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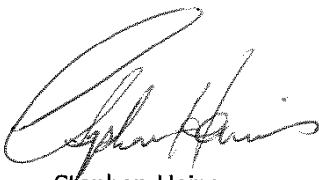
Contact number for meeting venue: 8384 0614

12 March 2020

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN in accordance with Section 87 of the *Local Government Act 1999* that an **Audit, Risk, Value and Efficiency Committee** meeting of the City of Onkaparinga will be held on **Monday 16 March 2020 at 6pm** at the Civic Centre, Ramsay Place, Noarlunga Centre in Meeting Room 1 for the purpose of considering the items included on the attached agenda.

We recognise that the land on which we meet has considerable natural and cultural heritage, including thousands of years of traditional ownership by Kurna.

A handwritten signature in black ink, appearing to read "Stephen Hains".

Stephen Hains
Chief Executive Officer (Acting)

Disclaimer: Please note that the contents of the Committee agendas have yet to be considered by the Committee and recommendations contained herein may be altered or changed by the Committee or Council in the process of formally making decisions of Council.



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City of Onkaparinga

Agenda for the Audit, Risk, Value and Efficiency Committee meeting to be held on 16 March 2020

Venue: Meeting Room 1, Civic Centre
Ramsay Place, Noarlunga Centre

Meeting commenced:

Present:

Apologies:

Leave of absence:

Absent:

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1. Opening of meeting

2. Confirmation of minutes

That the minutes of the proceedings of the Audit, Risk, Value and Efficiency Committee meeting held on 10 February 2020 be received and confirmed as an accurate record of those proceedings.

3. Adjourned business

Nil.

4. Chairperson's report

Nil.

5. Presentations

Nil.

6. Deputations

Nil.

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7. Reports of officers

7.1 Internal audit 8468 - Rates Revenue Assurance

This is a regular or standard report.

Manager: Desma Morris, Manager Governance

Report Author: Leila Mirovitskaya, Senior Audit and Risk Officer

Contact Number: 8301 7324

Attachments: 1. Audit Report – Executive summary (16 pages)

[Auditor - Galpins \(Tim Muhlhausler, Partner and Janna Burnham Director\) will be in attendance at the meeting.](#)

1. Purpose

This report provides the outcomes of the recently completed internal audit of Rates Revenue Assurance.

2. Recommendations

- 1. That the Audit, Risk, Value and Efficiency Committee receive and note the Rates Revenue Assurance audit report provided as attachment 1 to the agenda report.**
- 2. That the Audit, Risk, Value and Efficiency Committee note that progress on implementing agreed actions will be monitored and reported to the Committee on a quarterly basis.**

3. Background

The 2019/20 internal audit program provides for an audit of Council's rating processes. Galpins Accountants, Auditors and Business Consultants (Galpins) were engaged to undertake the audit.

The objective of the audit was to provide assurance that:

- The assessment book reflects current ownership, valuation and other data
- Access to ICT systems related to rating is appropriately restricted to relevant staff
- Council's rating policy reflects its strategic objectives and long-term financial plan
- The correct amount of rate revenue is generated to fund Council's planned operations, in accordance with the Rating Policy
- The revenue is raised and rebates granted in accordance with legislative requirements, i.e. Chapter 10 of the *Local Government Act 1999* (the Act) or other relevant legislation
- Service rates and charges are correctly raised
- Payments are received on a timely basis

- Debt collection processes are appropriate and effective.

and to identify opportunities for the introduction of better practice and process improvement.

4. Financial Implications

Any costs related to the implementation of audit recommendations will be the responsibility of relevant sections of the organisation. At this point in time these costs have not been determined.

5. Risk and Opportunity Management

Opportunity	
Identify	Maximising the opportunity
Opportunity to reduce risks in relation to the rate revenue process.	Implementation of internal audit action plans proposed in response to audit recommendations represents a proactive approach to risk minimisation.
Opportunity to improve the operating effectiveness of internal controls and strengthen the rates revenue process.	A properly targeted and implemented internal audit plan may assist the organisation identify process improvements and enable greater efficiencies in the Council's rating process.

6. Additional information

The final audit report with agreed management actions and timeframes is provided as attachment 1 to this agenda report. The action plans will be monitored by the Senior Audit and Risk Officer and reported to the Director Group and the Committee on a quarterly basis as part of the internal audit update report.

Key findings

The Council's Rating Policy and Rate Rebate Policy are comprehensive and provide guidance to the Revenue Team. The audit found no instances of non-compliance with the Act.

Opportunities exist to

- strengthen the revenue collections process including the development of a debt collection policy.
- to continue to document the processes used by the Revenue Team to generate and collect rates
- improve the segregation of duties and strengthen some of the internal controls in relation to the rates function.

The report has identified fifteen (15) opportunities for improvement, summarised on page 6 of the report. Please refer to the report for full detail around findings, including management responses to all findings.

Attachment 1



Internal Audit

Rates Revenue Assurance

February 2020

A large decorative graphic consisting of two overlapping triangles. The upper triangle is dark grey and the lower triangle is dark blue. They meet at a diagonal line running from the bottom left towards the top right.

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City of Onkaparinga

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City of Onkaparinga

Document Control

Date	Revision Number	Revision Details	Author	Reviewer
17.12.19	V1.0	Draft Report	Mariska Hawke / Suhara Gunawardena	Janna Burnham
17.01.20	V2.0	Revised Draft Report	Mariska Hawke / Suhara Gunawardena / Janna Burnham	Tim Muhlhausler
31.01.2020	V3.0	Revised Draft Report	Mariska Hawke / Suhara Gunawardena / Janna Burnham	Tim Muhlhausler
13.02.2020	1.0	<u>Final</u> Report	Mariska Hawke / Suhara Gunawardena / Janna Burnham	Tim Muhlhausler

Audit Key Dates

Entry meeting	08.11.19
Fieldwork commenced and completed	20.11.19-29.11.19
Draft report issued – V1.0	17.12.19
Updated draft report -issued - V2.0	17.01.2020
Final draft report issued – V3.0	31.01.2020
Exit meeting	04.02.2020
Final report issued	13.02.2020



1. Executive Summary

1.1. Background

Rates are a tax imposed on owners of property in accordance with Chapter 10 of the *Local Government Act 1999* (the Act). They are the largest single source of revenue for the Council and, as per Council's audit scoping document, for the 2019/20 financial year, totalled in excess of \$134 million, approximately 82.49% of total Operating Revenue.

To manage the risk of a challenge to the decision of the City of Onkaparinga (Council) declaring that amount of rates to be made and protect Council's financial sustainability, it is vital that processes and decisions relating to rates and other charges are in accordance with the Act and effective internal controls are implemented.

It is also important that:

- Current owners are held responsible for payments and ownership records are up to date.
- Valuation records are current to ensure equitable distribution of the charges.
- Amounts owing to Council are collected in a timely manner.

The *Better Practice Model – Internal Financial Controls for South Australian Councils 2017* (BPM) outlines suggested internal controls related to the rates function. Council should ensure that it has implemented, as a minimum, internal controls that are the equivalent of the BPM controls.

The rating and rates revenue process has not been subject to a specific internal audit in recent years.

The 2019/20 internal audit program provides for an audit of Council's rating processes.

It was reported that in the last financial year (2018/19) the Team Leader of Revenue and Manager of Financial Services resigned from their roles. Given that these roles were not able to be filled immediately, in 2019/20 the Revenue Team did not have senior staff members during the time when rates were generated. The staff members in the Revenue Team had to combine their resources and seek assistance from 'EasyRev' for guidance on how to use software to model rates. This process was overseen by the Chief Financial Officer (CFO) who played a hands-on role in the process. This experience is viewed by the Revenue Team as a significant learning curve and they are aware of the areas for improvement in the future. Despite the pressure on resources, the Revenue Team were able to generate the rates without error and achieved a positive outcome.

The Council has recruited for these two positions and the two new staff members are working on implementing new practices within the Revenue Team to encourage teamwork and prevent the occurrence of having knowledge gaps in the team in the future.



1.2. Objective

The objective of the audit was to provide assurance that:

- The assessment book reflects current ownership, valuation and other data
- Access to ICT systems related to rating is appropriately restricted to relevant staff
- Council's rating policy reflects its strategic objectives and long-term financial plan
- The correct amount of rate revenue is generated to fund Council's planned operations, in accordance with the Rating Policy
- The revenue is raised and rebates granted in accordance with legislative requirements, i.e. Chapter 10 of the Act or other relevant legislation
- Service rates and charges are correctly raised
- Payments are received on a timely basis
- Debt collection processes are appropriate and effective.

The audit also identified opportunities for the introduction of better practice and process improvement.

1.3. Scope

The audit considered:

- Compliance with the Act and other relevant legislation
- Processes and internal controls related to:
 - Rates modelling
 - Declaration of rates
 - Rates generation, including application of
 - The residential rate cap rebate
 - Differential rates based on land use
 - The appropriate NRM levy
 - CWMS, trade waste and building upgrade finance charges
 - Issue of rates notices
 - Maintenance of the property Masterfile/database, including ownership, land use codes and valuations
 - The application of rebates (mandatory and discretionary)
 - The calculation and application of fines and interest for late payment
 - Debt collection in accordance with the Rating Policy and the effectiveness of the processes
 - Access to rating systems and the property Masterfile
 - Adjustment to rates payable for any reason, but including valuation and land use objections
 - Refunds of rates paid.



1.4. Methodology

The audit incorporated the use of:

- Interviews with Revenue Team and other relevant staff
- Process 'walk-throughs'
- Transaction testing on a sample basis
- Review of relevant documentation, for example procedures and reconciliations.

Particular attention was paid to:

- Delegations of authorising officers
- Segregation of duties, with a focus on access to ICT systems
- Existence and effectiveness of internal controls equivalent to those outlined in the BPM
- Benchmarking for levels of current outstanding rates debt against other comparable Councils to understand comparative levels of outstanding debt
- The effectiveness of systems for occurrence of non-payment of rates
- Sale of property for non-payment of rates procedures and compliance to the Act or other relevant legislation.

1.5. Good practices observed

Audit noted a range of positive practices in place in relation to rates at Council, including:

- ✓ The 2019/20 rates were successfully generated, despite the loss of some key Revenue Team staff.
- ✓ Testing of 25 rates notices verified accuracy in rates generation.
- ✓ Rating and Rate Rebate Policies are in place and are reviewed annually.
- ✓ Workflow meetings with the Revenue Team are led by the Team Leader of Revenue every Monday, Wednesday and Friday, to distribute and coordinate workload.
- ✓ Testing identified that practices and procedures performed by the Revenue Team are in compliance with Chapter 10 of the Act.
- ✓ The staff in the Revenue Team are aware of Chapter 10 of the Act.
- ✓ A fit-for-purpose modelling system 'EasyRev' is being used to model rates by the Revenue Team.¹
- ✓ Rates modelling is verified by three separate systems, Pathway, EasyRev and a spreadsheet created by the CFO. This helps to provide strong assurance of accuracy of modelling.
- ✓ The Team Leader of Revenue is working on cross-skilling the Revenue Team to ensure that the team can perform all tasks in the event of any team member absences.

¹ As at January 2020, the EasyRev system was not accessible due to recent IT issues at Council. The Rates team reported that they have received advice that the system and database is 'recoverable', and that this will occur as part of IT remediation works.

1.6. Summary of Findings

The City of Onkaparinga (Council's) Revenue Team is responsible for the generation and collection of rates. The Team Leader of Revenue and Manager of Financial Services positions were filled after the rates were declared. The Council's Rating Policy and Rate Rebate Policy are comprehensive and provide guidance to the Revenue Team. The audit found no instances of non-compliance with the Act.

Opportunities to strengthen the revenue collections process including the development of a debt collection policy have been identified in the audit. An opportunity exists to continue to document the processes used by the Revenue Team to generate and collect rates, improve the segregation of duties and strengthen some of the internal controls in relation to the rates function.

A summary of audit findings/recommendations and management action plans are outlined below.

Finding	Recommendations	Audit Risk Rating	Council Risk Rating
2.1 Additional review of audit trails that demonstrate change to the property Masterfile	Recommendation 1: Regularly review the audit trail report of changes made to the property Masterfile (for example, quarterly), and maintain evidence that this occurs.	Moderate	Low
Action Plan	Action Officer: <i>Team Leader Revenue</i> Revenue Team member, who effects the change, will register a weekly Valuer-General Supplementary Report in the Council's records management system (CiAnywhere/ECM) and will task it to the Team Leader Revenue to note and complete.	Timeframe: March 2020	
2.1 A need to document and centralise procedures to support generation and collection of rates revenue.	Recommendation 2: Continue work to document procedures for all aspects of the generation and collection of rates revenue and explore the possibility of filing all policies and procedures in one central location.	Moderate	Low
Action Plan	Action Officer: <i>Team Leader Revenue</i> SharePoint page has been developed by the Team Leader Revenue, functionality is limited being a 2010 version, later version is requested to enable sub headings and improved functionality.	Timeframe: March 2020	

Finding	Recommendations	Audit Risk Rating	Council Risk Rating
2.1 A need to document review of rates applied to Revenue Team members' property	Recommendation 3: Document evidence of an independent management review of rates notices issued to any members of the Revenue Team with property within Council's boundaries.	Low	Low
Action Plan	Action Officer: <i>Team Leader Revenue</i> A scheduled six monthly check on staff account in Revenue Team will be conducted by the Team Leader Revenue.	Timeframe: March 2020	
2.1 A need to ensure full ability to assess rateability of Council land leased to third parties	Recommendation 4: Ensure that the Property and Lease Register contains the required level of detail to enable reconciliation to the Property and Ratings system. For example, it should provide the Revenue Team with sufficient detail to determine if a property should be rateable.	Moderate	Moderate
Action Plan	Action Officer: <i>Team Leader Property Transactions</i> Property Transactions team to provide the Revenue team with a Property Lease Register that identifies the nature of all lease and permit occupations (exclusive / non-exclusive), valuation number, assessment number, and any other information required to determine rateability of tenants.	Timeframe: September 2020	
2.2 A need to regularly report on rates-related activities, including debt-collection status, to the Executive team	Recommendation 5: Review the appropriateness of existing rates-related reporting to the Executive and ensure the reporting: <ul style="list-style-type: none"> is regular (for example quarterly) covers all rates activities, including debt collection includes details of outstanding debtors and action taken to recover debts (for example, the number of debts referred to the Debt Collection Agency and the number of debts subsequently recovered). 	Moderate	Moderate
Action Plan	Action Officers: <i>Manager Financial Services/Team Leader Revenue/ Team Leader Business Performance Improvement</i>	Timeframe: October 2020	

Finding	Recommendations	Audit Risk Rating	Council Risk Rating
	Organisation will need to support the Revenue Team in the development of this reporting via Power BI software. The Revenue Team is to request a Performance Report from Kemps that details current debt treatment of accounts that have been referred.		
2.2 Opportunity to strengthen rates-related record keeping	Recommendation 6: Investigate options to ensure that Council maintains, within internal systems, clear records relating to debt collections. This could include detail relating to collection action and payment performed by the Debt Collection Agency.	Low	Low
Action Plan	Action Officers: <i>Manager Financial Services/Team Leader Revenue</i> Records from collection Agent will be requested. ECM functionality currently does not allow for bulk registration across multiple indexes. Management to refer request to ICT for development request. If ECM is unable to undertake bulk registration, resourcing will need to be considered to allow for single registration per closed record per week.	Timeframe December 2020	
2.2 Opportunity to strengthen Council's guidance in relation to the payment rates	Recommendation 7: Strengthen the Debt Collection Plan to assist with documenting established processes for the treatment of rebates, remission and hardship.	Moderate	Low
Action Plan	Action Officers: <i>Manager Financial Services/Team Leader Revenue/Revenue Collection Officer</i> The Debt Plan to clarify and standardised agreed treatment of rate arrears. The Debt Collection Plan will be used to determine when a rebate or remission can be considered.	Timeframe December 2020	
2.2 Opportunity to strengthen Council's guidance in relation to the payment rates	Recommendation 8: Strengthen the guidance available in relation to the payment of rates, for example in cases of hardship.	Moderate	Low
Action Plan	Action Officers: <i>Manager Financial Services/Team Leader Revenue/Revenue Collection Officer</i> The Debt Collection Plan to provide detailed escalation points and options with details of how Council manages customers who present in hardship.	Timeframe December 2020	

Finding	Recommendations	Audit Risk Rating	Council Risk Rating
2.2 A need to confirm approach to the sale of land to recoup rates debt	Recommendation 9: Review Council's appetite for the sale of land for the non-payment of rates. If Council elects not to pursue land sale: <ul style="list-style-type: none"> reconsider the current approach to consider all debt as 'collectible' consider categorising some debt as 'doubtful debt' consider the need to write off some rates-related debt. <p><i>Note: the intent of this recommendation is to review treatment of debt, actions described are not mandatory and are included for consideration.</i></p>	Moderate	Low
Action Plan	Action Officers: <i>Manager Financial Services/Team Leader Revenue/Revenue Collection Officer</i> The Debt Collection Plan will cover off on Council's appetite for escalation points including the sale of land pursuant to Section 184 of the <i>Local Government Act</i> . The Director Group will be requested to endorse the Debt Collection Plan and will decide on the agreed treatment.	Timeframe December 2020	
2.3 A need to regularly review segregation of duties in relation to Rates processes, in particular in relation to Pathways system access	Recommendation 10: Implement a bi-annual review of Pathway system access for the Revenue and ICT teams to ensure ongoing appropriateness of access granted to team members.	Low	Low
Action Plan	Action Officers: <i>Team Leader Revenue/ Team Leader Business Systems</i> The bi-annual review of Pathway system access for the Revenue and ICT teams will be established to ensure ongoing appropriateness of access granted to team members.	Timeframe December 2020	
2.4. A need for clarity and consistency to rating land Council leased to third parties	Recommendation 11: Formally identify and assess the rateability of all Council-owned properties that are leased to third parties. For properties determined to be rateable, assess their eligibility for rebates. This links with Recommendation 4 in Section 2.1.	Moderate	Moderate
Action Plan	Action Officer: <i>Team Leader Revenue</i> Once the Property Transactions Team develops a Property Lease Register that identifies each exclusive occupation, the Property Transaction team and Revenue team will use the Register to identify the corresponding property record and consider if a valuation record is required from the VG, which includes:	Timeframe December 2021 (subject to Recommendation 4)	

Finding	Recommendations	Audit Risk Rating	Council Risk Rating
	<ul style="list-style-type: none"> Leases to be provided to VG to be considered and assessed for valuation purposes Returned to Revenue team for record creation and reconciliation Sporting Club review and assess for exemption Engagement with the Director Group and internal stakeholders for change in practice <p>Engagement with impacted parties being community and sporting groups</p>		
2.4. Improvement opportunity – SharePoint page	<p>Recommendation 12: Consider supporting the Revenue Team in development of a SharePoint page to store and publish rates-related information.</p> <p><i>Note – Audit did not test the functionality of a potential SharePoint site and intend this recommendation to ensure consideration of the site.</i></p>	Better Practice	Better Practice
Action Plan	<p>Action Officer: Manager Financial Services</p> <p>To request a later version of SharePoint and request the Marketing and Communication team to support the development of the page in conjunction with IT.</p>	Timeframe December 2020	
2.5 Improvement opportunity – opportunity to delegate some rates rebates authority	<p>Recommendation 13: Explore the possibility of having discretionary rebates approved by delegates in the Revenue Team and reporting a summary of the rebates offered at the end of each quarter.</p>	Better Practice	Better Practice
Action Plan	<p>Action Officers: Manager Financial Services/ Team Leader Revenue</p> <p>Rating Council owned land will impact management of rebate requests. By June 2021 the Revenue team will draft a proposed rebate model and will schedule a workshop with Elected Members to discuss the recommendation.</p>	Timeframe June 2021	
2.5 Other identified areas for improvement – training	<p>Recommendation 14: Review having the Revenue Team attend relevant training sessions for the generation and collection of rates. This may support the ongoing efficiency and effectiveness of the team.</p>	Low	Low
Action Plan	<p>Action Officer: Team Leader Revenue</p> <p>Investigate training options for the Revenue team in SQL and the Diploma in Rates.</p>	Timeframe December 2020	

Finding	Recommendations	Audit Risk Rating	Council Risk Rating
2.5 Other identified areas for improvement – investigate unreconciled rates revenue	Recommendation 15: Investigate unreconciled revenue in clearing account and/or refer onto the Department of Treasury and Finance as per <i>Unclaimed Moneys Act 1891</i> .	Low	Low
Action Plan	Action Officers: <i>Team Leader Revenue/ Team Leader Financial Accounting (Acting)</i> Review unreconciled revenue in clearing account and remedy accordingly - investigate options to return funds prior to receipting via banking portal to prevent the account having a balance at 30 June.	Timeframe December 2020	

-



APPENDICES

Appendix 1. Internal Audit Finding Ratings

FINDING RATING IS BASED ON IMPACT ON BUSINESS PROCESS

RATING	DEFINITION	EXAMPLES OF IMPACT	ACTION/REPORTING REQUIRED
VERY HIGH	The issue represents a control weakness which could have or is having a severe adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> Serious and sustained impact on operations or functions, eg disruption to core business function for greater than two days, Business Continuity Plan initiated Severe decline in quality and level of service Certain and severe decrease in the community's confidence in Council Severe breakdown in process that has led to illegal activity, such as fraudulent transactions being processed Breach of legislation or contractual non-compliance that will result in litigation, prosecution and/or penalty Actual death or life threatening injuries Extensive negative media coverage (greater than two days) 	<ul style="list-style-type: none"> Issue reported to the line Manager immediately and the departmental Director and CEO within 24 hours Director/Directors Group attention Immediate action: detailed plan of action to be put in place as soon as possible and at least within 7 days, with an expected resolution and substantial improvement within 30 days Responsibility for action with departmental Director or Line Manager Audit report: reported in executive summary, noted in report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly
HIGH	The issue represents a control weakness which could have or is having a major adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> Major impact on operations or functions, eg disruption to core business function for one to two days, Business Continuity Plan initiated Major decline in quality and level of service Moderate to serious decrease in the community's confidence in Council Serious breakdown in process that may lead to increased and unacceptable risk, such as many transactions not properly authorised or evidenced Breach of legislation or contractual non-compliance that may result in litigation, prosecution and/or penalty Potential to cause life threatening or extensive injuries Short term negative media coverage 	<ul style="list-style-type: none"> Reported to the CEO, departmental Director and line Manager Director and line Manager attention Prompt action: detailed plan of action to be put in place as soon as possible and at least within 30 days, with an expected resolution and a substantial improvement within 1 to 3 months Responsibility for action with Line Manager or Team Leader/supervisor Audit report: Noted in executive summary and report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly
MODERATE	The issue represents a control weakness which could have or is having a moderate adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> Moderate impact on operations or functions, eg disruption to core business function for greater than four hours and less than one day Moderate decline in quality and level of service Possible moderate decrease in the community's confidence in Council Moderate breakdown in process that could lead to increased risk, such as isolated instances of transactions not properly authorised or evidenced Breach of legislation or contractual non-compliance that could result in litigation, prosecution and/or penalty Potential to cause moderate injuries Possibility of negative media coverage 	<ul style="list-style-type: none"> Reported to departmental Director and line Manager Line Manager and Team Leader attention Short-term action: detailed plan of action to be put in place as soon as possible and at least within 60 days with an expected resolution and a substantial improvement within 3 to 6 months Responsibility for action with Team Leader/supervisor Audit report: noted in report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly
LOW	The issue represents a minor control weakness which could have or is having a minimal but reportable adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> Minor impact on operations or functions, eg minor impact on internal business only Minimal or no decline in the quality and level of service Not likely to affect the community's confidence in Council Minor breakdown in process that is not likely to affect risk Breach of legislation or contractual non-compliance that is not likely to result in litigation, prosecution and/or penalty Unlikely to cause injuries Internally contained and not likely to result in media coverage 	<ul style="list-style-type: none"> Reported to line Manager and Team Leader Line Manager and Team Leader attention Action within a reasonable time period: - timeframe may be subject to competing priorities and cost/benefit analysis, eg. 6-12 months Responsibility for action with Team Leader/supervisor or individual officer Audit report: Noted in report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly

Appendix 2. Documents Reviewed

- Rating Policy 2019/20
- Chapter 10, Local Government Act 1999
- Rate Remission Application Form 2019/20
- Hardship Policy 2016/20
- Rate Rebate Policy 2019/20
- Annual Business Plan 2019/20
- Annual Business Plan Summary 2019/20
- Delivering Onkaparinga 2035, Update 2019
- Onkaparinga 2035
- Rates Maintenance Access
- Access Groups
- Debt Collections Calendar 2019
- Final Notice Collection Flow Chart (Debt Collection)
- Minor Civil Action Collection Flow Chart (Debt Collection)
- Legal Flow Chart (Debt Collection)
- Debt Guidelines – Draft
- 2019/20 Non-Rateable Properties
- EasyRev Model Prediction
- Daily Rates Statistics
- Final pre-generation rates prediction
- Valuer General's Annual Report
- Valuer General's Supplementary Report
- Council Meeting 16 July 2019 Minutes
- 2019/20 Adoption from the Government Gazette
- Final Generation Rates
- End of year Reconciliations
- Internal Audit Rates November 2019
- 2018-19 Rates Rebate approval December 11- Council minutes
- Model comparison summary table
- Model comparison by valuation – Council 4 June 2019
- Mandatory Rates Rebate
- Rebate Declarations in the ECM
- Discretionary Rates Rebates
- Supplementary Valuation Report
- Supplementary Rates Generations
- Onkaparinga Overdue Rate Notices 1st Quarter Rates 2019/20
- SA Government Gazette 20 July 2019
- Promapp EasyRev Procedures: Detailed Modelling Process



Appendix 3. Staff Members Interviewed

- [REDACTED] – Team Leader Revenue
- [REDACTED] - Senior Revenue Officer
- [REDACTED] – Team Leader Planning and Analysis
- [REDACTED] – Revenue Collections Officer
- [REDACTED] – Chief Financial Officer

7.2 Draft Budget and draft Long Term Financial Plan key assumptions and forecast economic indicators 2020-21

This is a regular or standard report

Manager: Jade Bird, Manager Financial Services
Report Author: Diane Eckermann, Team Leader Financial Planning and Analysis
Contact Number: 83840121
Attachments: 1. Presentation on draft Long Term Financial Plan key assumptions and forecast economic indicators (15 pages)
2. CPI forecasts (1 page)

[A presentation will be provided by Administration as part of the item, a copy of which is at attachment 1.](#)

1. Purpose

This report is provided to enable the Audit, Risk, Value and Efficiency Committee (the committee) to undertake an annual review of key assumptions and economic indicators to be used in our draft Budget and draft Long Term Financial Plan 2020-21.

2. Recommendation

That the Audit, Risk, Value and Efficiency Committee confirm the key assumptions and forecast economic indicators proposed for use in the draft Budget and draft Long Term Financial Plan 2020-21 as presented appear reasonable.

3. Background

As part of our financial planning processes each year the committee reviews the key assumptions and forecast economic indicators (FEI) used in our draft Budget and Long Term Financial Plan (LTFP).

This report enables the annual review to occur and attaches a presentation on the draft Budget and draft LTFP key assumptions and FEI's for discussion.

4. Financial Implications

The most recent economic forecast data is used in developing the draft Budget 2020-21 which is 'Year 1' of the draft LTFP.

Economic data used for 'Year 2' and beyond forms the basis of the forecasts for the remaining years in the draft LTFP and significantly influences whether or not our Key Financial Indicators (KFI) and funding policy targets are met.

5. Risk and Opportunity Management

Key risk	Details and analysis
Inappropriate assumptions and FEI forecasts result in Council breaching its KFI targets and/or Funding Procedure, potentially becoming financially unsustainable.	<p>In order to ensure this risk is minimised we perform an annual review of the key assumptions and FEI's used in our Budget and LTFP comparing them to various external information sources.</p> <p>Outcomes of our annual review are presented to the committee to review for reasonableness.</p> <p>Specialist economic information sourced from the quarterly publication of Deloitte Access Economics Outlook.</p>

6. Additional information

We have undertaken a review of the parameters and assumptions that support our draft Budget and draft LTFP 2020-21 including investigations into the most appropriate FEIs given the current economic environment.

We have continued with Zero Based Budgeting in our budget process. This approach means that we can determine an actual indexation for budget development ('Year 1' of the draft LTFP) rather than a forecast.

Attachment 1 provides the presentation outlining outcomes of our review that will be presented to the committee as part of the Agenda Item.

Attachment 2 is provided to support our proposed indexation calculations.

Key financial assumptions and forecast economic indicators

PRESENTED BY

Anthony Spartalis, Chief Financial Officer

Jade Bird, Manager Financial Services

PURPOSE

- To present outcomes of the annual review of key financial assumptions and forecast economic indicators focusing on:
 - approach for 2020–21 Budget
 - draft Long Term Financial Plan assumptions
- For ARVEC to confirm key financial assumptions and forecast economic indicators are reasonable, providing assurance to Elected Members and Council

2020-21 Budget Calculation

Attachment 1

Detail	\$	%
Base Budget (ZZB)		
ZZB (Excluding employee cost)	\$0.00	0.0%
Employee costs (EB & Step increase)	\$0.00	0.0%
	\$0.00	0.0%
	\$0.00	0.0%
Pressures		
External pressures	\$0.00	0.0%
Internal pressures/decisions	\$0.00	0.0%
2019-20 once off reductions	\$0.00	0.0%
Other	\$0.00	0.0%
	\$0.00	0.0%
Opportunities		
External opportunities	\$0.00	0.0%
Internal decisions	\$0.00	0.0%
CI savings	\$0.00	0.0%
	\$0.00	0.0%
New services and projects		
New & significant upgrade projects	\$0.00	0.0%
	\$0.00	0.0%
	\$0.00	0.0%
Rate increase required	X.XX%	

Review of financial assumptions for 2020–21

Budget v's Long Term Financial Plan

Budget	Long Term Financial Plan (LTFP)
one year plan , adopted annually	(at least) 10 year plan
short term view of annual expenditure and income to deliver projects and services to meet council objectives	medium to long term plan expressing in financial terms the activities that council proposes to undertake whilst maintaining sustainability
detailed and prescriptive – developed by budget holders at cost centre and project level, incorporating known short term impacts	broader and more variable – less detailed than the annual budget, using the annual budget as a base and applying key assumptions to this base to develop the 10 year plan
main purpose is to allocate and manage resources and measure performance	main purpose is to guide and inform decision making and to provide an insight into the financial sustainability of council over the planning period

Review of financial assumptions for 2020–21

Approach to 2020–21 budget

Operating Budgets - zero based budgeting (ZBB)

- Third year of Zero Based Budgeting
- Consider agreed services/service levels to allocate budgets based on necessity
- Budgets indexed based on contracted increases, EB agreements, funding agreements, etc.

Project Budgets – asset management plans and prioritisation

- Terminology change to Operating and Capital
- Renewal projects allocated based on asset management plans considering service levels and condition audits
- New and Significant upgrade and other projects prioritised and allocated based on Council approved criteria
- Scoring and assessment criteria defined in the Resource Prioritisation Documents

Review of financial assumptions for 2020–21

Budget process overview

1

BASELINE REVIEW

- **Budget Review** – permanent movements recorded as part of Budget Review process
- **External Factors** – increases from external factors incorporated e.g. EPA levy
- **Internal Factors** – savings realised from continuous improvement and service review outcomes applied e.g. courier service Council
- **Decisions** – new projects or services being delivered outside the budget process

2

ZERO BASED

- **ZBB** applied to operating budget for a third year
- **Salaries** – baseline reviewed, EB and step increases applied, FTE pressures
- **Consultants, Contractors and Miscellaneous** – trend analysis undertaken from the current and two previous years
- **Corporate pressures** – finance costs, Depreciation and Grants

3

PRIORITISATION

- **Prioritised** – project and capital works
- **New Asset and Significant Upgrade** prioritised based on Council approved category Resource Prioritisation Documents
- **Renewal projects** are prioritised based on Asset Management Plans
- **Other projects** prioritised based on Council approved category Resource Prioritisation Documents

Review of financial assumptions for 2020–21

Key assumptions – Budget 2020–21

Index	Assumption	Comments
Salary and wage indexation	2.50%	Per Enterprise Bargaining agreements (2.0%) plus allowance for step increases (0.5%)
Indexation (Excluding salaries & Wages)	TBD	Determined from ZBB budget approach
Interest rates	3.67%	Weighted average based on fixed and current variable rates from the Local Government Finance Authority
Growth	0.90%	Projected Dwelling and Population Estimates to 2032 established in conjunction with the Department for Planning Transport and Infrastructure
Pressures	TBD	Pressures and opportunities from external factors and internal decisions
Opportunities	TBD	

Review of financial assumptions for 2020–21

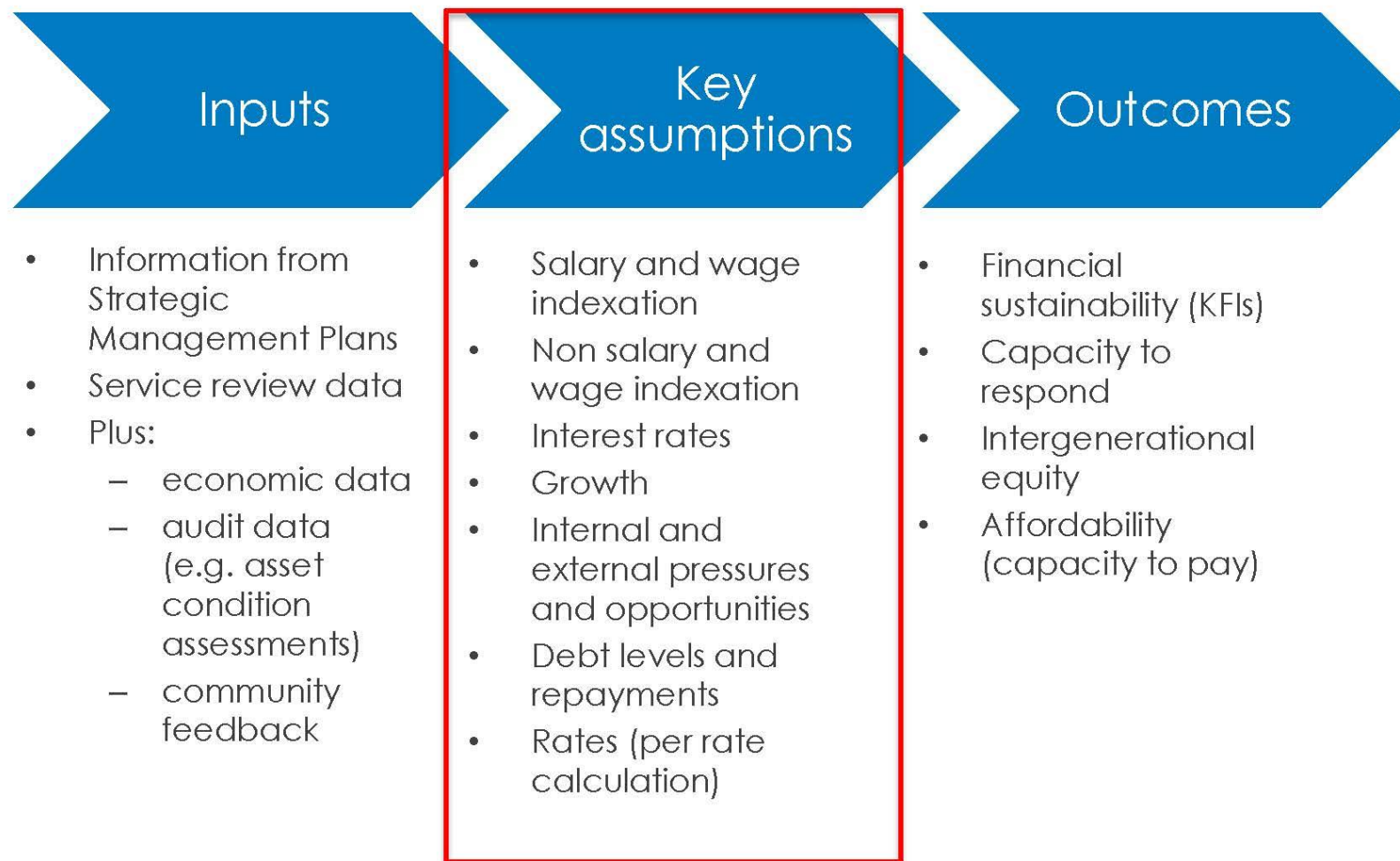
Rate calculation

Element		Comments
Baseline change	+/- XX%	Determined as per ZBB budget process, including salary and wage indexation
Plus / less additional variations:		
• External = pressures	+ X.X%	Those items we have little or no control over (eg comingled recycling impact)
• Internal = decisions	+/- X.X%	Savings realised from service reviews and continuous improvement and the impact of Council decisions
Growth:		
• Additional rates from growth	-0.9%	Overall impact of growth is 0%*
Allocated to:		
• Increase in operating costs to service new properties	+0.28%	
• Debt servicing funding for new infrastructure and significant upgrades	+0.62%	
Rate (to deliver budget)	X.XX%	A result of all of the factors above

Review of financial assumptions for 2020–21

Long Term Financial Plan (LTFP)

- Forecast financial position of Council over a 10 + year horizon.



Review of financial assumptions for 2020–21

Long Term Financial Plan Assumptions

Salary and wage indexation

- Salaries and wages move in line with Enterprise Bargaining Agreements (2.0% per annum plus 0.5% increments)
- MOA and LGE Enterprise agreement bargaining completed 2018 (agreements valid for 3 years from 1 January 2019)
- Under *Superannuation Guarantee (Administration) Act 1992*, from July 2021 Superannuation Guarantee increases by 0.5% per annum for 5 years until June 2026 (to 12.0%)

	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	Year 6 2025-26	Year 7+ 2026-27+
Salaries and Wages increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Super Guarantee increase	0.50%	0.50%	0.50%	0.50%	0.50%	0.00%
Total increase	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%

Review of financial assumptions for 2020–21

Basis for indexation (excluding salaries and wages)

- Simplified approach using underlying CPI based on forecasts supplied in Deloitte Access Economics Business Outlook (quarterly publication)
- Underlying CPI calculated using only some components of total (or 'headline') CPI (items subject to volatile or seasonal prices removed from basket of goods measured)
- CPI data from this publication consistent with quarterly ABS release *Consumer Price Index* (catalogue 6401.0)
- Local Government Price Index (LGPI) 1.90% at September 2019. Note the LGPI is not forecast.

Non Salary and wage indexation forecasts

- Latest Underlying CPI forecasts for next 3 years from the Deloitte Access Economics Business Outlook – December 2019
- From 2024–25 Federal CPI target of 3% utilised
- Also used to forecast non-rate income

	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5+ 2024-25+
CPI forecast	1.90%	2.20%	2.40%	3.00%

Interest Rates + Growth

- Interest rate forecasts from Access Economics Business Outlook adjusted down by 1% to reflect more favourable rate obtained from Local Government Finance Authority (LGFA)

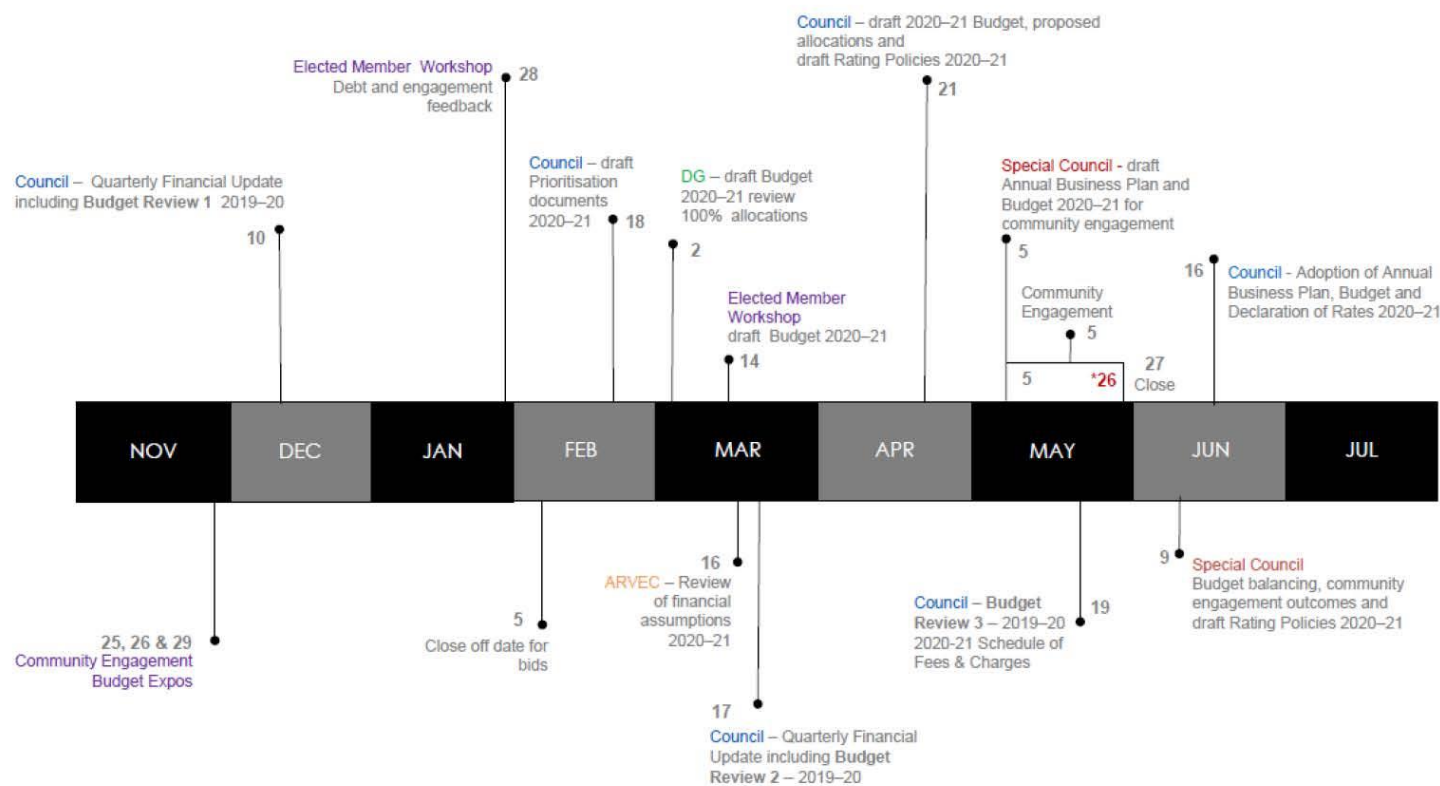
	Year 2 2021-22	Year 4 2022-23	Year 5 2023-24	Year 5+ 2024-25+
Interest Rate	3.2%	3.4%	3.8%	4.1%

- Projected Dwelling and Population Estimates to 2032 established by Department for Planning Transport and Infrastructure

	Year 2 2021-22	Year 4 2022-23	Year 5 2023-24	Year 5+ 2024-25+
Growth	0.9%	0.9%	0.9%	0.9%

Next Steps

DRAFT 2020–21 FINANCIAL PLANNING TIMETABLE



* Public Meeting on 26 May 2020



Review of financial assumptions for 2020–21

THANK YOU

Attachment 2

CPI - FINANCIAL YEAR FORECASTS*									
	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	Frequency	Last updated	Update Due	Source
Access Economics						Quarterly	Dec 2019	Mar 2020	Deloitte Access Economics Outlook, December 2019, Financial Year Forecasts
Headline CPI	1.80%	1.80%	2.00%	2.20%	2.40%				
Underlying CPI	1.60%	1.70%	1.90%	2.20%	2.40%				
Reserve Bank of Australia						Quarterly	Nov 2019	May 2020	RBA Statement on Monetary Policy - November 2019, Economic Outlook, Table 5.1: Output Growth and Inflation Forecasts
Headline CPI	1.34%	2.00%	n/a	n/a	n/a				
Underlying CPI	1.34%	2.00%	n/a	n/a	n/a				
Treasury CPI						Half Yearly	Dec 2019	Jun 2020	Budget 2019/20, Mid-Year Economic and Fiscal Outlook, Domestic Economic Outlook, Table 2: Domestic Economy Forecasts
CPI	2.00%	2.25%	n/a	n/a	n/a				
Average									
Headline CPI	1.71%	2.02%	2.00%	2.20%	2.40%				
Underlying CPI	1.47%	1.85%	1.90%	2.20%	2.40%				

n/a = not available

* all CPI forecasts quoted here are national forecasts

7.3 External Audit Plan 2019-20

This is a regular or standard report.

Manager:	Jade Bird, Manager Financial Services
Report Author:	Kevin Carter, Senior Financial Accountant
Contact Number:	8384 0030
Attachments:	1. BDO External Audit Plan (15 pages) 2. BDO Financial Statement Engagement letter (6 pages) 3. BDO Internal Controls Engagement Letter (6 pages)

1. Purpose

This report presents the external auditor's plan and engagement letters for the 2019-20 financial year for noting by the Audit, Risk, Value and Efficiency Committee (the committee).

2. Recommendation

That the Audit, Risk, Value and Efficiency Committee note the 2019–20 External Audit Plan and engagement letters received from BDO Audit (SA) Pty Ltd as presented in attachments 1, 2 and 3 to the agenda report.

3. Background

In accordance with BDO's audit methodology, this report presents their 2019–20 external audit plan for the committee's consideration. BDO will present this report to the committee which will also provide an opportunity for general discussion about the audit.

4. Financial Implications

None.

5. Risk and Opportunity Management

Risk	
Identify	Mitigation
The proposed audit plan fails to provide sufficient assurance as to the state of affairs of the control environment and financial position of council.	BDO's standard audit approaches were assessed as part of the audit tender process as being appropriate in order to form an opinion on controls and the financial position of council. The audit plan provided is in line with BDO's standard approach.

Opportunity	
Identify	Maximising the opportunity
Opportunity for the committee to influence the audit plan.	Through general discussions and review of the audit plan the committee has an opportunity to discuss potential changes or additions to approach being proposed by BDO.

CITY OF ONKAPARINGA

Annual audit plan

30 June 2020



CONTENTS

Your BDO team	4
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Dear Audit, Risk, Value and Efficiency Committee Members

Thank you for the opportunity to present our annual audit plan ('plan') for City of Onkaparinga ('Council') for the year ending 30 June 2020.

Our plan has been developed with input from City of Onkaparinga management, and continues to be based on our understanding of City of Onkaparinga's business and operating environment.

We acknowledge that throughout the year there may be business developments, circumstances may change and additional matters may arise. Our plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high quality audit you expect.

This plan is intended solely for management and the Audit, Risk, Value and Efficiency Committee ('ARVEC') and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discussing our plan with you at the ARVEC meeting on 16 March 2020.

Please feel free to contact me on +61 8 7324 6082 if you have any questions or would like to discuss the content of this plan further.

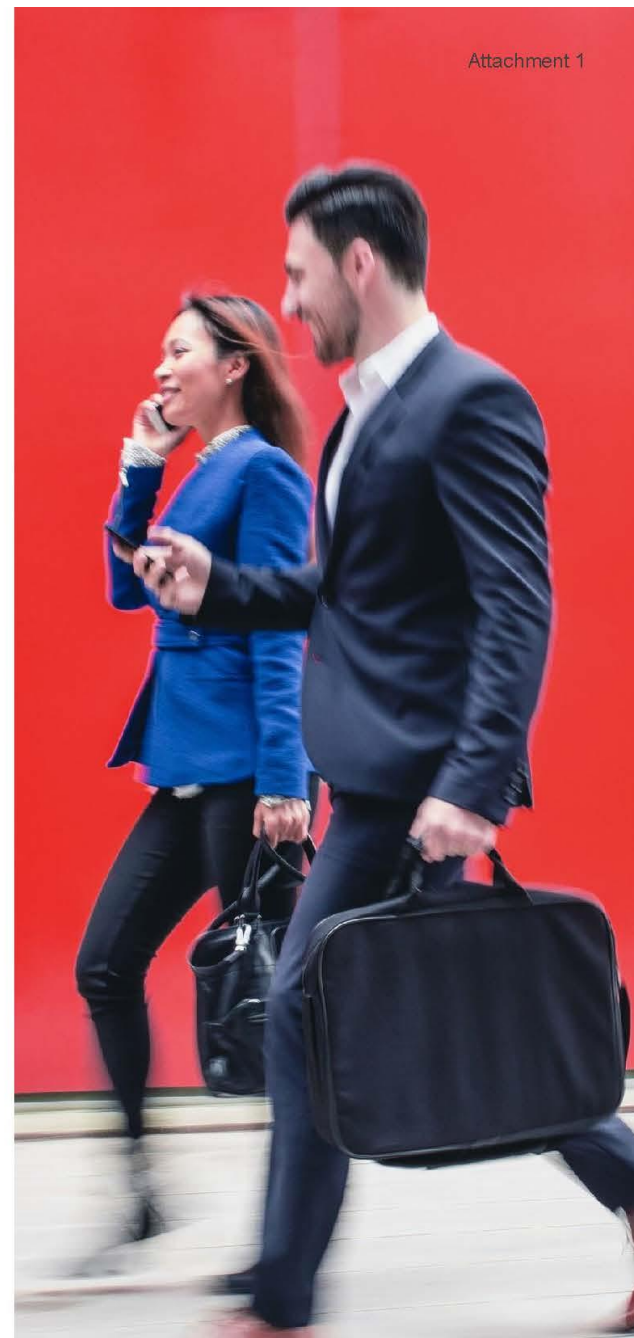
Yours faithfully



Andrew Tickle

Lead audit partner

Adelaide, 12 February 2020



YOUR BDO TEAM

Your engagement team for 2020 provides a combination of continuity and fresh ideas. This helps to ensure that we build on previous experience and make the audit process as smooth as possible.

YOUR BDO TEAM

Our audit of City of Onkaparinga will be led by Andrew Tickle as Engagement Partner. Andrew will oversee the co-ordination of the audit and will have primary responsibility for working with Anthony Spartalis and his team.

Supporting Andrew will be Linh Dao as audit manager.

Linh is responsible for the day-to-day direction of the audit work and is the key point of contact for Anthony Spartalis.

The day-to-day audit team will be led by Linh Dao.

SPECIALISTS

When auditing key judgements, we are often required to engage specialists who have qualifications and expertise not possessed by the core audit team. Supporting the engagement team will be Jason Foster, our IT Specialist who will be dedicated to reviewing City of Onkaparinga's IT environment and any relevant IT general controls for the audit.



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AUDIT OBJECTIVES AND APPROACH

AUDIT OBJECTIVES

The objective of the audit is to enable us to express an opinion as to whether

- ▶ The financial report is prepared, in all material respects, in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and
- ▶ Controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model - Financial Internal Control for South Australia Councils issued by the Local Government Association of South Australia

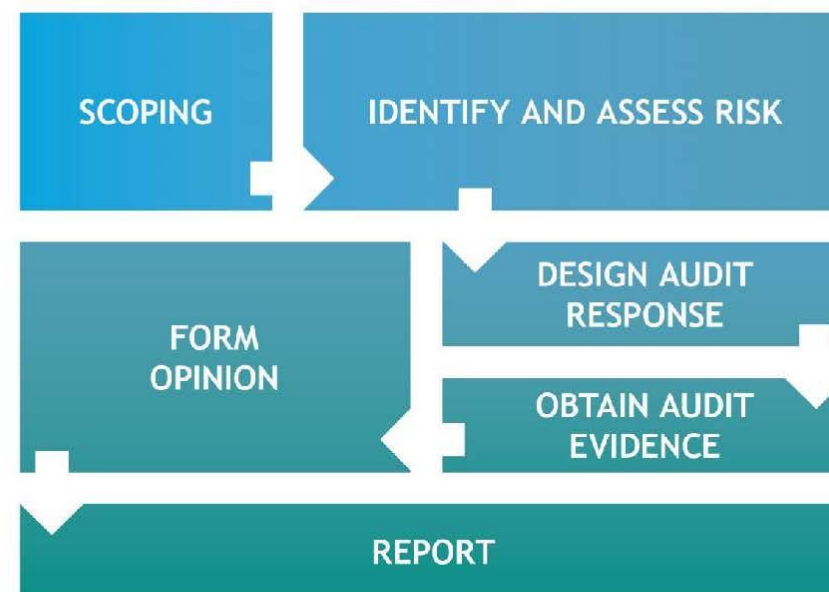
OUR APPROACH

Our audit is performed in accordance with the BDO Audit Approach which consists of six phases and is documented using our global audit tool, APT.

The approach is centred around:

- ▶ Obtaining an understanding of the business being audited from an internal and external point of view
- ▶ Assessing the risk of material misstatements and the controls in place to address and prevent these risks
- ▶ Choosing appropriate procedures to obtain evidence, including the use of data analytics where appropriate
- ▶ Ensuring rigorous quality control over audit performance
- ▶ Providing constructive ideas for improving internal controls and business systems.

A summary of the other key aspects of the BDO Audit Approach is set out on subsequent pages.



OUR APPROACH CONTINUED

INTERNAL CONTROL

We obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers:

- ▶ The overall control environment
- ▶ The entity's risk assessment process
- ▶ The information system, including the related business processes, relevant to financial reporting, and communication
- ▶ Control activities relevant to the audit
- ▶ Activities the entity uses to monitor internal control relevant to financial reporting.

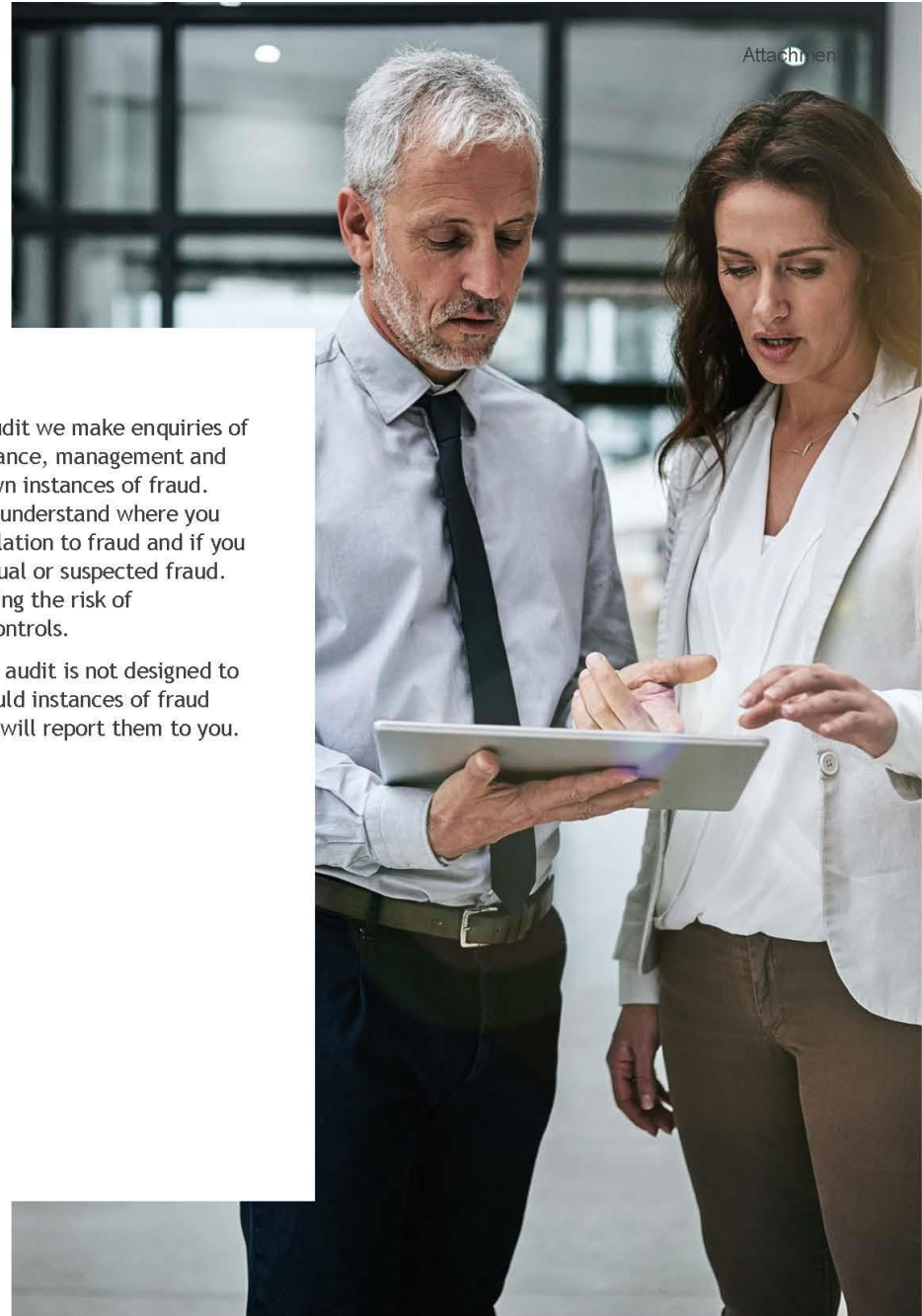
We communicate to the Audit, Risk, Value and Efficiency Committee in writing any significant deficiencies that come to our attention during the audit on a timely basis.

In addition, we communicate with management the significant deficiencies being reported to those charged with governance and any other deficiencies identified that in our judgement are of sufficient importance to merit management's attention.

FRAUD

During the course of our audit we make enquiries of those charged with governance, management and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls.

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



OUR APPROACH CONTINUED

AUDIT QUALITY AND PROFESSIONAL SCEPTICISM

To support and promote audit quality at BDO, we have implemented an Audit Quality Framework (AQF) that sets out the key drivers of audit quality, including the specific attributes that are important for audit quality to be maintained and enhanced. Refer to our [Transparency report](#) for further information.

The AQF recognises that professional scepticism is essential to obtain audit evidence which is sufficient and appropriate to reduce the likelihood of a material misstatement to an acceptable level.

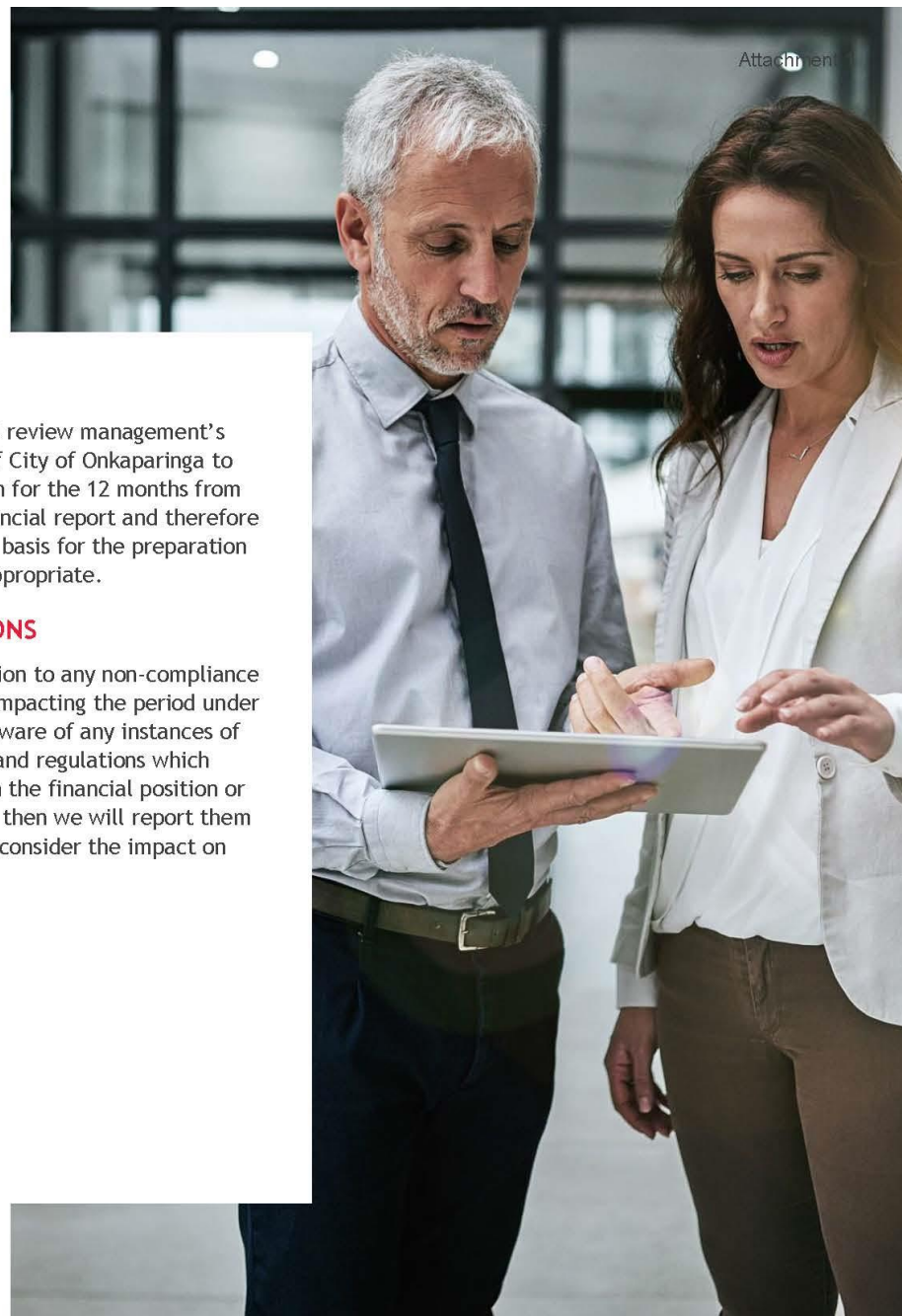
The application of professional scepticism by all members of the engagement team is central to BDO's Audit Approach.

GOING CONCERN

As part of our audit we will review management's assessment of the ability of City of Onkaparinga to continue as a going concern for the 12 months from the date of signing the financial report and therefore whether the going concern basis for the preparation of the financial report is appropriate.

LAWS AND REGULATIONS

We make enquiries in relation to any non-compliance with laws and regulations impacting the period under audit. Should we become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the entity, then we will report them to you on a timely basis to consider the impact on the financial report.



MATERIALITY

Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the effect of misstatements. Materiality is initially calculated at the planning stage and re-assessed prior to providing our opinion.

During the course of our audit we may identify misstatements and these will be reported to you at the conclusion of our work based on our assessment of materiality at that stage (this may have been updated from the materiality calculated at the planning stage). It should be noted that the auditing standards do not require us to communicate misstatements that are considered 'clearly trivial' and as such, if we identify such misstatements we will not communicate these to you.

We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.

Our materiality for the 30 June 2020 audit is based on 2% of forecasted total expenditure of \$175mil. Our estimated materiality levels are set out in the table below:

MATERIALITY	\$3,600,000
CLEARLY TRIVIAL THRESHOLD	\$175,000



ENHANCING THE CLIENT EXPERIENCE

BDO'S CLIENT PORTAL

To enhance our communication and to reduce any potential expectation gaps, we will use the BDO Client Portal ('portal').

In addition to facilitating the secure exchange of information, the use of the portal assists with project management and provides a live view of progress to both BDO and City of Onkaparinga.

We will consult with you about how you would like us to communicate during the engagement, and the frequency of our status updates. In addition, whether it is to provide ad-hoc support, brainstorm ideas, or discuss any aspect of our services, the portal can assist. The key features of the portal are illustrated below:



ONLINE CLIENT COLLABORATION

- ▶ Upload information and documentation in one secure place
- ▶ Message function that allows for a seamless trail of engagement communication that all project users can see, meaning no more finding and searching through email threads
- ▶ Track actions and milestones for BDO and client responsibilities.



A FLEXIBLE, SECURE PLATFORM WITH LOCAL CUSTOMISATION

- ▶ Security - permission and access can be set at a project level for different users such as your staff or our BDO teams
- ▶ You can receive a daily or weekly digest, summarising all activity that has occurred on the portal
- ▶ View document audit trails, reducing the risk of email misdirection.



DIGITISED PAPERWORK AND WORKFLOW

- ▶ Approve and sign documents all within the portal, allowing for better transparency and speedier project progress
- ▶ Set dates with calendar reminders for when BDO requires certain documentation or information to be uploaded or completed
- ▶ Assign tasks to specific users
- ▶ Portal supports multiple document types and views.

RISK ASSESSMENT AND AREAS OF AUDIT FOCUS

In line with our audit approach, and based on our understanding of City of Onkaparinga, we have identified and assessed the risks of material misstatement at both the engagement and assertion level.

Our audit procedures are focused on areas that are considered to represent risks of material misstatement to the financial report or in relation to controls. We have identified the following key areas of focus based on our historical knowledge of the Council, and will update these as part of our risk assessment procedures during the planning phase.

Further discussions will be held with management prior to the commencement of our audit to determine whether any additional risks exist in relation to the year ending 30 June 2020, and to determine which risks we will consider to be significant for the purpose of our audit.

AREAS OF FOCUS

Revaluation, depreciation, useful lives and residual values of Infrastructure Assets

Accounting treatment of Capital Work In Progress (WIP)

Accounting treatment for grant funding

Management override of internal controls

Initial adoption of new Accounting Standard AASB 16 *Leases*

TIMELINE

AUDIT TIMELINE

We recognise that regular, timely communication with management and the Audit, Risk, Value and Efficiency Committee is critical to maintaining an effective and transparent relationship. Our audit process operates throughout the year so that we can respond to issues as they arise and maintain close communication, with management and the ARVEC, as the audit cycle progresses.

We have set out below the timing of significant milestones to include on-site visits, key meeting dates and reporting deadlines with respect to the completion of the audit.

MILESTONE	RESPONSIBILITY	DATE
Submission of Annual audit plan	BDO & the Council	17 February 2020
Interim audit visit - Internal controls and financial statements	BDO & the Council	20 April to 24 April 2020
Management letter for interim visit	BDO & the Council	By 12 June 2020
Final audit visit commences	BDO & the Council	24 August to 3 September 2020
Closing meeting with auditors	BDO & the Council	3 September 2020
Submission of Audit Completion Report	BDO	17 September 2020
Financial statements presented to Audit, Risk, Value and Efficiency Committee	BDO & the Council	28 September 2020
Chief Executive Officer and Principal Member of the Council to approve and sign off Regulation 14 Certification of Financial Statements, Certificate of Auditor Independence and management representation letter	The Council	TBC
Issue Independent Auditor's Report and Statement by Auditor in relation to Independence	BDO	TBC

FEES

FEES

The proposed fee for all services provided for the year ending 30 June 2020 is \$34,250 and reflects the provisions of the Professional Services Agreement.

In accordance with the Professional Services Agreement, the fee includes:

- ▶ Audit of the annual financial statements under the Local Government Act 1999;
- ▶ Audit of internal controls under the Local Government Act 1999;
- ▶ Audit of Annual Wage Declaration;
- ▶ Audit of Road to Recovery Grant Scheme; and
- ▶ Audit of financial reports provided to state and federal funding bodies in relation to the grant received.

Charges to other grant acquittals will depend on the complexity and nature of the acquittal. Fee proposals will be provided on acquittal basis and work will not be commenced until a fee has been agreed.

ASSUMPTIONS

Our proposed fee is based on our understanding of your current operations and the required scope of the audit. If these alter, the fee estimate will need to be revised.

Our proposed fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc information provided in the course of our audit is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues falls outside the scope of our proposed fee. Fees for assistance provided will be negotiated prior to services being performed.

ASSISTANCE REQUIRED

In order to keep our time and costs to a minimum, we appreciate your assistance with the following:

- ▶ Management providing all deliverables in line with the agreed timetable
- ▶ Assistance from your staff with supporting documentation and explanations during the audit process
- ▶ Disclosure by your staff of all information relevant to the engagement in a timely manner
- ▶ Prior to the commencement of our audit, we will provide you with an audit preparation package.

APPENDIX 1 NEW DEVELOPMENTS

WHAT'S NEW FOR YOUR FINANCIAL REPORT?

AASB 16

The new leases standard, AASB 16 *Leases* is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted.

This new leases standard, which mainly impacts lessees, will therefore apply for the first time to your 30 June 2020-year end and supersedes existing standard, AASB 117 *Leases*, as well as related interpretations. Although the transition date for full retrospective restatement is 1 January 2018, there is an option of selecting 1 January 2019 as the transition date if the cumulative effect of initial application is recognised as a single entry in opening retained earnings on 1 January 2019 (cumulative catch up method) and additional disclosures are made.

The core principle of AASB 16 is that all assets and liabilities arising under lease contracts are recognised in the statement of financial position as right-of-use assets, with a corresponding lease liability, and an annual expense reflecting depreciation on the leased asset and interest expense, which will vary from period to period, depending on the outstanding balance of the lease liability (i.e. front-end loaded expense).

EXCEPTIONS

There are optional exceptions for short-term leases (i.e. where lease term is for a period of less than 12 months, including extension options), and low value leases (i.e. where the value, as new, is less than approximately US \$5,000).

MAIN IMPLICATIONS

- ▶ There is no longer a distinction made between 'operating' and 'finance' leases, and no more straight-line expense for operating leases
- ▶ Non-cancellable lease payments are included when measuring the right-of-use asset, as well as payments for option periods which the entity is reasonably certain to exercise
- ▶ Contingent rentals (e.g. those linked to sales) are not capitalised into the right-of-use asset but are expensed in profit or loss when incurred.

For more information, please refer to BDO's [Need to Know](#) and Accounting News [article](#), as well as to the 'Leasing' section of our [Issues and Trends](#) page. Please contact Andrew Tickle to discuss any specific implementation issues.

APPENDIX 2 OTHER COMMUNICATIONS

ETHICS AND INDEPENDENCE

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and s290 of APES 110 *Code of Ethics for Professional Accountants*.

We obtain independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

Should any independence matters arise, we will bring them to your immediate attention.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

- ▶ Restrictions on BDO employees having financial interests in audit clients
- ▶ No other work is permitted to be undertaken by any BDO division or office without the express approval of the engagement director/partner
- ▶ Services including valuation and similar services are specifically prohibited to be provided by any other BDO office to you
- ▶ All services performed by any BDO division or office have been reported below.

BDO has not provided any other services during the year to City of Onkaparinga.

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

City of Onkaparinga has an Audit, Risk, Value and Efficiency Committee and it is common practice for the auditor to liaise directly with the Committee. All our reporting will be to Chair of Audit, Risk, Value and Efficiency Committee.

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with ARVEC and management through various means. This includes but is not limited to:

- ▶ This audit plan
- ▶ Management letter after the interim audit visit
- ▶ The BDO Client Portal
- ▶ An audit completion report at the conclusion of the audit
- ▶ The audit report.

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We have prepared this report solely for the use of City of Onkaparinga. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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Mr David Powell
Chair, Audit, Risk, Value and Efficiency Committee
City of Onkaparinga
PO BOX 1
NOARLUNGA CENTRE SA 5168

12 February 2020

Dear Mr Powell

TERMS OF ENGAGEMENT - AUDIT

The purpose of this letter is to set out the basis on which BDO Audit (SA) Pty Ltd (BDO) acts as auditors of City of Onkaparinga (the Council) and the respective areas of responsibility of the Council's officers and of BDO.

Audit of the financial report

The objective and scope of the audit

You have requested that we audit the financial report of City of Onkaparinga which comprises the statement of financial position as at 30 June 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the certification of the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

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

The responsibilities of the auditor

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council's officers.
- Conclude on the appropriateness of Council officers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

The responsibilities of Council's officers and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that the Council's officers acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the financial report in accordance with the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* made under that Act and Australian Accounting Standards
- b) For such internal control as Council's officers determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error and
- c) To provide us with:
 - i. Access to all information of which Council's officers are aware that is relevant to the preparation of the financial report whether obtained from within or outside of the general and subsidiary ledgers, such as records, documentation and other matters including access to information relevant to disclosures;
 - ii. Additional information that we may request from Council's officers for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
- d) To inform us of any documents that you expect to issue that may comprise other information;
 - i. If the other information is provided prior to the auditor's report date; the financial report and any other information obtained prior to the date of the auditor's report will be consistent with one another, and the other information will not contain any material misstatements;
 - ii. If the other information is not provided prior to the auditor's report date; to provide and/or issue such other information that will enable us to complete our required procedures.



As part of our audit process, we will request from Council's officers and where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Other requirements

Council's officers will inform us of any material event occurring between the date of our report and the date of issue of the financial report, which may affect the financial report.

Expected form and content of the auditor's report

We have included an example audit report in Appendix 1 to this letter, which reflects the form and content of the auditor's report, in the circumstance where the auditor has concluded that an unmodified opinion is appropriate based on the audit evidence obtained, including the reporting on other information. The form and content of our report may vary from the example in light of our audit findings.

Fees

Our audit fees will be confirmed through our annual audit plan and are consistent with our audit tender.

Our fees are based on our understanding of your current operations and the required scope of the engagement. If these alter, the estimated fee will need to be revised.

Our fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc advice provided in the course of our engagement is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues which necessitate increased professional time will fall outside the scope of our proposed engagement fee. Fees for any assistance provided in this regard will be negotiated prior to the services being performed.

The fees assume that all engagement schedules and reports will be available upon commencement of the engagement and that the financial report will be prepared by your staff. If schedules and reports are not provided within the agreed timetable, additional costs may be incurred and charged to you.

Should these assumptions not remain valid, we will inform you prior to the occurrence of additional costs.

Other matters under the Local Government Act 1999

Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the *Local Government Act 1999* in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements of the *Local Government Act 1999*, we shall notify you on a timely basis. As part of our audit process, we shall also provide you with a written independence declaration as required by the *Local Government Act 1999*.

Enquiries from oversight bodies

The Council's officers shall notify BDO of any enquiries, such as financial reporting surveillance enquiries, from any oversight body that relate to the audit engagement as soon as practicable.



Presentation of the audited financial report on the internet

If you intend to electronically present the audited financial report and auditor's report on your web site or any other digital media, the security and controls over information on the relevant web site shall be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity.

Terms of Trade

The terms of this engagement are per Professional Service Agreement for Provision of an External Audit Service 2015/16 to 2019/20, contract number 15020.

Yours faithfully

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a light blue grid background.

Andrew Tickle
Director



APPENDIX 1

DRAFT INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF ONKAPARINGA

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Onkaparinga (the Council) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of City of Onkaparinga, presents fairly, in all material respects, the Council's financial position as at 30 June 2020 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

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

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

Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is Other Information.

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

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



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

Council's responsibility for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Andrew Tickle

Director

Adelaide, XX September 2020



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AUSTRALIA

Mr David Powell
Chair, Audit, Risk, Value and Efficiency Committee
City of Onkaparinga
PO BOX 1
NOARLUNGA CENTRE SA 5168

12 February 2020

Dear Mr Powell

ASSURANCE ENGAGEMENTS ON CONTROLS

Design and Operating Effectiveness of Controls

You have requested that we undertake a reasonable assurance engagement on the design of controls established by City of Onkaparinga in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, and the operating effectiveness of these controls throughout the period 1 July 2019 to 30 June 2020 in accordance with the requirements of the *Local Government Act 1999*. The control objectives to be addressed are specified by legislation, which are that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are conducted properly and in accordance with law.

We are pleased to confirm our acceptance and our understanding of this reasonable assurance engagement by means of this letter. Our assurance engagement will be conducted with the objective of expressing an opinion on the suitability of the design of controls within City of Onkaparinga's systems to achieve the stated control objectives, and the operating effectiveness of those controls throughout the period.

Responsibilities of the assurance practitioner

We will conduct our assurance engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls*. That standard requires that we comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives, and the controls operated effectively throughout the period. An assurance engagement involves performing procedures to obtain evidence about the design, description and operating effectiveness of controls.

The procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material deficiencies in the design or deviations in the operating effectiveness of the controls.

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Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of controls there is an unavoidable risk that some deficiencies in the design or deviations in the operating effectiveness of controls may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

The responsibilities of management and identification of the applicable control framework

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

- a) That throughout the period, in all material respects, and based on suitable criteria:
 - i. The controls within City of Onkaparinga's system were suitably designed to achieve the identified control objectives; and
 - ii. The controls operated effectively to achieve the control objectives;
- b) For the identification of suitable control objectives which are specified by law in relation to the system;
- c) For the identification of risks that threaten achievement of the control objectives identified;
- d) For design of the system, comprising controls which will mitigate those risks so that those risks will not prevent achievement of the identified control objectives and therefore that the control objectives will be achieved;
- e) For operation of the controls as designed throughout the period;
- f) To provide us with:
 - i. Access to all information of which those charged with governance and management are aware that is relevant to the description of the system and design and operation of the controls within that system;
 - ii. Additional information that we may request from those charged with governance and management for the purposes of this assurance engagement; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

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

Assurance Approach

We will examine and evaluate the controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

Due to the complex nature of internal control, our assurance procedures will not encompass all individual controls at City of Onkaparinga, but will be restricted to an examination of those controls reported which achieve the control objectives specified by legislation.

Assurance Procedures

Our assurance procedures will include:

- a) Obtaining an understanding of the control environment of City of Onkaparinga relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;



- b) Evaluating the design of specific controls by:
 - i. Assessing the risks that threaten achievement of the control objectives; and
 - ii. Evaluating whether the controls described are capable of addressing those risks and achieving the related control objectives;
- c) Making enquiries, inspecting documents, conducting walk throughs and re-performance of controls to ascertain whether the degree of compliance with controls is sufficient to achieve their control objectives throughout the period.

Assurance Report

The format of the report will be in accordance with ASAE 3150 with respect to reasonable assurance engagements. An example of the proposed report is contained in the appendix to this letter.

Our opinion will be phrased in terms of the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls as designed.

Material Deficiencies in Design or Deviations in Operating Effectiveness of Controls

We will issue an assurance report without modification, to provide a reasonable assurance conclusion on the controls relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities where our procedures do not identify a material deficiency in the design of controls necessary to achieve the control objectives, or deviation in the operating effectiveness of controls as designed. For this purpose, a material deviation, misstatement or deficiency exists when:

- a) the controls as designed or the degree of compliance with them will not or may not achieve the control objectives in all material respects; and
- b) knowledge of that deficiency or deviation would be material to users of the assurance report.

If our assurance engagement identifies that there are material deficiencies in the design or deviations in the operating effectiveness of controls during the period covered by the report, such deficiencies or deviations will be disclosed in our report even if they were corrected prior to the end of the reporting period. However, our report will indicate that such deviations were corrected if that is the case. If any material deficiencies or deviations disclosed in our report have been corrected subsequent to this period (or are in the process of being corrected), we will refer to this in our report.

Although the primary purpose of our assurance engagement will be to enable us to issue the above described report, we may also provide you with a letter containing recommendations for strengthening controls if such matters are observed during the process of the assurance engagement. Although issues raised may not represent deficiencies in design or deviations in operating effectiveness of the controls which are material to our conclusion, our recommendations will address areas where we believe controls could be improved.

We look forward to full cooperation from your staff during our assurance engagement.



Terms of Trade

The terms of this engagement are per Professional Service Agreement for Provision of an External Audit Service 2015/16 to 2019/20, contract number 15020.

Yours sincerely

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a faint, light blue circular stamp.

Andrew Tickle
Director



APPENDIX 1

DRAFT INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF CITY OF ONKAPARINGA

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2019 to 30 June 2020 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2019 to 30 June 2020.

Basis for opinion

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

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

The Council's responsibilities for the internal controls

The Council is responsible for:

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

Our independence and quality control

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



Assurance practitioner's responsibilities

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

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

Limitations of controls

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

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

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, XX September 2020

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7.4 Risk Management Quarterly Update

This is a regular or standard report.

Manager: Desma Morris, Manager Governance
Report Author: Leila Mirovitskaya, Senior Audit and Risk Officer
Contact Number: 8301 7324
Attachments: 1. Summary of Very High and High Inherent risks (1 page)

1. Purpose

This report provides an update on the activities of the risk management function since the last quarterly report to the Audit, Risk, Value and Efficiency Committee (the Committee) on the 2 December 2019.

2. Recommendation

That the Audit, Risk, Value and Efficiency Committee receive and note the agenda report.

3. Background

The Terms of Reference of the Committee require it to review the Council's risk profile, risk management processes and monitor risk exposures. This update is provided in accordance with the Committee's 2020 reporting schedule (work plan).

This risk management update report is designed to highlight work that has been completed in the Council's risk management activities and processes.

4. Financial Implications

There are no financial implications identified.

5. Risk and Opportunity Management

Risk	
Identify	Mitigation
Risks not identified and evaluated for effective controls	Corporate and Strategic Risk Register is available to the business on the Council's intranet. Risk review schedule developed to ensure all risks in the register are reviewed annually, including control effectiveness evaluations. Continuing risk identification and evaluation guidance sessions to teams and new starters.

Inconsistent risk assessment and management methodologies being used across the organisation	<p>The Senior Audit and Risk Officer's direct engagement through risk assessments and support activities ensures a consistent corporate risk management approach across the business.</p> <p>The use of the risk management framework and risk evaluation tools drive consistency in risk management methodology.</p> <p>Ongoing risk awareness information sessions.</p>
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Opportunity	
Identify	Maximising the opportunity
Enhanced risk analysis and assessment skills across the business	Embed risk analysis and assessment skills within departments and teams to enable the development a positive risk management culture.

6. Additional information

Risk Management Framework

The Framework has been updated to incorporate reference to climate change risks as per amendments presented to the Committee at its meeting on the 2 December 2019.

Corporate and Strategic Risk Register

The Corporate and Strategic Risk Register – *Major IT system failure C029* - will be reviewed once the current forensic analysis has been completed, at which time a comprehensive risk assessment will be undertaken. For the update on the current status of the ICT outage refer to the separate report to this agenda.

Attachment 1 to this report provides a summary of the Very High and High Inherent risks in the Register and their current and residual risk level by category.

Risk Management Workshop

A workshop is being arranged for Committee members to discuss risk matrix and the residual risk ratings of high in corporate and strategic risk categories as per the Committee's resolution at its meeting on the 2 December 2019. We are currently in discussion the Local Government Risk Services and tentatively looking to hold a workshop as part of the Committee's scheduled May meeting.

Risk Assessments and awareness

Ongoing risk identification, risk assessments and awareness communications are conducted by the Corporate Governance team across the organisation.

Risk assessments conducted in the second quarter 2019-2020 included:

- 2019 Christmas Pageant
- Studio 20 after hours use

New or emerging risks

- Underpayment of employees – recent media articles have highlighted the potential for organisational measures to fail to ensure employees receive their lawful entitlements.
 - subject to risk assessment this matter may require inclusion in 2020-21 internal audit plan.
- COVID-19 – an internal working group has been formed to ensure organisational preparedness in the event there is person to person transmission.

Onkaparinga Climate Risk Governance Working Group

The Working Group is in response to the Climate Risk Governance Assessment that was conducted by consultancy Climate Planning in 2019 for the Cities of Onkaparinga and Marion. The assessment was not intended to measure 'on-ground' climate action but rather to identify documented climate risk governance arrangements to establish gaps that may expose us to legal or financial liability.

Council was assessed against 17 key performance indicators, and specific recommendations were provided about how to lift performance against each indicator. Although we were identified as high-performing overall, several gaps leave us exposed to potential liabilities.

The Working Group will consider and assist in implementing the recommendations from the Climate Risk Governance Assessment for the City of Onkaparinga. Its purpose is to improve accountability, transparency and performance around council's climate risk governance, thereby reducing exposure to climate related legal and financial liabilities.

The Director Corporate and City Services is the sponsor for the Working Group which will be administered by the Corporate Governance team. The first meeting will be held on 11 March 2020 to consider, review and establish proposed actions for the Working Group.

Corporate and Strategic - Very High and High Inherent Risks

Risk ID No.	Risk	Inherent Risk Rating	Current Risk Rating	Residual Risk Rating
Compliance / Legal				
C013	Management failure to understand their Due Diligence responsibilities under the WHS Act.	High	Medium	Medium
C018	Failure to manage compliance to the Local Nuisance and Litter Control Act 2016	High	High	Low
C025	Failure to report and meet obligations to ICAC	High	Medium	Medium
C033	Failure to verify sufficient insurance is in place by Contractors & Suppliers, prior to contract award or issue of purchase order	High	Medium	Medium
C035	Failure to identify or disclose conflict of interest.	High	Medium	Medium
C038	Failure to identify, monitor & manage former landfill sites	High	Medium	Medium
C047	Insufficient information management compliance	High	Medium	Medium
C079	Failure of email / calendar archive system	High	High	High
C080	External agency initiates audit / investigation initiated without suitable warning	High	Medium	Medium
C082	Unmanaged post authorised excessive spend on corporate purchase card Late reconciliations	High	High	Medium
C086	Failure to effectively manage and monitor volunteers across the volunteer engagement models (Council volunteers, Partnership group supplied volunteers, occasional volunteers)	High	High	Medium
C087	Failure to meet Water Retailer Entity licence and/or reporting requirements	High	Medium	Low

Reputation / Community Expectation				
C004	Failure to identify and manage risk for internally run community events, programs and activities.	High	High	Medium
C011	Lack of effective leadership capability & failure to attract and retain the right people.	High	Medium	Low
C015	Ineffective response following a serious incident or event	High	Medium	Medium
C022	Breach of confidentiality by Elected Members.	High	High	High
C028	Failure to deal appropriately with escalated complaints	High	Medium	Medium
C030	Failure to attract / maintain event sponsorship for internally run events	High	High	High
C042	Ineffective management of Council's different media channels (e.g. website, Facebook, traditional media - journalists)	High	High	High
C045	Failure to comply to the contractor management process	High	High	High
C050	Failure to ensure accessible, affordable and desirable land is available for economic industry development in line with the Onkaparinga 2035 People, Plan, Prosperity Plan.	High	Low	Low
C065	Councils ability to manage business activities negatively impacted by Senior Leadership change(s).	High	Medium	Medium
C067	Failure to deliver programs and services that meet community need and expectations.	High	Medium	Medium
C071	Reputational damage caused by social media	High	High	High
C078	Increased pressure and workloads associated with Elected Member and Ward changes.	High	High	Medium

Risk ID No.	Risk	Inherent Risk Rating	Current Risk Rating	Residual Risk Rating
Environment				
C037	Failure of any component of the Community Waste Management Systems (CWMS network)	High	Medium	Medium
Financial/ Business Sustainability				
C020	Failure to sustainably and effectively manage public funds to deliver council services in line with Onkaparinga 2035 - People Place Prosperity Plan	Very High	Medium	Medium
C036	Failure to achieve the commercial requirements of the 'Water Business Unit'	High	Medium	Medium
C061	Strategies and objectives achievement negatively impacted by cost shifting within State / Federal Government.	High	High	High
C070	Failure to deliver core services to all Council wards and communities due to demographic changes.	High	Low	Low
Public Safety/ Employee Welfare				
C001	Major coastal cliff collapse.	Very High	Medium	Medium
C002	Person, vehicle(s) or materials fall onto the rail line adjacent Meyer Road Bridge.	High	Medium	Low
C014	Failure to adequately maintain and comply with the Councils WHS Management System	High	Medium	Medium
C075	Potential conflict or exposure to aggression when attending private properties to carry out Council duties	High	Medium	Medium

Political				
C054	Reduction and/or change in government funding for <u>core activities</u>	High	High	High
C073	Encroachment of residential and / or business properties onto and over council land boundaries	High	Medium	Medium

Service Delivery				
C012	Failure to provide effective standard of training to staff to enable quality outcomes from teams and sections	High	Medium	Medium
C029	Major IT system failure	High	Medium	Medium
C031	Failure of IT systems in libraries	High	Medium	Medium
C060	Financial sustainability impacted by changes to regulations and legislation (eg: Rate Capping / public housing responsibility transfer to local Government)	High	High	High
C085	Escalated costs and complexity in relation to the management of stormwater easements (access and encroachments).	High	High	High
C088	Failure to consider climate change mitigation and adaptation in core council's activities: strategic, statutory, social, infrastructure and asset management planning.	Very High	High	High

7.5 2020 Committee Reporting Schedule (Work plan)

This is a regular or standard report.

Manager: Desma Morris, Manager Governance

Report Author: Leila Mirovitskaya, Senior Audit and Risk Officer

Contact Number: 8301 7324

Attachments: 1. 2020 Committee Reporting Schedule (Work Plan) (2 pages)
2. Minutes Action List (3 pages)

1. Purpose

This report provides an updated listing of the scheduled reports and Action List for consideration by the Committee.

2. Recommendation

That the Audit, Risk Value and Efficiency Committee receive and note the information contained in the Committee Reporting Schedule and Action List, attachments 1 and 2 to the agenda report.

3. Background

This report is provided as per the Committee's resolution at its 4 December 2017 meeting that an updated reporting schedule (work plan) be included in the agenda for each Committee meeting. The work plan provides the Committee with information relating to items that are to be considered at each meeting and is designed to ensure that the objectives of its Terms of Reference are met.

As per the Committee's resolution at its 9 September 2019 meeting an Action List is now included in the agenda for each meeting. The Action List is prepared from information available in the Pathway system which contains all Council and Committee Minutes and was correct at the time of preparing the agenda report.

Attachment 1

2020 Committee Reporting Schedule (Work Plan)
 (as at 24 February 2020)

ARVEC meeting 16/3/20 - 16/03/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
ICT Outage Report	Morris, Desma	GO
Internal Audit - Rates Revenue Assurance Report	Mirovitskaya, Elena	GO
IA - Rates Revenue Report		
<i>Galpins will be in attendance</i>		
Quarterly update - Risk Management	Mirovitskaya, Elena	GO
External Audit Plan 2019-20	Carter, Kevin	FA
ARVEC meeting 4/5/20 - 04/05/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
Quarterly Performance Improvement Report	Hassam, Gregory	GO
Quarterly update - Internal Audit	Mirovitskaya, Elena	GO
End of Financial Year reporting timetable	Carter, Kevin	FA
Financial Management Report including Budget Review 2	Eckermann, Diane	FA
Review of financial assumptions 2020-21	Eckermann, Diane	FA
ARVEC meeting 22/6/20 - 22/06/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
Bi-annual update - monitoring hospitality related transactions	Brown, Kathryn	GO
Bi-annual Work Health and Safety activities update	Stott, Christian	GO
Building Rules Assessment Audit Report	Randell, Ian	GO
Quarterly update - Risk Management	Mirovitskaya, Elena	GO
Implementation of external audit actions report	Carter, Kevin	FA
ARVEC meeting 27/7/20 - 27/07/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
Quarterly Performance Improvement Report	Hassam, Gregory	GO
Quarterly update - Internal Audit	Mirovitskaya, Elena	GO
External audit interim letter 2019-20	Carter, Kevin	FA
ARVEC meeting 7/9/20 - 07/09/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
Long term viability of the Sellicks Beach cliff top access vegetation barrier planting	Jurado, Salvador	CS
per resolution ARVEC 10/2/20		
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
Annual report - Placement of Council Insurances	Brown, Kathryn	GO
Annual report - section 270 applications	Brown, Kathryn	GO
Quarterly update - Risk Management	Mirovitskaya, Elena	GO

ARVEC meeting 28/9/20 (additional meeting) - 28/09/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
Draft general purpose financial statements for the period ended 30 June 2020	Carter, Kevin	FA
External audit completion letter	Carter, Kevin	FA
In-camera meeting with ARVEC committee and External Auditors (prior to meeting)	Carter, Kevin	FA
Review of auditor independence and legislative compliance	Carter, Kevin	FA
ARVEC meeting 12/10/20 - 12/10/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
ARVEC Annual Performance Review results	Mirovitskaya, Elena	GO
ARVEC Annual Report	Mirovitskaya, Elena	GO
Quarterly Performance Improvement Report	Hassam, Gregory	GO
Quarterly update - Internal Audit	Mirovitskaya, Elena	GO
Council Solutions Regional Authority Annual Report for year ended 30 June 2020	Carter, Kevin	FA
Southern Region Waste Resource Authority Annual Report for year ended 30 June 2020	Carter, Kevin	FA
ARVEC meeting 30/11/20 - 30/11/2020		
REPORT SCHEDULED	RESPONSIBLE OFFICER	DEPT
2020 Committee Reporting Schedule (Work Plan)	Brown, Kathryn	GO
Bi-annual update - monitoring hospitality related transactions	Brown, Kathryn	GO
Bi-annual Work Health and Safety activities update	Stott, Christian	GO
Building Rules Assessment Audit Report - close out of actions	Randell, Ian	GO
as per resolution ARVEC 2/12/19		
Quarterly update - Risk Management	Mirovitskaya, Elena	GO
Implementation of external audit actions report	Carter, Kevin	FA

Audit, Risk, Value and Efficiency Committee - Minutes Action List

Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	10/02/2020	Audit Committee	7.5	Agenda Item	Audit, Risk, Value and Efficiency Committee Terms of Reference	CMA-With Report Author	Therese Brunotte	
				Resolution	MOVED Cr Jamieson. That the Audit, Risk, Value and Efficiency Committee adopt the Terms of Reference, with the following amendment: Page 7 – top line - changing the reference to "Council's Code of Practice: Access to Meetings and Documents 2015" to read "Council's Code of Practice: Access to Meetings and Documents 2019" as adopted by Council on 19 November 2019, as attached to the agenda report. Seconded by Cr Eaton. CARRIED			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	2/12/2019	Audit Committee	7.3	Agenda Item	Building Rules Assessment Audit Report	CMA-With Report Author	Matthew Lawrence	
				Resolution	MOVED Peter Brass. 1. That the Audit, Risk, Value and Efficiency Committee note the 2018–19 Building Rules Assessment Audit Report provided by the Department of Planning, Transport and Infrastructure in attachment 1 to the agenda report. 2. That a report come back to the Audit, Risk, Value and Efficiency Committee in 12 months on the close out of the actions. Seconded by Cr Eaton. CARRIED			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	10/02/2020	Audit Committee	7.6	Agenda Item	Committee Reporting Schedule (Work plan)	CMA-With Report Author	Leila Mirovitskaya	
				Resolution	MOVED Cr O'Brien. 1. That the Audit, Risk Value and Efficiency Committee receive and note the information contained in the Committee Reporting Schedule and Action List, attachments 1 and 2 to the agenda report. 2. Note the inclusion of reference to the budget review in the financial management updates for future meetings. Seconded by Peter Brass. CARRIED			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Finance & Commercial	10/02/2020	Audit Committee	7.3	Agenda Item	Financial Management Report	CMA-With Report Author	Diane Eckermann	
				Resolution	MOVED Peter Brass. 1. That the Audit, Risk, Value and Efficiency Committee note the financial update as detailed in this report and attachments 1 and 2 to the agenda report. 2. That the Committee discussion included: • the need for Council to monitor and review the long term financial plan that ensures ongoing financial sustainability. Seconded by Cr Jamieson. CARRIED			

Audit, Risk, Value and Efficiency Committee - Minutes Action List

Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
City Operations	9/09/2019	Audit Committee	7.1	Agenda Item	Kerbside Collection Compliance Service Review	CMA- With Report Author	Amy Brown	
				Resolution	MOVED Peter Brass. 1. That the Audit, Risk, Value and Efficiency Committee recommend to Council the Kerbside Collection Compliance Review commence as per the Kerbside Service Compliance Review Scope (attachment 1 to the agenda report). 2. That the Committee held discussion as follows: • re scope of review – Committee were very supportive of the review in light of the cost of waste and saw it as beneficial for reducing costs. • Correction in scope required to end date from 2019 to 2020. • Suggested a marketing and communications strategy to deal with any resident questions in relation to the service review. Seconded by Cr Eaton. CARRIED			
				Update	21/10/19 Kimhar - Update provided by Josh Rose The review is currently underway now.			
				Update	3/2/20 Kimhar - forwarded to Josh Rose for an update			
				Update	amybro 04/02/20 Update provided by Josh Rose: Report is progressing well and on track for completion by 31 March 2020.			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	30/09/2019	Audit Committee	7.4	Agenda Item	Monitoring of hospitality related transactions	Actioned	Kathryn Brown	14/02/2020
				Resolution	MOVED Cr Eaton. 1. That the Audit, Risk Value and Efficiency Committee provide feedback in relation to the policy comparison attached as attachment 1 to the agenda report. 2. That, subject to feedback provided at the Audit, Risk Value and Efficiency Committee meeting, the Committee makes recommendations to the Council that the Hospitality Guideline be amended as follows: - Appendix 1 to be amended as discussed. 3. That subject to feedback provided at the Audit, Risk, Value and Efficiency Committee meeting and the Council subsequently endorsing changes (if any), that the Hospitality Guideline will be finalised and approved by the Chief Executive Officer and republished on council's website. 4. That the Committee held discussion as follows: • Cr Eaton queried the use of business related frequent flyer points and requested management to investigate the possibility of using such points for future council business via a specific City of Onkaparinga account. Seconded by Cr O'Brien. CARRIED			
				Update	Completed			
				Update	Enquiries being made regarding frequent flyer points and their potential use in future.			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	2/12/2019	Audit Committee	5.1	Agenda Item	Presentation - SRWRA	CMA- With Report Author	Kirk Richardson	
				Resolution	MOVED Cr O'Brien. That the Audit, Risk, Value and Efficiency Committee note and receive the verbal presentation by SRWRA to proceed a formal Council report to be tabled at Council's meeting on 10 December 2019. Seconded by Cr Eaton. CARRIED			

Audit, Risk, Value and Efficiency Committee - Minutes Action List

Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	10/02/2020	Audit Committee	7.2	Agenda Item	Quarterly Performance Improvement Report	CMA- With Report Author	Greg Hassam	
				Resolution	MOVED Cr Jamieson. 1. That the Audit, Risk, Value and Efficiency Committee note the agenda report and the City of Onkaparinga Quarterly Performance Improvement Report, attachment 1 to the agenda report. 2. That the Committee discussion included: • that ICT reform project benefits realisation will be reported as a new category in future reports • recommending to administration to bring a presentation to the Chamber as part of the budget process. Seconded by Peter Brass. CARRIED			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
City Operations	10/02/2020	Audit Committee	7.1	Agenda Item	Sellicks Beach cliff top access - vegetation barrier planting review update 2020	CMA- With Report Author	Kelly Sambevski	
				Resolution	MOVED Cr O'Brien. That the Audit, Risk, Value and Efficiency Committee: 1. Notes the contents of the agenda report and the Monitoring summary – Sellicks Beach cliff top access project (attachment 1 to the agenda report) and the Palmerston Street Lookout – fencing upgrade proposal (attachment 2 to the agenda report). 2. Recommends to Council to seek advice from the Local Government Mutual Liability Scheme on the risk associated with the long-term viability of the path and the use of a vegetation barrier to warn users of the safety risks of the Sellicks Cliffs, based on the current condition of the vegetation. 3. Notes that a project to upgrade the Palmerston Street lookout as per attachment 2 to the agenda report will be considered as part of the Council Project and Capital Works Program (PCW). 4. Notes that an engagement plan shall be developed for the purpose of consulting with the Sellicks Beach residents and community groups, with an update on the project and potential next steps which will include upgrading the Palmerston Street Lookout and considering the original proposal with alternative risk management solutions such as fencing etc. 5. Notes that a report on the long-term viability of the Sellicks Beach cliff top access vegetation barrier planting be provided to the Audit Risk Value Efficiency Committee in September 2020. 6. That the Committee discussion included: • acknowledging the difficulty in maintaining plants in that location, protecting the environment and safety • ongoing costs to establish and maintain the plantings • options noted from the original proposal. Seconded by Cr Eaton. CARRIED			
Department	Meeting Date	Meeting Type	Item No.	Details		Current Status	Report Author	Completion Date
Corporate & City Services	2/12/2019	Audit Committee	7.6	Agenda Item	Work Health Safety and Return to Work activities update	CMA- With Report Author	Desma Morris	
				Resolution	MOVED Peter Brass. 1. That the Audit, Risk, Value and Efficiency Committee receive and note the agenda report. 2. That an end of financial year report is presented to the Audit, Risk, Value and Efficiency Committee on the Work, Health, Safety Key Performance Indicators as presented to the Directors Group. Seconded by Cr O'Brien. CARRIED			

8. Questions on notice

Nil.

9. Motions on notice

Nil.

10. Petitions

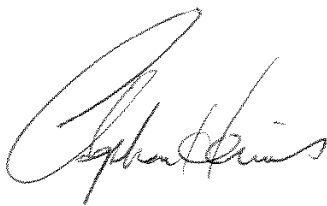
Nil.

11. Urgent business

12. Confidential items

Confidential Clause

If the Audit, Risk, Value and Efficiency Committee so determines item 12.1 may be considered in confidence under Section 90(2) of the *Local Government Act 1999* on grounds contained in the Recommendations below.



Stephen Hains
Chief Executive Officer (Acting)

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12.1 Information Communication Technology (ICT) systems outage

1. That:

- a. under the provisions of Section 90(2) of the *Local Government Act 1999* an order be made that the public, with the exception of staff on duty, be excluded from attendance at the meeting in order to consider this item in confidence.**
- b. the Audit, Risk, Value and Efficiency Committee is satisfied that it is necessary that the public, with the exception of staff on duty, be excluded to enable the Audit, Risk, Value and Efficiency Committee to receive and discuss the matter at the meeting on the following grounds:

Section 90(3)(e) matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person.**
- c. accordingly, on this basis the principle that meetings of the Audit, Risk, Value and Efficiency Committee should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**

2-3 Confidential

- 2. a. That the matter of Information Communication Technology (ICT) systems outage having been considered by the Audit, Risk, Value and Efficiency Committee in confidence under sections 90(2) and 90(3)(e) of the *Local Government Act 1999* that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the agenda report, discussion and minutes of the Audit, Risk, Value and Efficiency Committee relating to discussion of the subject matter be kept confidential.**
- b. That, pursuant to section 91(9)(a) of the *Local Government Act 1999*, Council delegates the duty to conduct an annual review of the confidentiality order to the Chief Executive Officer, or their sub-delegate.**
- c. That, pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke the confidentiality order to the Chief Executive Officer, or their sub-delegate.**

13. Closure

Conflict of Interest Disclosure Form

CONFLICTS MUST BE DECLARED VERBALLY DURING MEETINGS

Councillor:

Date:

Meeting name:

Agenda item no:

1. I have identified a conflict of interest as:

MATERIAL ☐

ACTUAL ☐

PERCEIVED ☐

MATERIAL: Conflict arises when a councillor or a nominated person will gain a benefit or suffer a loss (whether directly or indirectly and whether pecuniary or personal) if the matter is decided in a particular manner. If declaring a material conflict of interest, Councillors must declare the conflict and leave the meeting at any time the item is discussed.

ACTUAL: Conflict arises when there is a conflict between a councillor's interests (whether direct or indirect, personal or pecuniary) and the public interest, which might lead to decision that, is contrary to the public interest.

PERCEIVED: Conflict arises in relation to a matter to be discussed at a meeting of council, if a councillor could reasonably be taken, from the perspective of an impartial, fair-minded person, to have a conflict of interest in the matter – whether or not this is in fact the case.

2. The nature of my conflict of interest is as follows:

(Describe the nature of the interest, including whether the interest is direct or indirect and personal or pecuniary)

3. I intend to deal with my conflict of interest in the following transparent and accountable way:

☐ I intend to **leave** the meeting

OR

☐ I intend to **stay** in the meeting *(complete part 4)*

4. The reason I intend to stay in the meeting and consider this matter is as follows:

(This section must be filled in. Ensure sufficient detail is recorded of the specific circumstances of your interest.)

and that I will receive no benefit or detriment direct or indirect, personal or pecuniary from considering and voting on this matter.

CONFLICTS MUST ALSO BE DECLARED VERBALLY DURING MEETINGS

Governance use only: Member voted FOR/AGAINST the motion.

Ordinary Business Matters

A **material, actual** or **perceived** Conflict of Interest does not apply to a matter of ordinary business of the council of a kind prescribed by regulation.

The following ordinary business matters are prescribed under Regulation 8AAA of the *Local Government (General) Regulations 2013*.

- (a) *the preparation, discussion, conduct, consideration or determination of a review under section 12 of the Act*
 - (b) *the preparation, discussion, adoption or revision of a policy relating to allowances and benefits payable to members if the policy relates to allowances and benefits payable equally to each member (rather than allowances and benefits payable to particular members or particular office holders)*
 - (c) *the preparation, discussion, adoption or alteration of a training and development policy under section 80A of the Act*
 - (d) *the preparation, discussion, adoption or amendment of a strategic management plan under section 122 of the Act*
 - (e) *the adoption or revision of an annual business plan*
 - (f) *the adoption or revision of a budget*
 - (g) *the declaration of rates (other than a separate rate) or a charge with the character of a rate, and any preparation or discussion in relation to such a declaration*
 - (h) *a discussion or decision of a matter at a meeting of a council if the matter—*
 - (i) *relates to a matter that was discussed before a meeting of a subsidiary or committee of the council*
 - (ii) *the relevant interest in the matter is the interest of the council that established the committee or which appointed, or nominated for appointment, a member of the board of management of the council subsidiary or regional subsidiary.*
- (2) *For the purposes of section 75(3)(b) of the Act, a member of a council who is a member, officer or employee of an agency or instrumentality of the Crown (within the meaning of section 73(4) of the Act) will not be regarded as having an interest in a matter before the council by virtue of being a member, officer or employee.*

Engagement and membership with groups and organisations exemption

A member will not be regarded as having a conflict of interest **actual** or **perceived** in a matter to be discussed at a meeting of council **by reason only of**:

- an engagement with a community group, sporting club or similar organisation undertaken by the member in his or her capacity as a member; or membership of a political party
- membership of a community group, sporting club or similar organisation (as long as the member **is not** an office holder for the group, club or organisation)
- the member having been a student of a particular school or his or her involvement with a school as parent of a student at the school
- a nomination or appointment as a member of a board of a corporation or other association, if the member was nominated for appointment by a Council.

However, the member will still be required to give careful consideration to the nature of their association with the above bodies. Refer Conflict of Interest Guidelines.

For example: If your **only** involvement with a group is in your role as a Council appointed liaison as outlined in the Council appointed liaison policy, you will not be regarded as having a conflict of interest actual or perceived in a matter, and are NOT required to declare your interest.