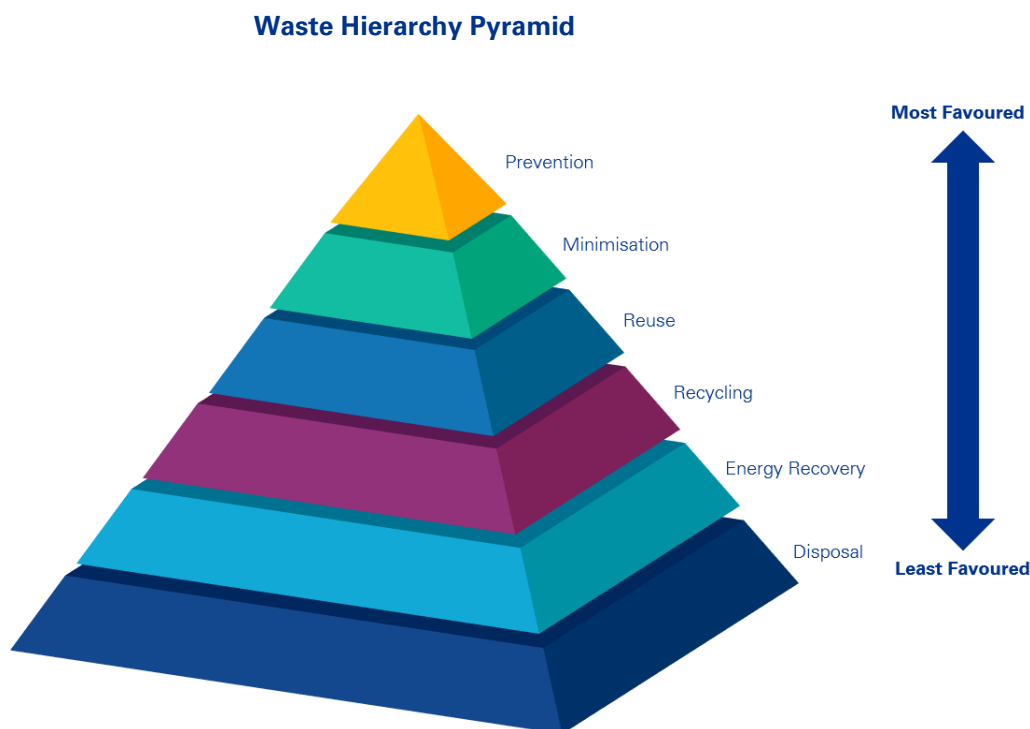


Figure 6 Waste hierarchy pyramid

CoM maintains the relevant disposals documentation (approvals and supporting documents) in hard copy and also uploads an electronic copy of the records.

Recommendation(s):

Refer to Section 3 for comparison between current practice and better practice.

3. Compare current practices against better practices

The Service Review undertook a comparison of current practices against better practice associated with the following:

Note that where the background of the following areas has already been discussed in Section 2 of this Service Review it has not been repeated for this Section, with only the better practice recommendation elements included.

a. Purchasing and issuing of stock

CoM uses a paper-based system for recording the stock issued, which is later transposed to Authority.

Assessment

Better practice indicates that items which are issued as stock are scanned out and automatically updated in the system. The system would automatically update levels of stock and send through a notification that stock levels are low, with the system being a proactive rather than reactive process.

CoM should explore the option to utilise the “min/max” stock level reporting functionality from Authority to review this report on a timely basis to highlight demand and assist in purchasing of stock.

b. Physical controls over stock (stores access etc.)

CoM currently has the following physical controls over stock:

Stock is kept locked away at the following locations: City Services Facility Workshop, City Service Yard, Southern Depot Area, City Services Facility Bulk Storage Bin Areas and Store and Storage Compounds. There is some use of close-circuit television (CCTV) monitoring at the main Store facility. Access to Stores is by way of staff issued fob token. The staff induction process provides information to new staff that stores and workshops are out of bounds to unauthorised persons. In the instance of unauthorised access, this can be traceable and CCTV is in place.

Assessment

The current physical controls over stock, including physical site security and Stores access appear broadly sufficient for CoM’s purposes. Based on interviews for the Service Review, it was noted that there could be additional usage of CCTV within the main Store facility and the potential for installation of CCTV explored at the Southern Depot, in addition to the access keypad currently used.

As noted within the 2015-16 controls self-assessment, the security system applied within the Store facility has had some data entry errors with a volume of unauthorised staff having fob access to the Store area. This error has since been corrected, with revised access restrictions implemented and with heightened awareness provided to all staff.

c. Stock levels held

Figure 7 outlines CoM’s stock holding history since FY12. There has been a downwards trend in both the dollar value of CoM’s inventory held, as well as the percentage of total assets represented by stock. The combination of these factors would tend to suggest an improvement in the overall management of CoM’s stock.

Financial year	30 June stock value (\$'000)	Percentage of total assets
FY16	176	0.015%
FY15	166	0.014%
FY14	172	0.015%
FY13	306	0.028%
FY12	237	0.023%

Figure 7 CoM's stock holding FY12 – FY16

KPMG benchmarked CoM's stock holdings as at 30 June 2016 with its peer South Australian metropolitan councils' inventory as shown below in Figure 8.

Peer Council Inventory Holdings – FY16

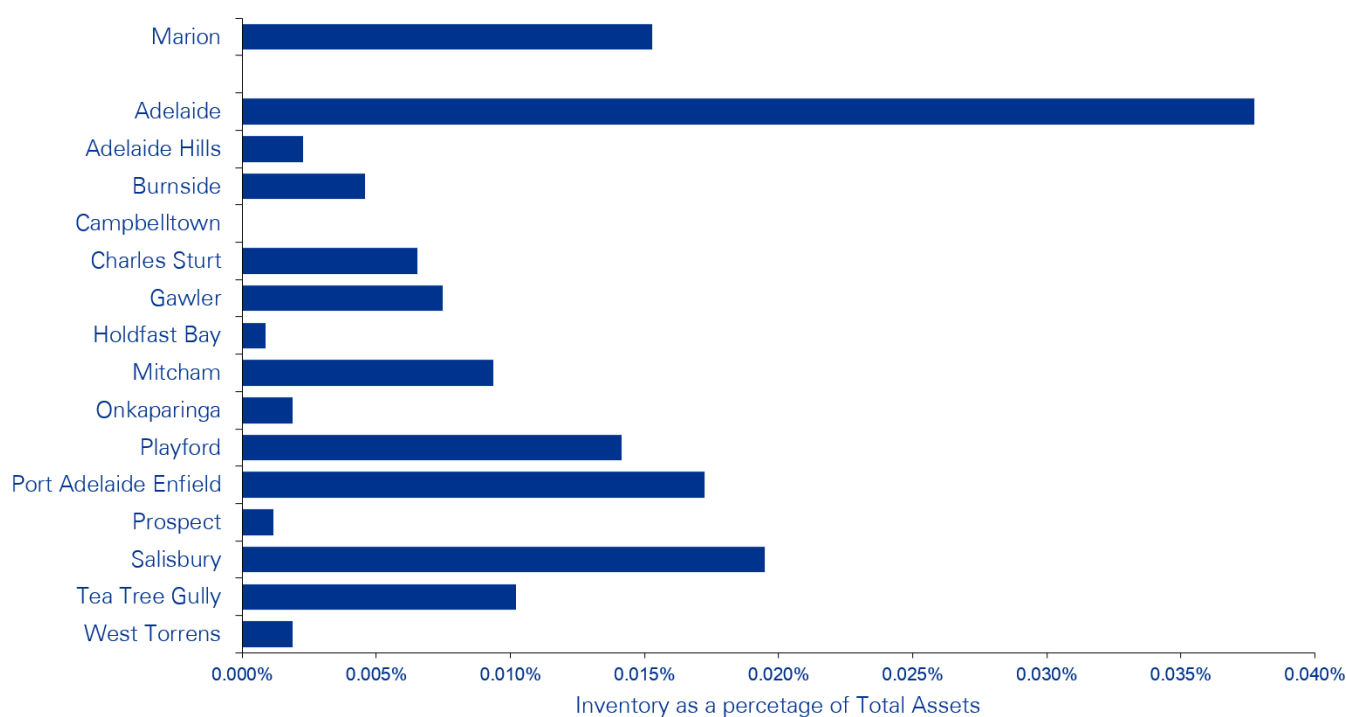


Figure 8 Peer Council Inventory Holdings FY16

Note nil inventory disclosed for the following councils: Norwood, Payneham and St Peters, Unley and Walkerville.

Assessment

Whilst the above comparison does not take into account the specific activities undertaken by each peer council, nor whether their management of stock is effective, on average CoM holds a higher portion of its total assets as inventory than the majority of South Australian metropolitan councils. This indicates there may be further opportunity for CoM to review the overall levels of stock held, based on comparative councils.

Stock management

CoM utilises a number of mechanisms to assist with the management of stock including grouping and labelling of stock items, spot checks through the year and an annual full stocktake of all inventory at financial year end.

Assessment

Based on the monetary value and volume of the inventory, CoM's annual stocktake procedure is considered to be appropriate. Based on discussion and review of the spot checks, it was determined that these were not occurring with sufficient regularity. The process is designed by CoM to undertake weekly spot checks of ten items.

Recommendation(s):

3.1 Explore alternative stock recording systems, to reduce the risk of error associated with the transposing of the A3 paper sheet to Authority.

3.2 CoM should explore the option to utilise the "min/max" stock level reporting functionality from Authority and review this report on a timely basis to highlight demand and assist in purchasing of stock.

3.3 Increase the utilisation of security cameras at the Stores and Recycling Depot facilities.

3.4 Explore opportunities to reduce CoM's volume of stock holdings.

3.5 Based on discussion and review of the spot checks, these were not occurring with sufficient regularity. Spot checks should be implemented on a weekly basis.

4. Consider the extent of storage of general storage items within Council

Stores

There has been considerable decrease in the number of items held as general storage items (stores) over recent years. This has primarily been the result of the Operational Support Unit continuing to capitalise on the benefits of using stock as the preferred method. Some types of items remain as stores often due to the nature of their loan-type usage such as waste educational materials, electrical equipment (but also recorded on the Plant Register for items >\$3,000), some types of signage and some other types of tools and equipment (e.g. rakes and shovels).

Assessment

There is increased traceability and accountability of stock items when they are recorded as an asset within the CoM system. Whilst there will always be a need for some general storage items, due to their nature and the usage, the limitation of this mechanism is Operational Support Unit's preference and provides improved visibility.

Borrowing use of Council tools and equipment

CoM has a procedure in place that allows for the borrowing of CoM's tools and equipment by employees. The procedure in place outlines that in order to assist in the maintenance and the borrowing of the CoM's tools and equipment, employees should firstly contact their relevant Unit Manager or Manager (SLT) for approval and complete the 'request for the loan of Council tools/equipment' form prior to removal of tools or equipment for personal use. Based on interviews with Operational Managers within CoM, it was evident that this process was not always being followed, with items sometimes requiring follow up to determine their whereabouts.

Assessment

The procedure in place for the borrowing of tools and equipment should be reinforced with the required approval to ensure accountability of loaned items.

Recommendation(s):

4.1 CoM continue to limit the use of general stores items in favour of recording items as stock.

4.2 All loaning of Council tools and equipment should be approved by the relevant Operational Manager, to ensure traceability of loaned items.

5. Consider processes for managing stock at the recycling depot

Overview

In 2004, CoM resolved to enter into a licence with the Department of Planning, Transport and Infrastructure ((DPTI), formerly known at the time as the Department of Transport Energy and Infrastructure (DTEI)), to maintain land parcels which were considered to be surplus to requirement. CoM was required to maintain the land pending the transfer of ownership from DPTI to CoM.

In 2007 the land parcels, including that known by CoM as the Southern Recycling Depot, came under the control of CoM, who are now responsible for the land maintenance in accordance with licence agreement.

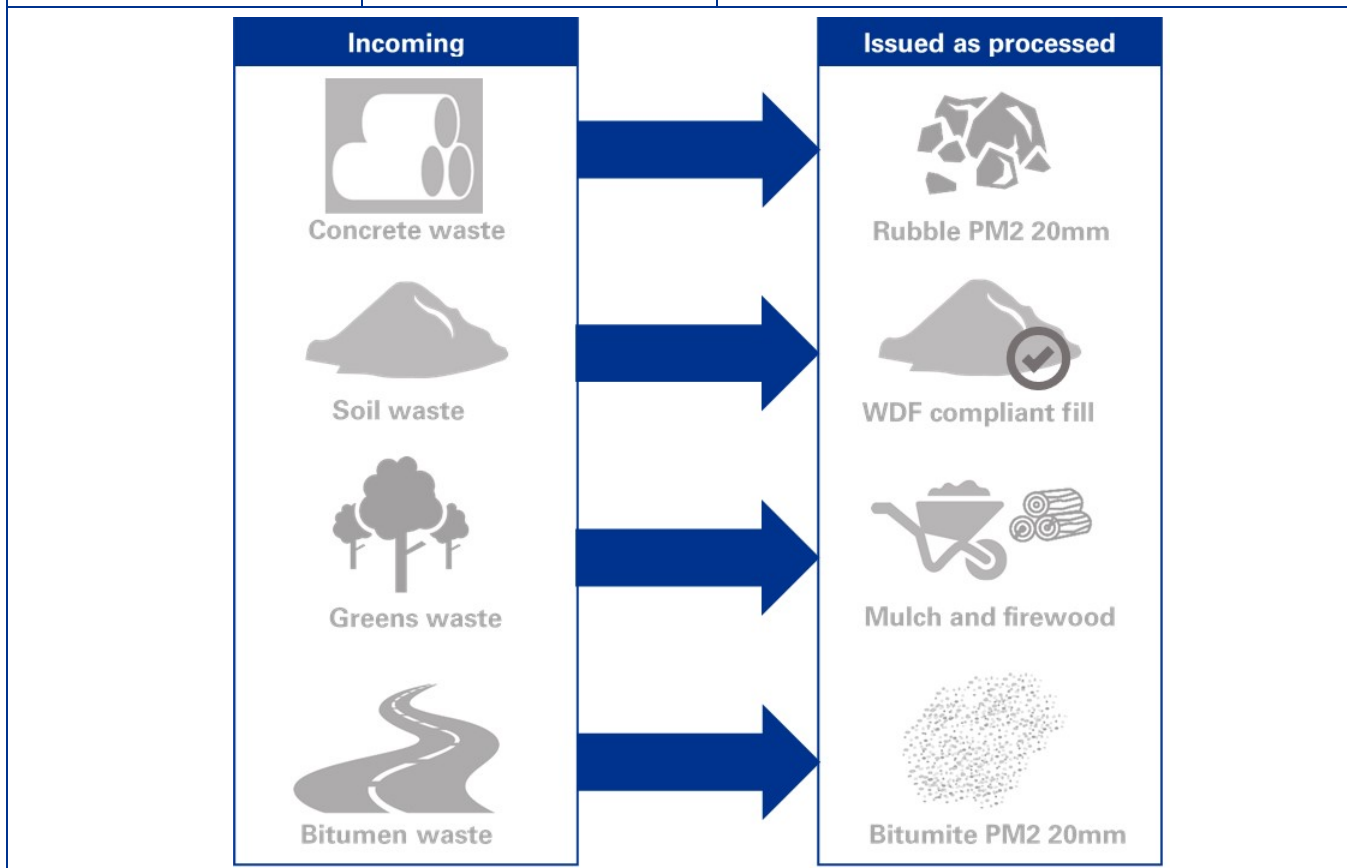
The site has been approved by the Environmental Protection Authority of South Australia (EPA) for use as a Council recycling, processing and storage facility (discussed in further detail in Section 10).

Activities at the Southern Recycling Depot

The Southern Recycling Depot’s purpose is to reduce waste disposal costs for CoM. The processing of waste materials through this site provides usable recycled products such as rubble and Waste Derived Fill (WDF) compliant fill. The site allows for the conversion of non-compliant materials to a rating of compliant fill. The recycling of products has the added environmental benefit of diverting large quantities of waste from landfill.

Estimated volumes of product for processing over a 12-month period are as follows:

Product	Approximate volume	Key driver of volumes
Civil waste	7,000 - 20,000 tonnes	Dependant on civil project works
Green waste	1,500 - 3,000 m ³	Dependant on severity of storm activity



Depot layout

Figure 9 Southern Recycling Depot, Lot 5 Adams Road, O'Halloran Hill.



Processing Area 1

This portion of land segregated by soil bunds is for the drop off and processing of civil waste materials. This includes the receipt and processing of concrete, rubble and fill materials.

Processing Area 2

This portion of land as segregated by soil bunds is for the drop off and processing of greens waste including the receipt and processing of greens to mulch.

Summary process of concrete waste to rubble

In 2013, CoM trialled the use of the stock management system to on-charge internal customers for product received to and dispersed from the Recycling Depot. This on-charging was introduced as there was deemed to be no alternative internal billing system available, without the exception of time consuming financial journals. Therefore the example current process for concrete waste (as the highest product volume processed) is as follows:

Step 1 - Receipt of 'product in'

- Concrete waste received (including contaminated and oversized product)
- Product captured to hard-copy transaction book, allowing EPA licence compliance for tracking of product in and out
- Charged (internal recharge) appropriately to customer group through use of the inventory system
- Negative stock balance applied 'product in/concrete waste'.

Step 2 - Processing of product

- Product contaminants (soil, greens, plastics, etc.)

separated by site operator on receipt.

- Soil-based product separated with oversize product removed (must be under 600mm to be compliant).
- End of financial year processing of concrete to PM2 product (contracted crush and screening). Undertaken as stock order for product "20mm Concrete Rubble" to be captured as an asset.
- Laboratory test conducted for detection of any heavy metals/asbestos etc. Product sent off and risk assessed for compliance against WDF criteria.
- Compliant product is then released for use and can be issued as stock.

Step 3 - End of year reconciliation

- Stocktake undertaken of all product (product in and product out reconciled).
- Product in (including waste concrete) reset to zero.

Financials

Waste product received:

- Results in ongoing negative stock balance (account code #6956).
- Internal transfer of funds from customer group to recycling depot charge out to account code #6956 negative stock balance to account code #1200 (to be reconciled at stocktake).

Processing:

- Direct costs are charged to Recycling Depot, including staff wages, fleet and loader expenditure.
- Stock order raised for conversion of concrete waste to processed rubble (positive balance, captured as an asset against the relevant stock number).
- Direct costs of EPA compliance and product testing attributable to the recycling depot.

Rubble product/asset issued:

- Stock issue to customer group - internal transfer of funds against to account code #7960.

Stocktake:

- Reconciliation of account code #1200 to zero (finalising the conversion of waste product to processed product held as an asset).

Technology and systems

As noted above, the current methods utilised at the Recycling Depot for the capture of product movements is reliant on a hard-copy transaction book.

This is a manual process with information then duplicated from the hard-copy transaction book and later transposed to the Excel tracking spreadsheet. CoM noted that there have been instances of issues arising where there are lost transaction sheets (including the loss of up to two full books). As the Recycling Depot services CoM's internal customers it is possible to spot-check and correct/update the balances. It is also an EPA licence condition to capture the stock movements of the site.

The Operational Support Unit is therefore assessing the options available to upgrade to a tablet-based solution for the recording of product, which would allow for full electronic record capture, with the option to print off delivery/issue slips for the customers. This would also reduce the risk of transposing errors in the transfer of information to the Excel tracking spreadsheet.

Assessment

The current processes in place for managing the Recycling Depot appear to meet the requirements of performing the service, with opportunity to implement additional technology solutions to improve the efficiency and traceability of transactions through the service.

Recommendation(s):

5.1 CoM should explore implementing alternative options (e.g. tablet-based solution, weighbridge etc.) to capture product in and out of the recycling depot, to reduce the risk of lost transactions or transposing errors in the inventory recording process.

6. Analyse costs and benefits associated with providing the service

As part of the Service Review the costs and benefits to CoM associated with providing the Stores and Recycling Depot services, both financial and non-financial, were analysed and summarised below.

Assessment

Benefits	Costs
<p>Environmental</p> <ul style="list-style-type: none"> The Recycling Depot allows CoM to recycle and reuse product internally The Recycling Depot enables a reduction in the volumes CoM send to landfill 	<p>Resourcing (staffing and capacity)</p> <ul style="list-style-type: none"> Alignment of resources to priority areas and lean staffing model is challenging to ensure availability of service Stock must be closely monitored to ensure optimisation of storage capacity
<p>Internal control</p> <ul style="list-style-type: none"> The internal service allows CoM to more closely monitor and influence activities, compared to external providers Allows for a cost recovery model, with internal recharges used instead of funds exiting the Organisation 	<p>Operations vs Operational Support</p> <ul style="list-style-type: none"> There are sometimes competing viewpoints and priorities on various issues, detailed with further examples in this section below. Operational departments do not always understand or see transparency of internal recycling depot recharges, which can cause tensions. This can be due to both sides, of Operational Support not issuing transaction slips, or Operation not collecting product issue slips.
<p>EPA compliance</p> <ul style="list-style-type: none"> The Recycling Depot site is managed to ensure it remains EPA compliant 	<p>Reporting and oversight</p> <ul style="list-style-type: none"> Spot checks not sufficiently maintained, resulting in increased stock discrepancies Stocktake discrepancies as part of the year end and the cost of resolving (i.e. write offs)
<p>Inventory management</p> <ul style="list-style-type: none"> Increase in the number of items managed as stock (compared to stores items) has enabled improved inventory management 	<p>Security</p> <ul style="list-style-type: none"> Requirement for additional resources to be spent improving site security for both the Store and the Recycling Depot.
<p>Customer service</p> <ul style="list-style-type: none"> Able to provide a high degree of (internal) customer service The use of knowledge sharing and cross training of jobs is used to enhance customer service 	<p>Competing priorities</p> <ul style="list-style-type: none"> Some operational staff's unwillingness to go through formal stores procedures can cause tension and lead to inefficiencies in both Operations and Operational Support

Financial data of the operational results of the recycling depot, assessed against the original business case, has been included within Section 7.

Competing stakeholder viewpoints

Example: delivery of paper by stores to sites

Various operational and administration units:

Multiple units advised during the Service Review process that there was a preference for each site to manage their own paper supply. This was previously the method used, with a central supplier delivering the paper supplies directly to the sites.

The current method is that all paper supplies are delivered centrally to Stores and then distributed to other Units as their request.

Operational Support Unit:

The Operational Support Unit advised that the provision of office paper is a reasonably simple process that takes limited time and storage, however provides a high degree of customer service. Irrespective of delivering paper there will remain a delivery run for other products required by these locations including printed envelopes and letterhead, general goods and chemicals (as demonstrated below by an example order outlined below in Figure 10.

Sent: Wednesday, 15 March 2017 4:30 PM
To: Stores <Stores@marion.sa.gov.au>
Subject: stores order for Hallett cove library (cove civic centre)

Hi Stores,

Following is my order for Cove Civic Centre Library.

1	1 carton of tissues (multiply boxes- I cannot remember how many in a carton 20?)	2470.1.7833	
2	1 box of A3 paper	2532.1.7405	
3	4 individual dishwashing liquid	2470.1.7833	
4	4 individual spray and wipe	2470.1.7833	

Figure 10 Extract – stores order, including the delivery of paper

Example: calculation and methodology of internal recharges

Operations Units:

Operations Units advised that the calculation or methodology used in determining the internal recharge rate, used for cost of disposal and purchased of recycled product, is not always clear between the Recycling Depot and the Organisation.

Operations advised that they would like to see transparency in the calculation of the rate, with an annual zero-base budget used to determine the rates, incorporating the following:

12 month operational costs, including:

- Product in, 12 month volumes estimate
- Cost to crush, over 12 months estimate
- Staff and vehicles expenditure for 12 months
- Other sundry expenditure for 12 months
- 'Sale' of product (costs of above) – should be not for profit

Operational Support should communicate the rates to the Operations Units at the start of each financial year and then ensure all issuing of product is accompanied by a transactional slip collected by the Operations Units. On a monthly basis, the month's transaction history should be provided to the Operations Units to promote transparency and budget accountability by all parties.

Recommendation:

6.1 On a monthly basis, the product received and issued transaction history from the Recycling Depot should be provided by Operational Support to the Operations Units to promote transparency and budget accountability by all parties.

6.2 CoM consider the option of ceasing the paper delivery service and utilising the stationery supplier to deliver paper directly to each of CoM's sites.

7. Review staff and plant resources

Used in the provision of the service, including opening hours of the store

Staffing levels are lean within the Operational Support Unit for stores and operations with each separate work flow reliant on a single full-time equivalent (FTE) staff member. Cross-training assists to provide backfill and allow staff to take leave, however the Operational Support Unit has advised that the filling of the 'held vacant position' in Stores would be critical to improve overall customer service and the unit's outcomes. It should also be noted that the Stores functions supports all areas of CoM, not just those that are defined as Operational.



Figure 11 Operational Support – Stores and Operations organisational structure

Feedback from within the Organisation, obtained as part of this Service Review, also mirrors the view that the current staffing levels do not always allow for the desired level of service, and causes downtime for operational teams when there are not stores staff available when crews arrive at Stores. This lost time due to staff unavailability is not quantifiable as this data is not recorded by CoM.

Recycling Depot

As noted above the Recycling Depot is supported by onsite resources of 1x FTE, plus plant of 1x heavy loader. When required, contracted resources are utilised in the provision of the service as follows; wet hire crusher for rubble and wet hire grinder for greens. Provision of additional resources such as technology solutions (i.e. tablet for the Recycling Depot) will allow for increased efficiencies and accuracy in the service provided.

Assessment

Based on consultation with operational staff, current Stores opening times are sufficient to meet their requirements. There is further work to be done to assess the staffing of Stores. Inefficiencies and other issues are caused to the Stores team when operational staff help themselves to the store, often without following processes for recording the issue of stock.

Recommendation(s):

7.1 CoM aims to optimise the Stores' staff available time by continuing to utilise cross-training of Operational Support Unit staff to ensure continuous service delivery within Stores. This will reduce the instances of lost time for operational teams caused by unavailability of Stores staff.

8. Consideration of the initial business case justification for establishing the Recycling Depot service

The Service Review considered key components of the initial 2010 business case for establishing the Recycling Depot service and qualitatively assessed the achievement of these since the establishment of the service. The following are extracts from the initial business case:

“Economic Impact

- *This position will support Council’s recycling efforts specific to the recycling facility, this support will include: Processing of recycled materials into usable product.*
- *Council produces well over 6,000 tonnes of non-compliant fill annually. Potential savings to be achieved through value adding of this one product line would be in excess of \$190,000 (6,000 tonne x \$40 = \$240,000).*
- *Savings produced through processing would enable this position to be self-funded. For example, for every ton of non-compliant fill processed through the Recycling Depot, Council will obtain a saving of \$40 to \$50, being the average cost for disposal of non-compliant fill to landfill. Potential savings are attributed to the conversion of non-compliant fill to engineering fill, compliant rubble and clean fill products.*
- *Further savings are obtained after processing, once converted this product is available for use within Council projects and/or for sale to other agents. Products processed through the recycling facility include: Demo Concrete, Road Profiling, Fire Wood, and Green Waste. Processing of these products would only increase potential savings.”*

Assessment

Refer to Figure 13 on page 29 for CoM’s assessment of financial and operational results of the Recycling Depot. The financials presented for the Recycling Depot indicate an overall positive net benefit to CoM as a result of the service. The key economics recommendation resulting from the assessment in Section 9 involves the rationalisation of the methodology for determining the internal recharge rates used for the Recycling Depot.

“Environmental Impact

- *Council has a commitment to reduce its ecological footprint. Filling of this position will show Council’s clear and ongoing commitment to environmental management as related to recycling.*
- *Opportunities provided through this position will, along with improvements to the recycling facility, show a marked reduction in the volume of product flow to land fill. The quality, usability of product available through this facility will be improved providing further opportunities to Council for utilisation of recycled products.*
- *This position would maintain all aspects associated with the Recycling Depot, including: processing product, waste tracking, site cleanliness, stockpile maintenance, and dust and weed control.*
- *The position will ensure EPA compliance of all associated operations including the monitoring of product in and out.”*

Assessment

CoM advised that there has been a marked reduction in quantity of waste processed to land fill, through the Recycling Depot’s ability to process up to 100% of associated civil works demolition waste, including concrete demolition, profiling, and non-compliant fill therefore achieving the initial intentions of the business case.

“Organisational Impact

- *The main responsibilities associated with this position will be internal control of Council’s recycling facility (Product in; Processing; and, Product Out).*
- *This position (Recycling Depot Operator) will offer some flexibility related to waste services team functions (Litter / Hard Rubbish).”*

Assessment

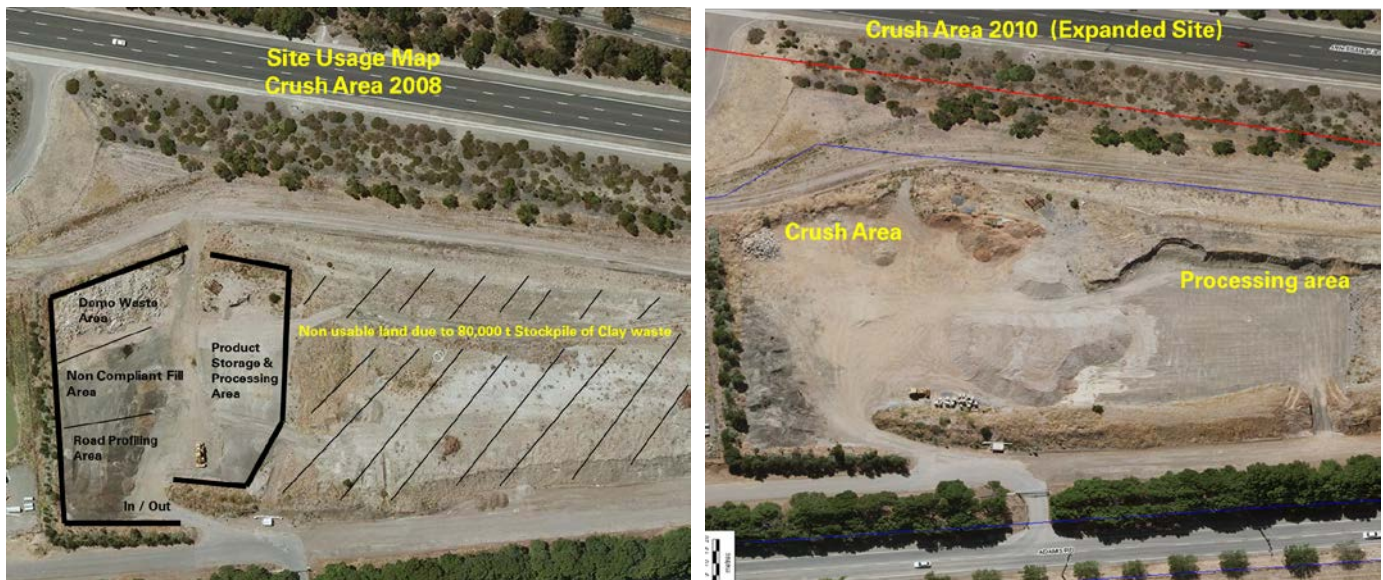
The Recycling Depot Operator’s position has enabled the tracking of product in, processing and product out of the site. It has also helped to enable some additional flexibility across the wider Operational Support Unit team.

“Additional Information

- *This facility is undergoing an upgrade. This upgrade includes significant expansion of usable land as well as the installation of storage and processing bays.”*

Since the initial business case there has been significant site improvements undertaken by CoM. In 2008/9 it was determined that the crush area was not sufficient to meet CoM’s growing needs. Expansion of this site required removal of the clay stock pile, located central to the Recycling Depot. The solution was found through a partnering arrangement between CoM and Adelaide Hills Council. This agreement providing mutual benefit through removal of clay waste product undertaken by Adelaide Hills at nil cost to CoM. (Estimated saving on land recovery costs being \$15 (transportation and disposal cost per tonne) x 80,000 tonnes = approximately \$1.2m). Removal of product was undertaken in January and May 2009 resulting in a doubling of usable land area, as can be seen below in Figure 12. CoM undertook further improvement of the site through land stabilisation, using around 1,000 tonnes of recycled product. The end result is a recycling facility that offers the ability for up to 100% capture and processing of CoM works related waste. As a result of the Hard Rubbish Service Review recommendation, CoM is also assessing for any options for the site with other beneficial ventures for the site with non-for-profit type organisations if deemed suitable.

Figure 12 Site improvements of the Recycling Depot



Before site improvements (2008)

After site improvements (2010)

Whilst the benefit cannot be utilised as long as the site remains the Recycling Depot, it should be noted that the work undertaken to remove the clay waste from the site and increase the usable size of the Recycling Depot would be expected to have increased the site’s value since 2008.

Figure 13 CoM's assessment of financial and operational results of the Recycling Depot

Financial Year	Waste Material (Product IN)		Recycled Materials (Product OUT)			Recycling Depot Operational Costs	Net Benefit
	Volume of Waste Diverted from Landfill (Tonnes)	Estimated External Cost of Waste Disposal (Cost Avoided)	Volume of Recycled Product Issued for Reuse - Rubble, Mulch and Fill Material (Tonnes)	Estimated External Cost of Purchasing Equivalent Products (Cost Avoided)	Income from External Sale of Recycled Product	Actual Internal Cost of Processing Diverted Waste Materials	Total Estimated Benefit of Recycling Depot Operations
	A		B			D	E = A+B+C-D
2016/17 estimated	5,100	\$82,000	9,507	\$233,144	\$1,000	\$199,500	\$116,644
2015/16	6,550	\$192,341	4,180	\$140,143	\$0	\$198,919	\$133,565
2014/15	4,951	\$147,465	4,382	\$106,034	\$558	\$229,680	\$24,377
2013/14	4,734	\$252,600	341	\$5,515	\$38,530	\$198,661	\$97,984

9. Consideration of the market costs of waste disposal and product purchase

CoM determines the rates of internal waste disposal and assesses these against industry determined comparative rates on an annual basis. To determine the industry assessed rates, CoM selects the lowest price rate available, through a combination of available G6 contract arrangements and publicly advertised rates. Since March 2017, as a result of an activity undertaken as part of the service review, CoM has also sought to obtain available 'special' rates from service providers as another basis of comparison. CoM has advised that for FY2016/17 onwards, the lowest rate (often the available 'special' rate) will be used in the calculation of the assessed notional savings to CoM's customers.

It was determined through the Service Review there is not a specific method used to calculate the CoM rates of internal waste disposal. Whilst CoM can select any desired rate for this measure (as it is an internal recharge amount), good practice suggests CoM should seek to only recover its internal costs of processing. It is therefore recommended CoM establishes a methodology for creation of the CoM internal rates used for the Recycling Depot, based on cost recovery principles.

Recommendation(s):

9.1 CoM establishes a methodology for creation of the CoM internal rates used for the Recycling Depot, based on cost recovery principles.

9.2 CoM should continue to obtain on an annual basis the best available 'special' rates for comparison purposes of the CoM internal rates to the industry assessed option.

10. Consideration of legislative requirements against the current service

CoM, under Part 6 of the Environment Protection Act 1993 (the Act), hold EPA Licence 43942. This licence permits CoM to undertake waste or Recycling Depot activities of environmental significance under Schedule 1 Part A 3(3) of the Act, subject to the conditions detailed in their licence. The term of the current licence commenced 1 April 2014 and expires 31 March 2019.

Wastes the licensee (CoM) is permitted to receive at the premises:

- Construction and Demolition Waste (Inert)
- Green Waste
- Municipal Solid Waste - Hard Waste

These three permitted types of waste are consistent with the product received by the CoM Recycling Depot.

The licence outlines CoM conditions of licence, including:

- Control of emissions: odour prevention and dust prevention
- Waste management: waste permitted to be received, no disposal of waste and litter prevention
- Operational management: implement Depot Management Plan, security, signage and vermin prevention
- Administration: licence obligations to employees, agents and contractors, licence renewal, change of licensee details, annual return and payment of annual fees, approval of works and approval of operating processes.

CoM submit to the EPA a 'Depot Management Plan', as noted above. The 'Southern Recycling Depot Product & Compliance Guide V2.4 (the Guide) is applicable to the operation of the Major's Road Recycling Depot, located on the corner of Majors Road and Adams Road, O'Halloran Hill. This Guide sets criteria for the best practice processing and tracking of products, with reference to CoM's internal procedures, relevant legislation (the Act) and EPA Guidelines. Due to the regularity of compliance regulation updates, CoM specifies that the Guide should always be read in conjunction with the latest information provided through the EPA website.

The Guide includes the following key elements to cover off on CoM's responsibilities under their EPA licence:

Section 1 - General guidelines for material processing:

- Product definitions, processing, site operations, induction and incident reporting.

Section 2 - Product testing and compliance:

- Acceptance of materials and product management and compliance.

Section 3 – Landfill selection and management

- Recording of identified landfill sites, landfill storage and disposal.

The Guide is required to be reviewed on a regular basis and updated for either new requirements as specified by the EPA, or if CoM wishes to include an additional product or procedure (within their current allowed licence conditions).

Assessment

CoM's current processes in place appear reasonable to manage their legislative compliance against the service.

Appendices

Appendix 1 – Stakeholders consulted

Appendix 2 – Service review - stores and recycling depot minutes and SWOT analysis



Appendix 1 - Stakeholders consulted

The following summarises the CoM personnel who were involved in scoping, discussions, provision of information and contributed to the findings detailed in this Service Review.

- Mathew Allen Manager Infrastructure
- Ray Barnwell Manager Finance
- Roger Belding Unit Manager Operational Support
- Aaron Coombe Storeman
- Abby Dickson General Manager, City Development
- Brian Easton Supervisor Stores and Operations
- Heath Harding Management Accountant
- David Harman Financial Accountant
- Colin Heath Manager Contracts and Operational Support
- Deborah Horton Unit Manager Performance and Improvement
- Brett Jaggard Unit Manager Open Space Operations
- Tony Lines General Manager, Operations
- Vincent Mifsud General Manager, Corporate Services
- Colin Natt Unit Manager Civil Services
- Melissa Nottle-Justice Business Improvement
- Jerry Smith Coordinator Biodiversity
- Michelle Stewart Planning and Performance Officer
- Joanne Thomas Coordinator Operational Support

Appendix 2 - Service Review - stores and recycling depot minutes and SWOT analysis

Service Review – Recycling Depot and Stores

MINUTES

Meeting



DATE: 1/11/16 **TIME:** 2.00pm **LOCATION:** City Services – O1

PRESENT: Roger Belding, Abby Dickson, Brian Easton, Colin Heath, Deborah Horton, Tony Lines, Vincent Mifsud, Colin Natt, Melissa Nottle-Justice, Jerry Smith, Michelle Stewart & Joanne Thomas

ITEM	DISCUSSION	ACTION REQUIRED	PERSON RESPONSIBLE	DUE DATE
1. Introduction	- Vinnie provided general introduction regarding context and intent for organisational Service Reviews (SR)	N/A	N/A	N/A
2. Review of minutes from previous meeting	N/A	N/A	N/A	N/A
3. SWOT Analysis	- Strengths, weaknesses, opportunities and threats (SWOT) discussion re: "Recycling Depot & Stores" – full details on next page	N/A	N/A	N/A
4. Next Steps	- Management to have discussion with KPMG	- Schedule meeting with key stakeholders to create an action plan for Service Review	Performance & Improvement Team	N/A

MEETING CLOSED: 3.30pm

NEXT MEETING: TBA

Appendix 2 - Service Review - stores and recycling depot minutes and SWOT analysis

Service Review – Recycling Depot and Stores
MINUTES
 Meeting



RD = Recycling Depot S = Stores SD = Southern Depot

SWOT ANALYSIS – RECYCLING DEPOT AND STORES	
STRENGTHS	IMPROVEMENTS/WEAKNESSES
<ul style="list-style-type: none"> - EPA Compliant RD - Recycle and reuse RD - Reduction to landfill RD - Cost benefit (saving) RD - Close to activities/owned CoM RD - Well managed site RD - Demand – Internal/external RD - New facility S - Cost recovery RD - Daily stock issues S - Improved stock controls & equipment/tools S - Inventory management system and stocktake procedures S - Audit external S - Knowledge sharing S - Job sharing - Customer service – can do attitude 	<ul style="list-style-type: none"> - Alignment of resources S - Storage capacity S - Resourcing capacity = store issues S - Store access outside normal hours S - Stock security S - Stocktake discrepancies (oversight, communication and reporting) S - Security of SD - Security of S - Some staff unwillingness to go through Store S - Purchasing coordination S - System/process efficiencies across organisation S
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - SRWRA – Crushing plant (mobile) RD - Stock management – Work Orders – S/RD - Communication S - Enhancement of equipment control - Equipment levels (optimise) S/RD - Inventory levels – (optimise) S/RD - Other Councils practices – review - Business continuity planning S - Printing consumables – direct site delivery? S - Forward planning of works/jobs – store access S - Recording products in/out S/SD - Stock system – use ICT to improve S - Work Orders - Product control land job allocation S - Org structure – work area? - Recycling depot – best delivery method? RD - Customer service – strength relationships 	<ul style="list-style-type: none"> - One resource at SD and sometimes one resource at S - Key resources regarding SD & EPA licence requirements



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Service Review - Drainage Report



Version: 1
Date: May 2017
Prepared by: Mathew Allen,
Manager Engineering & Field
Services

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Executive Summary

Background

1 Service reviews

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

1.1 Service review objectives

The review will include consideration of:

- The role and functions performed by Engineering and Civil
- Identifying service levels, standards and processes (omitting any duplication of processes)
- The costs associated with providing the service (testing current knowledge of costs and benchmarking)
- Identifying 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

1.2 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 drainage 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 drainage projects is developed using the original south west drainage scheme (SWDS), stormwater management plans and records of properties being flooded. These demands inform Council's drainage matrix (prioritised list of projects).

Process Optimisation: Process optimisation of administrative practices associated with the drainage service would not reap significant savings taking into consideration existing processes exist for project management including developing project briefs, cost estimates, risk management and community consultation.

Productivity: Productivity management for carryovers are a concern equating to a dollar value of \$2.3 million for the 15/16 financial year. Greater emphasis is required to reduce carryover costs.

1.3 Service requirements under legislative provisions

The Local Government Act 1999 outlines the principal role and function of Council including measures to protect its area from natural and other hazards and to mitigate the effects of such hazards. This also includes providing infrastructure for its community and for development within its area. Councils have the responsibility to manage hazards such as flooding caused by stormwater runoff. In addition, the Act outlines Councils responsibility to ensure their area is maintained in an ecologically sustainable manner.

During 2007, a Stormwater Management Authority (SMA) was established under the Local Government (Stormwater Management) Amendment Act 2007. The key roles of the SMA, are to clarify roles and responsibilities between Local and State Governments, promote stormwater management planning on a catchment basis, formulate policies, provide information to Councils and act as the administrator for the Stormwater Management Fund (SMF).

The SMF offers funding to approved applicants for stormwater planning and infrastructure projects. The SMF currently receives \$4 million of ongoing funding (annually from 2007 for 30 years) from State Government. The City of Marion has received \$57k of funding from SMA between 2011 – 2016 through the SMF for the following projects;

- Southern Area Catchment Stormwater Management Plant (2011)
- Drain 18 – Measuring Stormwater impact of urban infill (2013)
- Drain 18 – Monitoring extension (2015)

Council have to meet many legislative requirements including Australian and State legislation and State regulations. Details of these legislative requirements are provided in 'table 1'.

Table 1: Legislation requirements	
Legislation	Requirement
Local Government Act 1999	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.
Local Government (Stormwater Management) Amendment Act 2007	Establishes the Stormwater Management Authority which facilitates and coordinates stormwater management planning in councils.
NRM Act	Natural resource management requirement to manage catchments, including stormwater.
Environment Protection Act (Marine and Water quality)	To provide for the protection of the environment and related areas and legal obligations relating to stormwater pollution prevention.
Development Act 1993	Development and building approval and requirements to control stormwater from developments.
Highways Act 1926	State Government and Council responsibility for infrastructure relating to State Government Arterial Roads and Council Roads abutting the Arterial Road network.
Coastal Protection Act 1972	Councils responsible for the day to day maintenance of beach and coastal facilities.
Occupational Health, Safety and Welfare Act 1986	Proactive in occupational health, safety and welfare practices in all undertakings of Council.

1.4 Service history

1.4.1 History

The City of Marion possesses an extensive array of underground stormwater drainage infrastructure throughout its suburbs.

North of the Hills Face Zone and in the plains area of the City of Marion, almost all existing stormwater drainage infrastructure can generally be defined as components of the South-Western Suburbs Drainage Scheme (SWSDS). This complex drainage network was devised by the State Government in the 1960's to circumvent stormwater and flooding issues in the broader catchment that spanned an area combining a number of Councils. Apart from underground stormwater conduits, key components included the Sturt River Flood Control Dam (completed in 1966) and re-alignment and concrete lining of the Sturt River (completed in the early 1970's).

Prior to implementation of the SWSDS, vast areas and properties in the City of Marion surrounding the Sturt River were subject to extensive and frequent flooding. Whilst most major components of the SWSDS have been constructed, there are still many lateral connecting drains proposed by this scheme yet to be installed. In general, the sub-catchment areas that are susceptible to inundation concurs with corresponding 'missing' infrastructure proposed by the SWSDS. However, since the 1990s, the City of Marion has made concerted efforts with drainage capital works to construct these missing components. Consequently, there has been gradual, yet significant, improvements in the overall performance of our drainage network, resulting in an observed reduction in customer complaints pertaining to stormwater issues.

In the hilly southern suburbs, stormwater infrastructure has been progressively installed integral to each subdivisional development area. A few of the original natural watercourses (or parts of) still remain and are an integral part of stormwater management in the southern areas. Generally speaking, the undulating terrain of the south provides generous fall throughout the road network and limits the risk of flooding within the area. Nevertheless, improvements to the system are on-going, with a major focus placed on environmental and water quality improvements.

1.4.2 What Happens in Flood Events?

Since the advent of the SWSDS, flooding as a direct result of the Sturt River has basically become non-existent. The channel itself receives all stormwaters from upstream catchments, possessing a capacity to manage up to a 1 in 100-year Average Recurrence Interval (ARI).

The large drains, either connecting to the Sturt River or flowing directly to the Gulf, were essentially designed with a 1 in 5 year ARI. This provides a cost-effective pipe network capable of managing the vast majority of storm events. In the case where storms exceed the network design capacity, the road network takes the gap flows whereby the road reserve corridors store and/or convey stormwater. In the event of a 1 in 100-year storm, it is accepted in the stormwater industry that the road reserve may become inundated up to the property boundaries. As such, there are misconceptions about how stormwater systems should operate and that roads have more than one function. In effect, the road reserve is actually, by intent, an integral component utilised in the overall stormwater management.

Recent modelling undertaken as part of the Holdfast Bay – Marion Stormwater Management Plan indicated that the performance standards of the SWSDS network has declined, in no small part due to continued development and infill occurring throughout the plains areas. Consequently, the gap flows taken by the road become more frequent. Nevertheless, the overall performance of the system in Marion continues to be good. Occasionally, the Council receives complaints/reports on private property flooding, but these are generally isolated to single dwellings in various unrelated locations.

With regard to the unconstructed lateral branches of the SWSDS, our current practice is to re-model and design these drainage components with an aim of achieving a 1 in 5 year ARI, but also taking into account the evolution of the catchment characteristics. With the design intent already fixed by the overall scheme, it is inappropriate to design for a standard any greater, as the existing overall system (particularly downstream) has not been designed to accept higher performance infrastructure. This may actually compromise the system performance and create hazardous situations further downstream.

1.5 Current service process

1.5.1 Drivers

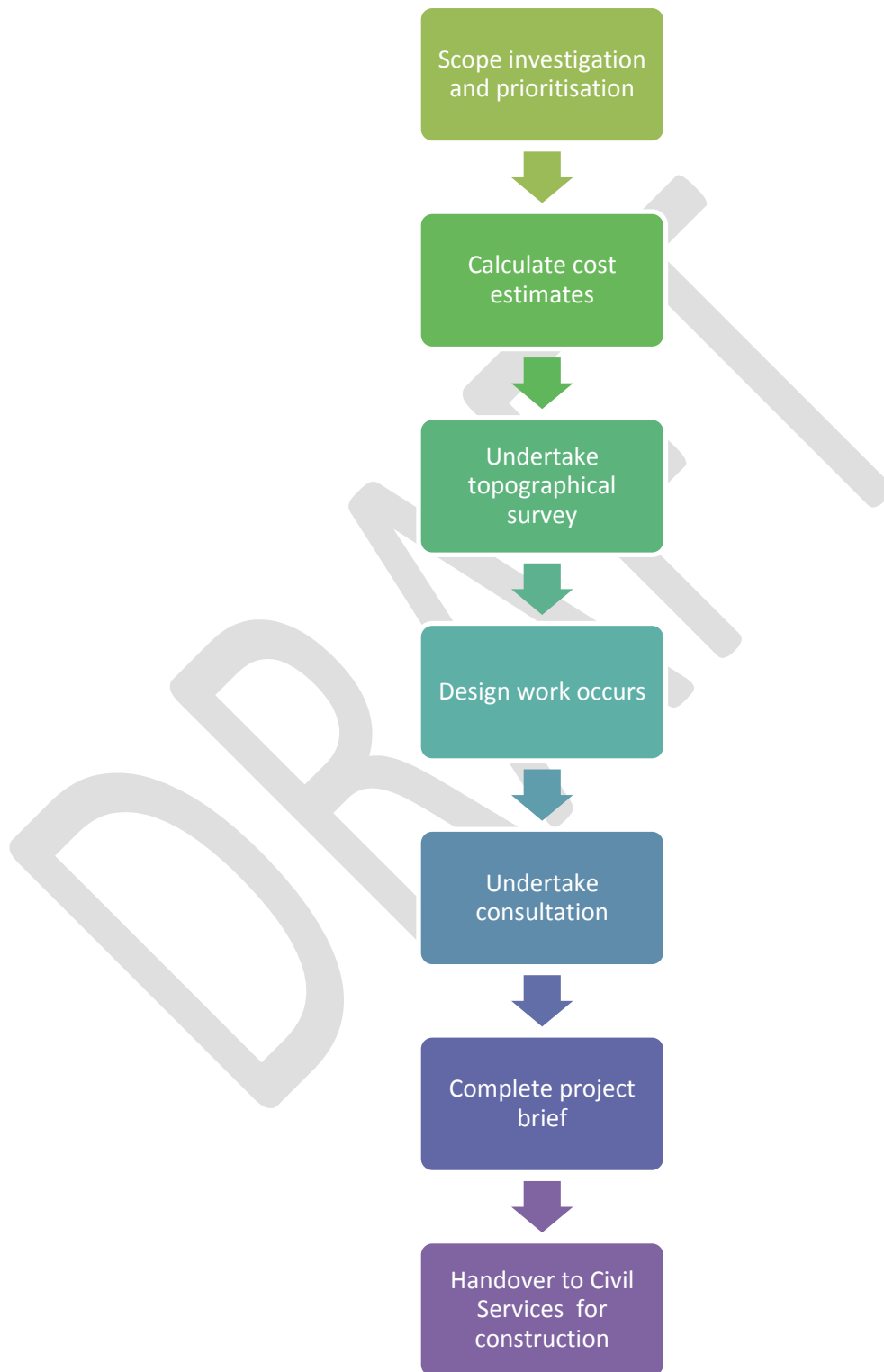
As a result of increasing demands on Council to install more infrastructure to improve the amenity and environment across the entire City, it became essential to rationalise the expenditure and therefore prioritise the provision of drainage works. To achieve this prioritisation, a Priority Matrix for Drainage was developed and approved by Council on the 28 June 2011.

The Drainage Matrix is considered to be a high level planning tool that allows Council to plan and manage its Capital Drainage Infrastructure Program. At the time, it was developed to align with the City of Marion's Strategic Plan 2008–2020, the Business Excellence Framework and the Asset Management Plan.

Applying a multi-level process (involving factors within categories such as social/political, economic, environmental and technical issues/conditions), has ensured that over the last 5 years Council has installed drainage systems that meet community requirements and expectations, while prioritising and reducing the flood risk to private property.

1.5.2 Design process

Diagram 1: Process for design (internal design) – high level
Process undertaken by City of Marion - Engineering Services Team



1.5.3 Construction process

Diagram 2: Process for construction (internal construction) – high level
Process undertaken by City of Marion - Civil Services Team

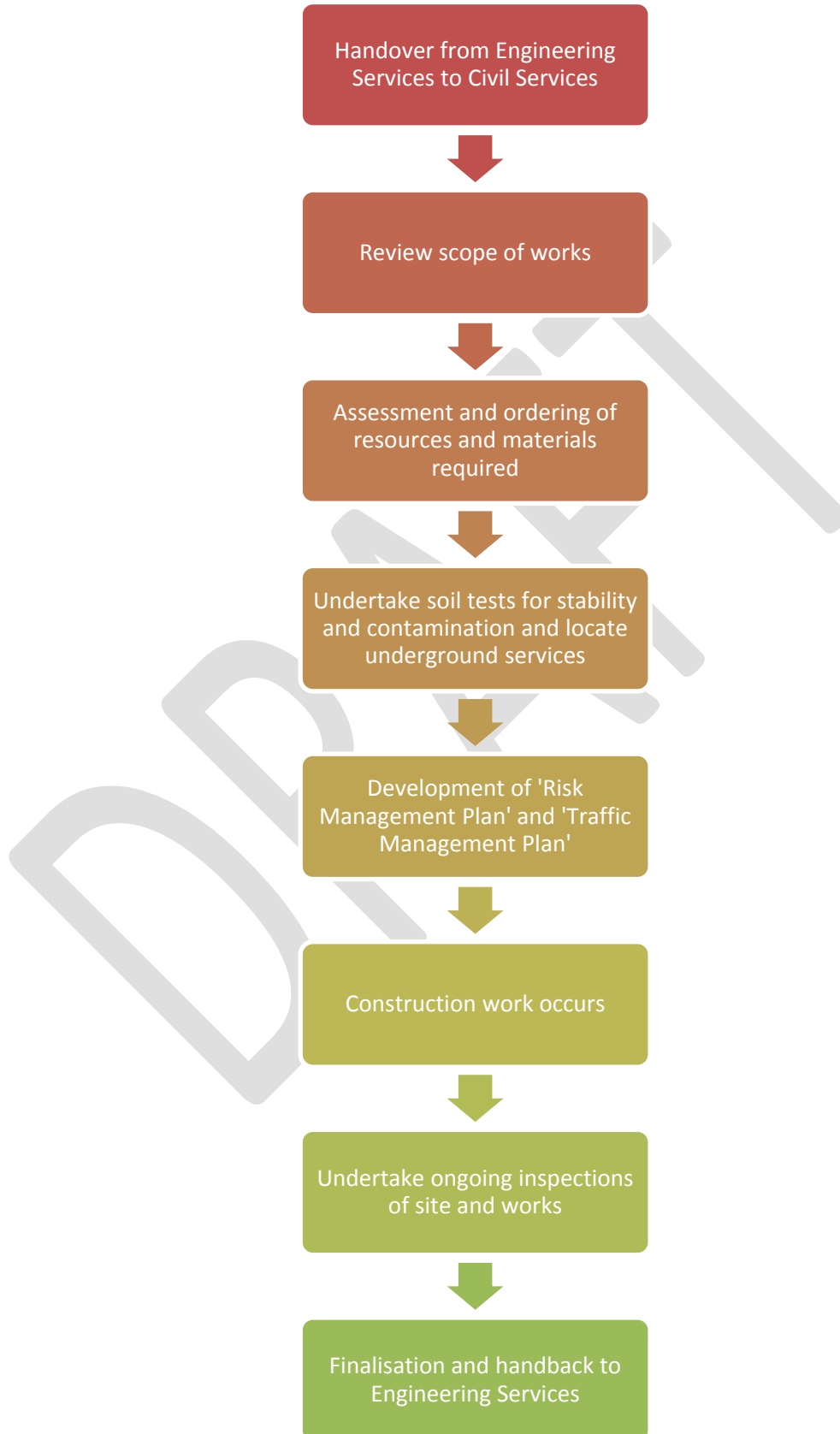


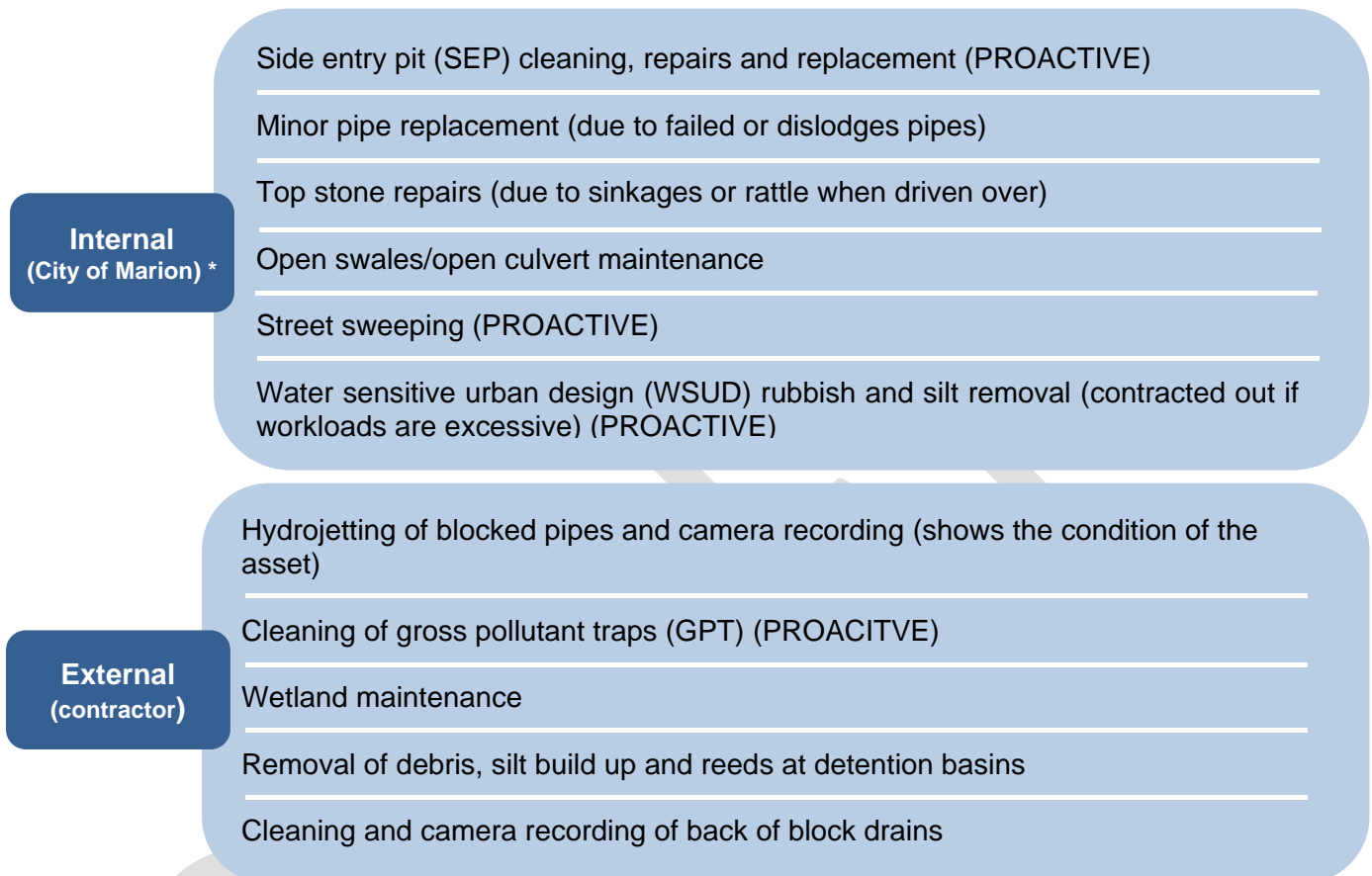
Diagram 3: Process for construction (external construction) – high level
Process undertaken by City of Marion - Civil Services Team, Contracts Team and external contractor



1.5.4 Maintenance work tasks

Drainage system maintenance requires a variety of different operations to maintain. 'Diagram 4' lists the maintenance work tasks and who undertakes these tasks (either City of Marion or a contractor).

Diagram 4: Breakdown of maintenance work tasks and who undertakes tasks



* Internal maintenance work tasks are undertaken by various City of Marion teams including; 'Drainage Team', 'Kerb and Water Table Team', 'Road Services Team' and 'Footpath Construction Team'

1.5.5 Network information - Geographic Information System

The City of Marion's Geographic Information System (GIS) imagery information is accessible through the Exponare software program. The software is widely used throughout many Council departments. The key areas the GIS provide information on include details on;

- Resident property/ownership
- City of Marion assets
- Road assets
- Pavement management system (RAMM)
- SA Water/sewer infrastructure
- SA Power Networks infrastructure
- Flood mapping data
- Catchment/river systems
- Drainage infrastructure detail

As a drainage information asset it:

- Enables a quick response to public, contractor and Dial Before You Dig (DBYD) enquiries at a network level and domestic connection
- Provides vital information for preliminary drainage design assessments
- Provides drainage overview of the network
- Is utilised as an investigative tool analysing existing infrastructure to trouble shoot public flooding issues

However, to better serve the end users (Engineering and Civil Services teams) it would be beneficial to have the following information also accessible in the GIS;

- Current maintenance information on Gross Pollutant Trap (GPT), Side Entry Pit (SEP) and Pipes
 - Vacuumed cleaned (date/time/personnel)
 - Level of debris
 - Type of pollutants
 - Grade overall condition
- Automated DBYD enquires
- Accessible link to drainage design plans
- Bi-annual updates of drainage record data (data is approximately 2 years behind construction)
- Apply PhotoOrg 3D data to the GIS surface

1.5.6 Catchment Management Plan

The City of Marion has recently completed and endorsed two Stormwater Management Plans (SMP) in accordance with the requirements of the Stormwater Management Planning Guidelines (Stormwater Management Authority (SMA) 2007). The Holdfast Marion SMP (2014) and the Hallett Cove Creeks SMP (2015) spans almost the entire Marion Council west of the Sturt River and west of Lonsdale Road. The urban area east of the Sturt River is currently the subject of a recently commissioned Sturt SMP in partnership with Mitcham Council to develop a SMP in accordance with the SMA Guidelines.

The suburbs of Trott Park and Sheidow Park and the largely open spaces of O'Halloran Hill will be the only remaining Council areas that will not be covered by an equivalent SMP. These areas comply with Council's current drainage standards and are considered a lower priority for this detailed planning.

Notwithstanding, in 2007 the Natural Resources Management (NRM) commissioned the preparation of both an Upper and Lower Field River Catchment Management Plan (CMP) which considered stormwater issues in these suburbs, albeit in lesser detail than the requirements of the SMA Guidelines. The preparation of these SMP's is considered best practice.

Priority major and minor drainage infrastructure works have been identified within the catchments that allow for the joint funding between Marion and Holdfast Bay Council's along with priority drainage subsidy application administered by the SMA.

Flood Maps allow for the setting of finished floor levels to protect new development from flooding and recommendations for plumbed-in rainwater retention tanks provide an innovative flood mitigation measure. Both these initiatives require amendments to Council's Development Plan to gain legal force. Development Plan amendments to facilitate these recommendations are currently being recommended to State Government.

Observations:

- Continue to deliver recommendations of SMP
- Continue to progress the development of the Sturt River SMP
- Continue to collaborate with adjoining Councils

1.6 Service delivery

1.6.1 Satisfaction of the service

There is currently no process in place to monitor the 'satisfaction of the service' in relation to drainage, however this has been identified, during the service review, as an improvement initiative.

Although there is no formal feedback presently available, data is captured via City of Marion's Customer Event System regarding customer requests. Customer event requests (CERs) were investigated relating to the Civil Services team from 2013/14 through to 2015/16 financial year, 'diagram 5' displays the key themes identified during this process.

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

Observation:

- Implement customer experience survey following the completion of capital works projects

For the comprehensive CER analysis, please refer to the following appendices;

- 'Appendix 2 - CER – Analysis'

Diagram 5: Key themes identified in CER analysis (relating to Civil Services team)
**Customer
event requests**

Total of 1,577 CERs between 2013/14 and 2015/16 FYs

The financial year with the highest CER was 2015/16 with 547 in total

The category with the highest CER raised was 'street sweeping – service request' with 744 (47%) in total (all FY combined), this category also had the highest CER received each financial year from 2013/14 to 2015/16 compared to other categories

The Summer periods had the highest amount of CER however, had the lowest average rainfall. The higher CER rate during these periods could be attributed to debris accumulating in drains and not being able to wash away due to the low rainfall

The suburbs with the highest CERs for all three financial years were; Edwardstown, Warradale, Oaklands Park and Marion. The high CER rate for these suburbs could be attributed to the amount of trees in the area (increased debris) and older drains (Oaklands Park drain has recently been upgraded, there is an expectation that the CERs will decrease for this area)

1.6.2 Risks associated with the service

Diagram 6: Risks associated with ‘design’

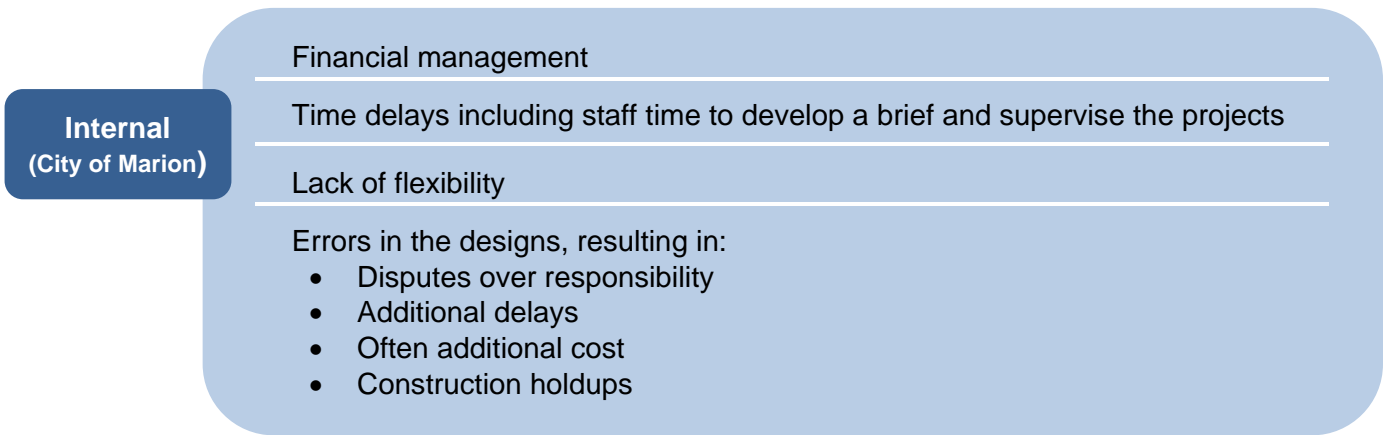
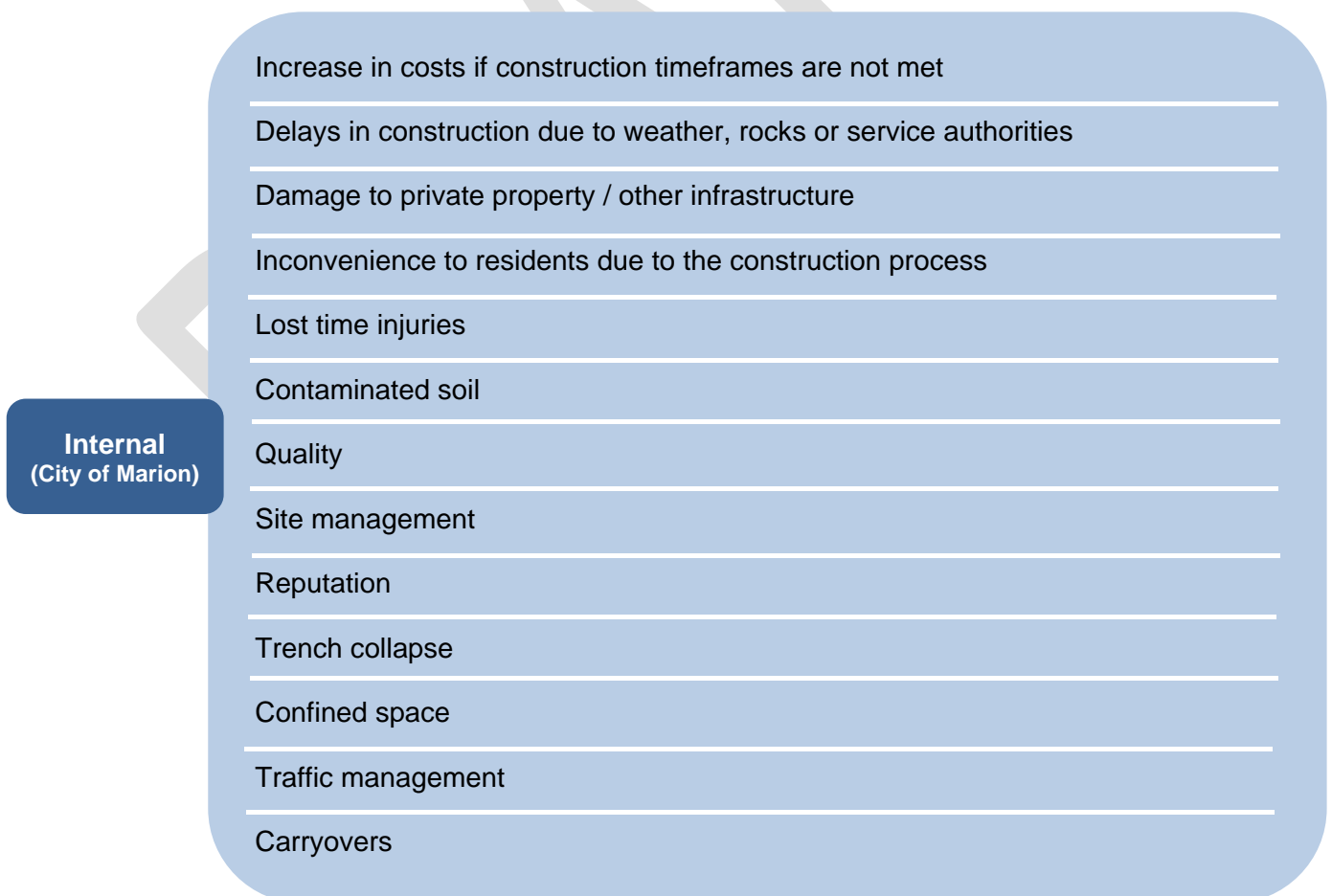


Diagram 7: Risks associated with ‘construction’



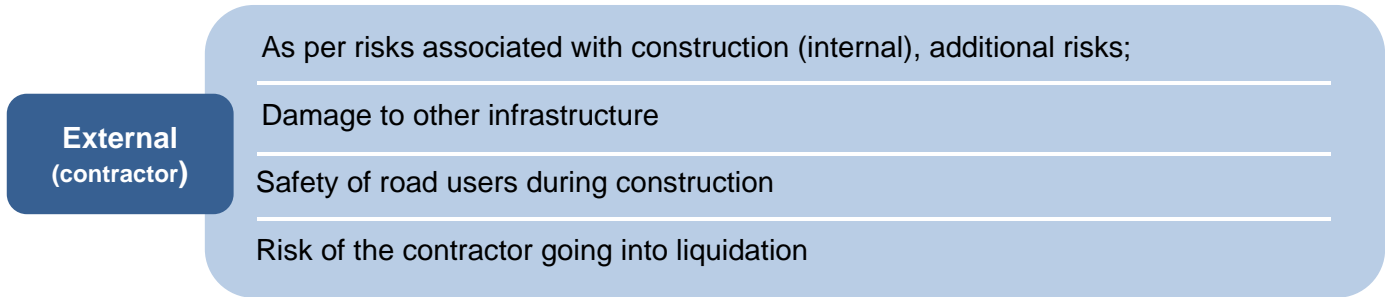
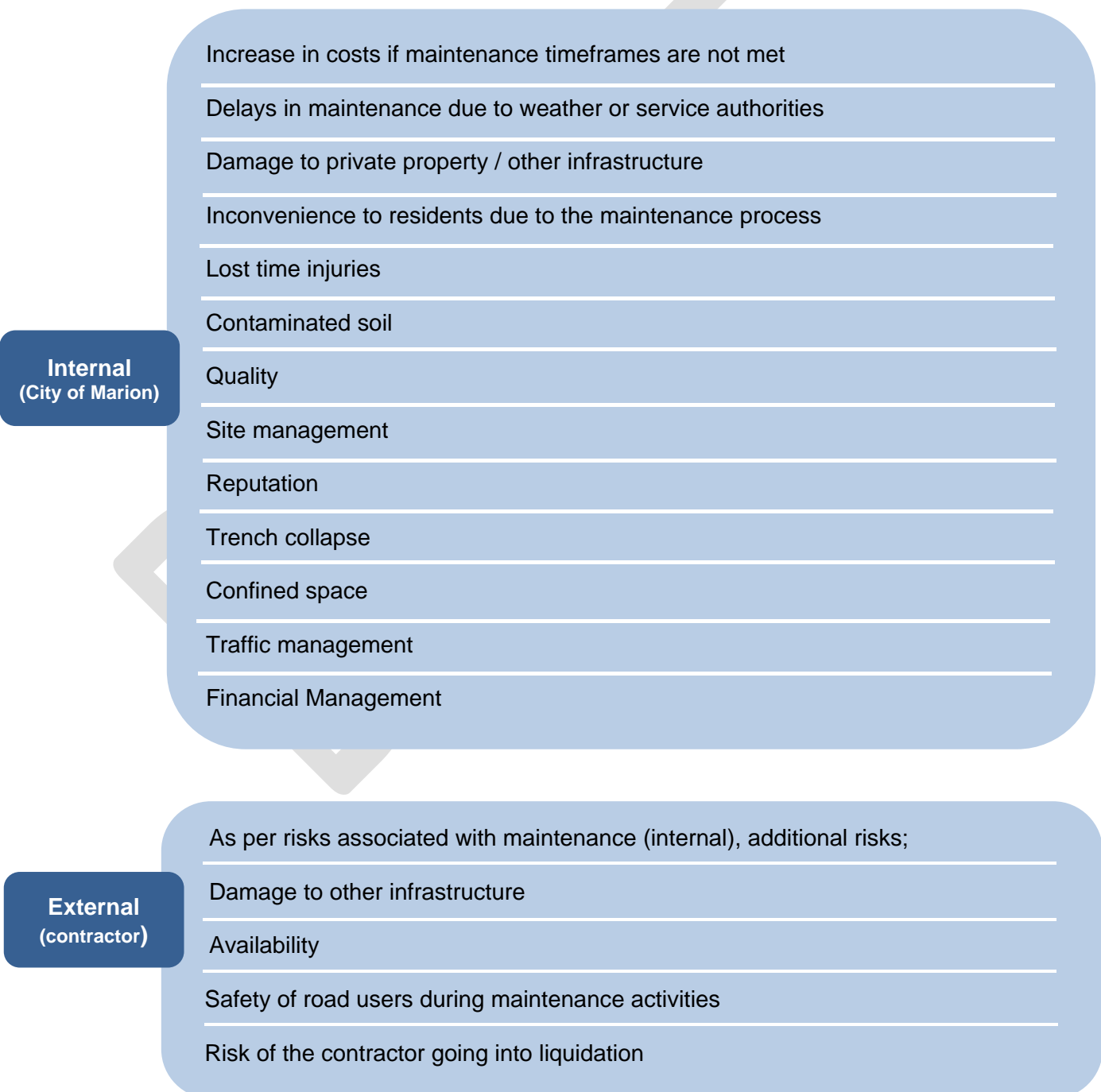


Diagram 8: Risks associated with ‘maintenance’



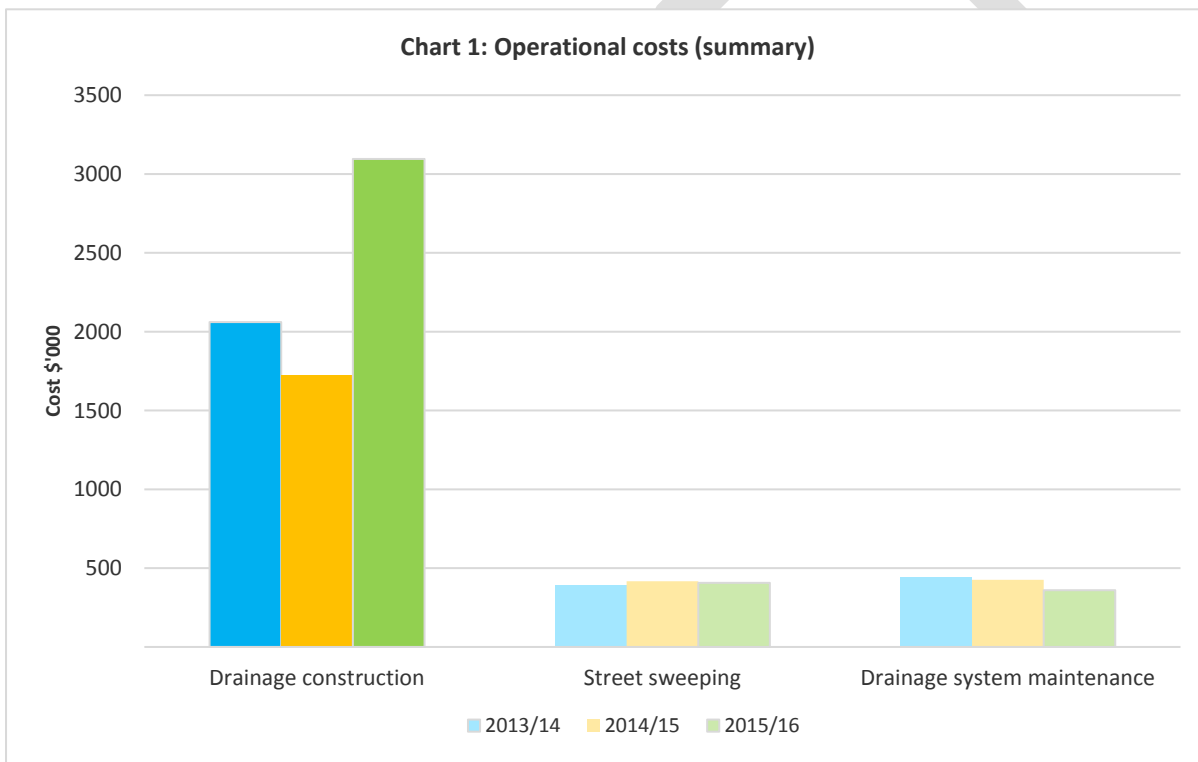
1.6.3 Operational costs

The overall cost of the service decreased from 2013/14 to 2014/15 by approximately \$322k however, increased by approximately \$1.29m between 2014/15 to 2015/16, which is attributed anecdotally to fluctuations in carryovers year to year.

'Table 2 and chart 1' displays the drainage operational costs for the past three financial years, for further detailed financial information please refer to 'appendix 3 – operational costs'.

Table 2: Operational costs (summary) (sorted highest to lowest 2015/16)

\$'000	2013/14	2014/15	2015/16
Drainage construction	2,061	1,725	3,096
Street sweeping	387	417	407
Drainage system maintenance	442	426	360
TOTAL	2,890	2,568	3,862



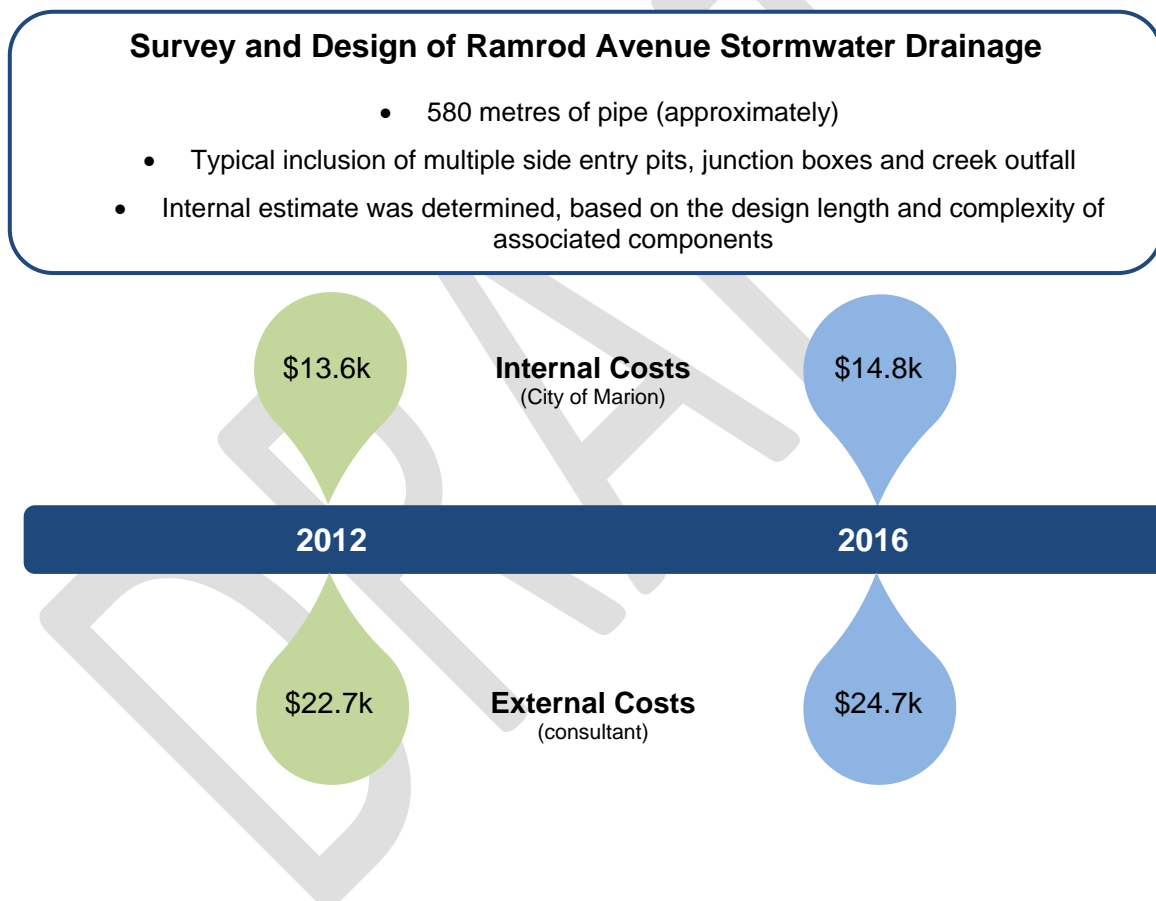
1.6.4 Survey and design costs

Drainage survey and design is primarily undertaken by the City of Marion Engineering Team, as this team works across a number of different projects i.e. drainage, roads, footpaths, etc. it is difficult to calculate the cost specifically for drainage.

The last drainage survey and design work sought by a consultant was during 2012. Staff have revisited these consultant figures and undertaken a cost analysis exercise comparing internal (City of Marion) versus external (consultant) survey and design costs. Additionally, costs have been adjusted (based on Consumer Price Index (CPI) increases¹) to demonstrate more recent figures².

Details of this analysis can be found in 'diagram 9':

Diagram 9: Cost analysis – internal versus external survey and design



¹ CPI increases obtained from: <http://economy.id.com.au/adelaide/consumer-price-index>

² Costs based on December 2016 CPI data

The Review

2.1 Carryovers

The overall drainage capital works project carryovers are displayed in 'diagram 10', this information incorporates both in house and outsourced works.

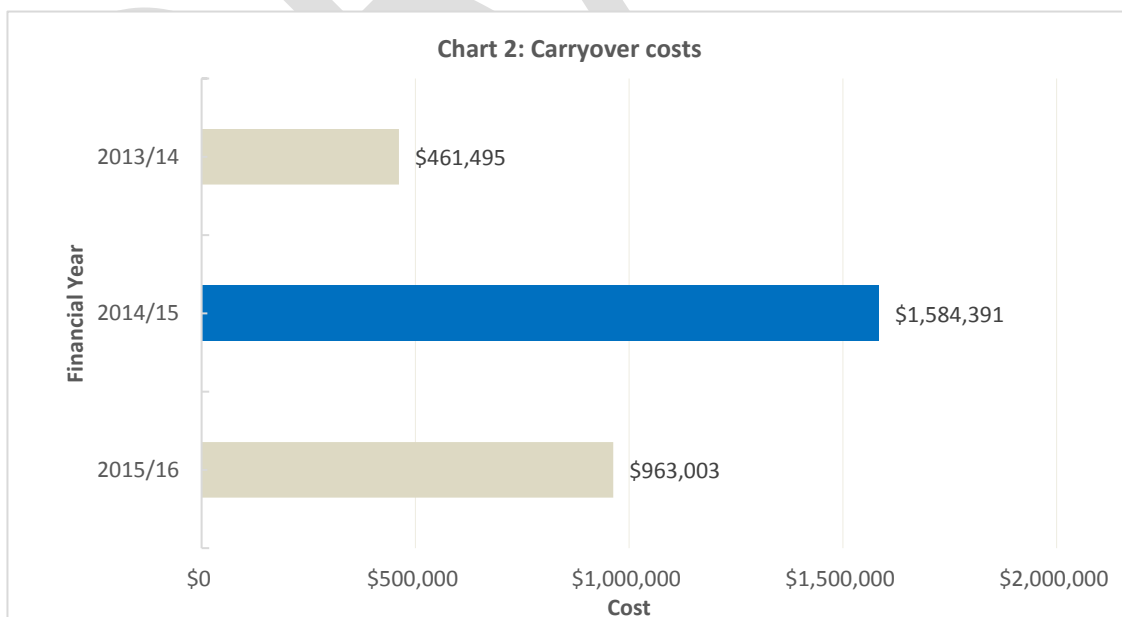
Carryovers have occurred as a result of the following reasons:

- Contaminated Soil
- Unexpected services (e.g. water main, Telstra infrastructure etc.)
- Rock
- Contractor dispute
- Weather
- Unexpected delays and timeframes not being met

For carryover details for individual years, please refer to 'appendix 4 – carryovers'.

Diagram 10: Carryovers summary

FY	Original budget	Carryover cost	Carryover %
2013/14	\$1,932,197	\$461,495	23%
2014/15	\$2,710,822	\$1,584,391	58%
2015/16	\$2,371,146	\$963,003	41%
2016/17	\$2,473,567	\$0 (estimated)	0%



Observation:

- Reduce drainage carryover costs to under 15% of overall drainage capital works projects

2.2 Design – in house or outsource?

Diagram 11

In house design

ADVANTAGES

1. Quality designs (thorough & fit for construction)
2. Flexibility of design;
 - a. able to easily made changes;
 - b. expand design to include other projects and/or elements
3. A direct link and feedback between designers and field staff (improving outcomes)
4. Consistent approach to design
5. Local knowledge input
6. Reduced troubleshooting and response times
7. Presentation of design is of a higher standard – easily to interpret

DISADVANTAGES

1. Resource intensive to satisfy demands

Outsourced design

ADVANTAGES

1. Specialist designs
2. May provide alternative ideas
3. May relieve internal resources to undertake other projects

DISADVANTAGES

1. Costly
2. Staff time to develop a brief and supervise the projects
3. Time delays
4. Lack of flexibility
5. Errors in the designs, resulting in:
 - a. Disputes over responsibility
 - b. Additional delays
 - c. Often additional cost
 - d. Construction holdups
6. Poor presentation – difficult to interpret

2.3 Construction – in house or outsource?

Diagram 12

In house construction

ADVANTAGES

1. Quality (thorough & fit for construction)
2. Flexibility of activities;
 - a. able to easily make changes
 - b. flexible to undertake other works
3. A direct link and feedback between designers and field staff (improving outcomes)
4. Consistent approach to construction
5. Outstanding customer service
6. Local knowledge input
7. Reduced troubleshooting and response times
8. Site management is of a higher standard – easily to interpret
9. Staff well trained (cert III)

DISADVANTAGES

1. Council resource to satisfy project delivery and other demands
2. Unit rates are higher compared to contractors and other Councils
3. Timeframes can be longer compared to contractors

Outsourced construction

ADVANTAGES

1. Time frames to undertake works
2. High productivity
3. Cost is competitive and at market rates
4. Large selection of contractors and availability

DISADVANTAGES

1. Staff time to develop a brief and supervise the projects
2. Lack of flexibility
3. Variations
4. Very much depends on the skill and knowledge of the site supervisor
5. Quality of work
6. Poor customer service
7. Poor site management
8. Always looking at ways to save money and reduce time at the expense of quality and customer service
9. No skin in the game

2.4 Year 1 design, year 2 construct

With the development of the various tools, namely the Drainage Matrix and the Infrastructure Project Management Guide, the Engineering Unit has been able to establish a program that generally achieves a Design in year 1 and Construct in year 2 process.

The only exception to this practice occurs when previously unknown or new issues emerge, requiring unplanned changes to be made to our programmes and priorities.

Ideally, the City of Marion should be in a position to commence stormwater drainage capital works projects as soon as practical once the financial year commences. This assists in mitigating the issue of project carry-overs.

To achieve this, it is ideal for designs to be ready at least in the first half of the prior financial year or earlier. The resultant benefits are as follows;

- Design work is not undertaken under duress or pressure
- No short cuts are taken that may compromise the design
- Cost estimates can be more accurately developed based on the final design
- Provides notice on required service relocations and lead time to liaise with service authorities and arrange alterations
- Provides notice on the requirement to make early order of specialised parts/components.

It is essential for service locating and deepthing to be undertaken for detail design. This requires expenditure on projects prior to when the relevant capital works budget becomes available. Hence, it is necessary that the Engineering Team has access to an annual budget line specifically for such services, but not allocated to a specific project (as the cost of service investigations will relate to projects in the next or future years).

Whilst the Engineering Team has always strived to provide for designs in advance in line with the above principles, occasionally this has not been achieved due to other external issues resulting in changes to projects and priorities.

Observations:

- Good practice to undertake design one year, construction during the second year. This should be the planned approach wherever possible including budget for design investigations.
- Consider commencing planning/tender preparation in the year prior to project become 'live' if time permits

2.5 Training

Survey and design work represent the foundations on which all our civil engineering capital works projects are based. The various software the Engineering Team utilises for survey, design and drafting are very specific to requirements and require the users to possess a high level of specialised technical expertise.

The software suites include;

- Drains (stormwater drainage design and analysis)
- MAGNET (topographical survey)
- Power InRoads (civil design and final plan production)

To increase Council modelling capability, it is proposed that the following software be acquired;

- MUSIC (water quality modelling)

It is a fundamental requirement for users to establish proficiency in the use of these software by way of training. Additionally, software suites are subject to continual evolution and regular updates, generally resulting in increased performance and process improvements. On-going training ensures that the users maintain their proficiencies and skills, translating to increases in efficiencies and effectiveness to deliver the Council with survey and design services.

Observation:










- Ensure training is up to date and relevant, particularly in relation to CAD developments

2.6 Capacity

The current staff capacity is indirectly related to the equivalent full time employees that undertake activities related to drainage. The positions also undertake other activities for the organisation, for example road design. The positions that relate to the delivery of drainage capital works and maintenance activities are outlined in 'table 3':

Legend:  = 1FTE

Table 3: Position and employee numbers
(that deliver drainage capital works and maintenance activities)

Position title	No. of full time equivalent employees
Coordinator Survey and Design	
Technical Design Officer	
Senior Surveyor	
Assistant Surveyor	
Team Member Civil Works	
Senior Project Officer - Capital Works	
Rapid Response	
Street Sweeper operators	
TOTAL	 (15)

Additional support is also required from time to time from Operational Support and the Contracts staff.

Approximately \$900k of drainage capital works is undertaken by our day labour staff, the balance of the programme is carried out by contractors.

The annual budget allocation has increased by over \$1.49 million over the last 9 years without a corresponding increase in resources.

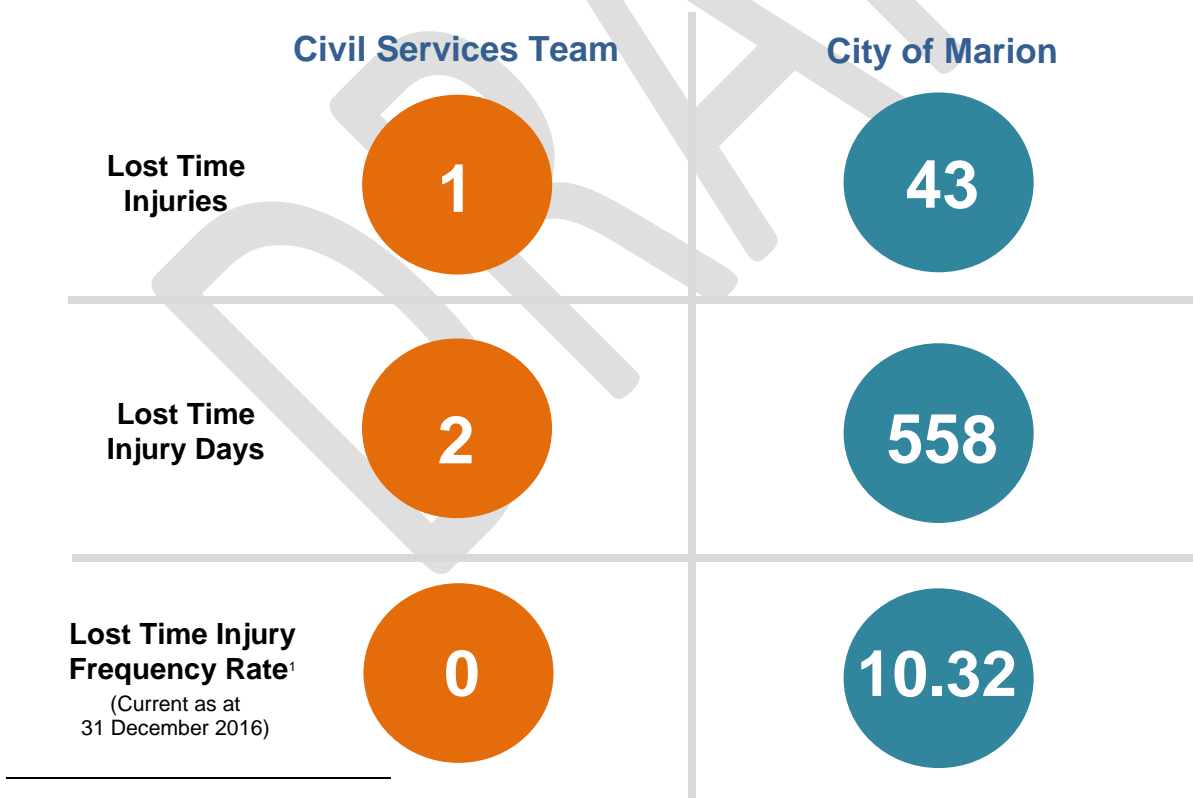
The Council's capacity to undertake drainage works is governed by technical requirements, delivery of planned maintenance and capital works programmes, quality, risk management, cost and customer service.

2.7 Lost time injuries

In order to measure improvement, safety indicators are measured and monitored across Council. The Civil Services Drainage Team has had only 1 lost time injury 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.

'Diagram 13' displays the lost time injuries and frequency rate³ of the Civil Services Drainage Team for the last 2.5 years (2014/15 FY – 2016/17 FY, up to 31 December 2016), including a comparison with the City of Marion as a whole.

Diagram 13: Lost time injuries and frequency rates
 (2014/15 FY – 2016/17 FY, up to 31 December 2016)



³ Lost employee time due to injury is tracked by a widely used lag performance indicator called Lost Time Injury Frequency Rate (LTIFR). This measurement is calculated as per the Australian Standard 1885.1: 'Total number of Lost Time Injuries/Total Hours Worked) * 1,000,000'.

2.8 Scheme Development – Development Plan Amendment changes

Although many of the provisions are yet to be enacted by Regulation; the Planning, Development and Infrastructure Act 2015 makes the following broad legislative changes which affect stormwater drainage planning.

It renames the current 'Metropolitan Adelaide' as the 'Greater Adelaide Region', which along with the other defined regions in the State require a Regional Plan to be adopted. The current review of the 30 Year Plan will become the new Greater Adelaide Regional Plan, which sets out the future spatial provisions for integrated land-use planning, development, infrastructure and the public realm that is consistent with the governments State Planning Policies that set out its overarching goals and requirements for the planning system.

The centerpiece of the new system is the Planning and Design Code, which will set out the planning rules in a similar way to the current Development Plan but with a greater emphasis on design-oriented style of zoning which will include performance requirements and design techniques.

The Planning and Design Code will be supported by more detailed deemed to satisfy 'design standards'. A key initiative of the new system is the ability to develop 'off-set schemes' governed by the terms of the Planning and Design Code and relevant design standards, which allow for financial (levy or special rate) or in-kind contribution towards projects, such as priority drainage schemes identified by SMPs; as well as other streetscape, public realm or infrastructure works outside the subject development site.

Recent case studies have concluded that off-site WSUD treatments often provide better economies of scale and more sustainable solutions from improved maintenance outcomes.

The proposed WaterSensitiveSA guidelines will incorporate the option for contributing to off-set schemes in lieu of on-site deemed to comply standards.

2.9 Plant and equipment – use or share

Sharing equipment will impact on the productivity of our drainage works. Depending on the scope of works (e.g. depth of trench, size of pipes, etc.) the excavator may be available for share, however the installation of side entry pits, junction boxes and the demolition of existing side entry pits and junction boxes would incur additional cost of hire equipment and may not be cost effective. There would need to be cost recovery for sharing of plant to cover additional costs of hire.

Equipment on site is shared with other work areas if not being used by the team. This equipment would normally be returned to the drainage team at the end of the day.

Discussions have been held with adjoining Councils regarding sharing plant and equipment. At this stage only minimal share arrangements have been undertaken.

Observations:

- Continue to pursue opportunities to share plant and equipment
- Analyse plant use and dispose of any underutilised plant and equipment

2.10 Improve H2O quality and reuse/infill

H2O quality is improved with the installation of GPTs and a contracted cleaning and maintenance schedule. These GPTs are cleaned three times a year. GPTs are inspected and additional cleaning is requested when required. We also build WSUDs and are always looking at innovative ways to improve our H2O quality.

In addition to drainage works we have a street sweeping program and sep cleaning which also improves the quality of stormwater.

Consulting engineers have supported us using engineered quarry materials rather than spoil as better compaction is achieved with quarry materials. We do test our spoil for stability and reuse options. We also use our recycled rubble to backfill trenches which is a cost saving while utilising Council resources.

2.11 Compaction and materials

It is important to ensure compaction is to a high standard when the drainage trench is reinstated. This reduces the risk of road failure and stormwater pipe displacement. During periods of high rainfall, the materials used to backfill become saturated, causing issues with poor compaction and manual handling. A business case should be prepared to assess the need to provide a cover over the storage bays at the City Services site.

Observation:

- Develop business case to assess the benefits of a cover over the storage bays

2.12 Benchmarking

For the purpose of this service review, external benchmarking was conducted across South Australian Local Governments to enable a comparison across a broad range of drainage program aspects e.g. financials, planning, design, construction and maintenance. These Councils included;

- Adelaide City Council
- City of Charles Sturt
- City of Holdfast Bay
- City of Mitcham
- City of Salisbury
- City of Tea Tree Gully

Cities of Onkaparinga, Port Adelaide Enfield and West Torrens were also approached to partake in the benchmarking however, it was problematic to obtain the data required and therefore these Councils were not included.

Refer to 'diagram 14' for the key themes identified in the external benchmarking. For the comprehensive benchmarking reports, please refer to the following appendices;

- 'Appendix 5 Local Government – Drainage Program – Benchmarking Survey Results – 2017'
- 'Appendix 6 Local Government – Drainage Program – Benchmarking Survey – City of Marion Comparison'

Diagram 14: Key themes identified in external benchmarking

Note: Financials are based on the 2015/16 financial year and are approximations only. The majority of questions in the benchmarking survey were multiple choice.

Financials

Marion spent 'Over \$3 million and up to \$4 million' on total drainage budget, 33% of other Councils spent the same, however 33% also spent 'over \$1 million and up to \$2 million'

The majority of other Councils did not have 'carryovers' (83%), whereas Marion 'carried over' 50% of the total budget, however indicated they are aiming to reduce this to under 15%

Marion's average spend on design costs were 'over \$200k and up to \$300k', which was above the majority of other Councils spend of 'under \$100k' (50%)

Outsourcing

The majority of other Councils (67%) undertake their design, construction and maintenance work 'both internally and externally (contracted out)', Marion undertakes work in the same way

The main reasons for outsourcing work for all Councils were due to 'high complexity', 'limited internal resources' and 'other' reasons

Marion is 'dissatisfied' with the design and construction contractors, however 'satisfied' with the maintenance contractors. The majority of Councils were either 'satisfied' or 'very satisfied' with all their contractors

Construction

Marion laid 'over 500 metres' of drain during 2015/16 financial year, which was above the majority of the other Councils, 33% laid both 'under 100 metres' and 'over 200 metres and up to 300 metres'

Maintenance

The maintenance activities that Marion contract out include; 'pit cleaning', 'GPT cleaning', 'pipe cleaning' and 'other' (back of block drains). The other Councils contract out similar activities, although the greatest activities contracted out include; 'pit cleaning' (60%) and 'pipe cleaning' (80%)

Marion plans '70%' of their maintenance work with '30%' being reactive, the other Councils vary between '20%-70%' planned and '30%-80%' reactive

2.13 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 drainage services.

For full details, please refer to 'appendix 7 – construction unit rate comparison with other Councils'.

City of Marion's drainage construction unit rate is on average \$510 (in house) and \$348 (contractor) per linear metre.

City of Marion staff have been consulted to determine approaches that can be considered to reduce the internal unit rate, these being;

- Suggest to reuse material on site
- Analyse process and systems that have been adopted by the City of Port Adelaide Enfield
- Suggest to stockpile on site, ensuring environmental controls are maintained. There may be an opportunity to dispose of a medium rigid truck
- Analyse most cost effective methods of waste dumping
- Ensure delays are minimised for the supply of materials, in particular stormwater pipes
- Ensure timesheets accurately record actual hours
- Undertake further unit rate assessment on the current drainage project being undertaken at Melanto Terrace, Marion

Further consultation with City of Marion Staff will be facilitated to ensure continuous improvement and an emphasis on appropriate quality and cost effective services to the community.

Of note, an industry representative from the Civil Contractors Federation inspected a Council construction drainage site in July 2016 and provided comments that the site was exceptionally managed in terms of WHS and environmental controls.

Unit rates should not be considered in isolation, technical factoring should also be taken into account including quality, site management, safety and customer service. Refer to 'Table 4' that takes into consideration cost and technical factoring to provide a total weighted average.

Table 4: 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	6	1.5	7	1.1	7	1.1	6	0.9	6.9
CoM Day Labour	6	1.8	8	2	8	1.2	8	1.2	9	1.4	7.6

Observation:

- The internal construction unit rate needs to be significantly 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

2.14 Workshop with the Infrastructure and Strategy Committee

The Infrastructure and Strategy Committee (I&S Committee) participated in a workshop on the 2 May 2017 regarding the draft Service Review - Drainage and provided feedback and a response has been presented in the table below:

Table 5: Feedback from I&S Committee and Management Response	
Feedback	Response
Not providing the drainage service is not an option	Agreed
The report is very good but missing what does the next 5 years look like	Long term strategies are contained within Council's endorsed stormwater asset management plan (2015)
Not enough time is spent on the best way to get back on track when things do get off track	The Capital Works report indicates the delivery of projects. Both the capital works meeting representatives and the PCG should question progress and how projects will get back on track if things go off track including options, risks and recommendations.
Happy with current state but what is being done to future proof?	Future stormwater management strategies are outlined in the stormwater asset management plan and also the 2 completed stormwater management plans.
Operating rate is staying constant with minimum percentage increase.	Agreed
Water Sensitive Urban Design (WSUD) should be used where possible to take pressure off underground infrastructure.	Agreed, designers always analyse opportunities to incorporate WSUD at the design phase of a project. There may be some site constraints where WSUD is not able to be incorporated.
Capacity of drainage is the issue more so than condition.	The drainage capacity is assessed on a project by project basis and include analysing the catchment area. Drainage capacity issues are identified in the south west drainage scheme, drainage matrix and the stormwater management plans. We are aware that some of our larger box culverts require renewal as a result of their poor condition.

3 Recommendations

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

#	Recommendation	#	Action	Due date	Action Officer	Position
1	Deliver recommendations of the Stormwater Management Plan (SMP) and progress the development of the Sturt River SMP whilst continuing to collaborate with adjoining Councils.	1.1	Develop a report to Elected Members (for noting), of the joint projects undertaken with the City of Holdfast Bay.	Aug 17	Mathew Allen	Manager Engineering and Field Services
		1.2	Develop a report to Elected Members (for noting) on the status of the development of the SMP east of the Sturt River.	Aug 17	Mathew Allen	Manager Engineering and Field Services
2	Implement a customer experience survey following the completion of drainage capital works projects.	2.1	Develop a survey to be completed by residents at the completion of a project.	June 2017	Colin Natt	Unit Manager Civil
		2.2	Consider presenting results of all completed surveys on Council's website.	Ongoing	Colin Natt	Unit Manager Civil
3	Ensure drainage carryover costs are under 15% of overall drainage capital works projects.	3.1	Develop a drainage construction of works (in June each year).	Ongoing	Mathew Allen	Manager Engineering and Field Service
		3.2	Ensure that all outsourced projects are finalised for tender by December each year.	Ongoing	Mathew Allen	Manager Engineering and Field Service
		3.3	Continue to undertake monthly reporting on the delivery of projects.	Ongoing	Mathew Allen	Manager Engineering and Field Service

Table 5: Recommendations

#	Recommendation	#	Action	Due date	Action Officer	Position
4	Continue to pursue opportunities to maximise the use of equipment.	4.1	Further explore opportunities to share plant and equipment with other Councils.	Ongoing	Colin Natt	Unit Manager Civil
		4.2	Further analyse plant use and dispose of any underutilised plant and equipment.	Ongoing	Colin Natt	Unit Manager Civil
5	Complete the business case to assess the benefits of a cover over the storage bays.	5.1	Complete the business case for consideration by ELT	June 2017	Colin Natt	Unit Manager Civil
6	Undertake design one year, construction during the second year.	6.1	Ensure that there is a budget for investigation and design of projects.	Ongoing	Mark Griffin	Unit Manager Engineering
		6.2	In exceptional circumstances, additional designs be programmed and a report be prepared for the General Manager Operations at the commencement of the financial year.	Ongoing	Mark Griffin	Unit Manager Engineering
7	Identify and implement actions to reduce the internal construction unit rates, review unit rate in June 2018 to determine if rate is competitive with others.	7.1	Review the drainage operations and construction process of other Councils.	June 2018	Colin Natt	Unit Manager Civil
		7.2	Ensure appropriate time recording and correct start and finish times.	June 2018	Colin Natt	Unit Manager Civil
		7.3	Review operations and procedures on-site.	June 2018	Colin Natt	Unit Manager Civil
		7.4	Reduce Council's unit rate in 2017/18 to be competitive with other benchmarked Councils.	June 2018	Colin Natt	Unit Manager Civil
		7.5	Produce a report at the end of the financial year, detailing the results of the above.	June 2018	Colin Natt	Unit Manager Civil
		7.6	Provide regular monthly updates to staff on the progress to reduce unit rates	June 2018	Colin Natt	Unit Manager Civil

Appendix 1

SWOT Analysis

During September 2016, a SWOT (strengths, weaknesses, opportunities and threats) analysis was undertaken with management, Civil and Engineering teams regarding the drainage service.

The diagram below displays the results of this exercise.



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Appendix 2

Customer Event Request Analysis

EXECUTIVE SUMMARY

There is currently no process in place to monitor the 'satisfaction of the service' in relation to drainage, however this has been identified, during the service review, as an improvement initiative. Although there is no formal feedback presently available, data is captured via City of Marion's Customer Event System regarding customer requests.

Requests were investigated in the City of Marion Customer Event System. Various reports were processed for each financial year from 2013/14 through to 2015/16 regarding 'Customer Event Requests' (CER) for the Civil Services work area. The following category filters were used:

- Stormwater, In Street - From Blocked Pit
- Stormwater, In Street - From Broken Pipes/Headwalls
- Stormwater, In Street - From Broken/Missing Side Entry Pit Cover
- Stormwater, In Street - From Water Pooling
- Stormwater, In Street - Side Entry Pit - Structural Repairs
- Stormwater, On Private Property - Council Easement - Blocked/Damaged Pipe
- Street Sweeping - Service Request

Each report contained the following CER information;

- Date request was received
- Request category
- Event description
- Location (street)
- Location (suburb)
- Closure details
- Computed status
- Department request assigned to
- Work area request assigned to

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

KEY FINDINGS

- Total of 1,577 CERs between 2013/14 and 2015/16 FYs
- The financial year with the highest CER was 2015/16 with 547 in total
- The category with the highest CER raised was 'street sweeping – service request' with 744 (47%) in total (all FY combined), this category also had the highest CER received each financial year from 2013/14 to 2015/16 compared to other categories
- The Summer periods had the highest amount of CER however, had the lowest average rainfall. The higher CER rate during these periods could be attributed to debris accumulating in drains and not being able to wash away due to the low rainfall
- The suburbs with the highest CERs for all three financial years were; Edwardstown, Warradale, Oaklands Park and Marion. The high CER rate for these suburbs could be attributed to the amount of trees in the area (increased debris) and older drains (Oaklands Park drain has recently been upgraded, there is an expectation that the CERs will decrease for this area)

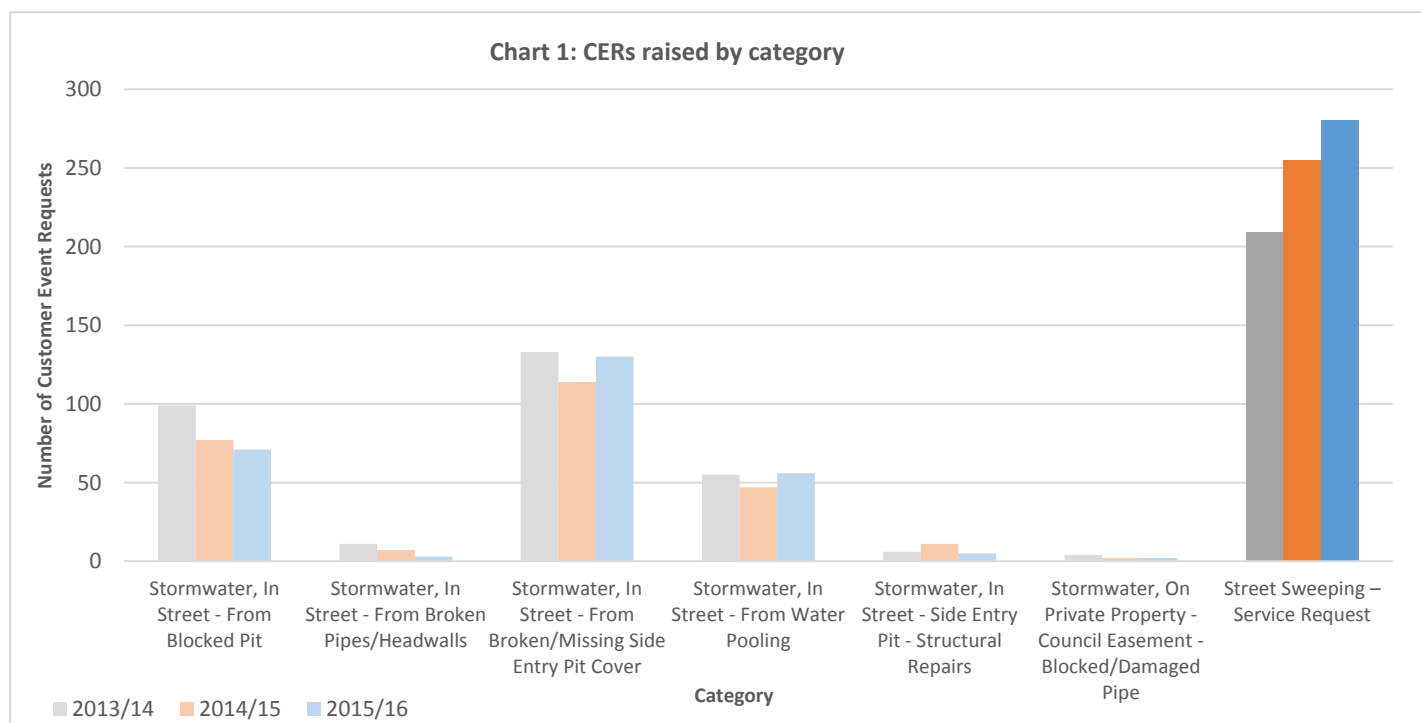
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RESULTS

CERs - BY CATEGORY

Table 1: CERs raised by category

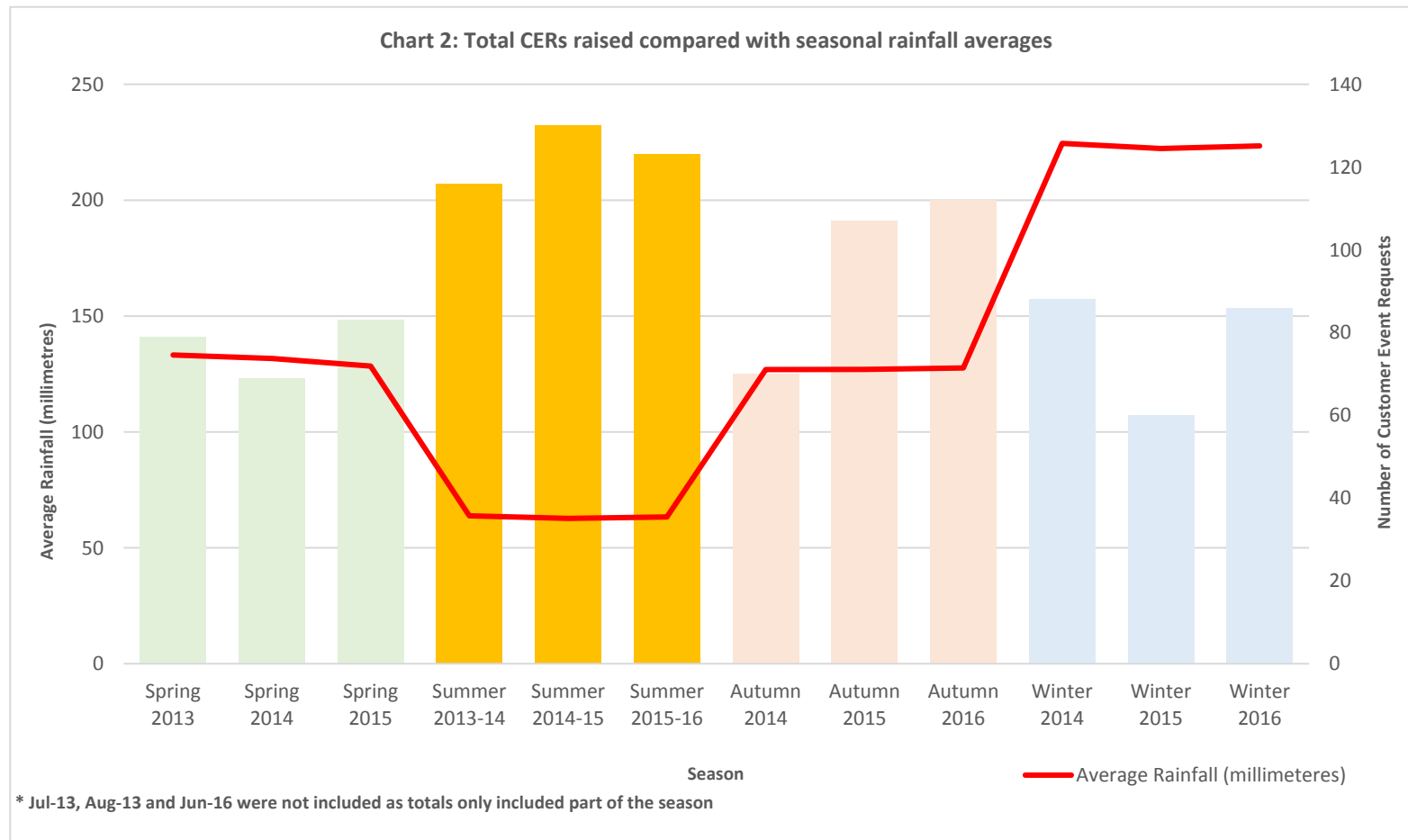
Financial Year	Stormwater, In Street - From Blocked Pit	Stormwater, In Street - From Broken Pipes/Headwalls	Stormwater, In Street - From Broken/Missing Side Entry Pit Cover	Stormwater, In Street - From Water Pooling	Stormwater, In Street - Side Entry Pit - Structural Repairs	Stormwater, Private Property - Council Easement - Blocked/Damaged Pipe	Street Sweeping – Service Request	TOTAL FY
2013/14	99	11	133	55	6	4	209	517
2014/15	77	7	114	47	11	2	255	513
2015/16	71	3	130	56	5	2	280	547
TOTAL CER	247	21	377	158	22	8	744	1,577



CERs - COMPARED WITH SEASONAL RANFALL AVERAGES

Note: 'Chart 3.2' comprises of CERs that may be influenced by rainfall, this includes:

- Stormwater, In Street - From Blocked Pit
- Stormwater, In Street - From Water Pooling
- Stormwater, On Private Property - Council Easement - Blocked/ Damaged Pipe
- Street Sweeping - Service Request



CERs - BY SUBURB COMPARED WITH DRAIN LENGTHS

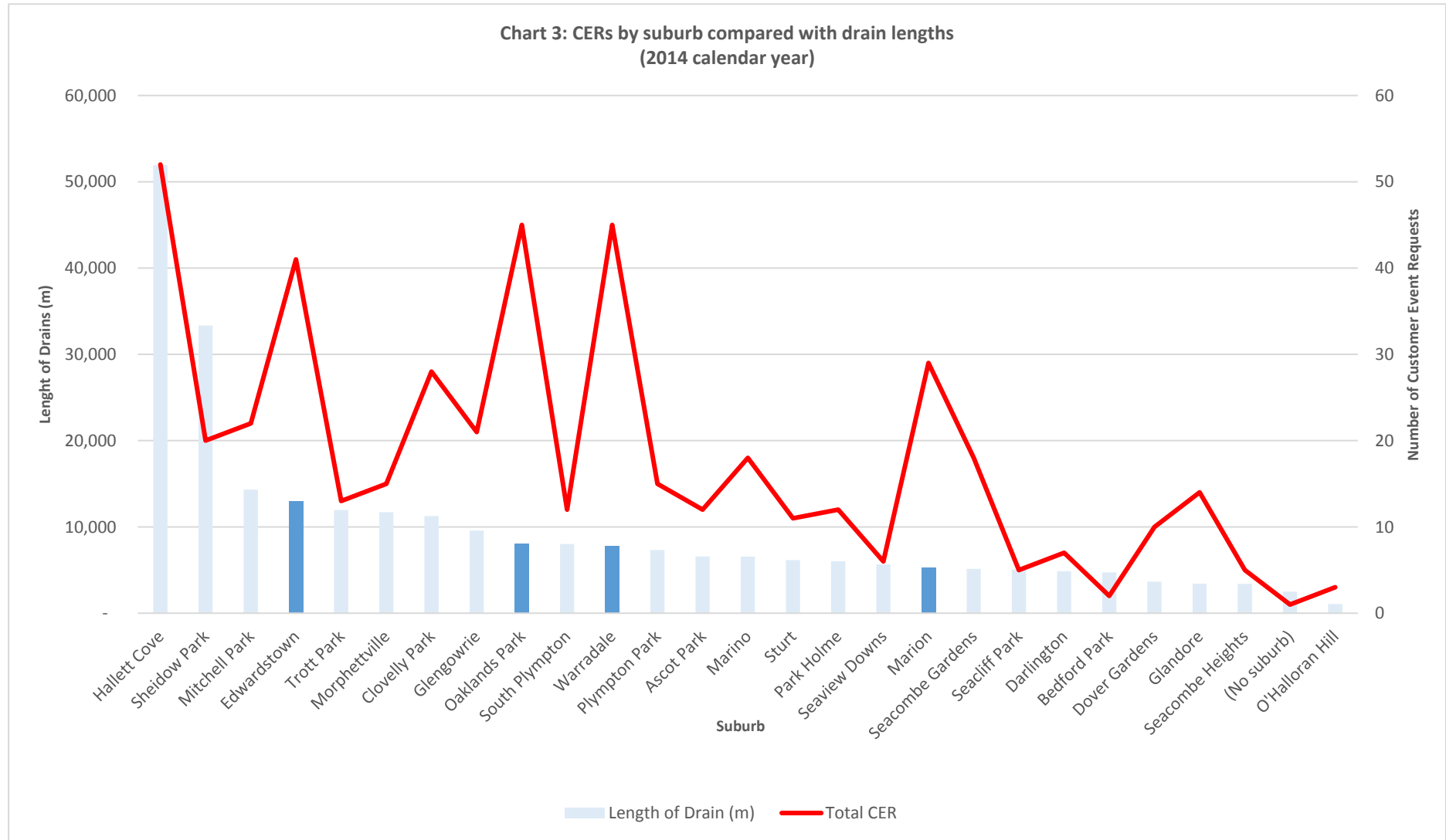


Chart 4: CERs by suburb compared with drain lengths
 (2015 calendar year)

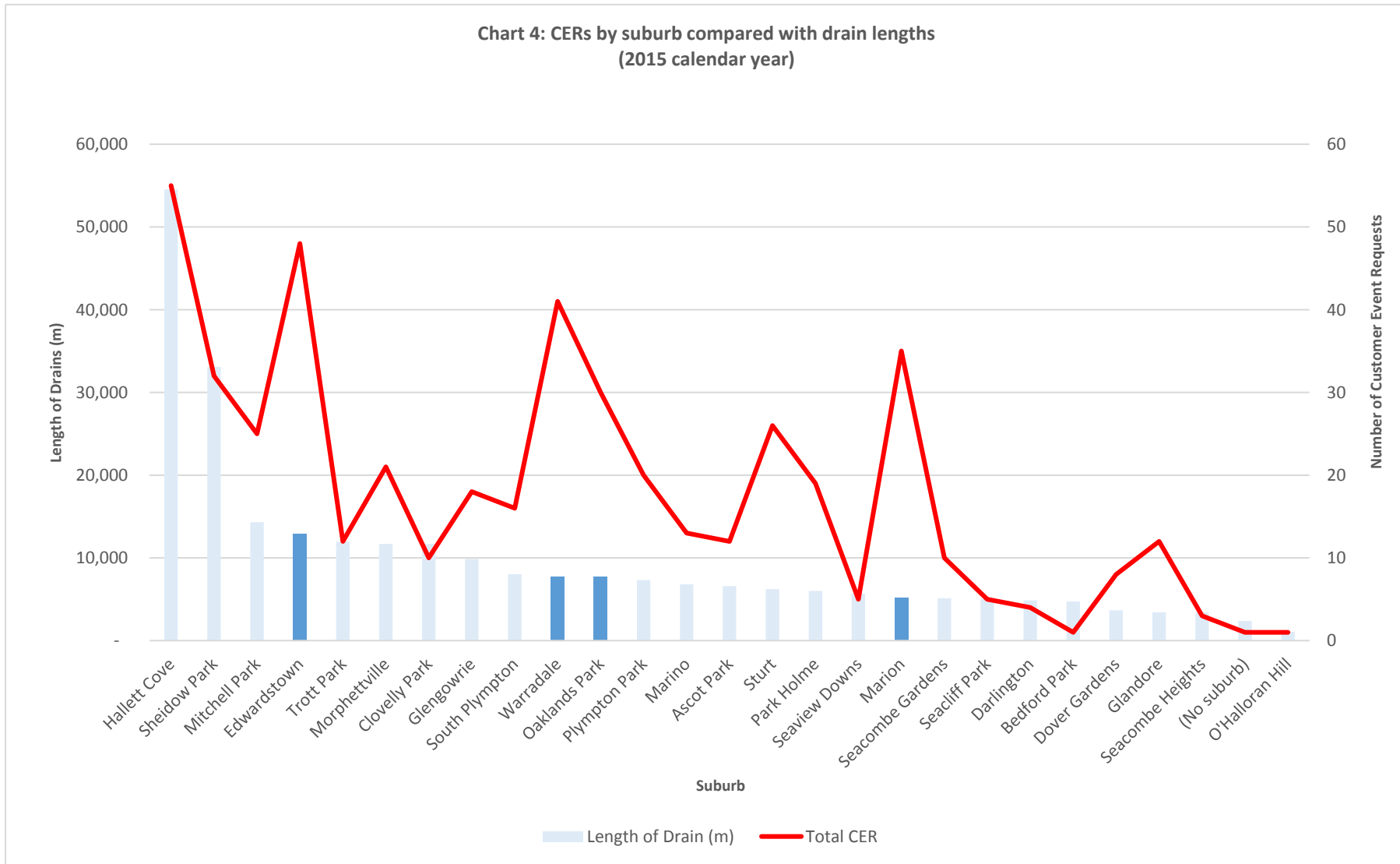
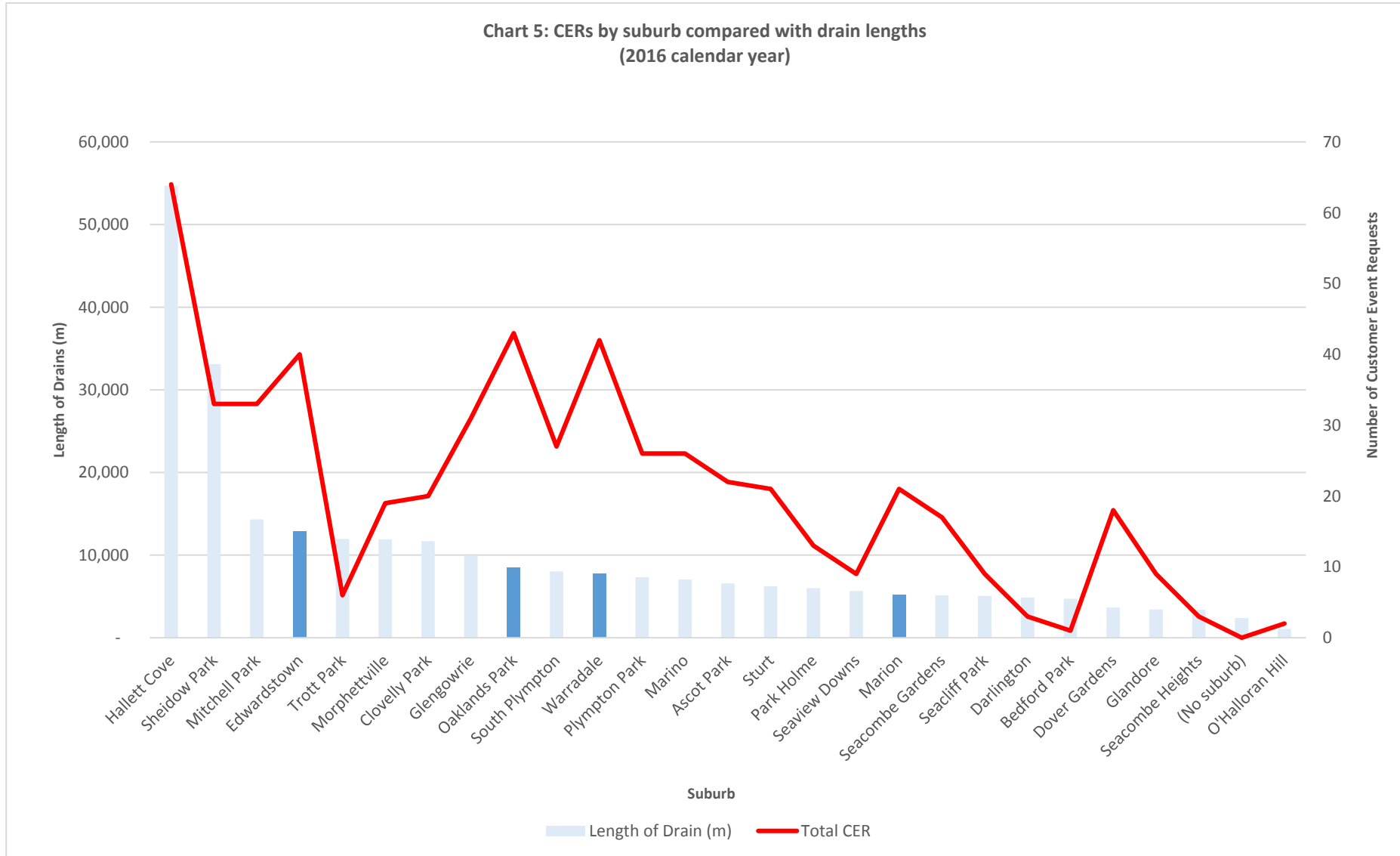


Chart 5: CERs by suburb compared with drain lengths
 (2016 calendar year)



Appendix 3

Operational Costs

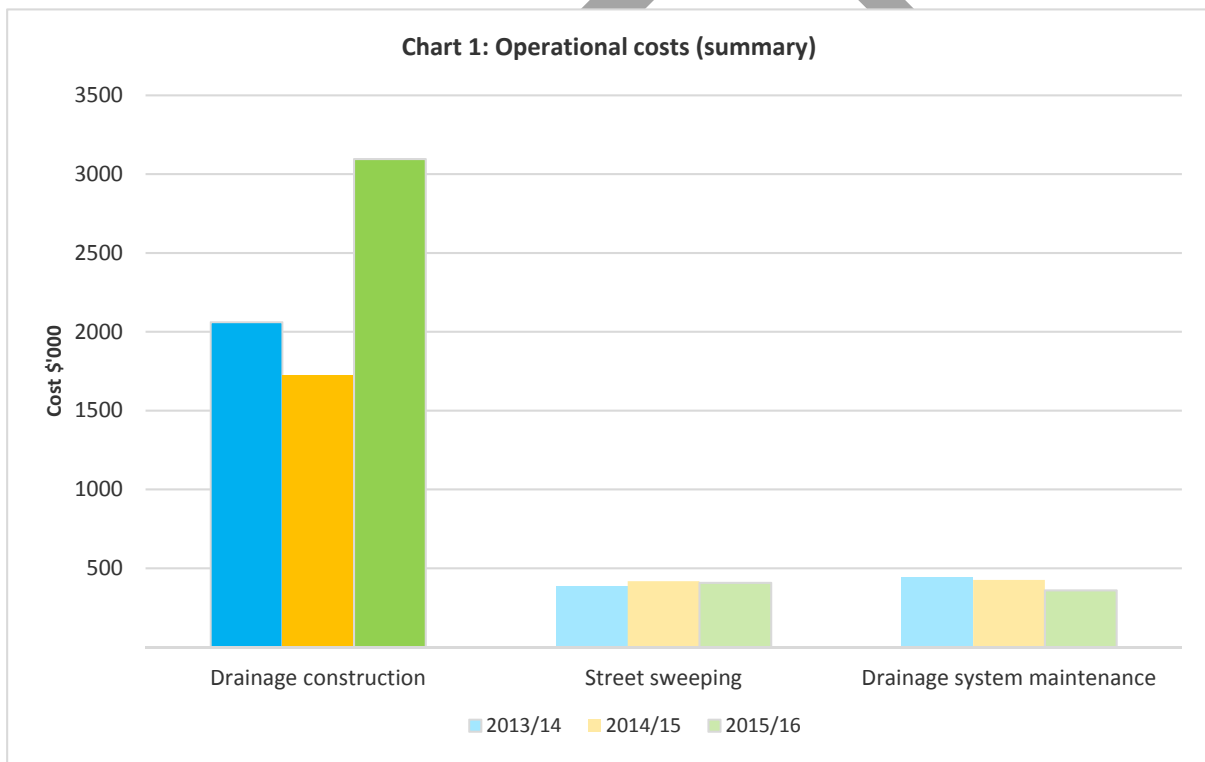
1 OPERATIONAL COSTS (Summary)

The overall cost of the service decreased from 2013/14 to 2014/15 by approximately \$322k however, increased by approximately \$1.29m between 2014/15 to 2015/16, which is attributed anecdotally to fluctuations in carryovers year to year.

'Table and chart 1' displays the drainage operational costs for the past three financial years;

Table 1: Operational costs (summary) (sorted highest to lowest 2015/16)

\$'000	2013/14	2014/15	2015/16
Drainage construction	2,061	1,725	3,096
Street sweeping	387	417	407
Drainage system maintenance	442	426	360
TOTAL	2,890	2,568	3,862



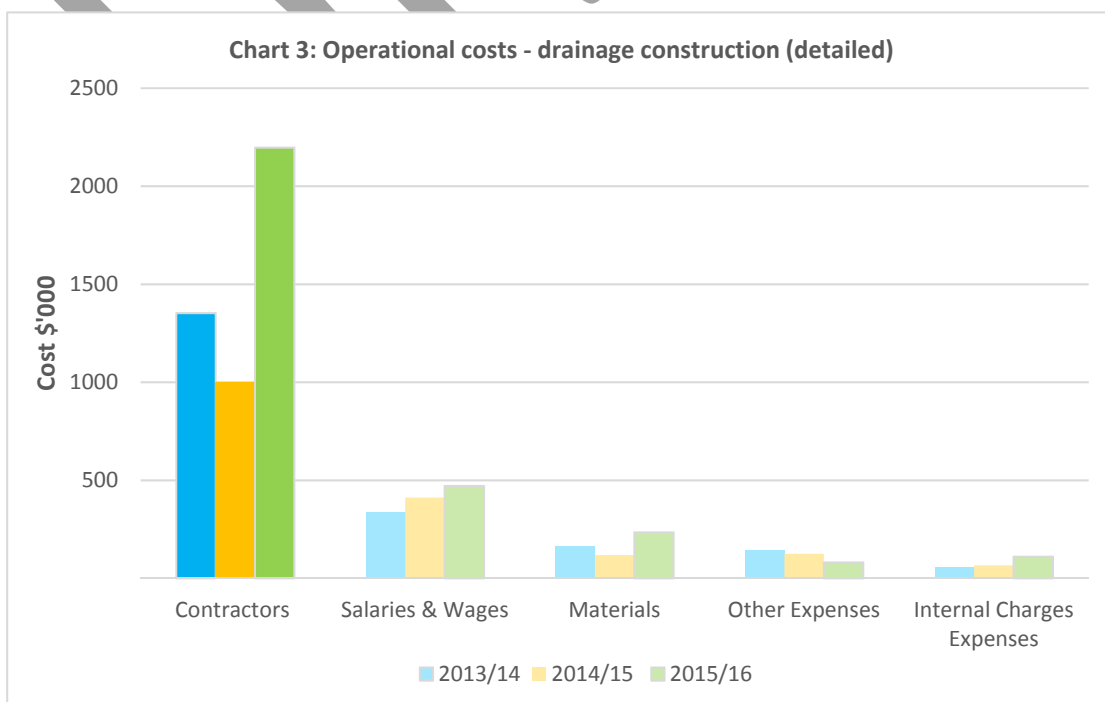
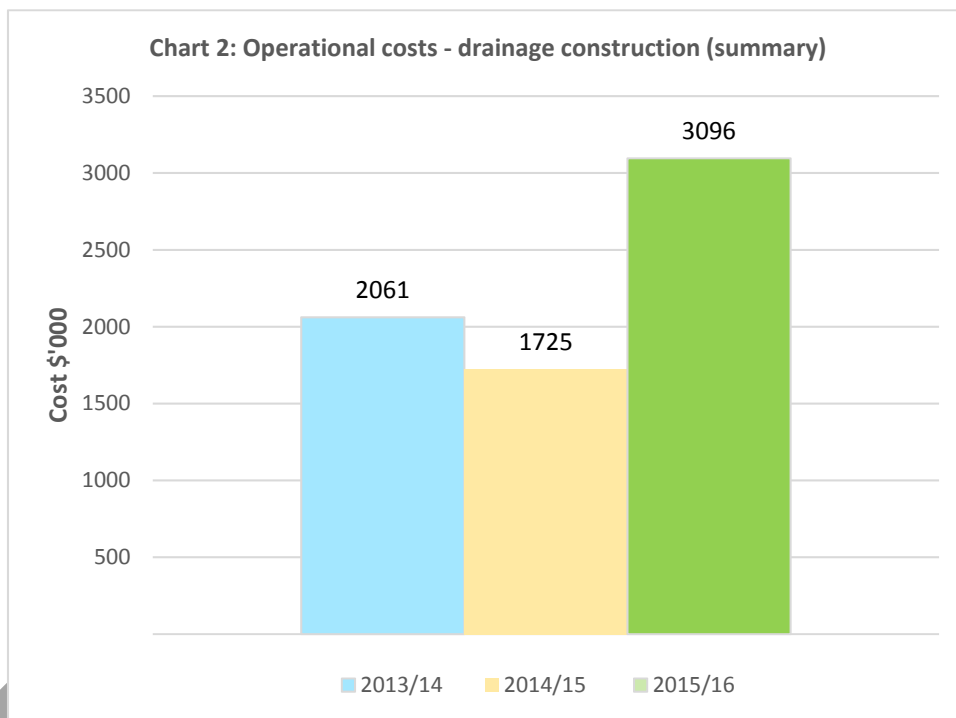
Appendix 3

Operational Costs

2 OPERATIONAL COSTS (Detailed)

Table 2: Operational costs – drainage construction (sorted highest to lowest 2015/16)

\$'000	2013/14	2014/15	2015/16
Contractors	1,353	1,001	2,197
Salaries & wages	338	412	471
Materials	168	119	235
Internal charges expenses	58	67	111
Other expenses	144	126	81
TOTAL	2,061	1,725	3,096



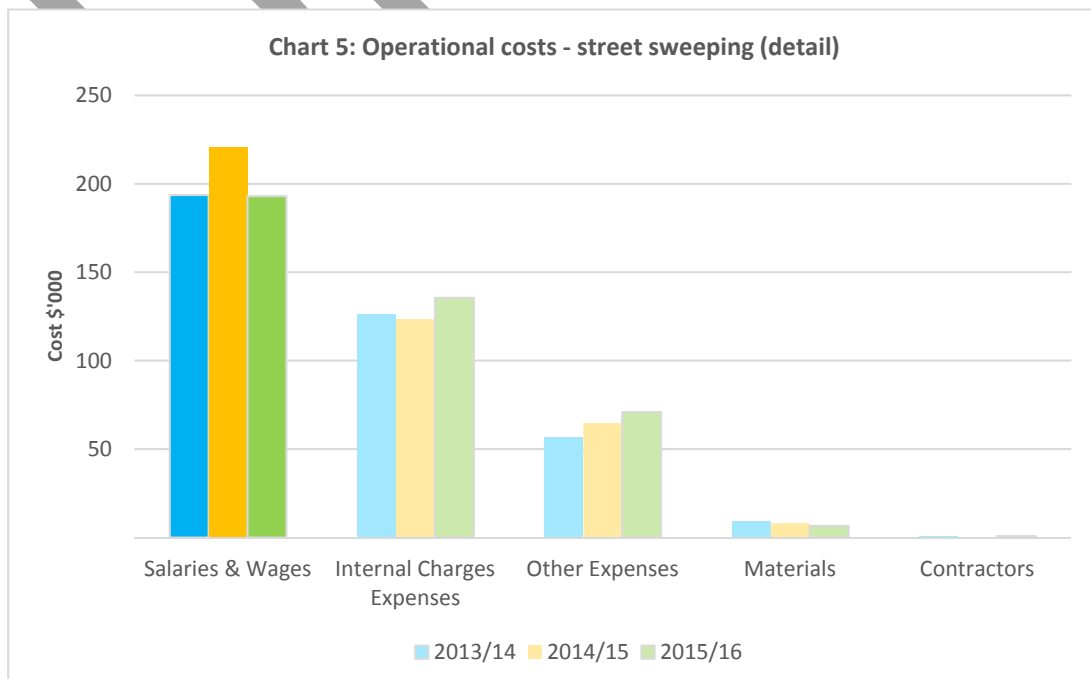
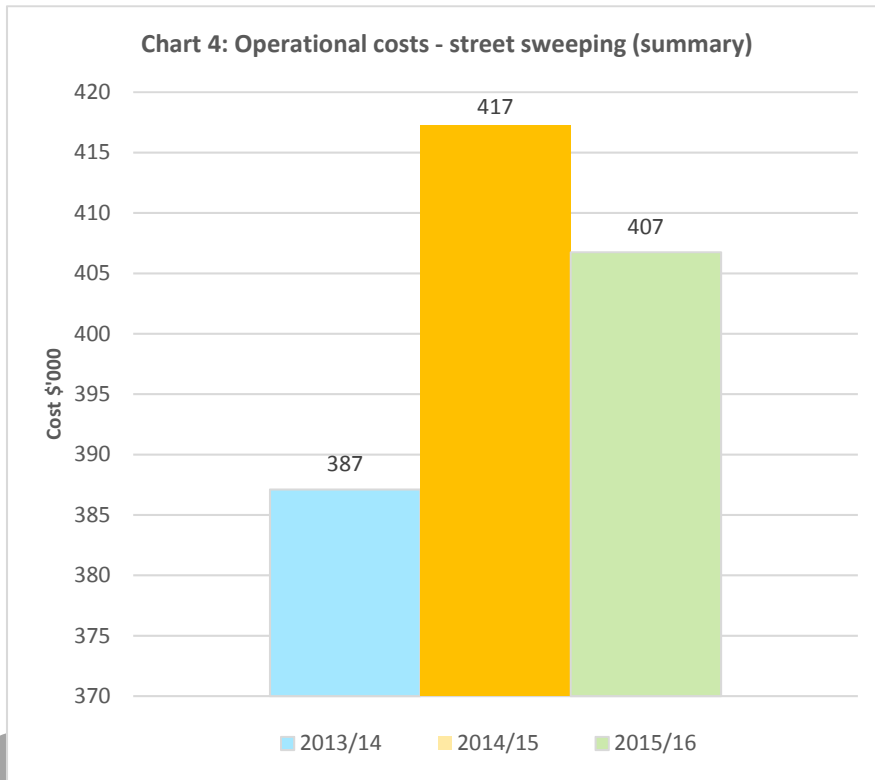
Appendix 3

Operational Costs



Table 3: Operational costs – street sweeping (sorted highest to lowest 2015/16)

\$'000	2013/14	2014/15	2015/16
Salaries & wages	193	221	193
Internal charges expenses	126	123	135
Other expenses	57	65	71
Materials	10	8	7
Contractors	1	-	1
TOTAL	387	417	407



Appendix 3

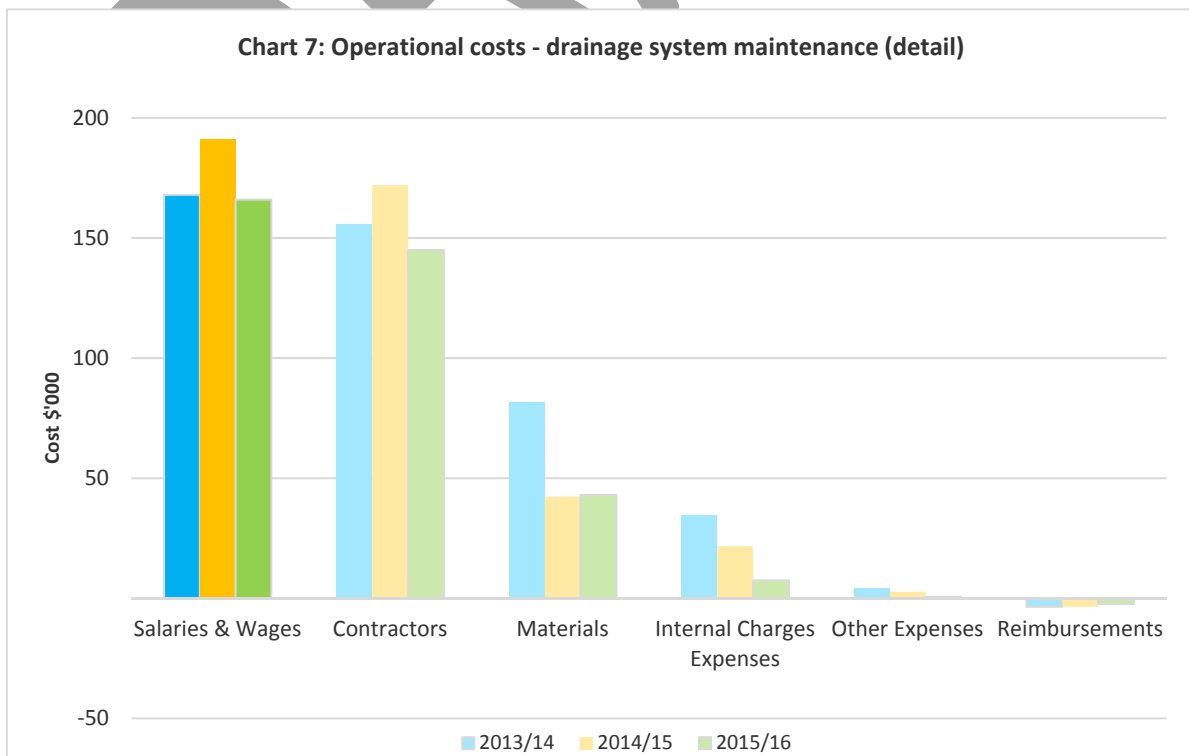
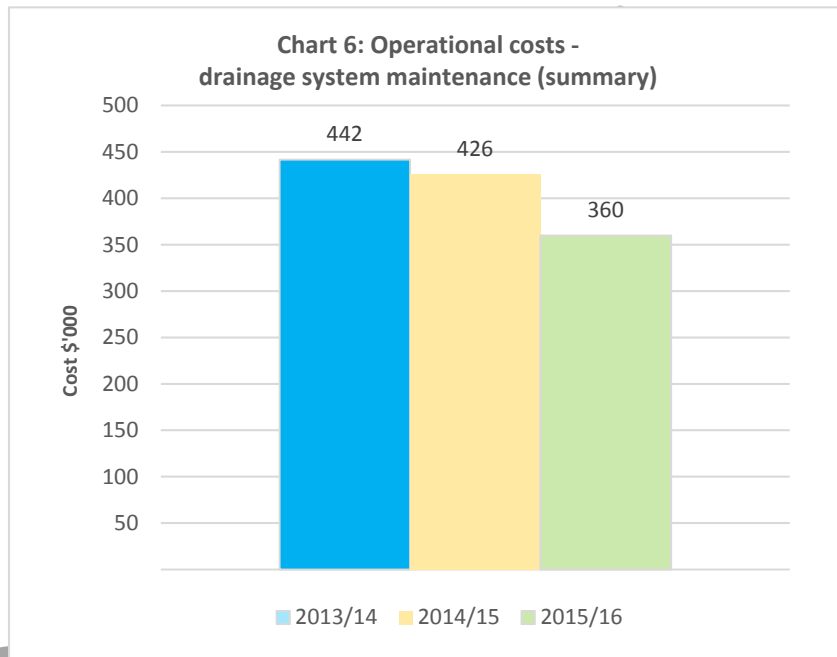
Operational Costs



Table 4: Operational costs – drainage system maintenance* (sorted highest to lowest 2015/16)

\$'000	2013/14	2014/15	2015/16
Salaries & wages	168	191	166
Contractors	156	172	145
Materials	82	42	43
Internal charges expenses	34	22	7
Other expenses	4	3	1
Reimbursements	-4	-4	-2
TOTAL	442	426	360

* Note: Includes drainage system maintenance – general, trash rack litter removal and cleaning side entry pits



Appendix 4

Carryovers



The overall drainage capital works project carryovers are displayed in 'diagram 1', this information incorporates both in house and outsourced works.

Carryovers have occurred as a result of the following reasons:

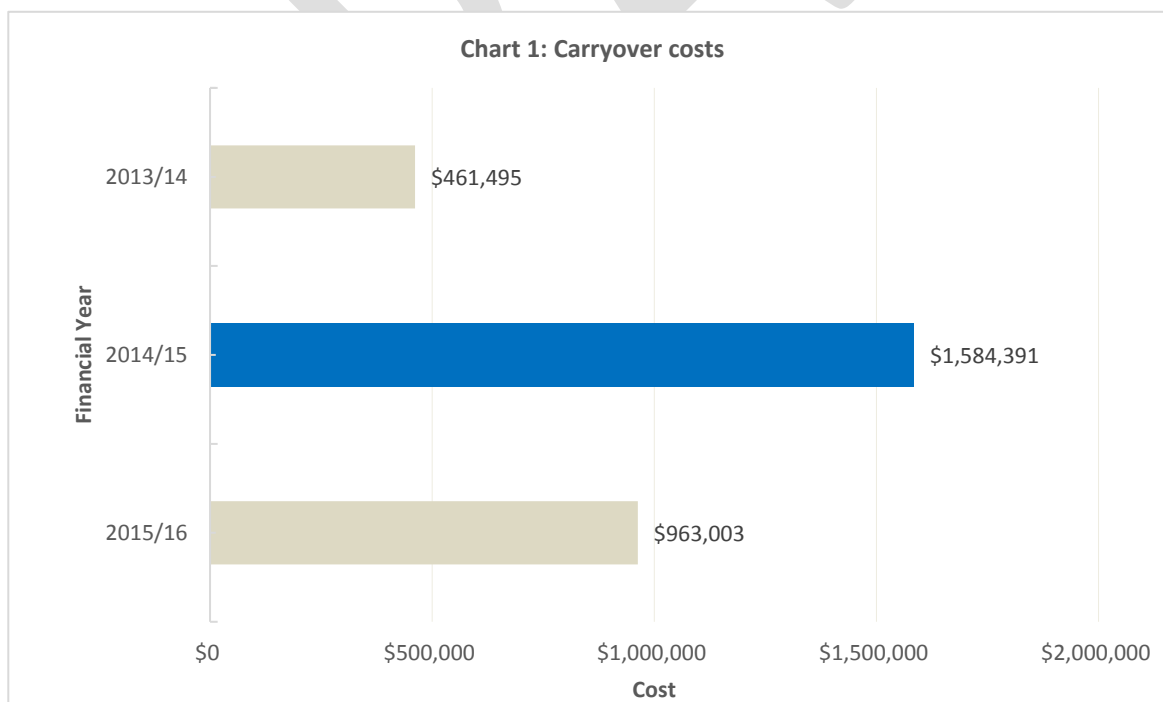
- Contaminated Soil
- Unexpected services (e.g. water main, Telstra infrastructure etc.)
- Rock
- Contractor dispute
- Weather
- Unexpected delays and timeframes not being met

For carryover details for individual years, please refer to 'diagram 2 (2013/14)', 'diagram 3 (2014/15)' and 'diagram 4 (2015/16)'.

Diagram 1: Carryovers summary

FY	Original budget	Carryover cost	Carryover %
2013/14	\$1,932,197	\$461,495	23%
2014/15	\$2,710,822	\$1,584,391	58%
2015/16	\$2,371,146	\$963,003	41%
2016/17	\$2,473,567	\$0 (estimated)	0%

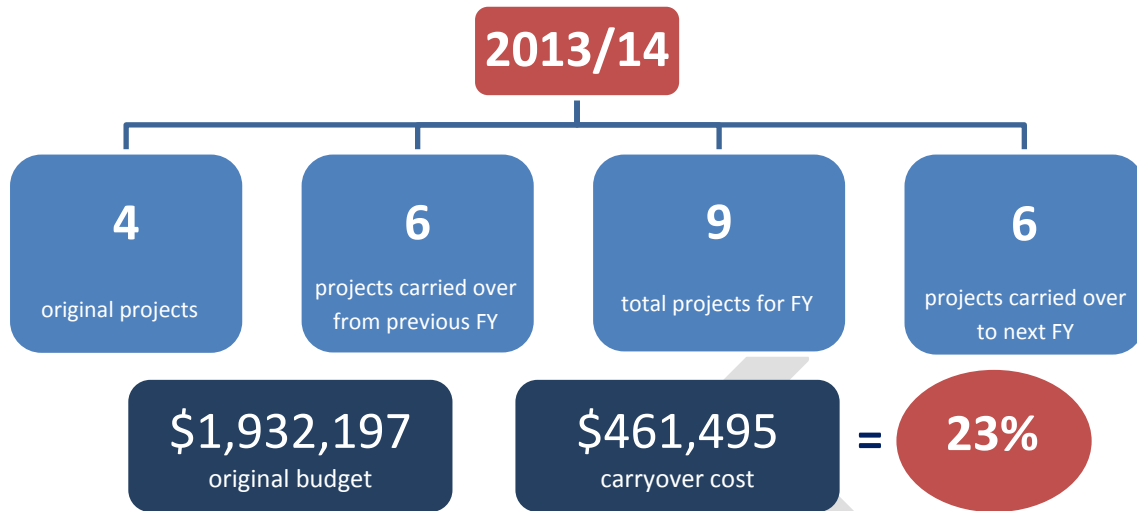
Chart 1: Carryover costs



Appendix 4

Carryovers

Diagram 2: Carryover details 2013/14



Projects carried over to next FY

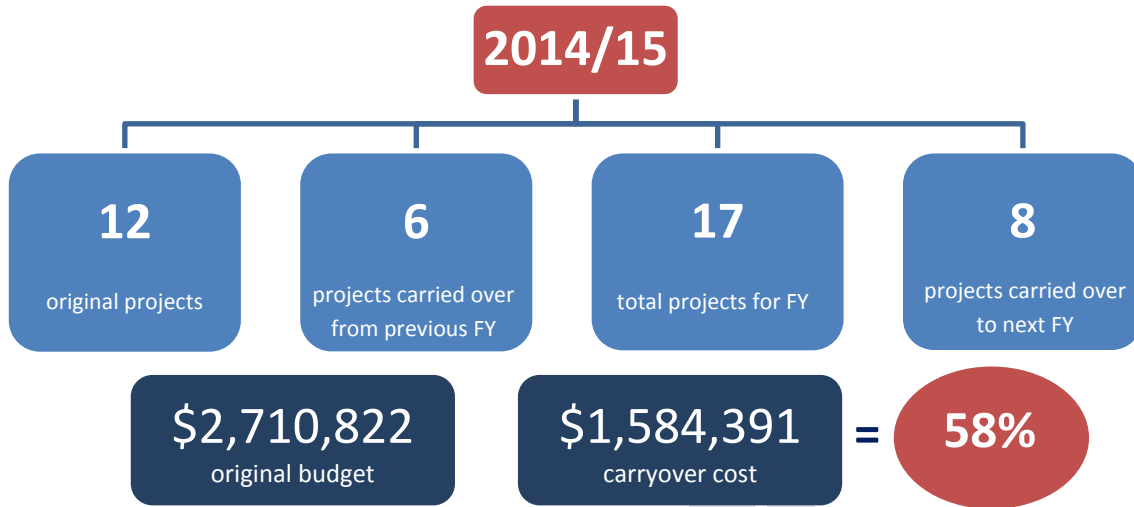
Bandon Tce drain	Coolah Tce drain	Newland/Jervois drain
Cost: \$75,748 Status: Work in progress	Cost: \$37,150 Status: Work in progress	Cost: \$12,390 Status: Planting requirements
Radstock St drain	Nannigai Dr drain	Ramrod Ave drain
Cost: \$12,108 Status: Planting requirements	Cost: \$199,691 Status: Works not commenced	Cost: \$124,408

Appendix 4

Carryovers



Diagram 3: Carryover details 2014/15



Projects carried over to next FY

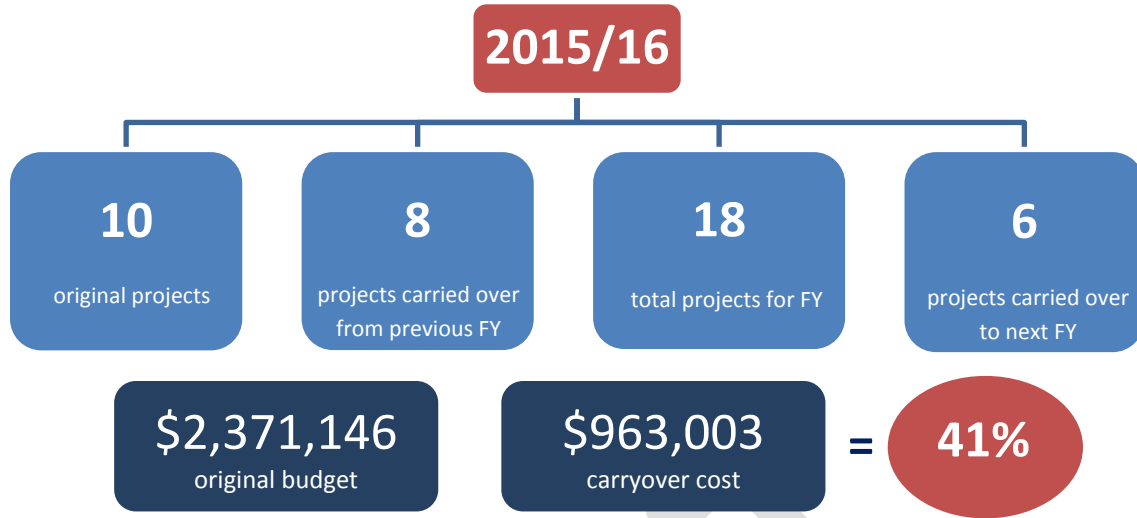
Bandon Tce drain	Newland/Jervois drain	Radstock St drain
Cost: \$12,530 Status: Outstanding lighting requirements	Cost: \$371,511 Status: Works not commenced (availability)	Cost: \$63,000 Status: Stage 2 work in progress
Coolah Tce drain	Crozier drain	Brigalow drain
Cost: \$99,155 Status: Works not commenced (availability)	Cost: \$730,000 Status: Design issues delayed commencement	Cost: \$95,000 Status: Coordination of contract
West St drain	Nannigai Dr drain	
Cost: \$13,504 Status: Work in progress	Cost: \$199,691 Status: Works not commenced	

Appendix 4

Carryovers



Diagram 4: Carryover details 2015/16



Projects carried over to next FY

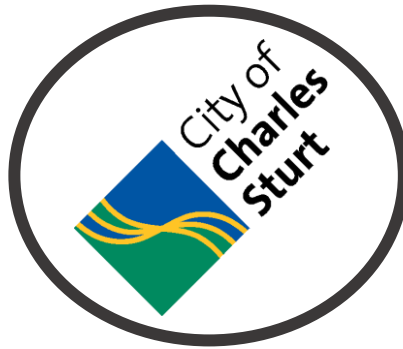
Towers Tce drain	Maxwell Tce stormwater upgrade	First Ave stormwater upgrade
Cost: \$96,235 Status: Work in progress	Cost: \$370,599 Status: Work in progress	Cost: \$50,000 Status: Defects, contractor insolvency
Pindee St stormwater upgrade	Farne Tce stormwater upgrade	Keen Ave stormwater upgrade
Cost: \$162,215 Status: Contract awarded delayed due to weather	Cost: \$255,680 Status: Contractor insolvency	Cost: \$28,274 Status: Works not commenced

LOCAL GOVERNMENT

DRAINAGE PROGRAM BENCHMARKING SURVEY RESULTS 2017



Councils surveyed





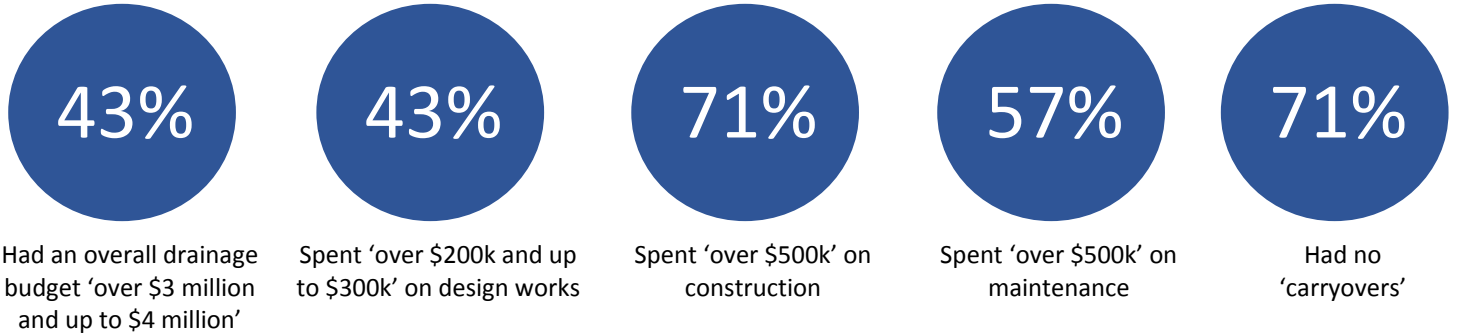
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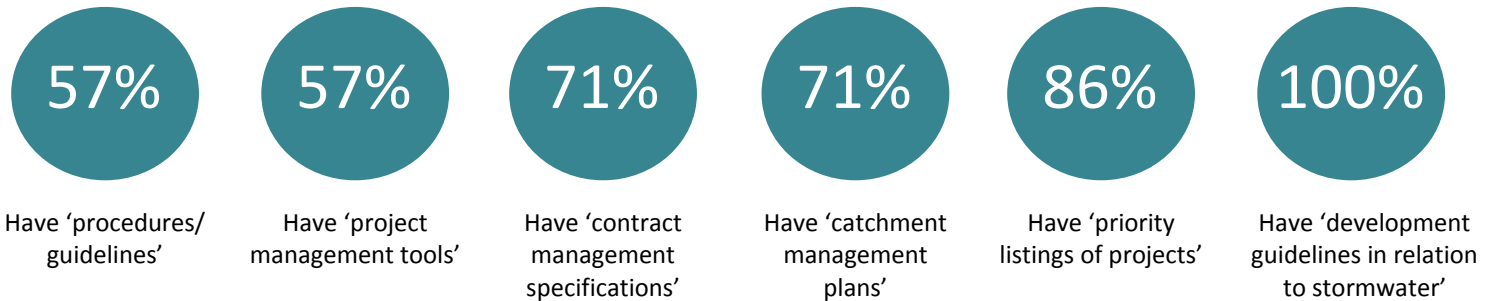
1 KEY FINDINGS

Note: Financials are based on the 2015/16 financial year and are approximations only. The majority of questions in the benchmarking survey were multiple choice.

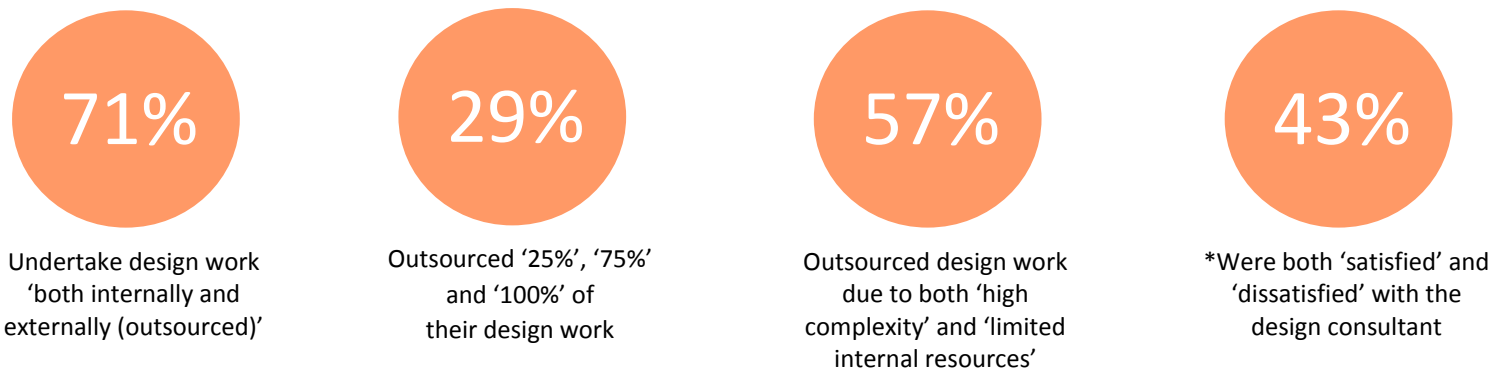
1.1 FINANCIALS



1.2 PLANNING



1.3 DESIGN



1.4 CONSTRUCTION

71%

Undertake construction work 'both internally and externally (outsourced)'

57%

Outsourced '75%' of their construction work

57%

Outsourced construction work due to 'limited internal resources'

57%

Were 'satisfied' with the civil contractor

71%

Appoint 'independent contact superintendents'

71%

Document 'compliance inspection hold points'

100%

Undertake 'routine but random quality/ environment/safety construction audits'

86%

Prepare 'construction completion reports'

29%

Laid 'under 100 metres', 'over 200 metres and up to 300 metres' and 'over 500 metres' of pipe

1.5 MAINTENANCE

71%

Undertake maintenance work 'both internally and externally (outsourced)'

33%

*Outsourced '25%' and '50%' of their maintenance work

50%

*Outsourced maintenance work due to both 'limited internal resources' and 'other'

50%

*Were both 'very satisfied' and 'satisfied' with the contractor

17%

*Contract out 'street sweeping'

67%

*Contract out 'pit cleaning'

50%

*Contract out 'GPT cleaning'

83%

*Contract out 'pipe cleaning'

33%

*Contract out 'other' maintenance activities

*Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 7, however percent rates with a * have been calculated by 6 (number of responses received)

29%

Audit all maintenance activities for 'quality'

43%

Audit all maintenance activities for 'environment'

57%

Audit all maintenance activities for 'safety specifications'

57%

Audit all maintenance activities for 'standard operating procedures'

43%

Audit all maintenance activities for 'safe work method statements'

86%

Use 'maintenance standards and work specifications'

43%

Undertake CCTV camera monitoring 'externally (outsourced)'

86%

Undertake CCTV camera monitoring 'reactively'

2 FINANCIALS

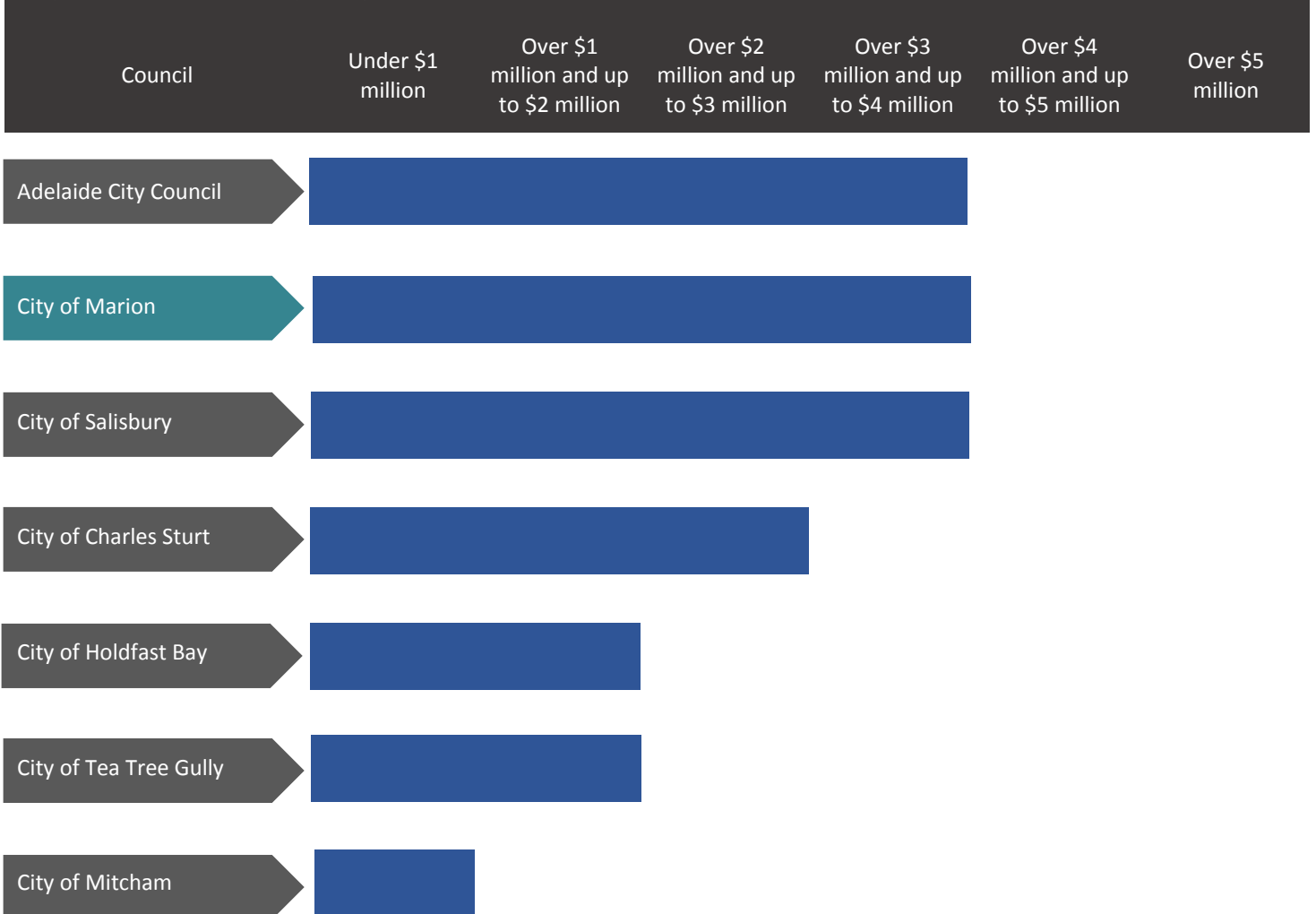
Note: Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 7, however percent rates with a * have been calculated by 6 (number of responses received)

2.1 OVERALL DRAINAGE BUDGET ALLOCATION

Table 2.1: Total drainage budget allocation for 2015/16 financial year (excluding depreciation) (multiple choice)

Answer Options	Response Percent	Response Count
Under \$1 million	14%	1
Over \$1 million and up to \$2 million	29%	2
Over \$2 million and up to \$3 million	14%	1
Over \$3 million and up to \$4 million	43%	3
Over \$4 million and up to \$5 million	0%	0
Over \$5 million	0%	0
TOTAL	100%	7

Diagram 2.1: Overall Drainage Budget for 2015/16 FY (excluding depreciation) (multiple choice)

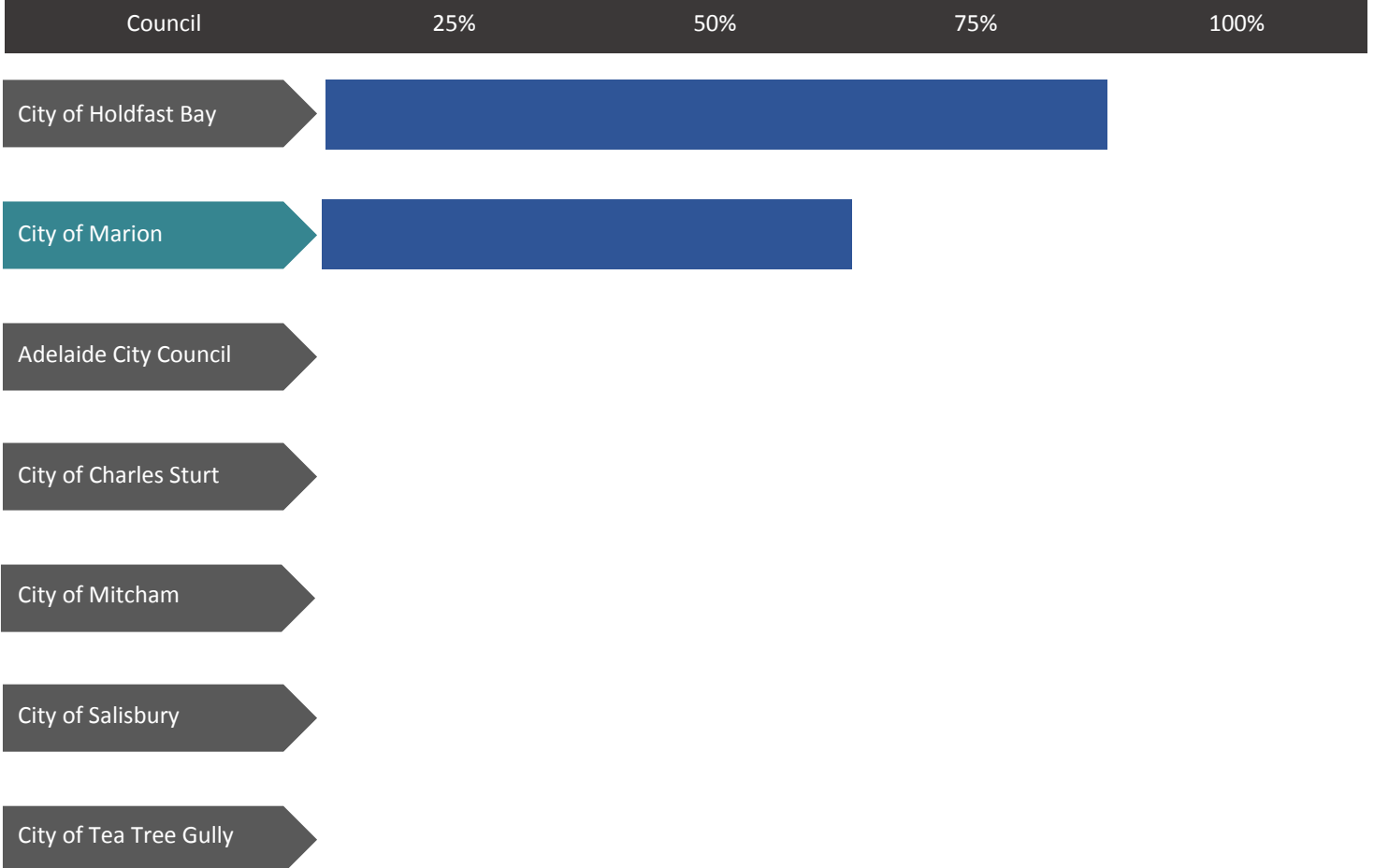


2.2 BUDGET CARRYOVERS

Table 2.2: Proportion of the total budget that is carried over (multiple choice)

Answer options	Response percent	Response count
0%	71%	5
25%	0%	0
50%	14%	1
75%	14%	1
100%	0%	0
TOTAL	100%	7

Diagram 2.2: Proportion of the total budget that is carried over (multiple choice)

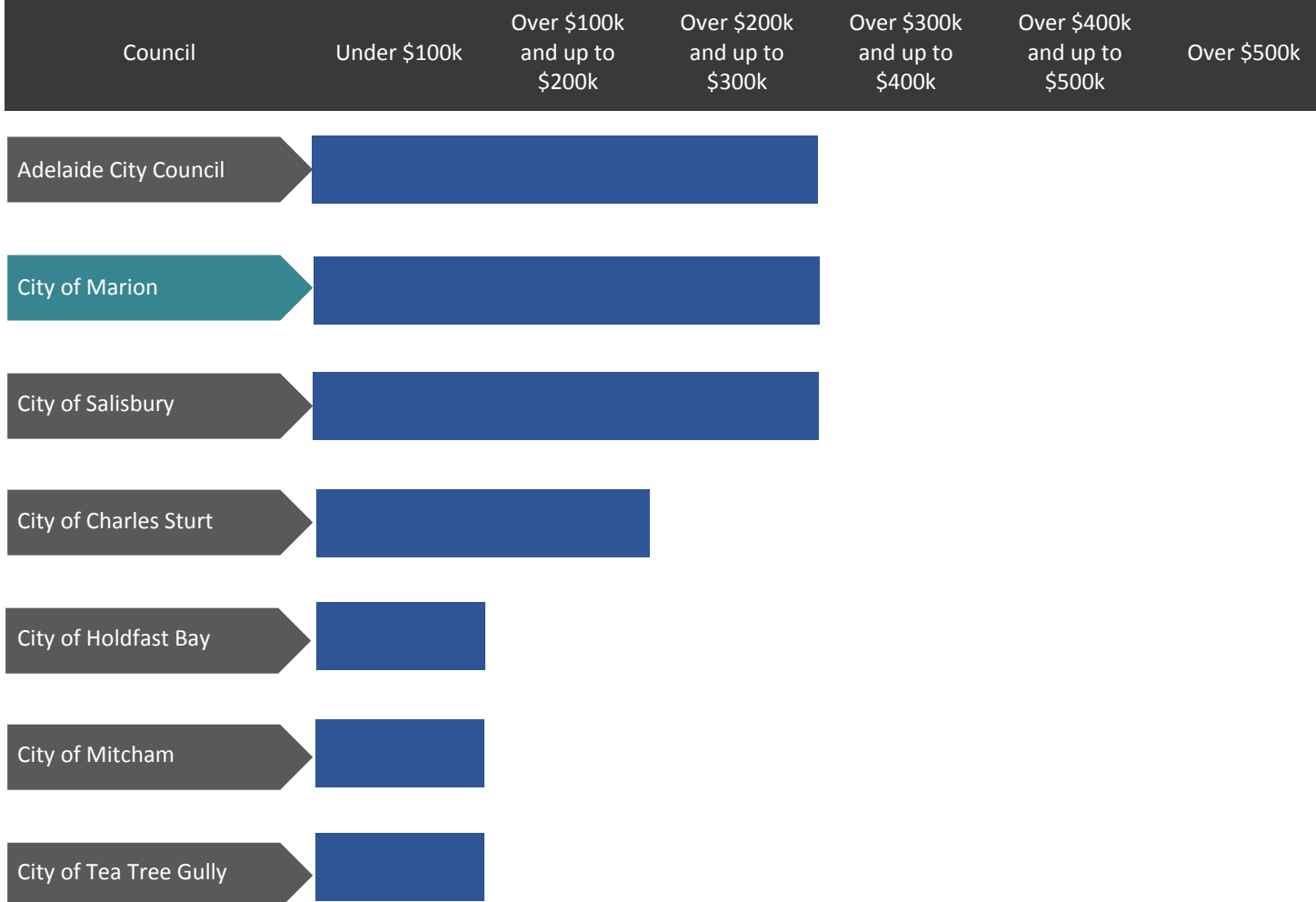


2.3 DESIGN COSTS

Table 2.3: Total design costs during 2015/16 financial year (multiple choice)

Answer options	Response percent	Response count
Under \$100k	43%	3
Over \$100k and up to \$200k	14%	1
Over \$200k and up to \$300k	43%	3
Over \$300k and up to \$400k	0%	0
Over \$400k and up to \$500k	0%	0
Over \$500k	0%	0
TOTAL	100%	7

Diagram 2.3: Total design costs during 2015/16 financial year (multiple choice)

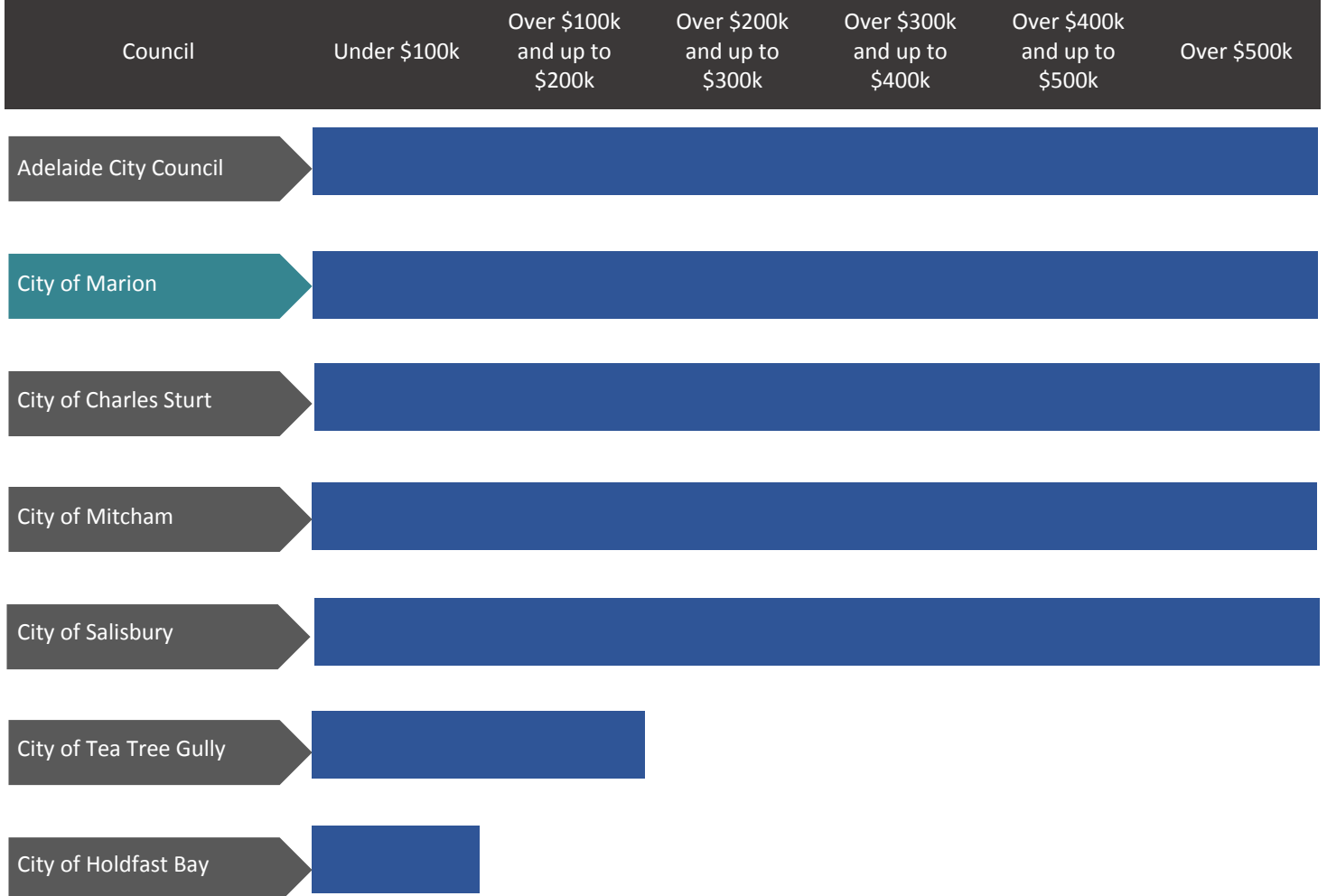


2.4 CONSTRUCTION COSTS

Table 2.4: Total construction costs during the 2015/16 financial year (multiple choice)

Answer options	Response percent	Response count
Under \$100k	14%	1
Over \$100k and up to \$200k	14%	1
Over \$200k and up to \$300k	0%	0
Over \$300k and up to \$400k	0%	0
Over \$400k and up to \$500k	0%	0
Over \$500k	71%	5
TOTAL	100%	7

Diagram 2.4: Total construction costs during the 2015/16 financial year (multiple choice)

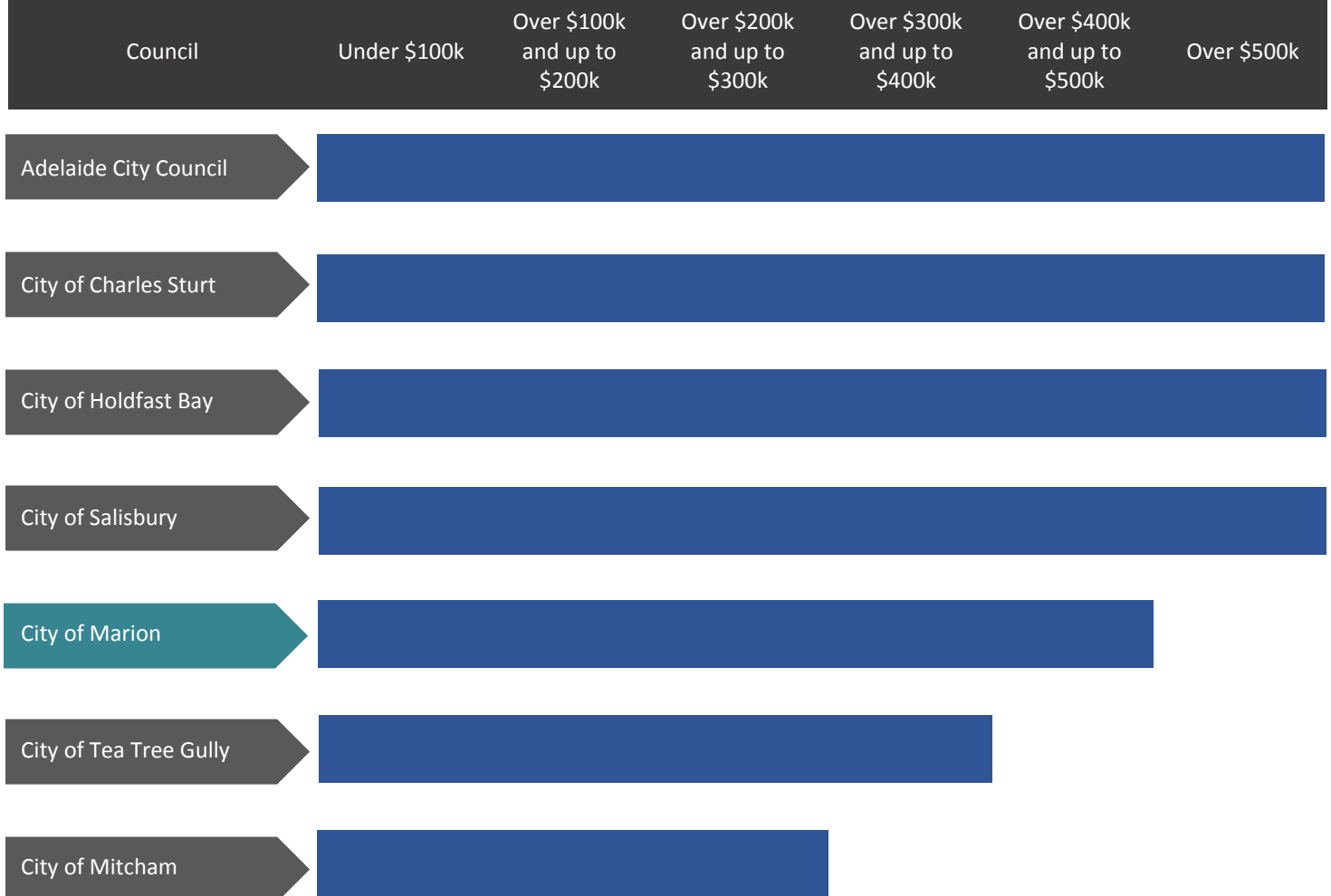


2.5 MAINTENANCE COSTS

Table 2.5: Total maintenance costs during the 2015/16 financial year (multiple choice)

Answer options	Response percent	Response count
Under \$100k	0%	0
Over \$100k and up to \$200k	0%	0
Over \$200k and up to \$300k	14%	1
Over \$300k and up to \$400k	14%	1
Over \$400k and up to \$500k	14%	1
Over \$500k	57%	4
TOTAL	100%	7

Diagram 2.5: Total maintenance costs during the 2015/16 financial year (multiple choice)



3 PLANNING

3.1 DOCUMENTATION

Table 3.1: Documentation possessed: (multiple response)

Answer options	Response percent	Response count
Procedures/guidelines	57%	4
Project management tools	57%	4
Contract management specifications	71%	5
Catchment Management Plans	71%	5
Priority listing of projects	86%	6
Development guidelines in relation to stormwater	100%	7

Diagram 3.1: Documentation possessed (multiple response)

■ = Yes ■ = No

Council	Procedures/ guidelines	Project management tools	Contract management specifications	Catchment Management Plans	Priority listing of projects	Development guidelines in relation to stormwater
City of Marion						
Adelaide City Council						
City of Charles Sturt						
City of Holdfast Bay						
City of Mitcham						
City of Salisbury						
City of Tea Tree Gully						

4 DESIGN

4.1 DESIGN WORK UNDERTAKEN

Table 4.1: How design work is undertaken (multiple choice)

Answer options	Response percent	Response count
Internally (Council staff)	0%	0
Externally (outsourced)	29%	2
Both internally and externally	71%	5
TOTAL	100%	7

Diagram 4.1: How design work is undertaken (multiple choice)

■ = Yes ■ = No

Council	Internally	Externally (outsource)	Both internally and externally
City of Marion	■	■	■
Adelaide City Council	■	■	■
City of Charles Sturt	■	■	■
City of Holdfast Bay	■	■	■
City of Mitcham	■	■	■
City of Salisbury	■	■	■
City of Tea Tree Gully	■	■	■

4.2 DESIGN WORK OUTSOURCED

Table 4.2: Proportion of design work that is contracted out (multiple choice)

Answer options	Response percent	Response count
25%	29%	2
50%	14%	1
75%	29%	2
100%	29%	2
TOTAL	100%	7

Reason for outsourcing (multiple response)

Answer options	Response percent	Response count
Low complexity	0%	0
High complexity	57%	4
Low project cost	0%	0
High project cost	0%	0
Low design cost	0%	0
High design cost	0%	0
Limited internal resources available	57%	4
Other	43%	3

Satisfaction with the contractor (multiple choice)

Answer Options	Response percent	Response count
Very satisfied	14%	1
Satisfied	43%	3
Dissatisfied	43%	3
Very dissatisfied	0%	0
TOTAL	100%	7

Diagram 4.2: Proportion of design work that is contracted out (multiple choice)



5 CONSTRUCTION

5.1 CONSTRUCTION WORK UNDERTAKEN

Table 5.1: How construction work is undertaken (multiple choice)

Answer options	Response percent	Response count
Internally (Council staff)	0%	0
Externally (outsourced)	29%	2
Both internally and externally	71%	5
TOTAL	100%	7

Diagram 5.1: How construction work is undertaken (multiple choice) ■ = Yes ■ = No

Council	Internally	Externally (outsourced)	Both internally and externally
City of Marion	■	■	■
Adelaide City Council	■	■	■
City of Charles Sturt	■	■	■
City of Holdfast Bay	■	■	■
City of Mitcham	■	■	■
City of Salisbury	■	■	■
City of Tea Tree Gully	■	■	■

5.2 CONSTRUCTION WORK OUTSOURCED

Table 5.2: Proportion of construction work that is outsourced (multiple choice)

Answer options	Response percent	Response count
25%	0%	0
50%	14%	1
75%	57%	4
100%	29%	2
TOTAL	100%	7

Reason for outsourcing (multiple response)

Answer options	Response percent	Response count
Low complexity	0%	0
High complexity	29%	2
Low project cost	0%	0
High project cost	14%	1
Low construction cost	14%	1
High construction cost	0%	0
Limited internal resources available	57%	4
Other	29%	2

Satisfaction with the contractor (multiple choice)

Answer options	Response percent	Response count
Very satisfied	29%	2
Satisfied	57%	4
Dissatisfied	14%	1
Very dissatisfied	0%	0
TOTAL	100%	7

Diagram 5.2: Proportion of construction work that is outsourced (multiple choice)



5.3 CONSTRUCTION COMPLIANCE/REPORTS

Table 5.3: Construction compliance/reports (multiple choice)

Document compliance inspection hold points

Answer options	Response percent	Response count
Yes	71%	5
No	29%	2
TOTAL	100%	7

Undertake routine but random quality/environment/safety construction audits

Answer options	Response percent	Response count
Yes	100%	7
No	0%	0
TOTAL	100.0%	7

Prepare a construction completion report

Answer options	Response percent	Response count
Yes	86%	6
No	14%	1
TOTAL	100%	7

Diagram 5.3: Construction compliance/reports (multiple choice)

 = Yes  = No

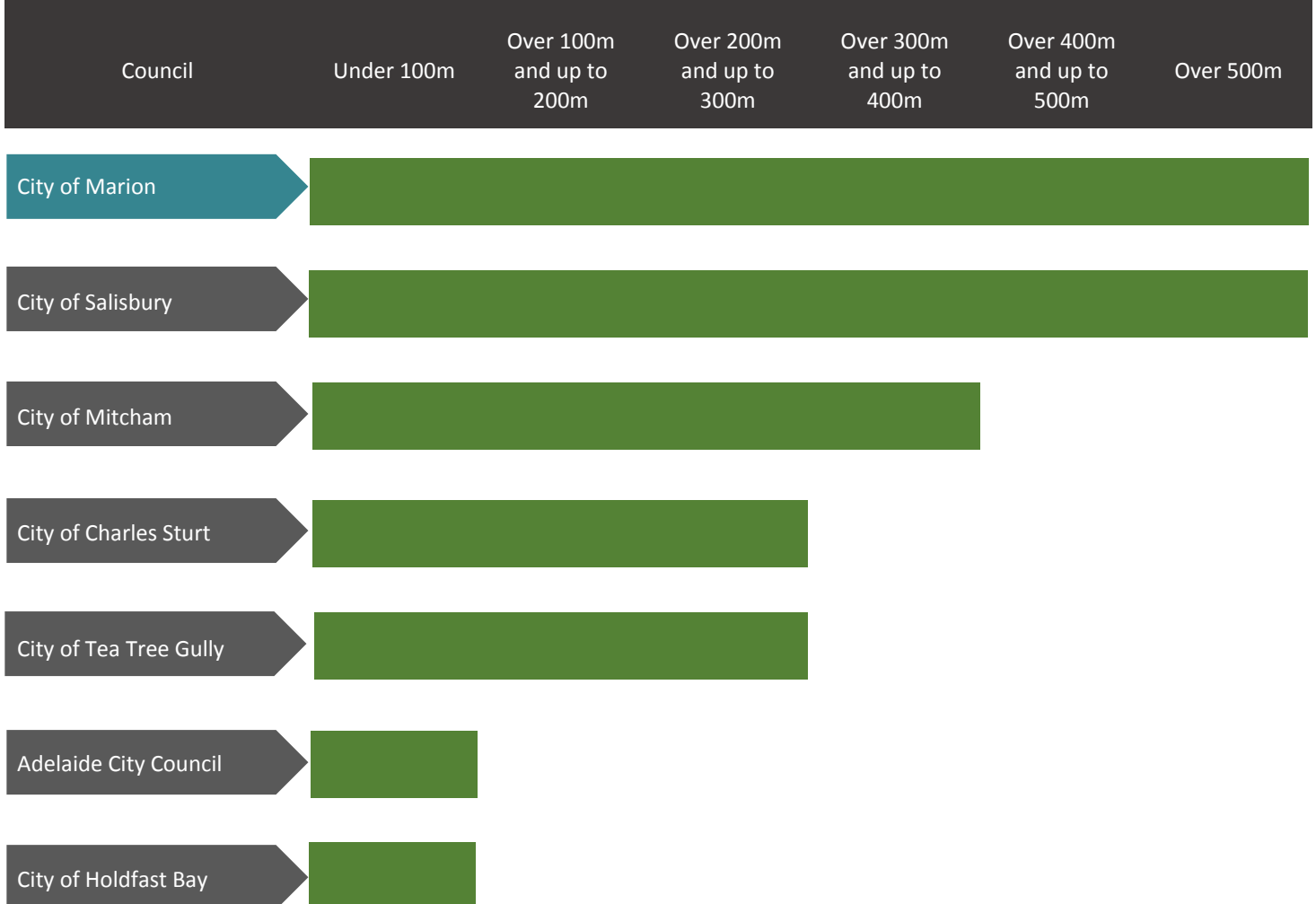
Council	Document compliance inspection hold points	Undertake routine but random quality/environment/safety construction audits	Prepare a construction completion report
City of Marion			
Adelaide City Council			
City of Charles Sturt			
City of Holdfast Bay			
City of Mitcham			
City of Salisbury			
City of Tea Tree Gully			

5.4 LENGTH OF DRAINS LAID

Table 5.4: Length of drains laid during 2015/16 financial year (multiple choice)

Answer options	Response percent	Response count
Under 100 metres	29%	2
Over 100 metres and up to 200 metres	0%	0
Over 200 metres and up to 300 metres	29%	2
Over 300 metres and up to 400 metres	14%	1
Over 400 metres and up to 500 metres	0%	0
Over 500 metres	29%	2
TOTAL	100%	7

Diagram 5.4: Length of drains laid during 2015/16 financial year (multiple choice)



6 MAINTENANCE

6.1 MAINTENANCE WORK UNDERTAKEN

Table 6.1: How maintenance work is undertaken (multiple choice)

Answer options	Response percent	Response count
Internally (Council staff)	14%	1
Externally (outsourced)	14%	1
Both internally and externally	71%	5
TOTAL	100%	7

Diagram 6.1: How maintenance work is undertaken (multiple choice) ■ = Yes ■ = No

Council	Internally	Externally (outsourced)	Both internally and externally
City of Marion	■	■	■
Adelaide City Council	■	■	■
City of Charles Sturt	■	■	■
City of Holdfast Bay	■	■	■
City of Mitcham	■	■	■
City of Salisbury	■	■	■
City of Tea Tree Gully	■	■	■

6.2 MAINTENANCE WORK OUTSOURCED

Table 6.2: Proportion of maintenance work that is outsourced (multiple choice)

Answer options	Response percent	Response count
25%	33%*	2
50%	33%*	2
75%	17%*	1
100%	17%*	1
TOTAL	100%	6

Reason for outsourcing (multiple response)

Answer options	Response percent	Response count
Low complexity	0%*	0
High complexity	33%*	2
Low project cost	0%*	0
High project cost	0%*	0
Low maintenance cost	33%*	2
High maintenance cost	0%*	0
Limited internal resources available	50%*	3
Other	50%*	3

Satisfaction with the contractor (multiple choice)

Answer options	Response percent	Response count
Very satisfied	50%*	3
Satisfied	50%*	3
Dissatisfied	0%*	0
Very dissatisfied	0%*	0
TOTAL	100%	6

* Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 7, however percent rates with a * have been calculated by 6 (number of responses received)

Diagram 6.2: Proportion of maintenance work outsourced (multiple choice)



Note: Details only provided for those Councils who selected either 'both internally and externally (outsourced)' or 'externally (outsourced)'

6.3 MAINTENANCE ACTIVITIES OUTSOURCED

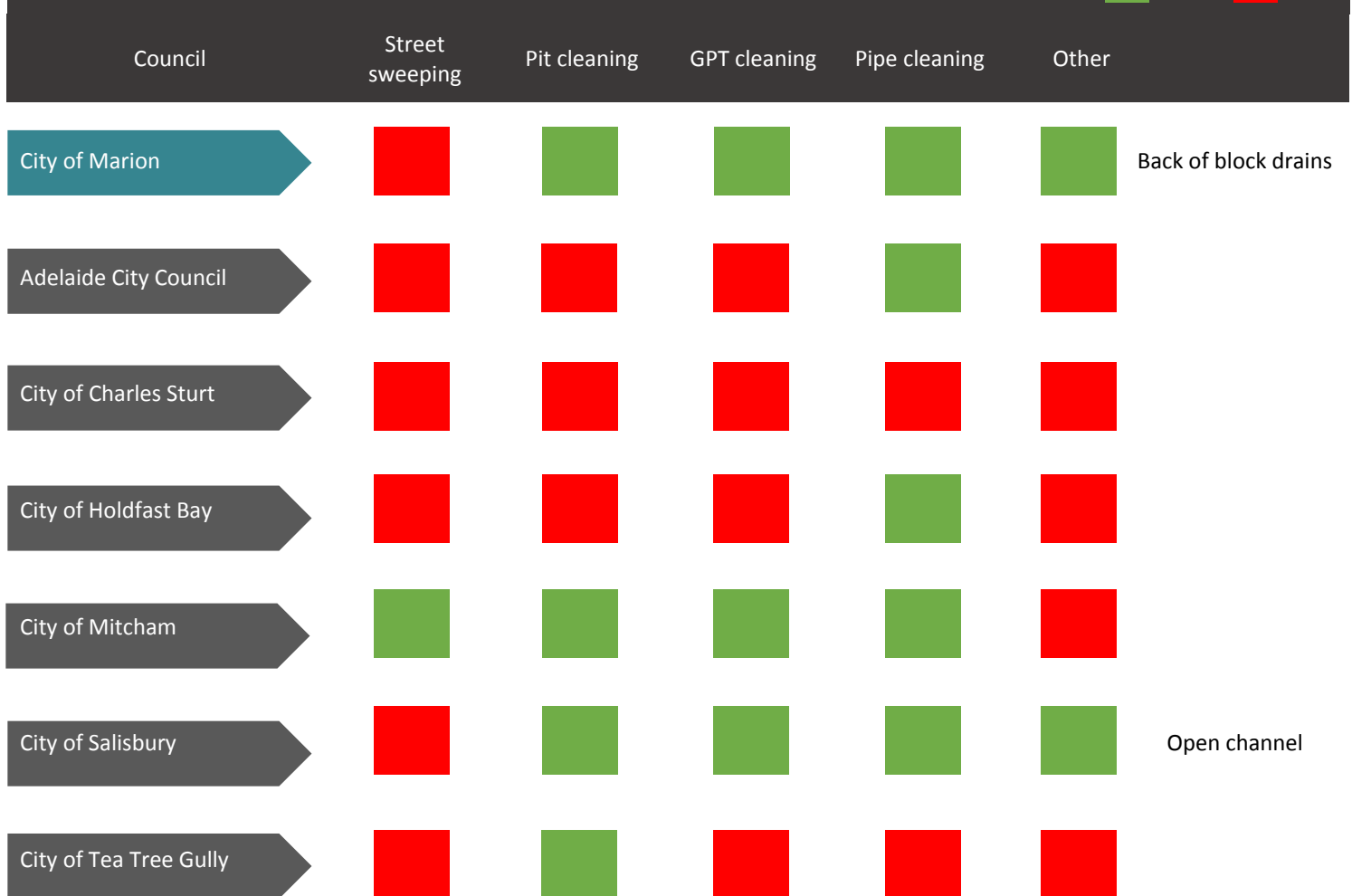
Table 6.3: Types of maintenance activities outsourced (multiple response)

Answer options	Response percent	Response count
Street sweeping	17%*	1
Pit cleaning	67%*	4
GPT cleaning	50%*	3
Pipe cleaning	83%*	5
Other	33%*	2

* Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 7, however percent rates with a * have been calculated by 6 (number of responses received)

Diagram 6.3: Types of maintenance activities outsourced (multiple response)

■ = Yes ■ = No



Note: Details only provided for those Councils who selected either 'both internally and externally (outsourced)' or 'externally (outsourced)'

6.4 MAINTENANCE STANDARDS AND WORK SPECIFICATIONS

Table 6.4: Maintenance standards and work specifications utilised (multiple choice)

Answer Options	Response Percent	Response Count
Yes	86%	6
No	14%	1
TOTAL	100%	7

Diagram 6.4: Maintenance standards and work specifications utilised (multiple choice) ■ = Yes ■ = No



6.5 PLANNED MAINTENANCE SCHEDULES OF WORK

Diagram 6.5: Planned maintenance schedules of work (free text)

Council	Street sweeping	Pit cleaning	GPT cleaning	Pipe cleaning	Stormwater outlets
City of Marion	6 weeks	Every 12 months	Quarterly	As required	As required
Adelaide City Council	Fixed program	Program (based on debris in pit)	Quarterly	As required	As required
City of Charles Sturt	Residential – 8 times a year Main Roads – Every week	As required or 8 times a year	As required & 8 – 10 times a year	As required & 10 year cycle	As required & 5 year cycle
City of Holdfast Bay	Monthly	Monthly	Monthly	Monthly	Monthly
City of Mitcham	Planned	Risk based	Details not provided	Reactive	Reactive
City of Salisbury	Residential – 6 weeks Main Road – 4 weeks	Details not provided	After rain events	Details not provided	Details not provided
City of Tea Tree Gully	2 – 8 weeks (seasonal)	Risk based	As required	As required (seasonal)	As required (seasonal)

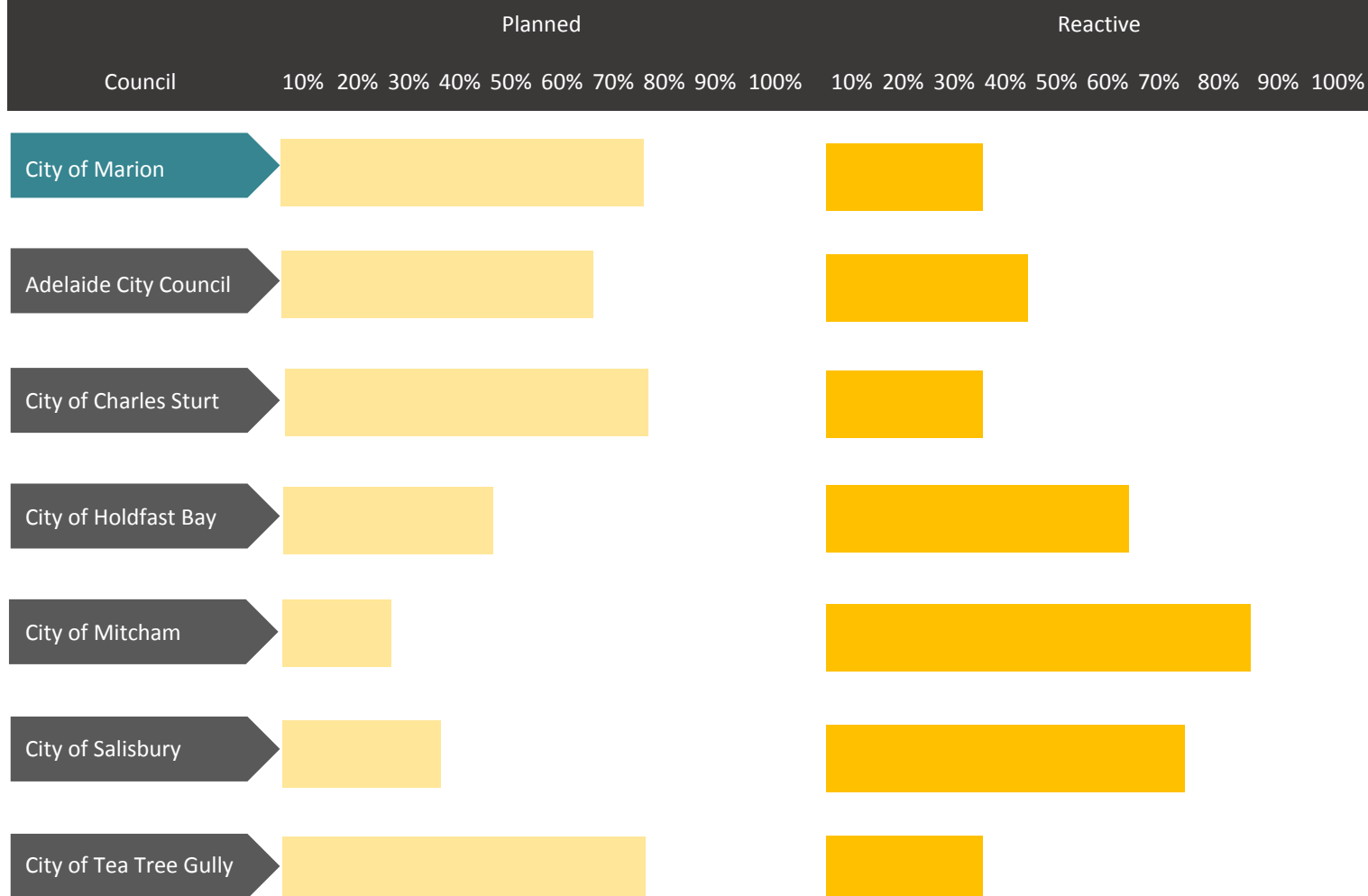
6.6 PLANNED/REACTIVE MAINTENANCE ACTIVITIES

Table 6.6: Proportion of maintenance work that is planned/reactive (multiple choice)

Answer options	Response percent	Response count	Response percent	Response count
	Planned		Reactive	
10%	0%	0	0%*	0
20%	14%	1	0%*	0
30%	14%	1	50%*	3
40%	14%	1	17%*	1
50%	0%	0	0%*	0
60%	14%	1	0%*	0
70%	43%	3	17%*	1
80%	0%	0	17%*	1
90%	0%	0	0%*	0
100%	0%	0	0%*	0
Total	100%	7	100%	6

* Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 7, however percent rates with a * have been calculated by 6 (number of responses received)

Diagram 6.6: Proportion of maintenance work that is planned/reactive (multiple choice)



6.7 AUDIT OF MAINTENANCE ACTIVITIES

Table 6.7: Audit of maintenance activities undertaken (multiple response)

Answer options	Response percent	Response count
Quality	29%	2
Environment	43%	3
Safety specification	57%	4
Standard Operating Procedures	57%	4
Safe Work Method Statements	43%	3

Diagram 6.7: Audit of maintenance activities undertaken (multiple response)



6.8 CCTV CAMERA MONITORING ACTIVITIES

Table 6.8: CCTV camera monitoring activities undertaken (multiple response)

Answer options	Response percent	Response count
Proactively	71%	5
Reactively	86%	6
Internally	14%	1
Externally	43%	3

Diagram 6.8: CCTV camera monitoring activities undertaken (multiple response)

 = Yes  = No

Council	Proactively	Reactively	Internally	Externally (outsourced)
City of Marion				
Adelaide City Council				
City of Charles Sturt				
City of Holdfast Bay			Details not provided	Details not provided
City of Mitcham			Details not provided	Details not provided
City of Salisbury				
City of Tea Tree Gully			Details not provided	Details not provided

7 IMPROVEMENT OPPORTUNITIES

7.1 OUR DRAINAGE PROGRAM WOULD BE BETTER IF...

Table 7.1: Improvement opportunities (free text)

Council	Our drainage program would be better if...
City of Marion	<ul style="list-style-type: none"> We had additional internal resources. We do not have variations or WHS concerns with FTE's when compared to contractors
Adelaide City Council	<ul style="list-style-type: none"> Community levels of service had a greater influence on renewal, operation and maintenance of stormwater services
City of Charles Sturt	<ul style="list-style-type: none"> Our topography wasn't flat Council wasn't in Adelaide floodplain Controlled by sea level Infrastructure is exposed sexy like open space and buildings
City of Holdfast Bay	<ul style="list-style-type: none"> A list of flooded properties to be approved by senior management for survey and design by design consultants. (List currently being finalised)
City of Mitcham	<ul style="list-style-type: none"> The proactive maintenance was more systematised
City of Salisbury	<ul style="list-style-type: none"> More planned More resources Known hot spots better mapped Catchment management plans completed
City of Tea Tree Gully	<ul style="list-style-type: none"> Waste disposal is an issue for us Better data collection to identify high risk assets to improve performance of maintenance plan



LOCAL GOVERNMENT

DRAINAGE PROGRAM BENCHMARKING

COMPARISON BETWEEN CITY OF MARION AND OTHER COUNCILS

Councils surveyed



The data to undertake analysis comparison between City of Marion and other Council drainage programs was obtained from the 'Local Government – Drainage Program – Benchmarking Survey Results - 2017 - Report'. Please refer to this report for full comprehensive details.



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1

KEY FINDINGS

Note: Financials are based on the 2015/16 financial year and are approximations only. The majority of questions in the benchmarking survey were multiple choice.

- The total drainage budget allocation varied for each Council. Marion spent 'Over \$3million and up to \$4million', 33% of other Councils spent the same, however 33% also spent 'over \$1 million and up to \$2 million'
- The majority of other Councils did not have 'carry overs' (83%), whereas Marion 'carried over' approximately 50% of the total budget, however indicated they are aiming to reduce this to under 15%
- Marion's average spend on design costs were 'over \$200k and up to \$300k' which was above the majority of other Councils spend of 'under \$100k' (50%)
- The majority of other Councils (67%) undertake their design, construction and maintenance work 'both internally and externally (contracted out)', Marion undertakes work in the same way
- Marion contract out 25% of their design work compared to the other Councils, where 33% contract out both '75%' and '100%' of their design work
- Marion contract out the smallest proportion (50%) of construction work compared to the other Councils, where 67% contract out '75%' and 33% contract out '100%' of their construction work
- Marion contract out 50% of their maintenance work compared to the other Councils, where 40% contract out '25%' of their maintenance work
- The main reasons for outsourcing work for all Councils were due to 'high complexity', 'limited internal resources' and 'other' reasons
- Marion is 'dissatisfied' with the design and construction contractors, however 'satisfied' with the maintenance contractors. The majority of Councils were either 'satisfied' or 'very satisfied with all their contractors
- Marion laid 'over 500 metres' of drain during 2015/16 financial year, which was above the majority of the other Councils, 33% laid both 'under 100 metres' and 'over 200 metres and up to 300 metres'
- Not one Council 'appoints independent Contract Superintendents'
- The maintenance activities that Marion contract out include; 'pit cleaning', 'GPT cleaning', 'pipe cleaning' and 'other' (back of block drains). The other Councils contract out similar activities, although the greatest activities contracted out include; 'pit cleaning' (60%) and 'pipe cleaning' (80%)
- Marion plans '70%' of their maintenance work with '30%' being reactive, the other Councils vary between '20%-70%' planned and '30%-80%' reactive
- Marion undertakes CCTV camera monitoring 'reactively' where as the other Councils undertake the monitoring both 'proactively' and 'reactively' (83% each)



2 COMPARISONS BETWEEN CITY OF MARION AND OTHER COUNCILS

Note: Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 6, however percent rates with a * have been calculated by 5 (number of responses received)

2.1 FINANCIALS

Table 2.1: Financial comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
2.1.1	Total drainage budget allocation for 2015/16 financial year (excluding depreciation) (mc)	Over \$3 million and up to \$4 million	Over \$1 million and up to \$2 million Over \$3 million and up to \$4 million	33% 33%	2 2
2.1.2	Proportion of the total budget that is carried over (mc)	50%	0%	83%	5
2.1.3	Total design costs during 2015/16 financial year (mc)	Over \$200k and up to \$300k	Under \$100K	50%	3
2.1.4	Total construction costs during the 2015/16 financial year (mc)	Over \$500k	Over \$500k	67%	4
2.1.5	Total maintenance costs during the 2015/16 financial year (mc)	Over \$400k and up to \$500k	Over \$500k	67%	4

2.2 PLANNING

Table 2.2: Planning comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
	Documentation possessed: (mr)				
	Procedures/guidelines	Yes	Yes	50%	3
	Project management tools	Yes	Yes	50%	3
2.2.1	Contract management specifications	Yes	Yes	67%	4
	Catchment Management Plans	Yes	Yes	67%	4
	Priority listing of projects	Yes	Yes	83%	5
	Development guidelines in relation to stormwater	Yes	Yes	100%	6



2.3 DESIGN

Table 2.3: Design comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
2.3.1	How design work is undertaken (mc)	Both internally and externally	Both internally and externally	67%	4
2.3.2	Proportion of design work that is contracted out (mc)	25%	75% 100%	33% 33%	2 2
	<i>Reason for outsourcing: (mr)</i>				
	Low complexity	No	No	100%	6
	High complexity	No	Yes	67%	4
	Low project cost	No	No	100%	6
	High project cost	No	No	100%	6
2.3.3	Low design cost	No	No	100%	6
	High design cost	No	No	100%	6
	Limited internal resources available	Yes	Yes	50%	3
	Other (ft)	No	Yes	50%	3
			- More due to the ability of consultants to faster draft and detail plans for tender - Expertise - Competencies of internal staff		
2.3.4	Satisfaction with the contractor (mc)	Dissatisfied	Satisfied	50%	3



2.4 CONSTRUCTION

Table 2.4: Construction comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
2.4.1	How construction work is undertaken (mc)	Both internally and externally	Both internally and externally	67%	4
2.4.2	Proportion of construction work that is outsourced (mc)	50%	75%	67%	4
	Reason for outsourcing: (mr)				
	Low complexity	No	No	100%	6
	High complexity	No	Yes	33%	2
	Low project cost	No	No	100%	6
	High project cost	No	Yes	17%	1
2.4.3	Low construction cost	No	Yes	17%	1
	High construction cost	No	No	100%	6
	Limited internal resources available	Yes	Yes	50%	3
	Other (ft)	No	Yes	33%	2
			- Competitive environment - Market competitiveness		
2.4.4	Satisfaction with the contractor (mc)	Dissatisfied	Satisfied	67%	4
2.4.6	Appoint independent Contract Superintendents (mc)	No	No	67%	4
2.4.7	Document compliance inspection hold points (mc)	Yes	Yes	67%	4
2.4.8	Undertake routine but random quality/environment/safety construction audits (mc)	Yes	Yes	100%	6
2.4.9	Prepare a construction completion report (mc)	Yes	Yes	83%	5
2.4.10	Length of drains laid during 2015/16 financial year (mc)	Over 500 metres	Under 100 metres Over 200 metres and up to 300 metres	33% 33%	2 2



2.5 MAINTENANCE

Table 2.5: Maintenance comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
2.5.1	How maintenance work is undertaken (mc)	Both internally and externally	Both internally and externally	67%	4
2.5.2	Proportion of maintenance work that is outsourced (mc)	50%	25%	40%*	2
	Reason for outsourcing: (mr)				
	Low complexity	No	No	100%*	5
	High complexity	No	No	60%*	3
	Low project cost	No	No	100%*	5
	High project cost	No	No	100%*	5
2.5.3	Low maintenance cost	No	No	60%*	3
	High maintenance cost	No	No	100%*	5
	Limited internal resources available	Yes	No	60%*	3
	Other (ft)	No	Yes	60%*	3
			<ul style="list-style-type: none"> - Lack of trained/skilled resources internally to undertake the nature of work - Nature of work - Jet vac of contract plumbers are engaged 		
2.5.4	Satisfaction with the contractor (mc)	Satisfied	Very satisfied	60%*	3
	Types of maintenance activities outsourced: (mr)				
	Street sweeping	No	No	80%*	4
2.5.5	Pit cleaning	Yes	Yes	60%*	3
	GPT cleaning	Yes	No	60%*	3
	Pipe cleaning	Yes	Yes	80%*	4
	Other	Yes	No	80%*	4

* Percent rates are calculated by 5 (the total number of responses received)



Table 2.5: Maintenance comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
2.5.6	Maintenance standards and work specifications utilised (mc)	Yes	Yes	83%	5
	Planned maintenance schedules of work: (ft)				
	Street sweeping	Every 6 weeks	Diverse responses - Not comparable	N/A	N/A
	Pit cleaning	All pits every 12 months (not meeting standard)	Diverse responses - Not comparable	N/A	N/A
2.5.7	GPT cleaning	Quarterly via contractor	Diverse responses - Not comparable	N/A	N/A
	Pipe cleaning	As required via customer events or inspections	Diverse responses - Not comparable	N/A	N/A
	Stormwater outlets	As required via customer events or inspections	Diverse responses - Not comparable	N/A	N/A
	Proportion of maintenance work that is planned/reactive: (mc)				
2.5.8	Planned	70%	70%	33%	2
	Reactive	30%	30%	40%*	2
	Audit of maintenance activities undertaken: (mr)				
2.5.9	Quality	No	No	67%	4
	Environment	No	Yes	50%	3
	Safety specification	Yes	Yes	50%	3
	Standard operating procedures	Yes	Yes	50%	3
	Safe work method statements	No	Yes	50%	3
	CCTV camera monitoring activities undertaken: (mr)				
2.5.10	Proactively	No	Yes	83%	5
	Reactively	Yes	Yes	83%	5
	Internally	No	No	83%	5
	Externally	Yes	No	67%	4

* Percent rates are calculated by 5 (the total number of responses received)



2.6 IMPROVEMENT OPPORTUNITIES

Table 2.6: Improvement opportunities comparison

Legend: (mc) = multiple choice (mr) = multiple response (ft) = free text

No.	Description	City of Marion Response	Greatest Response (excludes CoM)	Percent Rate (excludes CoM)	Response Rate (excludes CoM)
2.6.1	<i>Our drainage service would be even better if...(ft)</i>	If we had additional internal resources. We do not have variations or WHS concerns with FTEs when compared to contractors	Diverse responses - Not comparable	N/A	N/A

Appendix 7

Construction unit rate comparison with other Councils

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 drainage services.

'Table 1' displays the average construction unit rates for the 'stormwater' activity to excavate, supply, install and reinstate 375mm diameter class 2 concrete pipe at 1.5 metre depth.

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 1: Construction unit rates (per linear metre)

Rate (\$) (actual construction)	City of Marion	Council A	Council B	Council C	Council D
<i>In house</i>	510	Not provided	N/A	N/A	295
<i>Contractor</i>	348	250	450-1,200	260	Not provided



Marion Celebrates Festival Service Review Report



Latin dancer and crowd at Marion Celebrates Twilight Street Party 2017

Version: 2
Date: 25/05/17
Prepared by: Marg Edgecombe, Unit Manager,
Community Cultural Development

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Executive Summary

The Marion Celebrates Festival (the Festival) has been a service delivered by the City of Marion in various forms since 2000. The Festival has been delivered as a biennial festival since 2005 with the theme 'many cultures, one earth'. A key intention of the Festival is to showcase and celebrate the Marion community and provide a high profile, public expression of Marion's identity.

The Festival has consistently attracted good audience numbers and highly favourable feedback from the community and participating stallholders, performers and artists. The Festival has attracted several awards over the years, recognising the Festival's capacity to highlight and celebrate Marion's multiculturalism, and it continues to be a showcase for the diversity of the Marion community.

This service review has been instigated as part of a suite of service reviews across the organisation. The review considers the past three festivals being 2013, 2015 and 2017. The nature of the event is that while there are some consistencies in organisational processes, each Festival is different from year to year due to cultural programming, participants, audiences, venue and festival scheduling.

The Marion Celebrates Festival service review has been undertaken with the knowledge that the Festival is listed as an element of the 2016-2019 City of Marion Marketing and Communications Plan, which was endorsed by Council at the General Council Meeting on 25 October 2016 (GC251016R03).

The Festival has been included as a planned action for future branding of the city in the Marketing and Communications Plan and consequently alternative service delivery models were not included in this review, rather a focus on recommendations for improved service delivery. The service is functioning well, and is well received by the community. Five recommendations for improved delivery have been provided as a result of this review.

Background

1 Service reviews

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

1.1 Marion Celebrates Festival review objectives

The objectives of the Marion Celebrates Festival service review are to undertake consideration and analysis of:

- Strategic alignment of the Festival with the Community Plan;
- Benefits to the community from delivery of the service;
- Reviewing internal operations including processes and work practices;
- The costs associated with providing the service;
- Service and activity innovations;
- Identify and recommend opportunities for improvement.

The Festival most strongly aligns with the strategies in the City of Marion Strategic Plan Towards 2040 and Business Plan in the following way:

Liveable	<ul style="list-style-type: none"> • An inclusive community embracing diverse culture, active living and healthy lifestyles • Neighbourhoods that reflect local character, heritage and enable a sense of belonging • Neighbourhoods that are safe, activated, attractive places for people
Valuing Nature	<ul style="list-style-type: none"> • A city that reflects a deep value of the natural world
Prosperous	<ul style="list-style-type: none"> • A welcoming city offering residents and visitors a wide range of leisure and cultural experiences
Engaged	<ul style="list-style-type: none"> • Communities that embrace partnering, volunteering and social interaction • Meaningful opportunities for community engagement, partnerships and co-creation.
Innovative	<ul style="list-style-type: none"> • A City that harnesses creativity, research and collaboration to pursue innovative ideas • Provide flexible facilities across the City to support innovation
Connected	<ul style="list-style-type: none"> • Connected public spaces that bring people together socially

Analysis of the Festival for the purposes of this service review has been undertaken on the last three festivals, including the Festival held this year in March, (2013, 2015 and 2017).

1.2 Service requirements under legislative provisions

There are no legislative provisions for the delivery of this service. The LGA SA Policy Manual 2013 outlines recommendations for the delivery of cultural services at a local level. In relation to the Marion Celebrates Festival these include the following guidelines:

“Local Government is committed to maintaining a culturally diverse, tolerant and open society, united by an overriding commitment to our nation, and its democratic institutions and values. Councils should encourage and support local people and local communities to participate in arts and cultural activities by identifying and celebrating local cultural practices, communities and activities, inspiring creative activity which celebrates local cultural identity and diversity.”

1.3 Service history

The Marion Celebrates Festival has been delivered on a biennial basis since 2005. The Festival theme, ‘many cultures, one earth’ was supported by the broader Marion community during the development of the 2005-2010 Cultural Plan and through consultations with subsequent festival participants.

The theme has remained consistent over the years to celebrate the diversity of the Marion community and to highlight the theme of sustainability, both culturally and environmentally. A key intention of the Festival is to showcase and celebrate the Marion community and provide a high profile, public expression of Marion’s identity. This is achieved through involving local groups and service organisations in performances, stalls, demonstrations, displays, art exhibitions, bands, historic displays, food, busking and community art activities.

The Festival programming also includes a major community arts project, either undertaken on the day of the Festival or developed as a community arts project prior to the Festival and showcased on the day. The Environmental Sustainability Team has consistently worked with the Festival programmer to provide meaningful activities for community engagement on environmental issues.

The Festival has moved to different venues over the years. The 2005 and 2007 festivals were held at Marion Cultural Centre (MCC) utilising the vacant land in front of the centre. Since the building of the SA Aquatic and Leisure Centre and GP Plus on the vacant land, the 2009, 2011, 2013 and 2015 festivals were held at Warriparinga. The Warriparinga site provides a relaxed outdoor setting with a connection to nature, which supports the 'one earth' environmental sustainability theme of the Festival. These festivals have been held on a Sunday in March from 11.00 am to 5.00 pm.

The recent 2017 festival was relocated to the MCC plaza, a decision initiated by the DPTI Darlington Upgrade project and the impact on the access to the site through Lot 707 and the projected traffic restriction at the time of planning. Utilising the MCC Plaza and venue for the Festival placed it into an urban setting and provided the opportunity to trial a move from a daytime event to a twilight street party.

The community and participants have always positively supported the Festival. The Festival was awarded the Governor's Multicultural Award in 2013 and was highly commended in 2009. The Festival was a key component of the Local Government Cultural Development Award in 2012 for which the City of Marion was a joint winner with City of Playford, attracting a prize of \$2,500.

Each festival included as part of this service review has been different in either location of venue, programmed events or community arts project inclusions. While survey questions of festival audiences and participants have been variable over the years, the results have been consistently positive.



Figure 1: Marion Celebrates 2017 Twilight Street Party

1.4 Current service process

The Festival is considered to be a major City of Marion community event. It is delivered from the Arts and Cultural Development Team, primarily project managed by the Cultural Development Officer role with support and advice from other teams across the organisation including:

- Venue coordinator (LKCC or MCC)
- Risk
- Community Health Inspectors
- Communications
- Open Space (pre-festival grounds maintenance)
- Civil (preparation of parking arrangements, set up and pack down and traffic management)
- Customer Service (regarding necessary permits for participant stall holders)
- Customer Service (receipt of payments for stallholders)
- Waste management (best practice waste management and education)
- Environmental Sustainability (activities on the day)
- Libraries (activities on the day)
- Staff to person the Marion corporate stall (present at the festivals up to and including 2015.)

The intensive process of planning and delivering of this Festival, as a major event has been a challenge for the small Arts & Cultural Development team. A SWOT analysis undertaken as part of this service review ('Appendix 1 – SWOT Analysis of Marion Celebrates') has identified that an opportunity exists to improve the delivery of the service by developing even more cross team collaboration and responsibility for various areas of the Festival planning and delivery

1.4.1 Festival marketing

The Festival is marketed through the following media outlets:

- What's Happening column – Messenger
- Editorial stories with photo in City Coast Messenger one week prior to Festival
- Paid advertisements in various newspapers (City Coast, Eastern Courier, Southern Times, Saturday Advertiser - What's On)
- Coast FM interviews
- Radio 5AA ads one week before festival
- 5EBI Radio announcements
- Other Community Radio announcements
- Tourism SA website
- Neighbourhood Centre Newsletters
- Road signage
- Front Cover and double spread in City Limits magazine
- Posters/flyers to all networks, community groups, City of Marion venues
- City of Marion website
- City of Marion social media platforms i.e. Facebook, Twitter

1.4.2 Participation rates

The participation rates for the Festival have always been based on estimated numbers due to the size of the site(s) and continual coming and going of the public throughout the event. Some people stay at the Festival for a short time whilst some stay for the entire event. The following table (Table 1) highlights approximate participation rates for the previous three festivals, including the venue and length of event.

Table 1: Participation rates of Marion Celebrates Festivals 2013-2017

Year	Venue	Time	Day	Numbers
2013	Warriparinga	11.00 am to 5.00 pm	Sunday	7,000
2015	Warriparinga	11.00 am to 5.00 pm	Sunday	5,000
2017	Marion Cultural Centre	4.00 pm to 9.00 pm	Saturday	5,000

1.4.3 Satisfaction of the service

Participants at the last three festivals have been surveyed on, amongst other issues, their perception of the Festival and their intention to return to the next festival. While statistical significance is not high with these results, between 95-99% reported positively to the theme of cultural diversity. This year, more than 86% reported that they intended to return to the next Festival. It is unclear if the move of the Festival to the new time slot and venue influenced the reduction in this figure for the 2017 Festival. Info-graphics that are more detailed are attached as 'Appendix 2 – Feedback from attendees at Marion Celebrates'.

Table 2: Percentage figures of support for festival theme and intention to return for Marion Celebrates Festival 2013-2017

Year of Festival	Cultural Diversity Theme Perception	Intention to return
2013	99%	99%
2015	99%	93%
2017	95%	86%

1.4.4 Risks associated with the service

As for all Council events, a comprehensive risk management process is undertaken for the Festival. The following areas are considered with detailed mitigation plans in place:

- Site particulars
- Site access and pedestrian and vehicle safety
- Road closures (if applicable) and traffic management
- Emergency management procedures
- Set up and pack down of equipment, umbrellas, tents, chairs, tables etc. (manual handling)
- Crowd control
- Weather - management of extreme conditions
- Specifics to individual programmed activities
- Food handling
- First Aid
- Lost children
- Authorisation of photographic documentation
- Conflicting events across local area and the state

1.4.5 Expenditure and income

The budget for the Festival has been included in the long-term financial plan and has been utilised carefully and cost effectively. Expenditure for the Festival includes:

- Infrastructure (toilets, marquees, staging and sound equipment)
- Staffing costs from Civil team involvement
- Cultural and artistic programming
- Marketing, advertising and signage
- Security (before and during event)
- Site management i.e. waste
- Insurance
- Internal venue charges

Income for the festival comes from the stallholders and food vans. The budgets from the past three festivals are as follows:

Table 3: Income and Expenditure for Marion Celebrates Festival 2013-2017

Year	Income	Expenditure	Net Cost
2013	\$4,936	\$44,533	\$39,597
2015	\$4,977	\$45,180	\$40,203
2017	\$2,373	\$45,408	\$43,035

Reduced income for the 2017 is a result of the smaller site accommodating less stallholders and food vans.

Analysis of budgets for the past three festivals is included in the review findings (3.4).

External funding was utilised in the development of cultural programming for previous festivals, however funding resources for suburban festivals and multicultural events have been more difficult to source in the past three years. There was no external funding available to support the 2017 festival.

The Review

The Marion Celebrates Festival service review has been undertaken with the knowledge that the Festival is listed as an element of the 2016-2019 City of Marion Marketing and Communications Plan, which was endorsed by Council at the General Council Meeting on 25 October 2016 (GC251016R03).

The Action Plan attached to the Marketing and Communications Plan lists the delivery of the Marion Celebrates Festival in 2016-2017 and 2018-2019. Given this endorsement of the Festival as a planned action for future promotion of the city, alternate service delivery models were not included in this review, rather a focus on recommendations for improved service delivery.

2 Methodology and project stakeholders

To determine the future direction of the Festival the following processes were undertaken:

- Review of strategic alignment of the Festival with the Community Plan;
- Surveys of participants at Festivals including stall holders, performers and artists;
- SWOT Analysis with internal stakeholders;
- Analysis of festival budgets: expenditure and income generation opportunities;

- Review of internal operations including processes and work practices;
- Identifying opportunities for improvement in delivery of the service.

3 Key findings

This service review has identified that the service is of high value to the community, is meeting objectives and is a key vehicle through which to celebrate the Marion community. A number of service improvements have been identified for the planning and delivery of the Festival. The service review team acknowledged that audiences from Marion and across Adelaide in general have more access to the Festival and market environment than when the Celebrates Festival was first initiated. The consistently positive feedback from audiences and participants, however, indicates there is still a community desire for a Festival such as this, delivered at a local level, to continue. Cultural programming, choice of venue and utilisation of more cross team resources have been identified as potential improvements for future events.

The change of venue from Warriparinga to MCC resulted in a site that required more detailed organisation in terms of traffic management and site planning regarding placement of activities and infrastructure. Moving the Festival around the City provides an opportunity to showcase various venues across the City, such as Warriparinga, MCC, Cove Civic Centre and Tonsley. Different venues provide different experiences and potentially attract different audiences. It must be noted, however, that each new venue requires specific planning and infrastructure needs, resulting in staff resourcing and time. Hosting the Festival in the same venue each year results in a streamlining of processes resulting in more cost effective use of staff resources.

3.1 Evaluation Feedback

Evaluation of the Festival is undertaken each year with audience participants, and stallholders and performers. Surveys are undertaken at the Festival either by staff or community volunteers. The 2015 Festival was evaluated by a team of participants in the Marion Community Leadership Program. A high level info-graphic report is included as 'Appendix 2 – Feedback from attendees at Marion Celebrates'. It must be noted that slightly different survey questions have been asked from festival to festival. In 2017 questions from the South Australian Local Government Cultural Impact surveys were included. Questions in this survey are based around the 5 cultural domains and 15 cultural indicators. The results are highlighted in an info-graphic report as 'Appendix 3 – Cultural Indicators Survey Results at Marion Celebrates 2017'. Audiences are also surveyed on the quality of the program, particulars of the venue and facilities. Stallholders and performers are surveyed on specific information required by the event managers to assist with future planning.

3.1.1 Audience feedback

The theme of 'many cultures, one earth' and the focus on the cultural diversity of the Marion community rates highly with audiences as an important aspect of the Festival. Festival audiences consistently report that the family friendly, free entry aspect of the Festival is important to them and is consistently met by each festival.

The following table indicates what event components attracted participants to Marion Celebrates Festival 2015 - 2017:

Table 4: Attraction to Marion Celebrates Festival

Answer Options	2013	2015		2017	
		Response Percentage	Response count of 86	Response Percentage	Response count of 86
Cultural activities	No comparative data	67%	58	51%	44
Family friendly	No comparative data	44%	38	47%	40
Free event	No comparative data	50%	43	70%	60
Meeting people	No comparative data	19%	16	21%	18
New food	No comparative data	24%	21	29%	25
Leisure	No comparative data	26%	22	30%	26
Other	No comparative data	No comparative data	No comparative data	21%	18

Evaluations indicate that participants return to the Festival from year to year. In 2015, 48% of people surveyed had attended the Festival previously. In 2017, only 25% reported that they had attended previous festivals although it is suspected that the change of venue from Warriparinga to MCC may have confused audiences and skewed these results.

Surveys show that word of mouth, Messenger and City Limits, festival signage, and Council web marketing are the top ways that audiences are hearing about the Festival. There was an increase of 37% in results from web marketing from 2015 to 2017.

The main stage performance program has been consistently popular with audiences at festivals over the years, with performers drawn primarily from the local community with one multicultural headline act. Survey results from 2017 are as follows:

Table 5: Activities audiences attended (or planned on attending) at Marion Celebrates 2017:

Answer Options	Response percentage	Response count
Main stage performances	77%	63
Native animals	34%	28
Pop up bar *	28%	23
Stall activity	56%	46
Street chalk drawing	24%	20
Weaving Communities art project	23%	19
Mandala art project	18%	15
Library activities	13%	11
Visited Gallery M	35%	29
Citizenship Ceremony	6%	5

*NB A pop-up bar was included in the Festival program for the first time in 2017 due to the location of the Festival and change to Twilight Street Party theme.

Audiences are also surveyed on the overall aspects of the Festival organisation such as the overall event, venue, cultural programming, seating, shade, toilet facilities etc. The majority of the results are rated either excellent or good for these aspects. A summary of survey results from 2015 and 2017 are available in 'Appendix 2 – Feedback from attendees at Marion Celebrates'.

An element of the outcomes of the Festival that is more difficult to quantify is the connections that are made by local community groups at the Festival that lead to other community and cultural activities across the city. For instance, an outcome from this year's Festival is Clovelly Park Primary School's interest in hosting the Arabian Tent, that was a feature of the 2017 Twilight Street Party, at their Refugee Week event this year. Many of these connections and outcomes would be happening without Council staff being aware.

3.1.2 Stall holders, performers and artists

The stallholder application process is often over-subscribed to venue capacity as is the performance program. Festival stallholder and cultural participants are surveyed, although responses are usually relatively low. Feedback that is consistently reported is the excellence in event management such as pre-event communication, ease of set-up and pack-up, facilities supplied such as tents etc., and the general atmosphere of the event. A high-level info-graphic report is included as 'Appendix 2 – Feedback from attendees at Marion Celebrates'. Verbal and written feedback has been overwhelmingly positive. Comments from stallholders and performers from 2017 are collated in 'Appendix 4 – Stakeholder and Cultural participant's feedback (written comments) at Marion Celebrates 2017'.

3.2 Benchmarking

All Councils across South Australia provide a service of various cultural or entertainment events, however, due to variations in populations, community demographics, venue sizes, staff resourcing and budgets towards arts and cultural services, no meaningful benchmarking could be made in this review process.

3.3 Partnering groups and organisations

The partnering opportunities available for the Festival have, to date, been dependent on the festival venue. Festivals held at Warriparinga have developed partnerships with Jones Lang La Salle for the use of their Bedford Park car park. Solo Waste have been proud supporters of the Festival, supplying additional waste bins and toppers, encouraging festival participants to undertake sustainable waste management practices.

The 2017 Festival at MCC saw already established relationships with the State Aquatic and Leisure Centre, Bunnings and Westfield Shopping Centre utilised to ensure the practicalities of delivery of the Festival were manifest as well as contributions to the programming.

The most significant partnership in the delivery of the Festival is with the Marion community. Stallholders are primarily from the Marion community, schools in the Marion area and local, small businesses. Local performers and bands make up the majority of the main stage program. The intended showcase of 'local' identity outcome for the Festival invalidates potential to partner with neighbouring Councils in the delivery of the event. This does not negate the possibility to consider such partnerships for future regional showcases.

3.4 Cost analysis

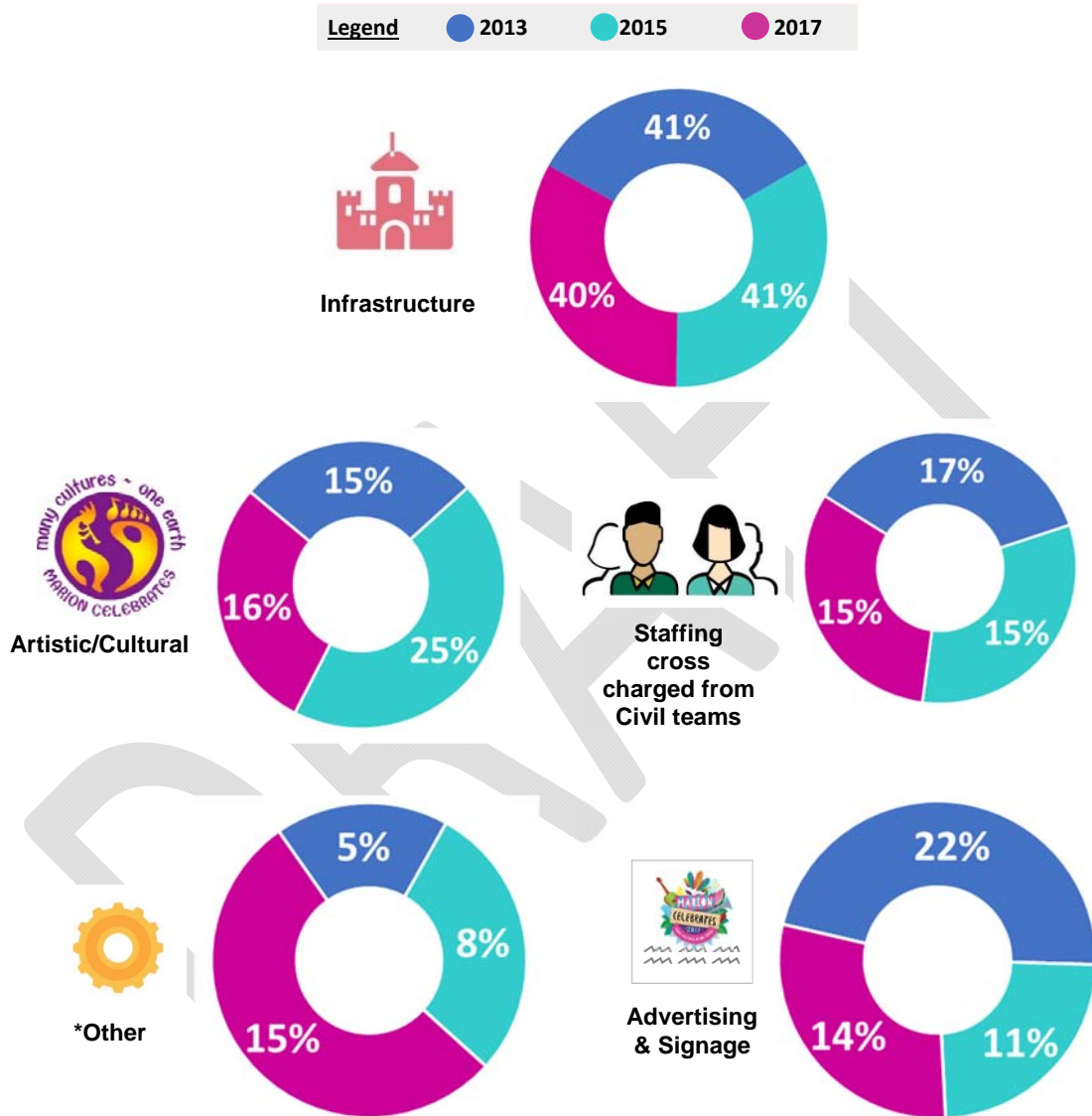
For this service review, a cost analysis of the Festival has been undertaken, the budget has been broken down into the following categories:

- Infrastructure (toilets, marquees, staging and sound equipment)
- Artistic/cultural
- Staffing cross charged from Civil

- Marketing, advertising and signage
- Other (site management, insurance, security, admin, documentation and internal charges)

Infrastructure is the highest operational cost for the Festival, accounting for on average at least 40% of the budget. 'Diagram 1' displays the breakdown of the budget as a percentage for the past three Festivals.

Diagram 1: Marion Celebrates – Budget percentage of cost by category



*Other comprises of: site management, insurance, security, admin, documentation, internal charges

3.5 Staffing

The Festival is currently coordinated by the 0.8FTE Cultural Development Officer in the Arts and Cultural Development team. Along with the Festival, this role manages several programs and during the lead up to the Festival utilises approximately 60% of her role towards the planning, implementing and evaluation of the Festival over 8 months. This is at a cost of approximately \$44,675.

This review has identified the resource implications on this role in planning and managing the infrastructure and site for the Festival which impacts on the time available to develop the cultural program. A more cross team collaborative approach to the Festival planning would enable specialist staff to input with expertise specific to their roles leading to more efficient use of staff resources.

3.6 Systems and Processes

A review of the systems and processes utilised to manage the Festival has identified some potential process improvements. These include:

- Utilisation of the Customer Event System more comprehensively to involve specialist teams in pre-festival site preparation,
- Engagement with other Council teams in the year prior to the Festival to ensure specialist staff are committed and involved from the commencement of planning,
- Improve the on-line expression of interest process to ensure detailed registration and to reduce double handling information*,
- On-line forms to be used for evaluation,
- Ensure all new suppliers are aware of the information required from Council to reduce double handling of process,
- Ensure the site managers are actively involved in the preparation of the site for the Festival day in collaboration with the Cultural Development Officer,
- Ensure mobile phones and site access keys are available for all Festival staff to reduce reliance on one or two people to 'trouble shoot' on the day

*It should be noted that some culturally diverse communities with English as a second language may still need some face-to-face customer service support through the expression of interest process.

A high level Process Map (Diagram 2) has been developed to outline the processes involved in the delivery of the Festival.

Diagram 2: Marion Celebrates - High Level - Process



4 Options considered for the service

The analysis of Festival participants indicates that the Marion Celebrates Festival is still a popular service delivered by the City of Marion. A recommendation of this service review is that the Festival continues as endorsed by Council in the Communications and Marketing Plan as a showcase event for the City of Marion. A number of service improvements have been identified in the process of this review as highlighted in the Recommendations below.

5 Recommendations

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

#	Recommendation	#	Action	Due Date	Responsible Officer	Action Officers
1	The Festival to continue in its current form with improvements to elements of the service	1.1	Improve cross team collaboration and ownership of the planning and delivery of the Festival. For instance, increased collaboration with business growth and investment, community development, civil, teams, traffic engineering, city activation department and communications teams	July 2018	Cultural Development Officer	Cultural Development Officer Business Growth and Investment Officer Unit Manager Community Wellbeing, Community & Cultural Services Unit Manager Civil Services Unit Manager Engineering Services Unit Manager Community & Cultural Development Unit Manager Communications
		1.2	Improve the planning process through increased use of on-line system i.e. utilisation of CSR system to engage teams in pre-festival tasks	December 2018-March 2019	Cultural Development Officer	Cultural Development Officer Customer Service Open Space Land & Property
		1.3	Improve on-line Expression of Interest forms for stallholders and performers to reduce processing of paper copies and double handling.	October 2018	Cultural Development Officer	Cultural Development Officer Digital Communications Coordinator ICT Project Officer
		1.4	Improve payment systems for stallholders and performers through utilisation of on-line services.	December 2018-February 2019	Cultural Development Officer	Cultural Development Officer Digital Communications Coordinator Finance Officer
		1.5	Determine venue and scope idiosyncrasies of possible sites to determine staff resource needs.	July 2018	Cultural Development Officer	Cultural Development Officer

Appendices

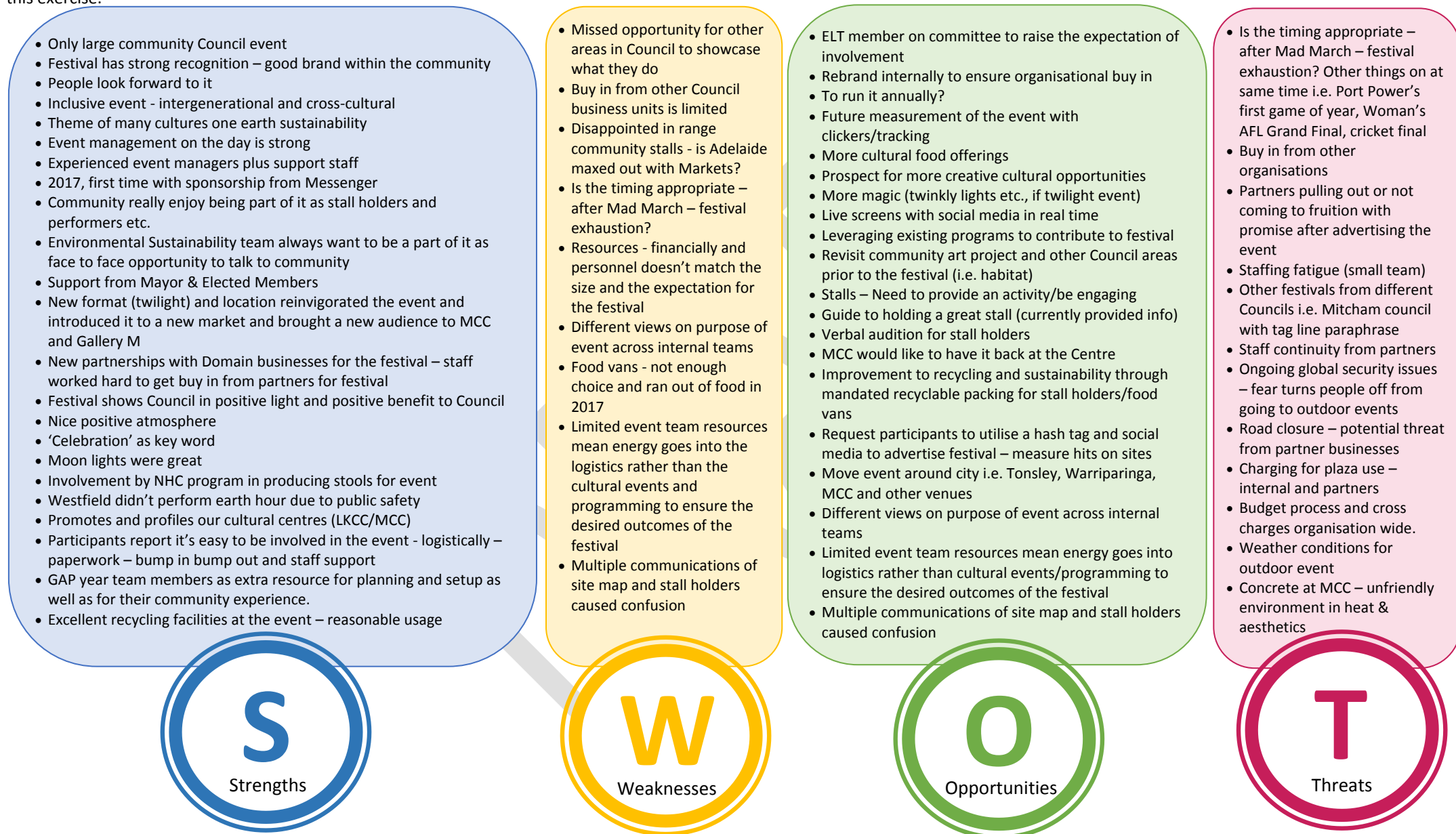
Appendix 1	SWOT Analysis of Marion Celebrates
Appendix 2	Feedback from attendees at Marion Celebrates
Appendix 3	Cultural Indicators Survey Results at Marion Celebrates 2017
Appendix 4	Stakeholder and Cultural participant's feedback (written comments) at Marion Celebrates 2017

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Appendix 1

SWOT Analysis

During the service review, a SWOT (strengths, weaknesses, opportunities and threats) analysis was undertaken with teams regarding Marion Celebrates. The diagram below displays the results of this exercise.



Appendix 2

Feedback from attendees at Marion Celebrates

Feedback - General Public

2013
Warriparinga

127 Surveys completed

2015
Warriparinga

86 Surveys completed

2017
Marion Cultural Centre

86 Surveys completed

Cultural Heritage

- 53% Various
- 31% Australian
- 16% English

Residential Location

68% Live within City of Marion

Theme Perception

99% Had various positive opinions about the theme

Future Festivals

99% Intend to return to Marion Celebrates in the future

Cultural Heritage

- 34% Australian
- 33% English
- 23% European
- 10% Various

Residential Location

42% Live within City of Marion

Theme Perception

99% Believe that the festival contributes to cultural diversity

Future Festivals

93% Intend to return to Marion Celebrates in the future

Cultural Heritage

- 60% Various
- 33% Australian
- 7% English

Residential Location

53% Live within City of Marion

Theme Perception

95% Believe that cultural diversity is a positive influence on our community

Future Festivals

86% Intend to return to Marion Celebrates in the future

Appendix 2

Feedback from attendees at Marion Celebrates

Feedback - General Public - Continued



2013 Warriparinga

127 Surveys completed

Questions were not included in this survey regarding Marion Celebrates aspects i.e. seating, shade, toilet facilities, etc.



2015 Warriparinga

86 Surveys completed



2017 Marion Cultural Centre

86 Surveys completed

<p>Cultural Experience</p>  <p>96% Felt the cultural experience was good</p>	<p>Venue</p>  <p>94% Felt the venue was good</p>
<p>Seating</p>  <p>72% Felt the seating was good</p>	<p>Shade</p>  <p>75% Felt the shade was good</p>
<p>Stage Performances</p>  <p>94% Felt the stage performers were good</p>	<p>Music</p>  <p>88% Felt the music was good</p>
<p>Toilet Facilities</p>  <p>43% Felt the toilet facilities were good (39% N/A)</p>	<p>Event Overall</p>  <p>95% Felt the event overall was good</p>

<p>Cultural Activities</p>  <p>91% Felt the cultural activities were either excellent or good</p>	<p>Venue</p>  <p>92% Felt the venue was either excellent or good</p>
<p>Seating</p>  <p>78% Felt the seating was either excellent or good</p>	<p>Shade</p>  <p>80% Felt the shade was either excellent or good</p>
<p>Stage Performances</p>  <p>95% Felt the stage performers were either excellent or good</p>	<p>Roving Performers</p>  <p>84% Felt the roving performers were either excellent or good</p>
<p>Toilet Facilities</p>  <p>85% Felt the toilet facilities were either excellent or good</p>	<p>Event Overall</p>  <p>95% Felt the event overall was either excellent or good</p>

Appendix 2

Feedback from attendees at Marion Celebrates

Feedback - Children



2013
Warriparinga

44 Responses received



2015
Warriparinga

32 Responses received







2017
Marion Cultural Centre


0 Responses received

A separate survey was not developed for children for the 2017 festival


Favourite Activity

-  30% Bouncy castle
-  17% Ice cream
-  11% Camel rides
-  41% Various activities
(including: animals, everything, drums/performance, eating, face painting, flags, food, lake, lizards, lollies, lots of toys, making boats, the cards & tractor)






Festival Enjoyment

-  95% Had fun at the festival

Future Festivals

-  98% Intend to return to Marion Celebrates in the future

Favourite Activity

-  23% Bouncy castle
-  15% Camel rides
-  15% Food
-  15% 'Being here/all of it'
-  32% Various activities
(including: native animals, gymnastics, kites, face painting & free candy)

Appendix 2

Feedback from attendees at Marion Celebrates

Feedback – Stallholders, Performers, Food Vans and Artists



2013 Warriparinga

62

Surveys received

Only stallholders and performers were surveyed for the 2013 festival



2015 Warriparinga

0

Surveys received

A separate survey was not developed for stallholders & performers for the 2015 festival



2017 Marion Cultural Centre

21

Surveys completed

Includes stallholders, performers, food vans and artists



Previous Attendance

52%

Attended a previous festival



Theme Perception

96%

Had various positive opinions about the theme



Communication

96%

Felt communication before the festival was either excellent or good



Support

96%

Felt staff were helpful and supportive during the festival



Future Festivals

98%

Would like to participate in the next festival



Attraction to be part of Marion Celebrates

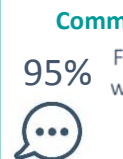
- Involvement in a community event (15)
- Business opportunity (4)
- Family demographic (4)



Theme Perception

100%

Felt that cultural diversity is a positive influence on our community



Communication

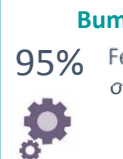
95%

Felt communication with staff was either excellent or good (both before and during festival)

Fee payment

67%

Felt the fee payment process was either excellent or good (33% N/A)



Bump in/bump

95%

Felt the bump in/bump out process was either excellent or good

Atmosphere

94%

Felt the atmosphere of the event was either excellent or good



Future Festivals

83%

Would like to participate in the next festival

Appendix 2

Feedback from attendees at Marion Celebrates

Feedback - Stallholders, Performers, Food Vans and Artists - Continued



2013
Warriparinga

62

Surveys completed

Questions were not included in this survey regarding Marion Celebrates aspects i.e. seating, shade, toilet facilities, etc.



2015
Warriparinga

0

Surveys completed

A separate survey was not developed for stallholders & performers for the 2015 festival



2017
Marion Cultural Centre

21

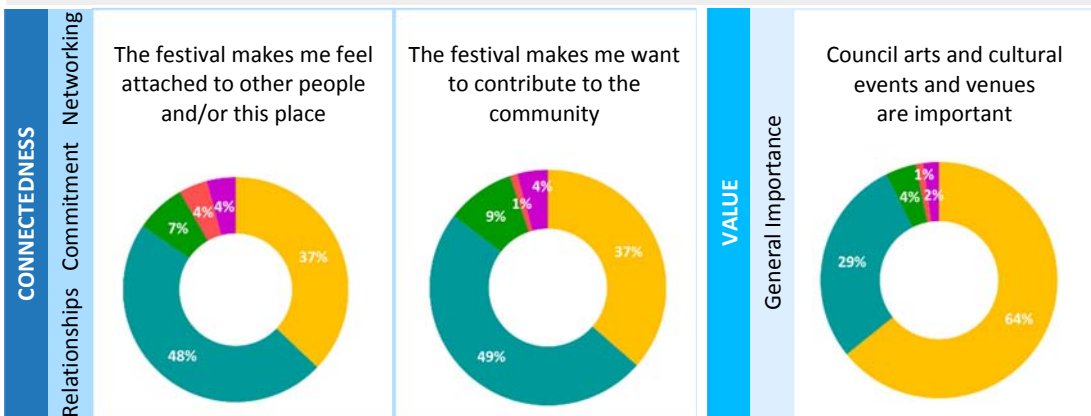
Surveys completed

<p>Cultural Activities</p> <p>100% Felt the cultural activities were either excellent or good</p>	<p>Venue</p> <p>89% Felt the venue was either excellent or good</p>
<p>Seating</p> <p>94% Felt the seating was either excellent or good</p>	<p>Shade</p> <p>80% Felt the shade was either excellent or good</p>
<p>Stage Performances</p> <p>100% Felt the stage performers were either excellent or good</p>	<p>Roving Performers</p> <p>100% Felt the roving performers were either excellent or good</p>
<p>Toilet Facilities</p> <p>82% Felt the toilet facilities were either excellent or good</p>	<p>Event Overall</p> <p>100% Felt the event overall was either excellent or good</p>

Appendix 3

Cultural Indicators – Survey results at Marion Celebrates 2017

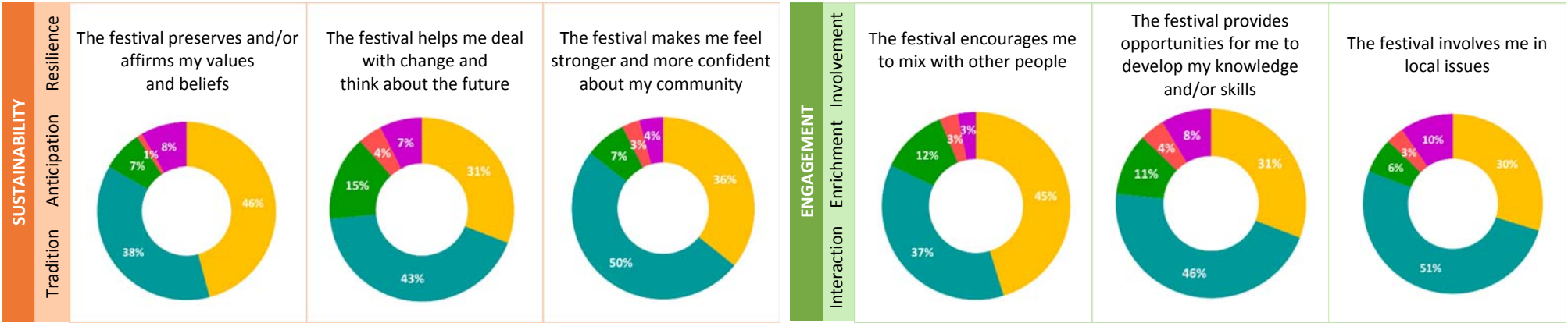
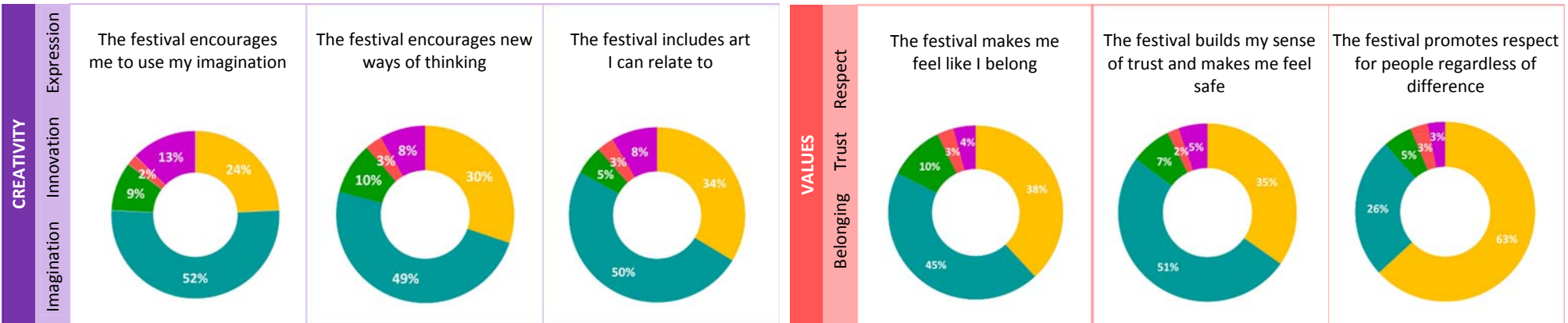
Legend ● Strongly Agree ● Somewhat Agree ● Somewhat Disagree ● Strongly Disagree ● Don't Know



Cultural Indicator Responses

- 62%** Overall answered 'strongly agree'
- 28%** Overall answered 'somewhat agree'
- 1%** Overall answered 'strongly disagree'

Note: Percentages are based on responses received for question (98) not total number of surveys completed (107)



Appendix 4

Stallholder and cultural participant's feedback (written comments) Marion Celebrates 2017



Dear Elizabeth
Thank you for organizing such a fantastic event which attracted and entertained so many people and was the cause of such a beautiful cultural interaction.
This year's new venue and set up (removal of the walls between stalls) was a winner, it made the whole experience a lot happier and friendlier and facilitated even more the interaction of all those present. We had a lot positive feedback ourselves and we are all very happy and enthused about it. We now look forward to the next cultural and community integrating events be it Marion Celebrates 2019 or other events that our dear City of Marion Council will be planning.

With warmest greeting
Stallholder

Hi Elizabeth,
You are amazing alongside your staff and volunteers for organising such a spectacular event!
I love working with you and contributing to your success, the community could not have done it without your hard work!

Thank you for contributing to my small business, keep in touch, we would love to contribute to future events.

With Warmest Regards,
Food van operator

Hi Elizabeth,
Thank you for having our dance group involved in this year's Marion Celebrates Festival. We really enjoyed being a part of it and hope you are happy with how the event went. The new venue seemed to be really well received.
Many thanks,
Performers at Festival

Hi Elizabeth,
I just want to take this time to say thank you for having us last night. It was a wonderful event. You had us well informed and the event was well organised. You did a great job.
We hope to work with you again in the future. Please let us know if you have any other events that you think we would be suitable for.

Kind Regards,
Food van operator



Parking Management and Regulation Service Review Report

DRAFT

Version: V1
Date: May 2017
Written by: Sharon Perin
Unit Manager Community
Health and Safety

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Executive Summary

A Service Review was conducted of the management and enforcement of parking and dealing with abandoned vehicles, two of a number of roles of the Community Safety Inspectorate. The objectives of the review were to ascertain if the service was being provided in the most efficient and effective manner possible to deliver the greatest value to the community and if any improvements could be identified and made.

The Review considered legislative requirements, staffing levels, operational costs, public value, options and recommendations for the future delivery of the service.

The Review found that:

- Parking management and regulation:
 - Offers a valued service to the community to enhance safety
 - Offers a valued service to improve and maintain the amenity of the city
 - Contributes to the economic prosperity of businesses by contributing to reducing traffic congestion and supporting access to local businesses
 - Is undertaken within legislative requirements
- There is a high rate of reporting of abandoned vehicles that are not abandoned
- There is opportunity to improve the quality of certain elements of the service
- There are limitations in the ability to obtain data due to system capabilities. This affects the oversight of performance, planning, informed decision making and reporting.

It is recommended that improvements be made to the quality and effectiveness of the service by:

- Improving the efficiency and reducing the cost of managing abandoned vehicles by reducing the number of unnecessary cases investigated
- Allocating staff resources to where there is greatest need, which will then increase community safety and increase opportunities for revenue generation
- Improve oversight and accountability of parking management and regulation
- Improve data collection and reporting from the Authority database, to enable evidence-based decision making to ensure that resources are allocated where they will deliver the greatest value to the community

1 Background

1.1 Service Reviews

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

1.2 Service Review Objectives

To ensure Council's administration and management of relevant legislation regarding parking management for the safety of the community is undertaken as efficiently and effectively as possible.

1.3 Scope of Review

This review is of the management and enforcement of parking and dealing with abandoned vehicles, two roles of Community Safety Inspectorate and not the entire service provided by Community Safety Inspectorate. This Service Review is Stage 1 of a number of other possible Service Reviews of the work performed by the Community Safety Inspectorate and it is noted that data collected, performance of service provision, benchmarking and recommendations, are in this context.

This review provides analysis on the history of the service, current operations, public value, financial sustainability, options for service delivery and recommendations for future service delivery and recommendations to enhance the delivery of services.

1.4 Service Review Hypothesis

Prior to embarking upon the service review a SWOT (strengths, weaknesses, opportunities and threats) Analysis was undertaken with management, staff of the Community Health and Safety Inspectorate and staff members representing the Customer Service Centre and ICT (Information Communication and Technology), Finance and Contracts Departments, regarding the parking management and regulation service. For the results of this exercise, please refer to "appendix 1 – SWOT Analysis".

1.5 Introduction

The Community Safety Inspectorate is one area of the Community Health and Safety Unit, reflecting a focus on achieving the community health and safety outcomes, which are sought through the City of Marion's Community Vision and Business Plan. The Community Health and Safety Unit also includes the Volunteer Graffiti Program and Environmental Health. There are two Administration Officers for the Community Health and Safety Unit.

The City of Marion's Community Safety inspectorial services are provided across the whole area of the City of Marion, which covers an area of 55 km², with an approximate population of 88,900 people. The Community Safety Inspectorate provides a broad service for community safety, through enforcement, compliance and education relating to a variety of legislation and Council's six By-Laws.

Community Safety Inspectors provide the whole range of inspectorial services and perform a wide range of tasks, as opposed to staff being designated to perform specific roles, for example as a "Parking Officer". This allows for multi-skilled staff, flexibility in performing duties and the provision of the best possible service to our customers and community.

The monitoring and enforcement of parking is one of the major service areas of the City of Marion's Community Safety Inspectorate. The other major service areas are:

- Animal Management: dog and cat control, birds, poultry and other animals
- Collection and safe disposal of syringes and needle sharps
- Overhanging vegetation
- Fire prevention
- Backyard burning
- Vermin
- By-Law Enforcement, including permits, signs, activities on council land, activities on roads, dogs and cats.

The State Government introduced new legislation, the Local Nuisance and Litter Control Act, 2016, which commenced on 1 February, 2017 regarding littering; and nuisance provisions will commence on 1 July, 2017. The nuisance provisions have not previously been within the domain of Council and will increase the types and volume of work performed by the Community Safety Inspectors (and other areas of the Community Health and Safety Unit including administration). Recommendations in this Service Review are made in the context that this new legislation will affect the volume of work over a span of a range of hours, of the Community Safety Inspectorate.

Work performed by the Community Safety Inspectorate including responding to Customer Event requests, are undertaken on a risk basis, with matters posing a higher risk to the safety of the community and customers dealt with as a higher priority. For example, dealing with dog attacks in progress, collecting wandering dogs and collecting discarded syringes and needle sharps, are dealt with as a higher priority than monitoring parking in the wider community.

1.6 Current Staffing Levels

The Community Safety Inspectorate consists of:

- 1 Team Leader
- 6 Community Safety Inspectors
- 1 Community Health and Safety Support Officer
(This position was created in July 2014 after a staff member sustained a workplace injury. This is a mixture of some Community Safety Inspector duties including dealing with abandoned vehicles and some administration duties for the whole Community Health and Safety Unit.)

and

- 2 administration staff
(for the whole Community Health and Safety Unit. By the nature and the volume of work associated by the Community Safety Inspectorate, the majority of the work performed by the administration staff relates to the Community Safety Inspectorate.)

As Community Safety Inspectors work a roster over 7 days, under the Enterprise Bargaining Agreement, they each receive 1 extra week's annual leave per year. If all Community Safety Inspectors take a Rostered Day off per month, this results in, on average, there being 1 less staff member for 44 weeks of the year. Without funding to back-fill Community Safety Inspectors, this affects the service and span of service able to be provided. In times of staff shortages, staff have not been rostered to monitor parking at the Westfield Marion Shopping Centre or work afternoon shift, which impacts the number of expiation notices issued, which in turn, impacts revenue.

1.7 Service History

In late 2006, the City of Marion engaged the services of a private consultancy company to undertake a review of the services of the Community Safety Inspectorate (then called the General Inspectorate). After this review, a number of initiatives were implemented. One major initiative was the introduction in February 2008 of Community Safety Inspectors working over a seven-day roster system, as a major service improvement. This was to maximise community safety and the provision of customer service by having multi-skilled staff. With staff working over a seven-day roster and working shift work, they receive one extra week annual leave per year and increased leave loading for all annual leave.

1.8 Alignment to the City of Marion's Strategic Directions

Parking management and regulation most strongly align with the City of Marion Community Vision - Towards 2040 and the goals of the City of Marion Business Plan 2016 – 2019, through the following Themes:

Table 1: Alignment to the City of Marion's Strategic Directions

Liveable City	<ul style="list-style-type: none"> • By 2040 our city will be planned, safe and welcoming • Communities that are safe and inclusive, embracing active living and healthy lifestyles
Prosperous City	<ul style="list-style-type: none"> • An exciting urban environment that attracts business investment and economic activity
Connected City	<ul style="list-style-type: none"> • A road network that connects neighbourhoods and supports safe walking, cycling and vehicle travel
Innovative City	<ul style="list-style-type: none"> • A city that provides infrastructure and support that enables innovation to flourish
Council of Excellence	<ul style="list-style-type: none"> • Improve our business through an ongoing focus on efficiency and effectiveness of our services, building workforce skills and capacity for the future and having a strong focus on ensuring the safety of our community and staff

1.9 Service Requirements Under Legislative Provisions

The Community Safety Inspectorate works within a community safety and compliance environment relating to a wide variety of legislation as well as Council's six By-Laws. Legislation relevant to this review is:

- Australian Road Rules of the Road Traffic Act, 1961 (SA)
- Private Parking Areas Act, 1986 (SA)
- Local Government Act, 1999 (SA)
- Expiation of Offences Act, 1996 (SA)
- Unclaimed Goods Act 1987 (SA)

Community Safety Inspectors work to the City of Marion's Enforcement Policy, which was created on 22 November 2016, after a Council Resolution. The objectives of this policy are to:

- Provide a decision making framework for Council officers to take enforcement action
- Set criteria for enforcement or other action
- Ensure that enforcement action is proportionate to the alleged offence in each case
- Ensure that enforcement action is carried out in a fair, equitable, transparent, timely and consistent manner

Unpaid expiations are referred to the State Government's Fines Enforcement and Recovery Unit (FERU) within legislative timeframes. These timeframes were halved and the process altered to become more involved, with the commencement of the FERU managing unpaid expiations from the previous Courts Administration Authority system. This resulted in the Community Safety Inspectorate implementing changes to processes and making process improvements to the administration components of managing unpaid expiations, to enable this work to occur within existing administrative timeframes.

1.10 Service Delivery

Hours of Service

The City of Marion's usual business hours for the Community Safety Inspectors are:

- 8.00am - 9.30pm Monday - Friday: all duties including monitoring parking in the wider community and managing abandoned vehicles
- 8.30pm - 5.00pm: Weekends and Public Holidays (excluding Christmas Day): all duties including monitoring parking in the wider community and managing abandoned vehicles
- 8.30am - 5.00pm Tuesday - Saturday: monitoring Westfield Marion Shopping Centre carpark

After 9.30pm on weekdays and 5.00pm on weekends and public holidays, a private contractor provides a limited, emergency service regarding the collection of dogs and collecting discarded syringes and does not monitor and enforce parking nor manage abandoned vehicles.

Monitoring the Westfield Marion Shopping Centre carpark on Mondays was ceased in 2016 due to the usual lower level of patronage at the shopping centre on Mondays and less opportunities to issue parking expiations.

Parking Restrictions

Parking inspection activities include the monitoring and enforcement of parking under the:

Private Parking Areas Act:

- In private carparks on behalf of businesses with whom the City of Marion has a private commercial arrangement, for example, at the Westfield Marion Shopping Centre
- Disabled Zones within carparks when appropriately signed

Parking restrictions under the Private Parking Areas Act are created by the owner of the carpark and enforcement relies on private carpark owners having appropriate signage in place.

Australian Road Rules:

- In the broader community on streets and roads
- Parking near schools on school days
- Bike lanes
- Areas where illegal parking has been consistently reported

Parking restrictions under the Australian Road Rules are created by DPTI or the City of Marion's Engineering Services Unit, depending on which organisation has responsibility for the management of a particular road.

Monitoring and Enforcing Parking Restrictions

Community Safety Inspectors proactively monitor parking and respond to Customer Event requests generated by the Customer Service Centre.

The City of Marion has a private commercial arrangement for monitoring and enforcing parking at the Westfield Marion Shopping Centre. Should the shopping centre introduce paid parking in the future, then Community Safety Inspectors will continue to monitor and enforce other parking restrictions and zones apart from timed parking. It is anticipated that there would also be an increase in the "overflow" of parking in surrounding suburban streets, which would require a higher level of monitoring and enforcement. Any reduction in the need to monitor and enforce parking at the shopping would also be used to undertake other work performed by the Community Safety Inspectorate. It is noted, that the shopping centre does not yet have a planned timeframe for the implementation of timed parking.

Traffic Volume and Usage of Parking Spaces

Although a wide range of parking restrictions apply across the City of Marion at all times, traffic volume and usage of parking spaces increase at certain times of the day in different locations.

Monday to Friday:

- There is a greater volume of traffic and usage of parking spaces during the day than during the evening. Under both the Australian Road Rules and under the Private Parking Areas Act.
- Most timed parking restrictions in the wider community cease at 6.00pm, however there are some that are active until 8.00pm and 9.30pm, these are mainly close to shopping centres
- Parking near schools is monitored on school days either at the beginning of school hours or at the end of school hours
- The majority of bike lanes within the City of Marion are for a fixed period of time during the day and the majority cease operation at 6.00pm

Weekends and public holidays:

- There are some parking restrictions on the weekend, some only apply Saturday mornings, others Saturday afternoon, for example near Edwardstown Oval
- Timed parking restrictions in the wider community generally do not apply on Sundays and public holidays
- Parking restrictions apply at Westfield Marion Shopping Centre on weekends

Risk Analysis of Parking Restrictions

Areas assessed as high risk to the community include illegally parked vehicles in bike lanes which pose a significant risk to the public, to both cyclists and to other motorists. Illegally parked vehicles near schools at the start and end of school hours, which pose a significant risk to the community including children, cyclists, pedestrians and other motorists, are also given priority in terms of monitoring parking.

Motor Registration Searches

A motor registration search is conducted electronically through DPTI (Department of Planning Transport and Infrastructure) for each expiation notice issued, to determine the owner of the vehicle in question. Each motor registration search costs the City of Marion \$7.00, plus staff resource time. Interstate motor registration searches cost more, depending on the state involved.

Expiation Fees

The State Government sets expiation fees, not Council. The fee amount reflects the risk to the community. For example, parking in a bike lane attracts a much higher expiation fee than exceeding the time limit of a parking area. Increases in parking fees are at the discretion of the State Government.

Payment of Parking Expiations

The City of Marion receives the expiation fee for expiations issued. The City of Marion offers a variety of methods by which customers can pay expiations, both personally and electronically. Customers have 28 days in which to pay for the expiation. If the expiation is not paid within this time, a reminder letter is sent to the customer and the customer is charged a late fee as a contribution to cost recovery for the administrative time taken to process the reminder letter and fee. The late fee is set by Council as part of its Fees and Charges Schedule.

Unpaid expiations are referred electronically within legislative timeframes, to the State Government's Fines Enforcement and Recovery Unit (FERU), who manage the collection of unpaid expiations. These timeframes were halved and the process altered to become more involved, with the commencement of the FERU managing unpaid expiations from the previous Courts Administration Authority system. This resulted in the Community Safety Inspectorate implementing changes to processes and making process improvements to the administration components of managing unpaid expiations, to enable this work to occur within existing administrative timeframes. The City of Marion is charged a fee of \$18.70 for each unpaid expiation lodged with the FERU. As customers can enter into a payment plan arrangement with the FERU, the City of Marion receives payment for these expiations in due course over a period of time. Payments are received electronically.

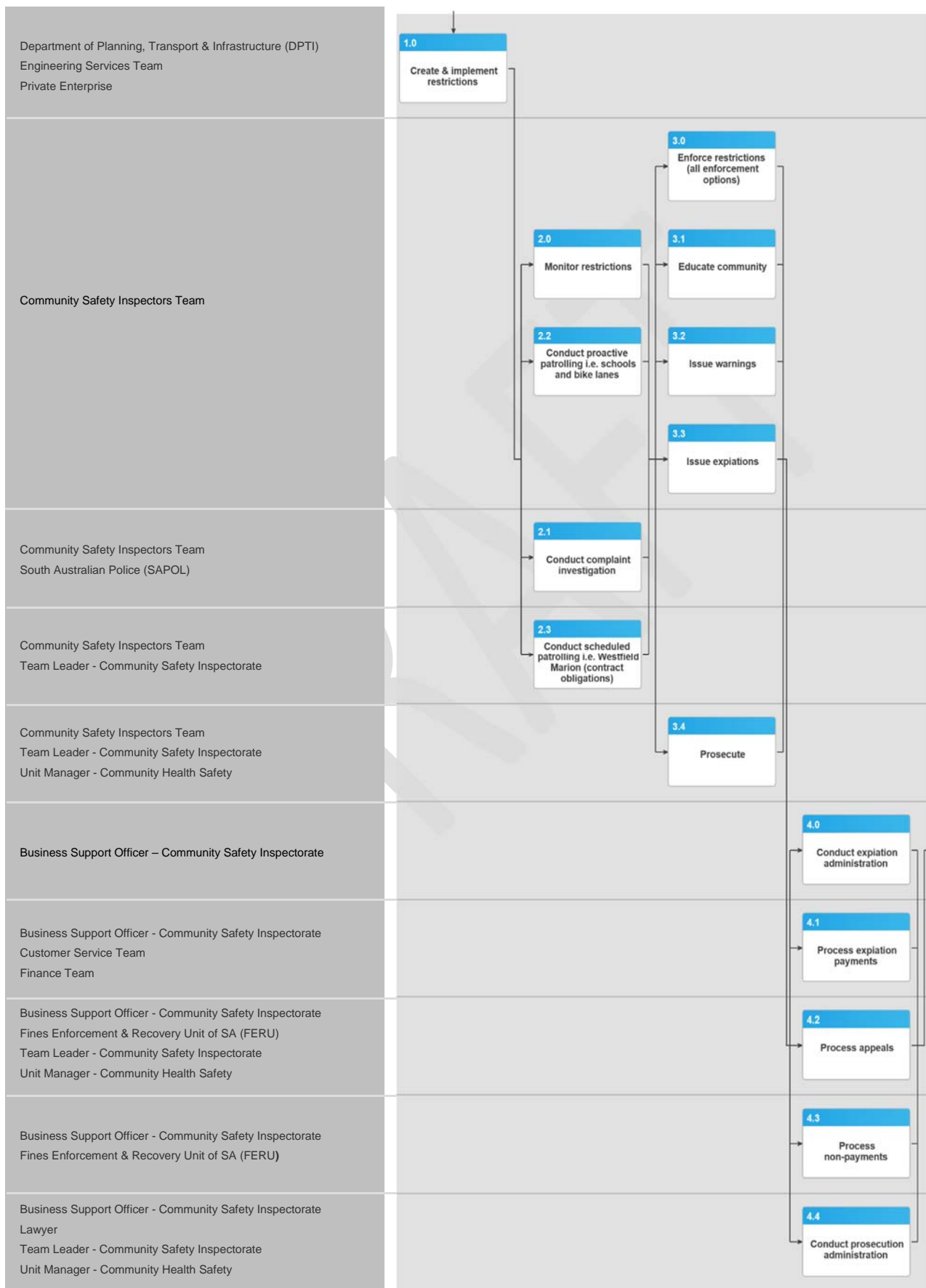
Service Process for Parking Management and Enforcement

'Diagram 2' displays the high level current service process for abandoned vehicles.

DRAFT

1.11 Process - Parking Management and Enforcement

Diagram 1: Current Service Process – Parking Management and Enforcement



1.12 Abandoned Vehicles

The City of Marion deals with abandoned vehicles. The majority of incidents are referred to the Community Safety Inspectorate by the Customer Service Centre as a Customer Event request.

A process is undertaken to manage abandoned vehicles. The length of time taken to investigate a complaint of an abandoned vehicle varies depending on the situation and a variety of factors. These include if:

- The vehicle has been stolen
- The vehicle has been used in the commission of a crime
- The vehicle does or does not have number plates
- The vehicle has interstate number plates
- The owner of the vehicle can be readily identified
- The length of time to be able to make contact with the owner
- The vehicle has truly been abandoned

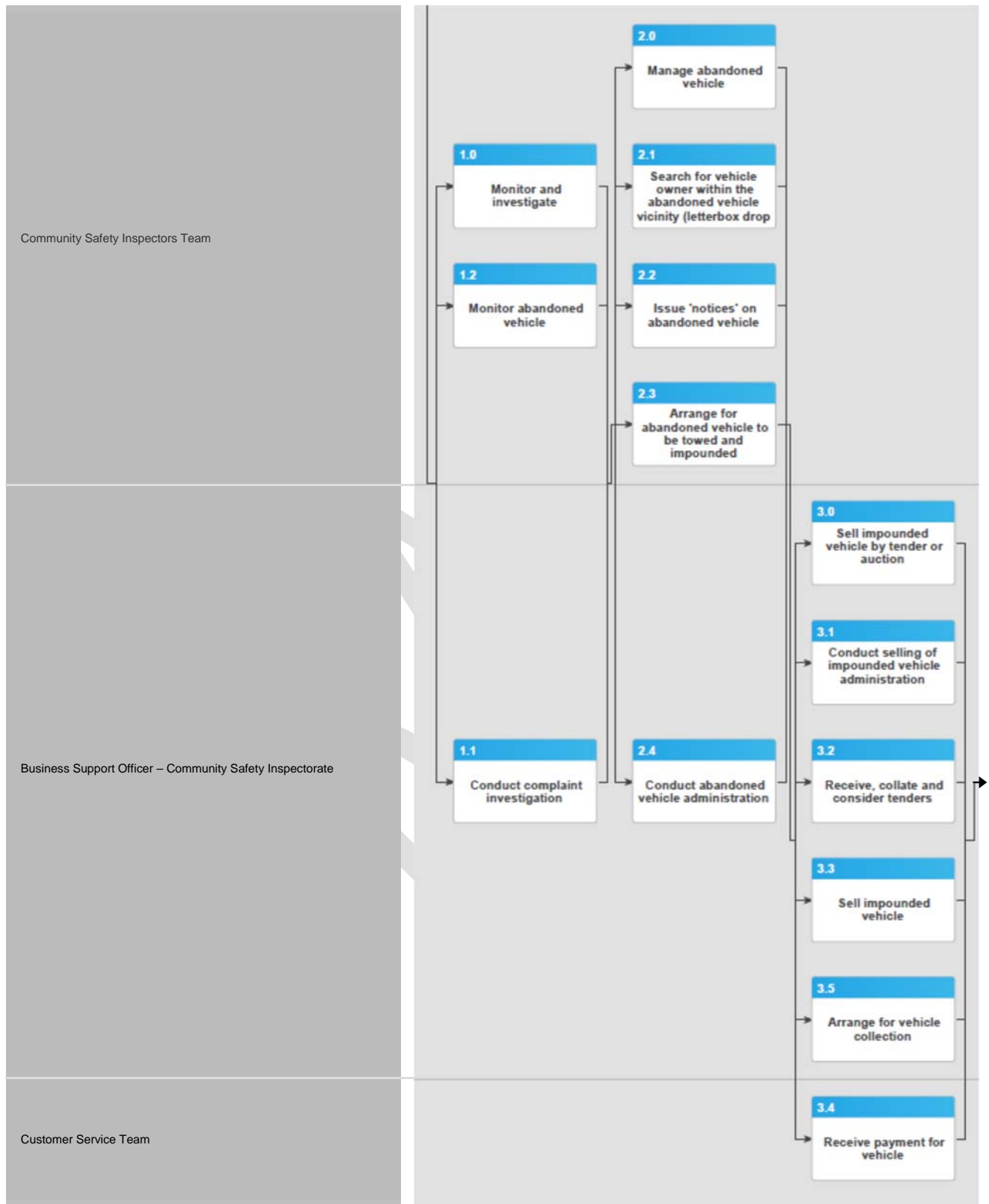
A motor registration search is conducted through DPTI. Each motor registration search costs the City of Marion \$7.00, plus staff resource time. Interstate motor registration searches cost more, depending on the state involved.

It is not currently possible to calculate an average of time spent per complaint, largely because of a lack of system capability to extract this information; and communication with customers can happen after the Customer Event is closed, and the same event or new duplicate Customer Events regarding the same issue can be opened and closed on more than one occasion.

After investigation, if a vehicle is determined to be abandoned, Community Safety Inspectors arrange for the vehicle to be towed and stored at a private facility. The towing and storage is undertaken through a commercial contractual arrangement, arranged through the City of Marion's Contracts and Operational Support Department.

'Diagram 2' displays the high level current service process for abandoned vehicles.

Diagram 2: Current Service Process – Abandoned Vehicles

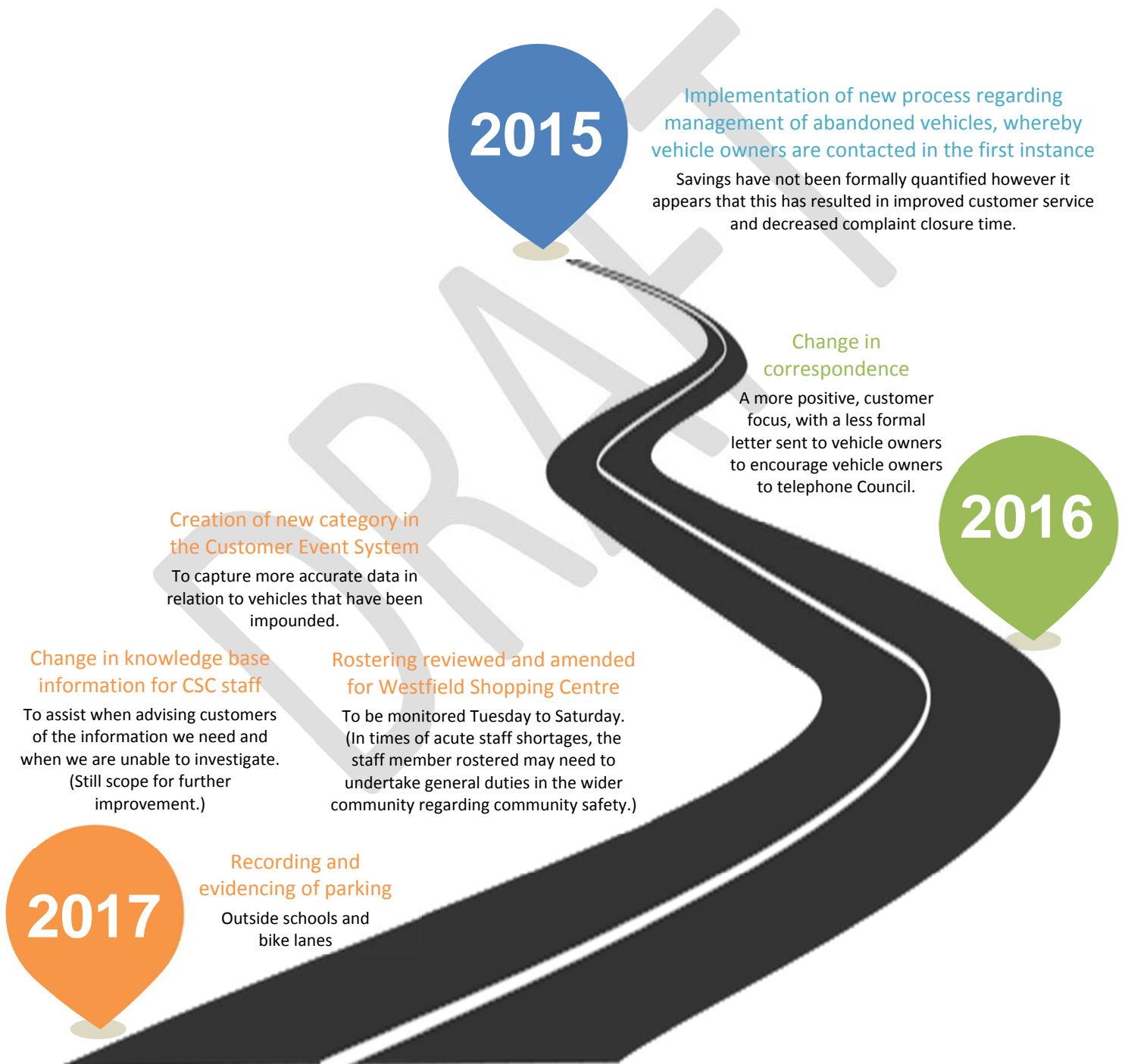


1.13 Process Improvements Implemented

A number of process improvements have been implemented in recent years, with many being identified and implemented during this review.

‘Diagram 3’ displays the main process improvements implemented for parking management and regulation including abandoned vehicles.

Diagram 3: Process Improvements Implemented



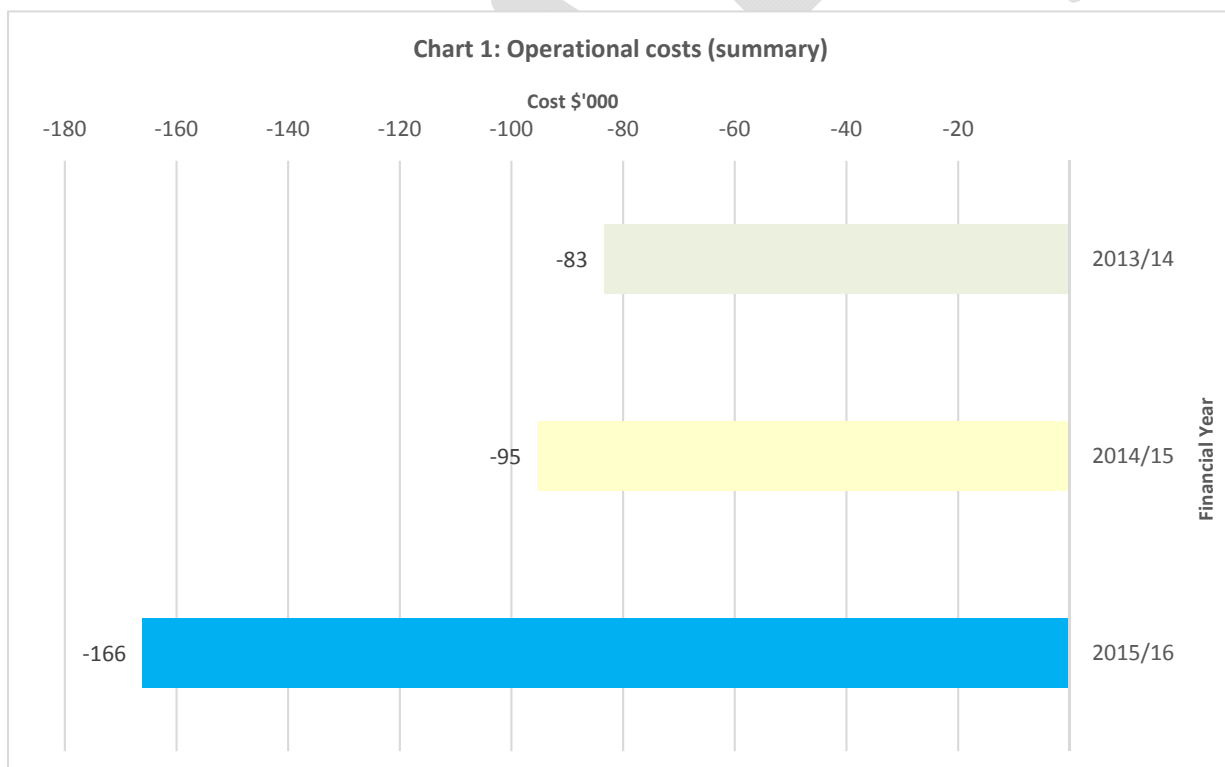
1.14 Operational Costs

Parking Management and Regulation currently operates at a surplus of approximately \$166k (2015/16 financial year) an increase from \$95k in 2014/15 and \$83k in 2013/14. This increase is attributed anecdotally to an increase in parking expiation fees set by State Government, improved state-wide systems for collecting unpaid expiation fees, differing periods of time for the need to buy new technology and some salary savings during periods of recruitment of staff.

'Table 2 and Chart 1' displays the drainage operational costs for the past three financial years, for further detailed financial information please refer to 'appendix 2 – operational costs'.

Table 2: Operational costs (summary)

\$'000	2013/14	2014/15	2015/16
Revenue	(450)	(418)	(477)
Expenditure	367	323	311
TOTAL	(83)	(95)	(166)



1.15 Linkages with Other Service Reviews

This review has no direct linkages with other service reviews, however the management and enforcement of parking was considered and audited with the Accounts Receivable Internal Audit undertaken by KPMG (February 2017), as part of the City of Marion 2015-17 Internal Audit Plan.

The internal audit project focused on City of Marion's key processes and controls and assessed compliance with current procedures and guidelines relating to accounts receivable, which included consideration on expiations (parking, public health and safety and dog fines).

The internal audit included two recommendations relating to the reporting and recording of expiations, which are detailed in 'table 3':

Table 3: Internal audit recommendation details

No.	Recommendation	Agreed management action	Progress to date
1	<p>It is recommended that CoM explores with Civica (Authority's developer) if additional reporting functionalities can be added in Authority that may be able to improve the reporting capability in relation to expiations.</p> <p>This would also enable management to more easily assess expiation data, including by category, appeals received and expiations waived.</p>	<p>Administration are aware of this issue and will continue to liaise with Civica to ascertain if there are improvements that can be made to the system including the cost of such changes.</p>	<p><i>Not yet commenced - This option to be assessed further in conjunction with the ICT Department to ascertain if there is a beneficial pathway forward.</i></p>
2	<p>It is recommended that workflows are developed for those expiations not currently included within Authority. This will enable a uniform approach to the recording of all expiations and reduce the level of manual effort required for expiation types not currently included in workflows.</p> <p>Including all expiations types within workflows will also assist in the availability of data for recommendation 1, to allow for greater reporting capability from the system.</p>	<p>Administration have actioned this finding and all expiation codes have been entered into the Authority system.</p>	<p><i>Completed</i></p>

2 The Review

This review has considered relevant legislation, technology, resourcing, current service provision and the scheduling of the monitoring of parking, income/revenue, opportunities for improved efficiencies, opportunities for increased revenue, opportunities for decreasing costs; as well as recent improvements that have been made.

Various options for the monitoring and enforcement of parking have been considered. Consideration has included the benefits concerning the safety of the community, the types of parking offences in the community, the cost of resourcing the monitoring and enforcement of parking, and the current resourcing level of Community Safety Inspectors.

2.1 Methodology

This review has undertaken an analysis of a rigorous process as identified within the City of Marion Service Review Framework.

2.2 Key Findings

Information gathered during this review has identified the following high-level key findings:

- Parking management and regulation:
 - Offers a valued service to the community to enhance safety
 - Offers a valued service to improve and maintain the amenity of the city
 - Contributes to the economic prosperity of businesses by contributing to reducing traffic congestion and supporting access to local businesses
 - Is undertaken within legislative requirements
- There is a high rate of reporting of abandoned vehicles that are not abandoned
- There is opportunity to improve the efficiency and effectiveness managing abandoned vehicles by reducing the number of invalid cases investigated
- There is opportunity to improve the quality of certain elements of the service
- There is an opportunity to improve oversight and accountability of parking management and regulation
- There is opportunity to improve data collection and reporting from the Authority database, to enable evidence-based decision making to ensure that resources are allocated where they will deliver the greatest value to the community

2.3 Technology and Equipment

The City of Marion's ICT Department has advised that the Community Safety Inspectors are using the most up to date and appropriate equipment for issuing parking tickets.

Alternative forms of technology were explored and investigated during the review, including sensor and "pay and display" systems. Due to the cost of these types of technology and the limited areas of the types of parking restrictions and the limited options to use these types of systems within the City of Marion, these are not recommended.

Community Safety Inspectors have vehicles appropriate to the needs of their role available for use and the vehicles are signed with the City of Marion logo and "Community Safety", after a Council resolution to sign the vehicles.

Implementing GIS technology on Community Safety Inspectors vehicles is planned during 2017, to improve the safety of staff and improve the mapping of routes for undertaking parking management and other Community Safety Inspector duties.

There is a gap in accurate reporting of statistical data, as organisationally, no staff having responsibility for creating and maintaining data reports (for example, "Crystal Reports") from the Authority database. Such reports need to be reviewed and created annually, or after each time the Authority database is updated. In the past, the owner of the database has been commissioned to create reports, but the reports became redundant after the next upgrade to the Authority database, which did not represent value for money to Council.

There is opportunity to explore "smart technology" in the future, such as the addition of parking monitoring technology to the LED lighting being introduced by the City of Marion.

2.4 Public Value of Service

The public value of parking management and regulation can be measured across the four pillars of sustainability in that it provides social, cultural, environmental and economic value to the City of Marion community and the broader community as outlined below:

Social and Cultural

- Contributing to community health and safety by improved and safe passage for motorists, pedestrians and cyclists
- Improved community health and safety supports active living and healthy lifestyles
- Contributing to improved quality of life for residents

Environmental

- Streets and roads that connect neighbourhoods
- Improved amenity of the local area by not having vehicles that are abandoned
- Improved amenity of the local area by reducing parking congestion, which thereby reduces traffic congestion

Economic

- Improved amenity attracts business investment, tourism and the visitor economy, which has the potential to increase economic activity
- Improved community health and safety supports increases in business investment, tourism and the visitor economy
- An increase in economic activity can lead to increased employment opportunities, which leads to economic prosperity

2.5 Benchmarking

For the purpose of this service review, external benchmarking was conducted with a number of other South Australian Councils to enable a comparison across a broad range of parking management aspects including; revenue, expiations issued, staffing and parking patrol management. These Councils were:

- City of Charles Sturt
- City of Holdfast Bay
- City of Mitcham
- City of Onkaparinga
- City of Port Adelaide Enfield
- City of Tea Tree Gully
- City of West Torrens

There were limitations to the benchmarking process. It was difficult to accurately and effectively compare the City of Marion with other Councils due to:

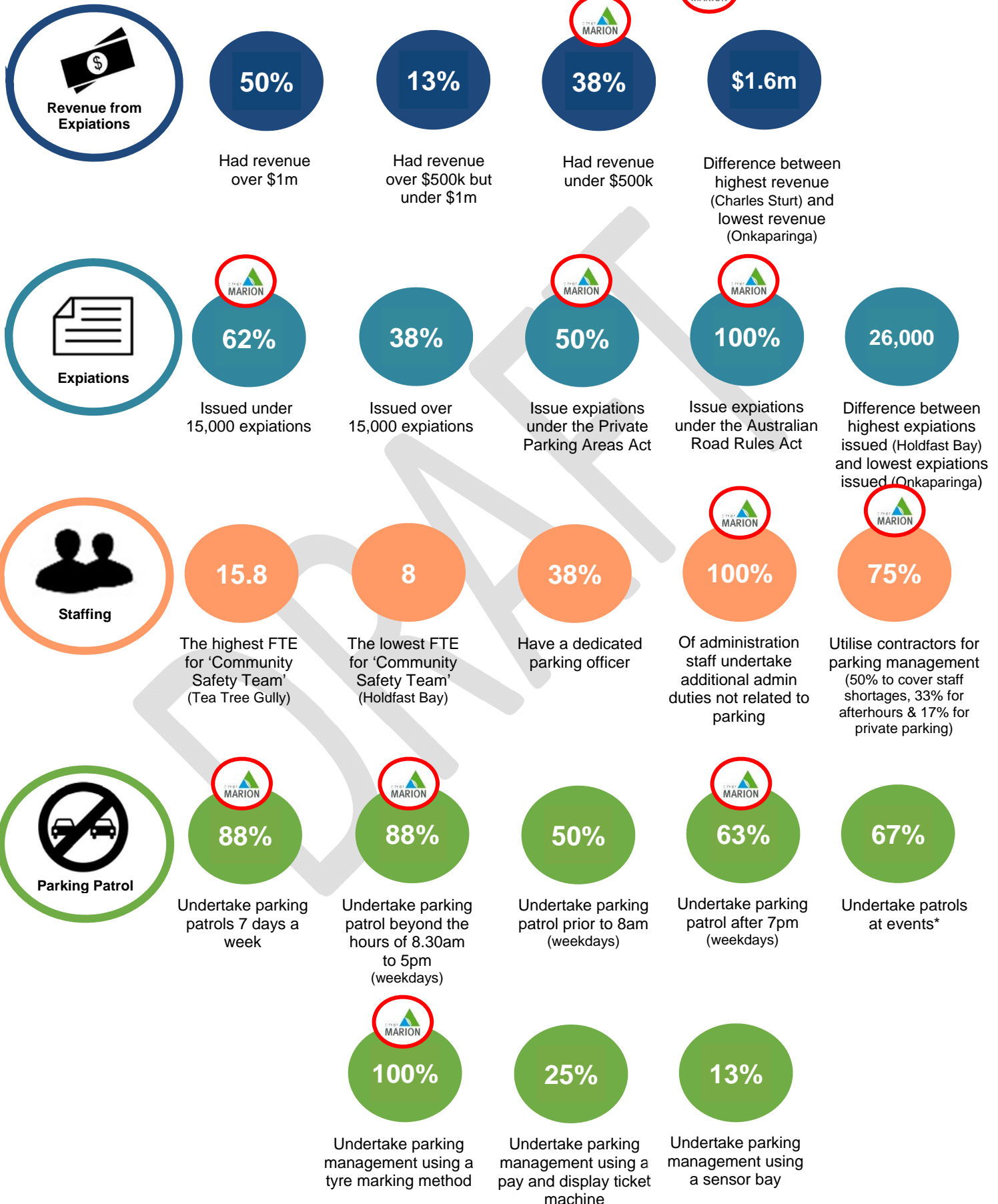
- Varied Council structures that were not like for like
- Different resourcing levels of Community Safety Inspectors
- Different resourcing levels of administrative support
- Differences in the range of duties performed by staff
- Differences in parking restrictions and requirements, for example:
 - the City of Marion does not have “Pay and Display” parking ticket machines which requires monitoring only once and not the duplicated effort of monitoring timed limited parking restrictions where the City of Marion’s inspectors check and “mark-up” vehicles and then return within a time frame to ascertain if a parking offence of exceeding the time limit has occurred
 - the City of Marion does not have strip shopping or high use public spaces with time limited parking areas that generate a high level of expiations to be issued, for example, the Cities of Holdfast Bay and Charles Sturt

Please refer to ‘Diagram 4’ for the key themes identified in the external benchmarking. For the comprehensive benchmarking reports, please refer to ‘Appendix 3 - Local Government – Parking Management – Benchmarking Survey Results 2017’.

Diagram 4: Key themes identified in external benchmarking

Note: Financials are based on the 2015/16 financial year and are approximations only.

= City of Marion within grouping



2.6 Partnering Groups and Organisations

Council works with a number of organisations regarding dealing with abandoned vehicles and the management of parking:

- Private contractor for towing and storing abandoned vehicles (under a contract of service arranged in conjunction with the City of Marion's Contracts and Operational Support Department)
- DPTI (Department of Planning Transport and Infrastructure)
- FERU (Fines Enforcement and Recovery Unit)

The Community Safety Inspectorate works in co-operation with other internal departments and teams regarding dealing with abandoned vehicles and the management of parking. The key departments and teams are:

- Customer Service Centre
- Engineering Services Unit
- Finance Department
- ICT Department
- Contracts and Operational Support Department

2.7 Service Provision

There are opportunities to improve the services delivered to the community by using data to evaluate and improve performance; and be more effective in the allocation of resources.

There are limitations in the ability of the Team Leader to have oversight of service performance due to limitations in accurate reporting and therefore analysis of the number of parking expiations issued. Improved data would enable informed planning and decision making regarding rostering and monitoring "hot spot" areas of parking.

There has been renewed focus on documenting and evidencing the monitoring of bike lanes and schools and improvements can be made in this area, by exploring the setting of monthly KPIs (Key Performance Indicators) of the number of bike lanes and schools that are monitored.

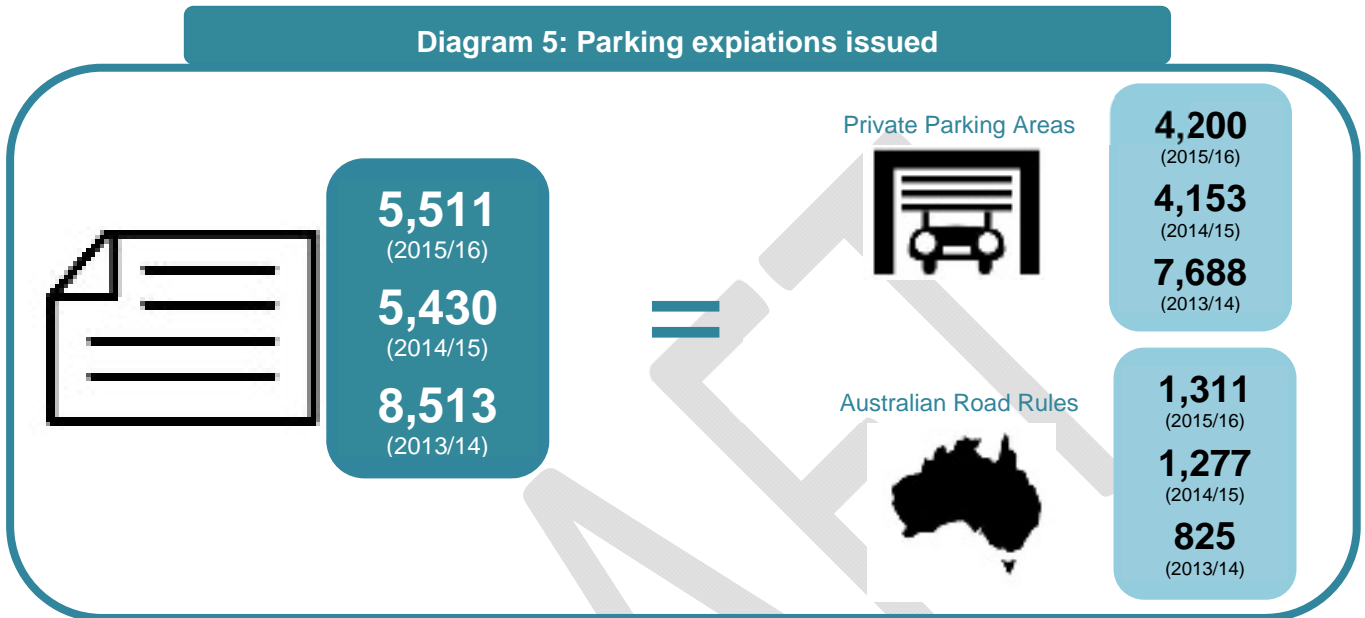
Implementing GIS technology on the vehicles used by the Community Safety Inspectors is planned in by December 2017. This will improve the safety of staff, better inform the allocation of resources to where the need is higher and improve the mapping of routes for undertaking the monitoring of parking and attending to inspections related to other service roles.

A review of the span of hours worked by the Community Safety Inspectors will be undertaken as part of the 2017-18 broader Inspectorate review, which will consider all functions undertaken by Community Safety Inspectors. This will occur after reliable data is available and after an adequate period of time has elapsed after the of the implementation of the nuisance provisions of the Local Nuisance and Litter Control Act.

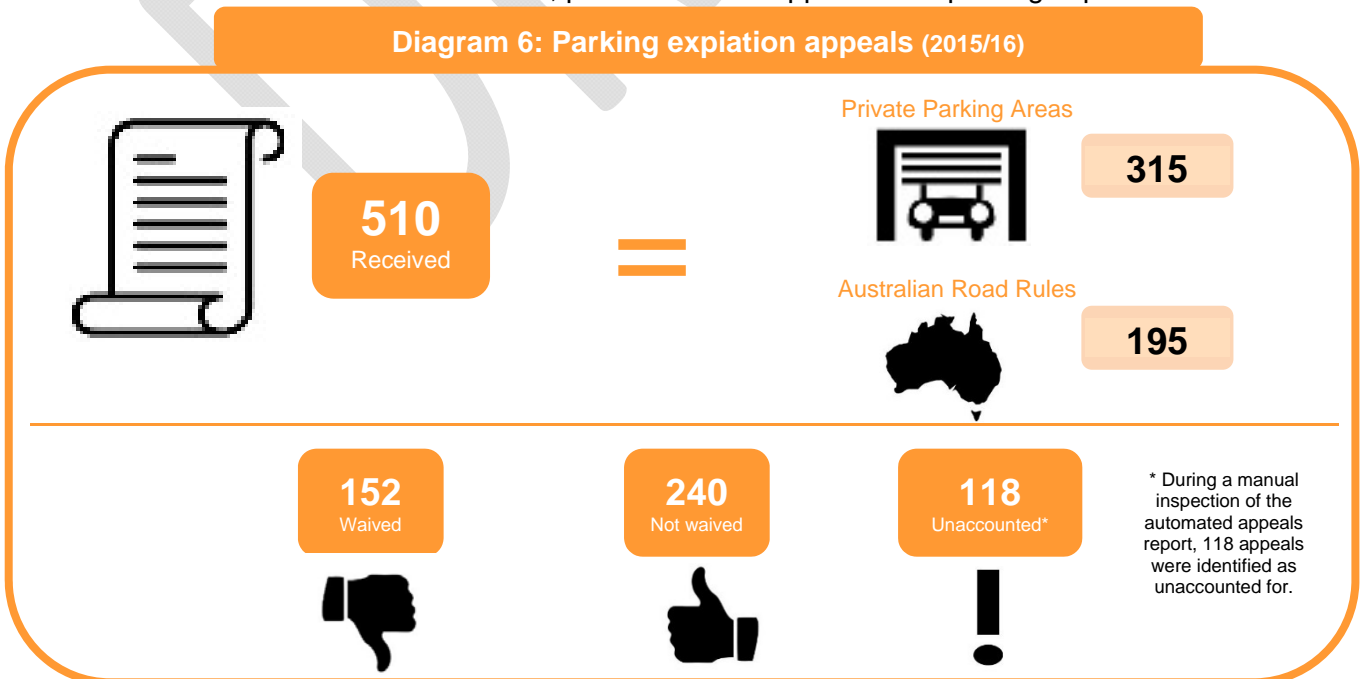
2.8 Parking Expiation Statistics

The “Pinforce” system is utilised by Community Safety Inspectors for issuing parking expiations. This data is then downloaded into the Authority system and processed appropriately.

There is limited reporting functionality within Authority in relation to expiations. The lack of available reporting for expiations makes it difficult to obtain accurate information, analyse expiations data and is inefficient for reporting purposes. ‘Diagram 5’ displays the parking expiations issued during the past three financial years. For full details, please refer to ‘Appendix 4 – parking expiations’.



Recipients of parking expiations have the right to make an appeal under the “Expiation and Offences Act 1996”. All appeals must be submitted in writing and on the relevant City of Marion form (form varies for type of expiation). The application is then reviewed by City of Marion staff and a decision is made on whether the expiation is to be waived/not waived. During the 2015/16 financial year, 9% of expiations issued were appealed with 30% of these appealed expiations waived. ‘Diagram 6’ displays the parking expiation appeals City of Marion received during 2015/16 financial year and details on those waived/not waived. For full details, please refer to ‘Appendix 4 – parking expiations’.

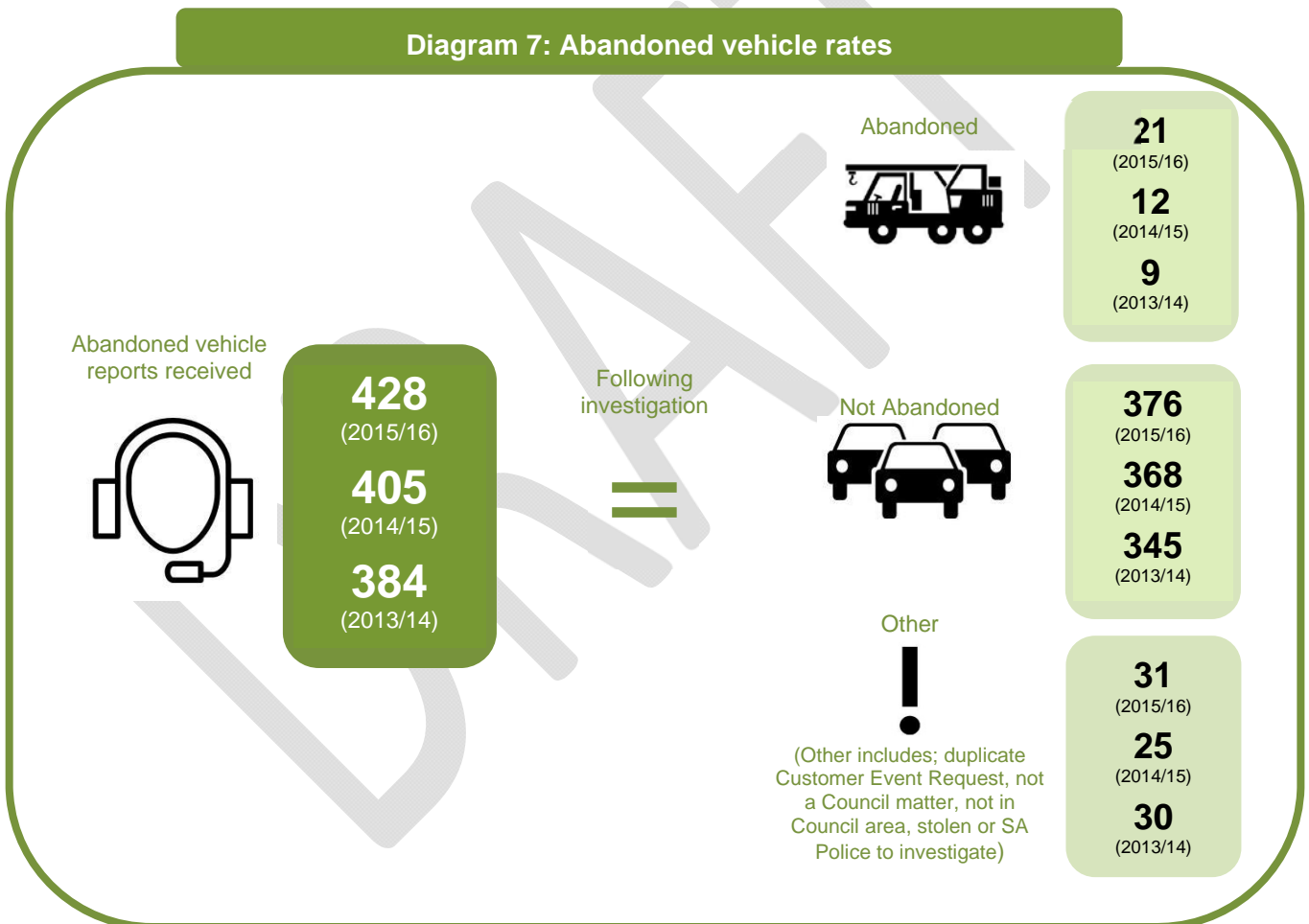


Observation:

Organisationally, there is not the resource to create and maintain data collection reports from the “Authority” database which does not enable the accurate reporting of statistics and hinders evidence-based decision making and planning. This was also identified by the KPMG audit. In the past, the owner of the data base has been commissioned to create the reports for a fee, but the reports became redundant when the database was next upgraded.

2.9 Abandoned Vehicle Statistics

‘Diagram 7’ displays the statistics the City of Marion received regarding abandoned vehicles during the past three financial years.



3 Options considered for the service

There are a number of service options which could be implemented regarding the management and enforcement of parking and dealing with abandoned vehicles. As this Service Review is of only two roles of Community Safety Inspectorate and not the entire service provided by Community Safety Inspectorate and is Stage 1 of a number of other possible Service Reviews of the work performed by this team, options and recommendations are in this context. Options include:

- Maintaining the service (status quo)
- Increasing elements of the delivery of the service
- Improving the quality of elements of the service

Financial modelling has been undertaken where possible and is an estimate.

'Table 4' provides an estimated summary of the options considered including current service level and statistics plus proposed option; net present value, potential benefit against base, risk, complexity and key assumptions.

Table 4: Summary of options considered						
Options	NPV ¹ 10 years	NPV Benefit Against Base	Estimated no. of expiations Issued over 10 years	Risk	Complexity	Key assumptions
Option A Maintaining the service (status quo)	\$1.5	N/A	55,932	Low	Low	<ul style="list-style-type: none"> Operational costs remain in line with 16/17 financial year
Option B (i) Increasing elements of the delivery of the service <i>(Employing a dedicated 'parking officer' to monitor parking in the broader community – excluding Westfield Marion)</i>	\$1.5	(\$0.1)	73,748	Medium	Medium	<ul style="list-style-type: none"> Parking Officer would be paid at Level 2.4 salary rate Contractor employed for 6.5 weeks to cover annual and sick leave
Option C (i) Improving the quality of elements of the service <i>(Employing a temporary staff member over 'Christmas Period')</i>	\$1.5	\$0.0	74,557	Medium	Medium	<ul style="list-style-type: none"> Contractor employed for 5 weeks Includes Community Safety Inspector (Level 3.4) dedicated to patrolling Westfield Marion (1FTE)
Option C (ii - ix) Improving quality of elements of the service	Financial modelling not undertaken for these options					

¹ NPV = Net Present Value

Option A: Maintaining the service (status quo)

This option involves maintaining the service as it currently is (that is, retain the status quo).

\$Ms	NPV ² 10 years	NPV Benefit against current operations	Estimated no. of expiations Issued over 10 years	Risk	Complexity	Key assumptions
Status quo	\$1.5	N/A	55,932	Low	Low	<ul style="list-style-type: none"> Operational costs remain in line with 16/17 financial year

Benefits and Opportunities	Risks
<ul style="list-style-type: none"> Element of control of service regarding staffing, rostering, commitment to customer service and customer experience, product quality, timeframes, staffing levels Council would meet legislative responsibilities and requirements Opportunities for revenue realised Greater influence over risk management and compliance issues Consistent approach to delivery of service Outcomes are aligned to Council's strategic plan Full recognition of Council ownership and maximises community recognition of services provided by Council Provides for a multi-skilled workforce and flexible provision of service, in conjunction with other major service areas of the Community Safety Inspectors 	<ul style="list-style-type: none"> Council assumes all financial and operational risk May require additional administration regarding statistical gathering and financial reporting within Council administration Council required to provide all equipment to operate the service Continue to operate with limited data to inform the allocation of resources Resources may not be allocated where the greatest need exists Inefficiencies with dealing with abandoned vehicles continues Limited accountability with gaps in performance data

² NPV = Net Present Value

Option B: Increasing elements of the delivery of the service

This option would include employing a dedicated 'parking officer' to monitor the Australian Road Rules parking in the broader community, in addition to the current monitoring with current resources including monitoring of Westfield Marion.

The following provides an estimated total summary including the current service level and the proposed option.

\$Ms	NPV ³ 10 years	NPV Benefit against current operations	Estimated no. of expiations Issued over 10 years	Risk	Complexity	Key assumptions
Employing a dedicated 'parking officer' to monitor parking in the broader community	\$1.5	(\$0.1)	73,748	Medium	Medium	<ul style="list-style-type: none"> Parking Officer would be paid at Level 2.4 salary rate (1FTE) Contractor employed for 6.5 weeks to cover annual and sick leave Includes Community Safety Inspector (Level 3.4) dedicated to patrolling Westfield Marion (1FTE)

Benefits and Opportunities	Risks
<ul style="list-style-type: none"> Council would meet legislative responsibilities and requirements Solely focused on parking management, would not be taken off parking to assist with other urgent priorities i.e. dog attack, etc. Possible increase in parking expiations issued Possible increase in revenue Full control over service, rostering, commitment to customer service and customer experience, product quality, timeframes, staffing levels Greater influence over risk management and compliance issues Consistent approach to delivery of service Outcomes are aligned to Council's strategic plan Full recognition of Council ownership and maximises community recognition of services provided by Council 	<ul style="list-style-type: none"> Limited opportunities for increased parking offences and subsequent revenue from parking expiations in the wider community due to limited applicable parking restrictions Costs of employing a staff member would out-way potential increase in income A staff member is already rostered to monitor and enforce parking at the Westfield Marion Shopping Centre Additional resources required to cover annual and sick leave Additional staffing allocated in the absence of data to fully understand business needs

³ NPV = Net Present Value

Option C: Improving the quality of elements of the service

(Recommended Option)

This option would involve the City of Marion's Community Safety Inspectors continuing to provide the service and would also include the following improvements:

- (i) Employing a temporary staff member to monitor and enforce parking at the Westfield Marion Shopping Centre over the Christmas period for 5 weeks from December each year (as requested by Westfield Marion) in addition to the current staffing level of 1FTE
- (ii) Continue with improvements to rostering to ensure a commitment to monitor and enforce parking at Westfield Marion Shopping Centre and review the time span of service
- (iii) Increase proactive monitoring and enforcement of parking in the broader community
- (iv) Continue liaison with Engineering Services Unit to have input into parking restrictions created within the City of Marion
- (v) Reduce the number of unnecessary Customer Event requests related to vehicles that are not abandoned
- (vi) Fund the creation of "Crystal Reports" to enable the reporting and analysis of accurate data to inform rostering and service provision and evaluation
- (vii) Exploring the opportunities and cost benefit of using smart technology
- (viii) Developing monthly KPIs for the number of bike lanes and schools that are monitored for parking
- (ix) Implementing GIS technology on Community Safety Inspectors vehicles, to improve safety of staff, better inform the allocation of resources to where the need is higher and improve the mapping of routes for parking management.
- (x) A review of the span of hours worked by the Community Safety Inspectors will be undertaken as part of the 2017-18 broader Inspectorate review, which will consider all functions undertaken by Community Safety Inspectors. This will occur after reliable data is available and after an adequate period of time has elapsed after the of the implementation of the nuisance provisions of the Local Nuisance and Litter Control Act.

\$Ms	NPV ⁴ 10 years	NPV Benefit against current operations	Estimated no. of expiations Issued over 10 years	Risk	Complexity	Key assumptions
C (i) Employing a temporary staff member over 'Christmas Period'	\$1.5	\$0.0	74,557	Medium	Medium	<ul style="list-style-type: none"> Contractor employed for 5 weeks Includes Community Safety Inspector (Level 3.4) dedicated to patrolling Westfield Marion (1FTE)

Benefits and Opportunities	Risks
(i) Employing a temporary staff member to monitor and enforce parking at the Westfield Marion Shopping Centre over the Christmas period for 5 weeks from December each year (as requested by Westfield Marion) in addition to the current staffing level of 1FTE	
<ul style="list-style-type: none"> Solely focused on parking management and would not cease parking monitoring to assist with other urgent priorities i.e. dog attack, etc. Increase in parking expiations issued Increase in revenue Council would meet expectations of Westfield Marion Improve customer service Greater influence over risk management and compliance issues Consistent approach to delivery of service Full recognition of Council ownership and maximises community recognition of services provided by Council Cost neutral 	<ul style="list-style-type: none"> Contingent upon a temporary staff member being available through a labour hire service

Benefits and Opportunities	Risks
(ii) Improved rostering to monitor and enforce parking at Westfield Marion Shopping Centre	
<ul style="list-style-type: none"> Increase in parking expiations issued Increase in revenue Commitment to contract between the City of Marion and Westfield Positive reputation with Westfield as a key stakeholder of the City of Marion 	<ul style="list-style-type: none"> Availability of staff to monitor carpark during times of staff shortages, as more higher risk duties need to be undertaken by Community Safety Inspectors

⁴ NPV = Net Present Value

Benefits and Opportunities	Risks
(iii) Increase proactive monitoring and enforcement of parking in the broader community	
<ul style="list-style-type: none"> • Council would meet legislative responsibilities and requirements • Increased level of safety in the community • Possible increase in parking expiations issued • Possible increase in revenue 	<ul style="list-style-type: none"> • None identified
(iv) Continue liaison with Engineering Services Unit to have input into parking restrictions created within the City of Marion	
<ul style="list-style-type: none"> • Council would meet legislative responsibilities and requirements • Improved quality of service to customers through communication between internal departments 	<ul style="list-style-type: none"> • None identified
(v) Reduce the number of unnecessary Customer Event requests related to vehicles that are not abandoned	
<ul style="list-style-type: none"> • Improved information and process provided to Customer Service Centre staff • Reduction in requests related to vehicles that are not abandoned • Reduced expenditure • Reduced staff time spent dealing with unnecessary Customer Events when no action can be taken • Improved customer service where requests are dealt with at the first point of contact 	<ul style="list-style-type: none"> • Ability of Customer Service staff to undertake this, within the range of other work performed within set timeframes
(vi) Fund the creation of “Crystal Reports” to enable the reporting and analysis of accurate data	
<ul style="list-style-type: none"> • Improved data collection and reporting • Ability to make evidence-based planning and decisions • Improved oversight of staff performance • Improved accountability of staff • Allocation of staff resources where the need is greater • Improved evaluation of the service 	<ul style="list-style-type: none"> • Relies on external provider to create and maintain reports • Cost

Benefits and Opportunities	Risks
(vii) Exploring the opportunities and cost benefit of using smart technology	
(viii) Developing monthly KPIs for the number of bike lanes and schools that are monitored for parking	
<ul style="list-style-type: none"> • Improved reporting • Ability to make evidence-based planning and decisions to improve the safety of the community • Improved oversight and accountability • Allocation of staff resources where the need is greater • Improved evaluation of performance of the service and opportunities to recognise performance 	<ul style="list-style-type: none"> • Change management with increased accountability of parking
(ix) Implementing GIS technology on Community Safety Inspectors vehicles, to improve safety of staff, better inform the allocation of resources to where the need is higher and improve the mapping of routes for parking management.	
<ul style="list-style-type: none"> • Improved safety of staff • Allocation of staff resources where the need is greater • Improved planning of travel routes, leading to reduced duplication 	<ul style="list-style-type: none"> • Change management • Continuation of the GIS technology • GIS technology continued to be supported by the Operational Support Unit • Staffing resources to monitor the GIS
(x) A review of the span of hours worked by the Community Safety Inspectors will be undertaken as part of the 2017-18 broader Inspectorate review, which will consider all functions undertaken by Community Safety Inspectors. This will occur after reliable data is available and after an adequate period of time has elapsed after the of the implementation of the nuisance provisions of the Local Nuisance and Litter Control Act.	
<ul style="list-style-type: none"> • Potential for improved efficiency and effectiveness of providing community safety inspectorial services • Improved service provision where resources are allocated to greatest area of need 	<ul style="list-style-type: none"> • All roles and services provided by the Community Safety Inspectorate need to be considered and evaluated as a total and not in isolation • If Crystal Reports are not created for reporting data, recommendations and decisions will be made without robust and accurate data • Public and media attention if service levels are reduced • Current EB Agreement contains span of hours of Community Safety Inspectors • Industrial concerns or action by staff

4 Recommendations

Following the collection and analysis of relevant data and information, the following recommendations are made cognizant that the management and enforcement of parking and dealing with abandoned vehicles are only two roles of Community Safety Inspectorate and not the entire service provided by Community Safety Inspectorate.

#	Recommendation	#	Action	Due date	Action Officer	Position
1	Option C (i – ix): Improve the quality of elements of the service	1.1	Employ a temporary staff member to monitor and enforce parking at the Westfield Marion Shopping Centre over the Christmas period for 5 weeks from December each year	Dec 2017 (ongoing)	Anna White	Team Leader Community Safety Inspectorate
		1.2	Continue with improvements to rostering to ensure a commitment to monitor and enforce parking at Westfield Marion Shopping Centre	Ongoing (new roster created every 6 weeks)	Anna White	Team Leader Community Safety Inspectorate
		1.3	Increase proactive monitoring and enforcement of parking in the broader community	Ongoing	Community Safety Inspectors	Community Safety Inspectors
		1.4	Continue liaison with Engineering Services Unit to have input into parking restrictions created within the City of Marion	Ongoing	Anna White and Mark Griffin	Team Leader Community Safety Inspectorate Unit Manager Engineering Team
		1.5	Reduce the number of unnecessary Customer Event requests related to vehicles that are not abandoned	June 2018	Sharon Perin and Raelene Govett	Unit Manager Community Health & Safety Unit Manager Customer Service
		1.6	Fund the creation of “Crystal Reports” to enable the reporting and analysis of accurate data	August 2017	Anna White	Team Leader Community Safety Inspectorate in conjunction with ICT Department
		1.7	Exploring the opportunities and cost benefit of using smart technology	June 2018	Anna White	Team Leader Community Safety Inspectorate
		1.8	Developing monthly KPIs for the number of bike lanes and schools that are monitored for parking	Dec 2017	Anna White	Team Leader Community Safety Inspectorate
		1.9	Implementing GIS technology on Community Safety Inspectors vehicles, to improve safety of staff, better inform the allocation of resources to where the need is higher and improve the mapping of routes for parking management.	Dec 2017	Anna White	Team Leader Community Safety Inspectorate in conjunction with Unit Manager Operational Support

#	Recommendation	#	Action	Due date	Action Officer	Position
1		1.10	A review of the span of hours worked by the Community Safety Inspectors will be undertaken as part of the 2017-18 broader Inspectorate review, which will consider all functions undertaken by Community Safety Inspectors. This will occur after reliable data is available and after an adequate period of time has elapsed after the of the implementation of the nuisance provisions of the Local Nuisance and Litter Control Act.	Dec 2018	Sharon Perin and Anna White	Unit Manager Community Health & Safety Team Leader Community Safety Inspectorate

DRAFT

Appendix 1

SWOT Analysis

During October 2016, a SWOT (strengths, weaknesses, opportunities and threats) analysis was undertaken with management, with management, Community Health and Safety Team and various staff members with representation from ICT, Customer Service and Contracts regarding the parking management and regulation service. The diagram below displays the results of this exercise.

- Westfield Marion contract
- Patrol schools and bike lanes (community safety)
- Awareness/education (newsletters, verbal, flyers, articles, website)
- Staff knowledge including admin (7 days)
- Hot spot knowledge
- CSI – strength
- Proactive/forward thinking
- Admin processing
- Process to chase unpaid expiations
- Responsiveness to community
- Relationships across departments
- Rostering
- IT support with devices
- Good Abandoned Vehicle process
- Contract with external provider for towing and storing impounded vehicles
- Parking complaint investigation and response to complaints
- FERU: follow up with motorists regarding unpaid expiations/revenue to Council
- Relationships with external stakeholders, e.g. FERU, Westfield
- Agreement with Victoria to access car registration details



- CSI – decreased income?
- Signs and lines
- Civica – getting problems resolved
- Abandoned Vehicles: offered for sale annually
- Building and development regulations (house size)
- Appeal time responses (due to lack of staffing)
- Out of date templates (due to changes in policy of legislation) continual amendments
- Unfinished parking data clean-up project – Authority, lack of resources to complete (results in errors & confusion for new staff)
- Out of date process maps and work instructions (lack of resources to continually update when legislation, policy and council IT systems change)
- Admin support levels
- Communication/timeliness by I.T. and/or Finance Dept. when online and Aust Post payments not working: reminder notices/late fees being sent incorrectly
- Communication from Governance Dept. when a decision has been made and if/when a motorist is communicated with to finalise the matter
- Timeliness of response to signage from Westfield
- Council resolutions/decisions/commitments by other Depts. to monitor parking in certain areas without consultation (affects work planning and service delivery)



- Increase education (more information on website)
- Technology (back end)
- Corporate information (applications)
- Under vehicle sensors
- Process where electronic transactions don't work
- Trumps (abandoned vehicles)
- Staffing
- Abandoned Vehicles: offered for sale every 3 months
- Legislative change (local nuisance bill)
- Electric vehicles
- Tonsley
- Tablet
- Span of hours
- Benchmarking
- Has revenue fallen with car configuration?
- To find ways to improve our processes
- Increase community safety
- Complete updating documentation, processes, website, etc.
- Improved communication across departments
- Review hours of monitoring and parking/increase monitoring in certain areas



- Admin staffing levels
- Competing priorities
- Legislative change (local nuisance bill)
- Westfield parking meters
- Personal safety (car markings)
- Changes to external stakeholders e.g. FERU & DPTI (resulting in changes having to be made to internal systems and processes)
- IT systems for paying expiations online
- Any increase to monitoring of parking/increase in issuing expiation notices - this effects back of house processing and admin support resourcing





1 OPERATIONAL COSTS (Summary)

Parking Management and Regulation currently operates at a surplus of approximately \$166k (2015/16 financial year) an increase from \$95k in 2014/15 and \$83k in 2013/14. This increase is attributed anecdotally to an increase in parking expiation fees set by State Government, improved state-wide systems for collecting unpaid expiation fees, differing periods of time for the need to buy new technology and some salary savings during periods of recruitment of staff.

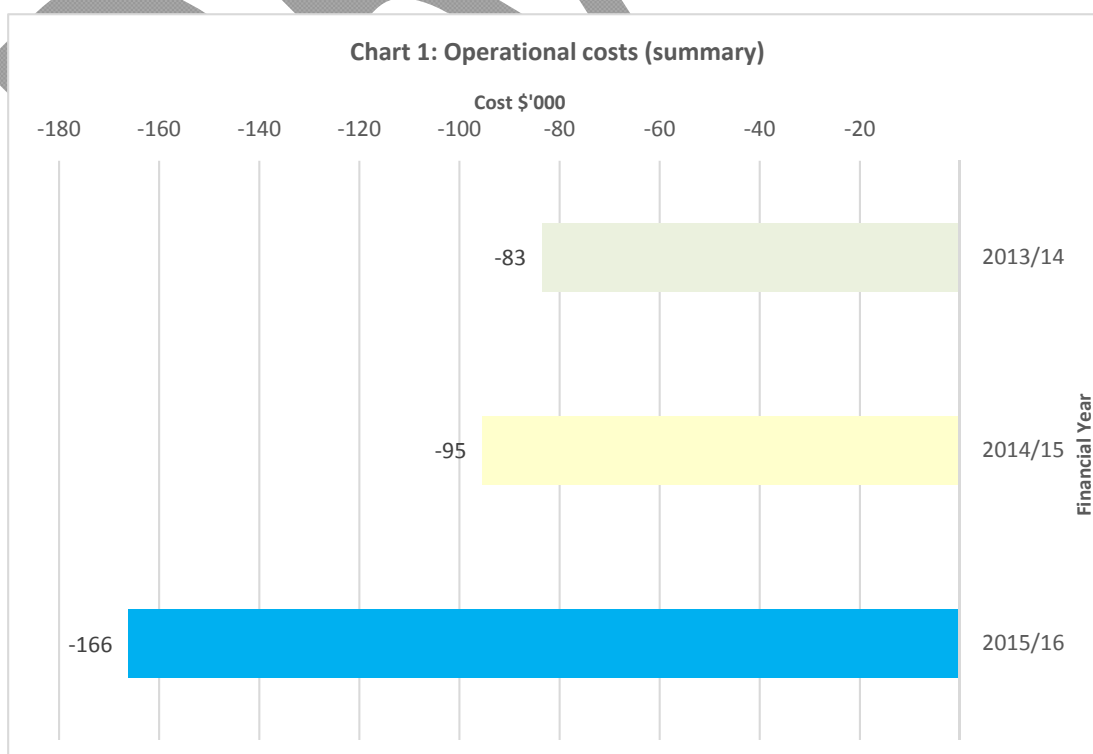
The revenue for the service decreased from 2013/14 to 2014/15 by approximately \$32K however, increased by approximately \$59k between 2014/15 to 2015/16, which is attributed to an increase in the parking expiation fees set by the State Government, a re-commitment and refocus by Community Safety Inspectors to monitor bike lanes when working afternoon shift, a review of the rostering of Community Safety Inspectors.

The overall cost of the service decreased each financial year from 2013/14 to 2015/16. This decrease is attributed anecdotally, as above, to an increase in parking expiation fees set by State Government, improved state-wide systems for collecting unpaid expiation fees, differing periods of time for the need to buy new technology and some salary savings during periods of recruitment of staff.

'Table and chart 1' displays the Parking Management and Regulation operational costs for the past three financial years;

Table 1: Operational costs (summary)

\$'000	2013/14	2014/15	2015/16
Revenue	(450)	(418)	(477)
Expenditure	367	323	311
TOTAL	(83)	(95)	(166)

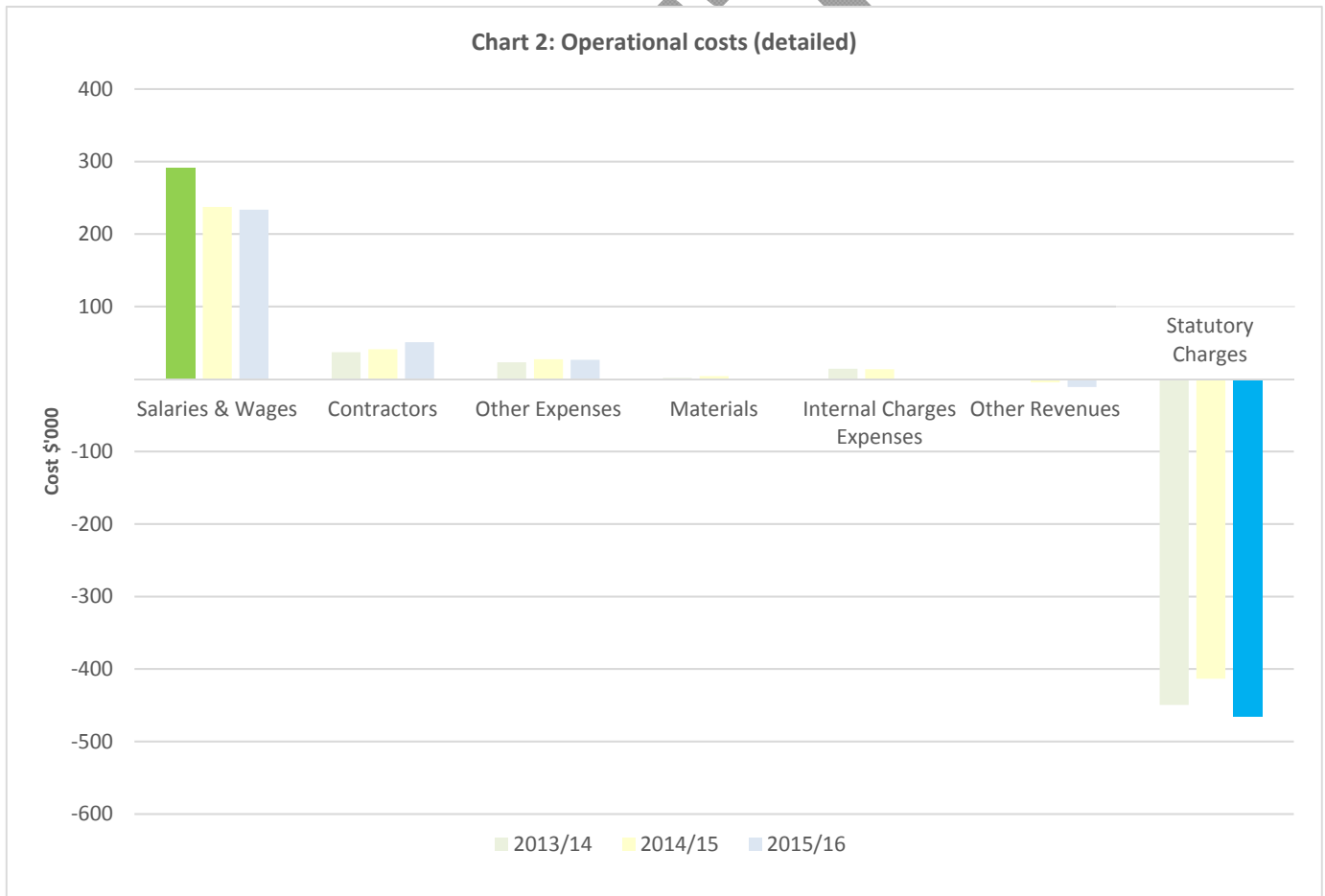


2 OPERATIONAL COSTS (Detailed)

Table 2: Operational costs (detailed) (sorted highest to lowest 2015/16)

\$'000	2013/14	2014/15	2015/16
Salaries & Wages	292	237	234
Contractors	37	41	51
Other Expenses	23	27	26
Materials	1	4	1
Internal Charges Expenses	14	14	0
Other Revenues	0	(5)	(11)
Statutory Charges	(450)	(413)	(466)
TOTAL	(83)	(95)	(166)

Chart 2: Operational costs (detailed)

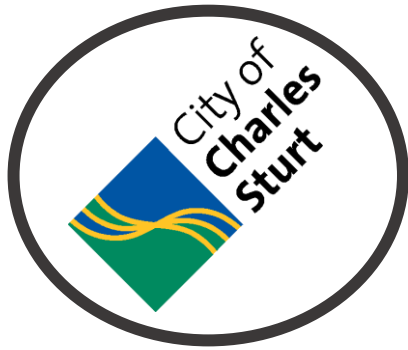


LOCAL GOVERNMENT

**PARKING MANAGEMENT
BENCHMARKING
SURVEY RESULTS 2017**



Councils surveyed





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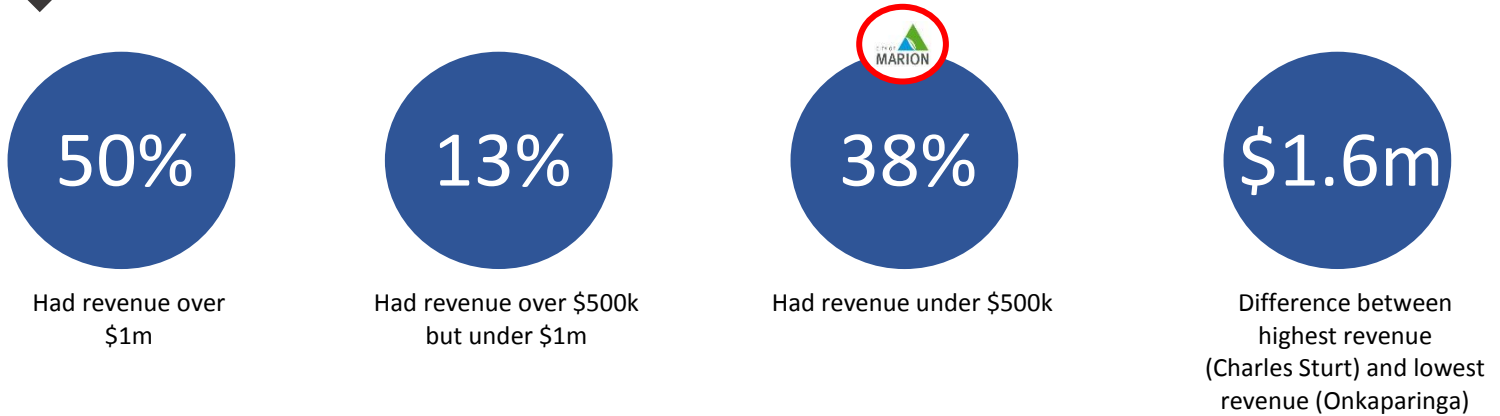
1 KEY FINDINGS

All data is based on 2015/2016 financial year unless stated otherwise

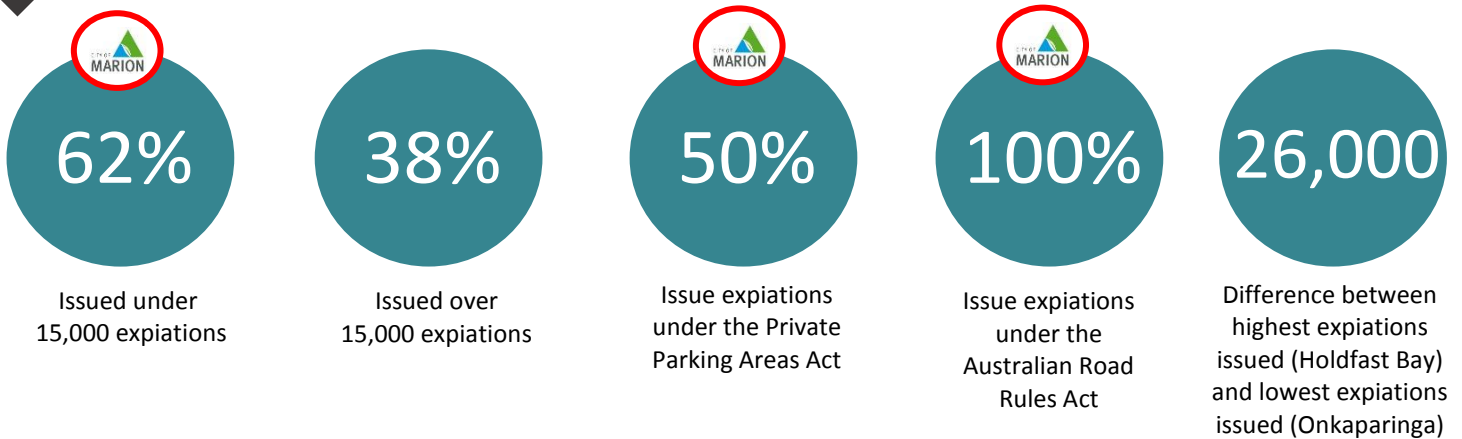


= City of Marion within grouping

1.1 REVENUE RECEIVED FROM PARKING EXPIATIONS ISSUED



1.2 PARKING EXPIATIONS ISSUED



1.3 STAFFING



1.4 PARKING PATROL MANAGEMENT



*Percent rates are calculated by the number of responses compared to the total number of responses received. The total number of responses received is generally 8, however percent rates with a * have been calculated by 6 (the number of responses received)

2 REVENUE RECEIVED FROM PARKING EXPIATIONS ISSUED

Note: All Parking Expiation Notice fees vary across offences and are set by the State Government which are the same for all Councils.

Table 2.1: Total revenue received from parking expiations issued (financial year)¹

\$'000	14/15	15/16
Council		
City of Charles Sturt	1,723	1,794
City of Tea Tree Gully	1,222	1,260
City of West Torrens	675	1,123
City of Holdfast Bay	1,107	1,069
City of Mitcham	455	523
City of Marion	413	466
City of Port Adelaide Enfield	338	371
City of Onkaparinga	171	148

Diagram 2.1: Total revenue received from parking expiations issued (financial year)

Sorted highest to lowest by 15/16FY

■ = 15/16FY

■ = 14/15FY



¹ Annual Report/Financial Statements 2015/16

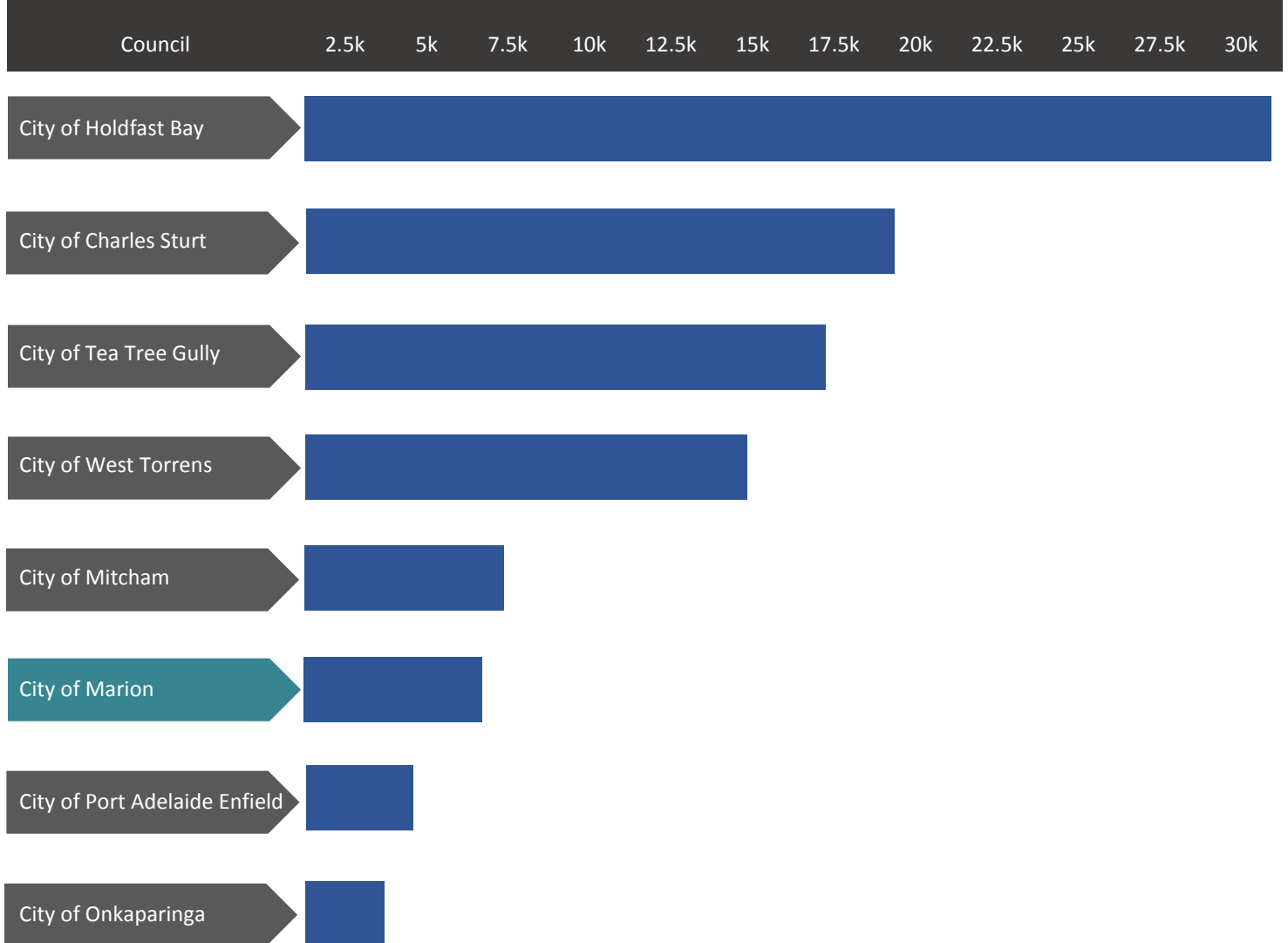
3 PARKING EXPIATIONS ISSUED

Note: The following figures include total expiations issued and do not take into consideration those notices that have been waived

Table 3.1: Total expiations issued 2015/2016 (financial year)

Council	Private Parking Areas	Australian Road Rules	TOTAL
City of Holdfast Bay	-	29,200	29,200
City of Charles Sturt	800	17,000	17,800
City of Tea Tree Gully	15,000	1,500	16,500
City of West Torrens	746	13,189	13,935
City of Mitcham	-	6,325	6,325
City of Marion	4,200	1,311	5,511
City of Port Adelaide Enfield	Minimal	4,390	4,390
City of Onkaparinga	Minimal	2,920	2,920

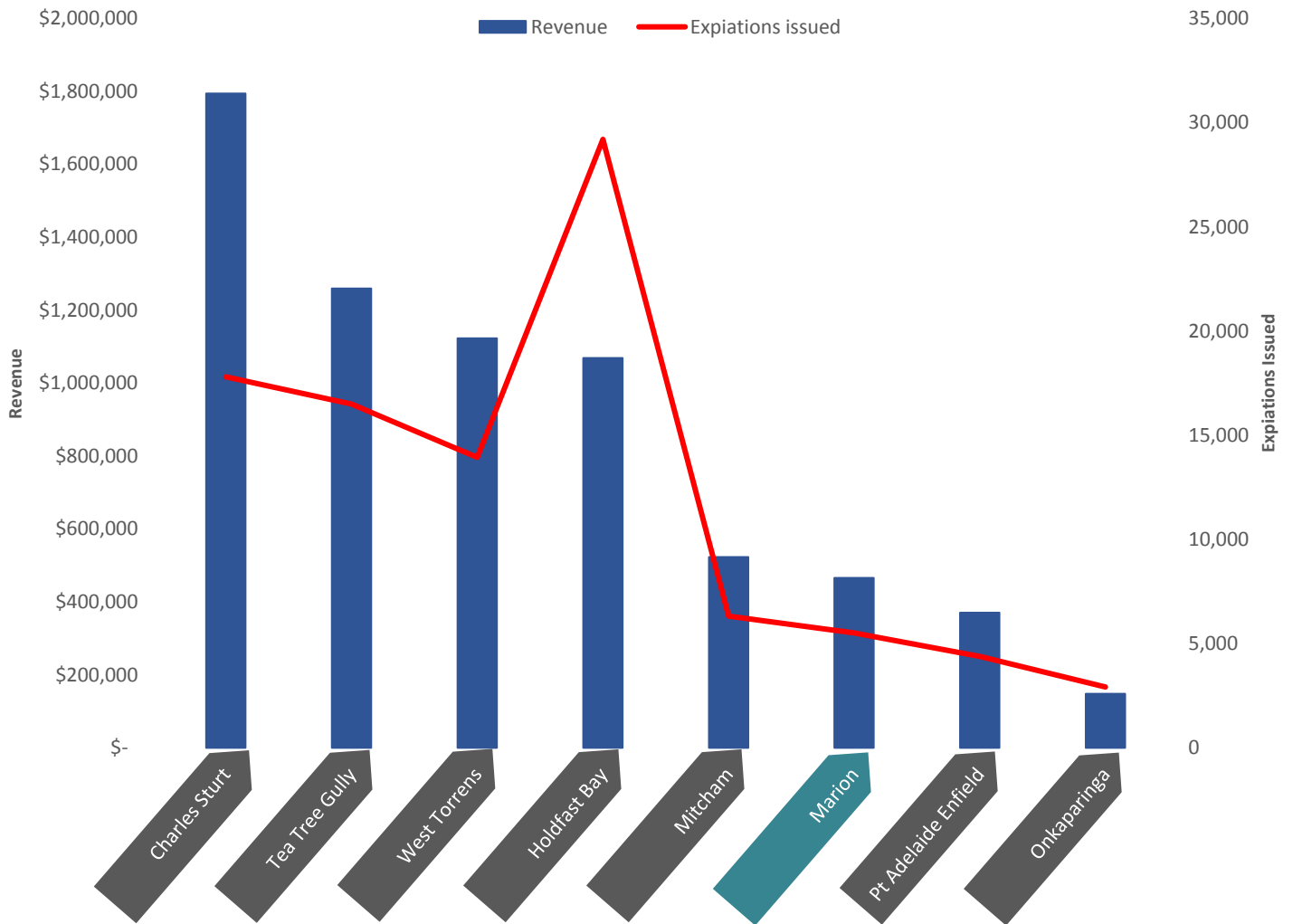
Diagram 3.1: Total expiations issued 2015/2016 (financial year)



4

REVENUE RECEIVED COMPARED WITH PARKING EXPIATIONS ISSUED

Diagram 4.1: Total revenue received compared with total parking expiations issued 2015/16 (financial year)



5 STAFFING

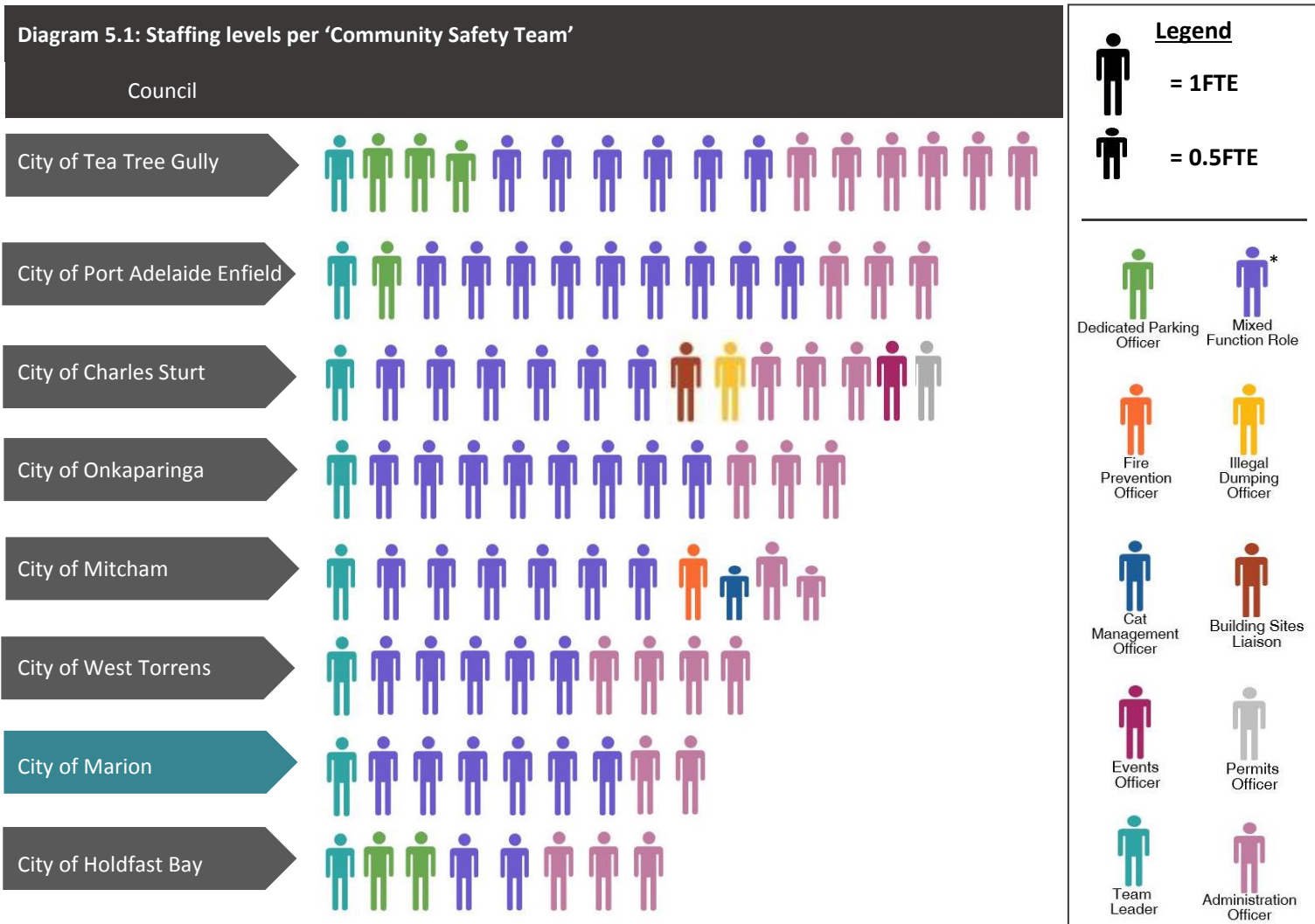
Note: At each Council, staff who oversee parking management are part of a wider 'Community Safety' Team

5.1 STAFFING LEVELS

Table 5.1: Staffing levels per 'Community Safety Team'

Council	Total FTE	Community Safety FTE	Admin FTE
City of Tea Tree Gully	15.8	9.8	6
City of Port Adelaide Enfield	14	11	3
City of Charles Sturt	14	9	5 (includes 2 FTE for events & permits)
City of Onkaparinga	12	9	3
City of Mitcham	10.2	8.6	1.6
City of West Torrens	10	6	4
City of Marion	9	7	2
City of Holdfast Bay	8	5	3

Diagram 5.1: Staffing levels per 'Community Safety Team'



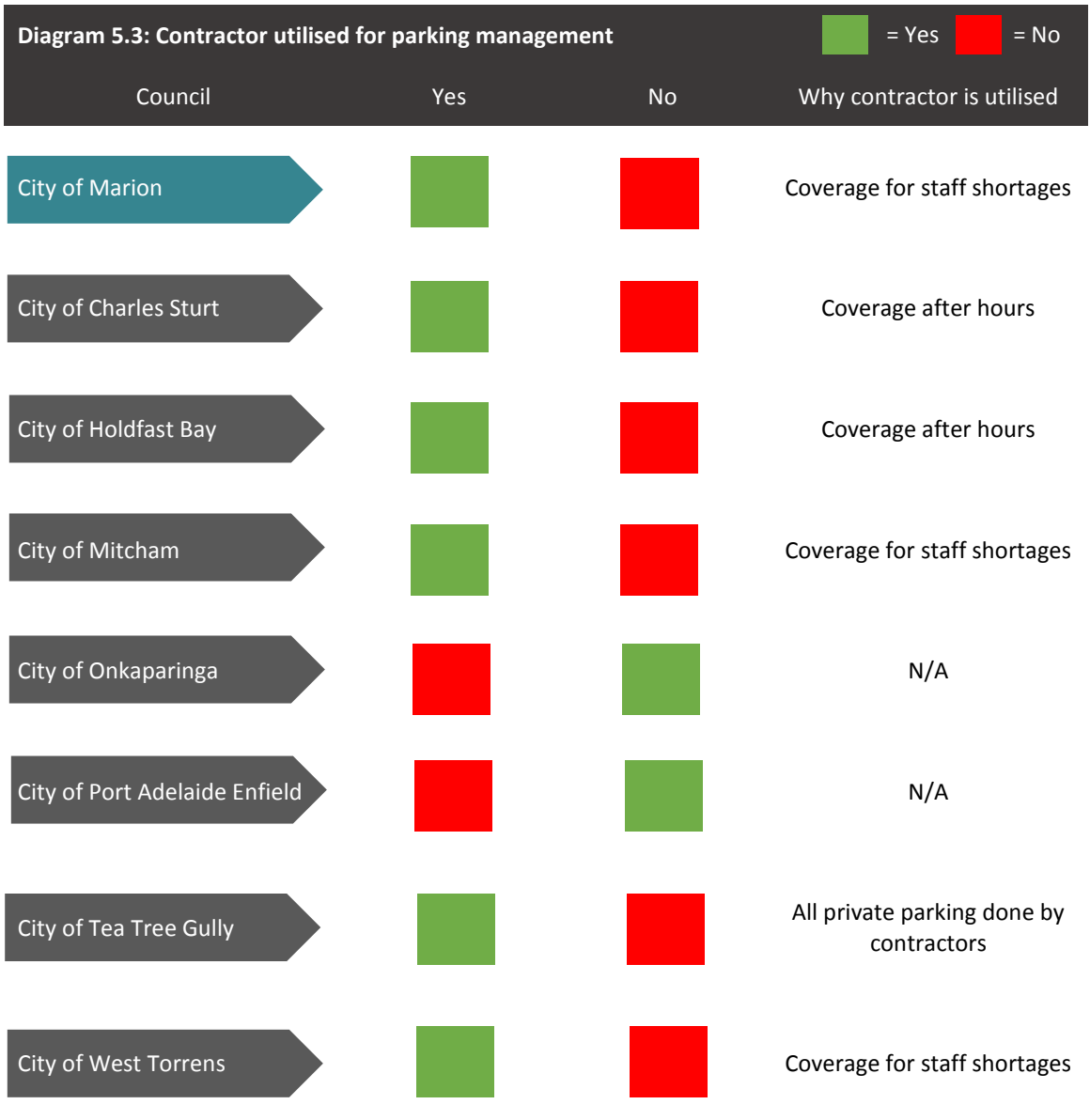
* Mixed Function Role duties can include: parking, dog and cat management, by-laws, Local Government Act, fire prevention, illegal dumping, etc.

5.2 ROLE RESPONSIBILITIES

Diagram 5.2: Role responsibilities – Administration Officer

Council	Parking related administrative tasks	Other administrative tasks
City of Marion	<ul style="list-style-type: none"> - Manage enquiries/complaints - Expiation administration 	<ul style="list-style-type: none"> - Admin for whole Community Health and Safety Unit - Administering Council's by-laws i.e. Local Government Act, Fire and Emergency Services Act, Expiations of Offences Act - Dog and cat management - General customer service - General clerical work
City of Charles Sturt	<ul style="list-style-type: none"> - Expiation reviews - Motor vehicle registration searches - FERU enforcement processes - Preparing documents for prosecution - Answering phone and email enquiries from customers - Logging CRMs - Calling jobs through two-way radio 	<ul style="list-style-type: none"> - Preparation of letters for the officers - Assisting with preparation of orders - Freedom of information requests - Maintain dog records - Maintaining name and address records - Issuing notices (LGA & Fire Emergency Services, etc.)
City of Holdfast Bay	<ul style="list-style-type: none"> - Answer complaints via phone - Write letters on parking issues - Keep statistics 	<ul style="list-style-type: none"> - Environmental Health duties - Immunisation clinics - Notices and directions admin - Autocites downloads - Animal management admin
City of Mitcham	<ul style="list-style-type: none"> - Take initial calls and usually handle them to completion - Process parking expiations (manage reminders and other associated follow ups, processing with FERU) - Reply to parking appeals and decisions on appeals - Make contact with all schools each term in regard to parking restrictions around schools 	<ul style="list-style-type: none"> - Banner bookings - Residential parking permits - Other expiations i.e. Dog and Cat related, fire prevention, etc. - Assist with barking dog matters when possible - Create CRMs for other offices to manage - Reply to letter and email enquiries from the community
City of Onkaparinga	<ul style="list-style-type: none"> - Process parking disputes - Appeals through to FERU - General clerical 	<ul style="list-style-type: none"> - Dog database
City of Port Adelaide Enfield	<ul style="list-style-type: none"> - Posting out expiations - Issuing reminder notices and enforcements, reissues, etc. - Draft expiation appeal responses - General handling of appeal notices 	<ul style="list-style-type: none"> - Manage dog registrations - Generate permits to keep more than 2 dogs - Issue desexing and microchipping vouchers - Take calls from public - Allocate customer requests
City of Tea Tree Gully	<ul style="list-style-type: none"> - Appeals 	<ul style="list-style-type: none"> - Dogs - I.T. website management - Admin duties
City of West Torrens	<ul style="list-style-type: none"> - Importing expiations - Issuing letters - Notices - Collating photographs - Monitoring statistics - Intelligence searches 	<ul style="list-style-type: none"> - All administration tasks relating to compliance i.e. updating systems, issuing letters, collating evidence for files, taking phone call enquiries

5.3 CONTRACTOR USAGE





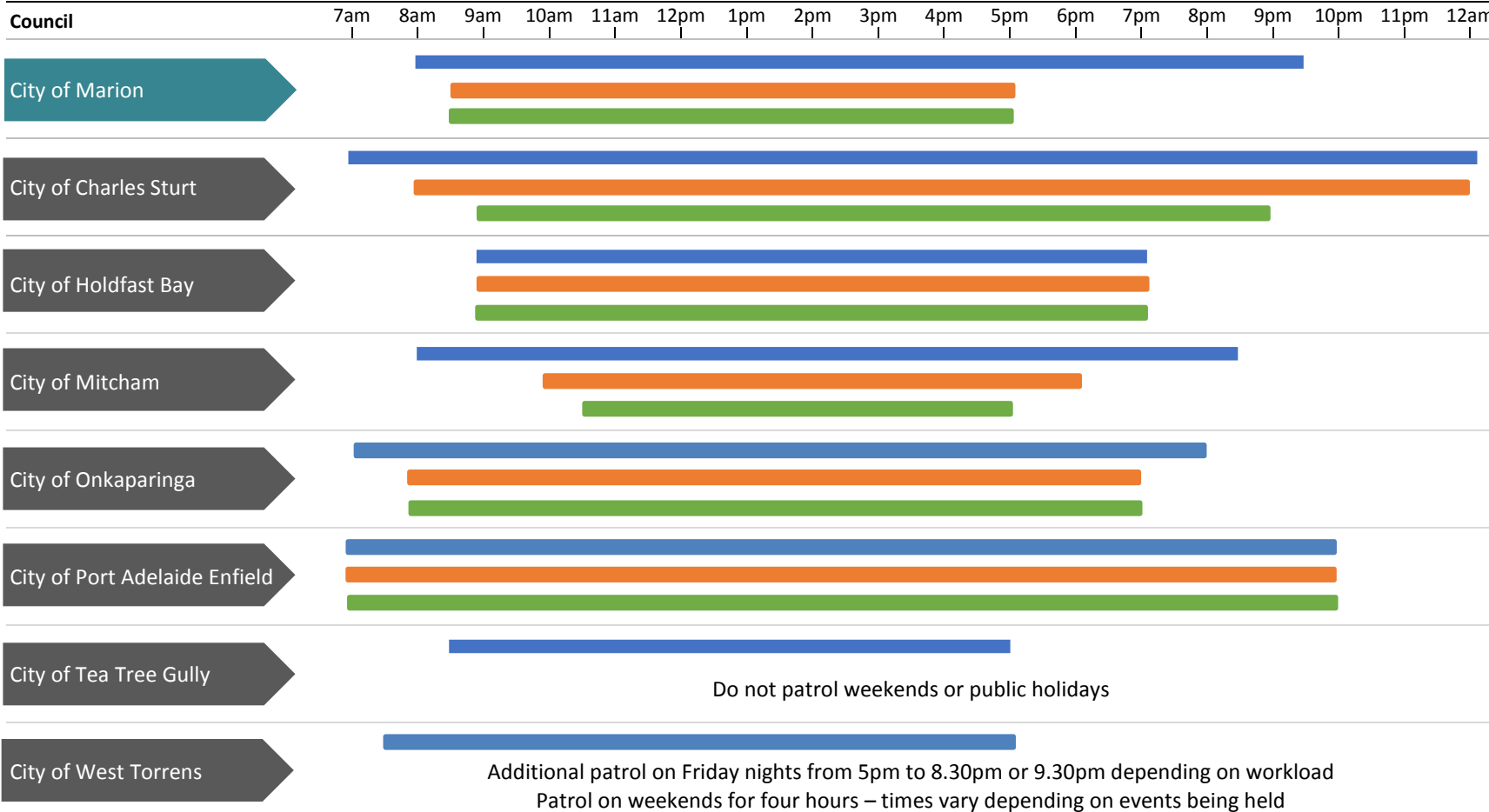
6

PARKING PATROL MANAGEMENT

6.1

SPAN OF PARKING PATROL HOURS

Table 6.1: Span of parking patrol hours



Legend

- = Weekdays
- = Saturdays
- = Sundays & Public Holidays







Do not patrol weekends or public holidays

Additional patrol on Friday nights from 5pm to 8.30pm or 9.30pm depending on workload
 Patrol on weekends for four hours – times vary depending on events being held

6.2 MAJOR PATROLLED LOCATIONS

Diagram 6.2: Major patrolled locations

 = Yes  = No

Council	Location	Events
City of Marion	- Westfield Marion	
City of Charles Sturt	- Bike lanes - Henley Beach - Queen Elizabeth Hospital - Hindmarsh tram stop	 (Entertainment centre)
City of Holdfast Bay	- Glenelg	
City of Mitcham	- Surrounding streets of University	 (Rugby - September)
City of Onkaparinga	- Detail not provided	Detail not provided
City of Port Adelaide Enfield	- Port Adelaide - Semaphore	
City of Tea Tree Gully	- Westfield	Detail not provided
City of West Torrens	- Richmond Road - RDNS Carpark	 (Thebarton Theatre & Richmond Oval)

6.3 METHOD UTILISED FOR PARKING MANAGEMENT

Diagram 6.3: Method utilised for parking management ■ = Yes ■ = No

Council	Tyre marking	Pay and display ticket machine	Sensor bays
City of Marion	■	■	■
City of Charles Sturt	■	■	■
City of Holdfast Bay	■	■	■
City of Mitcham	■	■	■
City of Onkaparinga	■	■	■
City of Port Adelaide Enfield	■	■	■
City of Tea Tree Gully	■	■	■
City of West Torrens	■	■	■

1 PARKING EXPIATIONS ISSUED (Summary)

Diagram 1: Parking expiations issued (summary)

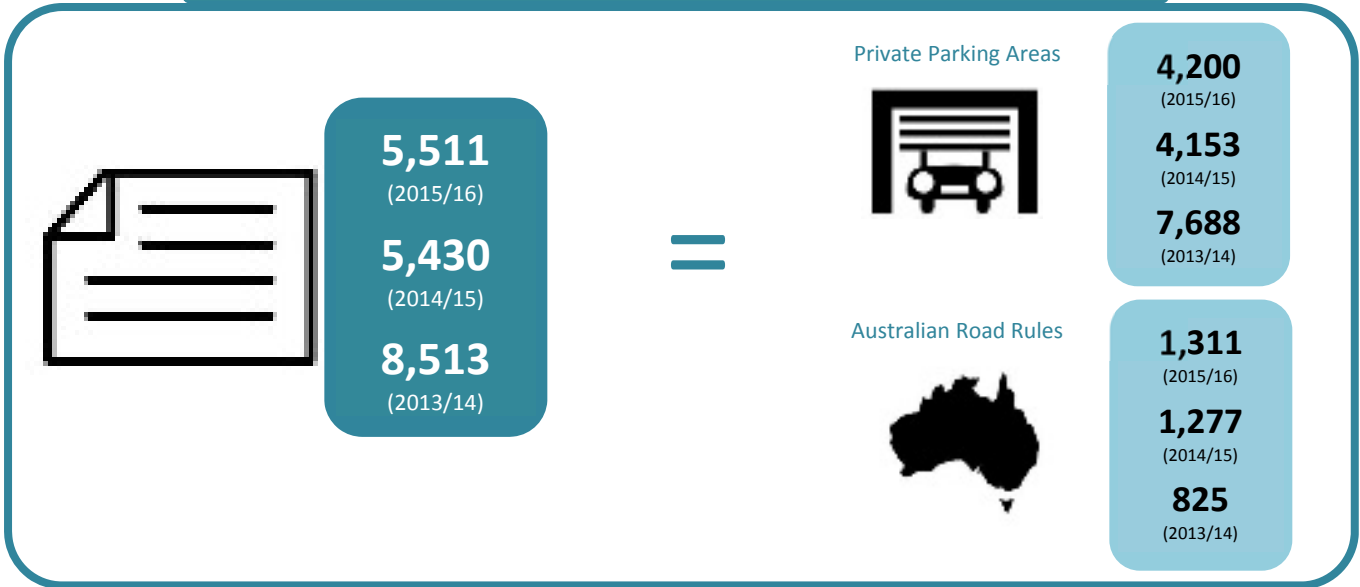
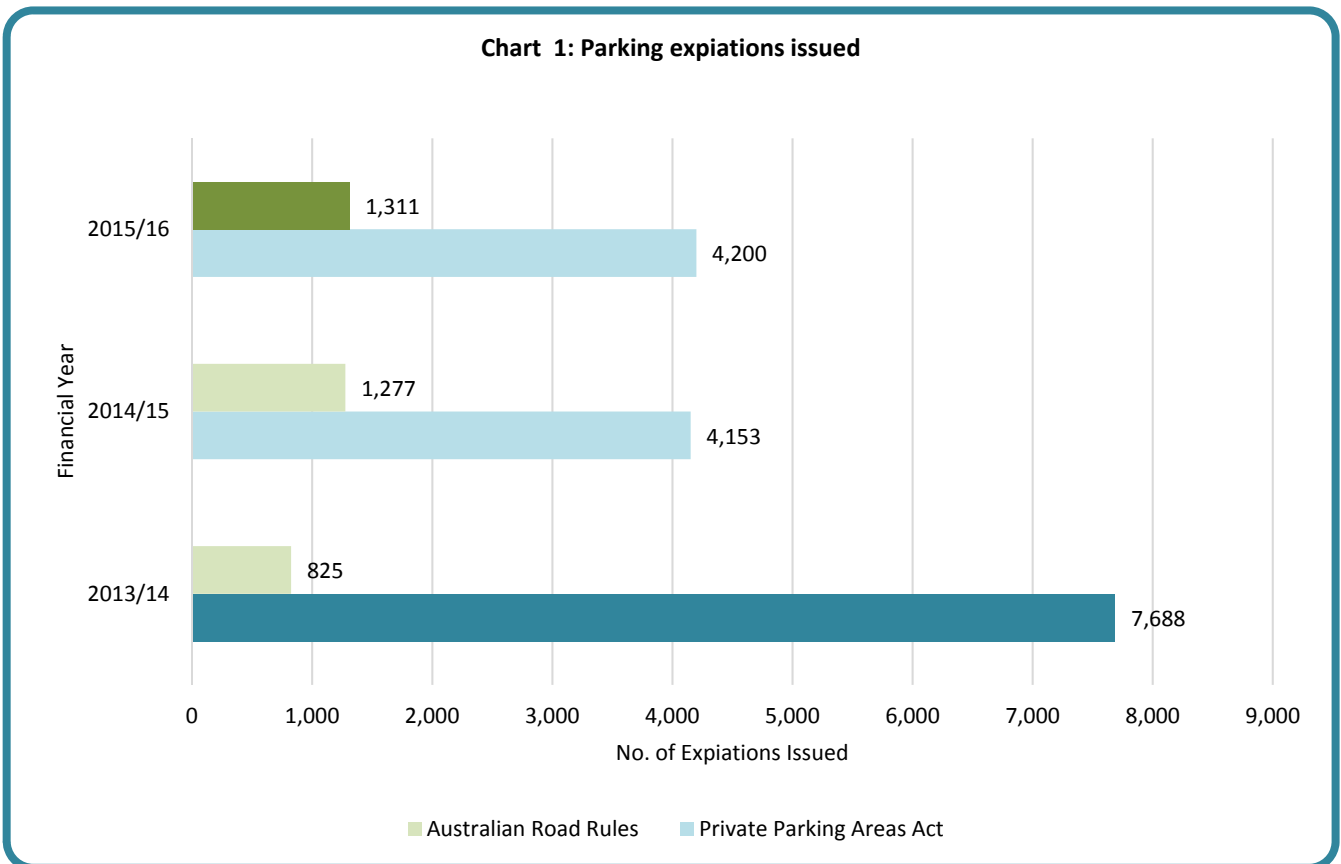


Chart 1: Parking expiations issued



2 PARKING EXPIATIONS ISSUED (Detailed)

Diagram 2: Parking expiations issued (detailed)

Private Parking Areas



Offence (sorted highest to lowest - 2015/16)	2013/14	2014/15	2015/16
Exceeding Time Limit	7,440	4,035	4,142
Disabled Zone	89	31	31
No Standing	84	46	10
Protruding Over Walkway/Driveway	6	11	6
Obstructing Access/Egress	12	13	4
Regulation 8 Purpose Other Than Parking	6	4	4
No Wholly Within One Space	17	0	2
Loading Zone	32	11	1
Restricted Parking Zone (Wrong class)	2	2	0
TOTALS	7,688	4,153	4,200

Australian Road Rules



Offence (sorted highest to lowest - 2015/16)	2013/14	2014/15	2015/16
Bicycle Lane	273	633	452
No Stopping	159	222	257
Parking for Longer Than Indicated by Sign	44	32	115
Stopping on Road with Continuous Yellow Edge Line	70	91	101
Obstructing Access Driveway/Footpath	25	37	74
Bus Zone	28	11	62
Stopping on Path Dividing or Nature Strip	72	42	57
Too Close to Dividing Line	32	59	45
Fail to Face Direction of Traffic	52	59	44
Within 10m Intersection W/O Traffic Lights	8	25	23
No Parking	13	27	19
Disabled Zone	0	2	18
Stop on or Near Children's Crossing	6	14	14
Stopping Heavy/Long	16	10	9
Loading Zone ARR	4	2	7
Obstructing Access Footpath/Ramp	5	6	4
Parking in Other Public Place	3	1	3
Double Parking	2	0	3
Fire Hydrant	4	4	1
Near Bus Stop	1	0	1
Stopping in a Permit Zone	0	0	1
Failure to Park in Accordance with Rule	0	0	1
Incorrect Offence Code Recorded	8	0	0
TOTALS	825	1,277	1,311

2 PARKING EXPIATION APPEALS (Summary)

Recipients of parking expiations have the right to make an appeal under the ‘Expiation and Offences Act 1996’. All appeals must be submitted in writing and on the relevant City of Marion form (form varies for type of expiation). The application is then reviewed by City of Marion staff and a decision is made on whether the expiation is to be waived/not waived. During the 2015/16 financial year, 9% of expiations issued were appealed with 30% of these appealed expiations waived.

‘Diagram 3’ displays the parking expiation appeals City of Marion received during 2015/16 financial year and details on those waived/not waived.

Diagram 3: Parking expiation appeals - 2015/16 (summary)

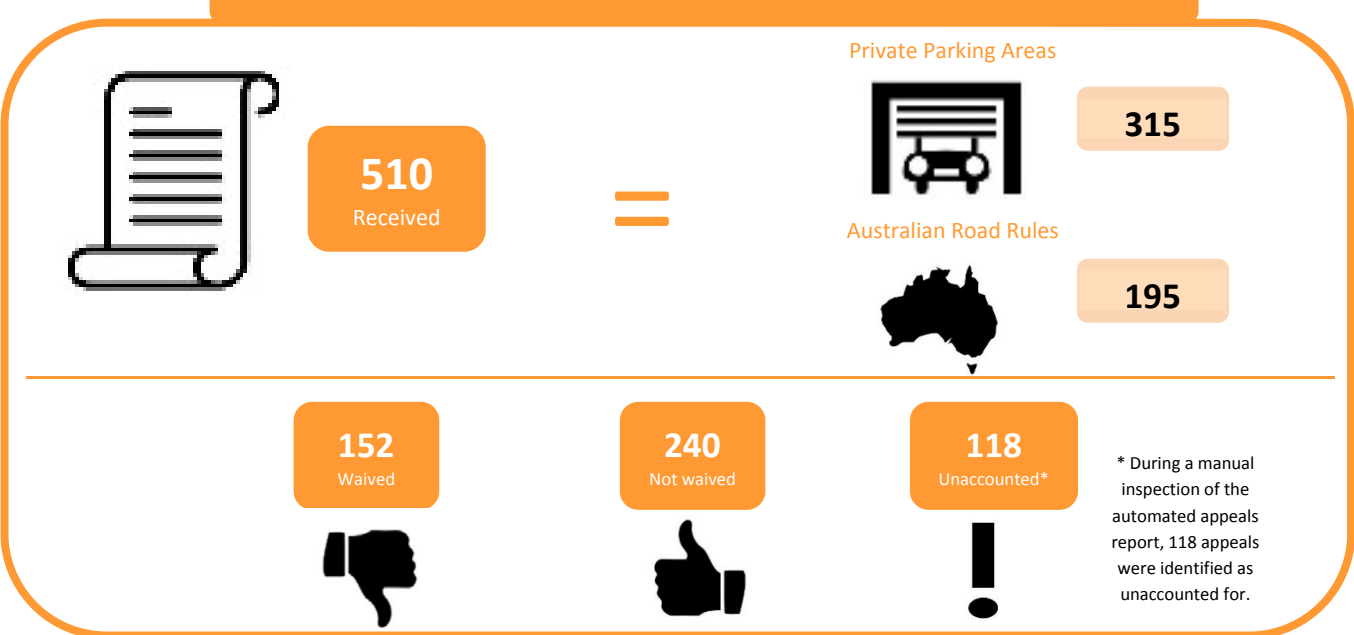
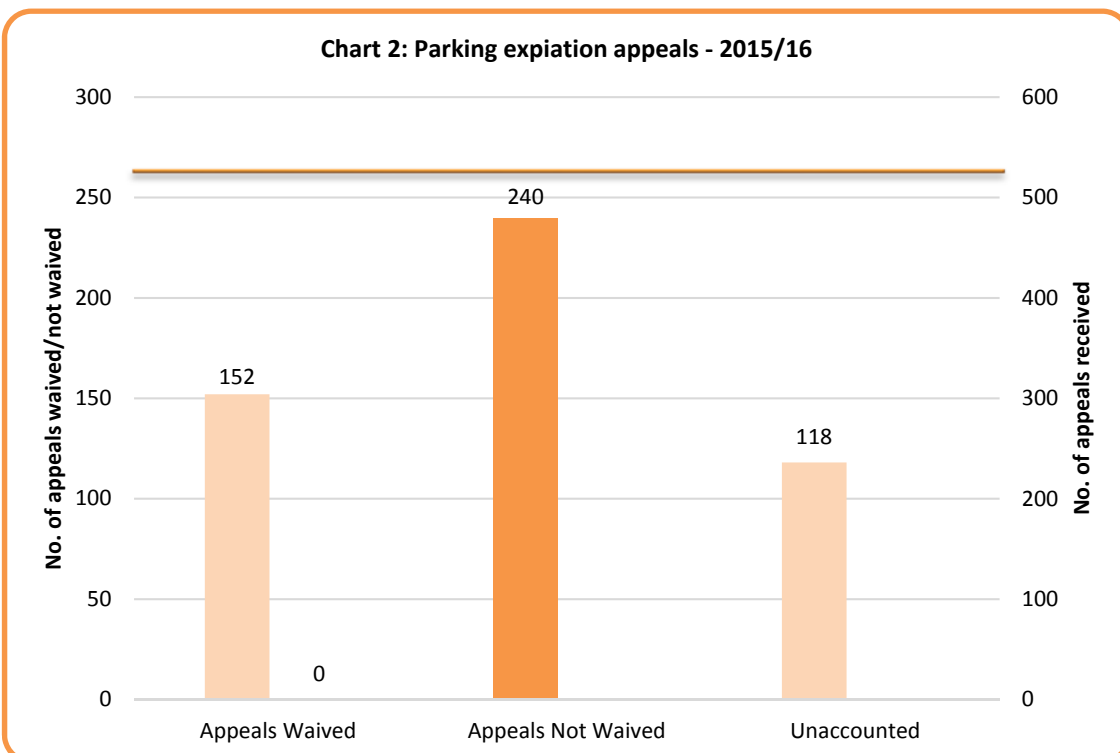


Chart 2: Parking expiation appeals - 2015/16



3 PARKING EXPIATION APPEALS (Detailed)

Diagram 4: Parking expiation appeals – 2015/16 (detailed)

Private Parking
Areas

Offence (sorted highest to lowest – appeals waived)	Appeals Received	Appeals Waived	Appeals Not Waived	Unaccounted*
Exceeding Time Limit	288	81	126	81
Disabled Zone	18	15	2	1
No Standing	4	3	0	1
Protruding over Walkway/Driveway	1	1	0	0
Obstructing Access / Egress	2	1	0	1
Not Wholly Within One Space	1	0	1	0
Loading Zone	0	0	0	0
Regulation 8 Purpose Other Than Parking	1	0	0	1
TOTALS	315	101	129	85

Australian Road
Rules

Offence (sorted highest to lowest – appeals waived)	Appeals Received	Appeals Waived	Appeals Not Waived	Unaccounted *
Bicycle Lane	76	20	51	5
Parking for Longer than Indicated by Sign	12	6	2	4
No Stopping	36	5	18	13
Too Close to Dividing Line	9	4	5	0
Loading Zone	5	4	1	0
Obstructing Access Driveway/Footpath	11	3	6	2
Stopping on Road with Continuous Yellow Line	12	2	9	1
Stopping on Path Dividing or Nature Strip	9	2	6	1
Fail to Face Direction of Traffic	7	2	4	1
Within 10m Intersection W/O Traffic Lights	3	1	1	1
No Parking	1	1	0	0
Disabled Zone	1	1	0	0
Bus Zone	11	0	6	5
Stopping Heavy/Long	1	0	1	0
Obstructing Access Footpath/Ramp	1	0	1	0
Parking in Other Public Place	0	0	0	0
Fire Hydrant	0	0	0	0
Double Parking	0	0	0	0
Stopping in a Permit Zone	0	0	0	0
Stop on or Near Children's Crossing	0	0	0	0
Stopping at or Near Bus Stop	0	0	0	0
Failure to Park in Accordance with Rule	0	0	0	0
TOTALS	195	51	111	33

* During a manual inspection of the automated appeals report, 118 appeals were identified as unaccounted for.

**CITY OF MARION
FINANCE & AUDIT COMMITTEE
30 MAY 2017**

Originating Officer: Deborah Horton, Unit Manager Performance & Improvement

Manager: Jaimie Thwaites, Acting Manager Governance

General Manager: Vincent Mifsud, General Manager Corporate Services

Subject: Proposed Service Review Schedule 2017/18

Report Reference: FAC300517R8.7

REPORT OBJECTIVES

To seek the Finance and Audit Committee (the Committee) comment on the new methodology and proposed list of services to be reviewed for the 2017/18 financial year before seeking Council approval.

EXECUTIVE SUMMARY

At its meeting of 16 August 2016 (FAC160816R7.7), the Committee reviewed the Service Review Program including the framework and supporting documentation.

Council formally adopted the framework and the 2016/17 Program at its meeting on 27 September 2016 (GC270916R05). In addition, it noted that a further report to adopt the Service Review Programs for 2017/18 and 2018/19 would be provided mid 2017.

This report explains a new methodology that has addressed key learnings (Appendix 1) from the first tranche of service reviews undertaken in the 2016/17 financial year.

It recommends a list of proposed service reviews for the 2017/18 financial year (Appendix 2) for the Committee's review to provide comment before being presented to Council for formal adoption.

RECOMMENDATIONS

DUE DATES

That the Finance & Audit Committee;

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Note this covering report. 2. Provide comment on the new methodology and proposed list of services for review for the 2017/18 financial year as provided in Appendix 1, 2 and 3. | <p>30 May 2017</p> <p>30 May 2017</p> |
|--|---|

BACKGROUND

At its meeting of 16 August 2016 (FAC160816R7.7), the FAC critiqued the Service Review Program including the framework, supporting documentation and work undertaken in accordance with such. At the time, the Committee noted;

- the process was 'fulsome and comprehensive' but also 'confusing in parts',
- Council should focus on the services that will add the most value,
- the right number of reviews to be concluded per year is a challenge for the organisation,
- that an annual refinement of the tool should be undertaken to ensure an achievable and realistic program is in place.

Council formally adopted the framework and the 2016/17 Program at its meeting on 27 September 2016 (GC270916R05) which has established that a total of 36 services are to be reviewed over three financial years (12 per financial year).¹

ANALYSIS

Post Implementation Review

The Executive Leadership Team with key staff met on 16 January 2017, where various learnings and therefore opportunities for improvement of the 2016/17 Service Review program were discussed. Key findings included (but were not limited to);

- Complicated tool implemented to identify services to be reviewed,
- Further clarity required to define the scope of the review,
- Cost v Benefit analysis required,
- Determining community value of the service needs improvement,
- Resources to deliver: time, capacity, objectivity/innovation
- Executive Leadership Team have input/oversight to/of recommendations as a result of the review.

Since January 2017, a new methodology has been implemented to address the above (including the views of FAC and Council) with an explanatory table provided (Appendix 1).

New methodology

The new methodology is a slight shift in philosophy; to do more with what we have, focused upon increasing positive customer experience and value.

The identification and prioritisation of services for 2017/18 (Appendix 2 and 3) is now based upon evidential data (actual cost of service, primary sources of customer feedback, risk weighted assessment of benefits of a review) rather than subjective opinion (sought via a survey).

The new method has identified 14 services, ranked in order of priority based upon the new methodology and Executive Leadership Team analysis. Two of the 14 services are acknowledged as services that were included in the 16/17 program (Records and Parking).

¹ The author acknowledges that Council, on 29 September 2016, changed the number of service reviews to be completed 2016/17 from 12 to 9 when considering the "2016-19 Business Plan" (GC270916R03).

Provided below is a summary the new methodology taken;

Step 1: (first pass analysis of areas of opportunity)

- Costing of all services across the organisation,
- Review of support services against external benchmarks to identify areas of opportunity,
- Review of benchmarking in detail with one other council to date to identify areas of opportunity,
- Reviewed our primary source of customer feedback (Customer Events), assessed which customer requests related to areas we could improve on, also to identify opportunities to lift customer experience.

Based on this step above, a list of 40+ opportunities were identified to create value for the community, either through freeing up funds, or improving customer experience, or both.

Step 2: (benefit analysis)

- Assessed their benefits - both in terms of cost and customer experience,
- Identified where 'services' should or could be grouped with other initiatives to achieve maximum impact,
- Made high levels assessments of the costs of initiative implementation,
- Performed high level discounted cash flows over three years for each of the initiatives.

Step 3: (risk assessment)

- Assessed change management, technical, resource and implementation risks,
- Used these risk assessments and the benefits of the services to prioritise which initiative groups should be tackled first,
- Assessed the best approach to deliver the initiatives. Some of the initiatives can proceed immediately to implementation, others can be dealt with through the remaining service reviews for 2016/17 and others should be assessed for inclusion in the 2017/18 service review program.
- Those services identified for consideration in the 2017/18 program, were then selected by the highest priority (risk, cost, effectiveness) areas.

Step 4: (Executive Leadership Team analysis)

- Assessed the list of services with another layer of analysis based upon their knowledge of the organisation including staff capacity, changes in the industry, legislative change, etc.

CONCLUSION

A new methodology and straight-forward approach to future service reviews has been proposed, addressing learnings from current service review schedule.

Proposed Service Review Schedule 2017/18

FAC300517R0X – Opportunities/Outcomes (Appendix 1)

No.	Opportunity	Outcome
1	Complicated tool implemented to identify services to be reviewed	<ul style="list-style-type: none"> Expert input to replace tool with the creation of a service identification and prioritisation model based upon evidential data and financial formulas <ul style="list-style-type: none"> Assessed change management, technical, resource and implementation risks. Used these risk assessments and benefits to prioritise which activity functions can proceed first – high priority areas are identified first. Review of the framework to eliminate unnecessary processes.
2	Cost (of service review) versus benefit analysis required / Clarity to define 'scope' of review	<ul style="list-style-type: none"> All services have been costed based upon audited financial data. Introduction of 'hypothesis' to define the scope of the review <i>before</i> commencement to ensure resources are focused on the right areas to achieve maximum impact. High levels assessments of the costs of initiative implementation made in new model
3	Determining community value of the service needs improvement	<ul style="list-style-type: none"> Reviewed our primary source of customer feedback (Customer Events), assessed which customer requests are related to areas we could improve on, also to identify opportunities to lift customer experience.
4	Inconsistency in how services were initially identified (broad descriptor)	<ul style="list-style-type: none"> Services have been 'bundled' as 'activity functions' - services are not delivered in isolation. The new methodology of these 'activity functions' have been assessed against their benefits – both in terms of cost and customer experience at a 'function's' lifecycle (ergo less formed functions have benefits diluted more than those where we have agreement and its benefits are known with certainty).
5	Executive Leadership Team oversight	<ul style="list-style-type: none"> Recommendations of the reviews to be reported to ELT prior to Finance & Audit Committee.
6	Concerns regarding terminology "Profile of the service" and its methodology	<ul style="list-style-type: none"> Tool has been replaced and therefore this terminology /practice is redundant, however all three principles remain and are weighted as a whole based upon evidential data and not subjective opinion; <ul style="list-style-type: none"> Commercial viability – budget expenditure, income. Public value – customer events system data. Innovation – benchmarked / financially modelled.
7	Reviews are comprehensive but complex – resources to deliver	<ul style="list-style-type: none"> New methodology looks at improvements that can be achieved immediately without having to undertake an extensive review. Ranking to identify services for a review take into consideration staff capacity and dependencies. By redefining the scope of the review prior to commencement ensures that the hypothesis is tested and the review remains focused. Flinders University Student on Work Industry placement to produce 'modelling' to provide financial rigor to recommendations of the service.

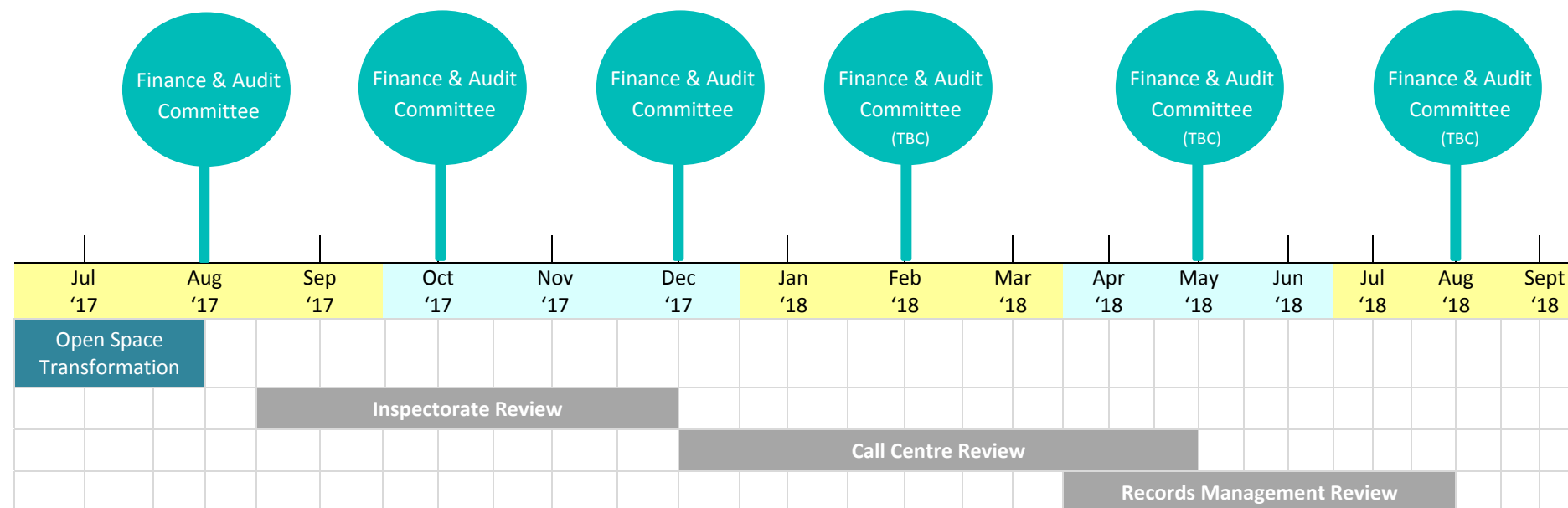
Proposed Service Review Schedule 2017/18

FAC300517R0X – Service Review – Proposed Schedule 2017/18 (Appendix 2)



Initiative Group	Areas to focus on	# of Services	Impacted Services
Open Space Transformation	<ul style="list-style-type: none"> Increase programmed maintenance to support increase in productivity. Implement program, productivity and quality systems, tools and processes. Configure resources and equipment to match workload profile. 	7	<ul style="list-style-type: none"> Irrigation Maintenance Reserve Maintenance Landscape Maintenance Playground Maintenance Sensitive Sites Maintenance Tree Maintenance Annual Street Tree Planting
Inspectorate Review	<ul style="list-style-type: none"> Lift parking revenue. Implement productivity and quality systems, tools and processes. Use call centre resources to support less work allocated to inspectorate. (note - link with call centre review below) 	4	<ul style="list-style-type: none"> Animal Management Collection of syringes Fire Prevention Parking Management and Regulation (acknowledging that Parking Management & Regulation is currently being reviewed 16/17)
Call Centre Review	<ul style="list-style-type: none"> Assess opportunity to reduce incoming calls through implementation of Interactive Voice Response to manage SOLO / waste calls without Customer Service Officer intervention. Assess team-resourcing profile against profile of calls coming in to better match resources and improve services Assess opportunity to provide additional support across organisation in off phone time where workload and staff times can't be matched. Assess opportunity for greater first call resolution through use of templates etc. in call centre. Refer call centre optimisation work. 	2	<ul style="list-style-type: none"> External Customer Service and Information Internal Customer Service and Information
Records Management Review	<ul style="list-style-type: none"> Assess the impact of significant technology changes (CoM Connect project). Identify additional process improvement opportunities. 	1	<ul style="list-style-type: none"> Records Management (deferred from 16/17 schedule).

Example of Service Review Proposed Schedule format – 2017/18 Financial Year (dates not confirmed)



Proposed Service Review Schedule 2017/18

FAC300517R0X - Prioritisation Ranking Explanation (Appendix 3)



Rank	Prioritisation, Weighting and Explanation										
	NPV Project	NPV investment	# Ratepayers Impacted	Corporate Risk Mitigation	Business Change Impact	Funding availability	Time to Deliver	Clarity of solution	Technical Complexity	Capacity to deliver	Dependencies
	(15%)	(5%)	(15%)	(5%)	(10%)	(5%)	(10%)	(10%)	(10%)	(10%)	(5%)
7	Greater than \$2M	Zero or Negative Value	Improves customer experience for more than 4.5K ratepayers	Mitigates severe/extreme risk	No change impacts	-	-	-	No IT change required	-	-
5	Between \$1M and \$2M	\$0-\$500K	Improves customer experience for more than 2K ratepayers	-	Only one area affected and area has low change agenda	Able to be accommodated within budget	One month from approval to delivery	Requirements very clearly defined - able to be implemented from requirements	-	Resources are readily available	Project is stand alone
3	Between \$500K and \$1M	\$500K - \$1M	Improves customer experience for up 1K ratepayers	Mitigates high risk	People/ processes across two areas impacted or one area affected with medium change agenda	Requires council approval	The project is scheduled to deliver on phased deadlines	Requirements partially understood	One system affected	Resources are not available but can be recruited/ reallocated	-
1	Between 0 and \$500K	\$1-\$5M	Improves customer experience for up to 500 ratepayers	Mitigates medium risk	People/ processes across three or more areas affected or up to areas affected with high change agenda	Requires new funding	The project is expected to deliver within very tight deadlines	Requirements not understood - initiative is just concept	More than 2 systems affected	Unresolvable resource conflict	There are other dependencies
0	Zero or Negative Value	Greater than \$5M	0 ratepayers impacted	-	-	-	-	-	-	-	-