His Worship the Mayor
Councillors
City of Marion

Notice of Finance, Risk and Audit Committee

Committee Room 1, Council Administration Centre

245 Sturt Road, Sturt

Tuesday, 16 April 2024 at 2.00 pm

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the *Local Government Act 1999* that a Finance, Risk and Audit Committee will be held.

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 Centre on Sturt Road, Sturt.

Tony Harrison
Chief Executive Officer

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 Elected Member Declaration of Interest (if any)

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 20 February 2024	
Report Reference	FRAC240416R4.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer – Tony Harrison

RECOMMENDATION

That the minutes of the Finance, Risk and Audit Committee Meeting held on 20 February 2024 be taken as read and confirmed.

ATTACHMENTS

1.   FRA C 240220 - Final Minutes [**4.1.1** - 10 pages]

**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 20 February 2024 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

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PRESENT

Ms Emma Hinchey (Chair)
Ms Nicolle Rantanen
Mr Josh Hubbard
Councillor Jason Veliskou

In Attendance

Chief Executive Officer - Tony Harrison
General Manager Corporate Services - Angela Allison
Chief Financial Officer - Ray Barnwell
Manager Office of the CEO - Kate McKenzie
Unit Manager Governance and Council Support - Victoria Moritz

1 Open Meeting

The Chair opened the meeting at 2.20pm.

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 Elected Member Declaration of Interest (if any)

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

Nil interests were disclosed.

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 12 December 2023
Report Reference   FRAC240220R4.1

Moved Mr Hubbard   **Seconded Councillor Veliskou**

That the minutes of the Finance, Risk and Audit Committee Meeting held on 12 December 2024 be taken as read and confirmed.

Carried Unanimously

FRAC240220 - Finance, Risk and Audit Committee - 20 February 2024

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5 Business Arising

5.1 Business Arising Statement - Action Items
Report Reference   FRAC240220R5.1

Moved Ms Rantanen   **Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1. Notes the business arising statement, meeting schedule and upcoming items.

Carried Unanimously

6 Confidential Items – Nil

7 Reports for Discussion

7.1 2024 Asset Management Plans - Tranche 1
Report Reference   FRAC240220R7.1

The Manager Engineering, Assets and Environment introduced the item and provided a brief summary of the Asset Management Plans (AMP's). It was noted that the purpose of the AMPs is to improve Council's long term strategic management of assets under its care and control to meet the required levels of service. The AMP's define the current state of the assets and consider any future requirements, whilst optimising the balance between performance, cost, and risk. They outline an optimum lifecycle management approach and provide the forecast expenditure needed to deliver the services.

The Committee provided the following discussion points and feedback:

Draft Artworks, Culture & Heritage AMP
- The Committee discussed the development of service levels and raised the question of whether there is a collective view on service levels across the suite of AMP's during development. Management noted a lot of work had gone into the refinement of service levels and mentioned the IPWEA practice note to provide guidance through the service levels. The service levels will also be discussed in detail with Council Members and brought back through to Council for approval.
- There was discussion around the renewal funding ratio, with Management commenting that the plans are still being developed and will be updated with information known prior to adoption. The aim is to ensure alignment of financials within the Long-Term Financial Plan (LTFP) and the Asset Management Plan (AMP) before consultation. Management also emphasised the importance of assessing against benchmark ratios and striving to fund 100% of plans in the LTFP, subject to council decisions regarding service levels.
- The Committee enquired about the sequence for funding AMPs and the LTFP and the correlation between the affordability of the plan. Management explained that current plans are fully funded within the LTFP. However, are still working through the process if there are significant cost increases, which will be transparently reported to the council, potentially leaving some aspects unfunded.
- The Committee discussed the importance of ongoing data maintenance for meeting service levels and the implementation of predictive modelling. Management noted the recent implementation of Assetic, highlighting the benefits of this tool for understanding funding

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scenarios and levels of service. The importance of data integrity was also highlighted noting a lot of effort has gone into structuring the data to inform decisions.

- Management commented on the recent independent audit of asset management maturity, with the result indicating an upward trajectory in data, awareness and knowledge, suggesting improvements in the management of assets.
- The Committee addressed specific queries regarding the installation of the artwork at Hallett Cove and band instruments, discussing costs, responsibilities, and the necessity of including certain items in the AMPs. The Committee suggested a further review for clarity and consistency in reporting and language to accurately reflect the intended asset management planning scenario.

Draft Fleet, Plant & Equipment AMP
- The Committee questioned the policies concerning the lifecycle of council assets and opportunities for joint procurement with other councils to reduce costs. Management commented on the process, including the Fleet Management Policy, use of key metrics and indicators for reviewing asset lifecycles. It was noted if an asset hasn't reached the end of its life at the conclusion of the lifecycle, it is reviewed annually to determine the future life of that asset. Management also mentioned the Institute of Public Works and Engineering Australia for determining base thresholds and discussed current fleet size management strategies.
- It was acknowledged that the Fleet AMP doesn't necessarily sit on its own, with elements from other plans affecting the Fleet Plan.
- Management commented on the procurement arrangements and rationalisation efforts across the three councils including, a single fleet manager overseeing comparisons and joint venture opportunities where possible.
- The Committee discussed measures to ensure optimal asset utilisation, including sharing equipment across councils and addressing concerns such as street sweeper accessibility. They also discussed the replacement of outdated telematic systems and the criteria for purchasing new assets based on operational needs.
- Concerns were raised around defining trigger points for reviewing asset usage and the need for clear parameters and business cases to justify asset purchases, disposal or replacements. Discussions focused on the importance of capturing requirements in the AMPs for inclusion in the Long-Term Financial Plan (LTFP).
- The Committee highlighted the need for annual reviews of costing and suggested incorporating trigger points into the plans before they go to the Council. The Committee suggested considering alternate approaches to reviewing AMPs, potentially staggering reviews based on specific council restrictions or varying needs.

Draft Stormwater AMP
- The Committee discussed urban infill and climate change in relation to strategic risks identified within the plan.
- The Committee highlighted the importance of considering interdependencies with other assets to avoid missing costs.
- The Committee questioned the 13% unknown condition profile of stormwater components (table 2 P78) and whether management were comfortable with this or if this was seen as a risk. The Committee also sought clarification on the response time for service level issues, particularly regarding Work Health and Safety (WHS) concerns such as pit covers.
- Management provided details on response strategies based on risk assessment, such as rapid response teams for urgent issues like pit covers. Stormwater Management Plans and development code requirements were mentioned as addressing the impact of development on non-permeable surfaces and property, with strategies in place like tree inlets and monitoring devices. The Committee suggested additional wording in the Plan to clarify and explain the response process.
- The Committee discussed the impacts of stormwater on private property and the process of assessing claims on a case-by-case basis, prioritizing works based on any identified failures

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in the system. It was noted that stormwater on private property is the responsibility of the owner.

3.19pm Mr Hubbard left the meeting

- The Committee discussed a spike in renewal costs in 2026/27 related to specific works required, with ongoing renewal work and maintenance planned for streetscapes, kerbs, and water sensitive urban design works at a realistic cost, slightly increased from previous average costs.
- Management noted the missing figures regarding depreciated amounts and replacement costs to be included.

3.21pm Mr Hubbard re-entered the meeting

Overall, the discussion highlighted the importance of efficient asset management, collaboration between councils, clear decision-making criteria, the importance of ongoing data upkeep and ongoing reviews to ensure assets align with service needs and financial plans. The Committee noted the CoM Asset Management Plan Trees 2024 – Snapshot commenting on the importance of ensuring that all of the AMP's are relatable and inviting for the Community to read and understand.

Moved Mr Hubbard   **Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Review and provide feedback on the Draft Asset Management Plans.

Carried Unanimously

| **7.2 Draft Annual Business Plan 2024-25 and Long Term Financial Plan** |
| **Report Reference**   FRAC240220R7.2 |

The Chief Finance Officer provided an update on the development of the Draft Annual Business Plan 2024-25 and Long-Term Financial Plan, highlighting an update to key assumptions following discussions in the Committee's December meeting and the planning day in January with Council Members. The next iteration of the LTFP will incorporates changes regarding CoMBAS discussed at planning day and future plans will aim to minimise costs on the community while also remaining realistic to fund the Council's strategic priorities.

The following key discussion points were noted:
- The Committee queried the sensitivity analysis on interest rates and looked to see additional sensitivity in the table. The Committee also queried the timing of borrowings, expressing concerns around projects being pushed back. Management commented this is managed through the Treasury Management Policy and that the Plan is based on current information and may be adjusted based on project timelines and funding availability.
- Management noted that there is an increased focus on the financial commentary included in reports for all proposed business cases to General Council meetings, itemising sensitivity regarding borrowing and timeframes based on the LTFP. This will provide a more sophisticated assessment of financial impacts, including potential effects on rates.
- The Committee emphasised the importance of ensuring the increase in revenue from rates was adequate and realistic and the importance of avoiding future spikes in unsustainable rate increases and ensuring practicality in revenue projections throughout the plan. Management

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acknowledged the need for caution despite the council's strong financial position with limited debt, taking into account the Committees comments and concerns.

- The Committee discussed the consideration of unfunded initiatives, noting the CoMBAS as a framework for prioritising projects and allowing flexibility for new initiatives. The Committee agreed on the importance of discussing emerging priorities that are unfunded.
- The Committee noted the next steps including a Forum in March focusing on rating data and public consultation expected to end in April.

3.35pm Ms Rantanen left the meeting

Moved Ms Rantanen   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee provide feedback on:

1. The development of the Draft ABP 2024-25 and Draft LTFP (Attachments 1and 2)

2. The reasonableness, fairness and equity of potential rating approaches for 2024-25, including in the context of Councils LTFP and on-going financial sustainability.

Carried Unanimously

7.3 Internal Audit Plan 2023-2025	
Report Reference	FRAC240220R7.3

The Manager Office of the CEO introduced the item and provided a brief overview of the Data Governance Scope, noting the objective of this audit is to consider the current state of data governance at the CoM, including the management of the data and systems landscape and supporting operating model. The KPMG Data Governance Framework will be leveraged to ensue coverage of data governance across the organisation. KPMG have also been asked to include an assessment of the current data governance risks within the strategic and corporate risk registers.

3.38pm Ms Rantanen re-entered the meeting

Moved Councillor Veliskou   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Considers and provides feedback on the:
   a. Data Governance Scope (Attachment 1)

Carried Unanimously

7.4 Internal Audit Program - Implementation of Recommendations	
Report Reference	FRAC240220R7.4

The Committee noted the Internal Audit Program – Implementation of Recommendations and provided the following comments:

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- The Committee noted concerns around due dates and suggested a targeted approach to addressing outstanding tasks, focusing on high and moderate priority items and considering a clean-up exercise for low-priority tasks.
- Management highlighted the significant progress made in completing actions and the significant advancement of many items. The need for a methodical process of accountability to ensure items are closed out appropriately was highlighted. The Executive Leadership Team (ELT) continue to review progress, ensuring accountability up to the close date.
- It was noted that some of the items rely on the implementation of a single software solution, with several items marked for completion by 30 June.
- The Committee noted the high performance on the audit of actions and encouraged Managers to commit to actions where appropriate and negotiate further if required to deliver a clearly defined and measurable action.

Moved Councillor Veliskou   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Reviews and provides feedback on the Internal Audit Program (Attachment 1).

Carried Unanimously

7.5 Risk Management Framework update	
Report Reference	FRAC240220R7.5

The Committee noted the updated Risk Management Framework and Policy and provided the following comments:

- The Committee sought clarification on the risk training for council members, specifically whether it was for all members or only newly elected members. Management clarified that under the Regulations, the risk training is mandated for all Council Members, and the wording would be clarified accordingly.
- Noted the importance of a practical and understandable approach to risk training, noting the workshop with the Committee and Council Members in August last year.
- The Committee raised a query around the risk categories, specifically regarding Health, Safety and Wellbeing. Management explained the separation of categories based on different types of risks associated with staff, community and contractors. Staff will review and test these categories through the implementation of the new risk system.
- Discussed the risk consequence table, and it was confirmed the limit had been raised to $5 million from the previous $4 million as recommended.
- The Committee highlighted the correlation between the policy and framework and the need for consistency in scope.
- There was a discussion regarding the responsibilities of the Committees in the Policy, specifically noting the responsibility to provide feedback and offer recommendations to Council.

Moved Ms Rantanen   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Notes the minor amendments made to the Risk Management Framework document.

2. Provides any feedback on the consequence criteria table

3. Notes minor changes to the Risk Management Policy

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4. Notes further work will occur to consider opportunities management and will be brought back to the FRAC in the second half of 2024.

Carried Unanimously

7.6 Strategic Risk Register annual report	
Report Reference	FRAC240220R7.6

The Committee received and noted the Strategic Risk Register annual report and provided the following feedback:

- The Committee referenced SR003 (inadequate protection of natural assets and provision of natural spaces) and raised concerns regarding the recent tree issues in the parklands and enquired about the Councils tree audits and response procedures. Management confirmed the existence of tree audits and appropriate procedures and emphasised the importance of learning from past incidents without radically altering practices, however reviewing and adopting where required.
- Highlighted the need to address specific climate change impacts and further identify these scenarios (e.g. increased flooding / stronger storms etc) which was also recently discussed in the Infrastructure and Environment Committee meeting. Management mentioned the climate change governance assessment and development of a climate change risk register. These two key pieces of work will be brought back through the Committee for comment.
- Discussed SR001 in regard to inadequate recognition of and provision of services in response to social health. Management commented that works are starting to progress on public health reporting and Disability, Access and Inclusion Plan scheduled for Council Member engagement in April this year.
- The Committee questioned the removal of the strategic risk related to data optimisation. Staff commented this was an inherent risk related more to cyber security which had morphed into efficiency of systems. The elements removed from this risk is included in the Corporate Risk Register (CR0064), however the Committee raised concerns as to the intent of the risk. The Committee commented on the importance of having a clear process for the addition of and removal of risks to the strategic risk register.

Moved Ms Rantanen   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Notes and provides feedback to the Strategic Risk Register

Carried Unanimously

7.7 Quarterly Corporate Risk report Q2 2023-2024	
Report Reference	FRAC240220R7.7

The Committee noted the Quarterly Corporate Risk Report Q2 2023-2024 and the following was noted:

- Discussed the comfort level regarding the Project Management Framework (PMF). Management noted work in this space was progressing well, with the Framework in place and work progressing on the 'in-house' sharepoint solution, currently in the testing phase. The implementation is currently on track to be completed by the end of the financial year, with

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ongoing assessments for potential improvements and a review point at 12 months to determine possible market solutions if required.

- Highlighted a risk regarding IT source drivers and inquired whether this was picked up in the controls.
- The Committee discussed CR0095 relating to poor data quality and potential causes such as lack of training for IT staff. Management confirmed that these issues are being addressed through the project's methodology, which includes a digital literacy assessment and training for staff to the required level, aiming to update current controls accordingly.

Moved Ms Rantanen   **Seconded Mr Hubbard**

The Finance, Risk and Audit Committee:

1. Notes the Corporate Risk Register Report (Attachment 1), issues and opportunities identified within the report.

2. Review and discuss the high risks (Attachment 2) and provides feedback on the review outcomes.

Carried Unanimously

8   Reports for Noting

8.1 Council Member Report
Report Reference   FRAC240220R8.1

Moved Councillor Veliskou   **Seconded Ms Rantanen**

That pursuant to Section 90(2) and (3)(g) of the Local Government Act 1999, the Committee orders that all persons present, with the exception of the following persons: Chief Executive Officer, Chief Financial Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager Office of the Chief Executive and Unit Manager Governance and Council Support, be excluded from the meeting as the Committee receives and considers information relating to a report considered in confidence by Council regarding Marino Hall Asbestos Removal & Remediation 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 a council report currently held in confidence in accordance with the *Local Government Act 1999.*

Carried Unanimously

4.18pm the meeting went into confidence

The Chief Executive Officer provided a high-level summary of the report to the Committee.

4.24pm the meeting came out of confidence.

Moved Councillor Veliskou   **Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

FRAC240220 - Finance, Risk and Audit Committee - 20 February 2024

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9 Workshop / Presentation Items – Nil

10 Other Business – Nil

11 Meeting Closure

The meeting was declared closed at 4.25pm.

CONFIRMED THIS 16 DAY OF APRIL 2024

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CHAIRPERSON

5   Business Arising

5.1 Business Arising Statement - Action Items	
Report Reference	FRAC240416R5.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer – Tony Harrison

REPORT OBJECTIVE

The purpose of this report is to review the business arising from previous meetings of the Finance, Risk and Audit Committee meetings, the meeting schedule and upcoming items.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1.   **Notes the business arising statement, meeting schedule and upcoming items.**

ATTACHMENTS

1.   Business Arising Statement April 2024 [**5.1.1** - 4 pages]

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BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT APRIL 2024

There are currently no outstanding Action Items

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.						

* Completed items to be removed are shaded

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

SCHEDULE OF MEETINGS 2024

Day	Date	Time	Venue
Tuesday	20 February 2024	2pm – 5pm	Administration Centre
Tuesday	16 April 2024	2 pm – 5pm	Administration Centre
Tuesday	4 June 2024	2 pm – 5pm	Administration Centre
Tuesday	13 August 2024	3.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	8 October 2024	2 pm – 5pm	Administration Centre
Tuesday	3 December 2024	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2024

Tuesday 20 February   2.00pm – 5.00pm

Topic	Description	Staff Responsible
Risk Management Plan, Framework and Strategic Plan review and update	Review & Feedback	S Tebyanian
Tranche AMP 1	* Stormwater * Plant, Fleet and Equipment * Art, Culture and Heritage Committee to provide feedback	M Allen A Allison C Hughes
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q2	Review & Feedback	C Mitchell
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Draft Annual Business Plan 2024-25 and LTFP	Review & Feedback	R Barnwell A Doyle
Corporate Risk Report Q2	Review & Feedback	S Tebyanian
Strategic Risk Register Annual Review	Review & Feedback	S Tebyanian

Tuesday 16 April 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Internal Audit - Implementation of Recommendations Q3	Review & Feedback	C Mitchell
Draft Annual Business Plan 2024-25 & LTFP Update	Review & Feedback	R Barnwell A Doyle
Budget Review 2 - 2023-24	Noting	Ray Barnwell
Internal Audit Program – scopes and reports		K McKenzie
IS Strategy Update Annual Report		A Allison

Tuesday 4 June 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Draft Annual Business Plan 2024-25 - Public Consultation Feedback	Review & Feedback	R Barnwell A Doyle
External Audit 2023-24 – Interim Management report	Review & Feedback	K McKenzie
Tranche AMP 2	* Water Treatment & Resources * Open Space * Coastal Walkway Committee to provide feedback	M Allen C Hughes M Allen
Budget Review 3 – 2023-24	Noting	R Barnwell A Doyle
Annual Report on Business Continuity	Noting	K McKenzie
Internal Audit Program 2024/25	Review & Feedback	K McKenzie
Internal Audit Program – scopes and reports	Review & Feedback	
Corporate Risk Report Q3	Review & Feedback	S Tebyanian
Fraud risk register bi-annual report	Review & Feedback	S Tebyanian

Tuesday 13 August 3.00pm – 6.00pm

Topic		Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Feedback and consideration of elements for inclusion	T Moritz
Internal Audit - Implementation of Recommendations Q4	Review & Feedback	C Mitchell
Tranche 3 AMP	* Buildings and Structures * Transport Committee to provide feedback	M Hubbard M Allen
Annual Insurance and Claims report	Review & Feedback	S Tebyanian M Frew
Corporate Risk Manager Q4	Review & Feedback	S Tebyanian M Frew

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Joint Workshop with Council (6.30pm onwards)		

Tuesday 8 October 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Review and Recommendation to Council	T Moritz
Independence of Council's Auditor for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Audited Annual Financial Statements for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Investment Performance 2023-24		J Stewart R Barnwell
Debtors Report		M Virgin R Barnwell
CoM State of our Assets - annual progress reporting against Asset Management Strategy KPIs		C Johnson B Lyons

Tuesday 3 December 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communications Report	T Moritz
Work Program and Meeting Schedule 2025	Review and Feedback	T Moritz
Ombudsman Annual Report	For Noting	A Johnson T Moritz
Internal Audit - Implementation of Recommendations Q1	Review & Feedback	C Mitchell
Framework and Key Assumptions for the preparation of the 2025-26 ABP and LTFP	Review and Feedback	R Barnwell
Budget Review 1 – 2024-25	For Noting	R Barnwell
Corporate Risk report Q1	Review & Feedback	S Tebyanian M Frew

6   Confidential Items - Nil

7   Reports for Discussion

7.1 Draft Annual Business Plan 2024-25 and Long Term Financial update	
Report Reference	FRAC240416R7.1
Originating Officer	Unit Manager Statutory Finance – Melissa Virgin
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	General Manager Corporate Services - Angela Allison

REPORT HISTORY

Report Reference	Report Title
FRAC231212R7.1	Framework and Key Assumptions for the preparation of the 24-25 ABP and LTFP
FRAC240220R7.2	Draft Annual Business Plan 2024-25 and Long-Term Financial Plan

REPORT OBJECTIVE

The purpose of this report is to provide the Finance, Risk and Audit Committee with an update on the development of the Draft Annual Business Plan (ABP) 2024-25 and Draft Long Term Financial Plan (LTFP) and present the findings from the City of Marion Local Government Advice review undertaken by the Essential Services Commission of South Australia.

EXECUTIVE SUMMARY

The development of the Draft ABP 2024-25 and LTFP is an iterative process that continues through to the final adoption of the ABP at the end of June. The final Draft 2024-25 ABP will be considered for adoption by Council at the 25 June 2024 General Council meeting.

The City of Marion, like many organisations is dealing with highly challenging market conditions and inflationary pressures continuing into 2023-24, albeit at lower levels than in 2022-23. In developing the Draft ABP 2024-25 and LTFP we have been mindful of current market conditions to ensure continuity of services and project delivery in a financially sustainable way.

Considerable work has been undertaken to set a rate increase that balances the impact on our community without compromising on operational service or capital project delivery while also maintaining a long term financially sustainable position for the City of Marion.

At the 2 April Forum, Council further considered options for rate increases whilst still maintaining appropriate financial sustainability ratios. The results of that feedback will be incorporated into the community consultation version of the Draft ABP 2024-25 and LTFP to be considered at the 23 April 2024 Council meeting.

Also attached to this report is the final report on the City of Marion Local Government Advice review undertaken by the Essential Services Commission of South Australia for information.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the status of the development of the Draft ABP 2024-25 and Draft LTFP.**

2. **Notes the City of Marion Local Government Advice review findings.**

DISCUSSION

The Draft ABP is Council's statement of its intended programs and outcomes for the 2024-25 year. The ABP and LTFP form an integral part of Council's suite of Strategic Management Plans supporting the delivery of the 4 Year Business Plan 2023-2027 (4YBP) with the allocation of resources in the 2024-25 Annual Budget. The ABP also establishes the basis for review of the Council's performance over the year.

Assumptions presented at the 20 February FRAC meeting have been maintained with further discussion by Council on the quantum and timing of major capital projects and savings targets. At the 2 April Forum, Council further considered two models representing an upper and lower potential rate increase. Both models were based on consistent operating and capital expenditure levels, all decisions that had a financial impact since the January planning day and ensuring the financial targets over the course of the LTFP were maintained. Council is committed to ensuring rate affordability as compared to the anticipated inflation rates as forecast by the RBA.

The results of that feedback will be incorporated into the community consultation version of the Draft ABP 2024-25 and LTFP to be considered at the 23 April 2024 Council meeting. Please note that the timing and quantum of funding for major projects will continue to be refined at the 23 April Council meeting which may impact the final rate considered for community consultation.

Public consultation for the Draft ABP 2024-25 & LTFP will commence on the 1 May and is due to conclude on 21 May 2024. Public consultation provides an opportunity for the community to provide feedback online through the Making Marion website and/or make submissions via Council's website or alternatively by post. Included within this period is an opportunity for public representation to Council at the 14 May 2024 General Council meeting.

The key remaining steps for the ABP and LTFP processes are as follows:

Key stages	Date	Meeting
Draft ABP 2024-25 and LTFP endorsed for public consultation	23 April 2024	General Council
Public consultation period	1 May to 21 May 2024	Written submission and feedback via Making Marion
Review and feedback on Draft ABP 2024-25 and LTFP	4 June 2024	Finance, Risk and Audit Committee
Community representations to Council	14 May 2024	General Council
Review of community consultation feedback	28 May 2024	General Council
ABP 2024-25 and LTFP for adoption	25 June 2024	General Council

The public consultation period outlined above meets the requirements of s122 of the Local Government Act 1999.

The Draft Plans and opportunity for community comment will be available on the 'Making Marion' website (www.makingmarion.com.au).

Notices will also be placed in community and business newsletters directing readers to Council's website.

The 14 May 2024 General Council meeting will include an allowance of one hour for public representations where members of the public can be invited to make verbal submissions.

Any feedback from the community consultation process will be considered and will inform the draft ABP 2024-25 and LTFP to be presented for Council's consideration and adoption at the General Council meeting to be held on 25 June 2024.

Local Government Advice Scheme

On 30 April 2022, amendments to the Local Government Act 1999 came into operation resulting in the implementation of Local Government Advisory Scheme. The purpose of this advisory scheme is to provide ratepayers confidence that the rates they pay are set at the level necessary for their council to provide the services they value. The Essential Services Commission (Commission) of South Australia is the advisory body. The State's 68 councils are subject to the scheme.

The Commission reviewed the City of Marion's financial performance during the 2023-24 financial year as part of the tranche 2 councils and the report is attached for information. This report must be published in each year's ABP until the next review to be undertaken in 4 years' time.

The City of Marion has been assessed by the Commission at the higher end of sustainable for past current and future projections.

Current financial performance:

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Projected financial performance (future):

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Previous financial performance (past ten years):

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Key recommendations made by the Commission are as follows:
1. Continue to review its inflation forecasts in its budget and forward projections from 2024-25, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
2. Consider better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

3. Report any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.
4. Consider undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.
5. Report in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates (with minimum rate revenue reported separately), providing greater clarity and transparency to its ratepayers.

Notwithstanding the work by the Commission is an advisory scheme, rather than a compulsory one in that the Commission cannot require councils to follow that advice, the City of Marion will provide a response to the recommendations within the ABP.

ATTACHMENTS

1. FINAL - City of Marion - Advice [**7.1.1** - 17 pages]

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Advice

Local Government Advice

City of Marion

February 2024

OFFICIAL

Enquiries concerning this advice should be addressed to:

Essential Services Commission
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Local Government Advice: City of Marion

City of Marion
AT A GLANCE

OVERVIEW

The Essential Services Commission finds the City of Marion's current and projected financial performance **sustainable** taking into account the council's forecast moderate expense growth increase over the next 10 years and the planned average rate increases of 3.3% p.a. per property over this period

RISKS IMPACTING SUSTAINABILITY

⚠ If moderate growth in forecasted expenses is not realised and the Council maintains the current cost trajectory, ratepayers risk shouldering the burden through unexpected higher rate increases

⚠ Asset renewal expenditure in line with the LGA target range of between 90% and 110% is not met
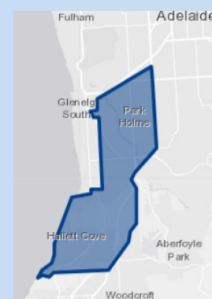
CONTINUE

✅ Reviewing inflation forecasts in the budget and forward projections from 2024-25

✅ Adhering to a robust strategic planning process

COMMISSION'S RECOMMENDATIONS

- Consider better clarity concerning assumptions for the cost and revenue estimates
- Report any actual and projected cost savings in the annual budget and long-term financial plan
- Report in the annual business plan the estimated average annual change for all of the nine categories of general rates
- Consider a comprehensive revaluation of the depreciable assets by an external valuer at least every four years.

KEY FACTS

- Population in 2021 was **94,721**
- Council covers **55 square kilometres**
- **44,902** rateable properties in 2022-23
- **$84.3 million of rate income** in 2022-23
- Value of assets held in 2022-23 equals **$1.20 billion**

Local Government Advice: City of Marion

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Glossary of terms

ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Marion
CWMS	Community Wastewater Management System
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Paper 9 - Financial Indicators Revised May 2019
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plan
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SACES	The South Australian Centre for Economic Studies
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
SG	Superannuation Guarantee
The scheme or advice	Local Government Advice Scheme

Legend: ✅ Low-risk ⚠️ Moderate-risk 🛑 High-risk

FRAC240416 - Finance, Risk and Audit Committee - 16 April 2024

1   The Commission's key advice findings for the City of Marion

The Essential Services Commission (**Commission**) considers the City of Marion (**Council**) to be in a **sustainable** financial position with historical and projected operating surpluses. The projected strong ongoing financial performance should enable it to accommodate asset renewal as required to maintain service levels without the need for further significant rate increases.

Current financial performance:

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Projected financial performance (future):

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Previous financial performance (past ten years):

Unsustainable	Potentially Unsustainable	Mostly Sustainable	Sustainable

Looking ahead, the Commission suggests the following steps to help ensure the Council budgets transparently, reports its cost savings and efficiencies, ensures the assumptions underpinning its financial and asset management planning are clear and sets rate levels more transparently.

Budgeting considerations

> 1. **Continue** to review its inflation forecasts in its budget and forward projections from 2024-25, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.
>
> 2. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

Continuing to provide evidence of ongoing cost efficiencies

> 3. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Refinements to asset management planning

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4. **Consider** undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.

Reporting and containing rate levels

5. **Report** in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates (with minimum rate revenue reported separately), providing greater clarity and transparency to its ratepayers.

2   About the advice

The Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, has been given a role by State Parliament to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMPs**) and on the proposed revenue sources, including rates, which underpin those plans.[1]

One of the main purposes of the Local Government Advice Scheme (**advice** or **the scheme**) is to support councils to make 'financially sustainable' decisions relating to their annual business plans and budgets in the context of their long-term financial plans (**LTFP**s) and infrastructure and asset management plans (**IAMP**s)[2] – both required as part of a council's SMP.[3] Financial sustainability is considered to encompass intergenerational equity,[4] as well as program (service level) and rates stability in this context.[5] The other main purpose is for the Commission to consider ratepayer contributions in the context of revenue sources, outlined in the LTFP.[6] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[7]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the second scheme year (2023-24), including the Council (**Council**).

This report provides the Local Government Advice for the Council in 2023-24.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2024-25 annual business plan (including any draft annual business plan) and subsequent plans until the next cycle of the scheme.[8] It does not need to publish the attachment to the advice (these will be available with the advice on the Commission's website[9]), nor is it compelled under the LG Act to follow the advice.

The Commission thanks the Council for meeting with the Commission and for providing relevant information to assist the Commission in preparing this advice.

2.1   Summary of advice

In general, the Commission finds the Council's current and projected financial position and outlook strong and sustainable with operating surpluses achieved historically, and continued surpluses forecast in the medium to longer term.

The Council will continue to rely on rate contributions, as well as grants income growth, to achieve this performance, but the Commission notes that historically the Council's rate levels were relatively low.[10]

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1   Amendments to the *Local Government Act 1999* (**LG Act**) (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).
2   Commonly referred to as asset management plans.
3   The objectives of the advice with reference to a council's LTFP and IAMPs are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMPs.
4   'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.
5   Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.
6   LG Act s122(1f)(a) and (1g)(a)(ii).
7   LG Act s122(1f)(b) and (1g)(b).
8   LG Act s122(1h).
9   The Commission must publish its advice under LG Act s122(1i)(a).
10   Refer to council rates data for 2021-22 available at https://councilsinfocus.sa.gov.au/home. The Commission is not relying on these rate comparisons for its advice: the data source provides just one indicator, among many, which has informed its advice on the appropriateness of the rate levels.

Looking ahead, the Council has forecast an increase in its borrowings to finance infrastructure projects drawn from its City of Marion Building Asset Strategy (**CoMBAS**). As a result, its level of net financial liabilities is forecast to increase from $18.7 million in 2023-24 to $41.0 million in 2032-33 (within acceptable limits for a council of its size). This reduces the pressure on its rates base to fund the annual capital spending as it occurs, which in turn supports intergenerational equity.

Although the Council has forecast higher expenditure on new assets and asset renewals than what it has achieved historically, its forward projections indicate a slight decrease in the value of assets per property (to $27,829 in 2032-33 from $27,843 in 2023-24). These projections (in asset values per property), as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation. By implication, this also indicates the Council's asset stock will decline in real terms. At the same time, the Council's LTFP also shows its continued commitment to maintaining community service levels by spending adequately on the renewal of its existing asset base.

In recent years, the Council has run small operating surpluses, indicating that the operating income it collects is generally exceeding its operating expenses by a small margin. The Commission notes that the Council is continuing to forecast small operating surpluses in the short term. If its total operating expenses (including deprecation) do not reflect current macro-economic conditions, the Council risks understating its total operating expenses and overstating its operating surplus ratio.

The Commission also considers that there may be opportunities to achieve greater savings and efficiencies in the Council's recurrent budget and encourages it to review and report on this. In general, a focus on managing its growth-related assumptions and consulting with its community about rate contributions and service levels should help the Council to identify and act upon opportunities to reduce affordability risk to the community.

2.2   Detailed advice findings

The next sections summarise the Commission's more detailed observations and advice findings regarding the Council's material changes to its 2023-24 plans (compared with the previous year's plans), its financial sustainability (in the context of its long-term operating performance, net financial liabilities, and asset renewals expenditure), and its current and projected rate levels.

In providing this advice, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**). The attachment explores these matters further.[11]

2.2.1   Advice on material plan amendments in 2023-24

Key Points:

✅ An additional improvement of $104.4 million or 10.3 percent in total operating income on the 2022-23 estimates (for the period 2023-24 to 2031-32) mostly driven by higher rates, grants and subsidies and user charges.

⚠️ An additional $102.8 million or 10.6 percent in total operating expenses on the 2022-23 estimates (for the period 2023-24 to 2031-32) mostly driven by 'materials, contracts and other' expenses, finance costs and depreciation expenses.

✅ The long-term financial plan is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs, factoring indexation at the higher end of the RBA target over the coming two years before reverting to a longer-term forecast of 2.5 percent from 2025-26 onwards.

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[11]   The attachment will be available on the Commission's website with the Advice.

The Council's 2023-24 LTFP includes an improvement to its projected operating performance and increases to its projected capital expenditure estimates, compared with the 2022-23 forecasts,[12] as follows:

▶ An additional improvement of $104.4 million or 10.3 percent in total operating income. Most of this increase is due to higher rates, which increased by $87 million or 9.9 percent on the 2022-23 estimates (for the period 2023-24 to 2031-32). Grants, subsidies and contributions have also increased by $7.6 million or 12.5 percent, and user charges have increased by $7.9 million or 31.8 percent.

▶ An additional $102.8 million or 10.6 percent in total operating expenses. This includes an additional $71.9 million or 20.5 percent for 'materials, contracts and other' expenses, and an additional $13 million or 309 percent in 'finance costs'. Depreciation has also increased by $8.2 million or 4.5 percent.

The Council's LTFP is based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs.[13] The Council's LTFP has factored indexation at the higher end of the RBA target over the coming two years before reverting to a longer-term forecast of 2.5 percent from 2025-26 onwards. Given the current high inflationary environment and the degree of uncertainty in future events that may impact inflation, the Commission considers that it would be appropriate for the Council to:

1. **Continue** to review its inflation forecasts in its budget and forward projections from 2023-24, given the potential for higher short-term inflation outcomes, followed by a return to long-term averages.

Based on updated inflation assumptions in its 2023-24 LTFP, an increase in its cost and revenue estimates (excluding employee costs) by up to 10 percent over the 2023-24 to 2031-32 forecast period,[14] compared with the same estimates in its 2022-23 LTFP, could be accounted for by higher inflation forecasts. The Council has not adjusted its operating income and expense forecasts by higher amounts than its adjusted inflation forecasts (both with increases of 10.3 percent and 10.6 percent on 2022-23 estimates[15]). This suggests that there are not higher forecasts in real terms.

The Commission notes that the Council's stated assumptions for indexation in its 2023-24 LTFP are based on its annual review of these forecasts. Notwithstanding the need for the Council to find savings and reduce any inflationary impact on its community, the Commission has found that it would be appropriate for it to:

2. **Consider** better clarity in its forward estimates in its long-term financial plan concerning the assumptions for its cost and revenue estimates.

2.2.2   Advice on financial sustainability

Operating performance

Key Points:

✅ Operating surpluses consistently achieved between 2012-13 and 2021-22, with the operating surplus ratio averaging 8.1 percent in that time.

✅ The operating surplus ratio is forecast to average 4 percent per annum between 2023-24 and 2032-33.

---

12   The overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).
13   City of Marion, *2023-2033 long-term financial plan*, June 2023, p. 6.
14   The set of nine years forecast in both the 2022-23 and 2023-24 LTFP projections.
15   Based on the overlapping forecast period in both LTFPs (2022-23 to 2031-32 and 2023-24 to 2032-33).

🔴 Over the past 10 years, operating expenses increased annually on average by 4.5 percent (compared with CPI of 2 percent) primarily driven by increases in 'Materials, contracts and other' expenses (6.3 percent), and employee costs (3.2 percent).

✅ 'Materials, contracts and other' projected expenses and costs for depreciation are forecast to increase by an average of 2.6 percent and 4.0 percent per annum respectively, from 2022-23 to 2031-32.

⚠️ Forecast modest expenses growth over the next 10 years, combined with higher rate increases, will likely assist the Council's operating performance to remain in surplus. Nonetheless, should the Council not achieve the moderate expense projections it could result in further rate increases.

For the past 10 years, the Council's operating surplus ratio[16] generally displayed an underlying decreasing trend from 7.1 percent in 2012-13, to 0.5 percent in 2021-22 (8.1 percent on average). Looking ahead, it is forecast to meet the lower end of the suggested target range in each year to 203233 (4 percent on average).

The Commission notes that the Council's operating surplus ratio decreased sharply in the three years to 2021-22. The decrease largely coincided with the average rate revenue per property growing at only 0.8% over the same period as the Council sought to minimise rate increases on its community. At the same time the Council's operating expenses grew at 6.8 percent in the three years to 2021-22 which is mostly attributable to materials, contracts and other expenses increasing at 10.8 percent for the same period. The operating surplus ratio is forecast to gradually improve as operating income grows at a faster rate than operating expenses in the ten years to 2032-33.

The Council's operating expense growth (from 2012-13 to 2021-22) was primarily due to an average annual increase in 'Materials, contracts and other' expenses of 6.3 percent and a 3.2 percent increase in employee costs.[17]

The depreciation expense measured as a percentage of the Council's total expense was around 17 percent in 2012-13 and in 2022-23. The Commission notes that typically the depreciation expense when measured as a percentage of total expenses is around 20 percent for Councils in South Australia suggesting the Council's depreciation expense could be lower than what is required to reflect the current cost of the Council's assets. This could also cause an overstatement of the Council's operating surplus ratio. The depreciation expense is discussed in further in the asset renewal expenditure section.

Looking forward, the Council is projecting average annual rates revenue growth of 3.3 percent to 2032-33, which is above the forecast long-term inflation[18] and represents a real term increase in rates. This average growth in annual rates revenue is also higher than expected expense growth (rates are discussed in more detail in section D).

Higher forecast average expense growth of 3.1 percent per annum is slightly above the RBA-based forecast inflation growth and is also lower than the Council's past performance (with average annual growth of 4.5 percent in the 10 years to 2021-22).

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[16] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (**LGA SA Financial Indicators Paper**), p. 6).

[17] Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice).

[18] The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

The Council's data (provided to the Commission) shows that employee numbers increase negligibly (to 363 FTEs in 2032-33 from 362 in 2023-24), and its employee expenses are forecast to increase by an average of 2.7 percent per annum from 2023-24 to 2032-33. In addition, 'Materials, contracts and other' expenses and costs for depreciation are forecast to increase by an average of 2.6 percent and 4.0 percent per annum respectively, from 2022-23 to 2031-32. The estimated rate of growth in these expenses over the next 10 years, combined with higher rate increases, will likely assist the Council's operating performance to remain in surplus. Nonetheless, the Commission notes that, should the Council not be able to achieve these moderate expense projections (i.e., these assumptions are understated), it could result in further rate increases as a result of operating expenses growth outgrowing operating income growth.

To assist the Council in achieving its forecast operating surpluses, the Council may need to find more savings and efficiencies in its budgets. To this end, the Commission has found that it would be appropriate for the Council to:

> 3. **Report** any actual and projected cost savings in its annual budget (and long-term financial plan, as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery.

Net financial liabilities

> Key Points:
>
> ⚠ The net financial liabilities ratio has been negative each year from 2012-13 to 2021-22 averaging negative 20 percent, which is below the suggested LGA target range, however noting that borrowing levels were relatively low over this time.
>
> ✅ The annual average forecast for the net financial liabilities ratio from 2022-23 to 2031-32 is 30 percent.
>
> ⚠ Total borrowings are forecast to increase from $21.1 million in 2023-24 to a peak in 2031-32 of $57.6 million. These additional forecast borrowings after 2023-24 relate to the Council's capital forecast expenditure to 2032-33 and its strategy to finance infrastructure projects.

The Council's net financial liabilities ratio[19] result was negative each year from 2012-13 to 2021-22, which is below the suggested LGA target range. Looking ahead, the Council has forecast that its net financial liabilities ratio will be positive throughout the forecast period to 2031-32 and remain within the suggested LGA target range. The annual average forecast for the net financial liabilities ratio from 2022-23 to 2031-32 is 30 percent.

The Council's borrowing levels were relatively low from 2012-13 to 2021-22 and its net financial liabilities ratio was negative (averaging negative 20 percent over these years). The Council's net financial liability is forecast to increase from $18.7 million in 2023-24 to $41.0 million in 2032-33. Accordingly, the net financial liabilities ratio is also forecast to increase from 18 percent in 2023-24 to 27 percent in 2032-33. The level of net financial liabilities and the ratio are driven by the total borrowings, which are forecast to increase from $21.1 million in 2023-24 to a peak in 2031-32 of $57.6 million. These additional forecast borrowings after 2023-24 relate to the Council's capital forecast expenditure to 2032-33[20] and its strategy to finance infrastructure projects articulated in its City of Marion Building asset Strategy report (CoMBAS).

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19   The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

20   City of Marion, *2023-24 annual business plan*, June 2023, p. 15.

The Council stated in its 2023-33 LTFP that it has a desirable target range is between zero and 50 percent for its net financial liabilities ratio.[21] Community concerns about the Council's level of debt also appear small, with the Commission noting that only one out of the 78 submissions received expressed concern about the forecast level of debt in 2032-33.[22]

Asset renewals expenditure

> Key Points:
>
> ✅ Between 2012-13 and 2021-22 total capital expenditure averaged $25.3 million per annum including $14.7 million per annum on new or upgraded assets.
>
> ✅ From 2023-24 to 2032-33, the Council's asset renewal funding ratio (under the 'IAMP-based' approach) is forecast to be within the suggested LGA target range, with an average of 100 percent.
>
> ⚠️ Asset stock per property rose by 0.6 percent for each year over the 10 years to 2021-22, implying that the value of Council's asset stock, has declined in real terms (the increase is lower than historical inflation).
>
> 🔴 The depreciation-based asset renewal ratio from 2012-13 to 2021-22 averaged 66 percent which is below the suggested LGA target range.
>
> ⚠️ The depreciation-based asset renewal ratio is forecast from 2023-24 to 2032-33 to be 85 percent which is slightly below the LGA target range lower band.
>
> ✅ Comprehensive asset management plans for all asset classes and condition assessments have been carried out on all assets within the last four years.

The Commission notes that prior to 2020-21, the Council reported the asset renewal funding ratio in its annual report using the depreciation based method.[23] While the Council had renewal expenditure targets in place prior to this, the depreciation-based method was considered the more reliable and suitable measure and retained comparability to previous years. Looking ahead, from 2023-24 to 2032-33, the Council's asset renewal funding ratio[24] (under the 'IAMP-based' approach) is forecast to be within the suggested LGA target range, with an average of 100 percent.

In the 10 years to 2021-22, the Council marginally grew its asset base with total capital expenditure averaging $25.3 million per annum (including $14.7 million per annum on new or upgraded assets). This has led to a small average increase in the value of the asset stock per property of $133 or 0.6 percent for each year over the 10 years to 2021-22. This implies that the value of Council's asset stock has declined in real terms (the increase is lower than historical inflation).

The Council's forward projections indicate that the value of assets per property will decrease slightly to $27,829 per property in 2032-33 (from $27,843 in 2023-24) – this represents a fall in real terms of 2.7 percent (the RBA-based forecast rate of inflation is 2.6 percent per annum). These projections, as they stand, would contribute to the Council's sustainability into the future and reflect a period of asset and service consolidation.

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[21] City of Marion, *2023-33 long-term financial plan*, June 2023, p. 11.

[22] City of Marion, *General Council Meeting Agenda -13 June 2023, Attachment 11.5.4 Draft 2023/2024 annual business plan, Making Marion– Public Consultation,* available at https://cdn.marion.sa.gov.au/meetings/agendas/GC230613-Final-AgendaV2_2023-06-08-050047_lpcj.pdf

[23] City of Marion, *2020 annual report*, October 2021, p. 82.

[24] The IAMP-based method is the current industry standard whereby asset renewal/replacement expenditure is divided by the recommended expenditure in the IAMP (or AMP). Ideally, this will show the extent to which a council's renewal or replacement expenditure matches the need for this expenditure, as recommended by the plan. The suggested LGA target range for the ratio is 90 to 110 percent (LGA SA Financial Indicators Paper, p. 9).

The Commission notes that the small growth in asset stock per property could also be a result of the frequency of asset valuations undertaken by the Council. For all infrastructure assets the council has a program to undertake an independent desktop revaluation process annually and a full comprehensive revaluation for infrastructure (81 percent of its depreciable assets) every 5 years.[25]

For land, buildings, site improvements and other assets (19 percent of depreciable assets) a comprehensive external valuation is undertaken every 5 years. For interim years additions and adjustments are recorded at cost and not indexed.[26]

Notwithstanding the Council's annual desktop revaluation and the indexing of depreciation,[27] the Commission notes that undertaking a comprehensive revaluation every five years could present a risk in the current macroeconomic environment. Inflation and the upward impact to asset prices could result in depreciation charges not reflecting recent asset valuations. As previously mentioned in the operating performance section this could cause the Council's depreciation expense to be lower than what is required to reflect the current cost of the Council's assets. In addition, it could also cause an overstatement of the Council's operating surplus ratio. For these reasons the Commission considers it appropriate for the Council to:

> 4. **Consider** undertaking a comprehensive revaluation of its depreciable assets by an external valuer at least every four years to ensure the forecast rate of asset consumption (and depreciation expense) in the long-term financial plan reflects recent macro-economic conditions.

When the asset renewal funding ratio is instead calculated by the depreciation-based method,[28] it is forecast to average 85 percent over the forecast period (2023-24 to 2032-33). This is slightly below the suggested LGA target range and follows an average performance of 66 percent for the ratio from 2012-13 to 2021-22. Nevertheless, this could indicate the total depreciation expenses is higher than the required expenditure on capital renewals under its various AMPs. Alternatively, it could also indicate that the Council's capital renewal expenditure is below the appropriate level.

According to the Council's 2022-23 annual report a comprehensive revaluation was carried out by independent valuation for the period ending 30 June 2023 for the Council's infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) and its buildings and other structures.[29]

Other infrastructure assets such as car parks, lighting, walking trails and reserve pathways as well as land and land improvements and all other assets (excluding plant, equipment that are recognised at cost) had a comprehensive revaluation carried out by independent valuation for the reporting period, 30 June 2018.[30]

The Council currently has individual AMPs for transport, buildings, water resources, open space, coastal walkway, fleet and technology. It also undertakes an annual review of its forecast asset management expenditure. The revised forecast annual funding requirements are updated in Appendix A of each asset management plan and incorporated into the Council's adopted ABP and LTFP.[31] The Council's 'Refresh of Budgeted Expenditures Accommodated in the LTFP' document outlines the revised forecast expenditure for each AMP.

In addition the Commission also notes that the Council's annual 'state of the assets' report that covers

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[25] Submissions to the Essential Services Commission of South Australia – Response to follow up questions – City of Marion. November 2023, p. 3.

[26] Submissions to the Essential Services Commission of South Australia – Response to follow up questions – City of Marion. November 2023, p. 3.

[27] Based on the Council's Excel template (with material amendment reasons) it provided to the Commission.

[28] Where asset renewal/replacement expenditure is divided by depreciation expenses.

[29] City of Marion, *2022-23 annual report*, June 2023, p. 24.

[30] City of Marion, *2022-23 annual report*, June 2023, p. 24.

[31] City of Marion, *refresh of budgeted expenditures accommodated in the LTFP,* August 2023, p. 1

asset valuation, condition, asset performance, risk, intervention levels, level of service monitoring and future financial sustainability options and consequences.[32]

These matters (among others) have informed the Council's planned operating and maintenance budgets, and asset renewal needs. The Commission's review of the AMPs has found that, on balance, the Council's strategic planning processes aligns with good practice for a council of its size and complexity.

2.2.3   Advice on current and projected rate levels

Key Points:

⚠️ Rate revenue per property growth has averaged 2.4 percent or $39 per annum for each property in the period between 2012-13 and 2021-22 which is 0.4 percent above CPI for the same period.

✅ Budgeted for an average rate increase of 5.2 percent or $100 per property for its existing ratepayers in 2023-24 and represents a fall in real terms as the increase is below CPI for the same period.

⚠️ Between 2023-24 and 2032-33 the average rate increase across all categories is forecast to be 3.3 percent, from $1,980 to $2,645 per property, and is 0.8 percent above the RBA-based forecast average inflation of 2.6 percent per annum in the same period.

The Council's rate revenue per property growth has averaged 2.4 percent or $39 per annum for each property over the past 10 years,[33] to reach an estimated $1,834 per property in 2021-22. This has slightly exceeded CPI growth of an average of 2.0 percent per annum over this period, but also encompasses 1.0 percent average annual growth in rateable property numbers.[34] Current rate levels partially reflect its recent history of constrained spending growth, predominantly on capital expenditure (on renewals, and new and upgraded assets), material costs, and employee related costs.

The Council has budgeted for an average rate increase of 5.2 percent or $100 per property for its existing ratepayers in 2023-24,[35] representing a reduction in real terms as the increase is below the level of inflation.[36] This was higher than it had anticipated charging for this year in its 2022-23 long-term financial plan projections (2.4 percent for existing rateable properties). The rate increase reflects higher short-term inflation (anticipated by the Council through its indexation of rates in its long-term financial plan). In 2022-23, the Council had 44,902 rateable properties and expects this to increase to 49,401 in 2032-33, representing modest growth of 1 percent per annum in rateable properties.[37]

Looking forward, between 2023-24 and 2032-33 the average rate across all categories is forecast to increase from $1,980 to $2,645[38], a cumulative increase of $665 per property. This equates to a 3.3 percent average annual increase (between 2023-24 and 2032-33), above the RBA-based forecast

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[32] City of Marion, *2019-28 asset management strategy*, March 2019, p. 6.

[33] From 2012-13 to 2021-22.

[34] CPI Adelaide (All groups). Average annual growth in the LGPI published by the South Australian Centre for Economic Studies was similar (at 2.0 percent). Available at https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index.

[35] Based on the Council's 2023-24 annual business plan and its Excel template (with the 2023-24 forecasts) provided to the Commission. The Commission has used $89.438 million (in 2023-24 budgeted rates revenue) compared to unaudited 2022-23 estimates. Individual rate level changes may be higher or lower depending on the rates category and property value.

[36] CPI Adelaide (all groups) increased by 7.9 percent in the year to March 2023 quarter and has reduced in the year to June 2023 and September 2023 quarters to 6.9 percent and 5.9 percent, respectively. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023.

[37] Based on the Council's 2023-24 annual business plan and its Excel template (with the 2023-24 forecasts) provided to the Commission

[38] This includes rates growth of 4.3 percent expected each year of which 1 percent is for property growth.

average inflation of 2.6 percent per annum and representing a real increase in rates over that period.[39]

The Council uses a differential rating system to raise revenue based upon land use. This option was adopted following a review of the rating options in 2002-03, which involved the Council consulting extensively with the community and concluding that the differential rating system would ensure a fair and equitable distribution of rates within the Council.[40] As a result, different rate categories are subject to varying changes, with residential ratepayers to pay an average increase of $80 per property on 2022-23 levels. Vacant land, commercial and industrial are subject to average increases of $262, $755 and $862 per property, respectively.[41]

The *Local Government (Financial Management) Regulations 2011* (Regulations) require, at a minimum, that the annual business plan provides a statement on the average change in the expected rates for each land use category.[42] While the Council has complied with this obligation,[43] the Commission considers that it would be appropriate for the Council to also:

> 5. **Report** in its annual business plan the estimated average annual change for all of its nine categories of general rates, together with the quantum of annual revenue it expects to collect from these distinct categories of rates, providing greater clarity and transparency to its ratepayers.

2.3   The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

▶ ongoing performance against its LTFP estimates (including depreciation), and

▶ achievement of cost savings and efficiencies and its continued reporting of these in its plans.

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[39]   The forecast average annual growth in the CPI from 2023-24 to 2032-33 is estimated to be 2.6 percent based on Reserve Bank of Australia (RBA) forecasts for the CPI (Australia wide) to June 2025 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

[40]   City of Marion, *2023-24 annual business plan*, June 2023, p. 44

[41]   City of Marion, *2023-24 annual business plan*, June 2023, p. 23

[42]   Under Regulations s6(ec) Local Government (Financial Management) Regulations 2011.

[43]   City of Marion, *2023-24 annual business plan*, June 2023, p. 23

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7.2 IS Strategy Update Annual Report	
Report Reference	FRAC240416R7.2
Originating Officer	IT Operations Manager – Adrian Hollins
Corporate Manager	Chief Information Officer - Marcel Althoff
General Manager	General Manager Corporate Services - Angela Allison

REPORT OBJECTIVE

Provide an update to the Finance, Risk and Audit Committee on the IS Strategy and Cybersecurity activities since last meeting.

EXECUTIVE SUMMARY

This paper provides an update on the status of the projects with the IS Strategic Plan, with a spotlight on the newly implemented Online Pool Booking system, as well as the outcomes and progress from our latest annual Cyber Security review.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Note the status of the IS Strategy and the successful completion of the IS Strategy's Online Booking Pool project.**

2. **Note Annual Cyber Security progress.**

DISCUSSION

Overview of IS Strategy

This IS Strategy (known internally as T27) has been developed to provide the council with a clear and concise vision for the future state of the IS Service and Infrastructure was approved by ELT on the 7th of March 2024. The IS Strategy seeks to underpin the council's business strategy and plans which in turn support the council's vision and strategy as described in the Corporate Plan 2019 – 2029.

The focus of the IS Strategy is to:
- Enable tangible improvements in the interactions and experiences people have when dealing with the council.
- Ensure efficient business processes through the appropriate use of technology.
  Develop capability for data-driven and evidence-based decision-making.

This could occur across several different opportunities, such as
- Entering one of our assets, we have improved the management and maintenance of council assets to ensure people get pleasurable experiences.
- Early maintenance detection such as roads, builds, footpaths, street signs, etc

- Ability to interact easily and efficiently with the council when paying rates, or property-related enquires.
- Ensure our risk and compliance measures across the council are managed and corrected to help mitigate risk and ensure the safety of the public.
- Improved access to management information for our team leaders, managers, and staff to help them focus on the key priorities and improve efficiency.
- Find ways across the business to reduce costs and maximise the return on every dollar spent on council rates.
- Improved efficiency in daily operations using mobile devices, improved accurate work allocation and feedback to the community.
- Utilization of improved tools to help the economic development of local businesses and then flow on effects to the wider community.
- Better use of communication tools to help with the interaction between the council and the community.
- Improve the ways of working for the council staff and volunteers to create and maintain a happy, safe, and meaningful workplace which will flow into improvements across the council.

IS Strategy Project Status Update:

The IS Strategy is made up of several projects, changes in ways of working, improved operational processes and other initiatives to deliver on the goals of the council. The following table outlines the high-level status of the program over the next 4 -year program. This schedule is very high-level and may change based on business needs and confirmed priorities.

City of Marion

CoM a Council of Excellence - IS Strategy (T27)

Working Groups	Projects	Oct-23	Mar-24	23/24	24/25	25/26	26/27
Completed	Finance Transformation	Project in-flight	Complete	●			
	Purchase Card		Complete	✓	●		
	Valuations	Project in-flight	Complete	✓	●		
	Int. & Data Strategy	Project in-flight	Complete	✓	●		
	OBS (Pool)	Project in-flight	Complete	●			
	Payroll Inhouse Management	Project in-flight	Complete	✓	●		
Finance / Property & Rates	Automated Testing				✓	✓	
	IS operational Improvements		Project in-flight				
	P & R (Civica Altitude Upgrade)	Project in-flight	Project in-flight	✓	✓		
	FF Contract Mg				✓		
	PMO Tool				✓		
	FF - AI/OCR Invoices				✓		
	Point of Sale (POS) - inc. gateway					✓	
Operations	AMIS (Stage 2)	Project in-flight	Project in-flight	✓	✓		
	Predictor Modelling				✓		
	FF - Fleet Management		Project in-flight	✓			
	Property Mgt System				✓		
	Insurance Asset Register				✓		
	Vehicle Telementory				✓	✓	✓
	Emerging tech - AI Trucks					✓	✓
	RFID Tools - Procurement				✓		
Integration / Service Apps	OBS - Bookable Spaces	Project in-flight	Project in-flight	✓	✓		
	OBS - Ticketing				✓		
	Unified Comms	Project in-flight	Project in-flight	✓	✓		
	Risk, Audit, Comp, Strategic Mgt	Project in-flight	Project in-flight	✓	✓		
	Integration / Data Lake Planning				✓	✓	✓
	Smart Cities (reconnect & display)				✓	✓	✓
Customer Experience	Customer & Mgmt. Portal		Salesforce/CRM Review		✓	✓	✓
	Website Upgrade		Project in-flight		✓	✓	✓
	CRM Enhancements	Project in-flight	Project in-flight		✓	✓	✓
	CRM - Stakeholder Management				✓	✓	
	HRIS (plus ELMO health & Saftey)		Business case		✓	✓	
	Digital Marketing - Hive				✓		
	Economic Development CRM		Project in-flight	✓			
	Doc Mgt System		AI Agent		✓		
	Sky Trust Review						✓

Ongoing Operational Activities

Working Groups	Projects	Oct-23	Mar-24	23/24	24/25	25/26	26/27
Helpdesk/ Hardware/AV	Hardware Refresh		Project in-flight	✓	✓	✓	✓
	Council Chamber AV upgrade		Project in-flight	✓			✓
	Service Management		Project in-flight	✓	✓		
Infrastructure	System Security Change Control		Project in-flight		✓	✓	✓
	Central Internet Link Upgrades		Project in-flight		✓	✓	✓
	Wi-Fi Upgrades - Edge, CoM Guest				✓	✓	✓
	Core Switch VSS/ Internet Failover				✓	✓	
	Zero Trust Systems Architecture				✓	✓	✓
	Essential Eight Compliance (EEC)		Project in-flight		✓	✓	✓
	EEC: Application control		Project in-flight		✓		
	Physical Security Systems Management						
	AI Security					✓	✓
	Single cloud				✓	✓	✓

Key

Symbol	Meaning
✓ (black)	Planned
✓ (green)	Approved
●	Completed

One of the recently completed projects within the IS Strategy is the online booking pool project.

We have now completed the post implementation review and the lessons learnt document during the execution of a project. The lessons learnt are important project assets for future projects. They help future projects learn from previous successes and failures.

The online booking pool project has implemented the Envibe and associated services, and decommissioned Centaman for the Marion outdoor pool team.

The pre-determined benefits were as per below, which have all been fully achieved,

BENEFIT REALISED

Benefit Realised (from Project Plan)	Benefit Realised? (1=No, 5=Fully)	Weighting	Status
Financial control, security, record management and customer experience will drastically improve.	5	20%	Met
Enable swimming centre staff to increase productivity as currently routine administrative functions performed by these staff are hindered by the current system's reliability and functionality.	5	20%	Met
Capacity to manage membership purchases and centre access (automated gate control) for users, including casual entries that can be integrated into the facilities existing infrastructure.	5	20%	Met
Provide a point-of-sale platform for all centre services (kiosks, programs, bookings) with stock control parameters. Manage swim school, programs and bookings for the centre and its services.	5	20%	Met
Provide for online payment capabilities for users	5	20%	Met
Weighting Total		100%	

SCHEDULE

Planned Completion Date: 25/10/23

Actual Completion Date: 31/10/23

At the next FRAC session, we will provide an overview from both the purchase card and payroll in-house management projects which are currently in the post-implementation review stages.

Ongoing Operational Project Activity Update:

Hardware Refresh:
A decision was made to end lease arrangement for council supplied laptops and desktops and shift to a 4-year replacement cycle for owned devices. Sixty devices are due for replacement in 2023-34.

Tender requests and responses are currently being assessed with selection and delivery planned for Q3, Q4 2024

Council Chamber AV Systems:

The microphones provided in the council chamber have reached the end of their life and replacement equipment is no longer available. A vendor has been selected and new equipment has been ordered for implementation and delivery in April – May 2024

Cybersecurity Summary

Key activities since the last report:

- Local Government Risk Services cyber assessment was conducted in May 2023.
- Annual penetration testing was completed by a different company from 27 June 2023 to 6 July 2023.
- Server upgrades to hardening standards are congoing with 67% complete.
- Establishment of the Architecture Review Board, consolidating operations and projects under a centralised governance structure.

Cyber Assessment Controls Review

The cyber assessment review assessed 12 key controls to mitigate the most likely cyber incidents. The council scored 100% in 10 of 12 categories and 75% or greater in the remaining 2. These results place the council in the top 10 percentile when compared to national benchmarks. Actions are underway to improve controls to achieve "100%" across all categories.

Phishing

Staff are receiving an average of 1.2 simulations per month. Phishing reporting rate is 15% over the past 12 months, trending upwards, with 26.52% the last quarter average.

Annual Penetration Testing

Annual external penetration testing was conducted during the June/July period. After initial assessment and attempts at exploitation, including targeted email phishing attempts and exploitation attempts, the external penetration tester was unable to obtain access via external penetration. Testing then moved to an assumed breach scenario wherein the tester was supplied with privileged access inside the council's network. Of the findings, approximately 25% were resolved within the testing period, 75% resolved over the subsequent quarter. The remaining findings are being remediated through projects within the IS Strategic Plan.

Vulnerability Scanning

The previously implemented InsightVM vulnerability management platform monitors the network daily for vulnerabilities. Prioritisation of remediation is performed based on a risk score. The Vulnerability Management risk score as reported by InsightVM has been reduced through continual improvement, updating, and replacement of systems.

The vulnerability scanning baseline server, used as reference for security policies and scanning, currently and continues to hold zero points of vulnerability. Variability in this number occurs during the natural cycle of patch release and application, vulnerability data updates, and threat analysis.

Due to the success of the InsightVM program inside the council, vulnerability management reporting has been expanded to include the Microsoft Secure Score. Secure Score is a measurement of an organization's security posture. Due to the security risk, it has been recommended that the CoM maintain a score between 45% and 75%, with a higher number indicating a better result, but this need to be balanced with associated cost to achieve.

Secure Score is a commonly used industry wide tool that helps organisations across the globe to Improve their security posture by providing discoverability, visibility, guidance, and control. The KPI provides comparisons to similar sized organisations and is a good benchmark as to the overall security applied across our Microsoft suite of applications.

An overview of both programs is available in the diagram below.
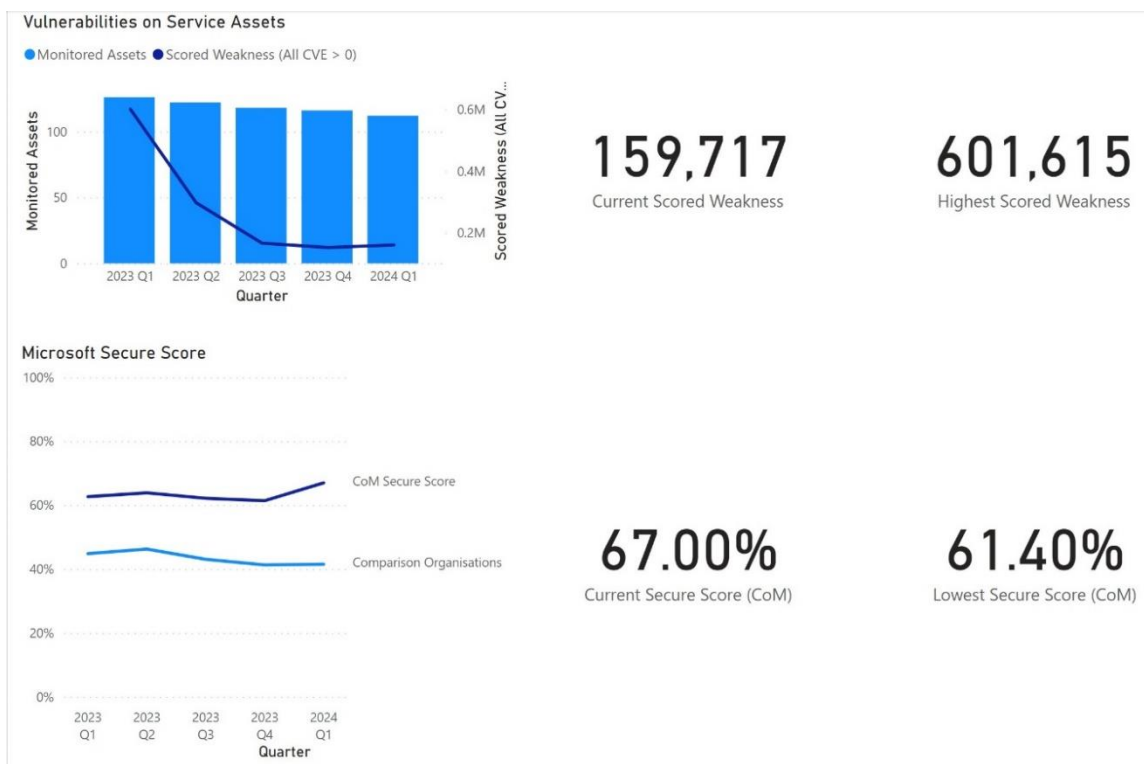
CITY OF MARION
IS Strategy – **T**27
2023 – 2027

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Review Date: 12/10/2023

Document Control

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Version Control

Version	Date	Author	Comments/Changes made
0.1	23/08/2023	Marcel Althoff (with IS Team) CIO City of Marion	Ben Polotnianka, David Harman Ruchir Kadam, Greg Gorczynski, Paul Kohn, Matt Kovarik, Carl Funk Joel Cornish, Myles Cameron-Smith Jason Spalding, Dominic Ashfield Grant Cox, Gavin Black, HyunKyung Jeong
0.2	29/09/2023	Marcel Althoff (with IS Team) CIO City of Marion	David Harman Ruchir Kadam Paul Kohn Matt Kovarik Carl Funk Joel Cornish Myles Cameron-Smith Jason Spalding Dominic Ashfield Grant Cox Gavin Black HyunKyung Jeong Adrian Hollins Stephen Roderick
0.3	12/10/2023	Marcel Althoff (with IS Team) CIO City of Marion	Grant Cox Adrian Hollins Stephen Roderick
1.0	09/02/2024	Marcel Althoff (with IS Team) CIO City of Marion	Adrian Hollins Stephen Roderick Peter Duldig Ruchir Kadam
1.1	07/03/2024	Marcel Althoff CIO City of Marion	ELT Approved Version

Acronyms, Terms & Definitions

Acronym / Term	Definition
AI	Artificial Intelligence
API	Application Programming Interface
AMIS	Asset Management Information System
BI	Business Intelligence
BSFR	Business Systems Fitness Review
CoM	City of Marion
CRM	Customer Relationship Management
DACO	Dogs and Cats Online
EIM	Enterprise Information Management
EA	Enterprise Architecture
ERP	Enterprise Resource Planning
GIS	Geographic Information System
IS	Information Services (CoM Department)
IoT	Internet of Things
IT	Information Technology
KPI	Key Performance Indicators
NAR	Name and Address Register
LOB	Line of Business
LTFP	Long Term Financial Plan
MSP	Managed Services Program
ROI	Return on Investment
SaaS	Software as a Service
SVC	Single View of the Customer
TOGAF	The Open Group Architecture Framework
TIME	Tolerate – Invest – Migrate - Eliminate
T27	Transformation 27 (IS Strategy)

Approvals

Executive Approval: ……………………………………………   Date: dd/mm/2023

Tony Harrison, CEO, City of Marion,

Executive Approval: ……………………………………………   Date: dd/mm/2023

Tony Lines, General Manager City Development, City of Marion

Executive Approval: ……………………………………………   Date: dd/mm/2023

Ben Keen, General Manager City Services, City of Marion

Approved by Sponsor: ……………………………………………   Date: dd/mm/2023

Angela Allison, General Manager Corporate Services, City of Marion

Reviewed By

Role	Name	Signature	Review Endorsed Date
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CITY OF MARION

Executive Summary

Overview of IS Strategy

This IS Strategy (known as T27) document has been developed with the aim of providing the Council with a clear and concise vision for the future state of the IS Service and Infrastructure. The IS Strategy seeks to underpin the Council's business strategy and plans which in turn support the Council's vision and strategy as described in the Corporate Plan 2019 – 2029.

This is based on core principles of fairness, responsibility, and opportunity to make sure the City of Marion is a place:

- Treating everyone as we want to be treated, where all contributions are valued
- Fostering trust and honesty in all our interactions
- Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another
- Encouraging new ideas and learning from our experience to do things better

Key Focus

The focus of the IS Strategy is to:

- Enable tangible improvements in the interactions and experiences people have when engaging with the CoM
- Ensure efficient business processes through the appropriate use of technology
- Develop capability for data driven and evidence-based decision making

This could occur across several different opportunities, such as

- Entering one of our Assets, we have improved the management and maintenance of CoM assets to ensure users have an effective outcome
- Early maintenance detection such as roads, builds, footpaths, street signs and other assets
- Ability to interact easily and efficiently with the Council when paying rates, or property related enquires
- Ensure our risk and compliance measures across the CoM are managed and corrected to help mitigate risk and ensure the safety of the public
- Improved access to Management Information for our team leaders, managers, and staff to help them focus on the key priorities and improve efficiency
- Find ways across the business to reduce costs and maximise the return on every dollar spent on Council Rates
- Improved efficiency in daily operations using mobile devices, improved accurate work allocation and feedback to the community
- Utilisation of improved tools to help the economic development of local businesses and then flow on effects to the wider community
- Better use of Communication tools to help with the interaction between the CoM and the community
- Improve the ways of working for the CoM staff and volunteers to create and maintain a happy, safe, and meaningful workplace which will flow into improvements across the CoM

IS Vision Statement – City of Marion Community Vision

The IS Strategy works to build a more connected and engaged community that leverages technology and innovation to enable a prosperous and liveable community that values nature and people. It effectively aligns with City of Marions Community Vision – Towards 2040.

- **Liveable** – a connected community and workforce will contribute to a well-planned and safe city
- **Valuing Nature** – technology enables CoM to track and plan environmental assets and enables the community to engage with nature
- **Engaged** – contemporary technology enables CoM to engage with the community, to seek feedback and provide efficient and effective services
- **Prosperous** – an effective IS strategy supports a diverse and sustainable economy
- **Innovative** – the IS strategy puts CoM on the forefront of technology use and implementation for the community
- **Connected** – an effective IS strategy ensures the community can connect with services and facilities within the CoM

IS Strategy on a Page

The IS Strategy on a page provides a simple framework for communicating the Strategic Objectives, IS Strategies and Initiatives. The IS Strategy has been developed following consultation with business stakeholders to ensure alignment with business strategies and priorities, an analysis of the current operating environment and consideration for IT trends and emerging technologies.

Strategic Themes	Strategic Objectives for Information Services	IT Strategies	Strategic Initiatives	CX Portal	Mngt. Portal
Outstanding Customer Experience	• A. Enable outstanding Customer Experience through innovative solutions	**S-1 Customer Focussed Service** • Enhance customer experience through innovative solutions and personalised services	• Outstanding Customer Experience	✓	✓
	• B. Empower and enrich customers through proactive service delivery	**S-2 Leading Service Management Practices** • Implement best practice service management capabilities supported by appropriate tools	• Industry Standard Service Management	✓	✓
Innovative & Relevant	• C. Have a highly skilled workforce with a customer-focussed culture	**S-3 A Customer Focussed IS Culture** • Implement the organisation transformation with KPI's that support development of a customer centred culture that exhibits best practice skills, competencies and capabilities	• Implement IS Operating Model	✓	✓
	• D. Support emerging trends in IS use and business operating models	**S-4 Use New Technologies To Enhance Services** • Leverage new technologies to enhance IS and support emerging needs, ie: AI, Business Intelligence, Automation	• Innovation and Emerging Technologies	✓	✓
Consolidation & Efficiency	• E. Optimise core services to unleash business potential	**S-5 Optimised Core Services** • Work with our business units to leverage our technology investment to streamline and optimise our core services to support shared business needs	• Optimised Core Services	✓	✓
	• F. Have a flexible services architecture that promotes re-use and integration	**S-6 A Standardised Approach to Service Design & Delivery** • Develop a service architecture that enables efficient use and ICT capabilities and provides secure, integrated, agile service delivery across all delivery channels	• Service Architecture	✓	✓
	• G. Industry leading and cost-effective provision of IS	**S-7 Optimised Sourcing for Best Value Service Reporting** • Establish a strategic sourcing approach to support development and delivery that enables rapid and cost-effective fulfilment of CoM requirements and capabilities	• Strategic Service Supply Chain	✓	✓

Introduction

Background & Purpose

The purpose of this IS Strategy is to provide strategic direction for the effective management of CoM's Information and Communication Technology (ICT). The IS Strategy will guide our ICT investments and initiatives to align with CoM's mission, optimize resource allocation, and reduce operational costs.

This IS Strategy serves as a roadmap for our digital future, to ensure we meet the evolving needs of our constituents while maintaining fiscal responsibility and transparency in our operations. The IS Strategy will be accompanied by supporting documents, such as the Integration and Data Framework (IDF) currently in development.

Over the three years 2020-21 to 2022-23 the Digital Transformation Program has upgraded many of our core systems within the CoM. The DTP was essentially the foundation layer for our future systems environment. With a heavy focus on cloud and on-line tools and applications this foundation layer replaced many on premises systems on ageing infrastructure and manual paper-based work processes.

The majority of digitisation has been achieved within the individual projects, however full transformation has yet to occur. This IS Strategy outlines the work to fully embed transformation into our business processes and provide the capability to lift customer experience.

The key focus area for the IS Strategy is to optimise our investment in our existing systems and provide a solid foundation for transformation.

Stakeholder Analysis – Problem Statement

In the development of the IS Strategy extensive consultation was undertaken with key business stakeholders across CoM. Through the consultation process consistent feedback was provided.

- We are constrained in our ability to provide outstanding customer service
- Capacity constraints exist across the business, managing multiple priorities
- The need to optimise the investment that has been made in our existing systems
- To leverage the benefits for our systems we need to change the way we work – to deliver value more efficiently
- The need to improve our Service Management practices
- The current IS Operating Model needs to change to support our dynamic, cloud-based environment
- The need to create an environment and capacity to innovate
- The need to review and confirm our current technical architecture so we can build the foundation of future innovation
- The need to work towards centralising and rationalise CoM systems where possible.
- The need mature and enhance IS governance structure to maximise future IS investment
- There is a need to improve Digital Literacy skills across the CoM

Strategic Goals & Objectives

Key tools and technology findings from a recent Customer Experience internal audit included:

- Manual intervention often required to completely capture customer queries
- Limited guidance on how to integrate digital tools to optimise customer experience
- Take up of the customer portal is limited due to lack of functionality and requirement to sign up multiple times
- Limited dashboards readily available for management use
- More potential to use data for decision making

The findings from this audit are further supported by the IS strategy to improve and enhance the customer experience Scope of Objectives. Taking into consideration the research and feedback undertaken the IS Strategy has been developed around three strategic themes.

A. Providing Outstanding Customer Experience
B. Being Innovative & Relevant
C. Focus on Consolidation & Efficiency

A. Providing Outstanding Customer Experience

This strategic theme of "Outstanding Customer Experience", represents a comprehensive approach to delivering exceptional customer experiences that blend innovation, personalisation, and best practice service management. This theme centres on the idea that outstanding customer experiences are not just a result of excellent products or services but are the product of a carefully designed and managed customer-centric ecosystem.

The theme focusses on:

- Improving the external customer experience via our customer portal, website, CRM platform, bookings system and capturing robust data for decision making and improved service delivery

- Ensuring the efficient and effective internal service delivery by CoM's Information Services team, which provides support to CoM business areas

B. Alignment With Customer Experience Strategy, 2023 – 2026

A core objective of the IS Strategy is to ensure that an outstanding customer experience is enabled and provided. The IS Strategy aligns with the Customer Experience Strategy 2023 – 2026. Key aspects of the Customer Experience Strategy includes:

	Strategic Objectives	Actions	What success looks like	
Customer	Understand who our customers are • Residents/visitors • Businesses/Agencies/NFP • Staff/Volunteers/Elected Members	• Customer Journey Mapping • Build customer-centric culture • Roll-out of CX Strategy roadmap	• We give personalised service • We listen to our customers	**Empathy**
Tools and Technology	Better use of systems to expand our service offerings for customers • CRM • Portal • Email/SMS/Mail • Website	• Implement Amazon Connect for Call Centre • CRM product integration • Portal review • Website review	• We deliver the right service to the right customer • Our customers regularly and confidently self-serve	**Time and Effort**
Channels	Offer our customers a variety of channels • Portal/email/phone/live chat/apps	• Implement Amazon Omnichannel • CSC resourcing review	• We want a positive response for each customer • We set clear and realistic expectations • We exceed those expectations	**Expectations**
Customer Management	Listening to the Voice of the Customer • Customer feedback/surveys • Complaint Management • Trends/Service levels/KPIs	• Review of CRM Closure comments • New email and SMS templates	• We greet our customers by name • We call or meet with our customers • We use customer feedback to design services that improve our customers' lives	**Personalisation**
Vision and Strategy	• Training and development • Data analysis	• Continuous improvement policies/process/guides • Analyse CS data and develop reporting	• We are honest and transparent in customer interactions • We build trust in the organisation to create customer loyalty	**Integrity**
Our People	• Continuous improvement • Accountability • KPIs	• Embed CX metrics and KPIs • Quality assurance business partnering • Formal CX Onboarding and refresher training	• We deliver the right service to the right customer • Employees understand the connection between their roles and our customers and work collaboratively to uphold and promote a shared vision	**Resolution**

Strategic Initiatives & Measurements

I-1 - Improve & Enhance the Customer Experience

The IS Team will collaborate closely with the business to consolidate and refine our customer experience requirements. By understanding the specific needs and expectations of the business, we can design a comprehensive solution that addresses key pain points and opportunities for improvement. From this information a Customer Experience Vision and Roadmap will be prepared to outline our long-term vision for delivering outstanding customer experiences and provide a plan to achieve our goals. This initiative will include building and refinement our Customer Experience capability through the following projects:

- Online booking system
- Continuous improvement of Customer Relationship Management solution
- Public Facing Mobile Application
- Website upgrade

Measurement: customer satisfaction, continuous improvement.

1-2. Industry Standard Service Management

The Industry Standard Service Management initiative aims to strengthen our organisation's service management capabilities to better align with and support our business needs. This

comprehensive initiative will require us to define our supported applications, complete an assessment of the current state of the applications and prepare a Service Management Vision and Roadmap. Building our Service Management capability will include the following projects.

- **Digital Service Management:** Invest in our digital tools and platforms to enable more efficient service request handling, incident resolution, and knowledge management. This modernisation will improve service delivery while ensuring a seamless customer experience
- **Asset Lifecycle Management:** Implement comprehensive asset lifecycle management practices to optimise asset utilisation, reduce costs, and ensure compliance with industry standards
- **Service Level Management**: Implement robust service level management practices will allow us to define, measure, and continually improve service levels
- **Transition to Support:** Enhance the transition process from project delivery to ongoing support. We will implement best practices for transitioning services into production, ensuring a seamless handover that minimises disruption and maximises service quality

Measurement: SLA's & metrics, incident management, change management, problem management, service request management, service availability and reliability, capacity management, customer satisfaction, continuous improvement.

C. Being Innovative & Relevant

This strategic theme of "Being Innovative & Relevant" is centred around the alignment of a highly skilled workforce with a customer-focused culture, supported by the agility to embrace emerging trends in information systems, use and evolving business operating models. This theme recognises that a skilled, motivated workforce is integral to delivering exceptional customer experiences and adapting to evolving industry trends.

The theme focusses on:

- Transformation of the IS Operating Model, to deliver IT services, support business operations, and achieve strategic goals more effectively
- Improvements to our Digital Literacy skills at CoM, which will enhance our capability to work in an increasingly connected community
- The assessment and implementation of emerging technologies (where relevant) to achieve business goals

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Strategic Initiatives & Measurements

1-3. Implement IS Operating Model & Improve Digital Literacy

The shift from traditional on-premises infrastructure to cloud-based solutions brings about fundamental changes in how IT resources are managed and leveraged. Our IS Operating model needs to change to fully exploit the benefits of cloud computing, including scalability, flexibility, agility, and cost-efficiency, while ensuring security, compliance, and optimal resource management.

An IS Operating Model outlines the structure, processes, and capabilities that an organisation's information systems function needs to effectively deliver IT services, support business operations and achieve strategic goals. It defines how IT resources, processes, and governance are organised and managed to ensure alignment with business needs. The IS operating model encompasses various aspects of IT management and service delivery.

The initiative will require the IS Team to capture current pain points with the existing Operating Model and work with the business to agree a vision for a Target Operating model. This typically includes a shift from IT being in a support role to that of strategic partner, closely aligned to business objectives. Improvements to the Operating model will be piloted and incrementally introduced to address key pain points.

A key part of the Operating Model will be to work with the business to continue to build CoM Digital Literacy program though individual project delivery.

Measurement: Step-change improvements in customer experience, efficiency, and cost reduction and skill proficiency.

I-4. Innovation & Emerging Technologies

Since innovation can be a complex, organisation-wide endeavour, it requires a set of practices and processes to structure, organise, and encourage it. An Innovation Framework will provide a structured approach and set of principles for fostering and managing innovation within CoM It serves as a guide to support CoM systematically generate, develop, and implement new ideas, products, services, or processes; this may include.

- Ideation – encourage the generation of new ideas
- Idea screening and evaluation
- Prototyping and experimentation
- Implementation and scaling

A key focus of the CoM Innovative and Emerging Technologies initiative is to adopt a framework that allows us to test ideas and concepts at a lower cost before full-scale development. There is a backlog of initiatives prioritised for this stream of work.

- Test automation and management
- Emerging Technologies / AI (e.g.: AI Trucks)
- Smart Cities
- OCR Invoices
- Automated Rates Printing
- Carbon Account – Net Zero
- Data Lake

- Inventory and warehouse management

Measurement: Innovation Output: Number of new products, services, or features introduced. Positive change in customer satisfaction scores related to new offering. Adoption Rate: Percentage of users or customers adopting new technologies or offerings. Innovation initiatives aligned with long-term strategic goals.

D. Focus on Consolidation & Efficiency

The theme focusses on:

- Working with the business units to continually improve our core business systems
- Establishing and enforcing our organisation enterprise architecture – comprehensive framework aligning IT and business strategies to optimise operations and achieve organisational goals
- Establishing and building our Integration Layer
- Improving our strategic sourcing approach with existing and/or new vendors
- Review the impacts and capability of Salesforce and SharePoint and how these can be further expanded upon and integrated into City of Marion

Strategic Initiatives & Measurements

I-5. Optimised Core Services

This initiative focusses on working with our business units to leverage our technology investment to streamline and optimise our core services to support shared business needs. The projects targeted for this initiative are summarised below.

Continuous Delivery of Financial capability and value to support business needs.

1. FinancialForce & Vena
2. Property and Rates Cloud
3. Payment capability (CoM CBA, Point of Sale)

Continuous Delivery of Asset Management capability and value to support business needs.

1. Centralised Asset Register
2. BPM & Predictor
3. Customer Experience
4. Fleet Management
5. Works Management
6. PMO Software

The below graphic as example brings together the business benefits of the AMIS system as envisaged in this theme.

Data driven decisions making
Facilitates evidence-based decision making to effectively address the needs of the community. Streamlining council procedures to enable well-informed asset management decisions.

Enhanced Customer Service Experience
Enhancing interactions with customers, boosting their satisfaction through greater transparency and accountability.

Realising the full asset value
Empowering the precise forecasting of asset health using data-driven evidence, providing justifiable budget estimations for capital investments, and enhancing risk management.

Workforce Empowerment
Connecting field and office and increase efficiency and visibility across all aspects of asset management.

Conduct feasibility and options analysis of replacing core systems.
1. Document Management System
2. Property Management
3. Sky Trust Review (Risk Management)
4. Health Manager
5. Alchemy Positive Ageing
6. CRM continuous delivery of value
7. Unified Communications
8. Risk Management System
9. HRIS (Aurion)

Measurement: Customer/User Satisfaction: Gather feedback from customers or users about their satisfaction with IT services. Efficiency: Measure the time saved due to process automation or IT services.

I-6. Service Architecture

Developing a Service Architecture allows for better organisation, scalability, and flexibility in delivering services. This makes it easier for the IS team to manage and maintain our complex systems, while enabling efficient use of our resources and to facilitating future enhancements.

There are key foundations required to establish a sound Service Architecture. The initial focus of this initiative will be to understand the current state of the of the organisation Enterprise Architecture and define a Future Model of Architecture.

- Enterprise Architecture – IT blueprint for CoM outlining how different parts of the organisation, like its people, processes, and technology, fit together to achieve the

company's goals. It helps ensure that everything works efficiently and effectively, and it guides decision-making to make the business run smoothly and adapt to changes in the future.

- Future Model of Architecture – forward-looking plan that outlines how the IT system, should be structured and function in the future. This will include a roadmap that helps guide decisions and changes to make systems work better.

Another focus area will be to establish and build our Integration layer, this will include
- The development Integration architecture & standards
- Integration development

Measurement: Business Alignment: Evaluate whether the architecture enables the delivery of services that directly contribute to business outcomes. Scalability and Flexibility:

Measure how well the service architecture scales to handle increasing workloads and user demands. Reliability and Availability: Monitor uptime and downtime metrics to measure the availability of services. Service Reusability:

Measure the extent to which services can be reused across different projects or applications. Cost Efficiency: Measure the cost-effectiveness of the architecture in terms of infrastructure, maintenance, and development. Security and Compliance:

Measure the effectiveness of security measures implemented within the architecture.

I-7. Strategic Service Supply Chain

The Strategic Service Supply Chain initiative will aim to develop principles, guidelines, and standards as a framework for the delivery of support and oversight of strategic vendors. This will increase the transparency and accountability in the delivery of vendor products and services to the CoM.

The key objective is to establish a strategic sourcing approach to support development and delivery that enables rapid and cost-effective fulfilment of CoM requirements and capabilities. The projects that form the basis of this initiative include:

- Vendor Assurance Management - establish a vendor management framework that will provide a consistent and transparent approach to vendor selection, engagement, relationship, risk, and performance management, in a cost effective and efficient manner
- Vendor Cost Optimisation – comprehensive review of our vendor arrangements to ensure value for money and fit for CoM needs

Measurement: Customer Satisfaction Gather feedback from customers to measure their satisfaction with service deliver. Lead Time Reduction: Measure the reduction in lead times for service delivery.

Summary of Measures for Each IS Strategy

The following highlights and summarises the key measures and approaches to these to support the strategy be implemented and ensure effective governance to support them.

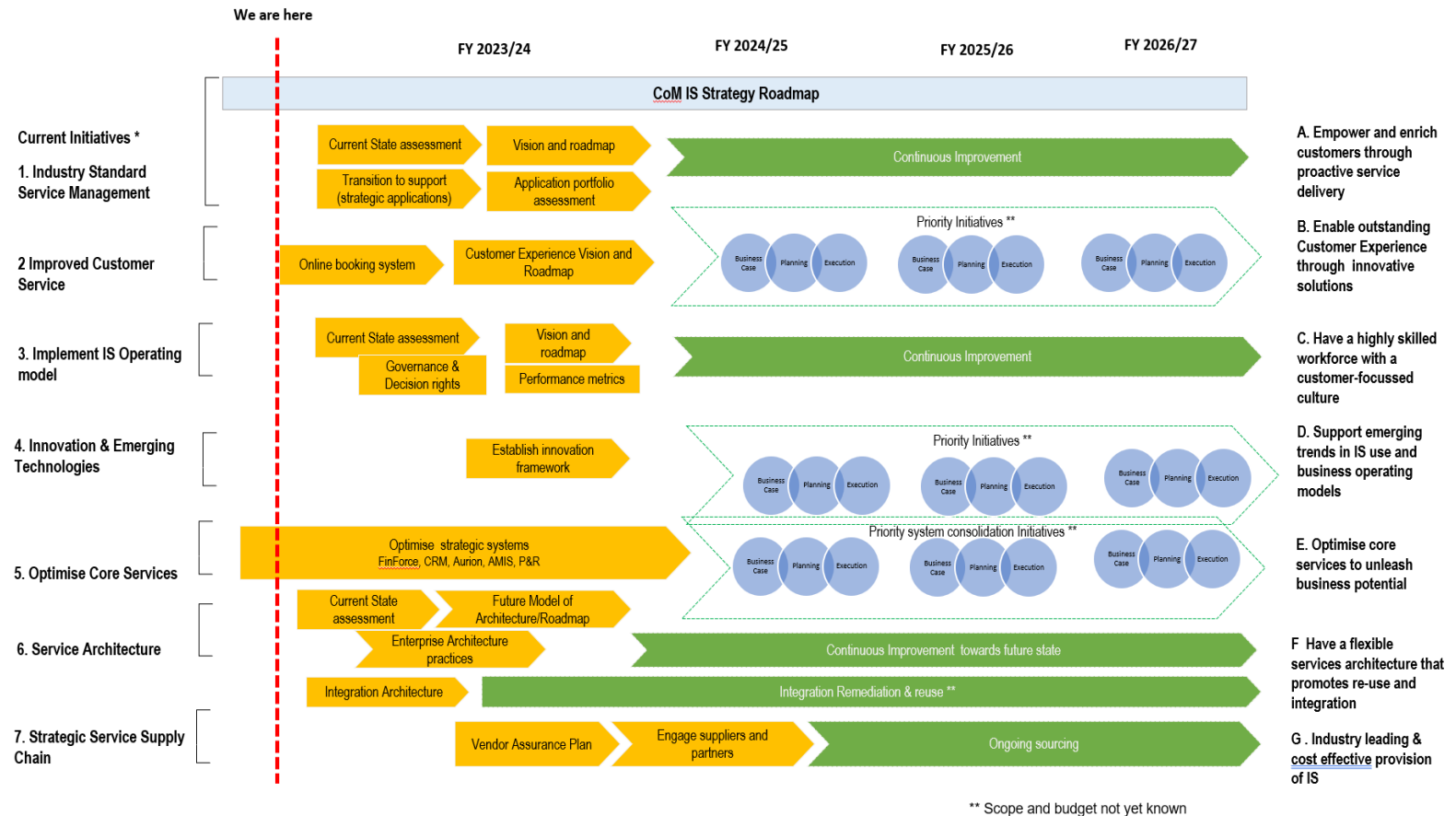| IS Initiative	Measurement	Description
I-1 - Improve and Enhance the Customer Experience	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement.
	Continuous Improvement	Continuous improvement will be monitored by tracking key performance indicators (KPIs), analysing feedback, and regularly reviewing processes for efficiency and effectiveness.
1-2. Industry Standard Service Management	SLA's	Service Levels to be established for supported applications and monitored to ensure achievement i.e., response and resolution times for incidents and service requests.
	ITIL Metrics	The IS Operations Team operates using Information Technology Infrastructure Library (ITIL). ITIL is a set of practices and guidelines for IT service management (ITSM). Key ITIL measures for the IS Operations Team to measure include, incident management, change management, problem management, service request management, service availability and reliability, capacity management.
1-3. Implement IS Operating Model and Improve Digital Literacy	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement.
	Efficiency	Measure the time saved due to process automation or IT services.
	Cost Reduction	At agreed intervals compare expenses before and after implementing changes to identify cost reduction
	Skill proficiency	Use project performance assessments to assess technical knowledge, problem-solving abilities, and project success to gauge IT skill proficiency.
I-4. Innovation and Emerging Technologies	Number of new products, services, or features introduced	Regular intervals such as a year or quarterly capture the quantity of new products, services, or features launched.
	Customer Experience / satisfaction	Positive change in customer satisfaction scores related to new offering. Customer feedback will be obtained through surveys and feedback forms.
	Adoption Rate	Percentage of users or customers adopting new technologies or offerings.
	Strategic Alignment	Confirm the Innovation initiative is aligned with long-term strategic goals.

IS Initiative	Measurement	Description
I-5. Optimised Core Services	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement
	Efficiency Business Alignment	Measure the time saved due to process automation or IT services.
I-6. Service Architecture	Business Alignment	Evaluate whether the architecture enables the delivery of services that directly contribute to business outcomes
	Scalability and Flexibility	Measure how well the service architecture scales to handle increasing workloads and user demands.
	Service Reusability	Measure the extent to which services can be reused across different projects or applications.
	Cost Efficiency	Measure the cost-effectiveness of the architecture in terms of infrastructure, maintenance, and development
	Security and Compliance	Measure the effectiveness of security measures implemented within the architecture.
I-7. Strategic Service Supply Chain	Customer experience / satisfaction	Customer feedback will be obtained through surveys and feedback forms to assess customer satisfaction quickly and effectively and identify areas for improvement.
	Lead Time Reduction	Measure the reduction in lead times for service delivery i.e., how long it takes to engage the right external services

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IS Strategic Roadmap

The diagram below shows how we intend to build on our current strategic initiatives, to deliver IS strategic objectives.

We are here

FY 2023/24   FY 2024/25   FY 2025/26   FY 2026/27

CoM IS Strategy Roadmap

Current Initiatives *

1. Industry Standard Service Management
- Current State assessment
- Vision and roadmap
- Transition to support (strategic applications)
- Application portfolio assessment
- Continuous Improvement

A. Empower and enrich customers through proactive service delivery

2 Improved Customer Service
- Online booking system
- Customer Experience Vision and Roadmap
- Priority Initiatives **
  - Business Case / Planning / Execution
  - Business Case / Planning / Execution
  - Business Case / Planning / Execution

B. Enable outstanding Customer Experience through innovative solutions

3. Implement IS Operating model
- Current State assessment
- Vision and roadmap
- Governance & Decision rights
- Performance metrics
- Continuous Improvement

C. Have a highly skilled workforce with a customer-focussed culture

4. Innovation & Emerging Technologies
- Establish innovation framework
- Priority Initiatives **
  - Business Case / Planning / Execution
  - Business Case / Planning / Execution
  - Business Case / Planning / Execution

D. Support emerging trends in IS use and business operating models

5. Optimise Core Services
- Optimise strategic systems FinForce, CRM, Aurion, AMIS, P&R
- Priority system consolidation Initiatives **
  - Business Case / Planning / Execution
  - Business Case / Planning / Execution
  - Business Case / Planning / Execution

E. Optimise core services to unleash business potential

6. Service Architecture
- Current State assessment
- Future Model of Architecture/Roadmap
- Enterprise Architecture practices
- Continuous Improvement towards future state
- Integration Architecture
- Integration Remediation & reuse **

F Have a flexible services architecture that promotes re-use and integration

7. Strategic Service Supply Chain
- Vendor Assurance Plan
- Engage suppliers and partners
- Ongoing sourcing

G . Industry leading & cost effective provision of IS

** Scope and budget not yet known

Technology Landscape Assessment

Technology Trends & Emerging Technologies

Technology today is evolving at a rapid pace, enabling faster change and progress, causing an acceleration of the rate of change. However, it is not only technology trends and emerging technologies that are evolving, but a lot has also changed due to the outbreak of COVID-19.

Computing power has already established its place in the digital era, with almost every device and appliance being computerized. At the same time, we have 5G already; the trend will be to gear up for an era of 6G with more power in our hands and devices surrounding us.

Almost every job needs smart software applications to make our work life more manageable. Smarter software and devices are another addition to the Technology landscape that is of high requirement and demand as we transform into digital spaces.

Datafication is simply transforming everything into devices or software powered by data. In short, Datafication is the modification of human chores and tasks into data-driven technology. From our smartphones, industrial machines, and office applications to AI-powered appliances and everything else, data is here to stay. It will be important to invest in resources, skills and technology to keep our data stored in the most efficient, secure and safe way.

Artificial Intelligence & Internet of Things (Technologies)

Artificial Intelligence (AI) and Internet of Things/Technologies (IoT) can bring numerous benefits to CoM, including improving efficiency, enhancing citizen services, and reducing costs.

Here are some approaches that we are considering in the implementing of AI and IoT for CoM:

- Identify use cases: Identify the areas where AI and IoT can be implemented to improve council operations and citizen services. For example, it could be waste management, traffic management, or smart lighting
- Plan and design: Plan and design the AI and IoT solutions based on the identified use cases. This involves defining the project scope, selecting the right hardware and software, and defining the system architecture
- Data collection: Collect data from IoT devices using sensors, cameras, or other data collection devices. This data can be used for analysis and decision-making. This element mut consider the ethics of the data to be collected. The policy position and approach will be defined in the CoM data management frameworks and policies
- Data analysis: Analyse the data collected using AI algorithms and techniques to extract insights and make predictions. This can help in making informed decisions and optimising council operations
- Integration: Integrate AI and IoT systems with existing council systems and processes to improve efficiency and automate tasks
- Security & Governance: Ensure that appropriate security measures are in place to protect the data and systems from cyber-attacks and data breaches
- Training and upskilling: Train CoM staff to use and maintain the AI and IoT systems. This involves providing training on how to use the systems and how to interpret the data
- Continuous improvement: Continuously monitor and evaluate the AI and IoT systems to identify areas for improvement and optimisation

By following these approaches, it is expected the City of Marion can successfully implement AI and IoT solutions that can improve citizen services, reduce costs, and optimize council operations.

Smart City

The CoM has committed to targeted Smart City opportunities through its strategic and business plans. Key opportunities identified include but are not limited to the use of technologies to support the design, delivery, and assessment of services, using data to support and improve evidence-based policies, programs and decision- making that is repeatable and sustainable, and sharing information with our community to continue greater transparency and availability of information.

Funding was committed to progress pilot trials investigating Smart City technology and infrastructure that enables innovation to flourish. Matched funding for a "Smart Precinct Proposal" at Oaklands through the Federal Smart Cities and Suburbs Program Round 2 was also obtained. The Australian Government funding will support the smart precinct proposal to provide innovative solutions using technology and data that will deliver affordable, scalable and replicable outcomes.

Through key infrastructure elements of the precinct, the design of public realm will seek to improve the experience of the local community and visitors through increased connectivity and liveability.

The Oaklands Precinct proposal incorporates two elements; building on the foundation of the Metrics that Matter project (Virtual Platform) and the Oaklands Precinct Project.

Gartner[1] views a smart space as a 'physical or digital environment in which humans and technology-enabled systems interact in increasingly open, connected, coordinated and intelligent ecosystems. Smart spaces can be referred to by a variety of names, including "smart cities," "digital workspaces," "smart venues" and "ambient intelligence" Common uses include preventive maintenance for building infrastructure, and automated tolls and billing. Smart spaces are changing how people interact with one another and influence decision support systems within various spaces (e.g., buildings, factories and venues)'.

For CoM there is the opportunity to progress Smart City principles and actions across all themes of the Strategic Plan. It is therefore appropriate that this links with and supports Smart City initiatives, though the inclusion of Smart City principle.

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[1] *5 Impactful Emerging Technologies for 2022 (gartner.com)*

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SWOT Analysis

Strengths

The CoM has built the resource capability to execute on this IS Strategy, due to the need to upskill and resource appropriately for the implementation of the12 key foundation initiatives under the DTP.

CoM has modernised the following key core business applications and services:

1. Best of breed Finance System implemented – FinForce

2. Best of breed Customer Relation Management System implemented – Salesforce

3. Best of breed Asset Management System implemented – Assetic

4. Upgraded to market leader GIS ESRI transition from MapInfo (end-of-life product)

5. Move to online payroll and time sheet management via Aurion

6. Unified Communications replaced our ageing PABX infrastructure with a cloud based modern system, allowing for integration into CRM, portability and audio recording for record keeping, training and coaching purposes

7. The SharePoint Intelligent Intranet improved the records management and access of our staff to CoM wide information as well as changing team sites allowing for automated updates as well as updating content

8. Upgraded to Microsoft 365 rollout replacing all on premise version of Microsoft Office with the cloud version and removing costly on-premises servers, supporting our cloud first policy and mobility of staff

9. The Devices List and Management replaced leased devices with owned devices which at the end of their corporate life can be deployed into the community through connections with the Digital literacy project. Considering segmenting the COM staff cohort to support all staff to access the cloud-based systems with a cost-effective device

10. Provided AV access in meeting rooms allowing for all CoM meeting rooms to be equipped with a screen and Meeting Owls to support blended meetings, staff mobility, reduce the travel time for some staff, which in turn reduces vehicle use and time lost driving

11. Developed a capability and culture whereby the Data Analytics project supported the development of business intelligence and data analytics function that automates service reviews and reporting, provides insights into data-based decision making and transforms the organisation to data-led and measuring outcomes and performance in real time. The CoM has become more analytical, and outcome focused on its decision-making and management and ensure data governance is adhered to

Weaknesses

The DTP had limited consideration for the need of a corporate integration layer. It is critical to the future success of the CoM to ensure future transformations can be achieved with a focus on a corporate integration solution. Work is currently underway to help define this and will also include the preferred model for testing and development environments and testing methodologies. As a result, this project has already commenced and will be a priority project in this IS Strategy.

The current weakness are:

- Limited Integration between core systems
- Lack of redundancy across sites
- Lack of centralised Data Dictionary Document and maintenance process
- Lack of on and off boarding Automation
- Immature processes
- Lack of documented Operational BAU activities
- Lack of visibility to policies and procedures
- Lack of visibility to features of existing platforms

Opportunities

As previously discussed, the CoM has been through significant change journey with the replacement of many of the key technologies and services. We now have an opportunity to focus on the real transformation and move up the curve towards more sophistication and IS evolution.

The diagram below illustrates the journey that the CoM has been on and how we as an organisation are becoming more digitally advanced as a Council.
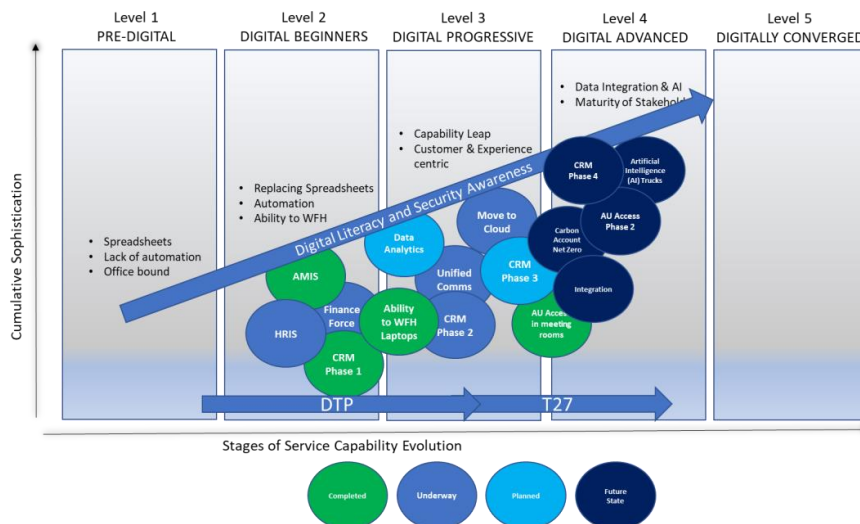
Cultural Approach

CoM is developing a culture of continual improvement, managing change, security, and documentation as key indicators of success throughout the departments while driving to protect and provide to our residents.

- Projects and Operations work hand in glove to produce artifacts designed for our ongoing operational needs within CoM
- Aiming towards service orientation and ease of integration
- Operations integrate with projects, ensuring that scoped artifacts will operate within the broader architecture of the environment and integrate well
- Automation and collaboration will occur across teams and levels both within Corporate Services, and with the wider CoM, assuring ongoing improvement

Threats: Lesson Learnt Digital Transformation Program DTP

This IS Strategy has incorporated the lessons learned from the DTP and taken into consideration the recommendations and improvements suggested from the DTP Heath Check undertaken by KPMG and other reviews.

Key findings related to implementation of the Digital Transformation Program were:

- Strain of Project Resourcing
- Stakeholder engagement was inadequate
- Insufficient requirement scoping prior to going to market
- Minimal Information on Integration Strategy
- Change Management not monitored

Performance Improvement Opportunities included:

- Opportunity for the Council to consider choosing fit-for-purpose systems
- The content of the Project Board was focused too much on technical knowledge
- Projects were driven by committed go-live dates that were not realistic
- Providing teams time to map business processes

Since the completion the DTP and subsequent audit the following actions have been implemented to ensure the seamless delivery of future programs:

- Revised and improved the IS structure and reporting lines
- Developed and continued to enhance our "New Ways of Working" for the IS team to ensure the improved transition from project team to ongoing support and ongoing maintenance and future enhancements
- Ensure project teams are given appropriate time to complete business initiation, business case, business requirements, business process mapping, and project planning documentation prior to procurement activities to ensure the best possible solution is selected
- Improved stakeholder management and engagement
- Provide project teams adequate time to review analysis before committing to go-live dates
- Have now built a team of project resources that has enabled a level of project capability and resource stability that didn't previously exist

- Initiated the development and future implementation of Integration and Data strategy and framework that did not previously exist
- Implemented the CoM Project Management Framework
- Updated monthly project reporting to be in line with other parts of the business
- Endorsement of the IS Strategic Plan principles from the Executive has been obtained, and future development is currently underway.

Project Implementation Roadmap

One critical activity that has already been started to help support this plan is the development of the CoM Integration and Data Strategy which is currently underway and will be completed end of 2023 early 2024. This project is critical to validate the costing assumptions that have been made within the Integration and Data projects.

The Following Key Initiatives are CoM Highest Priority

Planning and Management
- Integration across all key systems
- Strengthen IT Operations system support capability
- Test Automation to be incorporated into release management practices
- Increase CoM skill sets in Salesforce and FinancialForce
- Increased Project Management discipline
- Utilise Six Sigma principles during all new initiatives

Core Systems Improvements
- AMIS Stage 2
- Financial Force Enhancements
- Property and Rates
- CoM Customer Portal
- CoM Management Portal
- Data Mart consolidation and Management Reporting
- Human Resources System
- Payroll upgrade to enable insource management and operations

Supporting Systems

- Online Booking System – Hireable Spaces
- Online Booking System – Pools
- Online Booking System – Ticketing
- Risk Management System
- Project Management System (PMO)
- Property Management Systems

Fast Followers

- Point of Sale (POS) review and rationalisation
- Staff Purchase Card management solution
- OCR Invoices

Productivity Improvements

- AI Capabilities – AI Trucks
- Mobile Devices to outdoor staff
- Customer and Management Portal
- Upgrade the CoM external website and develop Mobile Application

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Corporate Community Vision

The diagram below helps demonstrate how these initiatives align to the CoM Community Vision.

Building on the best of approach, we have had significant consultation with the business and looked at the needs for both our internal and external customers. In doing so we have developed several key strategic projects that helps leverage the upgrades from the Digital Transformation Program.

As per the diagram below, these initiatives align with our corporate and community goal.
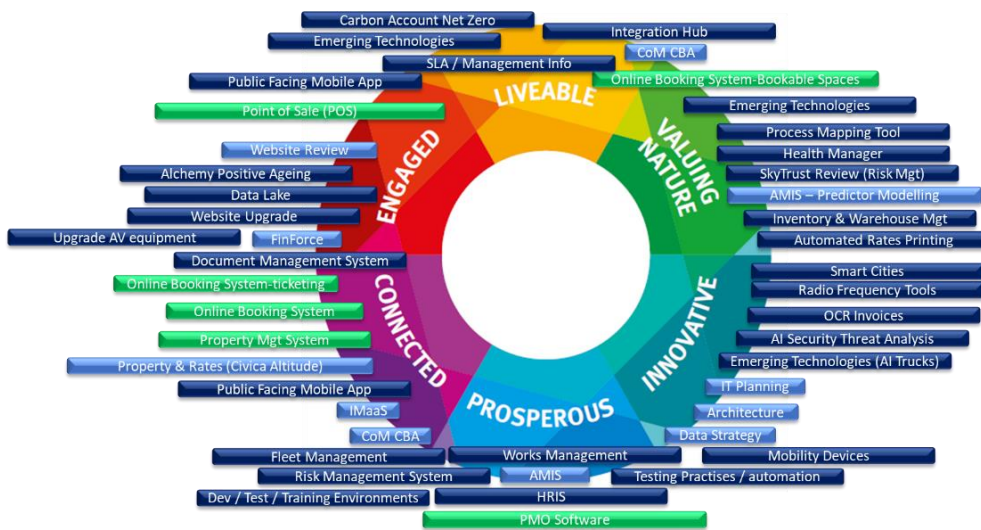
The following initiatives have now been reviewed and prioritised by the business.

Project Initiative	Scope
Online booking system	Online bookings for Marion Bookable Spaces, Outdoor Pool and even ticketing
Risk Management System	Track, monitor and report on strategic and corporate risks risk, review of controls and completion of outstanding treatments and management of audit findings.
Property Management	Monitoring compliance of property lease conditions and simplified renewal processes and documentation.
Project Management System	This system will enable the systemisation of the project management framework resulting in efficient project management practices and reporting.
HRIS	Revisit original scope for HRIS and determine new requirements. Analysis will include consideration of the payroll system as a standalone system or need for a fully integrated system.
Data Lake	The development of a Marion Data Lake will provide a flexible, scalable, and cost-effective solution for storing and analysing big data, enabling CoM to make more informed decisions and drive better business outcomes.

Project Initiative	Scope
Process Mapping Tool	Consensus of the processing mapping tool – currently Pro Map and Visio being used. Other products are also in the market which may be considered.
Website Upgrade	An upgrade to CoM website is important to meet the changing needs and expectations of our customers. By investing in website upgrades, we can improve our online presence, attract more visitors, and generate more leads and better use of our resources.
Works Management	Review current Work Management tools, to optimise our production processes, minimize costs, and improve customer satisfaction. By implementing effective works management practices, the CoM can streamline our operations, improve productivity, and deliver high-quality products or services to their customers. This would include the decommissioning of our current Ramms solution.
Inventory and Warehouse Management	Radio frequency (RFID) tools to support efficient movement in and out of the stores and warehouse.
Property and Rates Cloud	Migration of current Civica software to cloud based environment.
Point of Sale	The review and implementation of a single POS system, compare to the multiple systems currently used across the CoM. Some of the key benefits of using a POS solution include improved accuracy and efficiency in managing inventory, better tracking of sales data, streamlined payment processing, and easier management of customer information.
Document Management System	Opportunity to significantly reduce paper throughout the CoM, with the introduction of paperless contracts
Testing Practices (test automation and management)	Effective testing practices are critical to ensuring the quality and reliability of software products. They help to identify and resolve defects early in the development process, minimise the risk of defects in production, and ensure that the software product meets the requirements and expectations of its users. We seek to investigate and implement Test Automation where appropriate.
Inventory and Warehouse Management	Inventory and warehouse management tools can help businesses improve their operational efficiency, reduce costs, and improve customer satisfaction by providing real-time visibility into their inventory levels and warehouse operations.
Mobile Devices	Provide mobile devices for field staff that can increase productivity and efficiency while keeping data secure and protected.
SLA development and refinement	Continue to help support and refine the current SLA development and it's use within the business
Fleet Management	Review and improve the current Fleet Management solution with the introduction of one of the Assetic Fleet Management modules
Public Facing Mobile App	Review current trends in the Mobile App space for Council and implement an appropriate solution
Automated Rates Printing	Introduce a new process to automate the Rates print runs, that will improve efficiency and reduce overall costs

Project Initiative	Scope
Skytrust Review (Risk Mgt)	Review current Skytrust solution for Health and Safety Management
Health Manager	Review current solution
Alchemy Positive Ageing	Review current solution
Carbon Account – Net Zero	Review current thinking and build on existing and future processes
Emerging Technologies/AI	Continue to research and understand future trends and emerging technologies that provide improvement in the way CoM provides services to the community. This will be an integral part of the AI way forward. The below initiatives are examples of known applications that can support current business.
iPads (Mobility Devices for in-field application)	Improve operational efficiency with the use of mobile develops for Case management of service delivered primarily by the outdoor workforce.
AI Security Threat Analysis	Review Security threat and seek to utilise new tool when they are appropriate
Smart Cities	Maximise the use of the current Smart City initiatives/data for decision making and then build on the existing initiatives
OCR Invoices	OCR technology can be a valuable tool for businesses looking to automate their accounts payable process and improve operational efficiency. By using OCR technology to extract data from invoices, businesses can reduce manual data entry, improve accuracy, and process invoices more quickly.
AI Trucks	Installation of optical recognition devices on CoM vehicles to scan roads/footpaths condition with automatic logging of maintenance request and continuous asset condition information.

Milestones and Timelines

CoM a Council of Excellence / Activity

Working Groups	Projects	Oct-23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	23/24	24/25	25/26	26/27
Finance / Property & Rates	FF Automated Testing	Project in-flight								✓	✓	
	IS operational Improvements		Project in-flight									
	P & R (Civica Altitude Upgrade)			Project scheduled					✓	✓		
	Finance / P&R Transformation	Project in-flight							✓	✓		
	FF Contract Mg		Project scheduled						✓			
	PMO Tool		Initiation/Business case	Procurement	Project scheduled					✓		
	FF - AI/ OCR Invoices			Initiation/Business case · Procuremen	Project scheduled							
	Purchase Card	Initiation/BC/Procurement	Project scheduled						✓		✓	
	Point of Sale (POS) - inc. gateway		Initiation/Business case	Procurement	Project scheduled					✓	✓	
Operations	AMIS (Stage 2)		Project in-flight						✓	✓		
	Predictor Modelling		Open Space			Under Review			✓			
	Valuations	Project in-flight		Open Space					✓			
	FF - Fleet Management		Project scheduled		Open Space				✓			
	Property Mgt System		Business case	Procurement	Project scheduled				✓	✓		
	Vehicle Telemetory		Project scheduled							✓	✓	✓
	Emerging tech - AI Trucks		Business case	Procurement	Project scheduled					✓	✓	✓
	RFID Tools - Procurement		Business case	Procurement	Project scheduled					✓		
Integration / Service Apps	Int. & Data Strategy	Procurement	Project scheduled						✓			
	OBS - Bookable Spaces		Procurement	Project scheduled					✓			
	OBS - Ticketing			Procurement	Project scheduled				✓	✓		
	OBS (Pool)	Project in-flight							✓			
	Unified Comms	Project in-flight							✓			
	Risk Management system		Procurement	Project scheduled					✓			
	Integration / Data Lake		Procurement	Project scheduled: Integrate Assetic/CRM, Assetic ESRI, FF/ P&R, Assetic/CRM					✓	✓	✓	✓
	Smart Cities (reconnect & display)				Project scheduled				✓	✓	✓	✓
Customer Experience	Customer & Mgmt. Portal	Salesforce/CRM Review		Project scheduled						✓	✓	✓
	Website Upgrade		Procurement	Project scheduled						✓	✓	✓
	Payroll Inhouse Management	Project scheduled										
	CRM Enhancements			Project scheduled						✓	✓	✓
	HRIS			Initiation/Business case	Procurement · Project scheduled					✓	✓	
	Digital Marketing - Hive	Procurement	Project scheduled						✓			
	Economic Development CRM	Procurement	Project scheduled						✓			
	Doc Mgt System		Initiation/Business case	Procurement	Project scheduled					✓		
	Sky Trust Review			Sky Trust Review								✓

Ongoing Operational Activities

Working Groups	Projects	Oct-23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	23/24	24/25	25/26	26/27
Helpdesk/ Hardware/AV	Hardware Refresh		Procurement	Hardware Deployment					✓	✓	✓	✓
	Upgrade Council Chamber	Initiation/Business case		Procurement	Project scheduled				✓			✓
	Service Management	Initiation/Business case	Procurement	Project scheduled					✓	✓		
Infrastructure	System Security Change Control				Initiation/BC/Procurement	Detective Change Control	Systems Security: Change Control			✓		
	Central Internet Link Upgrades	Initiation/BC/Procurement	1G-10G Internet Fiber		Central Internet Link Upgrades					✓	✓	✓
	Wi-Fi Upgrades - Edge, CoM Guest	Initiation/BC/Procurement	Resident Spaces Free Wi-Fi		Phase 1: Edge Internet Upgrade	Phase 2: CoM-Guest Wi-Fi All Site	*Remove on-prem Vuln soft.			✓	✓	✓
	Core Switch VSS/ Internet Failover	Initiation/BC/Procurement	Network Resiliency		Phase 1: Core Switch VSS	Phase 2: Internet Failover	*Remove Admin Generator			✓	✓	✓
	Zero Trust Systems Architecture	Zero Trust Systems Architecture								✓	✓	✓
	Essential Eight Compliance (EEC)	Essential Eight Compliance								✓	✓	✓
	EEC: Application control					Essential Eight Compliance				✓		
	Physical Security Systems Management		Initiation/BC/Procurement	Procurement	Project Schedule						✓	✓
	AI Security			AI Security							✓	✓
	Single cloud	Initiation/BC/Procurement	Single Cloud	Move towards single cloud					✓	✓	✓	✓

Resource Allocation

The current level of CoM resources and skills will require supplementation (in terms of capability and capacity) to drive and support this IS Strategy. The increase has been captured in the previous two sections indicative costings.

The development of strategic workforce and sourcing plans need to consider the following resources and skills:

- Identifying flexible workforce and sourcing models to support the demand
- Defining business champion roles and responsibilities and investing in appropriate training
- Enhancing internal technical skills including integration
- Improving negotiation skills and expanding capabilities in contract and vendor

management
- Leveraging the benefits of shared procurement opportunities
- Formalising a business partnership model to serve as the conduit to assist with defining business requirements and developing business cases
- Exploring collaborative opportunities such as the creation of a business intelligence centre of excellence
- Build on the newly developed EPMO to improve overall project management capabilities, training, governance and standardised reporting

Summary of Project and BAU Investment

The following table summarises the costs associated with IS Strategic four-year plan across, all cost will be confirmed during initiation and business case phases of the project.

Budget removed for sharing to 3rd Party

Ramification if Program is not funded

If the mentioned projects are not funded for implementation or maintenance, it can pose several risks and issues for the business. Here are some potential consequences:

1. Operational Inefficiency:

Without the implementation of systems like the Online Booking System, Property Management, Project Management System, and Inventory and Warehouse Management, the organization may experience inefficiencies in managing bookings, property compliance, project processes, and inventory, leading to increased operational costs and reduced productivity.

2. Risk Exposure:

The absence of a Risk Management System could leave the organization vulnerable to unmonitored strategic and corporate risks, potentially resulting in financial losses, damaged reputation, and compliance issues.

3. Outdated Technology:

The lack of funding for the Website Upgrade, Works Management, and Point of Sale projects may result in an outdated online presence, reduced customer satisfaction, and missed business opportunities. It may also hinder the organization's ability to streamline operations and adopt more efficient technologies.

4. Data Management Challenges:

Without the development of a Data Lake and Document Management System, the organization may struggle with handling large volumes of data, leading to poor decision-making, reduced competitiveness, and potential compliance issues, especially in terms of document handling.

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5. **Customer Service Impact:**

Projects like Public Facing Mobile App, Mobile Devices for field staff, and Fleet Management are crucial for improving customer service and operational efficiency. Lack of funding may result in suboptimal service delivery, reduced customer satisfaction, and increased response times.

6. **Financial Inefficiencies:**

The absence of initiatives like Automated Rates Printing and OCR Invoices may lead to increased manual work, higher processing costs, and a greater chance of errors in financial processes.

7. **Lack of Innovation:**

Failure to invest in Emerging Technologies/AI, AI Security Threat Analysis, and Smart Cities initiatives may hinder the organization's ability to innovate, stay competitive, and provide cutting-edge services to the community.

8. **Compliance and Safety Concerns:**

Projects like Skytrust Review (Risk Mgt), Health Manager, and Alchemy Positive Ageing are critical for maintaining compliance, safety standards, and employee well-being. Lack of funding may result in legal and safety compliance issues.

9. **Missed Efficiency Gains:**

Initiatives like AI Trucks and iPads for in-field applications can significantly improve efficiency and reduce costs. Without funding, the organization may miss out on opportunities for process automation and optimization.

10. **Strategic Planning Setback:**

Without adequate funding for the Carbon Account – Net Zero and ongoing research into Emerging Technologies/AI, the organisation may struggle to align itself with future trends and sustainable practices, potentially impacting its long-term strategic goals.

In summary, inadequate funding for these projects could lead to operational inefficiencies, increased risks, reduced competitiveness, and a negative impact on customer satisfaction and overall business performance.

Summary of City of Marion IS Strategy

In this IS Strategy, we have reviewed our existing challenges and opportunities within the City of Marion (CoM) Information and Communication Technology landscape. The purpose of this IS Strategy is clear – to provide a strategic direction that not only aligns with CoM's mission but also optimizes resource allocation and reduces operational costs. It is our roadmap to usher in a digital future that is both responsive to the ever-evolving needs of our constituents and fiscally responsible.

The Digital Transformation Program (DTP) has already laid a strong foundation, with a focus on cloud-based solutions, online tools, and the replacement of aging infrastructure and manual processes. However, the full transformation has yet to be realized, and that's where this IS Strategy comes into play. Our primary focus is to optimize our investments in existing systems, ensuring that they provide a solid foundation for future innovations.

Through extensive consultation with key stakeholders across CoM, we have identified the key challenges and constraints, and these insights have formed the basis of our strategy. The problems identified range from capacity constraints and the need for improved service management to the urgency of changing the IS Operating Model to adapt to the dynamic, cloud-based environment.

The Strategic Goals and Objectives have been thoughtfully designed to address these challenges. These objectives are categorized under three strategic themes, each supported by a set of IS Strategies and Strategic Initiatives:

Providing Outstanding Customer Experience: This theme emphasizes enhancing external and internal customer experiences. We will continue to innovate and use data for decision-making, ensuring we empower and enrich our customers while maintaining efficiency in our internal service delivery.

Being Innovative & Relevant: This theme focuses on a highly skilled workforce, a customer-focused culture, and the adoption of emerging technologies. We will transform the IS Operating Model, improve digital literacy, and assess and implement emerging technologies as needed.

Focus on Consolidation & Efficiency: This theme centres around streamlining core services, optimizing existing technology platforms, establishing, and enforcing our enterprise architecture, and enhancing strategic sourcing to fulfill CoM's requirements cost-effectively.

These three themes represent our comprehensive approach to overcoming the challenges identified during stakeholder consultation and aligning our IT Strategy with CoM's broader mission and goals. As we embark on this strategic journey, we will regularly measure our progress, adapt to emerging trends, and continuously improve our services.

This IS Strategy is not just a document; it is a commitment to excellence, innovation, and efficiency in our Information and Communication Technology. Through collective effort and strategic implementation, we will position CoM as a leader in delivering outstanding customer experiences, staying innovative and relevant, and consolidating our services for maximum efficiency and impact.

The success of this IS Strategy will be a testament to our dedication to better serve our constituents, support CoM's evolving needs, and fulfill our mission with transparency and fiscal responsibility. With a clear roadmap and a dedicated team, we are confident that the future of CoM's IS will be relevant and impactful.

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Appendix A: CoM IS Investment DTP to T27

The following tables on the next two pages illustrates the CoM Digital Journey to date, and what this next level of investment to leverage the investment in the foundation layers that we are now going to use to help transform the CoM over the next four years. Where Customer and Staff user experience will be one of the significant improvements as we provide integrated solutions that enable meaningful Customer and Staff Portals.

	Prior to Investment (Past State)	Investment Outcomes (Current State)	Further Investment Opportunities (Future State)	CX Portal	Mngt. Portal
Digital Literacy & Cybersecurity Awareness	• Limited digital proficiency • Low cybersecurity awareness	• Enhanced digital literacy for staff/elected members • Improved the security of corporate data and the awareness of cybersecurity	• Increase CoM skill sets in core systems • Deliver the community-wide programs for the digital literacy	✓	✓
Payroll & HRIS	• Ineffective manual payroll • Complex user experience • Lack of single, unified HR system	• Payroll automation through self-service. • Modern, cloud-based payroll system	• Implement comprehensive HRIS to support all HR functions • Upgrade payroll for insources solution		✓ ✓

CRM	• Outdated legacy system
	• Lack of complete view of customer information, as divided among multiple sources
		• Better customer satisfaction through:
		  ○ Modern single view of customers
		  ○ Customised service delivery
		  ○ Convenient service access through online self-service
			• Further improvements in customer service enhancements via:
			  ○ Salesforce enhancement
			  ○ Online booking systems
			  ○ Webchat/ Website upgrade
			  ○ Customer management portal
			  ○ Public Facing Mobile App
			  ○ Community Engagement (Hive)
				✓
				✓
				✓
				✓
				✓
				✓
					✓

AMIS	• High maintenance costs, limited CoM's assets protection due to no unified system, and limited predictive modelling	• Improved asset management activities via:
		  ○ Implemented the infrastructure asset management database.
		  ○ Implemented valuations module, enabling reporting available.
			• Further enhancement through AMIS stage 2:
			  ○ Predictor modelling
			  ○ Valuations
			  ○ Integration with Salesforce
				✓	✓
					✓
					✓

Financial Transformation	• Limited efficiency and effectiveness resulting from the lack of standardisation, automation, simplification	• Achieved Efficiency and effectiveness through implementing the modern and cloud-based financial management system
		• Improved access to live financial data and reporting
			• Continuous delivery of financial capability via:
			  ○ Financial Force Enhancements
			  ○ Property and Rates
			  ○ OCR & AI Invoice
			  ○ POS review & Consolidation
			  ○ Staff CBA Credit Card solution
			  ○ Fleet Management
			  ○ Inventory & Warehouse Mgmt.
				✓
				✓
				✓
					✓
					✓
					✓
					✓
					✓
					✓
					✓

Data Analytics	• Limited access to automated management data
	• Insufficient data analytics proficiency
		• Enhanced data-driven decision-making with BI and analytics
		• Enabled to measure outcomes and performance using real-time data
			• Further improvements through:
			  ○ Data Integration & data lake across all key systems
			  ○ Data mart consolidation & Management reporting
				✓	✓
					✓

GIS ESRI	• Retired legacy system • Low levels of GIS maturity	• Best practice & market leader solution • Lower risks associated with GIS	• No further enhancement required	✓	✓
Microsoft 365 & SharePoint Transfer	• Expensive internal infrastructure due to On-premise hardware	• Adhere to the 'Cloud First' principle and providing users with superior access • 'Best use' of Digital records	• No further enhancement required		✓
Device List & Management	• Tethered to the desk with outdated leased hardware	• Enhanced the work setup through cost effective use of owned devices and cloud-based systems	• No further enhancement required		✓

Community / Business

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	Past State	Current State	Future State		
	Prior to Investment	**Investment Outcomes**	**Further Investment Opportunities**	CX Portal	Mngt. Portal
AV Access	• Meetings were costly due to limited AV accessibility.	• Support WFH and mobile workforce to remain connected through Meeting Owls.	• No further enhancement required.		✓
Unified Communication	• Outdated/aging PABX infrastructure system.	• Modern, cloud-based contact centre that enables staff to be fully mobile.	• No further enhancement required.	✓	✓
Industry Standard Service Management	• Needs for developing CoM Service Management capability to support the business.	• N/A	• Improve IS/IT Ops Operation through : ○ Digital Service Management ○ Asset Lifecycle Management ○ Service Level Management ○ Define Enterprise Architect	✓ ✓ ✓	✓ ✓ ✓ ✓
Innovation & Emerging Technologies	• Demands in productivity improvements by embracing new technologies	• N/A	• Empowering Tomorrow's business with emerging technologies via: ○ Smart Cities ○ AI Trucks ○ Automated Rates Printing ○ Carbon account - Net Zero	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓
Continuous Business Support	• Requested from various business areas for new IT solutions to improve daily work.	• N/A	• Increase the business performance via: ○ Risk management ○ Project management ○ Health Manager ○ Document Management System		✓ ✓ ✓ ✓

Community

Business

— **New initiatives**

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Appendix B: Strategy and Project Alignment

The table below outlines how our IS Strategic Themes and Objectives line up with our planned T27 Program of projects.

CoM a Council of Excellence

Working Groups	Projects	IS Strategic Themes			Strategic Objectives for IS "In 4 years, we will …"						
		Outstanding Customer Experience	Innovative & Relevant	Consolidation & Efficiency	Empower & Enrich Customers	Outstanding Customer Experience	Highly Skilled Workforce	Support Emerging Trends	Optimise Core Services	Flexible Services Architecture	Leading & Cost Effective IS Provision
Finance / Property & Rates	FF Automated Testing		✓	✓		✓	✓	✓	✓	✓	✓
	IS Operational Improvements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	P & R (Civica Altitude Upgrade)	✓				✓			✓	✓	
	Finance / P&R Transformation	✓		✓		✓			✓	✓	✓
	FF Contract Mg			✓					✓	✓	
	FF - AI/ OCR Invoices	✓		✓		✓			✓	✓	✓
	Purchase Card		✓	✓					✓	✓	
	Point of Sale (POS) - inc. gateway	✓		✓	✓	✓		✓	✓	✓	✓
Operations	AMIS (Stage 2)	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Predictor Modelling	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Valuations			✓	✓	✓		✓	✓	✓	✓
	FF - Fleet Management			✓		✓	✓	✓	✓	✓	✓
	Property Mgt System	✓		✓	✓	✓		✓	✓	✓	✓
	Vehicle Telemetory	✓		✓	✓	✓		✓	✓	✓	✓
	Emerging Tech - AI Trucks	✓		✓	✓	✓		✓	✓	✓	✓
	RFID Tools - Procurement		✓	✓				✓	✓	✓	✓
Integration / Service Apps	Int. & Data Strategy	✓		✓	✓	✓	✓	✓	✓	✓	✓
	OBS - Bookable Spaces	✓	✓	✓	✓	✓		✓	✓	✓	✓
	OBS - Ticketing	✓	✓	✓	✓	✓		✓	✓	✓	✓
	OBS (Pool)	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Unified Comms	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Risk Management System			✓	✓		✓	✓	✓	✓	✓
	Integration / Data Lake	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Smart Cities (reconnect & display)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer Experience	Customer & Mgmt. Portal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Website Upgrade	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Payroll Inhouse Management			✓		✓	✓		✓	✓	✓
	CRM Enhancements	✓		✓	✓	✓		✓	✓	✓	✓
	HRIS (inc. AI)		✓	✓		✓	✓	✓	✓	✓	✓
	Digital Marketing - Hive	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Economic Development CRM	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Doc Mgt System	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Sky Trust Review			✓		✓		✓	✓	✓	✓

Ongoing Operational Activities		IS Strategic Themes			Strategic Objectives for IS "In 4 years, we will …"						
Helpdesk/ Hardware/AV	Hardware Refresh			✓		✓	✓	✓	✓		
	Upgrade Council Chamber	✓		✓	✓	✓	✓	✓			
	Service Management			✓		✓	✓		✓	✓	✓
Infrastructure	System Security Change Control		✓	✓	✓		✓	✓	✓		✓
	Central Internet Link Upgrades		✓	✓			✓	✓	✓		✓
	Wi-Fi Upgrades - Edge, CoM Guest	✓		✓	✓	✓	✓	✓	✓		✓
	Core Switch VSS/ Internet Failover	✓		✓		✓	✓	✓	✓		✓
	Zero Trust Systems Architecture	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Essential Eight Compliance (EEC)		✓	✓			✓	✓	✓		✓
	EEC: Application control			✓			✓	✓	✓		✓
	Physical Security Systems Management	✓		✓	✓	✓	✓	✓	✓		✓
	AI Security	✓		✓	✓	✓	✓	✓	✓		✓
	Single cloud			✓		✓	✓	✓	✓		✓

Appendix C: IS Foundational Elements

Foundation Elements

The following foundation elements are critical to ensure the seamless delivery of this IS Strategy. It will support sound decision making and provide the prerequisite assurance and quality frameworks.

IT Governance

The City of Marion (CoM) is committed to an IT Governance Framework. This includes the establishment of formal governance bodies such as the Project Control Board, Performance Organisational Review (POR), Financial Risk and Audit Committee (FRAC), Council Meetings and Architecture Review Board (ARB). This approach provides both acceptable governance practices and effective decision-making, as well as enabling the achievement of the Council's Vision and strategic themes.

The Diagram below outlines the Governance Framework for the IS Program of work.

Governance of IS Program
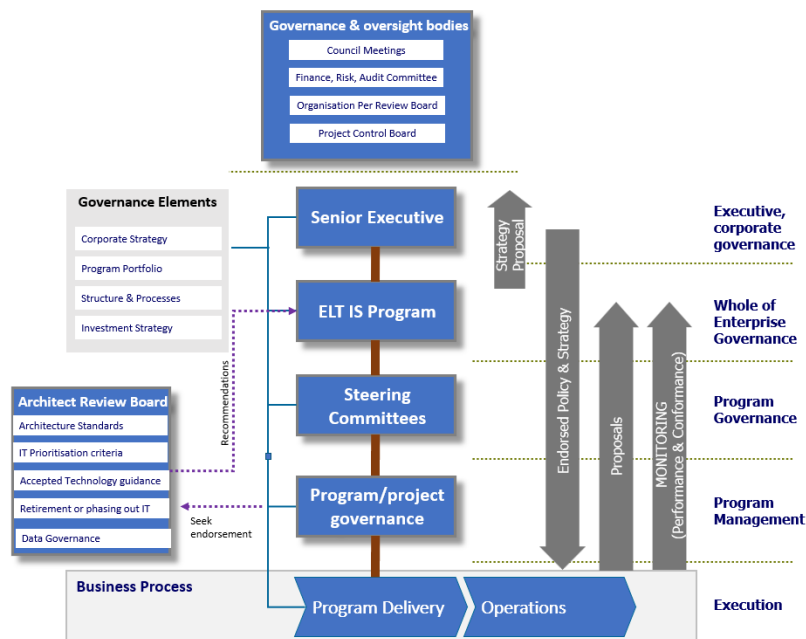
The CoM will continue to strengthen the IT Governance Framework through the establishment of an Architecture Review Board (ARB). The ARB will be responsible for assessing and ensuring the quality and consistency of IT architectural decisions for projects and the broader organisation, including:

- **Architectural Governance:** Establish and enforce architectural guidelines, standards, and best practices
- **Alignment with Business Goals / Decision Making:** Review proposed architectural changes, solutions, and technology decisions
- **Risk Mitigation:** Identify and mitigate potential risks and issues related to architecture, security, scalability, and performance
- **Technology Evaluation:** Assess new and emerging technologies, tools, and frameworks

Information & Data Governance

Information governance and data governance are two related but distinct concepts that help CoM manage data and information assets.

- Information governance is the process of defining and implementing strategies, policies, standards and practices for the optimal use of information for business value. Information governance covers both structured and unstructured data, as well as other types of information such as documents, records, emails and multimedia. Information governance aims to provide relevance, context, accessibility, security and compliance to information assets.

- Data governance is the process of creating and enforcing policies, procedures, roles and responsibilities for the effective management of data throughout its lifecycle. Data governance aims to ensure high-quality, secure, compliant and usable data that supports goals and objectives.

The below elements are brought together in the Data Governance Framework and associated policies and procedures.

Information Governance Principles used in CoM

Principle 1 – Information Classification

Information Classification is the practice of categorising information assets based on their significance and sensitivity. This process ensures that each piece of information is handled, secured, and shared according to its relevance and potential risks, promoting effective information management.

Principle 2 – Information Accessibility

Information Accessibility pertains to establishing controlled methods for authorised individuals to readily access and utilise information assets while preserving security measures. It ensures that the right people can access the right information at the right time, supporting efficient data utilisation within the CoM.

Principle 3 – Information Integrity

Information Integrity is a cornerstone of information governance, focusing on the accuracy, consistency, and reliability of information throughout its lifecycle. This principle emphasises

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maintaining data quality and trustworthiness to ensure that information remains unaltered and reliable.

Principle 4 – Information Efficiency

Information Efficiency in information governance centres on optimising data management processes and systems to enhance productivity and resource utilisation. This principle emphasises the importance of streamlining data workflows, reducing redundancy, and improving the speed at which information is accessed and utilised.

Principle 5 – Information Lifecycle

The Information Lifecycle principle focuses on managing data from its creation to disposal in a systematic and controlled manner. This includes defining stages such as creation, storage, maintenance, usage, archiving, and secure destruction.

Data Governance & Data Management Practices

Data Governance and Data Management are integral components of Information Governance, serving two primary purposes: ensuring data's quality, security, and compliance while leveraging it as a strategic asset.

1. **Data as a Strategic Asset:** Data is often considered as one of an organisation's most valuable assets. The CoM places much importance on this practice by making it one of the key Architecture Principles. Effective Data Governance and Management practices ensure that this asset is leveraged strategically to gain insights, make informed decisions, and create a competitive advantage.

2. **Data Quality & Reliability:** Poor data quality can lead to costly errors, misinformed decisions, and reputational damage. Data Governance practices, including data cleansing and validation, ensure data accuracy, completeness, and reliability, and directly support the "Information Integrity" Information Governance Principle.

3. **Risk Mitigation:** Data breaches and security incidents can have severe consequences. Data Governance includes data security measures, access controls, and risk assessments to identify and mitigate vulnerabilities, protecting both data and the organisation.

4. **Operational Efficiency:** Well managed data enhances operational efficiency by streamlining data processes, reducing duplication of effort, and ensuring data consistency. This leads to improved resource allocation and cost savings and strong support the "Information Efficiency" Information Governance Principle.

5. **Informed Decision-Making:** Access to high-quality data and well organised information enables better decision-making at all levels of the organisation. It ensures that decisions are based on facts and insights rather than assumptions.

6. **Data Integration:** Many organisations deal with disparate data sources and the CoM is not excluded from this. The CoM is committed to establishing a Data Integration Framework that will allow for a unified view of data and breaking down data silos. The Data Integration practice strongly upholds the "Data is Shared" Architecture Principle by centralising data from diverse sources into a unified repository or data warehouse, thereby eliminating data silos, improving the flow of data across systems and business processes and enhancing data accessibility across the entire organisation.

7. **Cross-Functional Collaboration:** Data is used across all departments, divisions, and teams. Effective Data Governance fosters collaboration and communication, ensuring that data is shared and used in a standardised and consistent manner. Cross-Functional Collaboration plays a pivotal role in realising the Architecture Principle that "Data is Shared" by promoting collaboration among various departments and teams, breaking down data silos, and facilitates the sharing of data, knowledge, and insights. It also directly supports the Architecture Principle "Data is Accessible" by ensuring that data and information are readily available to relevant departments and teams, promoting communication and cooperation to enhance data accessibility.

8. **Data Culture:** Establishing a data-aware culture where staff value and understand the importance of data is essential. Data Governance practices can promote this culture, encouraging staff to make data-driven decisions. Having a mature Data Culture reinforces the Architecture Principle that data should be shared throughout the organisation, ensuring that valuable insights and information are accessible to those who need them. It also complements the "Data is Accessible" Architecture Principle by fostering an environment where staff recognise that data accessibility is crucial for informed decision-making.

9. **Business Continuity:** Data Governance includes disaster recovery and backup strategies, ensuring that data is protected and can be recovered in the event of a data loss incident, contributing to business continuity.

10. **Scalability & Adaptability:** As the CoM grow and evolve, our data needs change. Good Data Governance practices allow for scalability and adaptability, accommodating increasing data volumes, new data sources, and changing business requirements.

11. **Data Auditing & Accountability:** Data Governance establishes roles and responsibilities for data stewardship and ownership. This ensures that someone is accountable for each data set, and data usage is transparent and auditable. Data Auditing and Accountability play a critical role in supporting one of Marion Architecture Principles, "Information Management is Everybody's Business", by promoting transparency, responsibility, and collaboration in how information (and data) is managed throughout the organisation.

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Reporting, Monitoring & Evaluation

CoM IT Operations will track and assess the delivery and impact of business as usual (BAU) applications aligned to the business strategic objectives:

- **Performance & Productivity:** Measure the volume of requests, average resolution time, average first response time and conformity to service levels
- **Availability:** Measure the percentage of business hours a BAU service or application is available to the corporation
- **Incident & Problem Management:** Measure the number of incidents, and their severity, that are generated for BAU service or application
- **Service Delivery:** Measure the mean time to respond to a BAU application incident or problem ticket, the mean time to resolution, and the mean time between incidents to fully understand the value the BAU application is providing to the business and provide effective service
- **Customer Satisfaction:** Collect feedback from users to gauge their satisfaction with services

CoM Information Services Projects will track and assess the delivery and impact of business project (projects) applications:

- **Project Status Reporting:** Standard reporting of task progress and phase gates, in line with the ePMO best practices
- **Agile Progress:** Measure the number of new items delivered to the business, the number of defects or rework items, and the number of non-functional requirements (Security, Governance) that were delivered
- **Fail Fast for Continual Improvement:** Report on rework or defect items as a primary metric for continuous improvement, using these to improve processes and optimise performance

Reporting will be, wherever possible, automated, and available for view outside of the Information Services team, increasing transparency and visibility into the value that Information Services delivers to the business.

CoM will track and assess the execution and impact of IS initiatives aligned with strategic objectives, using the following guidelines:

- **Indicators:** Key performance indicators (KPIs) will be established e.g., system adoption rates, user satisfaction scores, and alignment with strategic goals will be used to measure the IS initiative progress
- **Data Collection:** CoM will utilize automated data collection tools for tracking system usage, conduct periodic user surveys to gather feedback, and periodically review performance metrics

- **Analysis and Reporting:** CoM will regularly analyse collected data to identify trends and insights. Quarterly reports will highlight achievements, challenges, and recommended actions to enhance IS strategy implementation
- **Stakeholder Engagement:** Relevant stakeholders, including users, department heads, and IT teams, will be kept in feedback loops to ensure comprehensive insights
- **Adaptation & Improvement:** Findings will be used to make informed adjustments to IS initiatives and the strategic plan, fostering continuous improvement
- **Timeline:** Conduct monthly data collection and usage analysis, quarterly surveys and performance reviews, and an annual comprehensive evaluation

IT Security & Compliance

Security Framework

The CoM Information Security Policy defines seven information security areas for risk-based security management. Each of these areas is protected through the application of the security principles. The purpose of the security principles is to provide strategic guidance on how CoM can protect its systems and information from cyber threats. These cybersecurity principles are grouped into four key activities: govern, protect, detect and respond:

- Govern: Identifying and managing security risks
- Protect: Implementing security controls to reduce security risks
- Detect: Detecting and understanding cybersecurity events
- Respond: Responding to and recovering from cybersecurity incidents

Compliance Strategy

In support of the security framework and Information Security Policy, Cybersecurity at CoM targets:

1. Ongoing commitment to implement best practise "Essential Eight" Compliance, at Maturity Level 2, across the organisation
2. CIS Level 1 security compliance for virtual servers
3. Identity Security at 80% or better
4. Vulnerability management strategy targeting zero known exploitable vulnerabilities through the implementation of technical controls, and less than 100 known weaknesses.
5. ITILv4 management practices in line with the IT Governance framework, permitting ease of auditing and transparency of operations

IT Infrastructure

The CoM has invested heavily in multiple software products based on business needs. This has created an infrastructure of:

1. Hybrid mix of cloud based and on premises servers supporting multiple products and services
2. Salesforce cloud for Client Relationship Management and Financial Management
3. Infrastructure as a Service used to support the ArcGIS Esri implementation of Mapping Marion

4. Platform as a Service used to support the Customer Service Centre and associated business units
5. Microsoft cloud for data management, business intelligence, and supporting identity management and security functions
6. A multitude of on-premises and cloud-based products that are important to the business, but only impact one or two departments

Building on the works performed over the past four years, including a network and on-premises server refresh during the 2021/22 financial year, CoM is targeting a cloud heavy infrastructure, focused on centralising and managing data under a primary provider wherever possible.
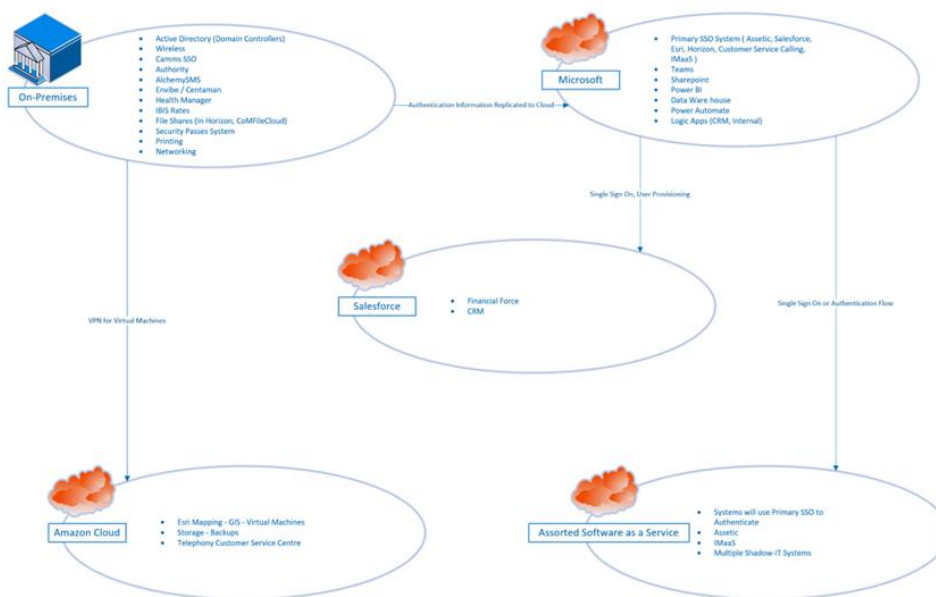
Networking hardware and any required on-premises server infrastructure will be reviewed for replacement or retirement beginning in the 2025/26 financial year.

The Open Group Architecture Framework (TOGAF)

The CoM is operating under the following eight TOGAF Critical Architecture principles. Together with the Architecture Review Board (ARB) and the Data Governance Framework these will provide better governance, decision-making, and more cost-efficient efficient solutions across the CoM in the longer term.

1. Maximize Benefit to the Enterprise

- All decisions about information management must be made based on the benefit of the enterprise. That means that sometimes, what feels best for one organisation within the enterprise might not be what's best for the enterprise as a whole

- All individuals and organisations within the enterprise must be willing to work together, following the guiding principles, for the maximum benefit of the enterprise

2. Information Management is Everybody's Business

- All organisations in the enterprise must be involved in all aspects of the information environment. Basically, this is another principle about the importance of working together across an enterprise
- Everyone needs to take responsibility for doing their own part in managing information and participating in important decisions

3. Business Continuity

- This principle states that "hardware failure, natural disasters, and data corruption should not be allowed to disrupt or stop enterprise activities"
- In other words, even though we're all depending on technological systems to get our job done, we also must be prepared to keep the enterprise running even when those systems go down

4. Data as an Asset

- All data is a concrete, valuable asset to an enterprise. It is a real, measurable resource. Because all decisions in an enterprise are made based on data, all that data needs to be carefully organized and managed
- Everyone in the enterprise should know that their data is reliable and accurate
- They should also know how to access relevant data whenever they need to

5. Data is Shared

- This principle says that data should be stored within one application and shared across the entire enterprise. This is important so that everyone within the enterprise has access to the data they need to do their job
- Storing all the data within one application is much cheaper and easier than storing it in different applications

6. Data is Accessible

- Everyone in an enterprise needs to have easy access to all data within that enterprise. This makes it easier to do their jobs
- One of the "implications" of this principle is that there needs to be some flexibility to make sure that all the different people of an enterprise can access data in a way that best works for them
- These three principles all tie together closely: data is an asset, data is shared, data is accessible

7. Ease-of-Use

- All technology within an enterprise needs to be easy to use
- The more time spent trying to figure out how to use technology, the less time spent on actual tasks. That means less productivity and lower concentration on the task
- Keep the technology simple, so that everyone can do their jobs efficiently and effectively

8. Control Technical Diversity

- Although there will necessarily be some different technical requirements for the various applications across an enterprise, this principle states that you will try to keep the different technologies to a minimum
- The more different technologies that you throw into the mix, the more expensive and troublesome it gets for your enterprise

Application Portfolio Management

Application Portfolio Lifecycle Management

The aim of this initiative is to mature our IT Asset Lifecyle practices by initially completing an assessment of our application portfolio to make recommendations on each of the applications to maintain, enhance, retire/replace, or review.

The scope of the initiative will be to classify each Supported Application into tiers (e.g., Gold, Silver, and Bronze) depending on the application Maintenance, Support and Service Requirements. Information gathered during the Application Assessment process will feed into an Application Roadmap, including applications targeted for a preventative maintenance program, applications for further enhancement and applications that are targeted to be retired/consolidated.

Rationalisation and Modernisation Plans

Gold, Silver and Bronze application tiers will be assessed based on business criticality and support requirements. Gold applications are those that deliver the most business value and warrant dedicated support and continuous improvement. Silver applications, while important, require what will be defined as "standard maintenance and support". Bronze applications receive minimal, best-effort endeavours support.

Gold and Silver application will further be mapped to one of four quadrants: Maintain, Enhance, Retire/Replace and Review. The Maintain quadrant focuses on stability and security patches. Enhance explores ways to unlock new capabilities from existing assets. Retire/Replace identifies solutions that are obsolete or no longer provide benefits. Review determines if reassignment between quadrants is needed.

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CoM Top 30 Application Map

The chart is a 2x2 quadrant matrix with axes "Value add to Business" (vertical, Low to High) and "Impact on business continuity" (horizontal, Low to High).

Maintain (top-left, blue)
- Aurion
- Microsoft 365
- Simple Integrated Marketing Pty Ltd
- PinForce
- Forestree
- Kodak Scanning OCR
- Adobe
- Azure Logic Apps
- iBIS (Rates)
- Paytec
- AEROMETREX

Enhance (top-right, teal)
- Civica
- SalesForce
- Assetic
- FinancialForce
- ESRI

Retire/Replace (bottom-left, red)
- RAMMS
- Eventbrite

Review (bottom-right, orange)
- Meshed Pty Ltd
- Alchemy SMS
- Camms
- LiquidFiles
- Centaman
- Sketchup Pro
- Contracting Site Solutions
- Ungerboeck
- Lucid Software
- Constant Contact
- Freshworks Inc
- OpenOffice/HealthManager

__Disclaimer: __ The support quadrants serve as illustrative examples of the approach intended for the formulation of the IS Strategy. The actual future of the applications may differ based on evolving circumstances and requirements. The outlined framework is designed to demonstrate the methodology and does not constitute final recommendations.

Individual modernisation roadmaps will then be developed. Gold applications transitioning between Enhance and Maintain may undergo strategic platform upgrades, integration, or user experience improvements. Silver applications in Maintain receive only necessary security updates. Candidates for Retire/Replace under Bronze will be identified upfront.

This model will allow flexibility in resource allocation while ensuring technology evolves in step with business objectives. It delivers agility through a balanced focus on maintenance and innovation from our application assets. Most importantly, it transforms our portfolio into a digital foundation that enhances productivity, fuels growth, and reduces risks over the long term.

Risk Management

The following risk management consideration will be embedded into decision making.

- **Strategic Sourcing:** Tiered classification and road mapping helps justify investments during procurement planning and RFQ stages

- **Capacity planning:** Understanding resource needs through individual application roadmaps based on tiers facilitates effective long term capacity planning. This ensures the right number and types of resources are available to deliver on commitments

- **Vendor Management:** Clear SLA definitions per tier aid contract negotiations. Retirement plan avoids vendor lock-in

- **Test Automation:** Enhanced test automation allows catching bugs earlier before they impact production systems or users. This reduces disruption risks

- **Application Procurement:** Roadmaps matched to tiers reduce risks of over/under-provisioning during asset selection and sizing

- **Asset Monitoring/Tracking:** Centralized visibility of all applications ease's workload monitoring, issue tracing and license management

- **Maintenance/Support:** Dedicated support for Gold and Silver applications ensure uptime. Bronze applications avoids over-engineering support

- **Usage/Optimization:** Tier-based analysis and Retire/Replace quadrant helps identify under-utilized assets for rationalisation

- **Application Retirement:** A well-defined end-of-life plan backed by periodic reviews helps remove technical debt

- **Documentation/Reporting:** Consistent plans and practices facilitate audits, compliance reporting as well as knowledge transition.

- **Security/Risk Management:** Architecture reviews through regular health checks through Review quadrant bolsters preventative planning

IT Resource Management

Human Resources

Metrics will drive load for areas, alongside support tiers/classifications and the application inventory.

Skills Development

ITILv4 foundations certifications for all IT Operations staff (Manager, IT Operations down). Cybersecurity team investing in ISC2 membership and certification.

Vendor Management

The Vendor Assurance and cost optimisation initiatives will develop principles, guidelines, and standards as a framework for the delivery of support and oversight of strategic vendors. This

will increase the transparency and accountability in the delivery of vendor products and services to the CoM.

Key objectives include.

1. Maintain engaging and mutually beneficial communication with IS and managed vendors, which, in turn, leads to successful vendor relationship management and satisfied stakeholders
2. Deliver enhanced vendor worth by establishing principles, guidelines, and standards to drive efficiencies and value while mitigating risk and maximizing vendor performance
3. Evaluates the vendor portfolio regularly to ensure that the appropriate group of vendors is being managed, and that vendor engagements are maximized for contract value, performance, and innovation

A key deliverable is to establish a vendor management framework that will provide a consistent and transparent approach to vendor selection, engagement, relationship, risk, and performance management, in a cost effective and efficient manner.

Business Analysts – BA Community of Practice

As part of each Business Analysts ongoing development, collaboration, knowledge sharing and sharing of lessons learned across teams. CoM has established the BA Community of Practice to provide a support network.

The objectives of the Community will vary over time, but currently include:

- To identify, gather, and seek agreement on Business Analysis Community requirements
- To provide a forum for the cooperation of activities where Business Analysis services adds value to existing initiatives
- To identify linkages and opportunities for collaborative strategic and technical projects and to coordinate the delivery of Business Analysis services to projects
- To report on progress and provide updates of projects and programs that have Business Analysis components
- To advise other participants in the project on matters relating to Business Analysis services, and on issues of interest to the Community, encouraging Knowledge Sharing
- To provide an informal point of contact for organisational staff on the specific benefit or interest area that affects Business Analysis services, encouraging continued learning

Project & Program Management

Project & Program Management

Effective project and program management is fundamental to our IS Strategy, ensuring that our initiatives are planned, executed efficiently, align with our organisation's goals, and are successfully transitioned to operations.

To ensure strategic alignment of our projects, maintain a consistent approach to ideas and initiatives, and maximise the likelihood of success, the Enterprise Project Management Office (EPMO), the Project Management Framework and governance structure will be followed for IT projects.

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Steering/Stakeholder groups will be established at project level and status reporting issued to the Program Control Board (PCB).

Project Delivery

To enhance the benefit of projects into the business, CoM will assess the project delivery approach during the project planning stage. Projects will be delivered in one of three methods:

- Waterfall - requirements are gathered upfront, analysed and the solution designed and build for final implementation.
- Agile - high-level requirements are developed and the system is designed, built and implemented iteratively in smaller increments allowing functions and features to be delivered sooner to business operations.
- Hybrid-delivery - during the planning stage the project will be split into logical deliverable phases to ensure business benefits can be realised sooner without a degradation of operational service.

Business Continuity & Disaster Recovery

Following our risk-based approach to information security, and in line with the IT Governance Framework, CoM will ensure that any Disaster Recovery plans and Business Continuity plans are viable for delivery.

Organisational Change Management & Stakeholder Engagement

An effective IS Strategy needs to align with organisational goals, define necessary technological infrastructure, and set the direction for digital governance. Change Management and Communication is key to the success of any strategy, and stakeholder engagement is a crucial aspect of the communication plan. The objective of this section is to describe how IS and IT Operations will build strong relationships with internal and external stakeholders to ensure Organisational Change Management is successful through seamless IT implementation and operation.

Organisational Change Management

Change Management is fundamental to the success of a program and implementation of projects, as it ensures consideration is given to people as well as process and technology.

Change Management will follow the principles and methodology of the enterprise outlined here and activities will be established on a per-project basis leveraging the ADKAR model aligned to the PROSCI methodology adopted by the organisation.

A change plan will be developed which will consider the inclusion of the below tools (this can be scalable depending on the size of the project):

- Change Triangle assessment to measure the success, sponsorship, project management and change management activities have been considered to support successful change outcomes.
- Stakeholder engagement plan – identifying impacted groups and an understanding of their expectations.

- ADKAR assessments completed for major stakeholder at key milestones within the project to measure the progress of awareness, desire, knowledge, ability, reinforcement.
- Change risk assessment to identify the level of change considering, people, process, technology, customer, culture and complexity.
- Change activities aligned to ADKAR and consideration to the risk of the change. This should be a living document and updated after each ADKAR assessment to address any additional activities required to manage a barrier point. Change activities should include consideration to:
  - Meetings
  - Emails
  - Drop in sessions
  - Surveys.
- Training plan and post implementation support– to ensure a smooth transition to business operations, training and support will be provided to assist stakeholders in adapting to new processes, tools, and technologies.
- Overall success of each project will be determined by the stakeholder during the Lessons Learnt activities and consideration to return on investment which looks at system utilisation, productivity, and employee engagement.

Change management support is available from the CoM Change Manager and change tools can be found in SharePoint at Change Management (sharepoint.com) .

Feedback Mechanisms

Feedback Mechanisms are an important part of ensuring that feedback from all end users and customers is seen and heard. A few options already exist at CoM, and these will continue to be used moving forward to capture both users experience and system feedback:

- Architecture Review Board
- Project Meetings (including PMO)
- Change Advisory Board
- Post Implementation Review Meetings
- Help Desk Tickets
- Project Team meetings
- Drop in sessions
- Steering Committee Meetings
- Teamgage
- ADKAR assessments.

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Appendix D: Hardware & Audio-Visual Strategy

Overview

CoM own the current fleet of devices through a combination of previous lease buyouts and purchasing outright. Currently there is a large spread of brands and models across the fleet. Microsoft Surface devices are most of the deployed laptops while also containing HP, Lenovo and Acer. HP is used for All in One and Tower desktop machines.

CoM will focus on a preferred supplier and pre-defined models going forward to ensure greater consistency across the fleet. This aids in the technical management of the devices and creates a more consistent user experience.

CoM aims to continuing improving the audio-visual equipment used to enable staff to easily connect and utilise for their communication needs.

Hardware Specifications

Specifications for the laptop and monitor fleet going forward:

Standard Laptop – for use by majority of the workforce

- A laptop device (not a tablet) with inbuilt keyboard and touchpad
- Touch screen
- Minimum 16gb ram
- Minimum current or most recent previous generation intel i5 or better CPU speed
- Minimum 512gb SSD internal storage (hdd expressly excluded)
- Minimum of 1 x usb-c (two preferred)
- Tpm 2.0 secure boot uefi (compatible with windows 11)
- Bluetooth connectivity
- Wireless chipset must support wpa3
- Vendor must be able to pre-populate devices into com 365 tenancy with specified order ID
- Battery life minimum of 8 hours for normal use
- Weigh less than 1.5kg
- Minimum 13-inch screen

Power Laptop - These devices are aimed towards users of the Creative Cloud suite Light CAD Applications and will meet the same specifications as the standard laptops, but include:

- Minimum 32Gb RAM
- Minimum current or current-1 generation Intel i7 or better CPU speed
- Minimum 512Gb SSD internal storage (HDD expressly excluded)
- Dedicated graphics

Monitor

- 32 inch in size
- 2K resolution
- 2 x USB-C
- 2 x USB-A

Investment Prioritisation

Hardware	2024	2025	2026	2027
Laptops	48	138	149	134
Desktops	2	10		29
Desktop Library Systems			25	25
iPads	30	15	5	5
Phones	20	20	20	90
Monitors	65	20	20	20

7.3 Internal Audit Program - Implementation of Recommendations	
Report Reference	FRAC240416R7.3
Originating Officer	Business Support Officer - Governance and Council Support – Cassidy Mitchell
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide the Finance, Risk and Audit Committee (FRAC) with an update of the status of implementation of recommendations from the Internal Audit (IA) program.

EXECUTIVE SUMMARY

The implementation of recommendations from the IA Program is reported and monitored by the FRAC.   The Executive Leadership Team (ELT) completed a review of all recommendations.   The implementation of recommendations are being reported to:
- On track – green
- Completed – blue
- Not of track – red.

The 'not on track' is any item not completed within the **original due date** tracking and therefore tracking as red. The 'forecasted action completion date' is when the action is expected to be completed.   ELT continue to assess the implementation of the 'older' recommendations and if they remain relevant. Some delays are related to system implementation, competing priorities and managing change across the organisaion.

A short summary of the status of recommendations for each audit is provided in Attachment 1. The relevant outstanding recommendations and agreed actions for items commented on are included in the summary to give context to the comments made against each project.

The implementation of timing for recommendations based on the risk level of the findings are as follows:
- Extreme: within 30 days
- High: 3 months
- Medium: 6 months
- Low or Performance Improvement Opportunity: 12 months

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1.   Reviews and provides feedback on the Internal Audit Program (Attachment 1).

ATTACHMENTS

1.   FRAC240416 - Internal Audit - Implementation of Recommendations - Appendix 1 [**7.3.1** - 19 pages]

0Overall Summary

Project	Findings/PIO	On Track	Not on Track	Completed	Not Commenced	General Comments
Cyber Security 2019	6		1	5		There is one outstanding action for this audit remaining, work is progressing well and the target completion date has been updated to June 2024.
Business Continuity Plan and COVID-19 Response			*(Completed '24)*			
Project Carryovers	6			6		The original findings have been reviewed, resulting in this audit being closed out.
Fraud Management Framework			*(Completed '24)*			
Community Facilities Management Models	4			4		All items are complete. Supporting Property Management System will be implemented in H2 2024.
Collaborative Model Health Check	1		1			Meeting was held between CEO's and General Managers on 3 April 2024 to discuss the cross-council collaboration. All councils agreed the current work plan within respective organisations was not conducive to formalising the new governance, framework and schedule of projects at this time. Agreement reached to meet again in September 2024
Collaborative Contract Management	2			2		Where a finding was related to the implementation of an IT system and the system is reflected in the newly endorsed Information Services (IS) Strategy the audit finding has been closed. Monitoring of the full implementation of the system will be undertaken by the ICT Project Control Board with the Finance, Risk and Audit Committee provide an annual update.
Project Management	10			10		The original findings have been reviewed, resulting in this audit being closed out.
Stakeholder Management Review	5		4	1		Majority of the outstanding actions relate to implementation. The Policy/framework is ready for consideration by ELT. This audit will be completed by the end of the financial year.
Collaborative Community Consultation	5			5		Audit actions have all been completed and closed out. Content options have been explored with insight into CCS system. We have conducted awareness training consistent with the framework.
Volunteer Management	4		3	1		Volunteer Program Coordinator has been working well to close out one more action, with four remaining. The Coordinator has met with Volunteering Australia to assist with the CoM Volunteer Strategy. The Coordinator has also attended workshops facilitated by external agencies.
Digital Transformation Program	9			9		The final action has been completed which closes out this audit. Enterprise architecture review completed that has provided the CoM the guidelines and principles for all future project.
Cybersecurity	5	3	1	1		A number of actions have progressed and are now completed, there has been some amended due dates but actions are tracking well.
Customer Experience	6			6		Audit actions have all been completed and closed out. Review and enhancement of CRM portal captured in IS Strategy, now approved. IS Strategy incorporating CRM Product Integration Roadmap approved.

Collaborative Contract Value for Money	3	3	Actions are tracking well, a number of actions are held up in anticipation of the CoM Governance function set up.

The implementation of timing for recommendations based on the risk level of the findings are as follows:

Extreme: 30 days
High: 3 months
Medium: 6 months
Low or Performance Improvement Opportunity: 12 months

Cyber Security 2019

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
1. Ensure that defined recovery objectives have been communicate and validated with IT to ensure that these are achievable.	4.1	1. Review validity of departmental recovery objectives and in conjunction with Risk Department run BCP workshops where recovery objectives are unrealistic or unachievable.	Low	30/06/2020	31/10/2021 30/06/23 31/10/2023 30/04/2024 30/06/2024	Not on Track	80%	Strategy & Risk coordinated work areas to update their work recovery strategies including the IT Critical infrastructure. IS and Strategy met and the General Manager Corporate Services requested an IT dependency map be created to engage further with SLT at their February meeting to test the validity of recovery times put forward by work areas for IT systems to come back on. Once this engagement is done the IT recovery strategies will be updated as final and mapped to conclude this piece of work.	Not on Track	80%	Strategy & Risk coordinated work areas to update their work recovery strategies including the IT Critical infrastructure. IS and Strategy met and the General Manager of Corporate Services requested an IT dependency map be created to engage further with SLT at their February meeting to test the validity of recovery times put forward by work areas for IT systems to come back on. Once this engagement is done the IT recovery strategies will be updated as final and mapped to conclude this piece of work. The business has been engaged to review its BCP in preparation for a BCP workshop that is being targeted for June 2024.

Project Carryovers

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The CoM has recently hired a new Senior Project Manager reporting to the CFO and the Senior Leadership Team (SLT). Based on better practice, consideration for this role could include: 1. Working directly with project managers/ relevant staff to coordinate and plan project timelines and milestones to ensure bottlenecks do not occur.	1.1	The PMO will work together with the Project Managers during the project planning period (Sept –April) and ensure the information is accurately captured in CAMMS.	Moderate	31/12/2021	30/09/2022 31/10/2022 28/04/2023 30/05/2023 30/11/2023 30/06/2024	Not on Track	75%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. Training in the new system and processes will be provided by the EPMO. Target date for completion is 30 June 2024.	Completed	100%	The original finding has been reviewed. The original finding related to the following risks of lack of transparency of bottlenecks in the project management practices, inefficiencies, workforce capacity, lack of lessons learned sharing, and inconsistent application of project management practices. This particular finding and action related to ensuring information is being accurately captured within current systems (i.e. SharePoint/excel reporting templates) and consistent with the framework. Upon further review of actions taken to date the CoM has stood up an appropriately resourced Enterprise PMO (i.e. not limited to IT projects as it was at the time of the original audit), formalised and embedded the Project Management Framework into reporting systems and accountability structures such as the Program Control Board. There is now effective transparency of project status, risks, change control and financial management. This finding can be closed
Refresh and re-distribute standardised project templates.	1.5	The PMO will review the existing project templates and improve/redistribute as necessary	Moderate	31/12/2021	30/09/2022 30/11/2022 28/04/2023 30/05/2023 30/06/2024	Not on Track	60%	ELT has approved the recommended approach for a first iteraion project management system which will based on technology currently used by CoM.	Completed	100%	The original finding has been reviewed. The original finding related to the following risks of lack of transparency of bottlenecks in project management practices, inefficiencies, workforce capacity, lack of lessons learned sharing, and inconsistent application of project management practices.

								New templates for the initiation phase are being adopted by new projects. Target date remains 30 June 2024 allowing for prioritised and iterative development and implementation.		This particular finding and action related to ensuring there are consistent templates in use. The CoM has reviewed all templates, made modifications to ensure fit for purpose (i.e. IT templates contain "go/no go live" elements whereas the major projects templates talk to "practical completion" as examples) and embedded into business practice ensuring that the Government bodies have accurate timely and consistent status reporting. This finding can be closed.
See Finding 1 and 2 for recommendations regarding the re-distribution of the PMF and templates.	3.2	See responses in Findings 1 and 2		Low	30/06/2022	~~30/09/2022~~ ~~30/11/2022~~ ~~28/04/2023~~ ~~30/06/2023~~ 30/06/2024	Not on Track	90%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. New templates for the initiation phase are being adopted by new projects. Target date remains 30 June 2024 allowing for prioritised and iterative development and implementation. **development and implementation.**	Completed 100%	The original finding has been reviewed. The original finding related to the following risks of inconsistent application and lack of quality of project management practices and transparent reporting. This particular finding and action related to ensuring there are consistent templates in use and is similar to finding 1 and 2. The CoM has reviewed all templates, made modifications to ensure fit for purpose (i.e. IT templates contain "go/no go live" elements whereas the major projects templates talk to "practical completion" as examples) and embedded into business practice ensuring that the Government bodies have accurate timely and consistent status reporting. This finding can be closed.
Further consideration to be provided to allow for resourcing requirements to ensure program planning is performed.	4.3	The PMO will support the Project Managers with past implementation resource data for resource planning use.		Low	30/06/2022	~~30/09/2022~~ ~~30/11/2022~~ ~~28/04/2023~~ ~~30/05/2023~~ 30/06/2024	Not on Track	50%	No change. Target date remains 30 June 2024.	Completed 100%	The original finding has been reviewed. The original finding related to the following risks of capacity to deliver a 12 month program within the 12 months when activity (i.e. planning) commenced in July each year. This particular finding relates to data in relation to previous timelines to inform future timelines. Based on the review of previous data the CoM has implemented a rolling program approach for Capital Works programs, alleviating procurement bottlenecks and improving overall project traction. This approach now includes an agile approach of allocation of projects between years particularly where the market cannot respond to specific projects, greater scrutiny on carryover request - i.e. not requested if project is absorbed into the future year program rather than added to it, with governance oversight by the Project Control Board. This finding can be closed.

Community Facilities Management Models

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
It is recommended that if the CoM continues to implement the current subsidy rebate, that supporting guidelines are developed which details: Guidance on the documentation allowable to evidence the meeting of each criteria item. Review the documentation requirements for the subsidy and consider developing weighted criteria base on the importance of each item. Clarify compliance requirements for ongoing annual assurance checks. Develop annual reporting to be provided to the CoM which outlines the current status of compliance of community facilities leasing tenants.	1.3	Further reporting methods will be investigated following the implementation of a supporting system. In the interim, annual compliance spot checks will be performed by CoM Management.	Moderate	31/04/2022	~~31/12/2022~~ ~~31/07/2023~~ 30/06/2025	Not on Track	80%	Reviews are conducted monthly on compliance for each tenant assessing the property register (interim tool prior to PMS system) to inform Property on upcoming lease expiry, PLI expiry, AGM expiry and property inspections. Property have SOP's that outline each of the tasks to be undertaken in accordance with the Leasing and Licensing of Council owned Facilities. To date, Property have not conducted spot checks.	Completed	100%	Reviews are conducted monthly on compliance for each tenant assessing the property register (interim tool prior to PMS system) to inform Property on upcoming lease expiry, PLI expiry, AGM expiry and property inspections. Annual spot checks are conducted and reported to the Mayor and Elected Members in accordance with the resolution of Council. Property and Facilities team assistant has scheduled regular review meetings each month to ensure Property Officers and Team Leader are aware of action items. The Property Team have SOP's that outline each of the tasks to be undertaken in accordance with the Leasing and Licensing of Council owned Facilities.
To address the inadequate and inconsistent monitoring processes, it is recommended that the CoM: •Review the current monitoring processes in place and evaluate the ineffectiveness with consideration to the frequency, thoroughness, tenant compliance, and resource requirements required to undertake these processes. •Consider standardising the monitoring and reporting periods across the community facility portfolio. •Consider the implementation of a supporting system with functionality to automate monitoring of compliance requirements, such as reminders for key actions and non-compliance flags, as well as integration into other systems, such as records management.	2.1	As noted in the Finding 1 Management Actions, pending the implementation of a supporting system, further reporting will be investigated.	Moderate	31/04/2022	~~31/12/2022~~ ~~31/07/2023~~ 30/06/2025	Not on Track	90%	Reviews are conducted monthly on compliance for each tenant assessing the property register (interim tool prior to PMS system) to inform Property on upcoming lease expiry, PLI expiry, AGM expiry and property inspections. Property have SOP's that outline each of the tasks to be undertaken in accordance with the Leasing and Licensing of Council owned Facilities. To date, Property have not conducted spot checks.	Completed	100%	Scheduled spot checks and monthly reviews have seen an increase in compliance from 88% to 93% in January 2024, and an interim review of compliance is that it sits at approximately 95% in April 2024. Reviews are conducted monthly on compliance for each tenant assessing the property register (interim tool prior to PMS system) to inform Property on upcoming lease expiry, PLI expiry, AGM expiry and property inspections. Property have SOP's that outline each of the tasks to be undertaken in accordance with the Leasing and Licensing of Council owned Facilities.
As noted on p. 13, the CoM may improve the efficiency of the current processes with the following recommendations: •Review the administrative processes involved with the current fee revenue model with consideration to streamlining processes that have a no/negative financial benefits, such as the yearly CPI rental increase calculation. •Review the annual tenant documentation requirements with consideration to the necessity of items and removing non-value adding items. •Consider standardising the monitoring and reporting periods to increase process efficiency, as well as, reduce the resource burdens. •Implementation of a supporting system that will remove highly manual processes, such as those include within the Microsoft Excel Governance and Compliance master document sheet, as well as the integration into other key system.	PIO1.1	Refer to Finding 1 Management Actions.	Low	31/07/2023		On Track	95%	Refer to Action Progress Comments in Management Action 1. All items are complete with the exception of the supporting Property Management System	Completed	100%	All items are complete. Supporting Property Management System will be implemented in H2 2024.
	PIO1.5	Management will also further explore the clear need for the implementation of the effective supporting system at the earliest opportunity.	Low	31/04/2022	~~31/07/2023~~ 30/06/2025	Not on Track	50%	Team Leader, Henry Mathews has had conversations with Ben Polotnianka regarding an ETA for Property Management System. This is waiting a response as the Project team do not yet have a project lead for this. In addition Property team have created a list of tasks required for the new PM system and have made this available to the project team. Interim reporting methods have been developed by the team through a new SharePoint and Power BI reporting system.	Completed	100%	All items are complete. Supporting Property Management System will be implemented in H2 2024.

Collaborative Model Health Check

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The Management of the Cities of Marion, Charles Sturt and Port Adelaide Enfield are supportive of the findings from this internal audit and the recommendations. The recommendation to refresh the current Collaborative Governance Framework to ensure it is fit for purpose and applied consistently to collaboration initiatives is timely as we now enter another phase of the collaboration. In January 2022 the three Councils engaged a Cross Council Improvement Lead (a business performance consultant). The three Councils will ensure that the appropriate governance and resourcing support is provided to the Improvement Lead Consultant and agreement for program documentation established to ensure lessons learned are not lost over time. To mitigate the key person risk identified in the internal audit the following deliverables have been built into the Improvement Lead contract: • Mentoring and support of identified staff with the aim of building a continuous improvement skill set and culture within Councils by the end of the program • Performing monthly performance meetings with leadership and executive to support embedding performance improvement processes and culture. The use of performance measures, including the development of outcome indicators, is an area for improvement across all three Councils. The Cities of Marion and Port Adelaide Enfield have recently allocated additional resources into performance metrics and the City of Charles Sturt is assessing how best to resource. The three Councils will continue to explore how they can collaborate with data analytics and performance measures. The risk regarding certain aspects of WHS management has been shared with the WHS and Risk Teams at the three Councils and risk assessments will be embedded into the collaboration governance. The Cross Council Collaboration has been an innovative approach that has introduced significant change and different ways of working. The findings in regard to change management are not surprising and the recommendations will assist all three Councils to continue to engage all stakeholders and support them through change and with an increased focus on communications. In summary, the recommendations from the internal audit will assist in further strengthening the Collaboration Model.	1.1	An action plan with timeframes and resources will be developed for implementation of the recommendations from the internal audit and reported through to the Audit Committees of the three Councils.	High	22/05/2022	31/12/2022	Not on track	15%	CEO level discussion has occurred. All 3 councils are committed to progressing the relationship and collaboration model.	Not on Track	0%	Meeting between CEO's and General Managers was held on 3 April 2024 to discuss the cross council collaboration . All councils agreed the current work plan within respective organisations was not conducive to formalising the new governance, framework and schedule of projects at this time. Agreement reached to meet again in September 2024 to discuss new governance, framework and schedule of potential projects to move forward. Given a new way forward will be determined the action progress has been reset to 0%.

Collaborative Contract Management

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Implement financial management reporting to monitor contract spend profiles against the contract commitment value (original contract and variations) and POs to ensure compliance with procurement thresholds over the contract lifecycle. Further, consider providing this reporting to relevant Committee or governing body, as required.	2.2.1	Ensure implementation of Contracts Module within new Finance System includes elements relating to spend versus contract sum. (implementation due September – November 2021).	Moderate	31/12/2022	30/06/2023	Not on Track	50%	No further progress. Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.	Completed	100%	High level requirements have been developed that incorporate this finding. The implementation of this module has now been included in the endorsed IS plan scheduled for 24-25 year. Proposed to close this finding as the project will progress under the auspice of the IS strategy.
Consider implementing an additional requirement for contract variations to consider the percentage to overall contract spend and require an additional approver where this threshold is reached (e.g. for total variations exceed 10% of overall contract value).	2.2.2	Undertake review of variation management procedures and frameworks.	Moderate	30/09/2022	30/06/2023	Not on Track	50%	No further progress. Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.	Completed	100%	High level requirements have been developed that incorporate this finding. The implementation of this module has now been included in the endorsed IS plan scheduled for 24-25 year. Proposed to close this finding as the project will progress under the auspice of the IS strategy.
Ensure that there are robust contract extension controls in place to identify contracts up for renewal in a timely manner and ensure adequate governance over delegated approval.	2.5.4	Contracts module within the new finance system to be implemented with alerts around expiring contracts and anniversaries.	Low	31/12/2022	30/06/2023	Not on Track	50%	No further progress. Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.	Completed	100%	High level requirements have been developed that incorporate this finding. The implementation of this module has now been included in the endorsed IS plan scheduled for 24-25 year. Proposed to close this finding as the project will progress under the auspice of the IS strategy.
Consider implementing, on a risk based approach as part of the contract profiling process, a governing body or committee for operational and strategic contracts where there is a significant risk profile to the Councils. Furthermore, ensure regular key contract activity reporting (contract value, number and cost of variations, spend, claims/disputes, etc.) is conducted as required.	2.6.1	Review the potential to create a Contracts Governance Committee to review ongoing contracts and their performance that meet periodically throughout the year.	Low	31/12/2022	30/06/2023	Not on Track	50%	No further progress. Interim process still in place to manage contracts. Implementation of the Financial Force contracts module has been flagged in the IS Strategy. Implementation will be dependent on resourcing availability.	Completed	100%	High level requirements have been developed that incorporate this finding. The implementation of this module has now been included in the endorsed IS plan scheduled for 24-25 year. Proposed to close this finding as the project will progress under the auspice of the IS strategy.

Project Management

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Once developed the PMF should be formally implemented through communications to the Project Managers and training on the application of the PMF.	1.2	The CoM's PMO is currently in the progress of updating the existing PMF to include more detailed project management guidelines and instructions for Project Managers. The recommendations will be included in the updated PMF. Upon completion and approval of the revised PMF, the CoM's PMO will roll out the revised framework to the ELT, SLT and Capital Works Delivery Team.	High	24/04/23	~~24/04/23~~ ~~30/06/2023~~ ~~30/09/2023~~ ~~30/12/2023~~ 30/06/24	Not on Track	80%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM and updates provided to current project managers. Direct engagement with project leads continues on a needs basis with more formal and structure communication to be implemented to broader groups as the system and processes are evolved. This action is now ongoing and aligned to implementation target date of 30 June 2024.	Completed	100%	The original finding has been reviewed and it related to lack of consistency in application of a PMF and staff not understanding what is required. This finding related to the rollout of the PMF and the education with project managers. The PMF has been implemented and notwithstanding the system is in development, interim tools have been implemented which support the consistent implementation of the PMF by all project managers. Through the ongoing support provided to Project Managers and oversight by the Project Control Board Project Managers are now fully aware of the application of the PMF and expectations. This finding can be closed
All defects and omissions recorded are stored in a central register, including the person responsible and the timeframe for completion. This register should note defects which are past due, with these defects to be reported to Executive meetings for escalation.	3.3	CoM PMO will work together with CoM Records Management Team to implement a centralised defect register to track defects and omissions from capital works projects completed.	Moderate	31/08/2022	~~24/04/23~~ ~~30/06/2024~~ 30/06/2024	Not on Track	0%	No change since last quarter.	Completed	100%	The original finding has been reviewed and it related to the risk that project defects are not identified, allocated to staff for completion and resolved satisfactorily. This recommendation related to the establishment of a central register. The recommendation has been reviewed and a central register is not considered an appropriate mechanism to resolve this matter. The PMF requires a post closure report. Major projects have a discreet milestone related to defects rectification reported to the Project Control Board with minor projects required to undertake an asset handover process which will not occur until all defects are rectified. The data relating to defects will be retained within individual project files. This finding can be closed.

Prescribing consistent folder structures and naming conventions for project documents, i.e. use of project reference numbers.	1.2	The CoM's PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team	Moderate	31/07/2022	~~24/04/23~~ ~~30/05/2023~~ ~~30/12/2023~~ 30/06/2024	Not on Track	40%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. This has been noted as a requirement and forecast to be in place by June 2024.	Completed	100%	This finding has been reviewed and relates to the risk that project documentation is not available or easily found to leverage future projects, or respond to internal audit or FOI request. CoM's records management system is Sharepoint. Our current practice is to establish a folder structure for each individual project on our SharePoint site ensuring that all documentation for a project is retained in one location with standardised documentation and folder structures. This finding can be closed.
Implementing a document retention checklist into the close process: a. Checklist which lists key documentation to be retained in Sharepoint. b. Internal Audit identified an opportunity for the CoM to explore the capability of CAMMS to link to documentation within Sharepoint.	1.3	The CoM's PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team	Moderate	31/07/2022	~~24/04/23~~ ~~30/12/2023~~ 30/06/2024	Not on Track	80%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. The inclusion of project checklists has been noted as a requirement and forecast to be in place by June 2024.	Completed	100%	This finding has been reviewed and relates to the risk that key project documentation is not retained or accessible. CoM's records management system is Sharepoint. Our current practice is to retain all project documentation in an individual, project specific folder structure. CoM currently retains all documents indefinitely. This finding can be closed.
Refer to ISO 9001 for document retention periods. ISO 9001 is particularly critical for project quality documentation.	1.4	The CoM'S PMO will include the recommendations in the updated PMF with guidance from the CoM's Records Management Team	Moderate	31/07/2022	~~24/04/23~~ ~~30/05/2023~~ ~~30/12/2023~~ 30/06/2024	Not on Track	50%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. No other change since last quarter.	Completed	100%	The original finding has been reviewed. It related to the risk of key project documentation not being retained. CoM's record management system is SharePoint. Our current practice is to retain all documentation indefinitely. This finding can be closed.
Continue to roll out CAMMS training to Project Managers. On a periodic basis, the use of CAMMS by Project Managers should be spot checked by PMO.	2.1	The CoM's PMO currently provides ad-hoc CAMMS training upon request by staff and the management team. Feedback on the PM's experience with the use of CAMMS is currently obtained through monthly engagements between the PMO and PMs	Low	31/07/2022	~~24/04/23~~ ~~30/12/2023~~ 30/06/2024	Not on Track	0%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. This action relates to a specific business application that will no longer be used. Action should be closed, noting that stakeholders will be trained on the use of any new project management system.	Completed	100%	A review of the original finding related to the specific use of CAMMS and the system not being used in an efficient manner. Action is no longer valid. CAMMS has since been retired. Existing templates are in place until new system is implemented. Note status is reflected as completed and 100% for ease of reporting.

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CAMMS processes are reviewed for opportunities to: a. Streamline questions for different project types. b. Enable items included in the Project Schedule to be adjusted as the project evolves. c. Provide read-only access to closed projects to leverage previous learnings, including through the review of risk assessments and the completion of the Project Schedule.	2.2	The CoM's PMO will consider these CAMMS recommendations and prioritise its implementation based on priority and the needs of the Council.	Low	31/07/2022	~~24/04/23~~ ~~30/12/2023~~ 30/06/2024	Not on Track	50%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. No changes will be made to existing application as it will no longer be used. Action should be closed, noting that these opportunities may be considered when configuring the new project management system.	Completed	100%	A review of the original finding related to the specific use of CAMMS and the system not being used in an efficient manner. Action is no longer valid. CAMMS has since been retired. Existing templates are in place and are effective. Note status is reflected as completed and 100% for ease of reporting.
Consider reviewing the capability of CAMMS to automate workflows for approvals	2.3	The CoM's PMO will consider these CAMMS recommendations and prioritise its implementation based on priority and the needs of the Council.	Low	31/07/2022	~~24/04/23~~ ~~30/12/2023~~ 30/06/2024	Not on Track	50%	ELT has approved the recommended approach for a first iteration project management system which will based on technology currently used by CoM. No changes will be made to existing application as it will no longer be used. Action should be closed, noting that these opportunities may be considered when configuring the new project management system.	Completed	100%	A review of the original finding related to the specific use of CAMMS and the system not being used in an efficient manner. Action is no longer valid. CAMMS has since been retired. Existing templates are in place and are effective. Note status is reflected as completed and 100% for ease of reporting.

Stakeholder Management Review

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Due to the diverse nature of the CoM's stakeholders, holistic guidance on stakeholder management should be developed at an organisation level. Specific consideration should be given to the following: •Define roles & responsibilities for staff regarding stakeholder management. •Protocols for addressing specific high-level stakeholders. •Holistic principles-based guidance to all staff-levels, specifying methods and approaches for interacting with stakeholders. •Stakeholder assessment tools/criteria (See Finding 3).	1.1	Agreed that the development of a framework to provide organisational guidance would be useful. This work will progress in the second part of 2022.	Moderate	30/06/2022	~~31/12/2022~~ ~~30/06/2023~~ ~~30/12/2023~~ 29/02/2024	Not on Track	80%	S A stakeholder Management Policy and Procedure is being finalised due for completion at the end of March and is scheduled to go to ELT for review in March.	Not on Track	80%	The work is complete in draft and is sitting with Manager Office of the Chief Executive for review.
See Finding 2 for recommendations relating to training and onboarding to embed a stakeholder-centric mindset and culture within the CoM.	1.2	Agreed that the development of a framework to provide organisational guidance would be useful. This work will progress in the second part of 2022.	Moderate	31/12/2022	~~30/06/2023~~ ~~30/12/2023~~ 28/02/2024	Not on Track	0%	This action will need to be rolled out at a time that is suitable given other system roll outs, training and priorities across the organisation.	Not on Track	0%	1.1 to be fully implemented first

Recommendation	Ref	Comment	Risk	Original Date	Revised Date	Status	%	Further Comment	RAG	%	Update
Apply sufficient resources to implement appropriate onboarding/training for stakeholder management.	2.1	Agreed that onboarding and training regarding the management of key stakeholders is critical. This will be progressed but also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023	30/09/2023	Not on Track	0%	Once the Framework is endorsed this work can commence.	Not on Track	0%	No further resources required, this action to be delivered under action 1.2. ON track for 30 June delivery.
Conduct training and onboarding sessions specifically for staff in stakeholder facing roles, with specific consideration of the following: •The importance of stakeholder management, benefits and examples of poor management. •Key stakeholders of the CoM. •Situations where stakeholder management is required (including tailored and relevant examples for each business unit). •Who is best positioned in the CoM to consult on stakeholder management issues.	2.2	Agreed that onboarding and training regarding the management of key stakeholders is critical. This will be progressedbut also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023	30/09/2023 30/06/2024	Not on Track	0%	Once the Framework is endorsed this work can commence.	Not on Track	10%	No further resources required, this action to be delivered under action 1.2
It would also be recommended that the CoM consider additional communication and high-level guidance to all levels of staff, to identify why stakeholder management is important.	2.3	Agreed that onboarding and training regarding the management of key stakeholders is critical. This will be progressed but also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023	30/09/2023 30/06/2024	Not on Track	0%	Once the Framework is endorsed this work can commence.	Not on Track	0%	1.1 to be fully implemented first and then this action falls within action 1.2
Implement an organisation-wide campaign to foster a stakeholder-centric mindset and culture within the CoM.As part of this, the CoM could designate a network of 2-4 internal 'champions' to oversee stakeholder management within the CoM and act as a point of contact for all stakeholder-facing staff.	2.4	Agreed that onboarding and training regarding the management of key stakeholders is critical. This will be progressed but also requires recommendation 1 to be fully implemented first. This will also be completed in partnership with People and Culture.	Low	31/03/2023	30/09/2023 30/06/2024	Not on Track	0%	Once the Framework is endorsed this work can commence.	Not on Track	0%	1.1 to be fully implemented first and then this action falls within action 1.2
Review the current methodology for developing SEPs and adapt to include further detail, with specific consideration of the following: •Additional detail in the plan for engaging with each stakeholder. •Include whether the stakeholder supports or opposes the plan. •Assessment of the stakeholders to identify areas of risk or potential issues arising. •Frequency and level of detail delivered to the stakeholder. •Prioritisation of each stakeholder due to Influence/importance.	3.2	This recommendation needs to feed into the review of the Project Management Framework. The Strategy and Risk team will work with the Project Management Office (PMO) regarding the information to be included during development of the SEPs.	Low	31/12/2022	30/09/2023 30/06/2024	Not on Track	0%	Above comments relating to Stakeholder Framework requiring development first. **Revised date by 30 June 2024**	Not on Track	10%	Met with Manager of the Office of the Chief Executive to discuss the SEP. Manager Strategy & Risk to develop a SEP template.
Using the current register as an initial base, continue to populate for the key stakeholders in the organisation. The register could then be used in the future to assist with the implementation of a digital CRM system.	PIO1.1	Further work needs to progress regarding the opportunities to use SalesForce as a stakeholder management tool. In the interim, the top 20 key stakeholder map will be produced but this is only a short term measure with a long term approach required.		31/12/2022	30/09/2023 30/06/2024	Not on Track	20%	Acting Unit Manager of Strategy & Risk has met with Chief Information Officer to ensure the project is included in the IS Plan and that investigation with ennovative is undertaken.	Completed	100%	Acting Unit Manager of Strategy & Risk has met with Chief Information Officer to ensure the project is included in the IS Plan and that investigation with ennovative is undertaken.

				ORIGINAL	FORECASTED						
Utilise the register as a 'safety net' for leadership staff to periodically assess and ensure the critical stakeholders are recorded and overlaps between business units are identified.	PIO1.2	Further work needs to progress regarding the opportunities to use SalesForce as a stakeholder management tool. In the interim, the top 20 key stakeholder map will be produced but this is only a short term measure with a long term approach required.		31/12/2022	~~30/09/2023~~ 30/06/2024	Not on Track	0%		Not on Track	0%	Project is included in the IS Plan and Salesforce is an appropriate solution, development is currently underway.
Internal Audit recommends the CoM review the current approach for engaging Indigenous communities, with specific consideration to the following: •Consider the re-allocation of RAP oversight, implementation and indigenous communities engagement tasks previously performed by the Team Leader – Community Cultural Development and the Living Kaurna Cultural Centre Coordinator to existing roles within the organisation. •Continuation of the Warriparinga Advisory Team to assist with the current engagement challenges faced by the CoM. •Engage an 'Indigenous employment specialist' to achieve improved engagement and services purchased from Indigenous business.	PIO2.1	Agreed. The improvements listed within this PIO will be further considered.		31/12/2022	~~30/09/2023~~ 30/06/2024	Not on Track	20%	New Social and Cultural Sustainability Planner commenced on 22 January 2024 and will carry this work through from here on in.	Completed	100%	ELT determined that this action would sit outside of this audit and stakeholder work. A new Social and Cultural Planner has been appointed and discussions. Recommend this is removed from this audit and sits with the RAP function. These actions are rolled up within the draft RAP Plan due to be submitted to Reconciliation Australia except for the continuation of the Warriparinga Advisory Team is not explicitly mentioned within the RAP however establishing and maintaining mutually beneficial relationships with Aboriginal and Torres Strait Islander stakeholders and organisations is an action within the Plan which will encompass a variety of stakeholders. The employment of an Indigenous employment Specialist is not supported however there is a deliverable to 'Advertise job vacancies to effectively reach Aboriginal and Torres Strait Islander candidates.'

Collaborative Community Consultation

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Both Councils develop translated content to be provided to residents, based on the top three spoken languages in the Council area.	J1.1	The CoM will explore translated content option and discuss with the CCS on further insight into their systems.	Moderate	28/02/2023	~~30/09/2023~~ 30/06/2024	Not on Track	0%	No update on previous comments. Still on track for completion 30/06/2024.	Completed	100%	Translated content options have been explored with insight into CCS system. Translation tool currently available on Making Marion with upgrade expected by October 2024 . Recommend this action be closed as the recommendation and agreed action have been addressed.
Develop and provide consultation awareness training to staff.	1.2	The updated Community Engagement Framework will be presented to business units along with delivery of consultation awareness and training.	Low	28/02/2023	~~31/3/2023~~ ~~31/10/2023~~ TBA awaiting LGA	Not on Track	70%	Consultation awareness training is complete as-per original recommendation. Framework cannot progress until State Government Community Engagement Charter is finalised as all councils must adhere to minimum requirements in this charter when released. The charter is out for public consultation and outcomes are expected late 2024. Council has provided endorsed feedback to the consultation.	Completed	100%	We have reviewed and assessed current framework, is consistent with best practice. Have conducted awareness training consistent with this framework. South Australian Government Community Engagement Charter still with LG Minister's office with no likelihood of a final Charter in near future. Recommend this action is closed as original recommendation and management action have been addressed.

Volunteer Management

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The CoM reviews the policies and handbook to ensure there is clear documentation on the expectations around record keeping.	1.1	Management agree that these recommendations are achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review these recommendations and ensure they are implemented.	Moderate	30/09/2023		Not on Track	50%	New incumbent to role in January 2024 has commenced Policy review.	Not on Track	90%	Clear document expectations is being included in the updated volunteer handbook. Clear expectations on volunteer record keeping is being developed in a procedure.
Quality spot checks are performed on a sample of volunteer records within Better Impact	1.2	Management agree that these recommendations are achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review these recommendations and ensure they are implemented.	Moderate	30/09/2023		Not on Track	50%	New incumbent to role from January 2024 will create process to capture spot check outcomes and remedial actions. Volunteer Managers have been engaged and reminded of the importance of accurate record keeping in Better Impact.	Completed	100%	Quality spot checks are carried out by Volunteer Program Coordinator with remedial actions managed operationally as required with Volunteer Managers across the business.
Internal Audit recommends that the CoM review the Volunteer Strategy objectives and KPIs and ensure supporting policies and procedures sufficiently cover these key areas.	PIO2.1	Management agree that this recommendation is achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review this recommendation and ensure it is implemented.		30/09/2023		Not on Track	0%	New incumbent to role from January 2024 has the skills and knowledge to review and action for this recommendation has commenced.	Not on Track	45%	Volunteer Program Coordinator has met with Volunteering Australia as the CoM Volunteer Strategy will showcase alignment and implementation of objectives with National Strategy for Volunteering 2023-2033.
Internal Audit recommends that the CoM consider the implementation of co-design principles within the process of future improvement or development of the CoM volunteer program/s.	PIO3.1	Management agree that this recommendation is achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review this recommendation and ensure it is implemented.		31/12/2023		Not on Track	0%	New incumbent to role from January 2024 has the skills and knowledge to action this recommendation before the return of the substantive employee in April 2024. Drafting of co-design principles and identification of future program improvements has begun.	Not on Track	30%	Volunteer Program Coordinator has attended workshops facilitated by external agencies building relationships prior to co-design engagement.

Digital Transformation Program

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Review enterprise architecture to ensure principles are clearly defined and the future state architecture supports ongoing procurement decisions.	3.4	The CoM is currently developing an IS Strategy that will help define the current and future CoM enterprise architecture moving forward.	High	30/06/0023	30/032024	Not on Track	95%	The IS Strategy was ratified and supported by ELT, SLT & IS Teams in December. Final endorsement scheduled for ELT in March 2024	Completed	100%	Enterprise architecture review completed that has provided the CoM the guidelines and principles for all future project. Final endorsement of the IS Strategy was obtained from ELT in March 2024

Cybersecurity

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Educate employees about the importance of marking appropriate data classification as an interim measure.	J1.1	The CoM have recently implemented a Data Governance Framework that encompasess the data classification, inventory, and assessment of data assets. Information on the new Framework will be communicated to relevant staff.	Moderate	01/09/2023	31/12/2024	Not on Track	75%	Working internally with the Architecture Review Board to embed requirements and practices.	Completed	100%	This work is now being embedded as part of business practices. Continue to educate staff as the organisation matures. This can be closed out
Explore data leakage prevention toopls as per the scope to prevent intentional and unintentional data loss.	J1.3	The CoM IT cybersecurity staff will investigate automation for the data leakage prevent tools at both the cloud (SharePoint, email) and device (Microsoft Endpoint DLP), with implementation of Microsoft Endpoint for labelled data to be implemented by EOY 2023, and automated classification of unlablled data reievwed and explored within 12 months.	Moderate	01/06/2024		On Track	75%	DLP through the Microsoft implementation is understood and was managed during Proof of Concept. Full implementation relies on the labelling from J1.2 and J1.1. The DLP rules will then be adjusted and created as per the standards defined in J1 and managed through J1.2 and the associated tooling	On Track	75%	DLP through the Microsoft implementation is understood and was managed during Proof of Concept. Full implementation relies on the labelling information alongside the Data Governance Framework; Both to Educate employees about the importance of marking appropriate data classification as an interim measure, and conducting an inventory and assessment of all types of data assets to establish the scope of prevention measures. The DLP rules will then be adjusted and created as per the standards defined in the framework and managed through the appropriate tooling.
Update patch management standard to include guidance on trusted sources and integrity validation.	J2.1	Standard to be updated to include guidance.	Low	31/12/2024		On Track	15%	New leadership in IS Operations team is supporting cyber security operational changes. Standards documentation and concepts are being circulated amongst the group to ensure that items are viable and that support automation targets. A standard has been written into the information security manual draft	On Track	50%	Standard is written into the Information Security Manual > System Patching in draft form, noting that untrusted third parties are not to be used.
Create a list of trusted sources of patches for all critical ICT assets and perform a gap assessment to identify the improvement measures required.	J2.2	Policy to be updated to include enforcement. A security calendar entry will be created to suppose ongoing verification of systems that are unable to be centrally controlled (Linux servers). Target 3 months.	Low	31/12/2024		Not Commenced	25%	Trusted sources are codified into the standard operating environment entries and documentation for asset classes. 1/4 of the primary asset classes have been documented.	On Track	25%	Trusted sources are codified into the standard operating environment entries and documentation for asset classes. 1/4 of the primary asset classes have been documented. Asset class 2 is undergoing documentation.
Embed validation of integrity using digital signatures or similar mechanisms in BAU patching process to verify the softare or data is from the expected source and has not been altered.	J2.3	Additional verification of patch integrity will be included in the detective change management solution, providing assertions that patches do not modify system components that are unexpected.	Low	31/12/2024	31/12/2025	Not Commenced	0%	This item is expected to not complete within target parameters as detective change management solution is delayed on the IS strategic plan. Integrity of patches is verified by operating systems in use at CoM, and main line of business applications, but we will be unable to provide 3rd party attestation to the verification. further analysis required to determine new forecast completion date.	Not on Track	0%	As outlined in the IS plan there are two components to this, analysis and implementation of the detective change project - with the analysis performed as part of the IS strategic plan which outline it's completion by end of 2025, and the multi-project schedule and resourcing plans from this strategic plan, this item is expected to run a year later than projected. Efforts are being made to bring this forward as other projects complete.
Collectively develop working guidelines to utlise the Freshservice ITAM module in an efficient manner.	J3.1	The current IT asset management policies and procedures will be reviewed to determine the root cause of the weakness, and an action plan created to support this.	Low	31/12/2023	31/03/2024	Not on Track	90%	IT Asset Management (ITAM) plan created and execution underway. Collaborative understanding of weaknesses has been identified, and actions defined and implemented aim to reduce the opportunity for incorrect or missed data logging. A weakness has been identified in data stored and a larger stocktake is required. Manager IT Operations is preparing communications regarding this.	Completed	100%	IT Asset Management (ITAM) plan and procedures completed and ratified. Future efficiencies to be captured and actioned as part of future asset stocktakes and continuous improvement processes

Description	ID	Recommendation/Comment	Risk	Original Due	Revised Due	Status	%	Update Commentary	Status	%	Progress Notes
Review and update end of life/suppport (EOL/S) details in the Freshservice tool for hardware and software assets. This information avenue can also be utilised for third party contracts, SSL certificates, etc.	J3.2	Attention to the entire asset lifecycle will be given, but particular focus on the end of life and transfer of assets between responsible staff, are likely to have the most focus.	Low	31/12/2023	31/05/2024	Not on Track	50%	Review of the CMDB entries is required prior to this activity commencing. Asset lifecycle is defined within the IT Asset Management documentation and includes retirement to off/ disposal processes. Assets that move to the final "Off" state are decommissioned through Standard Operating Procedures. The primary "General Staff Laptop" asset class has been reviewed for process usability and quality, and collaboration amongst IS Helpdesk and IS Cybersecurity teams has amended and improved the SOP's as part of daily use. A full review of the CMDB entries to ensure data quality and accuracy is to be conducted under J3.3.	Not on Track	75%	Updates to CMDB are underway as a part of BAU services with a Dedicated Stocktake scheduled to occur for April - May 24. Forcast completion date for full CMDB review of hardware assets is the end of May 2024.
Review the assets (endpoints) in the Freshservice tool with the enrolled endpoints in Microsoft Intune and remediate the identified gaps to maintain only operational assets in CMDB.	J3.3	A dedicated stocktake is proposed for all assets, as staff are known to have items at home to support their "work from home" scenario including printers, displays, laptops and consumables. Initial review of the weakness in this process identified concerns around assets being returned to IT, shadow IT purchases, desk movement, and staff movement between positions.	Low	30/06/2025		On Track	0%	ITAM plan pre-deployment has integrated a live connection between Intune and Fresh such that endpoints in Fresh are automatically remediated to CMDB for operational assets. Full review of the CMDB entries is required to progress with the identified concerns.	On Track	20%	Communications to all staff (via CoMunity newsletter) has been delivered with support from GM Corporate Services. Individual department and unit communications are approved by Manager IT Operations. Stocktake scheduling is being prepared by helpdesk and Manager IT Operations to prepare for review of CMDB entries against items that are important to the CoM. ITAM plan includes reporting and identification of staff movement. Asset classes defined in the ITAM plan provide for opportunity to understand and detect shadow IT purposes.
Identify unapproved SaaS applications by leveraging firewall and web-proxy logs.	1.1	The CoM accepts these recommendations, and will partnet IT Operations with Business Analysts to engage with relevant points of contact in the Council, determine if a business process relies on the software and, if so, determine if IT security controls meet and mitigate the risks.	Moderate	31/12/2026		On Track	5%	This will progressively commence as part of the business analysis of the 1000 unapproved SAAS applications.	On Track	5%	This progressively commences, 25 applications reviewed in the last quarter, with some being removed. Additional information is being retrieved from essential eight security assessments for application control.
Engage with relevant point of contacts in the Council to initiate a security review of unapproved SaaS applications.	1.2	The CoM accepts these recommendations, and will partnet IT Operations with Business Analysts to engage with relevant points of contact in the Council, determine if a business process relies on the software and, if so, determine if IT security controls meet and mitigate the risks.	Moderate	31/12/2026		Not Commenced	0%	This will progressively commence as part of the business analysis of the 1000 unapproved SAAS applications.	On Track	5%	This progressively commences, 25 applications reviewed in the last quarter, with some being removed. Additional information is being retrieved from essential eight security assessments for application control.
Perform an assessment of the data stored in Monday.com and other unauthorised applications.	1.3	Assessment of data stored in applications will occur in partnership with Business Analysists, and Data Managers	Moderate	31/12/2026		Not Commenced	0%	This will progressively commence as part of the business analysis of the 1000 unapproved SAAS applications.	On Track	5%	This progressively commences, 25 applications reviewed in the last quarter, with some being removed. Additional information is being retrieved from essential eight security assessments for application control.
Conduct business stakeholder (Council wide) training about the risk & impact of using unauthorised applications and how to get IT's approval for use of new applications/technology.	1.4	Unauthorised applications training will be included in the cybersecurity awareness training.	Moderate	31/12/2023	30/06/2024	Not on Track	80%	ARB ratification is nominally complete. Advisory material is on agenda for February	Not on Track	80%	ARB ratification is nominally complete, however requested additional alignment consideration from manager of enterprise project management office.
Review the cybersecurity operating manual for currency as the CoM is going through digital transformation and implementation of cybersecurity controls.	2.1	The CoM are reviewing the manual to ensure it is up-to-date and consistent with a modern organisation.	Low	31/12/2023	31/03/2024	Not on Track	75%	Manual review in progress, proposal for new layout to Information Security Manual and data contents being generated.	Completed	100%	In depth content review of the Cyber seecurity operating manual is showing a significant gap between the Australian Cyber Security Centre Information Security Manual and the state of the CoM's cybersecurity manual.

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Include creation of relevant documents as a task in the asset technology onboarding and approval checklist. (this can also be included in the change control tasks)	2.2	We agree with the recommendation to include the creation of relevant documents in the asset technology onboarding and approval checklist, as well as in the change control tasks. We will update our checklists and change processes to include this task.	Low	30/06/2024	30/06/2024	On Track	10%	Will be progressed once the support models in the IS Strategy are finalised. IS Strategy is awaiting approval from leadership.	On Track	50%	IS Strategy has been approved. Additional details from unauthorised applications review will ensure asset technology aligns with EPMO requirements. Asset Mangement Policy is being impelmented with standard operating procedures applied to manage & update assets.
Undertake an exercise to develop a document map for required documents.	2.3	We agree with the recommendation to develop a document map for the required documents. This will help us to ensure that all necessary documents are created and maintained. We will develop a document map and ensure it is regularly updated.	Low	30/06/2024	31/12/2024	Not Commenced	0%	Will be progressed once the support models in the IS Strategy are finalised. IS Strategy is awaiting approval from leadership.	Not Commenced	0%	Initiation of mapping tasks are scheduled for week of 8th April. Support models have been approved in the IS strategy, which informs how technical staff may be distributed amongst the IS groups. A document mapping exercise is scheduled for early April to encompass this and the supporting guidelines, recommendations, and possible new policies. The Cybersecurity Operating Manual as procedure for Information Security Policy, will be proposed replaced with a rewritten Information Security Manual based heavily on the Australian Cyber Security Centre's Information Security Manual, with additional documentation, standards, guidelines, and operating procedures to be mapped.
Develop a periodic timetable for document review.	2.4	We agree with the recommendation to develop a periodic timetable for document review. This will help us to ensure that all documents are reviewed and updated regularly. We will develop a timetable and ensure it is adhered to.	Low	30/06/2024	31/12/2024	Not Commenced	0%	Will be progressed once the support models in the IS Strategy are finalised. IS Strategy is awaiting approval from leadership.	Not Commenced	0%	Initiation of mapping tasks are scheduled for week of 8th April. Support models have been approved in the IS strategy, which informs how technical staff may be distributed amongst the IS groups. A timeline of review will be included in the documentation map for information security manual and supporting documentation.

Customer Experience

RECOMMENDATION ◊ Planned ♦ Unplanned	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
◊ Rollout the CX Strategy and roadmap across the CoM. To support this, a formal communications and change management plan, considering the needs of each stakeholder group should be developed to embed CX within the organisation. A detailed plan to accompany the initiatives outline in the Strategy (the 'how' and 'when') with associated metrics should also be developed.	1.1	The draft strategy and implementation roadmap is currently being developed and the recommendations of this IA will now be considered for incorporation into that strategy and roadmap as outlined in the audit findings management responses. A detailed plan with metrics for each of the initiatives in the strategy will also be developed, along with a Change Plan and Communications Plan. The final Strategy will require formal endorsement and where applicable, budget confirmation.	Moderate	31/12/2023	29/02/2024	On Track	95%	Draft CX Strategy circulated for comment/feedback. Final draft to be presented to ELT for endorsement in February 2024. Further work on Change Plan & Communication Plan to fully embed across the organisation. Metrics to be attached as separate appendix	Completed	100%	CX Strategy finalised with input from across business. Change Plan and Comms Plan completed with roll-out in train. CSAT metrics now apply to all business units using CRM.
♦ 3.2 Develop a CRM product integration roadmap to improve channel of choice for customer. This should consider integration of marketing automation tools, social channels and other customer touchpoints such as library, outdoor pool etc.	3.2	This roadmap will be one element of the IS Strategy (CX Portal Roadmap) to be developed by 30 June 2023. Delivery will be subject to budgetary considerations.	Moderate	30/06/2023	~~30/09/2023~~ 31/03/2024	Not on Track	95%	IS Strategy and CX Strategy are aligned and integrated. IS outcomes are identified in CX Strategy and support the objectives and outcomes. IS strategy has been completed and final round of consultation feedback is scheduled to be presented to ELT in March 24.	Completed	100%	IS Strategy incorporating CRM Product Integration Roadmap approved.

Recommendation	Ref	Comment	Priority	Original Date	Revised Date	Status	%	Progress Update	RAG	%	Outcome
♦ Conduct a review of current resourcing of the Customer Service Team and call centre peak activity periods. Subsequent to this review, opportunities to enhance resourcing approach should be identified.	4.4	A desktop analysis review commenced in Dec 2022, but with the retirement of Unit Manager CS, this will be completed by the new Unit Manager when an assessment of activities/tasks can be observed.	High	30/06/2023	~~30/09/2023~~ 31/03/2024	Not on Track	50%	CST review paused to allow time for data collection following full implementation of Amazon Connect (omni-channel integration) in March 2024.	Completed	100%	Review of current resourcing has identified need for recruitment of casual pool to manage peak demand times more effectively. Recruitment of Casual pool staff underway.
◇ Develop formal onboarding and refresher training for all staff that may interact with customers in CX, and use of the CRM. This should be tailored to each area as appropriate (ie. Open space teams/staff on the road will have different needs to CSC staff trained to engage with customers). and also include all staff in peripheral Council teams i.e Librar, Swimming Centre, etc. In implementing the training, a mix of channels should be utilised ie. in-person, online and job shadowing/double jacking, to increase awareness and appreciation of roles in relation to CX across the CoM.	5.2	5.2a - A formal on-boarding and refresher training has already been developed for CRM users. 5.2b - A broader CX onboarding and training program will be developed for CoM in conjunction with P&C and business areas (Libraries, Marion Outdoor Pool, Outdoor workforce, Nieghbourhood Centres) that are using other customer training programs/providers/techniques, that meets all needs and is tailored to the different rolles across CoM and applies industry best practice. This will be considered as part of developing CX Strategy outlined in recommendation 1.1	High	5.2a Closed 5.2b 31/12/2023	31/03/24	On Track	95%	IS strategy has been completed and final round of consultation feedback is scheduled to be presented to ELT in March 24. Projects being progressed int he interim have been: (1.) Forestry Integration into CRM will go live Feb currently in business acceptance by outdoor operations team. (2.) Economic Development CRM integration Project Initiation Document submitted for Executive approval expected works commencement in February by Ennovative (vendor). (3.) Risk Management Claim tracking and Risk/Audit committee reporting enhancements to CRM business requirements specification approved by Manager Strategy and Risk. This enhancement moves the process from spreadsheets into the core CRM platform	Completed	100%	Formal training and onboarding now developed and rolled-out, tailored to specific business areas.
◇ Consider integration of further systems with the CRM ie. Marketing tools, Forestry SA, online booking system, point of sale.	6.3	This package of works will be detailed in the IS Strategy but will be subject to funding availability and project prioritisation.	High	30/06/2023	~~30/09/2023~~ 31/03/2024	Not on Track	95%	The IS strategy supports the implementation and management of a customer portal with key elements identified. The projects themselves will take time to deliver and be subject to budget availability. Once the IS Strategy has been endorsed by ELT this action item will be closed with reporting on progress against the IS strategy actioned outside of these audit items. .	Completed	100%	IS Strategy now approved. Includes consideration of integration of further systems with CRM and roadmap for implementation.
◇ Review and enhance customer portal as planned, including provision of further guidance to customers regarding use of categories.	6.5	This package of works will be detailed in the IS Strategy but will be subject to funding availability and project prioritisation.	Moderate	30/06/2023	~~31/07/2023~~ 31/03/24	Not on Track	95%	The IS strategy supports the implementation and management of a customer portal with key elements identified. The projects themselves will take time to deliver and be subject to budget availability. Once the IS Strategy has been endorsed by ELT this action item will be closed with reporting on progress against the IS strategy actioned outside of these audit items. .	Completed	100%	Review and enhancement of CRM portal captured in IS Strategy, now approved.

Collaborative Contract Value for Money

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	AUDITOR RISK RATING	ORIGINAL ACTION COMPLETION DATE	FORECASTED ACTION COMPLETION DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Operationalise the implementation of contract value risk categorisation per the new Guide and apply it to the current contract portfolios. We recommend this is supplemented with guidance on the required performance review types (including frequency and reporting lines), administration (plan vs checklist) and introduction of a contract profiling tool to improve consistency of assessment criteria application, quality control and future reference.	J1	Consideration will be given to application of contract categorisation as per the Contract Management guide and the associated Contract Ower required. All new Contracts above $450k will have Contract Management Plans created to provide guidance on requirements	Moderate	30/06/2024		On Track	50%	Contract management plans now completed for all contracts with values greater than %450k	On Track	50%	Contract Management working group to be created to finalise elements relating to the contract profiling and reporting. All contracts greater that $450k in value now have Contract management plans.
In relation to lack of oversight by a governance body, Councils to:	J2	Consideration will be given to implementation of a governance committee once the maturity of the contract management function is at an appropriate level.	Moderate	30/06/2024		On Track	50%	Draft procedures completed, which incorporate the establishment of a Procurement Oversight Committee	On Track	66%	Draft procedures to be presented to ELT for endorsement in April, with staff consultation to follow (before final approval by ELT).
Establish indepdendent governance at each Council to facilitate communication and oversight over strategic contracts and overall contract portfolio monitoring at the Councils, as well as oversee strategic sourcing activities.	J2.1		Moderate			Not Commenced	0%	No Progress	Not Commenced	0%	No progress as yet, establishing the COM governance function as a priority
Establish a cross-council governance forum or committee with representatives from the each Council to oversee performance of cross-council contracts and panel arrangements, explore further strategic procurement opportunities (renewals and new tenders) and knowledge share on contract management practices. As part of standing up independent governance at each Council and a cross-council governance forum, develop respective charters that clearly outline the responsibilities of these governance roles.	J2.3	If the governance committee is formed, a charter will be created.	Moderate	30/06/2024		Not Commenced	0%	No Progress	Not Commenced	0%	No progress as yet, establishing the COM governance function as a priority
Improve awareness at each Council on contract management related policies and procedures, documents (including contract registers and owners) for all Council staff to access, including on-going roll-out of further contract management procedures, tools and templates. This includes further guidance on performance metric development (including VfM priorities) to provide clear measures ongoing performance of the active contracts, including identification and capturing of contract related social benefits.	J3	Continual awareness communications will be implemented to consistent applications and use of central resources.	Moderate	30/06/2024		Not Commenced	0%	No Progress	Not Commenced	50%	Contract Management working group to be created to finalise elements relating to the contract profiling and reporting. Awareness raising of the SharePoint site occurring via team meeting attendance etc
Implement a contract lifecycle management (CLM) system (or equivalent via ERP contract module) to facilitate a more robust approach to capturing key contract activity data (e.g. contract spend, sourcing strategy, variations, revisions, extensions, etc), as well as providing key information on spend under contracts, PO growth and panel reporting. In the absence of a CLM system, implement processes to capture key	J4	A contract module has been scoped as part of the implementation of the Finance System, this will be considered to be emproved and/or replaced with an appropriate system. This project has been included in the IS Plan to commence in July 2024 subject to funding availability.	Low	30/12/2024		Not Commenced	0%	No Progress	Completed	100%	High level requirements have been developed. The implementation of this module has now been included in the endorsed IS plan scheduled for 24-25 year. Proposed to close this finding as the project will progress under the auspice of the IS strategy.

activity data to provide insights acorss the end to end contract management lifecycle.											
Review and update the Guide as per areas identified.	J1	A review of the Contract Management Guide will be undertaken to include the suggested areas as appropriate.	Low	30/06/2024		Not Commenced	0%	No Progress	Not Commenced	0%	No progress as yet.
• Monthly spot checks by a Council representative of 2-3 work-sites post completion of work. • Review contract and explore opportunities to revise payment terms for periodic payments	CoM1	The cleaning contract will be tendered in the coming months. Spot checks will be inclued in the KPI's and reporting as part of the tender specification. The contract will be created in a manner that balances supplier and council risk and not objectives. Council does not agree that moving away from periodic payments is best practice.	Low	30/06/2024		On Track	50%	Specification is currently in progress, tender released scheduled for late February.	Not Commenced	75%	Tender will be released in April 2024, including KPI updates
• Review and refresh the HSE and Service Quality forms. These audit forms should be completed in full and stored on file.	CoM2	Contract owner will be requested to amend the forms and reminder of obligations in relation to completion and retention on file.	Low	31/03/2024		Not Commenced	0%	No Progress	On Track	0%	No progress as yet, establishing the COM governance function as a priority
Formalise the KPI reporting and proactively report on contract performance by conducting data anaylytics and feedback.	Overall contract observations-1	KPIs will be included in the upcoming tenders as required		30/06/2024		Not Commenced	0%	No Progress	Not Commenced	0%	No progress as yet. Work will commence once CoM governance group established
Regular reporting to the ELT with specific focus on VfM expected vs achieved outcomes to inform budget and business decisions	Overall contract observations-2	This recommendation will be incorporated into the considerations of the governance committee.		30/06/2024		Not Commenced	0%	No Progress	Not Commenced	0%	No progress as yet. Work will commence once CoM governance group established
Continue to explore opportunities for collaboration with other Councils to achieve price competitiveness.	Overall contract observations-3	Collaboration will be explored as an ongoing BAU activity.		30/06/2024		Not Commenced	0%	No Progress	Completed	100%	This activity is ongoing
Review contracts yearly to idenify VfM optimisation opportunities in the contracts	Overall contract observations-4	Council will consider incorporting this into the remit of the governance committee		30/06/2024		Not Commenced	0%	No Progress	Not Commenced	0%	No progress as yet.

7.4 Internal Audit Plan 2023-2025	
Report Reference	FRAC240416R7.4
Originating Officer	Manager Office of the Chief Executive – Kate McKenzie
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide a status report of the progress of the Internal Audit Program for 2023 – 2025 and to seek the Finance, Risk and Audit Committee (FRAC) feedback on the Data Governance scope.

EXECUTIVE SUMMARY

The City of Marion (CoM) and City of Charles Sturt (CCS) tendered the Internal Audit (IA) Services as a joint tender. KPMG was the successful tenderer and was awarded an initial two-year contract and this followed with a further 2 plus 2 years contract extension. The City of Port Adelaide Enfield (PAE) have also joined the contract. The three Councils worked collaboratively (with KPMG) to develop an IA Plan where some collaborative audits could be completed.

The FRAC received the IA Plan for 2023-25 at the May 2023 meeting. The IA Plan identifies four (4) projects for this financial year.

Community Safety (Attachment 1)

The overall objective of this internal audit was to consider the effectiveness of the CoM's community safety management policies, procedures, and controls. This internal audit included review over the following specific areas related to community safety:

• Dog and Cat Management.

• Community nuisance complaints (for items such as noise and smoke).

• After-Hours Services.

• Issuance of expiations.

There were several positive findings relating to leadership, good risk management practices, incidents, and the use of corporate systems. T audit identified 4 moderate risk-rated findings, and 2 low-rated findings.

Tendering Management (Attachment 2)

The objective of this internal audit was to review the processes, policies and procedures associated with each Council's tendering processes, including overall efficiency and effectiveness of the tendering process. There were several positive findings relating to effective policies and procedures, performance monitoring, knowledge/expertise and strategic improvements. Overall, there were 3 findings (one medium and two low) and 4 performance improvement opportunities

2023/24

- **Contract Value for Money Review Q1 (Collaborative) (Completed)**
- **Community Safety Q2 (Attachment 1) (Completed)**
- **Tendering Management (Process and Control) Q3 (Collaborative) (Attachment 2)**

(Completed)

- **Data Governance Q4 (Collaborative) (In progress)**

2024/25

Note: the timing for the first two audits have swapped since the original plan due to resourcing.

- **Cloud Vendor/Third Party Cyber Risk Assessment Q1 (Collaborative)**
- **Project Management Framework Post Implementation Review Q2**
- **Financial Controls Internal Audit Q3 (Collaborative)**
- **Assurance Mapping Internal Audit Q4**

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Considers and provides feedback on the:**
   a. **Community Safety (Attachment 1)**
   b. **Tendering Management (Attachment 2)**

ATTACHMENTS

1. Co M Community Safety IA Report FINAL (1) [**7.4.1** - 26 pages]
2. Co M Collaborative Tendering Management - Final Report [**7.4.2** - 29 pages]

City of Marion

Community Safety Internal Audit

April 2024

Version: Final

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CITY OF
MARION

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1.0 Executive Summary

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

In accordance with the 2023/24 Internal Audit Plan for the City of Marion (CoM), a Community Safety internal audit was performed. The objective, scope and approach for this internal audit are outlined below.

1.1 Objective

The overall objective of the internal audit was to consider the effectiveness of the CoM's community safety management policies, procedures and controls. This internal audit included review over the following specific areas related to community safety:

- Dog and Cat Management.
- Community nuisance complaints (for items such as noise and smoke).
- After Hours Services.
- Issuance of expiations.

1.2 Scope

To address the overall objective above, the scope for this internal included consideration over the following areas:

- The overall governance structure related to community safety, including the clarity of relevant roles, responsibilities and accountabilities.
- Review of the supporting policy, processes and controls in place related to the management of the identified areas above (Dog and Cat Management, Community, Nuisance Complaints, After Hours Services and the Issuance of expiations).
- Training provided to the Community Safety Team.
- Work Health and Safety (WHS) management of Community Safety team members and the application of the CoM's WHS policies.
- Ongoing monitoring and reporting processes, including relevant KPIs and SLAs related to community safety.
- Robustness of record keeping management and processes.
- High level consideration will be given to opportunity improvements with regards to areas of efficiency.
- Sample testing of the compliance with relevant CoM policies, procedures and operating guidelines.
- High level benchmarking performed to up to two other comparable councils related to service level response times (capped at response times for 3 selected areas) and reporting processes. (This was reliant on the availability of other council resources to respond to any requests for information).

1.3 Key Findings and Recommendations

The number of findings identified during the course of this internal audit is shown in the following table. A list of the findings identified, and recommendations made are included in this report.

Extreme	High	Moderate	Low	PIO*
-	-	4	2	-

*Process Improvement Opportunity

1.4 Positive Observations

There have been significant efforts across CoM's Management to improve processes in the Community Safety team in recent times.

These include:

- Leadership is committed to the health and safety of Community Safety Inspectors (CSIs) and the overall community.
- Strategic alignment and line-of-sight of Community Safety Team objectives and work area plans with the CoM's strategic objectives.
- Proactive risk management practices, including a quarterly review of strategic risks, controls and risk treatments.
- Regular review of incidents and risks including quarterly review of high-risk areas by the Executive Leadership Team and the Finance, Risk and Compliance Committee, indicates a strategic approach to risk management.
- The Salesforce system used for community safety case management is a customer centric system which provides visibility and notifications to customers about the status of cases.
- Utilisation of the Skytrust system for WHS reporting, incident logging, and risk assessments reflects a modern and tech-driven approach to safety management.
- The Community Safety Team consulted as part of the internal audit demonstrated an open and positive approach to continuous improvement.

2.0 Background

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

2.1 Overview of Community Safety Team

The Community Safety (CS) Team is responsible for delivering services that aim to protect and promote community safety at the City of Marion (CoM). In the 2023 financial year there were approximately 10,094 community safety cases.

The CS Team consists of 11 full time equivalents (FTE), including 1 Unit Manager, 1 Team Leader, 1 Senior Community Safety Inspector (CSI), 6 CSIs and 2 Business Support Officers (BSOs) who also support other teams within the Development and Regulatory Services Team. The CS Team is also supported by an external consultant, AIG Security Group Pty Ltd (AIG), who are utilised on daily basis, including after hours and weekends, as required.

2.2 Community Safety framework and governance

The CoM has implemented a Community Safety Framework, including the Enforcement Policy and a suite of procedures, to govern and support the Community Safety Team. A number of internal procedure documents relating to dog and cat management, local nuisance, and expiations are in place. These policies and procedures have been developed in accordance with multiple Acts and Regulations, including but not limited to:

- Local Nuisance and Litter Control Act 2016.
- Dog and Cat Management Act 1995.
- Local Government Act 1999.
- Australia Road Rules.

Training and employee development sessions are in place to assist employees to perform their functions and duties related to community safety.

2.3 Work Health and Safety (WHS)

The CoM has established a comprehensive WHS framework aligned with the organisation's strategy, emphasising proactive approach to hazards and risk management. A major program commencing in early 2024, will address psychosocial hazards and risks to ensure the health and wellbeing of CoM staff and compliance with the *Work Health and Safety (Psychosocial Risks) Amendment Regulations 2023*.

Skytrust incident management system is used by the CoM to record and manage all incidents. Management advised that the CS Team exhibits a good reporting culture within Skytrust.

2.3 Supporting systems

The CS Team utilises multiple systems to manage requests and customer details as noted below:

- Salesforce: case management system used to manage and record all community safety cases. Information is triaged before being recorded into Salesforce and allocated to CSIs to investigate and complete.
- Skytrust: incident and hazard reporting system. Recorded incidents are monitored and managed by both the WHS team and the responsible people leader.
- Pinforce and IMaaS: expiation details are managed via these systems, whereby all details for expiations are recorded in Pinforce which automatically integrates with IMaaS where all expiation data and documents are retained.
- Dog and Cat Management Online (DACO): To access and update dog details, microchip database, and infringement applications.

2.4 Receipt and triage of community safety cases

There are multiples channels that community safety cases are received by the CoM:

- Voice calls: Managed and triaged by Business Support Officers (BSOs) or Customer Service Officers (when BSOs do not have capacity).
- Emails: Managed and triaged by Community Safety Team Leader.
- Social Media: Managed and triaged by Community Safety Team Leader.

2.5 Management of community safety cases

All community safety cases are recorded in Salesforce and the system automatically allocates new cases to a zone (e.g. north, south, central) based on location. Community Safety services are delivered by CSI and supported by AIG. CSIs are required to work both in pairs and individually, depending on the risk, priority and location of the case. The Team Leader Community Safety and Unit Manager Regulatory Services provide leadership, training and support to the CSIs to ensure they can conduct their work in a safe and effective manner.

3.0 Summary of Findings

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

Internal Audit Findings

Through our discussions with the process owners, documentation review, and sample testing performed, Internal Audit identified four (4) moderate risk-rated findings, and two (2) low-rated findings. The following table provides a summary of our risk-rated findings, the relevant issue owner, and the target date for implementation. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Extreme	High	Moderate	Low	PIO*
-	-	4	2	-
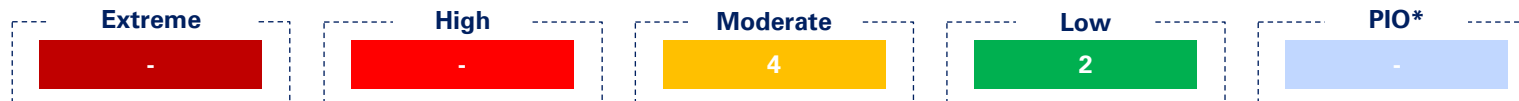
Rating	Ref #	Description	Issue Owner(s)	Target Date(s)
Moderate	1	Gaps in case receipt, categorisation and triage process.	1.1 Team Leader Community Safety 1.2 Unit Manager Regulatory Services 1.3 Unit Manager Regulatory Services	1.1 1 June 2024 1.2 1 July 2024 1.3 1 June 2024
Moderate	2	Opportunity to uplift community safety training program	2.1 Unit Manager Regulatory Services 2.2 Manager Development & Regulatory Services 2.3 Unit Manager Regulatory Services	2.1 1 July 2024 2.2 Completed 2.3 1 July 2024
Moderate	3	Management of Work Health and Safety (WHS)	3.1 Team Leader Community Safety 3.2 (a) Psychosocial risks: Team Leader Community Safety 3.2 (b) Training and awareness program: Unit Manager Regulatory Services 3.3 Manager Development & Regulatory Services	3.1 1 June 2024 3.2 1 May 2024 3.3 1 May 2024
Moderate	4	Large volume of open cases and enhancing governance, oversight and reporting practices	4.1 Team Leader Community Safety 4.2 Unit Manager Regulatory Services 4.3 Unit Manager Regulatory Services 4.4 Manager Development & Regulatory Services	4.1 1 June 2024 4.2 1 June 2024 4.3 1 July 2024 4.4 1 June 2024
Low	5	Procedural documentations are not current and accurate	5.1 Team Leader Community Safety 5.2 Team Leader Community Safety 5.3 Team Leader Community Safety	5.1 1 July 2024 5.2 1 July 2024 5.3 1 July 2024
Low	6	Retention of case data and documentation	6.1 Unit Manager Regulatory Services 6.2 Team Leader Community Safety 6.3 Team Leader Community Safety	6.1 1 July 2024 6.2 1 June 2024 6.3 1 July 2024

The classifications of risk ratings in this report are based on the CoM risk ratings detailed in Appendix 3.

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 1: Gaps in case receipt, categorisation and triage process	**Moderate**
Finding(s):	**Recommendation(s)**

There is opportunity to enhance the process of receipting cases, including the initial triage and case categorisation. Internal Audit identified through stakeholder consultations and fieldwork the following gaps against better practice community safety management:
 	
Categorisation of cases
 	
• It is acknowledged that the Business Support Officers (BSOs) have a good understanding of the community safety process, triage process and answer the majority of the voice calls from customers to receipt community safety cases within Salesforce. However, Customer Service Officers (CSOs) also answer customer calls and receipt cases when BSOs do not have capacity and Management advised they do not have strong knowledge of the community safety process, as their day-to-day job is to answer all calls from members of the community, therefore CSOs have a high level understanding of all functions of the CoM.
 	
• There is no documented procedure to guide all CSOs and BSOs to ensure a consistent standardised process to receipt the customer case, and then to appropriately assess, categorise and allocate it to a Community Safety Inspector (CSI) or zone (north, south, central), whilst maintaining good customer experience.
 	
• There is an absence of formalised training for BSOs and CSOs on the community safety customer receipt and triage process with heavy reliance on on-the-job training and experience.
 	
• Sample testing identified that 2 (12%) out of 17 cases were incorrectly categorised (cases #59974 and #75695). Please note that in these specific exceptions, there was no material impact, however the impact of any mis-categorisation could potentially lead to incorrect prioritisation and service level agreement timeframe being monitored and reported. Additionally, Management advised that there are occasions of mis-categorisation and the root causes are usually either:
 	
    • Customers provide incorrect categorisation of the cases, or.
    • Customer Service Officers (CSOs) incorrectly categorise due to their limited knowledge and understanding of community safety.
 	
Risk Assessment and prioritisation
 	
It is acknowledged that Salesforce has a number of beneficial functions such as a hazard button to warn the CSI (e.g. a wandering dog or a tree over the road, etc.), as well as a dangerous address flag if the residential address has previously been identified as dangerous (e.g. if there is a dangerous resident or animal). However, Management advised that Salesforce currently lacks functionality to risk assess and prioritise cases. Current practice is for the CSIs to prioritise their case load, based on experience and physical location. This absence may result in inconsistent prioritisation, overlooking high-risk jobs, conforming with agreed SLA timeframes and impact to customer experience.
 	
(Continued on next page)
	Internal Audit recommends the CoM:
	
	1. Develop a procedure to guide CSOs and BSOs of the community safety case receipt process. The procedure should provide guidance on how to categorise the case, input into Salesforce and the three-way customer identification process.
	
	2. Develop and implement a training and awareness program for both CSOs and BSOs covering the end-to-end customer request and case management process. The training program should also include the application of the procedure per recommendation 1.
	
	3. Investigate the functionality of Salesforce to determine if the system has the capability to risk assess and prioritise cases. If there is capability, Management to conduct a cost/benefit analysis of implementing any additional functionality.

4.0 Internal Audit Findings

| Executive Summary | Background | Summary of Findings | **Internal Audit Findings** | Appendices |

Finding 1: Gaps in case receipt, categorisation and triage process	**Moderate**
Finding(s):	**Recommendation(s)**

Continued from previous page)

Customer identification verification process

Customers may call up with regards to their ongoing case and ask for information such as the status and outcome. The current practice for identifying customers in follow-up cases requires the BSOs and CSOs to verify customer identities through a three-way customer identification process. Internal Audit acknowledges that the CoM has a Privacy Policy which references the use and collection of personal information of customers, however, the three-way identification process is not formally documented to guide all BSOs and CSOs on how to appropriately verify customers identification before providing private community safety case information and status.

Risk(s):

1. The absence of documented customer identification process poses the risk of unauthorised access, fraud, and compromised security in the customer interactions.

2. The absence of formal training for BSOs and CSOs and lack of documented process for customer engagement processes may lead to reduced service quality, increased errors within Salesforce, customer dissatisfaction and potential damage to the CoM's reputation.

3. The incorrect categorisation of customer cases within Salesforce poses the risk of inaccurate data analysis, ineffective decision making and compromised customer experience.

4. Inadequate system functionality of Salesforce to undertake risk assessment and prioritisation may result in inappropriate allocation of CSI to attend a case who is not trained and/or is not teamed with another CSI which is a risk to the health and safety of both the CSI and members of the community.

5. Breach of privacy due to inadequate verification of customer identification and release of private case information.

Agreed Management Actions:	**Responsibility**	**Target Dates**
1.1. A new procedure to guide CSOs and BSOs of the community safety case receipt process will be developed. The procedure will provide guidance on case categorisation, input into Salesforce, and the three-way customer identification process.	Team Leader Community Safety	1 June 2024
1.2. A comprehensive CSI induction and refresher training program will be developed and implemented. This program will include end-to-end customer request and case management training for both BSO's and CSO's and will also include the application of the procedure developed per Action 1.1.	Unit Manager Regulatory Services	1 July 2024
1.3. Management will investigate the functionality of Salesforce to identify if the system has the capability to risk assess and prioritise cases. Pending system capability, Management to consider the cost/benefit of implementing any additional functionality.	Unit Manager Regulatory Services	1 June 2024

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4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 2: Opportunity to uplift community safety training and awareness program	**Moderate**

Finding(s):	Recommendation(s)

(It is acknowledged that the Community Safety Team training program contains a multi-faceted approach to training, including:

- Buddy system, whereby experienced CSIs are buddied up with an experienced CSI.
- Ad-hoc training by external facilitators on Dog Handling and Bite Prevention (Animal Behaviour) and Dealing with Aggressive Behaviour.
- Ad-hoc WHS training completed via Skytrust (CoM's Incident Management System).

However, Internal Audit noted the following opportunities for improvement:

Outstanding trainings

There is opportunity to formalise and uplift the community safety training program to ensure that CSIs are appropriately trained to perform their day-to-day duties. Internal Audit obtained a summary of the training records for each of the CSIs and noted the following:

Employee Number	Training	Status**	Date Expired/In-Progress
6016	WHS – Heat Awareness	Expired	27/11/2020
	Record Hazards and Incidents	In-progress	27/02/2020
6034	WHS – Heat Awareness	Expired	27/11/2020
6193	Record Hazards and Incidents	In-progress	13/10/2021
AIG Contractor #1*	Record Hazards and Incidents	In-progress	13/05/2022
AIG Contractor #2*	Record Hazards and Incidents	In-progress	25/09/2023
5915	Record Hazards and Incidents	Expired	16/01/2018
	WHS – Venomous Animal Awareness	Expired	01/11/2023
	WHS – Heat Awareness	Expired	27/11/2020

*The specific AIG Contractors with 'In-Progress' training were previously engaged as contractors, however Management confirmed they have since left the organisation.

**Management advised that 'In-Progress' status are trainings that have not yet been completed by the CSIs. 'Expired' status are trainings required to be undertaken by CSIs again.

Additionally, it was noted that there is an absence of training for the overarching process of issuing expiations. Whilst CSIs are well equipped with the functionality of the systems (such as Pinforce and IMaaS), there is an opportunity to train CSIs to ensure consistency in the expiation process, including uploading expiation reference numbers and/or expiation notices within Salesforce cases for completeness.

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Internal audit recommends the CoM:

1. Following Management's self-identified action to conduct a training need analysis, Management to ensure that a comprehensive CSI Induction and Refresher Training Program is established, monitored and reported to ensure timely completion of required training. Further, Management should regularly review and refresh the training program based on new and emerging risks and trends to enable continued development for all CSIs.

2. Ensure that all 'Expired' and 'In-Progress' trainings are completed by CSI in a timely manner and training records are updated within individual employee files and training system(s) as required.

3. Management to review integration functionality between CoM systems (e.g. Kineo, Skytrust, HR, etc.) and consider in line with the organisational Digital Transformation strategy the appetite and cost/benefit analysis for system integration.

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 2: Opportunity to uplift community safety training and awareness program

<div style="background:#FFC000;text-align:center">**Moderate**</div>

Finding(s):	Recommendation(s)

Continued from previous page)

CSI Training oversight and systems

It is acknowledged that Management is currently considering conducting a training needs analysis (TNA) for the Community Safety Team. This will enable a robust training and awareness program and provide a solid foundation for CSIs to perform their day-to-day duties in a safe and efficient manner.

- Currently, there is no integration between the Kineo Learning Management System, SkyTrust and the Human Resource (HR) system at the CoM which limits the oversight of employees training records and current practice relies on manual updates by people leaders and HR of training records within individual employee files.

- It was noted that there is a lack of a formal system led community safety training program. Currently, the Team Leader Community Safety is required to identify relevant trainings for CSI, which may lead to inconsistences and potential gaps in the skills development of CSIs. There is opportunity following the TNA to implement CSI training programs within system(s) to enable reminders, reporting and timely completion of required training.

Risk(s):

This presents risks to CoM including:

1. Community Safety employees (including CSIs, BSOs, CSOs) may not have sufficient technical support and training to adequately perform their duties in a safe, efficient and effective manner.

2. Absence of training on issuance of expiations may lead to a risk of inconsistencies in enforcement practices, legal compliance issues and potential misuse of authority and retention of key data and documentation.

3. Risk of skill gap and inconsistencies in training practices potentially causing varied skill development amongst CSIs. Absence of centralised induction program may result in missed opportunities for addressing evolving skill requirements across the team.

4. Lack of integration amongst systems may result in data silos, impending information flow and compromising organisation efficiency, incident response and overall employee management.

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Agreed Management Actions:	Responsibility	Target Dates
2.1. A comprehensive CSI induction and refresher training program will be developed and implemented, as per Action 1.2.	Unit Manager Regulatory Services	1 July 2024
2.2. A review of training record has been undertaken to ensure that all 'Expired' and 'In-Progress' trainings are completed by CSIs in a timely manner and training records are updated within individual employee files and training system(s) as required.	Manager Development & Regulatory Services	Completed
2.3. Management will review integration functionality between CoM systems (e.g. Kineo, Skytrust, HR, etc.) and consider in line with the organisational Digital Transformation strategy and the appetite and cost/benefit analysis for system integration.	Unit Manager Regulatory Services	1 July 2024

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 3: Management of Work Health and Safety (WHS) | **Moderate**

Finding(s):	Recommendation(s):
WHS management at the CoM plays a crucial role in ensuring the safety and wellbeing of the Community Safety (CS) Team. The WHS Business Partner oversees the implementation of safety programs and frameworks, collaborating with the broader CS team. The following opportunities were noted to improve WHS management practices relating to community safety. **Body Cameras (Bodycams)** • The current process of attending to customer complaints within the field requires Community Safety Inspectors (CSIs) to wear bodycams during site inspections and it is a requirement to turn on the bodycams for any potential scenario of a risk to health and safety of the CSI or members of the community. Management advised that there is currently inconsistent use of the bodycams within the CS Team. • CSIs are required to provide their bodycams to the Senior CSI at the end of every shift, who then manually uploads all data to the CoM SharePoint. The data is required to be reviewed and uploaded to each individual case within Salesforce. Management advised that there was a recent example (case #14901) where a complaint was received from a member of the community, however, the CoM was unable to view the bodycam footage to evidence and/or substantiate. This was due to the bodycam memory being full at the time of the incident due to the data not being uploaded and cleared in a timely manner. **Identification and management of psychosocial risks (human behaviour as a hazard)** • It is acknowledged that the WHS Business Partner is currently working on development of actions plans, with the Local Government Association (LGA) of South Australia, which is targeted to support the physical and psychological needs of workers and their families. • There is currently an absence of comprehensive risk assessments, documented controls and risk treatment which poses a risk to the CS Team members health and safety. Further, it was noted that there has been a spike in incidents reported last calendar year, particularly in relation to aggressive behaviour from customers. There is opportunity to conduct formal risk assessments of both psychosocial hazards and risks as well as other key areas (e.g. wandering dogs, etc.) to ensure key controls are identified, documented and included in the CS training and awareness program. **Incident and Hazards Management** • Skytrust is used to report incidents across the CoM, including the CS Team. Internal Audit reviewed the data from all CS reported incidents from the last three years and identified that four (4) incidents remained open (see below). The incident close out process requires the people leader of the employee who reported the incident to review and formally close within Skytrust. Management has since investigated the four incidents below and acknowledged that it was an administrative oversight that they remained open and has confirmed they have now been closed.	Internal Audit recommends Management: 1. Review the functionality of the bodycams to ensure that they are fit for purpose for the CS Team. Additionally, training and awareness should be rolled out to ensure all CSIs understand the importance of turning on their bodycams in all required scenarios, as well as the cadence to bring into the office at the end of every shift for data upload and overnight charging, to ensure a consistent standard approach. 2. Continue to conduct a thorough assessment of psychosocial risks to identify specific risks and hazards to the CS Team's wellbeing and mental health. Further, a robust training and awareness program should be developed and implemented to ensure employees can adequately identify, report, treat and mitigate psychosocial hazards and risks. 3. Regularly monitor all open incidents to ensure that appropriate controls and actions are implemented, and incidents are closed within Skytrust within a timely manner.

Incident #2187; Incident date 18/3/23	Incident #2229; Incident date 23/5/23
Incident #2385; Incident date 18/9/23	Incident #2416; Incident date 31/10/23

(Continued on next page)

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 3: Management of Work Health and Safety (WHS) (continued) | **Moderate** |

	Recommendation(s)

(Continued from previous page)

Risk(s):

This presents risks to the CoM including:

1. The absence of comprehensive Community Safety task specific documented WHS risk assessments, documented controls and risk treatment poses a threat to the CS Team's safety and wellbeing.

2. The absence of a comprehensive and timely psychosocial training and awareness program may impact the health and wellbeing of the CS Team.

3. Bodycams may not contain sufficient memory and battery to enable recording of all required day-to-day activities within the field in conformance with the Community Safety Framework.

4. Reported incidents are not monitored, managed, treated and closed to ensure appropriate risk treatment actions and training and awareness are delivered within a timely manner.

Agreed Management Actions:	Responsibility	Target Dates
3.1. Management to review bodycam functionality and best use. This will include benchmarking against other councils/organisations and review of available market products. Bodycam training to be incorporated into the training and awareness program implemented as part of Action 1.2.	Team Leader Community Safety	1 June 2024
3.2. Community Safety Management Team to work with WH&S Business Partner (by way of set monthly meeting) to identify and manage specific risks and hazards to the CS Team's wellbeing and mental health. Training and awareness program on psychosocial hazards to be incorporated into the training and awareness program implemented as part of Action 1.2.	a) Psychosocial risks: Team Leader Community Safety b) Training and awareness program: Unit Manager Regulatory Services	1 May 2024
3.3. A review of open/closed incidents within Sky trust to be integrated into team meetings as a fixed agenda item under 'WH&S matters.' This will be implemented across the entire Development and Regulatory Services Division.	Manager Development & Regulatory Services	1 May 2024

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 4: Large volume of open cases and enhancing governance, oversight and reporting practices	**Moderate**

Finding(s):	**Recommendation(s)**

Finding(s):

From the assessment of data from 21 December 2023, it was noted that there was a large number of open Community Safety (CS) cases. Management advised that there was a spike in CS cases in December, one (1) open Community Safety Inspector (CSI) FTE position and one (1) CSI on extended leave, which contributed to the volume of open cases during December. Internal Audit analysed the data and identifying the following:

- 280 open cases.
- 80 (29%) overdue* per the original SLA agreed timeframe.
- 25 (9%) remained overdue as at 29 January 2024.

*It is acknowledged that there are legitimate reasons for keeping a case open, for both risk management and to provide customers with a good customer service experience. Community Safety Inspectors (CSIs) are empowered to change the status of cases (e.g. to "On Hold") and override the due date within Salesforce, where there is a legitimate reason. Current practice before closing a CS case the CoM includes:

- Providing a customer with ample opportunity to remediate an issue before pursuing potential mediation or litigation. Management advised that the CoM only go to court as a last resort, due to compassionate, reputational or financial reasons.
- Changing the case status to "On Hold" where further time is required to substantiate whether the issue has been remediated. For example, a local nuisance smoke case may be left open over summer until the resident uses their fireplace when the weather cools down.

Analysis of Overdue Cases (per Original SLA date)

Overdue open cases per original SLA timeframes

	Bees	Cats	Dogs	Payment Enquiry	Private property	Vacant block	Unsightly private property	Overhanging / Overgrown
	Animals / Pests			Expiation Notices	Grass Overgrown		Local nuisance	Trees / Vegetation
Total	1	1	7	1	3	1	5	6
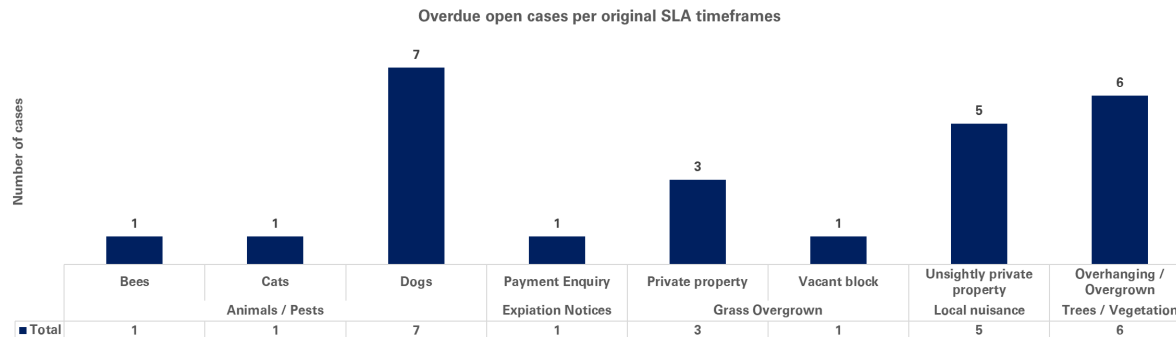
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Recommendation(s)

Internal Audit recommends:

1. Management to develop and implement a quality assurance (QA) program to periodically review a sample of cases for each CSI to ensure conformance with the CS framework, including scenarios of changing case status to "On Hold" and extending due dates. The QA program can be targeted and weighted to new and less experienced CSIs, in addition to past performance.

2. Enhance dashboard reporting for middle Management (e.g. Manager Development and Regulatory Services, Unit Manager Regulatory Services, Team Leader Community Safety) to ensure appropriate monitoring of CS metrics and KPIs, prioritisation of cases and performance management for timely decision making.

3. Develop and implement a targeted training and awareness session to guide CSIs on the process for when a case can be put "On Hold" and scenarios a case may be closed.

4. Consider developing a sub-category within Salesforce for those cases left open for an extended period for legitimate reasons. The Team Leader Community Safety should approve all cases selected within this sub-category. Further, Management to consider whether these cases can be excluded from reporting of overdue cases.

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 4: Large volume of open cases and enhancing governance, oversight and reporting practices (continued)	**Moderate**
Finding(s):	**Recommendation(s)**

(Continued from previous page)

Days ageing analysis of overdue cases

- 3 cases greater than 200 days overdue (categories Local nuisance and Animal/Pests).
- 3 cases overdue between 100-200 days (categories Local nuisance and Animal/Pests).
- The 6 cases greater than 100 days have been investigated by Management and have been kept open to allow monitoring of the case to ensure all required actions have been completed before closing the case.
- As at 29 January 2024, CoM has closed 55 of the 80 overdue and continues to investigate and analyse the other 25 open cases.

Ageing of overdue cases

Pie chart data: 12 (0-30 days), 7 (30-100 days), 3 (100-200 days), 3 (200+ days)

Legend:
- 0-30 days
- 30 - 100 days
- 100 - 200 days
- 200+ days
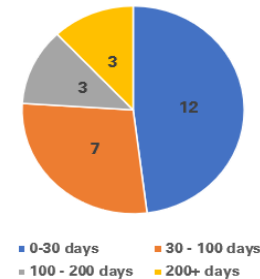
Resourcing challenges

It is acknowledged that the CS Team has been under resourced (1-2 FTE) for most of the 2023 calendar year which has impacted the ability to action and close all cases in a timely manner. Management advised that the CS team will be fully resourced by March 2024, which should enable the team to continue to close out open cases in a manageable manner. Please note that the CS Team does currently use an external contractor (AIG) who are utilised on daily basis, including after hours and weekends, as required.

Governance, oversight and reporting practices

- The Team Leader Community Safety is responsible for managing the day-to-day operations of the CS Team. The role includes daily monitoring and allocation of cases and weekly toolbox meetings with CSIs.
- It is acknowledged that Management does periodically monitor CS Team metrics and performance via dashboard reporting, however, has acknowledged that there is opportunity to enhance dashboard reporting (e.g. overdue and near due cases against original SLA, cases "On Hold", case due date extended, cases by categories and ageing, etc.) for middle-management for more effective and efficient analysis to strengthen governance and enable informed and timely decision making.
- The CoM has developed SLA timeframes for multiple categories and subcategories of community safety cases. It is noted once cases are entered into Salesforce, the due dates are automatically calculated based on the SLAs. Whilst Management advised that the due dates are automatically calculated by Salesforce, these dates are editable and can by modified by the Community Safety Team as required.

(Continued on next page)

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 4: Challenges in managing a large volume of open cases and enhancing governance, oversight and reporting practices (continued)	Moderate

(Continued from previous page)

Risks

1. Community Safety case due dates may be manually extended by a CSI without any legitimate reason, resulting in failure to close CS cases within agreed original SLA timeframes which may result in loss of customer confidence and reputational damage to the CoM.

2. Increase in caseload may negatively impact the mental health and wellbeing of CSIs.

3. Increase in use of external contractor results in financial impact and potential loss of knowledge.

4. Lack of robust and timely review of dashboard reporting may result in lack of informed and timely decision making.

Agreed Management Actions:	Responsibility	Target Dates
4.1. Management will develop and implement a quality assurance (QA) program to periodically review a sample of cases for each CSI to ensure conformance with the CS framework, including scenarios of changing case status to "On Hold" and extending due dates.	Team Leader Community Safety	1 June 2024
4.2. Enhanced Salesforce dashboard reporting, including a live Salesforce reporting tool, to be developed for middle Management to monitor CSI team metrics and performance, to inform timely decision making.	Unit Manager Regulatory Services	1 June 2024
4.3. To be incorporated into the comprehensive CSI induction and refresher training and awareness program implemented as part of Action 1.2.	Unit Manager Regulatory Services	1 July 2024
4.4. Develop a sub-category within Salesforce for those cases left open for an extended period for legitimate reasons. In addition, a process to be developed for the Team Leader Community Safety to approve all cases selected within this sub-category. Further, Management to consider whether these cases can be excluded from reporting of overdue cases.	Manager Development & Regulatory Services	1 June 2024

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 5: Procedural documentation not current and accurate | **Low**

Finding(s):	**Recommendation(s)**
It is acknowledged that the Community Safety Team framework includes the Enforcement Policy and multiple process maps and procedures to support and guide CSIs to perform their day-to-day activities in a standardised manner. However, upon review of the documentation, Internal Audit noted the following: **Outdated references within the procedural documents** Currently, there are multiple procedure documents which are overdue for review to ensure they contain accurate and current information. For example, the following procedures include reference to 'Authority' which Management advised was the previous case management system (before Salesforce) at the CoM. These documents are: • Dog and Cat Management. • Issuing Expiations – Fire, By-law, Nuisance & Litter, Local Government. • Local nuisance (e.g. management of complaints relating to issues with Noise and Dust). • Deal with Burning in the open, smoke and solid fuel heaters. Additionally, the documented process to issue expiations references the use of 'Pink Expiation Books' by the CSIs as part of the expiation process. Management advised that the 'Pink Expiation Books' manual process is no longer part of the expiation process, and current practice is for the CSIs to use Infringement Management as a Service (IMaaS) and PinForce Mobile systems to issue notices, fines and expiations (implemented in early 2023). **Absence of documented procedure to manage anonymous complaints** • Sample testing identified that case #98335 was closed without the standard retention of (barking dog) data and documentation within Salesforce, which involved an anonymous complaint regarding a barking dog incident. • Management advised procedures do not currently contain guidance on how to manage anonymous complaints. **Risk(s)**: This presents risks to the CoM including: 1. Outdated procedures may result in inconsistent practice of managing community safety cases, which could potentially lead to error, delays or resource wastage. 2. Retention of required data and documentation may not be adequate to conform with legislative and the CoM requirements.	Internal Audit recommends: 1. Management to review and update the procedural documents identified by Internal Audit, to ensure that they accurately reflect current practice, the operational environment and key systems. 2. Ensure that all policies and procedures within the Community Safety Framework are reviewed and updated on a periodic basis as well as following any material change to current practice. 3. Develop and document clear steps within relevant procedures regarding managing anonymous complaints, to ensure that current practice and documentation retention requirements are defined and adhered to for all anonymous cases, promoting transparency and accountability in the resolution process.

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

Finding 5: Procedural documentation not current and accurate.		**Low**

Agreed Management Actions:	Responsibility	Target Dates
5.1. Management will undertake a review and update of the Community Safety Framework, including: (a) All documents identified by Internal Audit to ensure they accurately reflect current practice. (b) All CSI policies and procedures to ensure that they reflect current practice, operational environment and reference current systems and tools. (c) Develop and document clear steps within relevant procedures regarding managing anonymous complaints.	Team Leader Community Safety	1 July 2024
5.2. Management will ensure that policies and procedures within the Community Safety Framework are reviewed and updated on a periodic basis, in addition to following any material change to current practice.	Team Leader Community Safety	1 July 2024
5.3. To be incorporated into the review and update of the Community Safety Framework to be implemented as per **Action 5.1.**	Team Leader Community Safety	1 July 2024

4.0 Internal Audit Findings

Executive Summary	Background	Summary of Findings	**Internal Audit Findings**	Appendices

Finding 6: Retention of case data and documentation.

	Low
	Recommendation(s)

Whist Salesforce is utilised as a case management system to record customer event by both Business Support Officers (BSOs) from the Community Safety (CS) Team and the Customer Service Team at the CoM, Internal Audit noted inconsistent practice with the retention of required data and documentation. Sample testing identified that 2 (20%) out of 10 community safety cases within Salesforce, there was missing documentation not in conformance with the CoM CS Framework to substantiate and evidence completed CS cases. It was noted that missing evidence included the following:

Case ID	Case Category	Missing documentation	Missing information on case
98272	Dog Attack	• Photograph of microchip of the dog within Salesforce • Photograph of offending dog in Salesforce	Management acknowledged: • The photos of the microchip and the dog were not included within the case in Salesforce.
96646	Unsightly Property	• Unsightly factsheet • SOP subjective assessment • Community Safety Unsightly Check Sheet	Management acknowledged: • Unsightly fact sheet was enclosed with the correspondence but not placed on the case and the information from the fact sheet was copy pasted on Salesforce to reduced administrative burden. • No SOP subjective assessment and Community Safety unsightly check sheet was developed.

Expiation data and documentation in Salesforce

It was identified that for case #96048 and #64022, the expiation notices and expiation reference number were not documented and retained within Salesforce. It is acknowledged that the data and documentation is retained within Pinforce and IMaaS systems, however Management advised that it is manual search process to obtain the required evidence. Better practice is that all data and documentation is uploaded into each relevant case within Salesforce.

Risk(s):

This presents risks to the CoM including:

1. Insufficient retention of supporting documentation to substantiate the conclusions and actions of the CS Team may result in reputational and financial damage resulting from a loss in court case.

2. Inconsistent practice with retention of data and documentation may be non-compliant with legislative and CoM requirements.

(Continued on next page)

Internal Audit recommends Management:

1. In addition to Recommendation 1 in Finding 2, develop and implement a training and awareness program of the Community Safety Framework to CSIs to enable consistent application of the framework, including required retention of critical supporting documentation and data.

2. In addition to Recommendation 1 in Finding 4, Management to develop and implement a quality assurance (QA) program to periodically review a sample of closed cases for each CSI to ensure conformance with the framework including adequation retention of data and supporting documentation. The QA program can be targeted and weighted to new and less experienced CSIs, in addition to past performance.

3. Where expiations are issued, the relevant expiation numbers should be documented in the relevant field within the Salesforce case. Further, Management to consider whether expiation notices should also be uploaded into Salesforce for completeness.

4.0 Internal Audit Findings

| Executive Summary | Background | Summary of Findings | **Internal Audit Findings** | Appendices |

Finding 6: Retention of case data and documentation.

	Low

Agreed Management Actions:	Responsibility	Target Dates
6.1. To be incorporated into the comprehensive CSI induction and training refresher program implemented as part of **Actions 1.2** and **2.1.**	Unit Manager Regulatory Services	1 July 2024
6.2. To be incorporated into the Quality Assurance Program implemented as part of **Action 4.1**	Team Leader Community Safety	1 June 2024
6.3. To be incorporated into the review and update of the Community Safety Framework to be implemented as per **Action 5.1** and implemented in practice to adequately retain expiation supporting documentation.	Team Leader Community Safety	1 July 2024

Appendix 1: Benchmarking

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

| Area assessed | CoM | Community Safety Benchmarking | |
		Large City Council 1	**Large City Council 2**
Community Safety Team Overview	**Full time equivalent** • 11 FTE (1 Unit Manager, 1 Team Leader, 1 Senior CSI, 6 CSI, 2 business support officers) • Under resourced majority of 2023. **Resourcing model** • 6-day roster for internal CS Team (no Sundays) • AIG Security external contractor (predominantly utilised at Westfield), who are utilised on daily basis as needed, including after hours and weekends, as required.	**Full time equivalent** • 14 FTE (including 9 CSI) • Under resourced majority of 2023. **Resourcing model** • 7-day roster for internal CS Team (7 am – 7 pm) • AIG Security external contractor utilised for out of hours, ad-hoc backfield work and emergency dog related issues (7 am – 7 pm).	**Full time equivalent** • 14 FTE (6 CSIs, 2 Parking Officers, 1 Illegal Dumping Officer, 1 Local nuisance Officer, 1 Parking Control officers, 1 Team Leader and 2 Senior Community Officers) **Resourcing model** • 5-day roster for internal CS Team (no weekends) • AIG Security external contractor from 5 pm – 10:30 pm and weekends.
Governance, Reporting and Framework	**Governance and oversight** • Enforcement Policy. • No formal management committee oversight of CS operations. • Limited dashboard reporting by Team Leader, Unit Manager, Manager. • POR reporting (1 CS KPI) • Opportunity to review and update procedures to ensure accurate and current.	**Governance and oversight** • Enforcement Policy. • No formal management committee oversight of CS operations. • No dashboard reporting – only manual analysis conducted. • Opportunity to review and update procedures to ensure accurate and current.	**Governance and oversight** • Enforcement Policy. • No formal management committee oversight of CS operations. • No dashboard reporting – only manual analysis conducted. • Monthly report generated for SLT and ELT. • Financial reporting on monthly basis from business unit level to track income generated from dog registrations.
Training	**Training** • Training Needs Analysis in-progress. • No integration between training systems (Kineo Learning Management System, Skytrust and HR system) • Opportunity to uplift CS training framework.	**Training** • Training Needs Analysis developed. • No integration between training systems (Tech 1, Skytrust) • Opportunity to uplift CS training framework.	**Training** • Training Needs Analysis developed. • Formal induction within Skytrust in place. • Internal CSI is a dog training expert and developed training.
Record Keeping	**Record Keeping** • Opportunity to uplift retention of key data and documentation in CS cases. • No formal Quality Assurance program to sample check CS case conformance (including retention of critical data and documents)	**Record Keeping** • Opportunity to uplift retention of key data and documentation in CS cases. • No formal Quality Assurance program to sample check CS case conformance (including retention of critical data and documents)	**Record Keeping** • Opportunity to uplift retention of key data and documentation in CS cases. • No formal Quality Assurance program to sample check CS case conformance (including retention of critical data and documents)

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Appendix 1: Benchmarking

Executive Summary	Background	Summary of Findings	Internal Audit Findings	**Appendices**

Area assessed	CoM	Community Safety Benchmarking	
		Large City Council 1	**Large City Council 2**
Worker's Health and Safety	**WHS & Incident Management** • Draft actions to mitigate psychosocial hazards and risks. • Incidents are signed off by people leader. • Opportunity to uplift risk assessments, controls and actions. • Salesforce controls include dangerous address & hazard button to flag to CSI. • Man/Woman down necklace. **Bodycams** • Inconsistent use of bodycams by CSI. • Senior CSI manually uploads bodycam data to SharePoint (daily). • Bodycams charged overnight (daily) at CoM office. • Manual upload of bodycam recording to individual cases in Salesforce.	**WHS & Incident Management** • Rolled out a program with Frontline Mental Health on Psychosocial hazards and risks. • Opportunity to uplift incident reporting. • Incidents are signed off by the Supervisor. • Task risk assessments are reviewed and up-to-date. • TechOne controls include property of interest to flag to CSI. **Bodycams** • Inconsistent use of bodycams by CSI. • Documented guidance on usage of cameras. • Bodycams charged overnight (daily) at CSI home. • Manual upload of bodycam recording.	**WHS and Incident Management** • Recently developed WHS plan for next three years. • Identified psychosocial legislative reform. • TechOne controls include property of interest to flag to CSI. • SLT approved 3 Year WHS Plan. **Bodycams** • New bodycams with more memory and automatically download data at the end of the day when charge on docking station (daily) at CCS office. • Bodycams recorded at all times when on public land. • Data lasts for 60 days in the disks after upload.
System Functionalities	**Customer request management and expiations** • Salesforce – CS case management system. • Pinforce and IMaaS utilised to issue expiations. • Skytrust – incident and hazard reporting system.	**Customer request management and expiations** • TechOne – CS case management system. • Pinforce utilised for expiations; however, does not integrated with TechOne. • Plan to procure Salesforce in 6 (six) months.	**Customer request management and expiations** • TechOne – CS case Management system. • Currently implementing Salesforce. • Customer CX Strategy includes a portal for customers to enter CS cases directly.
Case Management	**Case Management** • Cases received via email, voice call, social media. • 10,904 cases FY23. • 280 open cases as at 21 Dec 2023. • 80 cases overdue based on SLA timeframe as at 21 Dec 2023 (25 of these overdue at 28/1/24). • Triaging performed by BSOs, CSOs and Team Leader.	**Case Management** • Cases received by online and voice calls. • 13,500 approx. cases p/a. • Approximately 100 to 200 cases open at the moment. • Cannot report on overdue cases due to system (TechOne) limitation. • Triaging performed by customer service team which includes Coordinator and 3 Support Officers.	**Case Management** • Cases largely received by voice and email. • 13,500 (approx.) cases in 2023. • Internal knowledge base utlised by Community Safety Admin Officers to provide context on enquiries. • Triaging performed by customer support officers (voice) and dedicated admin FTE (email)
Service Level Agreements (SLAs)	**SLAs** • 257 SLAs. • Salesforce automatically calculates SLA due dates when case recorded in the system. • Dashboard report on overdue CS cases. • Due dates can be manually changed by any CS team member.	**SLAs** • 33 SLAs • Cannot report on overdue cases due to system (TechOne) limitation • System does not have the ability to put "On Hold." • Due dates cannot be changed in TechOne • No current sophisticated dashboard reporting to monitor and report on performance	**SLAs** • 40 SLAs • Cannot report on overdue cases due to system (TechOne) limitation • System does not have the ability to put "On Hold." • Due dates cannot be changed in TechOne • No current sophisticated dashboard reporting to monitor and report on performance

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Appendix 2: Staff Consultations

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

The tables below summarises the CoM personnel who were involved in discussions and consulted during the audit review. Each personnel has contributed to the findings and actions detailed in this Internal Audit Report.

Process	Stakeholders Consulted
Community Safety Overview	Caroline Corston *(Team Leader Community Safety)* Stephen Zillante *(Unit Manager Regulatory Services)*
Customer Request Process	Caroline Corston *(Team Leader Community Safety)* Stephen Zillante *(Unit Manager Regulatory Services)*
Scheduling, time sheeting and overtime process	Caroline Corston *(Team Leader Community Safety)* Stephen Zillante *(Unit Manager Regulatory Services)*
After hours call out process	Julian Jarrett *(Community Safety Inspectors)* Jacob Brown *(Community Safety Inspectors)*
Induction & Training	Caroline Corston *(Team Leader Community Safety)* Stephen Zillante *(Unit Manager Regulatory Services)* Andrea Van Der Water *(L&D Partner)* Kelly Woolerton *(CSI Team Member)*
WHS	Caroline Corston *(Team Leader Community Safety)* Stephen Zillante *(Unit Manager Regulatory Services)* Olimpia Sobor *(WHS Business Partner)*
Governance and Reporting Process	Caroline Corston *(Team Leader Community Safety)* Stephen Zillante *(Unit Manager Regulatory Services)* Warwick Deller Coombs *(Manager Development & Regulatory Services)*

Appendix 3: Classification of Findings

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

The following framework for internal audit ratings has been developed and agreed with the CoM'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 the CoM's Management.

Risk Matrix

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Moderate	Moderate

Likelihood Definition

Rating	Likelihood	Probability by %
Almost Certain	Consequences expected to occur in most circumstances.	>90%
Likely	There is a strong possibility that the event will occur in normal circumstances.	>75%
Possible	The event could occur at some time.	>50%
Unlikely	There is a slight possibility that it could occur at some time.	<25%
Rare	Highly unlikely will occur and only in very exceptional circumstances.	<5%

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Appendix 3: Classification of Findings

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Consequence(s) Definition:

	Community Impact	Financial Impact	Business Continuity/Organisational Impact	Reputation & Public Administrative Impact
Insignificant	• Issue is insignificant with no impact to the community	• Financial impact and loss up to $10,000 • Project is up to 5% of original project budget	• Insignificant impact on the CoM ability to achieve strategic outcomes. • Nil impact on achievement of key project objectives. • Project duration extended up to 10% of original project timeframe.	• Slight but manageable increase in the number of adverse resident/stakeholder complaints. • Sporadic, low level negative commentary on an isolated social media platform for 1-3 days.
Minor	• Issue is temporary and may cause minor inconveniences; impact minimal to the community	• Financial impact and loss between $10,000 - $100,000 • Project between 5%-10% of original budget	• Minor impact on strategic initiatives but overall strategic intent still achievable. • Some impact on isolated key project objectives. Additional minor effort require to ensure all objectives are met. • Project duration extended by 10-20% of original project timeframe.	• Increased number of residents/stakeholder complaints requiring direct effort to resolve/attend to. • Regular, low level negative coverage on multiple media platforms for 1-7 days. • Elected member dissatisfied, complaint.
Moderate	• Issue is significant and is an inconvenience to the community (i.e. site outage); potentially a medium-long term impact	• Financial impact and loss between $100,001 - $1M • Project between 10%-20% of original budget	• Some key components of the strategic plan could not be achieved as a result of risk event. Additional funding/resources required to rectify. • Impact numerous key project objectives. Considerable effort required including some changes in project scope to achieve outcome. • Project duration extended by 21-35% of original project timeframe.	• High volume of resident/stakeholder complaints. • Heightened medium level negative coverage in media platforms for up to 2 weeks. • Majority of Elected Members dissatisfied, Council motion affecting CEO/Administration Ombudsman or Office of Public Integrity. • Partner organisation complaint resolved within portfolio.

Appendix 3: Classification of Findings

Executive Summary	Background	Summary of Findings	Internal Audit Findings	Appendices

Consequence(s) Definition:

	Community Impact	Financial Impact	Business Continuity/Organisational Impact	Reputation & Public Administrative Impact
Major	• Issue impacting the community and is a major inconvenience; has a long term impact	• Financial impact and loss between $1M - $4M • Project between 20%-35% of original budget	• Council unable to deliver on numerous key strategic initiatives without additional funding/resources • Major review of strategic plan required • Significant portion of key project objectives impacts. Major changes to project scope and work necessary to achieve required outcomes • Project duration extended by 36-50% of original project timeframe	• Publicised adverse resident/stakeholder comments and complaints. • Ongoing significant and regular campaign of negative media on multiple social media platforms. • Forced resignation of General Manager/s, Ombudsman or Office of Public Integrity involvement. • Relationship with partner organisation harmed, requires CEO involvement.
Severe	• Issue severely impacting and inconveniencing the whole community; Has a long term or permanent impact and cannot be resolved immediately	• Financial impact and loss between exceed $4M • Project exceed >35% of original budget	• Majority of initiatives and/or key initiatives within the CoM's strategic plan unattainable • Failure of project to meet all required objectives • Project duration extended by >50% of original project timeframe	• Widely publicised resident/stakeholder comments and complaints • Ongoing high level and sustained campaign of negative media on multiple social media platforms • Forced resignation of CEO/Mayor. Council stood down and Minister intervention required • Relationship with partner organisation harmed affecting achievement of a strategic project/objective

Disclaimer

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, the CoM 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 the CoM. 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 the CoM 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 CoM Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in contract "Provision of Internal Audit Services – Cities of Charles Sturt and Marion", executed 10 July 2019. Other than our responsibility to the CoM, 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 the CoM external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

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KPMG

City of Marion

Collaborative Tendering Management
Internal Audit Report

April 2024

Acknowledgement of Country

KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

*This acknowledgement of country has been developed within KPMG Indigenous Network (KIN) should you wish to modify the wording please reach out for consultation of the KIN. The KIN is a culturally safe and supportive space for Aboriginal and Torres Strait Islander colleagues from all geographies, divisions, and levels of the firm and you can get in touch by emailing smoates@kpmg.com.au

Contents

Executive Summary

In accordance with the 2023/24 Internal Audit Plans for the City of Charles Sturt (CCS) and the City of Marion (CoM), collectively (the Councils), a collaborative tendering management internal audit was performed.

1.1 Objective

The objective of the internal audit was to review the processes, policies and procedures associated with each Council's tendering processes, including overall efficiency and effectiveness of the tendering process.

1.2 Scope

The scope of this internal audit included consideration over the following areas:

- Documented policies, procedures and systems in place intended to provide governance over the tendering process.
- The overall structure, resources and roles and responsibilities in relation to tendering management.
- Sourcing strategy, including low risk procurements which could be considered for an alternate procurement process to drive efficiency in the procurement process.
- Process for managing tenders, including promoting fair and open competition when offered to market participants and the overall efficiency and effectiveness of the Council's tendering framework and processes.
- Governance and the compliance of relevant council policies and procedures for the following areas:
  - Pre-tender – including development of the project brief, tender documentation, list of tenders, evaluation plans, conflicts of interest declarations and tender plans.
  - Tendering – including enquiries submitted by tenders, conflict of interest declarations and any subsequent amendments to tender documentation/addendums.
  - Receipt of tenders – controls in place over the tender opening and close processes.
  - Evaluation of tenders – the process undertaken by the councils over receipt of tender documentation, including consideration of each submission against established evaluation criteria and potential short listings.
  - Negotiation and selection – including the protocols applied to post-tender negotiations.

The scope for this internal audit excluded the review of post-contract execution and pre-tendering market sounding processes, areas that were covered in the Contract Value for Money internal audit and any assessment over strategic contracts or value for money commercial approaches to market.

1.3 Positive Observations

Effective Policies and Procedures | A framework is in place to ensure procurement objectives are achieved. The policy and procedure documents are comprehensive, easy to follow, and accessible to relevant staff.

Performance Monitoring | The CoM has recently introduced a Procurement Cycle Times Master to monitor procurement timeframes and act on any delays, including time of TIF submission, approvals and identification of specifications. A Strategic Procurement Achievements register is also maintained to track any achievements, including cost savings and avoidance, social impacts and flag risks.

Knowledge and Expertise | Contract administrators displayed in-depth knowledge of tendering management processes and systems.

Strategic Improvement Initiatives | It was evident the Procurement team is making a conscious effort to continually improve and uplift the maturity and efficiency of tendering management processes, including the recent introduction of vendor panels and information captured within the Procurement Policy and Procedural documentation.

1.4 Key Findings and Recommendations

The number of joint and individual findings identified during the course of this internal audit are shown in the following table. 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 4. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Extreme	High	Medium	Low	PIO
-	-	1	2	4

Background

2.1 Tendering Management Governance

Tendering at the CoM is undertaken in a centralised manner with input across various teams where required, as per specific procurement requirements. Each tender has a Contract Administrator who is responsible for managing the tender and approach to market, including the oversight of tender responses. Overall, tendering activities are overseen and managed by the Procurement Team.

The Tender Evaluation Procedure is supported by the Procurement and Contractor Management Policy, Procurement Procedure and Contract Management Procedure. These policies and procedures were reviewed as part of fieldwork and provide guidance for the requirements of tenders. The evaluation of tenders is undertaken by a panel of members forming a Tender Evaluation Team (TET). The number of members required on the evaluation panel is dependent on the value of the procurement, its complexity and associated risk to Council. TET members can include CoM staff or external consultants, and the appropriate subject matter experts are included as required.

Following completion of the evaluation process, a Tender Assessment Report is composed with a recommended supplier, and this is distributed to the Tender Board for approval or rejection. The Tender Board consists of two (2) Senior Managers and the Manager Strategic Procurement Services.

2.2 Maintaining Probity

Prior to commencement of a tendering process, all members of the TET are required to review and sign the CoM Conflict of Interest and Confidentiality Agreement form. This form captures the following obligations:

- Declare compliance with Council's Code of Conduct.
- To disclose any actual or perceived conflicts of interest.
- To hold all information in relation to the tender confidential.

2.3 Tender Evaluation Criteria

Typical evaluation criteria for the CoM will be dependent on the complexity and risk associated with the procurement. The CoM Tender Evaluation Procedure outlines a number of items which should be included in the criteria such as experience, WHS, methodology and cost.

The following **mandatory** criteria must also be included for every tender to be assessed during the evaluation process:

- **Local supplier criteria** – weighted at 10%.
- **Recycled content** – weighted at 20% of non-price scoring.
- **Environmental sustainability** - weighted at a minimum of 5%, in alignment with formal council policies and directions toward Carbon Neutral.

2.4 Overview of FY23 Projects Tendered by the CoM and CCS

In FY23, the total amount spent on tendering activities via open tendering process, across the CCS and CoM was:

$12.4m
City of Charles Sturt

$16.8m
City of Marion

In FY23, the total amount spent on tendering activities via Vendor Panel, across the CCS and CoM is:

$7.19m
City of Charles Sturt

$1.33m
City of Marion

Background

2.5 The Councils' Tendering Management Processes

The table below includes a high-level comparison between both Councils' current tendering management approaches and practices:

FUNCTIONS	CITY OF MARION	CITY OF CHARLES STURT
Strategy / Guiding Frameworks	• **Procurement Policy:** The objective of the Procurement Policy (last reviewed in November 2021) is to recognise and respond to the CoM's procurement needs, consider value for money in the expenditure of public money, and provide guidance for contractor management. • **Procurement Procedure:** The Manager Strategic Procurement Services has created a detailed procurement procedure to provide guidelines to the CoM officers in the procurement of goods and services. • **Tender Evaluation Procedure:** The Tender Evaluation Procedure (last reviewed in December 2021), provides clear guidance to the Tender Evaluation Team (TET) to promote best practices in the evaluation of tenders. • **Procurement and Contract Management Policy:** All procurement and contract management occurs in accordance with the key principles and requirements of this policy.	• **Procurement Policy:** The Procurement Policy (last reviewed in March 2022) provides clear direction for procurement within the CCS to promote best practices in procurement. • **Procurement Procedure (draft):** The Manager Strategic Procurement is currently developing a procurement procedure to provide guidelines to the CCS officers in the procurement of goods, services and Construction Works. • **Tender Evaluation Procedure (draft):** The CCS is currently developing the Tender Evaluation Procedure, to provide clear guidance to the Tender Evaluation Team (TET) to promote best practices in the evaluation of tenders. • **Contract Management Guide:** The Contract Management Guide (last reviewed in February 2023) is a guidance document listing activities and considerations for Contract Managers to manage their contracts effectively.
System Administration	• Contract Administrators predominantly use Excel and SharePoint as tender management tools. • Vendor Panel and Tender SA are used to communicate and manage pre-qualified vendors.	• Technology One and Content Manager is the tendering management and reporting tool. • Vendor Panel and Tender SA are used to communicate and manage pre-qualified vendors.
Monitoring and Reporting	• Monitoring of any delays in procurements through the Procurement Cycle Times Master spreadsheet. • Value delivery though the Strategic Procurement Achievements Register spreadsheet. • Tender Assessment Reports are distributed to the Tender Board with a recommended supplier for approval.	• A high-level Tender Summary Report is distributed to a delegated authority, to inform and seek approval for a recommended supplier from the open tender process. • The General Manager, Asset Management Services has oversight of procurement activities through informal reporting.

Background

2.5 The Councils' Tendering Management Processes

The table below includes a high-level comparison between both Councils' current tendering management approaches and practices:

FUNCTIONS	CITY OF MARION		CITY OF CHARLES STURT	
General market approach thresholds	**Value**	**General Market Approach**	**Value**	**General Market Approach**
	Up to $1,000	No fixed quote required – suitable provider to be used	Up to $1,000	No fixed quote required – suitable provider to be used
	$1,001 - $5,000	A minimum of 1 written quote required	$1,001 - $5,000	A minimum of 1 written quote required
	$5,001 - $25,000	A minimum of 2 written quotes required	$5,001 - $15,000	A minimum of 2 written quotes required
	$25,001 - $50,000	A minimum of 3 written quotes required, or Tender to be undertaken – dependent on level of risk.	$15,001 - $50,000*	A minimum of 3 written quotes required, or Tender to be undertaken – dependent on level of risk.
	$50,001 - $100,000	Select Tender undertaken through Strategic Procurement team	$50,001 - $100,000	Select Tender undertaken through Strategic Procurement team
	Over $100,000	Public Tender undertaken through Strategic Procurement team	Over $100,000	Public Tender undertaken through Strategic Procurement team

It is noted the CCS Procurement Procedure is being reviewed and in draft, where the general market approach thresholds are aligned between Councils.

Exemption approvers

Exemptions from the procurement policy financial thresholds can be approved by the following officers:

- Between $1,000 - $200,000, Manager Strategic Procurement Services has the authority to approve an exemption.
- Above $200,000, the Tender Board has the authority to approve an exemption.

Exemptions from the procurement policy financial thresholds can be approved by the following officers:

- Between $1,000 - $50,000, the General Manager has the authority to approve an exemption.
- Above $50,000, the Chief Executive Officer has the authority to approve an exemption.

Roles and Responsibilities

- Tendering Management processes are overseen and managed by the Procurement Team, which comprises 2.8 FTE.

- Tendering Management processes are overseen and managed by the Procurement Team, which comprises 2.03 FTE.

The Manager Strategic Procurement Services oversees the Procurement Team activities across the CoM, CCS and CoPAE (comprising of 0.33 FTE).

KPMG

Detailed Findings – Joint Findings

Internal Audit Findings – Joint Findings and Improvement Opportunities

Internal Audit findings in this report have been organised into two categories, as follows:

- Joint findings in relation to consistent observations and opportunities identified across both Councils.

- Specific findings that apply to only one Council.

Through discussions with process owners, documentation review and sample testing performed for the Councils a total of one (1) joint findings and two (2) performance improvement opportunities were identified.

Overall, there are deficiencies and opportunities moving forward for both Councils, to collaborate and share learnings from each other as they address the identified findings. These include:

- Applying further risk profiling to purchasing activities, prior to engaging suppliers.

- Providing further oversight of procurement activities to the Executive Leadership Team (ELT) through regular reporting of key tendering data.

- Opportunities to formalise guidance for certain panels within the Vendor Panel Portal.

- Opportunities to improve pre-tender documentation.

This section outlines the joint findings identified as part of this review. The risk rating for each finding has been mutually agreed by both Councils during the closing collaborative workshop. A section has been provided in each finding for a Management response from each Council.

Rating	Ref #	Description
Low	F1	Gaps identified in the procurement risk assessment and reporting processes
PIO	PIO1	Opportunity to create guidelines for use of the Light and Heavy Fleet Panel
PIO	PIO2	Opportunity to improve the Tender Initiation Form

Finding 1 – Gaps identified in the procurement risk assessment and reporting processes	Low

Finding(s)

Gaps were identified in the Council's risk assessment process for sole sourced procurements and procurement reporting.

Per the Procurement Procedure (Section 7.1.3) for the CCS and the CoM, the responsible procurement officer is required to perform a tender Project Risk Assessment prior to approaching the market through an open or select tender, to identify risks which may have an impact on a project achieving its objectives. It was noted there is currently no procurement risk profiling tool, to support an effective and consistent application to categorising procurements based on risk and value per the Procurement Procedure.

Project Risk Assessments:

Project Risk Assessments (for procurements greater than $50,000) are currently completed as a component of completing the Tender Initiation Form (TIF). In alignment with the Procurement Procedure (Section 7.1.3), Project Risk Assessments were confirmed as completed for all sampled open tender procurements.

Guidance is not in place, however, within the Council's Procurement Procedure which details the need for a Project Risk Assessment to be performed if the market approach is not an open or select tender, including for sole sourced and direct quotation.

Refer to CoM - Finding 2 for additional information in relation to the lack of guidance for project risk profiling when sole sourcing procurements.

Executive Leadership Team (ELT) Oversight and Reporting:

City of Charles Sturt (CCS)

Although it is acknowledged TechOne captures information related to tender management activities, there is no formal monitoring and reporting used to inform those in governance of procurement expenditure on a periodic basis. Currently, the following reporting activities are performed across the CCS' tendering activities:

• A high-level Tender Summary Report is distributed to a delegated authority, to inform and seek approval for a recommended supplier from the open tender process.

• The General Manager, Asset Management Services has oversight of procurement activities through informal reporting.

(continued on following page)

Recommendation(s)

1. Project Risk Assessments:

   • Consider expanding the scope of the Procurement Procedure to capture requirements that better align effort from the Procurement team with the risk profile of the purchasing activity. This may require introducing additional qualitative detail around criteria for completing a Project Risk Assessment.

2. ELT Oversight and Reporting:

   • The Councils consider introducing a formalised procurement expenditure report on a periodic basis, capturing key tendering data, including the total number and value of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier.

(continued on following page)

Finding 1 – Gaps identified in the procurement risk assessment and reporting processes	Low

Finding(s)

(continued from previous page)

There is an opportunity for the CCS to provide further oversight of procurement activities to the ELT through regular reporting of key tendering data, including the total number of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier. It is acknowledged the data to inform this type of report is available via TechOne, however is not currently being utilised for these reporting purposes.

<u>City of Marion (CoM)</u>

It is acknowledged the following reporting activities are currently performed across the CoM's tendering activities:
- Monitoring of any delays in procurements through the Procurement Cycle Times Master spreadsheet.

- Value delivery from the Strategic Procurement Team to the Council and community though the Strategic Procurement Achievements Register spreadsheet.

- High-level Tender Assessment Reports are distributed to the Tender Board, to inform and seek approval for a recommended supplier from the open tender process.

There is an opportunity for the CoM to provide further oversight of procurement activities to the ELT through regular reporting of key tendering data, including the total number of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier. It is acknowledged the data to inform this type of report is available via SharePoint, however not currently being utilised to this extent.

Risks:

Gaps in the procurement risk assessment and reporting processes may lead to a risk of:

1. Inconsistency in tender Project Risk Assessments, with the potential to result in poorly informed approaches to the market for purchasing activities with varying risk profiles.

2. Inadequate reporting, resulting in limited Executive oversight to help facilitate discussion on procurement strategies and trends.

Recommendation(s)

(continued from previous page)
- To support further Executive oversight of procurement activities, this report could be included for discussion as a standing item in quarterly ELT updates to help facilitate discussion on procurement strategies and trends, such as sole sourced procurements.

CCS Management Action(s)	CoM Management Action(s)
1. The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place. 2. Regular periodical reporting will be implemented as part of the periodical update to the Executive Team. This is expected to occur at a minimum of bi-annual.	1. The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place. 2. Regular periodical reporting will be incorporated into the remit of the Procurement Oversight Committee, which will be implemented following the procedures refresh.
Responsibility: Manager – Strategic Procurement Services	**Responsibility:** Manager - Strategic Procurement Services
Target Date: 30 September 2024	**Target Date:** 30 September 2024

PIO 1 – Opportunity to create guidelines for use of the Light and Heavy Fleet Panel	PIO
Observation(s)	**Recommendation(s)**
City of Charles Sturt & City of Marion It was advised a Light and Heavy Vehicle Fleet Panel has recently been established within Vendor Panel for increased efficiency of fleet procurements. As a result, there is an opportunity to formalise supplementary guidance for Light and Heavy Fleet procurements under the panel, which consistently complies with the Councils endorsed Procurement Procedures. This may be achieved through utilising a formal user guideline for the panel agreement and it is acknowledged a document of this nature is currently in draft.	It is recommended the CCS and the CoM finalise the user guidelines for Light and Heavy Vehicle Fleet Panel usage to align purchasing activities with the Procurement Procedure.

CCS Management Action(s)	CoM Management Action(s)
The Light and Heavy Fleet User guide will be finalised and implemented to provide guidance in the fleet procurement process.	The Light and Heavy Fleet User guide will be finalised and implemented to provide guidance in the fleet procurement process.
Responsibility: Manager - Strategic Procurement Services	**Responsibility:** Manager - Strategic Procurement Services
Target Date: 31 August 2024	**Target Date:** 31 August 2024

PIO 2 – Opportunity to uplift the Tender Initiation Form	PIO
Observation(s)	**Recommendation(s)**

The Tender Initiation Form (TIF) contains the key elements of pre-tender requirements, however there is an opportunity for both Councils to uplift the TIF and capture further information in relation to the following areas:

City of Charles Sturt (CCS)

There is an opportunity for the CCS to include additional criteria in the pre-tender stage, including:

- A requirement to formally declare whether the relevant stakeholders have been consulted in relation to the appropriateness of final documentation to be released to the market or panel suppliers.

City of Marion (CoM)

There is an opportunity for the CoM to include additional criteria within the TIF, including:

- Evaluation plan and evaluation criteria, including mandatory and weighted/unweighted criteria.

- Contract management team and contract requirements.

- The responsibility of the Delegated Authority in approving the TIF, including review and approval of the accurate and suitability of the form.

CCS Management Action(s)	CoM Management Action(s)
The Tender Initiation Form will undergo a refresh as part of the current policy and procedures review. This update will be included in the mandatory criteria.	The Tender Initiation Form will undergo a refresh as part of the current policy and procedures review. This update will be included in the mandatory criteria.
Responsibility: Manager - Strategic Procurement Services	**Responsibility:** Manager - Strategic Procurement Services
Target Date: 30 September 2024	**Target Date:** 30 September 2024

KPMG

Detailed Findings – City of Marion

Internal Audit Findings

Internal Audit Findings – City of Marion

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified one (1) medium risk rated, one (1) low risk rated and two (2) performance improvement opportunities. The following table provides a summary of the findings identified. This was discussed with Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Rating	Ref #	Description
Medium	CoM – F1	Non-compliance with mandatory evaluation criteria
Low	CoM – F2	High proportion of purchasing activity via sole sourced procurements
PIO	CoM – PIO 1	Opportunity to formalise post-tender Conflict of Interest declarations
PIO	CoM – PIO 2	Opportunity to improve timeliness of procurement process

Finding 1 - Non-compliance with mandatory evaluation criteria	Medium

Finding(s)

Per the Tender Evaluation procedure (Section 5.2.1), the Council's Corporate Social Responsibility (CSR) commitments require a mandatory 20% weighting for recycled content.

This criteria includes items such as recycled content (20%) and environmental sustainability (at a minimum of 5%) and is only relevant to some tenders (such as Construction, Minor Civil Works, etc).

Through sample testing, it was noted three (3) out of 4 open tender procurements should have been subject to these requirements however did not include reference to CSR mandatory criteria within the evaluated criteria. Evidence of approval of exemption from mandatory assessment criteria was also unable to be provided for the three (3) examples below:

Supplier Name	Project Details	Value of procurement
BluBuilt Construction Pty Ltd	(NRGF21) Coastal walkway - kurnabinna gully cell 6	$ 1,222,839
Beltrame Civil Operations Pty Ltd	Clark/Naldera/Narkunda Drainage	$ 665,059
Badge Construction	Mitchell park sports club masterplan capital	$ 49,799

Through stakeholder consultations, it was also advised there may be a lack of capability to effectively assess against this criteria contributing to limited uptake in the assessment process.

Risk(s):

Non-compliance with mandatory evaluation criteria may lead to a risk of:

1. Inconsistent procurement practices across the Council.

2. Reputational damage with respect to the Council's stakeholders.

Responsibility: Manager - Strategic Procurement Services

Target date: 31 October 2024

Recommendation(s)

Internal Audit recommends the CoM:

1. Reviews the current evaluation criteria template and ensures alignment with the mandatory criteria captured within the Procurement Procedure.

2. Considers additional upskilling activities to uplift capability of the Procurement Team in assessment of CSR commitments and other sustainability related evaluation criteria.

Agreed Management Action(s)

1. The mandatory evaluation criteria will undergo a refresh as part of the current policy and procedures review.

2. Future upskilling and training opportunities will be considered for the Procurement Team.

Finding 2 – High proportion of purchasing activity via sole sourced procurements	**Low**

Finding(s)

Per the CoM's Procurement Policy (Section 7.1.3), Contract Administrators perform project risk assessments as part of Tender Initiation From (TIF) within the agreed risk template based on Council's Risk Management Framework. However, guidance is not contained within the CoM's Procurement Procedure to clearly stipulate the need for a project risk assessment, if the market approach is not an open tender.

It was noted six (6) of the 10 procurements sampled appeared to be sole sourced via purchase orders. Of the six (6), one (1) was contracted as a part of the Legal Services Panel, one (1) was an extension of an existing contract for emergency construction works and one (1) was considered low risk valued at $1,128. The following three (3) examples contained limited justification for an exemption of the Procurement Procedure (per Section 6.2) to conduct a sole sourced procurement, without having conducted a Project Risk Assessment:

Supplier Name	Value of procurement	Comments
Think Water Adelaide	$30,000	Single sourced procurement as the supplier is a 'specialist supply'.
RMS Home & Garden Supplies	$49,735	The supplier is a standard contractor for aged gardening.
Southern Cross Cleaning	$135,919	Council had previously contracted another cleaning services supplier for the job. However, an approval to procure Southern Cleaning was granted as it provided better value for money outcome.

It is acknowledged better practice project risk assessment would largely consider the risk profile of the procurement, rather than the financial value or if it has gone through a tendering process.

Risk(s):

A high proportion of purchasing activity through sole sourced procurements may lead to a risk of insufficiently testing the market to assess whether better value for money alternatives are available.

Recommendation(s)

Internal Audit recommends the CoM consider expanding the scope of the Procurement Procedure to capture requirements that better align effort from the Procurement Team with the risk profile of the purchasing activity. This may require introducing additional qualitative detail around criteria for completing a Project Risk Assessment.

Agreed Management Actions

The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will also be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place.

Responsibility: Manager - Strategic Procurement Services

Target date: 30 September 2024

PIO 1 - Opportunity to formalise post-tender Conflict of Interest declarations		PIO
Finding(s)	**Recommendation(s)**	**Agreed Management Action(s)**
Currently, per the Procurement Procedure (Section – 7.4.1 Maintain Probity) any Conflict of Interest (COI) is required to be declared formally prior to approaching suppliers to ensure probity, accountability and transparency. Through stakeholder consultation, it was advised the Tender Evaluation Team (TET) are not formally required to document any actual or perceived COIs prior to commencing the evaluation of tender responses.	Internal Audit recommends the CoM consider including a formalised process within the Procurement Procedure for documenting any actual or perceived COIs, prior to commencement of evaluating tender responses.	The Conflict of Interest requirements will undergo a refresh as part of the current policy and procedures review.
Responsibility: Manager - Strategic Procurement Services		
Target date: 30 September 2024		

PIO 2 - Opportunity to improve timeliness of procurement process		PIO
Finding(s)	**Recommendation(s)**	**Agreed Management Action(s)**
Through discussion with key stakeholders, Internal Audit identified the following improvement opportunity to tendering management practices across both pre-evaluation and post-evaluation phases of the tendering management lifecycle.	Internal Audit recommends the CoM considers expediting the current Tender Assessment Report with recommended supplier through a delegate with appropriate financial authority, rather than the Tender Board.	With the proposed implementation of the Procurement Oversight Committee (POC), which will meet periodically, the timelines of available tender recommendation approvals will have a set cadence for the evaluation team and procurement teams. Management does not consider changes to delegations and/or removal of the independent review to be necessary with the POC implementation.
1. Pre-evaluation – Budget Approvals Through monitoring the Procurement Cycles Times Master, it was advised delays regularly occur in the process of budget assessment and approval from a delegated individual, prior to the Procurement Team being able to approach the market. The budget assessment and approval process is a key component of the pre-evaluation process. The outcome of the budget assessment and approval should determine the tendering management tier and associated requirements. 2. Post-evaluation – Approval of recommended suppliers Following evaluation of tender respondents, a Tender Assessment Report is generated with a recommended supplier, which is reviewed and approved (or rejected) by the CoM Tender Board. The Tender Board consists of the Manager Strategic Procurement Services and two (2) varying Senior Leadership Team (SLT) members. The current approval process can face delays if availability is limited of the Tender Board participants. This further impacts delays in communication to successful and unsuccessful tenderers. There is an opportunity to expedite this process through clearer delegations of financial approval, as a segregated step to approving the appropriateness of the tender assessment process conducted.		
Responsibility: Manager - Strategic Procurement Services		
Target date: 30 September 2024		

Appendices

Appendix 1 – Vendor Panel Summary

The table below includes a summary of the panels available in the contracts register:

Panel Name	Contractors/Suppliers
Provision of Temporary Labour Hire Panel	• Programmed Skilled • Maxima • Hoban Recruitment • Workpac • Randstad • Harrison McMillan
Irrigation Panel Contract	• Belair Turf Pty Ltd • ORB Irrigation Pty Ltd, t/a Hugall and Hoile Reticulation • Lawn Nation Pty Ltd • Landscape Construction Services Pty Ltd • Lomman Irrigation Pty Ltd, t/a Think Water Adelaide
Minor Landscaping Panel	• Adelaide Landscape Construction Pty Ltd • BEDFORD PHOENIX INCORPORATED • Bluedog Fences Australia Pty Ltd • Civil and Concrete Solutions Pty Ltd • Consolidated Landscape Services Pty Ltd • Dirtwork Landscapes Pty Ltd • Gilli Contractors Pty Ltd • Hakea Landscape and Revegetation Services • JVH Technology (SA) Pty Ltd • Landscape Maintenance Services (SA) Pty • LD Total • LJK Project Management Pty Ltd • Outside Ideas CLC Pty Ltd • Prestige Sports & Earthmoving Constructions Pty Ltd • UrbanVirons Group Pty Ltd • Violi Construction • Plot Works Pty Ltd • Camco (SA) Pty Ltd

Panel Name	Contractors/Suppliers
Tree Planting	• Sanpoint Pty Ltd as trustee of Fiore Family Trust (t/a LD Total) • UrbanVirons Group Pty Ltd
Urban Tree Works	• Active Tree Services • Austral Tree Services • Mechanical Vegetation Solutions • Taking Care Group • Tree Tech SA • Urban Virons Group Pty Ltd
Provision of Social Support Group	• Hackham West Community Centre
Supply and Delivery of Heavy and Light Fleet – Panel Contract	• North East Isuzu • CMI Hino • Australian Motors • CMI Toyota • Eblen Subaru • Jarvic Subaru • Jarvis Isuzu • Maughan Thiem • Northpoint Toyota • Stillwell Hyundai
Supply of Nursery Grown Plants (CCS and COM)	• Adelaide Advanced Trees • Coromandel Nursery • Edinburgh Parks Nursery • Freshford Nurseries • Provenance Indigenous Plants

Appendix 1 – Vendor Panel Summary

The table below includes a summary of the panels available in the contracts register (cont.):

Panel Name	Contractors/Suppliers
Southern Business Mentoring Program	• Business and More Pty Ltd • RichoCo • KSM Advisory • DIY Digital • Evelyn Pollard Consulting • Development at Work Australia Pty Ltd • BasiConceptsPty Ltd t/a The New Retail Revolution • Belinda Bracale T/a Neon Moose • Alex Brown Project Co • Rawtec Pty Ltd
Provision of Legal Services	• Minter Ellison • Cowell Clarke • Mellor Olsson • Kelledy Jones • Norman Waterhouse • Thomson Geer • Wallmans
Basic Domestic Assistance, Home Maintenance and Modification, Social Support and Transport	• Gleam Team Domestic Services • ESAR Home Care • Glorious Network Company Pty Ltd • Petchey Constructions • Marcus Priem Plumbing • Support Staff • Your Nursing Agency • Suburban Transport Services Pty Ltd T/A Suburban Taxis

The table below includes a summary of transactions per panel:

Panel Name	Number of Transactions
LGAP (MAV) Plant Machinery Equipment (Small)	1
LGAP Minor Civil Works	2
Minor Landscaping Panel	8

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Appendix 2 - Summary of Sample Testing

Sample Ref	Pre-tender	Tendering Process	Receipt of tenders	Evaluation of tender	Comments
Sample 1	🟢	🟢	🟢	🟢	All evidence obtained and sighted.
Sample 2	🟠	🟠	🟠	🟠	Purchase Orders raised due to emergency to undertake works on fallen lights.
Sample 3	🟢	🟢	🟢	🟢	All evidence obtained and sighted.
Sample 4	🟢	🟢	🟢	🟢	All evidence obtained and sighted.
Sample 5	🟠	🟠	🟠	🟠	Single Sourced procurement as the supplier is a 'specialist supply'.
Sample 6	🟠	🟠	🟠	🟠	The supplier is a standard contractor for aged gardening.
Sample 7	🟢	🟢	🟢	🟢	All evidence obtained and sighted.
Sample 8	⚪	⚪	🟠	⚪	Due to the amount of the procurement, a PO was raised for the services.
Sample 9	🟠	🟠	🟠	🟠	Procurement took place via the Council's legal services panel.
Sample 10	🟠	🟠	🟠	🟠	Council had previously contracted another cleaning services supplier for the job. However, an approval to procure Southern Cleaning was granted as it provided better value for money outcome.

🟠 No evidence obtained   ⚪ Not Applicable   🟢 Evidence obtained

Appendix 3 - Stakeholder Consults

The tables below summarises the Council's personnel who were involved in discussions and contributed to the findings and actions detailed in this Internal Audit Report.

City of Marion

Name	Title
Ray Barnwell	Chief Financial Officer
Angela Allison	General Manager, Corporate Services
Kate McKenzie	Manager, Office of the Chief Executive
Colin Heath	Senior Procurement Specialist
Jamie Dunnicliff	Manager, Strategic Procurement Services
Malcolm Eagles	Procurement Officer
Prashant Kumar	ICT Procurement Officer

City of Charles Sturt

Name	Title
Adrian Ralph	General Manager, Asset Management Services
Jamie Dunnicliff	Manager, Strategic Procurement Services
Donna Dunbar	General Manager, Governance & Operational Support
Kerrie Jackson	Manager, Governance & Operational Support
Mary Del Giglio	Team Leader, Governance & Business Support
Danielle Pipicella	Team Leader, Governance & Business Support
Carmine D'Amico	Coordinator, Transport Strategy & Assets
Richard Hughes	Coordinator, Open Space & Property Projects
Evert Verhage	Fleet Manager, Asset Management Services
Murali KG	Coordinator Engineering Projects
Prashant Kumar	Procurement Advisor

Appendix 4 - Classification of findings

The following framework for internal audit ratings has been developed and agreed with the CoM'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 CoM'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.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business be Councils issue. • Decrease in the public's confidence in the Councils. • 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.	• Requires immediate notification to the Councils Finance and Audit Committee via the Presiding Member • Requires immediate notification to the Councils 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.	• 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.	• Requires immediate Councils General Manager notification. • Requires prompt management action planning/remediation actions (i.e. 30 days)

Appendix 4 - Classification of findings

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	• Moderate impact on operations or functions. • Reputation will be affected in the short-term. • Possible decrease in the public's confidence in the Councils. • 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.	• Requires Councils 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.	• 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.	• Timeframe for action is subject to The competing priorities and cost/benefit (i.e. 90 days).

Appendix 4 - Classification of findings

Risk Assessment Matrix – determine the Level of Risk

Likelihood of Occurrence	Consequence of Occurrence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Likelihood Criteria

Almost Certain	The event is occurring now or is almost certain to occur. (Probability >75%)
Likely	The event is likely to occur. (Probability 50- <75%)
Possible	The event may possibly occur. (Probability 25 - < 50%)
Unlikely	The event is unlikely to occur. (Probability 1 - < 25%)
Rare	The event will only occur in exceptional circumstances. (Probability close to 0)

Consequence Criteria (Summarised)

Insignifica	Physical or other injury requiring First Aid. No impact on wellbeing*. Minor local disruption.
Minor	Physical or other injury resulting or requiring medical attention. Minor temporary impact on wellbeing*. Local and temporary poor morale.
Moderat	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing* or morale morale issues.
Major	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing* impact. Entrenched severe morale problems.
Severe	Death or critical injury. Wellbeing* of majority of workforce affected. Loss of a majority of the workforce. Inability to replace critical services.

Disclaimers
Consequence and Category Factors

Inherent Limitations

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been 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 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.

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, the Councils management and personnel consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is 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.

The findings in this report have been formed on the above basis.

Reference to 'Review' and 'Audit'

Reference to 'Review' and 'Audit' throughout this report has not been used in the context of a review in accordance with assurance and other standards issued by the Australian Auditing and Assurance Standards Board.

Third Party Reliance

This report is solely for the purpose set out in the Scope Section and for Councils information and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of the Councils 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 the Councils, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Electronic Distribution of Report

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7.5 2nd Budget Review 2023-24

Report Reference	FRAC240416R7.5
Originating Officer	Unit Manager - Finance Partnering & Rates – Heath Harding
Corporate Manager	Chief Financial Officer - Ray Barnwell
General Manager	General Manager Corporate Services - Angela Allison

REPORT OBJECTIVE

The purpose of this report is to provide the Finance, Risk and Audit Committee the financial results for the 2nd Budget Review for 2023-2024. The budget review is a revised forecast of the original 2023-2024 budget and as such any savings identified during the budget reviews will not be confirmed until the projects are completed and/or the financial statements are prepared, inclusive of accruals, and audited at the end of the financial year.

EXECUTIVE SUMMARY

The completion of the 2nd Budget Review forecasts a revised full year cash surplus of $0.714m. This revised 2023-24 forecast cash surplus incorporates identified unfavourable net cash adjustments noted below of $0.205m. Deducting this from the 1st Budget Review surplus of $0.919m leaves a revised full year cash surplus of **$0.714m**.

The 2023-2024 - 2nd Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	$	$
1st Budget Review Surplus		918,957
2nd Budget Review Adjustments		
Add Favourable		
Increase in Interest Income	375,000	
Reduction in Street Lighting Electricity	266,981	
Learning & Development Training Subsidies	245,740	
Increase in Rates Fines	100,341	988,062
Less Unfavourable		
Legal Expenditure	57,251	
Various minor adjustments	14,573	71,824
Total 2nd Budget Review Adjustments		916,238
2023/24 Cash Surplus/(Deficit) before Council Resolutions		1,835,195
Less Council Resolutions funded from Rates		
SGC240206F2.1 - Project Funding	750,000	
GC230613F10.2 - Glenthorne Farm National Park Toilet	85,000	
GC231128R12.11 - Hamilton, Hessing & Tarturninthi Reserve Upgrades	285,978	1,120,978
Total 2nd Budget Review adjustments including Council Resolutions		(204,740)
Revised 2023/24 Cash Surplus		714,217

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Note the 2023-24 - 2ⁿᵈ Budget Review position**

GENERAL ANALYSIS

BACKGROUND

Council is required to reconsider the approved budget three times during the year in accordance with *Section 123 (13) of the Local Government Act 1999* and *Section 9 of the Local Government (Financial Management) Regulations 2011*.

The original 2023-24 budget was developed within the context of a long term framework to achieve a balance between meeting the objectives of the Strategic Plan and attaining financial sustainability in the long term.

FRAMEWORK

This budget review continues the focus on achieving the framework set by Council when developing the 2023-24 budget, this being:

- Support the achievement of the City of Marion's Strategic Directions;
- Address issues arising and opportunities identified from internal audit reviews and business excellence assessments;
- Maintain, on average, a breakeven or positive funding (cash) position over the Long Term Financial Plan;
- 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 where it is cost effective to do so;
- Review existing services and assets to ensure they meet prioritised community needs;
- Council only approve new major projects where it has the identified funding capacity to do so;
- Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils.

DISCUSSION

Cash Position

The completion of the 2nd Budget Review forecasts a revised full year cash surplus of **$0.714m.** This revised 2023-24 forecast cash surplus incorporates identified unfavourable net cash adjustments noted in the table below of $0.205m. Deducting this from the 1st Budget Review surplus of $0.919m leaves a revised full year cash surplus of $0.714m.

The 2023-2024 - 2nd Budget Review adjustments can be attributed to the following:

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GC231128R12.11 - Hamilton, Hessing & Tarturninthi Reserve Upgrades	285,978	1,120,978
Total 2nd Budget Review adjustments including Council Resolutions		**(204,740)**
Revised 2023/24 Cash Surplus		**714,217**

The cash result:

- Identifies the cash difference between total revenues and expenditures of Council after allowing for funding from loans, investments, cash drawdowns and reserves.

- Includes capital expenditures, which are excluded from the operating result.

- Provides information of changes in uncommitted financial resources available to Council.

- Returns a cash surplus where savings arise from the original budget, representing an increase in uncommitted financial resources or returns a cash deficit when costs are greater than the original budget, representing a decrease in available financial resources.

The 2nd Budget review is based upon actual results to the end of January 2024 and forecast to June 2024. In accordance with the Local Government (Financial Management) Regulations 2011 a revised budgeted income statement, balance sheet, statement of changes in equity and statement

of cash flows are provided in the Attachments to Appendix 2.

Operating Position

The 2nd Budget Review forecasts an operating deficit of $5.392m, adjusted from an operating deficit of $4.399m in the 1st Budget Review for 2023-2024.

The revised forecast operating deficit is predominantly in relation to the impact of funded Operating Carryovers from 2022-2023 of $5.910m which includes a reduction in the 2023-2024 Grants Commission Funding of $3.662m that was paid in advance (June 2023). In addition, the operating position has been impacted by an increase in forecast depreciation $1.969m, a non-cash adjustment, due to the annual revaluation of infrastructure and major buildings.

Favourable adjustments include an increase in forecast investment income $0.375m and various other minor budget adjustments.

Capital Budget

The 2nd Budget Review forecasts capital expenditure decreasing by $2.352M from $59.176M to $56.825M (Renewal $19.567M, New $37.258M). The forecast decrease in expenditure in 2023-24 is primarily due to the retiming of required funding from 2023-24 to 2024-25 in line with project delivery timelines.

The decrease in forecast capital expenditure can be attributed to the following:

Capital Works	$	$
Reclassification from capital to operating expenditure *	(206,552)	
Alawoona Avenue Streetscape Stormwater (Grant Funded)	439,189	
Various other minor adjustments/reconciliations	128,101	360,738
Retimed Capital Works		
MCC Plaza Redevelopment partial budget retimed to 2023-24	825,226	
Marino Hall partial budget deferred to 2024-25	(4,064,050)	
Marion Basketball Redevelopment deferred to 2024-25	(510,000)	(3,748,824)
Council Resolutions		
GC231128R12.11 - Hamilton, Hessing & Tarturninthi Reserve Upgrades	285,978	
SGC240206F2.1 - Project Funding	750,000	1,035,978
Total Increase/(Decrease) in Capital Expenditure		**(2,352,108)**

* No cash impact. Relates to accounting classification only

Borrowings

The 2nd Budget review forecasts a reduction to the original budget level of required loan funding of $3.7M to $14.3M as a result of the partial retiming to 2024-25 of the Marino Hall upgrade project.

As at 30 June 2023 the City of Marion had a Cash at Bank balance of $29.631M along with access to a short-term debt facility, if required. These cash balances have been quarantined to fund the

cash backed Reserves and other liabilities such as Grants in advance required in the current financial year.

Under Council's Treasury Management Policy, cash balances are continuously being monitored and, if required, debt will be secured to ensure cash balances do not reduce below that required for capital projects and working capital purposes. The need for potential borrowings is reviewed as part of the annual budget setting process.

Reserves

The 2nd Budget Review forecasts a net increase in the use of Reserves by $0.048M.

Reserve Transfers	$	$
1st Budget Review (Net Transfers)		12,326,109
2nd Budget Review Adjustments		
Coastal Walking Trail Bridges grant funding offset transfer to Reserve	750,000	
Public Arts Project retimed to 2024/25 transfer to Reserve	59,511	
MCC Plaza Redevelopment budget transfer from Reserve	(825,226)	
Other minor reserve transfers	(32,113)	(47,828)
Net Reserve Transfers 2nd Budget Review		12,373,937

Labour Budgets
Overall labour budgets remain unchanged in the 2nd Budget Review at $44.119M.

Depreciation
The depreciation budget for 2023-2024 has increased by $1.969M in the 2nd Budget Review to $20.070M, predominantly due to the annual revaluation of infrastructure and major buildings.

Funds Carried Over from 2022-23 to 2023-24

The status of capital works budgets carried over from 2022-2023 ($4.956M) as at the 31st January 2024 is provided below:

Category	# Projects	Carry Over Budget	Completed	Budget Remaining
Infrastructure	13	1,465,717	807,712	658,005
Land & Property	7	1,956,496	1,292,860	663,636
Open Space Planning	1	7,210	7,210	-
Other	6	1,526,921	583,735	943,186
Total	**27**	**4,956,344**	**2,691,517**	**2,264,827**

ATTACHMENTS

1.   Appendix 1 - Budget Review Report Actual to Budget 2023-24 [**7.5.1** - 1 page]
2.   Appendix 2 - Budget Review Financial Statements [**7.5.2** - 7 pages]

CITY OF MARION Budgeted Funding Statement	YTD Actual (31 Jan 2024) $'000	2023-2024 2nd Review Budget $000's
OPERATING REVENUE		
Rates	52,474	89,537
Statutory Charges	1,787	2,690
User Charges	2,450	3,859
Operating Grants and Subsidies	4,881	6,432
Investment Income	585	1,050
Reimbursements	576	1,245
Other Revenues	557	1,184
Share of Profit - Equity Accounted Investments	-	365
	63,310	**106,362**
OPERATING EXPENSES		
Employee Costs	25,102	44,119
Contractual Services	16,544	33,214
Materials	2,892	6,347
Finance Charges	76	151
Depreciation	12,436	20,069
Other	4,252	7,854
	61,302	**111,754**
Operating Surplus/(Deficit) before Capital revenues	**2,008**	**(5,392)**
Add		
(a) **Capital Revenue**		
Capital Grants and Contributions	12,225	17,151
Physical Resources received free of charge	-	-
Asset disposal and fair value adjustments	70	331
Equals **Net Surplus/(Deficit) resulting from operations**	**14,303**	**12,090**
Add Depreciation	12,436	20,070
(Gain)/Loss on disposal of assets		-
Share of Profit SRWRA	0	(365)
Equals **Funding available for Capital Investment expenditure**	**26,739**	**31,795**
Capital		
Less Capital Expenditure - Renewal	11,109	19,567
Less Capital Expenditure - New	7,837	37,258
Less Capital - contributed assets		-
Equals **Net Overall funding Surplus/(Deficit)**	**7,793**	**(25,030)**

Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

	YTD Actual (31 Jan 2024) $'000	2023-2024 2nd Review Budget $000's
LOANS		
Loan Principal Receipts (Net)	-	14,300
Loan Receipts from Sporting Clubs (Net)	-	-
Less Loan Principal Payments	458	929
Loan funding (Net)	**(458)**	**13,371**
Movement in level of cash & accruals		
(b) Cash Surplus/(Deficit) funding requirements	26,535	714
Reserves Net (transfer to/(transfer from)	(19,200)	(12,373)
Cash/Investments/Accruals Funding	**7,335**	**(11,659)**
Equals **Funding Transactions**	**(7,793)**	**25,030**

APPENDIX 2

CITY OF MARION Budgeted Funding Statement	2023-2024 1st Review $000's	2023-2024 2nd Review $000's	Variance $000's
OPERATING REVENUE			
Rates	89,438	89,537	99
Statutory Charges	2,693	2,690	(3)
User Charges	3,647	3,859	212
Operating Grants and Subsidies	6,161	6,432	271
Investment Income	675	1,050	375
Reimbursements	1,204	1,245	41
Other Revenues	1,127	1,184	57
Share of Profit - Equity Accounted Investments	365	365	-
	105,310	**106,362**	**1,052**
OPERATING EXPENSES			
Employee Costs	44,119	44,119	0
Contractual Services	32,906	33,214	308
Materials	6,775	6,347	(428)
Finance Charges	151	151	0
Depreciation	18,100	20,069	1,969
Other	7,658	7,854	196
	109,709	**111,754**	**2,045**
Operating Surplus/(Deficit) before Capital rev's	**(4,399)**	**(5,392)**	**(993)**
Add			
(a) **Capital Revenue**			
Capital Grants and Contributions	17,032	17,151	119
Physical Resources received free of charge	-	-	-
Asset disposal and fair value adjustments	331	331	0
Equals **Net Surplus/(Deficit) resulting from operations**	**12,964**	**12,090**	**(874)**
Add Depreciation	18,100	20,070	1,970
(Gain)/Loss on disposal of assets	-	-	-
Share of Profit SRWRA	(365)	(365)	-
Equals **Funding available for Capital Investment exp**	**30,699**	**31,795**	**1,096**
Capital			
Less Capital Expenditure - Renewal	17,633	19,567	1,934
Less Capital Expenditure - New	41,543	37,258	(4,286)
Less Capital - contributed assets	-	-	-
Equals **Net Overall funding Surplus/(Deficit)**	**(28,477)**	**(25,030)**	**3,448**

CITY OF MARION			
Budgeted Funding Statement			
	2023-2024 1st Review $000's	**2023-2024 2nd Review $000's**	**Variance $000's**

Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

		2023-2024 1st Review $000's	2023-2024 2nd Review $000's	Variance $000's
	LOANS			
	Loan Principal Receipts	18,000	14,300	(3,700)
	Loan Receipts from Sporting Clubs	-	-	-
Less	Loan Principal Payments	929	929	-
	Loan funding (Net)	**17,071**	**13,371**	**(3,700)**
	Movement in level of cash & accruals			
(b)	Cash Surplus/(Deficit) funding requirements	919	714	(205)
	Reserves Net (transfer to/(transfer from)	(12,326)	(12,373)	(47)
	Cash/Investments/Accruals Funding	**(11,407)**	**(11,659)**	**(252)**
Equals	**Funding Transactions**	**28,477**	**25,030**	**(3,448)**

APPENDIX 2

CITY OF MARION Budgeted Income Statement	Actual 2022-2023 $000's	2nd Review 2023-2024 $000's
OPERATING REVENUE		
Rates	84,330	89,537
Statutory Charges	2,542	2,690
User Charges	3,995	3,859
Operating Grants and Subsidies	9,899	6,432
Investment Income	1,157	1,050
Reimbursements	792	1,245
Other Revenue	1,271	1,184
Net Gain - Equity Accounted Council Businesses	645	365
TOTAL OPERATING REVENUE	**104,631**	**106,362**
OPERATING EXPENSES		
Employee Costs	42,378	44,119
Contractual Services	30,169	33,214
Materials	6,154	6,347
Finance Charges	206	151
Depreciation	17,732	20,069
Other Expenses	8,306	7,854
Net Loss - Equity Accounted Council Business	-	-
TOTAL OPERATING EXPENSES	**104,945**	**111,754**
Operating Surplus/(Deficit) before Capital Revenues	**(314)**	**(5,392)**
CAPITAL REVENUES		
Capital Grants, Subsidies and Monetary Contributions	9,087	17,151
Physical resources received free of charge	727	-
Asset disposal and fair value adjustments	(382)	331
Net Surplus/(Deficit) resulting from Operations	**9,118**	**12,090**

Financial Indicators
To assist Council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. The following table provides a matrix of indicators of the 2023-2024 2nd Budget Review and compares the forecast results against the target rate.

Key Ratios	Target	2023-24 Forecast
Operating Surplus Ratio	**0 - 10%**	**-5.07%**

This ratio expresses the operating surplus as a percentage of total operating revenue

Target :	Average between 0-10% over each consecutive 5-year period
Comment :	Positive ratio indicates that Council has sufficient operating revenue to cover operational expenses
	The average Operating Surplus over the past five years is 4%.

Key Ratios	Target	Forecast
Net Financial Liabilities Ratio	**0 - 50%**	**14.85%**

This ratio indicates the extent to which net financial liabilities can be met by total operating revenue

Comment :	This result indicates Council's financial assets currently exceed its Financial Liabilities.
	Council's capacity to meet its financial obligations remains strong

Key Ratios	Target	Forecast
Debt Servicing Ratio	**0 - 10%**	**1.03%**

This ratio identifies Council's abilitiy to service its debt obligations (principal & interest) from operating revenues

Comment :	This ratio falls within the target range and indicates Council has a low debt holding and
	is well positioned for future borrowings outlined in the Long Term Financial Plan

Key Ratios	Target	Forecast
Asset Renewal Funding Ratio	**90 - 110%**	**100%**

This ratio indicates whether Council is renewing or replacing existing assets at the rate of consumption

Comment :	The ratio can vary from year to year dependant on the renewal capital expenditure.
	Council's Long Term Financial Plan is set to achieve an average Asset Renewal Funding Ratio of 100% over the next three years

APPENDIX 2

CITY OF MARION Budgeted Statement of Cash Flows	Actual 2022-2023 $000's	2nd Review 2023-2024 $000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	109,279	105,997
Payments	(93,707)	(91,685)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**15,572**	**14,312**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Loans Received	-	14,300
Proceeds from Bonds & Deposits	-	-
Payments		
Principal	(876)	(929)
Repayment of Finance Lease Liabilities	(9)	-
Repayment of Bonds & Deposits	-	-
NET CASH (USED IN) FINANCING ACTIVITIES	**(885)**	**13,371**
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Capital Grants/Subsidies & Contributions/Investments	15,116	17,151
Sale of surplus assets	2,415	331
Sale of replaced assets	1,082	-
Distributions from Equity Accounted Investments	-	-
Payments		
Purchase of IPP&E	(31,308)	(56,825)
NET CASH (USED IN) INVESTING ACTIVITIES	**(12,695)**	**(39,343)**
NET INCREASE/(DECREASE) IN CASH HELD	1,992	(11,660)
CASH AT BEGINNING OF REPORTING PERIOD	27,639	29,631
CASH AT END OF REPORTING PERIOD	**29,631**	**17,971**

CITY OF MARION Budgeted Statement of Changes in Equity		
	Actual **2022-2023** $000's	**2nd** **Review** **2023-2024** $000's
ACCUMULATED SURPLUS		
Balance at beginning of period	427,628	434,637
Net Surplus/(Deficit)	9,118	12,090
Adjustments	-	
Transfers from Reserves	(2,109)	22,361
Transfers to Reserves	-	(9,988)
Balance at end of period	**434,637**	**459,100**
ASSET REVALUATION RESERVE		
Balance at beginning of period	769,508	711,329
Net change this year	(58,179)	-
Balance at end of period	**711,329**	**711,329**
OTHER RESERVES		
Balance at beginning of period	26,669	28,778
Net change this year	2,109	(12,373)
Balance at end of period	**28,778**	**16,405**
Total Reserves	740,107	727,734
TOTAL EQUITY	**1,174,744**	**1,186,834**

APPENDIX 2

CITY OF MARION Budgeted Statement of Financial Position		
	Actual 2022-2023 $000's	**2nd Review 2023-2024** $000's
CURRENT ASSETS		
Cash & Cash Equivalents	29,631	17,971
Receivables	6,512	6,512
Inventory	678	678
TOTAL CURRENT ASSETS	**36,821**	**25,161**
CURRENT LIABILITIES		
Trade & Other Payables	16,830	16,830
Provisions	6,722	6,722
Borrowings	929	929
Lease Liabilities	6	6
TOTAL CURRENT LIABILITIES	**24,487**	**24,487**
Net Current Assets/(Liabilities)	**12,334**	**674**
NON-CURRENT ASSETS		
Investment in SRWRA & Council Solutions	8,501	8,866
Infrastructure, Property, Plant & Equipment	1,137,602	1,174,357
Other Non-Current Assets	18,725	18,725
TOTAL NON-CURRENT ASSETS	**1,164,828**	**1,201,948**
NON-CURRENT LIABILITIES		
Provisions	660	660
Borrowings	1,758	15,129
Lease Liabilities	-	-
TOTAL NON-CURRENT LIABILITIES	**2,418**	**15,789**
NET ASSETS	**1,174,744**	**1,186,833**
EQUITY		
Accumulated surplus	434,637	459,100
Asset Revaluation Reserves	711,329	711,329
Other Reserves	28,778	16,405
TOTAL EQUITY	**1,174,744**	**1,186,834**

8   Reports for Noting

8.1 Council Member Report	
Report Reference	FRAC240416R8.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

Section 3.5 of the Finance, Risk and Audit Committee (FRAC) Terms of Reference states *"where the Council makes a decision relevant to the Finance and Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide relevant context".*

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1.   **Notes this report.**

DISCUSSION

Council Member Representative – Councillor Jason Veliskou and Councillor Luke Naismith
Since the last Council Member report was presented to the FRAC meeting, the Council has held two General Council Meetings and one Special Meeting of Council. At these meetings, the Council made the following decisions that relate to the FRAC Terms of Reference in chronological order. If the FRAC wishes to discuss any of the items considered in confidence in further detail, the Committee will be required to move into confidence.

General Council Meeting – 27 February 2024

Marion Basketball Stadium Options (Confidential - Minutes released with financials redacted)
Report Reference GC240227F11.1
Council endorsed to proceed with the provision of building 5 new courts in 2026 for the Marion Basketball Stadium to be funded from federal grant funding, a contribution from Council funds and a contribution by South Adelaide Basketball Club.

Unsolicited Proposal - Purchase of Council Property – Edwardstown
Report Reference GC2740227F11.2
Confidential

Finance Report - January 2024
Report Reference GC240227R13.2
Council received the Finance report for January 2024 noting that Council currently has a net operating surplus result of $1.858M before capital revenues, against a year to date forecast

operating surplus budget of $0.933M. The 202324 annual budget forecasts a net cash surplus of $0.919M. It also noted that actual to budget position reveals that the year-to-date Capital Renewal Budget is on track to be spent. The higher than forecast spend relates to a number of minor budget timing variances.

Monthly Work Health and Safety Report
Report Reference GC240227R13.3
Council received and noted the Monthly Work Health and Safety Report noting the first Lost Time Injury for FY 2023/24 was reported. For the same period in the previous year, 5 Lost Time Injuries had been reported.

General Council Meeting – 12 March 2024

Tree Asset Management Plan
Report Reference GC240312R11.2
The outcomes from the community engagement process were presented to Council for noting. Council adopted the Draft City of Marion Tree Asset Management Plan 2024-34.

Risk Management Policy & Framework update
Report Reference: GC240312R11.8
Council Endorsed the Risk Management Policy and Framework and noted the opportunities underway that will be updated within the RMF and brought back to Council later in the year.

2nd Budget Review 2023/2024
Report Reference GC240312R11.9
Council received and adopted the revised budgeted statements including the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows for the 2nd Budget Review for 2023-2024. It was noted the completion of the 2nd Budget Review forecasts a revised full year cash surplus of $714,217. This revised 2023-24 forecast cash surplus incorporates identified unfavourable net cash adjustments noted in the table below of $204,740. Deducting this from the 1st Budget Review surplus of $918,957 leaves a revised full year cash surplus of $714,217.

Treasury Operations - Cash Advance Facility Resolution Amendment
Report Reference GC240312R11.11
Council endorsed an amendment to the previous resolution of the report "GC231212R11.8 Treasury Operations – Cash Advance Facility" to align with the Local Government Finance Authority of SA (LGFA) loan terms of 10 years. This required an amendment to the resolution repayment date from 15th day of March 2039 to 15th day of April 2034 to allow for the execution of the loan documentation.

Q2 Corporate Quarterly Risk report
Report Reference GC240312R12.1
Council received and noted the overview of the City of Marion Corporate Risk Register review for Quarter 2, 2023-2024 (1 October – 31 December 2023).

Strategic Risk Register Annual Report
Report Reference GC240312R12.2
Council Noted and validated the Strategic Risk Register annual report update.

General Council Meeting – 26 March 2024

Remuneration Tribunal of South Australia - Invitation to make submission
Report Reference GC240326R12.4
Council Authorised a response to the Remuneration Tribunal of South Australia endorsing alignment of CEO remuneration bands with the bands already used to determine council member allowances.

SRWRA Board Meeting 29 February 2024 - Constituent Council Information Report
Report Reference GC240326R13.3
Council noted the Constituent Council Information Report from SRWRA Board Meeting, 29th February 2024**.**

Monthly Work Health and Safety Report
Report Reference GC240326R13.5
Council received the work health and safety performance for the period 1-29 February 2024, noting the City of Marion has incurred one Lost Time Injury for February 2024. This brings the total number of Lost Time Injuries for the financial year to 2. For the same period in 2022-23 City of Marion had incurred 6 Lost Time Injuries. 8 Hazards and report only (non-injury) incidents have been recorded for the February 2024.

Finance Report - February 2024
Report Reference GC240326R13.6
Council received the Finance Report for the month of February 2024, noting Council currently has a net operating deficit result of ($95,726) before capital revenues, against a year to date forecast operating surplus budget of $407,359. The 2023-24 annual budget forecasts a net cash surplus of $714,000. The actual to budget position reveals that 97.40% of the year-to-date Capital Renewal Budget has been spent.

ATTACHMENTS

Nil

9   Workshop / Presentation Items - Nil

10 Other Business

11 Meeting Closure

The meeting shall conclude on or before 5.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.