

CITY OF WEST TORRENS



NOTICE IS HEREBY GIVEN in accordance with Sections 87 and 88 of the
Local Government Act 1999, that a meeting of the

AUDIT AND RISK PRESCRIBED COMMITTEE

of the

CITY OF WEST TORRENS

will be held in the Mayor's Reception Room, Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

MONDAY, 17 OCTOBER 2016
at 6.00pm

Terry Buss
Chief Executive Officer

City of West Torrens Disclaimer

Please note that the contents of this Committee Agenda have yet to be considered by Council and recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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1 MEETING OPENED**2 PRESENT****3 APOLOGIES****4 DISCLOSURE STATEMENTS**

Committee Members are required to:

1. Consider Section 73 and 75 of the *Local Government Act 1999* and determine whether they have a conflict of interest in any matter to be considered in this Agenda; and
2. Disclose these interests in accordance with the requirements of Sections 74 and 75A of the *Local Government Act 1999*.

5 CONFIRMATION OF MINUTES**6 COMMUNICATIONS BY THE CHAIRPERSON****7 PRESENTATIONS**

8 OUTSTANDING REPORTS / ACTIONS

8.1 Open Actions Update

Brief

This report presents an update on the current status of open actions from previous meetings of the Audit and Risk Prescribed General Committee.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that it notes the status of current open actions.

Introduction

A report is presented to each ordinary meeting of the Audit and Risk Prescribed General Committee (Committee) detailing the status of open actions from previous Committee meetings.

Discussion

This report provides an update of the current status of open actions (**Attachment 1**). Of the nine (9) outstanding actions, seven (7) are complete, one (1) is in progress and one (1) action will be aligned with the next open actions update report.

Conclusion

This report provides details of the status of the Committee's open actions.

Attachments

1. Attachment 1

		Target date	RO	Status		Meeting/s where item originally raised/reported
				Actions taken	Status	
OPEN ACTIONS						
1	Self-Assessment Self-assessment of the Committee to be undertaken each year. Self-assessment sheets to be provided to the Committee members in Sept 2016.	Oct 2016	GMB& CS/ PLIA& R	The self-assessment was distributed during September 2016.	In Progress	Annual requirement
2	Agreed Actions The CEO agreed to report back to the next meeting of the Committee on which actions contained in the 'Internal Audit Recommendation and Actions Report' are able to be deleted on the basis they are within tolerance levels and not being progressed.	Oct 2016	PLIA& R	The Internal Audit Action report is consolidated every six months (excluding for any High Risk actions). To ensure efficient use of resources the register will be reviewed as part of the next scheduled report to allow for the Risk Team to discuss audit recommendations first hand with the relevant manager(s).	Not Started	Jul 2016
COMPLETED ACTIONS						
3	Presentation of Annual Report The Audit and Risk Committee to present an Annual Report to Council that details the activities and achievements of the Committee.	Sep 2016	GMB& CS/ PLIA& R	The 2015/16 Audit and Risk Committee Annual Report was presented to Council at its 02 August 2016 Council Meeting.	Complete	Annual requirement

		Target date	RO	Status		Meeting/s where item originally raised/reported
				Actions taken	Status	
4	Legal Advice - Role of the Audit and Risk Committee. Kelledy-Jones Lawyers present to the Committee at its next meeting in relation to the role of the Committee and the application of the conflict of interest provision, particularly in relation to the role being that of advisory and review.	Jul 2016	CEO	Kelledy-Jones Lawyers presented to the Committee at its 20 July 2016 meeting.	Complete	April 2016
5	Role of the Committee and Confidentiality Provisions The CEO agreed that the GMB&CS would circulate Sections 93(3)(a) and (b) of the Local Government Act which were discussed during Mr. Kelledy's presentation.	Jul 2016	GMB&CS	Sections circulated via email from GMB&CS on 22 July 2016.	Complete	Jul 2016
6	LGAWCS KPI Evaluation The Administration to report to the August 2016 meeting of the Committee an internal analysis on the gaps in the Work Health Safety and Injury Management Plan 2014-2017 in relation to training.	Aug 2016	GMCR	Report presented to the October 2016 meeting of the Committee.	Complete	Apr 2016

		Target date	RO	Status		Meeting/s where item originally raised/reported
				Actions taken	Status	
7	Distribute Budget Report The CEO agreed to provide hardcopies of Council's 2016-17 Budget to the Committee's independent members.	Oct 2016	GMB& CS	Hardcopies were mailed to Committee members during July 2016.	Complete	Jul 2016
8	Verify Agreed Actions The CEO agreed to investigate options to verify the completion of actions asserted to be completed for those recommendations assessed as high risk in Audit Reports.	Oct 2016	PLIA& R	No high risks assessed in audit reports for the reporting period. A process has been established to verify high risk actions in any future audits.	Complete	Jul 2016
9	2016-17 Internal Audit Plan Review That the administration reviews the Internal Audit Plan to reduce the number of audits so that the Plan is achievable.	Oct 2016	PLIA& R	The review is contained within the 2016-17 Internal Audit Update Report with 4 audits removed from the program.	Complete	Jul 2016

8.2 Work Health Safety Training and Induction Program

Brief

This report presents details on the progress of the non-conformances and the initial analysis of the gaps in the Work Health Safety and Injury Management Plan 2014-2017 in relation to training.

RECOMMENDATION(S)

It is recommended to Audit and Risk Committee that this report be received.

Introduction

At its meeting on 12 April 2016, the Chief Executive Officer agreed to provide an initial analysis on the gaps in the *Work Health Safety and Injury Management Plan 2014-2017* in relation to training to the August 2016 meeting of the Committee. That meeting was cancelled and so the report is presented to this meeting.

Discussion

A report on the outcomes from the LGAWCS KPI Evaluation undertaken in December 2015, was presented to the Audit and Risk Committee on 12 April 2016 (**Attachment 1**).

Outlined in the report were recommendations against 11 sub elements of the *Return to Work SA Performance Standards for Self-Insurers (formerly WorkCover)*. All recommendations were subsequently captured and scheduled within the *City of West Torren Work Health Safety and Injury Management (WHS and IM) Plan 2014-2017*.

Progress against the non-conformances identified in the 2015 LGAWCS KPI Evaluation is as follows:

Sub Elements Assessed	Status as at 30 September 2016
3.2.1 - The organisation must ensure that a relevant training program is being implemented.	A training program has been developed which includes identified training needs, gap analysis and a training plan to address the gaps identified.
3.8.1 - The organisation must ensure a hazard management process that includes identification, evaluation and controls is in place.	A process has been developed and implemented. All high risk activities and equipment have undertaken appropriate risk assessments, with all medium and low risk activities and equipment scheduled to be completed by 31 January 2017.
3.8.6 - The organisation must ensure program(s) (in this context programs means policies and procedures) are in place to meet the organisation's duty of care for all persons in the workplace.	There are now a suite of WHS related policies and associated documentation to address the organisation's business activities to meet the duty of care for all persons in the workplace.
4.2.1 - The organisation must ensure programmed internal audits are performed objectively by a competent personnel to ensure performance of systems and programs and employees directly affected by the results, or their representatives, are consulted.	Some internal audits have commenced against WHS policies and systems. Further adhoc audits are planned as the WHS and IM Management System matures, with a detailed schedule to be in place by 31 July 2018.

With regards to the provision of an initial analysis on the gaps relating to the training and induction program of the WHS and IM Plan 2014-2017, the following items are currently in place:

- WHS Induction Program for all staff
- WHS Training Needs for each position
- Records of training undertaken by staff are captured in a centralised location
- Inclusion of WHS KPI within all staff performance development plans
- Inclusion of key WHS training requirements through the performance development plans
- WHS Training evaluation process
- Process for the scheduling, promotion and booking of WHS Training through the online corporate calendar
- WHS Training Plan for 2016 and 2017
- Quarterly reporting of attendance at required training and inductions through the WHS and IM Performance Dashboard
- All training and induction sessions delivered "face to face" with appropriately qualified and experienced providers.

Delivery of activities within the *WHS and IM Plan 2014-2017* has been closely monitored by the LGAWCS over the past six months, with early indications that the City of West Torrens has developed a robust and sustainable training and induction program. It is recognised that there is still additional work to be achieved including the:

- Development and implementation of competency based assessment and training process for high risk activities - scheduled for completion by 30 April 2017.
- Automation of the gap analysis for training and induction against position requirements - scheduled for completion by 30 September 2017.
- Development of a 3-5 year WHS training plan - scheduled for completion by 30 September 2017.

It is worth noting that while the current process of managing training and inductions is manually undertaken and monitored, work is currently underway to enhance the functionality of the corporate HR/Payroll system (CHRIS21). The improved functionality will assist with record keeping and planning of training requirements and is scheduled for completion by 31 December 2016.

While training and induction (*Standard 3*) is an important element of WHS, the focus in the coming months will be on the continued development and implementation of key processes surrounding hazard management (*Standard 2*) and the review of a number of core WHS administrative policies (*Standard 1*). These components, along with the training as indicated above, will move CWT closer towards compliance of the three core standards required under the Return to Work SA Performance Standards for Self-Insurers.

As the WHS and IM Management System matures through meeting the requirements of each of the three standards, further work can be progressed on developing a robust internal audit program (*Standard 4*), monitoring of key elements of the WHS and IM Management System for effectiveness (*Standard 5*), as well as exploring automation and/or online functionality to meet the organisation's business needs.

Conclusion

Details on the progress of the non-conformances and the initial analysis of the gaps in the Work Health Safety and Injury Management Plan 2014-2017 in relation to training are provided in this report for the information of committee members.

Attachments

1. Attachment 1

Title 2015 LGAWCS KPI EVALUATION

Brief

This report presents the outcome of the Local Government Association Workers Compensation Scheme KPI Evaluation undertaken in November 2015

RECOMMENDATION(S)

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

Introduction

The Local Government Association Workers Compensation Scheme (LGAWCS) conducted an evaluation on the City of West Torrens' (CWT) work health safety (WHS) management system on 26 and 27 November 2015.

Discussion

As the holder of the self-insurers licence for the Local Government Association, the LGAWCS undertakes an annual evaluation of all councils to assess compliance against all sub-elements contained in the WorkCover Performance Standards for Self Insurers (PSSI).

In previous years, the LGAWCS have evaluated all 56 sub-elements contained within the five main standards of the PSSI. Since 2014, the scope of the KPI Evaluation has reduced to 11 key elements identified by the LGAWCS each year. The elements evaluated are not known to councils until early October.

The 2015 KPI Evaluation focussed on 11 sub-elements across Standards 1, 2, 3 and 4, with two elements from Standard 4 being introduced in the evaluation process for the first time since 2012.

The organisation received four conformances, three observations and four non-conformances in the 2015 evaluation. Below is a summary of the outcomes from the 2015 and the comparisons to previous years:

Sub Elements Assessed	2012	2013	2014	2015
1.2.1 - Supporting policies and procedures are in place	NC	Audit By-pass Granted by LGAWCS	C	O
2.1.1 - Legislative compliance is addressed as part of the system	O		O	C
2.1.2 - The organisation's system must ensure employees or their representatives directly affected by the implementation of WHS plans are consulted when the plans are being formulated	C		C	N/A
2.1.3 - The organisation's system must ensure programs have objectives, targets and performance indicators where relevant	NC		C	N/A
2.3.1 - The organisation must ensure appropriate training requirements have been identified	NC		NC	N/A
2.3.2 - The organisation must ensure training plan(s) (training needs analysis, schedule, policies, procedures records etc) have been developed	NC		NC	N/A
3.2.1 - The organisation must ensure that a relevant training program is being implemented	NC		NC	NC

Sub Elements Assessed	2012	2013	2014	2015
3.3.1 - The organisation must ensure defined responsibilities are communicated to relevant employees	N/A	Audit By-pass Granted by LGAWCS	N/A	O
3.3.2 - The organisation must ensure accountability mechanisms are being used when relevant.	N/A		N/A	C
3.8.1 - The organisation must ensure a hazard management process that includes identification, evaluation and control is in place	NC		NC	NC
3.8.6 - The organisation must ensure program(s) (in this context programs means policies and procedures) are in place to meet the organisation's duty of care for all persons in the workplace.	NC		NC	NC
3.8.7 - The organisation must ensure programs (policies and procedures) are in place to ensure work related injury/illness and incidents are investigated and action taken when relevant	NC		C	O
3.11.1 - The organisation must ensure the relevant level of reporting, records and/or documentation is maintained to support the system programs and legislative compliance	NC		C	C
3.12.1 - The organisation must ensure program(s) of documentation control for identification and/or currency of essential documents are in place and maintained	O		O	N/A
4.2.1 - The organisation must ensure programmed internal audits are performed objectively by competent personnel to ensure performance of systems and programs and employees directly affected by the results, or their representatives, are consulted.	N/A		N/A	NC
5.1.1 - The organisation must ensure it reviews the scope and content of the policy statement and supporting policies/procedures in consultation with employees or their representatives to ensure continued suitability and effectiveness.	N/A		N/A	C

C = Conformance **NC = Non-conformance** **O = Observation** **N/A = Not Assessed**

The results of the 2015 LGAWCS KPI Evaluation (**Attachment 1**) acknowledged that the organisation had continued to show good progress towards developing the WHS Management system and that a move to conformance in a number of areas in a short time . To close out the observations and non-conformances, the evaluator has provided the following suggested recommendations:

Sub-element(s)	O/NC	Recommendation(s)
1.2.1 Policies and Procedures	O	1.2.1 Auditors comment: Council has a number of documents which support the WHS System, these include Policies and Procedures, SOP/SWP. There are other documents which are aligned to their procedures, including inspections, accident and incident reports, etc. Some documents were not up to date, but these have been scheduled. While there is the WHS Organisational Hazard Profile, this needs to be aligned to the existing SOP's and SWP's to ensure all hazards have the appropriate controls. This may lead to uncontrolled risks, the NC is identified in Sub Element 3.8.1

Sub-element(s)	O/NC	Recommendation(s)
3.2.1 Training	NC	Auditor comment: An ITN has been developed and job requirements are identified. Training records are maintained. At the time of the audit a training plan based on the ITN had not been developed. It was also noted at the Depot that there is no records associated with ensuring a worker is competent in the use of equipment.
3.3.1 Responsibilities	O	3.3.1 Auditors comment: There is a number of areas which identify responsibility, these include Policies CAR, minutes of meetings, Calendar of Events, PD's and the Dash board. Training records were recorded at the depot, while this may be convenient for the depot a centralize recording process would be more appropriate.
3.8.1 Hazard Identification, Evaluation and Control	NC	Auditor comment: While there is a large amount of documents which support this process, workers are informed of changes and the development of SWP at work group meetings however there are some areas which require more work. Includes, Chemicals, risk assessments required for their use, The continuing development of JSEA/ SWP and SWMS, this area needs to planned and scheduled to move to a compliance.
3.8.6 Visitor, Volunteer and Contractor Management	NC	Auditor comment: There was good evidence of managing risk associated with Visitors and Volunteers. Contractor management was unclear, the procedure requires the council to identify hazards prior to commencing work, this was not completed. The procedure also requires the contract to be monitored, while there was some evidence, the process did not document the frequency of monitoring, which would assist in setting the frequency in line with the risk of the work or complexity of the project. A document was produce for an independent audit of a contract (MBC Consulting) for Camco. This did not align with council documents nor current WHS legislation, it was unclear what this audit was used for and how it would be incorporated into CWT WHS processes.
3.8.7 Incident Investigations	O	3.8.7 Auditors comment: There is a policy in place and the Injury/incident form is appropriate for suitable investigation. A number of incident and accident forms were viewed and these showed improvement in their investigation, while this area is conforming with limited evidence council will need to be diligent in monitoring this process to ensure investigations are appropriate for the incident. The rating of each accident/incident may allow for investigations at different levels.
4.2.1 Internal WHS Auditing Program	NC	Auditor comment: The internal Auditing has not been implemented at this time

The findings from the evaluation were presented to the Executive Management Team and work has commenced to capture the suggested recommendations identified in the evaluation report in the organisation's Work Health Safety and Injury Management Plan 2014-2017.

Conclusion

Details on the 2015 LGAWCS KPI Evaluation on the organisation's WHS management system are provided in this report for the information of committee members

**2015**

**Local Government Association Workers Compensation Scheme
KPI Audit Summary Report**

ATTACHMENT 1

Version No: 1.2

Issue Date: February 2016

Review Date: September 2016

Client: LGAWCS**Auditee: City of West Torrens****Audit Objective/s:**

To complete an annual audit of LGAWCS membership Councils and test conformance against the ReturnToWorkSA Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers.

Also, to provide recommendations to the audited Councils with regard to closing out identified non-conformances, with the aim of assisting those Councils to continuously improve their WHS management systems.

Audit Scope:

The audit scope was agreed to cover the following locations/departments:

Evidence in the form of documents which meet the requirements of the PSSI Sub Elements audited, as detailed below. Including evidence from various departments which are required to meet those sub elements.

The audit was completed over the following agreed time period:

26th and 27th of November 2015

Name of Auditor/s: David Jaunay

Report Provided By: David Jaunay

RRC/WHSC Name : David Jaunay
Position Title: Regional Risk Coordinator
Region: Riverland

On: 02nd February 2016

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Local Government Association Workers Compensation Scheme
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2015 Local Government Association Workers Compensation Scheme KPI Audit Summary Report

1. Introduction

David Jaunay, RRC, Riverland and Adelaide Hills Councils, on behalf of the Local Government Association Workers Compensation Scheme, conducted an audit of City of West Torrens WHS Management Systems on 26th and 27th of November 2015.

The objective of the annual KPI Audit is:

To complete an annual audit of LGAWCS Councils and test conformance against the ReturnToWorkSA Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers.

Also, to provide recommendations to the audited Councils with regard to closing out identified non-conformances, with the aim of assisting those Councils to continuously improve their WHS management systems.

The scope of the audit including site/s visited and the degree of testing and sampling that occurred is outlined below.

Town Hall, documentation

Depot, verification of activities

Staff interviews

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2. Methodology

The audit of WHS Management System included a review of existing documentation and meeting with Council employees. Comments and recommendations, including action items will provide management with some suggested ways to improve their WHS and Injury Management systems. It may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

Employee's involved in the audit process included:

- Tracey Ryan, WHS Coordinator
- Dean Ottanelli (Manager City Works)
- Rick Johnston (Coordinator Horticulture Services)
- Jeff Dinham (Work Group Leader)
- Tony Colbeck (Landscape Worker-injured worker)
- Velimir Roncevic (HSR)
- Sue Curran (Manager Business Services- Contracts/Procurement)

Documentation Review

The review included looking at policies, procedures and supporting documentation within the Council's WHS & IM Management System.

It should be recognised that the findings of this report should be used for:

- Planning and continuous improvement by Council of their Work Health, Safety, and Injury Management Systems
- Conformance with the ReturnToWorkSA Performance Standards for Self Insurers

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3. Audit findings

Overall Council has continued to develop the WHS & IM systems and show good progress. While there are a number of Non Compliances across the audited Sub Elements, Council should move to conformance in a number of areas in a short time. Hazard management and Training are large areas of documentation and will still need further development,

The Sub Element Auditing is not developed at this stage and will need to be planned and implemented over a period of time to achieve compliance.

The Injury Management and Return to Work Audit was fully compliant, and council is congratulated on this result.

The final result sees Council achieve 4 areas of conformance, 3 Observation and 4 areas of non-conformance on the WHS question set and full compliance on the IM question set.

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4. Summary of Non-Conformances – ‘Auditor comments are from the work book’

Question 13,(Standard 3.2.1) The organisation must ensure a relevant training program (in this context program means documented process including policies, procedures, TNA, schedule, records, etc.) is being implemented.

Council has an appropriate TNA however this has not been used to develop a Training plan. Staff evaluations of training delivered is not consistent as outlined in the Training procedure.

Auditor comment: An ITN has been developed and job requirements are identified. Training records are maintained. At the time of the audit a training plan based on the ITN had not been developed. It was also noted at the Depot that there is no records associated with ensuring a worker is competent in the use of equipment.

Question 19,(Standard 3.8.1) The organisation must ensure a hazard management process that includes identification, evaluation and control is in place.

There is a large body of work in this area, while there is a large number of SWP's there is no evidence that these were developed from a risk assessment, Council needs to review these and ensure a risk assessment is conducted to capture all risks. Chemical risk assessments are limited to the Chemical and not its use, these need to be assessed to ensure any potential risks are identified and controlled.

Auditor comment: While there is a large amount of documents which support this process, workers are informed of changes and the development of SWP at work group meetings however there are some areas which require more work. Includes, Chemicals, risk assessments required for their use, The continuing development of JSEA/ SWP and SWMS, this area needs to be planned and scheduled to move to a compliance.

Question 21 (Standard 3.8.6) The organisation must ensure program(s) (in this context programs means policies and procedures) are in place to meet the organisation's duty of care for all persons in the workplace.

While council has a procedure for managing Contractors. The requirement to monitor the contractor was not consistent; council should review this process to identify opportunities of making this appropriate for the contract based on its risk. There was also evidence that hazards were not identified by the council, this demonstrated that there is inconsistency in adoption and implementation of the Contract Management Procedure. External WHS Auditing was presented as evidence, it is unclear where this fits in the Contractor Management Procedure, as the document did not address the Council Procedure.

Auditor comment: There was good evidence of managing risk associated with Visitors and Volunteers. Contractor management was unclear, the procedure requires the council to identify hazards prior to commencing work, this was not completed. The procedure also requires the contract to be monitored, while there was some evidence, the process did not document the frequency of monitoring, which would assist in setting the frequency in line with the risk of the work or complexity of the project. A document was produced for an independent audit of a contract (MBC Consulting) for Camco. This did not align with council documents nor current WHS legislation, it was unclear what this audit was used for and how it would be incorporated into CWT WHS processes.

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Question 28 (Standard 4.2.1) The organisation must ensure programmed internal audits are performed objectively by competent personnel to ensure performance of systems and programs and employees directly affected by the results, or their representatives, are consulted.

At this time Council has not implemented the Auditing Procedure

Auditor comment: The internal Auditing has not been implemented at this time

5. Conclusion

I would like to thank all those involved in the 2015 KPI Audit. It has been a positive experience with all staff and management involved keen to put forward what they are doing in relation to WHS management systems.

Please note that audit findings can only be provided against the evidence presented at the time and within the audit scope. As part of the audit scope, I conducted a desktop review of evidence provided against the KPI audit checklist, followed by some testing of implementation via staff and management interviews and a Depot site visit. The timeframe provided for on-site and document review is two days and hence this can only be a sampling process.

As you are aware, the KPI audit process changed in 2012, to encourage members to feel able to respond freely without the concern that it may impact on their penalty rebate bonus from the LGAWCS. The responses from the KPI audit should enable members to build an action plan to address the non-conformances and observations for the systematic close out of these actions. The close out of these actions within the agreed action plan, then form the basis of the WHS component of the penalty rebate (paid in 2016 for the 2014 KPI audit – enabling Councils to have nearly a year to close out their identified audit issues).

Whilst Council have a number of non-conformances and observations, I also recognise that significant system build has commenced, I am confident that should council continue this development in the coming months a number of Non Conformances will be addressed. However, in some instances not all of these will be finalized and council should carefully plan these activities to match their recourses.

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2015 Local Government Association Workers Compensation Scheme KPI Audit Summary Report

6. Comments and Recommendations

The audit confirms ReturnToWorkSA's findings and indicates that City of West Torrens Council is still in the process of developing their WHS system requirements. As such, focus should be on building basic system elements such as completing a planning process (in line with the OS planning and program development core component requirements) to identify priorities and programs relevant to the Council. Council is very reliant on Spread Sheets to manage the WHS System and while this is being achieved currently, there is a risk that if staff changes this system will fail. It is suggested that council investigate IT systems which may reduce this dependency.

In addition to the Non Compliant sub elements Observations were noted which council should consider to improve the WHS system

1.2.1 Auditors comment: Council has a number of documents which support the WHS System, these include Policies and Procedures, SOP/SWP. There are other documents which are aligned to their procedures, including inspections, accident and incident reports, etc. Some documents were not up to date, but these have been scheduled. While there is the WHS Organisational Hazard Profile, this needs to be aligned to the existing SOP's and SWP's to ensure all hazards have the appropriate controls. This may lead to uncontrolled risks, the NC is identified in Sub Element 3.8.1

3.3.1 Auditors comment: There is a number of areas which identify responsibility, these include Policies CAR, minutes of meetings, Calendar of Events, PD's and the Dash board. Training records were recorded at the depot, while this may be convenient for the depot a centralize recording process would be more appropriate.

3.8.7 Auditors comment: There is a policy in place and the Injury/incident form is appropriate for suitable investigation. A number of incident and accident forms were viewed and these showed improvement in their investigation, while this area is conforming with limited evidence council will need to be diligent in monitoring this process to ensure investigations are appropriate for the incident. The rating of each accident/incident may allow for investigations at different levels.

I would recommend that you work closely with your LGAWCS WHS consultant going forward to ensure that a systematic and prioritised approach is undertaken. This will enable you to plan out how you are going to move forward in a way that will give you the best approach for building your system in line with your resources. Also to ensure that you are able to achieve the best rebate return in line with corrective actions completed.

Please note that KPI action plans need to be submitted for review by the end of January 2016 to address the issues identified in the audit (in a systemic way). If you are unclear on how this is to be undertaken or need examples of formats and structures, please see your

LGAWCS KPI Audit Summary Report Template V1.1 2015 Issued on: 21-10-2015 Review Date: September 2016	<i>Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.</i> C:\DATA\WRKS\TEMP\3932874\2015 KPI Audit Summary Report V1.2 - City of West Torrens.docm	Page 8 of 9
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KPI Audit Summary Report

RRC/WHSC. It is recommended that you work with your RRC/WHSC in drafting these KPI action plans in order to meet the criteria that is required for approval of these plans and to ensure that the action plans are appropriate for closing out the identified issues in a prioritised, structured and systemic way.

N.B THE ABOVE ARE RECOMMENDATIONS ONLY. THE RESPONSIBILITY SITS WITH COUNCIL TO IDENTIFY SYSTEMIC CORRECTIVE ACTIONS THAT ADDRESS THE NON-CONFORMANCE AND MEET THEIR BUSINESS NEEDS

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9 REPORTS OF THE CHIEF EXECUTIVE OFFICER

9.1 FINANCIAL REPORTING AND SUSTAINABILITY

9.1.1 Financial Reporting

Brief

This report lists those finance related reports which were considered by Council between 20 July 2016 and 4 October 2016.

RECOMMENDATION(S)

It is recommended to Audit and Risk Committee that the report be received.

Introduction

The Audit and Risk Prescribed General Committee (the Committee) is presented with a list, at each ordinary meeting, of those finance related reports considered by Council since the Committee's last ordinary meeting. These reports and associated minutes, which are detailed below, are available on Council's website at www.westtorrens.sa.gov.au.

Discussion

The following reports were considered by Council/Council Committee between 20 July 2016 and 4 October 2016.

16 August 2016

- Investments Review 2015/16
- Mendelson Foundation - Investment Performance 30 June 2016
- Revision of the 2016/17 Budget
- Register of Allowance and Benefits - 12 Months to 30 June 2016
- Taxi Voucher Usage
- Elected Member Telephones
- Creditor Payments

20 September 2016

- Council Budget Report - Two months to August 31 2016
- Creditor Payments

4 October 2016

- Nil

Conclusion

This report lists those finance related reports which were considered by Council between 20 July 2016 and 04 October 2016.

Attachments

Nil

9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

9.2.1 Gifts and Benefits Register 2015-2016

Brief

This report presents those declarations made in accordance with the requirements of both the *Code of Conduct for Council Members* and the *Code of Conduct for Council Employees* for the period 1 July 2015 to 30 June 2016.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that this report be received.

Introduction

The *Code of Conduct for Elected Members* and the *Code of Conduct for Council Employees* both require that any gift or benefit received that is more than \$100 must be declared and recorded within a register (Register). This Register must be made available for inspection at the Civic Centre and on Council's website.

Elected Members and employees are encouraged to declare any gifts, benefits or hospitality received regardless of value and detail whether the gift, benefit or hospitality had been accepted or declined.

Declarations are legally required to be included in the *Gifts and Benefits Register* (the Register) which is now required to be made, and is, available to the public.

A summary of both the Elected Member and employee declarations for the period 1 July 2015 to 30 June 2016 are attached (**Attachments 1 and 2 respectively**).

Discussion

Elected Member Declarations

Nine (9) declarations were made by two (2) Elected Members during the 2015/16 financial year. These declarations indicate all gift/benefit declarations were accepted. It should be noted that both Members were transparent in declaring gifts/ benefits/ hospitality that are not required to be declared, i.e. under \$100 in value.

Employee Declarations

Eighteen (18) declarations were made by employees during the 2015/16 financial year. These declarations indicate that fifteen (15) gifts/benefits/hospitality were accepted and three (3) were declined.

Four (4) of the gifts/benefits/hospitality offered and/or accepted were estimated to have a value in excess of \$100 (inclusive), ten (10) between \$50 and \$99 in value and four (4) below \$50 even though there is no requirement to report gifts/benefits/hospitality under \$100.

All Elected Member and employee declarations received conformed with the respective Code of Conduct requirements however, there may be instances when gifts or benefits have been received and not declared and, therefore, there is no record of these.

In line with the resolution of the May 2012 meeting of Council, via the recommendation of the Audit and Risk Prescribed General Committee (the Committee), the Register is presented to the Committee on an annual basis in approximately August of each year dependent on the Committee's meeting schedule. The Register is also available on Council's public website as per

the requirement of both the *Code of Conduct for Elected Members* and the *Code of Conduct for Council Employees*.

The information contained within the Register is updated in the first week of every month.

Conclusion

This report presents the City of West Torrens' Gifts and Benefits Register for 2015/16.

Attachments

1. **Attachment 1**
2. **Attachment 2**

Elected Members - Gifts, Benefits and Hospitality Register - 2015-2016										
No.	Month	Gift, Benefit or Hospitality	Description	Declared Value	Provided by	Has the Provider tendered in last 12 months	Reason declared for Gift, Benefit or Hospitality	Recipient	Accepted or Declined	Elected Member Name
1	July	Hospitality	Corporate facility hospitality to see Crows V Brisbane at Adelaide Oval 22/8/15	\$200	SANFL	No	Networking	Mayor Trainer	Accepted	Mayor Trainer
2	September	Hospitality	Table place at a medal presentation night	\$86	SAAFL	No	To officiate in official medal presentation procedure	Kym McKay	Accepted	Kym McKay
3	September	Hospitality	2x tickets to SANFL grand final in the Chairman's Suite at Adelaide Oval	\$150	SANFL	No	Hospitality	Mayor Trainer	Accepted	Mayor Trainer
4					None Received in October 2015					
5					None Received in November 2015					
6	December	Complementary Ticket	2 x Mega Adventure Sky Challenge Tickets	\$110	Adelaide Shores / Mega Adventure, 4 Hamra Ave, West Beach	No	Networking	Mayor Trainer	Accepted	Mayor Trainer
7	December	Gift	Arnotts products (gift basket)	\$50	Arnotts	No	Appreciation	Mayor Trainer	Accepted	Mayor Trainer
8	December	Gift	Charlesworth Nuts Gift Hamper	\$35	APM Disability Employment Services	No	Networking	Mayor Trainer	Accepted	Mayor Trainer
9	January	Hospitality	Attendance at day 2 of the Adelaide 500 in the South Australian Suite for two people.	\$200	South Australian Tourism Commission and Premier's Department	No	Networking	Mayor Trainer	Accepted	Mayor Trainer
10	February	Hospitality	Attendance at Adelaide Cup in Leilani Room as guests of South Australian Jockey Club.	\$400	South Australian Jockey Club	No	Networking	Mayor Trainer	Accepted	Mayor Trainer
11	March	Hospitality	Attendance on behalf of the Mayor at the Glenelg District Tennis Association's presentation awards dinner	\$50	Glenelg District Tennis Club	No	Hospitality	Kym McKay	Accepted	Kym McKay
12					None Received in April 2016					
13					None Received in May 2016					
14					None Received in June 2016					

Updated:5/09/2016

Council Employees - Gifts, Benefits and Hospitality Register - 2015-2016									
No.	Month	Gift, Benefit or Hospitality	Description	Declared Value	Provided by	Has the Provider tendered in last 12 months	Reason declared for Gift, Benefit or Hospitality	Recipient	Accepted or Declined
1	None Received in July 2015								
2	August	Hospitality	Corporate facility hospitality to see Crows V Brisbane at Adelaide Oval 22/8/15	\$200	SANFL	No	Networking	Terry Buss	Accepted
3	August	Hospitality	Ticket and Hospitality fir Div 1 SAAFL Grand Final	\$75	Channel 9 Adelaide Football League	No	Networking	Angelo Catinari	Declined
4	September	Gift	Family pass to the Royal Adelaide Show	\$59	Dog and Cat Management Board	No	Volunteering at the Dog and Cat Management Board information stand at the Royal Adelaide Show.	Samantha Hourigan	Accepted
5	September	Hospitality	2 X tickets to SANFL grand final in Chairman's suit at Adelaide Oval.	\$150	SANFL	No	Hospitality	Terry Buss	Accepted
6	September	Hospitality	Breakfast planning session on the Ministerial Activity Centre DPA	\$50	Urban and Regional Planning Solutions, Property and Advisory	Yes	Workshop	Declan Moore	Accepted
7	September	Gift	Cakes	\$50	Kerou & Co	No	Networking	Michelle Roshier	Accepted
8	None Received in October 2015								
9	November	Hospitality	Invitation to Christmas Cocktail Party	\$60	Camco	Yes	Appreciation	Angelo Catinari	Declined
10	December	Gift	Bottle of Moet Champagne	\$50	Cr Garth Palmer	No	Appreciation	Nerissa Nicholson	Accepted
11	December	Gift	\$50 Cash	\$50	Alwyn Osmond	No	Appreciation	Ms Deidre Frost	Accepted
12	January	Gift	Invitation to Tourrific Prospect Street Party	\$30	City of Prospect	No	Networking	Angelo Catinari	Accepted
13	January	Hospitality	Adelaide Cup Luncheon as guest of the Chair and board of the South Australian Jockey Club	\$200	South Australian Jockey Club	No	Networking	Terry Buss	Declined
14	February	Gift	\$250 red balloon voucher	\$250	LG Professionals SA	No	Prize draw for completion of conference feedback sheet.	Nikki Willox	Accepted
15	March	Gift	Lolly Bloom	\$43.50	Doggy Day Care	No	Appreciation	Adam Williams	Accepted
16	None Received in April 2016								
17	May	Gift	lenovo mini tablet	\$99	LG Pro Congress	No	Business Card Prize Draw	Bill Ross	Accepted
18	June	Gift	bottle of scotch	\$75	LG Pro Congress	No	Business Card Prize Draw	Bill Ross	Accepted
19	June	Gift	bottle of Veuve Clicquot Champagne	\$60	McArthur (Recruitment)	No	Business Card Prize Draw	Bill Ross	Accepted
20	June	Gift	Bottle of Wine - Grant Burge Shiraz	\$15	The Historic Society (West Torrens)	No	Appreciation	Reece McLean	Accepted
21	June	Gift	Bottle of Wine - Grant Burge Shiraz	\$15	The Historic Society (West Torrens)	No	Appreciation	Ben Cunningham	Accepted

9.2.2 Annual Strategic Risk Review 2016-2017

Brief

This report presents the results of the 2016-2017 Annual Strategic Risk Review.

RECOMMENDATION(S)

It is recommended to Audit and Risk Committee that the 2016-2017 Annual Strategic Review be received.

Introduction

As part of Council's Risk Management program, implemented in 2009, ten strategic risks (the risks) were identified as follows:

- | | |
|--------------------|---------------------------|
| 1. The Business | 6. Advice and Information |
| 2. Staff | 7. Fraud and Corruption |
| 3. Injury or Death | 8. Information Services |
| 4. The Council | 9. Service Centres |
| 5. Decision Making | 10. Flooding |

These risks have been subject to both an annual and mid-year review since 2009.

Discussion

The City of West Torrens (CWT) Administration Policy - Risk Management Framework provides that risk identification, risk analysis and risk evaluation occur annually and reviewed six-monthly. As a result, the Executive Management Team (EMT) continues to undertake and report on its strategic risks at six-monthly intervals. The importance of six-monthly strategic risk reviews (reviews) is acknowledged as an important function in the identification, monitoring and controlling of current, new or emerging strategic risks.

Risk Framework

CWT has adopted the risk matrix (the matrix) which forms part of the **AS/NZ ISO 31000** Risk Management (the Standard). Use of the matrix allocates a risk rating based on the likelihood (%) and consequence level of a risk occurring (**Attachment 1**).

To determine the consequence level, risk consequence descriptors have been approved across a range of risk areas such as financial, reputation, people and WHS (**Attachment 2**). These have been updated as part of this review.

Strategic Risk Review

The strategic risk review process, undertaken by the EMT, is outlined below in table A. The EMT has reviewed the organisation's strategic risks and determined that there are no changes to the overall residual risk rating of the ten identified strategic risks. Therefore, the ten strategic risks are assessed as follows in table B:

TABLE A: Executive Management Team - Strategic Risk Review Process

	Annual Review	Mid-Year Review
Process	<ul style="list-style-type: none"> • EMT Workshop/Meeting/Email • Risk Team meets with risk control owners (Managers) 	<ul style="list-style-type: none"> • Review by Executive via email
Output	<ul style="list-style-type: none"> • Strategic Risk evidence folders updated 	<ul style="list-style-type: none"> • Nil
Report	<ul style="list-style-type: none"> • Comprehensive report presented to the A&R Committee • Evidence folders updated and presented to the A&R Committee 	<ul style="list-style-type: none"> • Summary report with emphasis on material change presented to the A&R Committee

TABLE B: 2016-17 Strategic Risk Ratings			
Risk	Likelihood/Consequence		Revised Rating
1. The Business	Likelihood = Unlikely	Consequence = Moderate	Moderate
2. Staff	Likelihood = Unlikely	Consequence = Major	Moderate
3. Serious Injury or Death	Likelihood = Rare	Consequence = Catastrophic	Moderate
4. The Council	Likelihood = Unlikely	Consequence = Major	Moderate
5. Decision Making	Likelihood = Unlikely	Consequence = Moderate	Moderate
6. Advice and Information	Likelihood = Unlikely	Consequence = Moderate	Moderate
7. Fraud and Corruption	Likelihood = Unlikely	Consequence = Moderate	Moderate
8. Information Services	Likelihood = Unlikely	Consequence = Major	Moderate
9. Service Centres	Likelihood = Unlikely	Consequence = Moderate	Moderate
10. Flooding	Likelihood = Rare	Consequence = Catastrophic	Moderate

The strategic risk review document (**Attachment 3**) highlights all changes as ~~strike through~~ if the risk, controls or additional solutions have been deleted or in **red** font if they have been added or amended.

Control Verification Process

The strategic risk review ensures that thorough assessment of the controls associated with each risk is undertaken, at least annually, to determine whether each asserted control is *tangible or intangible* dependent on whether evidence of each asserted control is available. These are shown on the first page of each risk (**Attachment 3**).

This evidence has been reviewed by desktop process, involving the management team where required and is verified, updated, printed and placed in four hard copy folders which will be available at the meeting for cross referencing by members.

Emerging Risks

EMT reviewed the 'emerging risks' which are risks or issues which are currently on the horizon which may or may have an impact on Council and which may or may not be within the control of the CWT. These have not been risk assessed at this point, generally because the risk is not concrete in nature, but will be monitored and risk assessed if they eventuate and are within the organisation's control. Two emerging risks of Planning Development and Infrastructure Act 2016 (PDI Act) and Rate Capping remain on the horizon and are discussed in Section 2 of **Attachment 3**. It is worth noting that Council had and will have little control over the PDI Act content as well as upcoming regulations and design codes however, given the enormity of the changes and potential impact on the organisation, a steering group comprising the General Manager Business and Community Services, General Manager Urban Services and relevant staff has been established to guide the implementation of the PDI Act and associated regulations, design codes etc. This steering group meets weekly. In addition a staff member has been dedicated to project manage the implementation of the PDI Act which has yet to commence.

Conclusion

The *2016-17 Annual Strategic Risk Review* has been completed by the Executive Management Team and the outcomes of the Review are attached for information.

Attachments

1. **Attachment 1**
2. **Attachment 2**
3. **Attachment 3**

Likelihood and Consequence Descriptors Rating Matrix

Prevent/Reduce/Manage Negative Consequences					LIKELIHOOD	Enhance/Promote/Facilitate Positive Consequences				
E	E	H	M	M	(5) Almost certain > 95% chance of occurring (4) Likely 75% - 95% chance of occurring (3) Moderate 25% - 75% chance of occurring (2) Unlikely 5% - 25% chance of occurring (1) Rare < 5% chance of occurring	M	M	H	E	E
E	E	H	M	L		L	M	H	E	E
H	H	M	M	L		L	M	M	H	H
H	M	M	L	L		L	L	M	M	H
M	M	L	L	L		L	L	L	M	M
-5	-4	-3	-2	-1	Scale	1	2	3	4	5
Catastrophic	Major	Moderate	Minor	Insignificant		Insignificant	Minor	Moderate	Major	Outstanding

Risk Consequences Descriptors

Rating	#	Financial	Organisational/ Customer Impact	Reputation Relationships	People	WHS
Insignificant	1	<p>≤ 5% variation in expenditure/revenue</p> <p>Theft or loss of up to \$2,000</p>	<p>Lack of response to customer requests 3 working days later than deadline</p> <p>Inability to provide service/s for 1 working day</p> <p>Ombudsman/Ministerial request for information</p>	Letters of complaint to general managers or managers	<p>≤10% staff turnover per year</p> <p>≤ 10% non-availability or capability of staff at any one time</p>	Bump or bruise requiring no treatment (report only)
		<p>Between 6 and 10% variation in expenditure/revenue</p> <p>Theft or loss between \$2001 to \$30,000</p>	<p>Lack of response to customer requests 5 working days later than deadline</p> <p>Inability to provide a service for 2 working days</p> <p>Ombudsman/Ministerial investigation commenced</p>	Letters of complaint to CEO/Mayor or letters to Messenger/Advertiser	<p>≥15% staff turnover per year</p> <p>≥ 15% non-availability or capability of staff at any one time</p>	<p>First aid treatment including; Hot cold treatment, removal of splinters, immobilisation of a limb, covering wounds, removal of foreign bodies in the eye using eye wash or cotton swab, administering non prescription medication.</p> <p>OR</p> <p>Incident where potential for minor injury may occur</p>
Minor	2					

Risk Consequences Descriptors

Rating	#	Financial	Organisational/ Customer Impact	Reputation Relationships	People	WHS
Moderate	3	<p>Between 11 and 15% variation in expenditure/revenue</p> <p>Theft or loss of between \$30,001 and \$100,000</p>	<p>Lack of response to customer requests ten working days later than deadline</p> <p>Inability to provide all services for more than 24 hours</p> <p>Inability to provide one service for ≥ 5 working days</p> <p>Ombudsman/Ministerial investigation finds systemic weaknesses in organisational processes</p> <p>ICAC investigation commenced</p>	Negative article in Messenger/Advertiser	<p>≥ 20% permanent staff turnover per year</p> <p>≥ 20% non-availability or capability of staff at any one time</p>	<p>Medically treated injury requiring clinic or hospital treatment less than 24 hours duration, installing a drip or iv, physiotherapy as a cure, applying a cast, surgery, prescription drugs, stitching a wound</p> <p>OR</p> <p>Incident where potential for moderate injury may occur</p>
Major	4	<p>Between 16 and 40% variation in expenditure/revenue</p> <p>Theft or loss of between \$101,000 and \$1m</p>	<p>Lack of response to customer requests 28 working days later than deadline</p> <p>Inability to provide one service for ≥ 28 working</p>	Negative front page story in Messenger/Advertiser	<p>≥ 40% permanent staff turnover per year</p> <p>≥ 40% non-availability or</p>	<p>Major injury resulting in limb loss, electrocution, permanently disabling effects, blindness</p> <p>OR</p> <p>Incident where potential for major injury may occur</p>

Risk Consequences Descriptors

<i>Rating</i>	<i>#</i>	<i>Financial</i>	<i>Organisational/ Customer Impact</i>	<i>Reputation Relationships</i>	<i>People</i>	<i>WHS</i>
			<p>days</p> <p>Inability to provide all services for ≥48 hours</p> <p>Ombudsman/Ministerial review results in termination of staff/major changes to systems and processes</p> <p>Employee(s)/Elected Member(s) charged with corruption and referred to the DPP for prosecution</p>		<p>capability of staff at any one time</p>	
Catastrophic	5	<p>> 40% variation in expenditure/revenue</p> <p>Theft or loss of >\$1m</p>	<p>Inability to provide critical Council services (Waste, HACCC, St Martins, dog attack response) for ≥ 5 working</p>	<p>Follow up stories in any media that extend the scope of concern</p>	<p>≥ 50% permanent staff turnover per year</p> <p>≥ 50% non-</p>	<p>The work related death of an employee</p> <p>OR</p> <p>The death of a person due to CWT negligence</p>

Risk Consequences Descriptors

<i>Rating</i>	<i>#</i>	<i>Financial</i>	<i>Organisational/ Customer Impact</i>	<i>Reputation Relationships</i>	<i>People</i>	<i>WHS</i>
			days Ministerial abolition of Council Employee(s)/Elected Member(s) found guilty of corruption		availability or capability of staff at any one time	



Strategic Risk Annual Review 2016/17

Annual Review Approved	October 2016
Mid-Year Review Approved	

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Risk Issue	1. THE BUSINESS
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Descriptor	Inefficient/ineffective practices that may lead to increased costs, missed opportunities and/or community dissatisfaction with Council.
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Untreated Risk:	Likelihood: Likely	=	High
	Consequence: Moderate		

Existing Controls

Tangible Controls (Evidence available)	
1.	Continuous improvement through the Lean Thinking program all managers to complete at least five (5) Lean Thinking projects in their departments during the 2015/16 financial year (50+ in total)
2.	Internal and External audit arrangements in situ
3.	Monthly reports to Council and bi-monthly to committees
4.	Policy review regime monitored and managed
5.	Strong governance function
6.	Adequate and well trained resources
7.	Robust recruitment process ensures qualified staff, qualifications/ professional memberships or registration; confirmed and recorded on file
8.	Strong, stable and experienced management team
9.	Organisation is transparent, open and accountable to the community
10.	Legislation/policies/procedures in situ
11.	Plans in situ - i.e. Asset Management Plan, Risk Management Plan, 10 year Financial Plan, Strategic Plan etc.
12.	Robust software systems in situ - i.e. Interplan/ECM etc
13.	Elected Member body is open to new initiatives

Effectiveness of controls:	Satisfactory
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REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Moderate		

Additional Solutions	Not required
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Role of Executive	As this is a moderate risk, monitor and review six monthly
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EVIDENCE SUPPORTING TANGIBLE CONTROLS**RISK 1 - The Business:**

Control	Evidence	Doc Set ID or Webpage
1. Continuous improvement through the Lean Thinking program. ~all managers to complete at least Five (5) Lean Thinking projects during the 2015/16 financial year (50+ in total) Lean is contained in each manager's PDP as a performance KPI	a. Lean Progress Report	a. Lean Project Register from Intranet
2. Internal and External audit arrangements in situ	a. BDO External Audit Plan b. Galpins engaged to undertake internal audit Internal Audit Plan 2015-2018 was approved April 2015 -Outlining co-sourced approach to Internal Audit	a. 3285579 b. 2982174 c. 2981263
3. Monthly reports to Council and bi-monthly to committees	a. Agendas and Minutes available on website	a. Council agendas and minutes on webpage
4. Policy review regime monitored and managed	a. Policy Review Schedule 2015-2016	a. 3333295
5. Strong governance function	a. Comprises 4 FTE including Team Leader, Governance (law degree), General Manager has 10+ years' experience in governance b. Personnel File c. Reports presented to Council/Governance/Audit and Risk and Corporate Planning, Policy and Performance Committees	a. Organisational chart on intranet General Manager Experience across Two Councils link to Marion Website 726604 (re Governance Manager) b. Information on file (accessible by Exec) but confidential c. Council agendas and minutes on webpage
6. Adequate and well trained resources	a. Staff Learning and Development Plans b. Performance Development Guidelines c. Training certificates registered in personnel files	a. 1181260 b. 3267375 PDP guidelines on Intranet c. Access restricted but evidence confirmed

<p>7. Robust recruitment process ensures qualified staff, qualifications/professional memberships or registration; confirmed and recorded on file</p>	<p>a. HR Recruitment Tool Box available on the intranet which encompasses all relevant recruitment information including FAQs, policies, templates, forms, letters etc.</p> <p>b. Internal audit undertaken of recruitment process - good level of compliance and presented to February 2013 meeting of the Audit and Risk Committee</p>	<p>a. HR recruitment toolbox on the Intranet</p> <p>b. 1875107</p>
<p>8. Strong, stable and experienced management team</p>	<p>a. All managers accredited in risk management</p> <p>b. All managers have tertiary qualifications and experience</p> <p>c. All managers have to present on leadership at Manager's Forum (held monthly)</p> <p>d. Executive meets weekly</p> <p>e. Managers WHS and Risk monthly meetings</p> <p>f. Executive management team has comprised the same members for over 8 years</p>	<p>a. Certificates confirmed in personnel files/ECM</p> <p>b. Personnel files</p> <p>c. 3333313</p> <p>d. 3096325</p> <p>e. 2305670</p> <p>f. Personnel files/reports to Council/Annual Reports/ Organisational Chart</p>
<p>9. Organisation is transparent, open and accountable to the community</p>	<p>a. Public Consultation Policy.</p> <p>b. Annual Report Confidential Items 2015-2016 Item 17.4 Governance Standing Committee adopted by Council at its 16 August 2016 Ordinary meeting.</p> <p>c. Whistleblower process available for staff and public to report alleged wrong-doings</p>	<p>a. 2989134 Public consultation policy on Website</p> <p>b. Confidential Items Annual Report (report and minutes of Council meeting from Website August 2016)</p> <p>c. Whistleblowers Policy on CWT Website</p>
<p>10. Legislation/policies/procedures in situ</p>	<p>a. Council policies available on the CWT website and intranet</p> <p>b. Administration policies available on Compass</p> <p>c. Council policies presented to each meeting of the CPPP for review and recommendation to Council</p>	<p>a. Council policies page on website Council policies on the Intranet</p> <p>b. All Administration Policies available on the Intranet</p> <p>c. Minutes of July 2016 CPPP Committee</p>

	<p>d. Policies provided to Executive for review and approval. (Development Assessment Panel delegations Policy - Draft Review by PK 30 August 2016 doc)</p> <p>e. Policy review schedule approved and presented to the CPPP</p>	<p>d. 3321375</p> <p>e. 2221754 Policy schedule contained in CPPPP agenda October 2014</p>
11. Plans in situ - i.e. Asset Management Plan, Risk Management Plan, 10 year Financial Plan, Community Plan etc.	<p>a. City of West Torrens Asset Management Plan- Footpaths</p> <p>b. City of West Torrens Asset Management Plan- Roads Infrastructure.</p> <p>c. City of West Torrens 10 year Financial Plan</p> <p>d. Towards 2025 Community Plan</p> <p>e. Internal Audit Plan 2015-2018</p> <p>f. Adopted Budget and Annual Business Plan 2016-2017</p>	<p>a. 1896482 Footpaths Infrastructure Asset Management Plan from Website</p> <p>b. 1896484 Roads Infrastructure Asset Management Plan from Website</p> <p>c. 1256966 City of West Torrens 10 Year Financial Plan from website</p> <p>d. 2233775 Community Plan on website</p> <p>e. 2982417</p> <p>f. 3280758 Adopted Budget and Annual Business Plan on Website</p>
12. Robust software systems in situ - i.e. Interplan/ECM etc	<p>a. Software systems in place i.e. ECM, Interplan, Desktop, etc.</p> <p>b. Advent Manager Relian Sys for delegations software Quotation</p>	<p>a. 3285841</p> <p>b. 3096686</p>
13. Elected Member body is open to new initiatives	<p>a. Sale of St Martins</p> <p>b. Thebarton Community Centre</p> <p>c. Sale of Brickworks</p> <p>d. Weigall Oval masterplan</p>	<p>a. 2991068</p> <p>b. 1149755</p> <p>c. 1451887</p> <p>d. 3286831</p>

Risk Issue

2. STAFF

Descriptor	<p>a) Inadequate management of staff leading to a reduced overall performance of the organisation.</p> <p>b) Inability to attract or retain appropriately skilled staff leading to a loss of corporate knowledge and reduced organisational capability and capacity. to achieve effective service delivery.</p> <p>c) Failure to plan and implement strategies to address the impact of an ageing workforce</p>
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Untreated Risk:	Likelihood: Likely	=	Extreme
	Consequence: Major		

Existing Controls

Tangible Controls (Evidence available)	
1.	Annual <i>Performance Development Plans</i> are implemented resulting in individual training plans.
2.	Professional development programs in place e.g. LGMA Professionals and Emerging Leaders Programs, LGPro Challenge etc
3.	All managers have undertaken formalised leadership training
4.	Some traineeships/cadetships/work experience in place
5.	Monthly reports provided to Executive on vacancies and overdue leave
6.	Cultural Change and Development Program (FITCOR) in situ
7.	Priority given to internal appointments when appropriate
8.	Policies and procedures in place i.e. training and development
9.	Retention strategies are in situ and conditions of employment and remuneration are attractive i.e. induction process, salary sacrifice arrangements, healthy lifestyle allowance, 48/52 arrangements, pathway to retirement program Enterprise Agreements
10.	Managers' remuneration is packaged
11.	Recruitment is undertaken via various media
12.	Continuous improvement through LEAN thinking implemented
13.	Classification review completed and being implemented for LGE Award employees
14.	Recruitment and selection audit completed with a finding of a good level of compliance
15.	Conditions of employment and remuneration are attractive
16.	64% of employees are under 50 with 26% under the age of 35
17.	All departments have commenced documenting their processes via Lean/continuous improvement projects

Intangible Controls (No evidence available but known to be in place)

1. Organisation taps into professional networks as part of recruitment process

Effectiveness of controls:

Satisfactory

Risk	Likelihood	Consequence	=	Revised Risk Rating
a)	Unlikely	Major		Moderate
b)	Unlikely	Major		Moderate
c)	Unlikely	Major		Moderate

OVERALL REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Major		

Additional solutions

Nil

Role of Executive

As these risks are moderate risks, monitor and review six monthly

RISK 2 - Staff

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Annual <i>Performance Development Plans</i> are implemented resulting in individual training plans	a. Performance Development Program	a. 3267375 PDP guidelines and templates on Intranet
2. Professional development programs in place e.g. Training and Development Policy Study Assistance Policy	a. Study Assistance Policy b. Training and Development Policy	a. 1094062 Administration Policy Study Assistance from Intranet b. 1181260 Administration Policy Training and Development From Intranet
3. Managers and staff have undertaken formalised leadership training	a. Proteus Launchpad Leadership training provided in 2010	a. 1387261 Certificates available in confidential personnel files.
4. Some traineeships/cadetships/work experience in place	a. Compliance trainee currently engaged via Maxima b. Training and Development Policy	a.3093295 b. 1181260 Training and Development Policy on Intranet
5. Monthly reports provided to Executive on vacancies and overdue leave	a. April 2015 Vacancy and Outstanding leave Report	a. 3098793
6. Cultural Change and Development Program (FITCOR)	a. Page on the intranet b. Job descriptions c. FITCOR committee Minutes/Notes d. FITCOR on website under employment and volunteering information page	a. Cultural development program on Intranet b. 3335972 c. 3308067 d. Employment and volunteering page on Website displaying FITCOR
7. Priority given to internal appointments if appropriate	a. City of West Torrens Administration Policy - Recruitment and Selection b. Policy is available on Intranet	a. 399442 b. Recruitment and Selection Policy on Intranet
8. Policies and procedures in place i.e. training and development	a. Managing Performance Misconduct and Inappropriate Behaviour Policy b. Salary Sacrifice Policy	a. 3055162 Managing Performance Misconduct and Inappropriate Behaviour Policy on Intranet b. 1265421 Salary Packaging Administration Policy on Intranet

	<p>c. Training and Development Policy</p> <p>d. Code of Conduct for Council Employees</p>	<p>c.1181260 Training and Development Policy on Intranet</p> <p>d. 2132464 Code of Conduct for Council Employees on Intranet</p>
9. Retention strategies in place i.e. induction process, EAs in place	<p>a. EBAs available in Dataworks</p> <p>b. Induction New Employee Checklist</p> <p>c. Probationary Period Checklist</p>	<p>a.2326708</p> <p>b.1228134 Induction New Employees on Intranet</p> <p>Your First 3 months City of West Torrens Induction Policy and checklists From Intranet</p> <p>c.583197 Probation Period Checklist on Intranet</p> <p>Your First 3 months City of West Torrens Induction Policy and checklists From Intranet</p>
10. Managers' remuneration package	a. Salary Register publically available	<p>a. 3342176 Salary Register 2016</p> <p>Publically available via Customer Service Kiosk</p>
11. Recruitment is undertaken via various media	<p>a. Vacancies placed on Website</p> <p>b. Seek job website</p> <p>c. Local Government Directory, Universities etc.</p> <p>d. Recruitment Toolbox</p> <p>e. Managers Recruitment Checklist</p> <p>f. Recruitment and Selection Policy</p>	<p>a. Vacancies Page on the CWT Internet</p> <p>b. Seek website</p> <p>c. Careers in Council Local Government Association website</p> <p>d. Recruitment Toolbox on CWT intranet</p> <p>e. 1187522 Managers Recruitment Checklist on Intranet</p> <p>f. 399442 Recruitment and Selection policy on Intranet</p>
12. Continuous improvement through LEAN thinking implemented	<p>a. Past LEAN Projects - Truss project, Gnarly Project, Library Project, Depot projects completed</p> <p>b. Manager training completed</p> <p>c. Facilitators training held in March 2015</p> <p>d. Lean Project updating Policies on Intranet/Website</p>	<p>a. Past Projects Lean-Thinking page on Intranet</p> <p>b. 2268981</p> <p>c. 2977962</p> <p>d. 3184577</p>

	e. LEAN Project Register	e. Lean Project Register on Intranet
13. Classification review completed and being implemented for LGE Award employees	<p>a. Consultant and AWU currently engaged in this process</p> <p>b. Local Government Employees Enterprise Agreement 2014</p>	<p>a. 1794669</p> <p>b. 2326708 City Of West Torrens Local Government Employees Enterprise Agreement 2014 from Industrial Commission Websitehttp://compass.wtcc.sa.gov.au/files/assets/intranet/ecm-files/service-centre-procedures/financial-services-procedures/1-capture001.pdf</p>
14. Recruitment and selection audit completed with a finding of a good level of compliance	a. Recruitment, Selection, Induction and Probation Process - Final Internal Audit Report	a. 1932900
15. Conditions of employment and remuneration are attractive	a. RDO's, Healthy Lifestyle incentives, Flexible leave arrangements	a. Benefits and Conditions of employment page on Website
16. Over 64% of employees are under the age of 50 and 26% under 35	a. Ageing Workforce Report	a. 3087728
17. All departments have commenced documenting their processes via Lean/continuous improvement projects	<p>a. Past LEAN Projects - Truss project, Gnarly Project, Library Project, Depot completed</p> <p>b. Managers training completed</p> <p>c. Facilitators training March 2015</p> <p>d. Lean Project "updating Policies" on Intranet</p> <p>e. Lean Project Register</p>	<p>a. Past Projects Lean-Thinking page on Intranet</p> <p>b. 2268981</p> <p>c. 2977962</p> <p>d. 3184577</p> <p>e. Lean Project Register on Intranet</p>

Risk Issue

3. SERIOUS INJURY OR DEATH

Descriptor	An act or omission by Council (or its contractors) that contributes to the serious injury or death of an employee, contractor, visitor, client of a service, or member of the public.
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Untreated Risk:	Likelihood: Unlikely	=	High
	Consequence: Catastrophic		

Existing Controls

Tangible Controls (Evidence available)	
1.	Policies, procedures and Safe Work/Operating procedures, Job Safety and Environmental Assessments in place and reviewed as required
2.	Safework SA investigations have indicated no negligence by CWT
3.	Legislation is monitored via weekly Government Gazette and provided to managers for implementation as required
4.	Policies review schedule in situ. In addition, when legislation changes, affected policies are reviewed or developed
5.	Spot visits to work sites by supervisors
6.	Internal audits, KPI audits and Workcover Safework SA audits undertaken at regular intervals or ad-hoc
7.	Advocacy sources available for employees and members of the public
8.	Asset Management Plans in place and being implemented
9.	WHS and IM Plan and associated programs approved and monitored
10.	Investigation, monitoring and reporting to the management team of specific incidences
11.	Major reports, or when there is a perceived significant issue, include risk assessment details.
12.	Customer requests priorities and complaints are escalated to managers
13.	Risk assessments undertaken for all major projects and new programs.
14.	Risk training provided to all team leaders/supervisors/co-coordinators 2013 and 2015
15.	Refresher training for managers completed in August 2013. Risk Management accreditation training undertaken by all new managers in February/March 2015
16.	Claims trends monitored and inform maintenance schedules
17.	Contractor Management Policy reviewed with input from key staff stakeholders and adopted in November 2014. Training being rolled out.
18.	Contractor management templates revised, implemented and available on the intranet
19.	WHS Calendar of Events outlines all corporate WHS training, including Emergency Evacuation
20.	Trained Emergency Evacuation Personnel
21.	Regular emergency evacuation drills undertaken
22.	Executive debrief following emergency drills
23.	Risk integrated with strategic and service planning
Intangible Controls (No evidence available but known to be in place)	
Nil	

Effectiveness of controls:	Satisfactory
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REVISED RISK RATING:	Likelihood: Rare	=	Moderate
	Consequence: Catastrophic		

Additional Solutions	Not required.
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Role of Executive	As this is a moderate risk, monitor and review six monthly
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RISK 3 - Serious Injury or Death

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Policies, procedures and Safe Work/Operating procedures, Job Safety and Environmental Assessments in place and reviewed as required	a. WHS Policies available on the intranet b. Index of SOP's c. Policy review schedule d. SWP / SOP review schedule underway e. Job Safety Environment Analysis Register f. Example provided of JSEA - Cooling Tower Inspections from September 2015	a. WHS policies on intranet b. 1419845 Index of SOP's from Intranet c. 3333295 d. 2183894 e. 3100007 Document Register printed from ECM f. 3086153
2. Safework SA investigations have indicated no negligence by CWT	a. The historical outcome of three reported incidents found no negligence on the part of CWT	a. Confidential records in ECM but confirmed by GMC&BS.
3. Legislation is monitored via weekly Government Gazette and provided to managers for implementation as required	a. Government Gazette reports distributed to relevant managers for information b. Legislative Progress Report to Council provides a monthly overview of proposed amendments and changes to legislation	a. 3085951 b. 3197707
4. Policies review schedule in situ. In addition, when legislation changes, affected policies are reviewed or developed	a. Policy review schedule b. WHS and IM Performance Dashboard Report Quarter 4 2015/2016	a. 3333295 CWT Corporate Planning Policy and Performance Committee Agenda 8 September 2015 b. WHS and IM Performance Dashboard link from Intranet
5. Spot visits to work sites Internal audits undertaken by supervisors	a. Part of normal day to day work – recorded and lodged into system	a. 3327352
6. Internal Audits KPI audits and Workcover audits undertaken at regular intervals or adhoc	a. 2015-2018 Internal Audit Plan	a. 2982417
7. Advocacy sources	a. HACC Advocacy Policy available on Compass	a. 1971464 HACC advocacy policy on Intranet

8. Asset Management Plans in place and being implemented.	a. Asset Management Policy and Plan available on website	a. 459426 Asset Management policy on Website
9. WHS and IM Plan and associated programs approved and monitored	a. Updated to the WHS and IM Plan 2014-2017 (reviewed March 2016) b. CWT WHS and IM system	a. 2980694 b. CWT WHS and IM Management System from Intranet
10. Investigation, monitoring and reporting to the management team of specific incidences	a. All WHS accidents/incidents investigated. Reports to Exec and Steering Committee b. WHS and IM Performance Dashboard Report Quarter 4 - 2015-2016	a. 3324361 Minutes of WHS Steering Committee 25 August 2016 from Intranet b. WHS and IM Performance Dashboard Quarter four 2015 - 2016 from Intranet
11. Major reports, or when there is a perceived significant issue, include risk assessment details	a. Council Report Agenda template prompts risk assessment	a.3331001
12. Customer requests priorities are escalated to managers	b. As detailed in the Customer Complaints policy which is available on CWT website	a. 1780634 Customer complaints policy on Website
13. Risk assessments undertaken for all major projects and new programs	a. Summer Festival 2016 Risk Management Plan b. City Assets Annual Service Plan for 2016/17	a.3237862 b. 3271870 City Assets Annual Service Plan for 2016/17 from Website
14. Risk training provided to all team leaders/supervisors/co-coordinators	a. Confirmation from Tafe SA that 9 Staff members have completed Risk Management Training in 2015	a. 3048179
15. Refresher training for managers completed in August 2013	a. Risk Managers Refresher Training - Proposal 2013. Confirmation that training was carried out verified	a. Individual records confidential on personnel files but confirmed
16. Claims trends monitored and inform maintenance schedules	a. WHS and IM Performance Dashboard Report Quarter 4 2015-2016	a. WHS and IM dashboard report on Intranet

17. Contractor Management Policy reviewed with input from key staff stakeholders and adopted in November 2014. Training being rolled out	<p>a. Contractor Management</p> <p>b. Attendance record Procurement and Contractor management training - Minor Works</p>	<p>a. 1234533 Administration Policy Contractor Management from Intranet</p> <p>b. 3113780</p>
18. Contractor management templates revised, implemented and available on the intranet	<p>a. Contractor Management Process available on the intranet (includes risk assessment, induction and monitoring requirements)</p> <p>b. Natural Environmental Guidelines for Works, Operations and Contractors</p> <p>c. The Procurement process available on intranet outlines RFQ schedules, contract conditions used to evaluate suitability of suppliers</p>	<p>a. Procurement page with templates and guidelines on intranet</p> <p>b. 2154120 Natural Environmental Guidelines for Works, Operations and Contractors on Intranet</p> <p>c. Procurement page with templates and guidelines on intranet</p>
19. WHS Calendar of Events outlines all corporate WHS training, including Emergency Evacuation	<p>a. 2016 WHS Calendar of Events</p>	<p>a. 3018698</p>
20. Trained Emergency Evacuation Personnel	<p>a. Emergency Evacuation Exercise from Bob May Workplace Emergency Training 28.06.16- Civic Centre</p> <p>b. Training attendance record from Bob May for Emergency Warden Training including attendance of Chief & Deputy Warden on 26/07/2016</p> <p>c. Training attendance record - Bob May Workplace emergency training - Chief & Deputy Warden Training and Emergency Evacuation Procedures and Practical use of Portable Fire Extinguishers Training - 25/8/2015</p> <p>d. Training attendance record from Bob May for Fire Safety Training and Extinguisher Training on 25/8/2015</p> <p>e. Training attendance record for Emergency Evacuation Procedures and Practical use</p>	<p>a. 3279765</p> <p>b.3326634</p> <p>c.3078262</p> <p>d.3075588</p>

	of Portable Fire Extinguishers Training Certificate of attendance -- 18/8/2015 and Certificates received for all attendees	e.3072357
21. Regular Emergency Evacuation Drills undertaken	a. Emergency Evacuation Exercise from Bob May Workplace Emergency Training 28.06.16- Civic Centre	a. 3279765
22. Executive debrief following emergency drills	a. Memo to Executive - Code Orange Emergency Evacuation 17 June 2015	a. 3038681
23. Risk integrated with Strategic and Service Planning	a. Risk included in the Integrated Annual Planning Cycle.	a. 3099774

Risk Issue	4. THE COUNCIL
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Descriptor	a) Breakdown in the effective working relationship between Elected Members. b) Breakdown in the effective working relationships between Elected Members and the Administration c) Breakdown in the effective working relationships between senior members of the Administration
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Untreated Risk:	Likelihood: Likely Consequence: Major	=	Extreme
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Existing Controls

Tangible Controls (Evidence available)	
1.	Mandatory <i>Code of Conduct for Council Members</i> has been enacted and includes mandated behaviours and associated penalties for non-compliance
2.	Legislation in situ
3.	Elected Member Induction completed
4.	Commitment to positive working relationships, demonstrated through mechanisms such as pre-briefs, EM workshops, training sessions, joint EM/Staff social events
5.	Training provided to staff on their roles and responsibilities
6.	Commitment to good management practice
7.	Effective and regular formal and informal communication between the CEO and Mayor -
8.	Effective information provision
9.	Whistleblower processes in place
10.	Mandatory Code of Conduct for Employees documents and stipulates the values, behaviours and conduct expected of staff.
11.	Strategic direction documented and clearly articulated
12.	Ombudsman Act and Independent Commissioner Against Corruption Act provide for simpler reporting processes and greater investigation into misconduct
13.	On-site training made available to Elected Members which met the majority of the mandatory training requirements including Code of Conduct requirements and included roles and responsibilities
14.	On-line mandatory training modules made available by the LGA to all Elected Members which includes roles and responsibilities

Intangible Controls (No evidence available but known to be in place)	
1.	Effective and regular formal and informal communication between the CEO and Mayor

Risk	Likelihood	Consequence	=	Revised Risk Rating
4a	Unlikely	Major		Moderate
4b	Unlikely	Major		Moderate
4c	Unlikely	Major		Moderate

Effectiveness of controls		Satisfactory		
OVERALL REVISED RISK RATING:	Likelihood: Unlikely		=	Moderate
	Consequence: Major			

Additional Solutions	Nil
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Role of Executive	As this is a moderate risk, monitor the actions and review six monthly
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RISK 4 - The Council

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Mandatory Code of Conduct for Council Members has been enacted and includes mandated behaviours and associated penalties for non-compliance	a. The Code of Conduct for Council Members is available on the SA legislation webpage and Council's website b. Mandatory Code of Conduct for Council members as Gazetted 29 Aug 2013	a. 2132493 Code of Conduct for Elected Members on Website b. Mandatory Code Of Conduct for Council Members as Gazetted 29 August 2013
2. Legislation in situ	a. Local Government Act 1999 b. Development Act 1993 c. Legislation covering your work page on the intranet	A Local Government Act 1999 from SA legislation website b. Development Act on Internet from SA Legislation website c. Page on intranet outlining legislation covering your work
3. Elected Member Induction completed	a. Good Governance Training was provided to Elected Members on 3 December 2014	a. 2307689
4. Commitment to positive working relationships, demonstrated through mechanisms such as pre-briefs, EM workshops, training sessions, joint EM/Staff social events	a. Elected Member Strategic Planning Event Survey 2015 b. Council Pre-brief flyer 16 August 2016	a. 2316314 b. 3307971
5. Training provided to staff on their roles and responsibilities	a. Induction sessions are provided to all new staff every quarter. Sessions address working relationships with the elected body	a. 3285655
6. Commitment to good management practice	a. Potential leaders currently participating in LG Professionals Challenge b. Up to 2 potential leaders participate in LG Professionals leadership training each year c. One manager per month provides a leadership learning session to the Managers Forum d. Study Assistance Program. e. LEAN Facilitation Guide	a. 3127736 b. 3029393 ELP 3135971 PLP c. 3333313 d. 1094062 Study Assistance Administration Policy on Intranet e. 3022589 Lean Facilitators Guide on Intranet

<p>7. Effective and regular formal and informal communication between the CEO and Mayor</p> <p>(Effective communication processes in situ between Elected Members and the management team which is open, transparent, accessible and accountable)</p>	<p>a. EM briefings held fortnightly before every Council meeting – not decision making</p> <p>b. Agenda Regional EM Workshop</p> <p>c. Elected Members Planning Day agenda 2015</p>	<p>a. 3191782</p> <p>b. 3061878</p> <p>c. 2970326</p>
<p>8. Effective information provision</p>	<p>a. Survey undertaken in January 015 with Elected Members to determine their preferred communication/information provision mode</p> <p>b. Information provided efficiently in various electronic mediums i.e. Dropbox, iPad, iphones, extranet, email etc.</p> <p>c. Pre-briefs and workshops</p> <p>d. An Elected Member Strategic Planning Event Survey was distributed to EM on 23 January 2015</p>	<p>a. 2316314</p> <p>b. 3249497</p> <p>c. 3337531</p> <p>d. 2316314</p>
<p>9. Whistleblower processes in place</p>	<p>a. Policy reviewed Feb 2013 and available on compass.</p> <p>b. Separate/private email account wtccwhistleblowers@gmail.com accessed only by responsible officer is available for lodgment of whistleblowers complaints</p>	<p>a. 479795</p> <p>Whistle-blowers policy on Website</p> <p>b.3326410</p>
<p>10. Mandatory Code of Conduct for Employees documents and stipulates the values, behaviours and conduct expected of staff</p>	<p>a. Code of Conduct for Council Employees available in hard copy, on State Govt legislation website and Council's webpage and the intranet</p>	<p>a. 2132464</p> <p>Code of conduct for Council Employees Local Government Act 1999 Section 110 From Website</p> <p>*</p> <p>Code of Conduct for Council Employees Local Government Act 1999 from Website</p>

<p>11. Strategic direction documented and clearly articulated</p>	<p>a. Towards 2025 Community Plan</p> <p>b. Strategic Directions Report</p> <p>c. Departmental Service plans i.e. Annual Service Plan- City Works 2016/17</p>	<p>a. 2233775 Towards 2025 Community Plan from Website</p> <p>b. 2227205 Vision 2025 Strategic Directions Report from Website</p> <p>c. 3271876</p>
<p>12. Ombudsman Act and Independent Commissioner Against Corruption Act provides for simpler reporting processes and greater investigation into misconduct</p>	<p>a. Reporting and Investigating Council Member Code of Conduct Complaints Policy is available of Council's website</p> <p>b. Ombudsman Act Legislation available on State Govt legislation webpage</p> <p>c. ICAC Directions and Guidelines</p> <p>d. Ombudsman SA Website</p>	<p>a. 2236607 CWT Reporting and Investigating Council Member Code of Conduct Complaints from Website</p> <p>b. Ombudsman's Act from SA Legislation website</p> <p>Independent Commissioner Against Corruption Act from SA Legislation website</p> <p>c. ICAC Directions and Guidelines</p> <p>d. Ombudsman SA website</p>
<p>13. Onsite training made available to Elected Members which met the majority of the mandatory training requirements including Code of Conduct requirements and included roles and responsibilities</p>	<p>a. Financial Management Mandatory Training provided by John Comrie to Elected Members</p> <p>b. Mandatory training register Financial Reporting and Management 2015</p>	<p>a. 2982595</p> <p>b. 2979499</p>
<p>14. On-line mandatory training modules made available by the LGA to all Elected Members which includes roles and responsibilities</p>	<p>a. Email from GMOS to all Elected Members</p> <p>b. LGA website</p>	<p>a. 3078148</p> <p>b. www.mylearning.lga.sa.gov.au and www.lga.sa.gov.au</p>

Risk Issue**5. DECISION MAKING**

Descriptor	<p>a) Decisions made by Council that reverse or change direction from approved or established plans without considering the impacts on service delivery or reputation or decisions that are based on political expediency.</p> <p>b) Decisions made by the Administration that reverse or change direction from approved or established plans without considering the impacts on service delivery or reputation or decisions that are based on political expediency.</p>
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Untreated Risk:	Likelihood: Likely	=	High
	Consequence: Moderate		

Existing Controls

Tangible Controls (Evidence available)	
1.	Policy review regime monitored quarterly by the Executive
2.	Audit arrangements in place (external and internal)
3.	Strong governance and risk function
4.	Robust recruitment process ensures qualified staff i.e. qualifications checked and references sought for preferred applicants to ensure the required competence of staff to make effective decisions and recorded on file
5.	All reports to Council specify legislative requirements, policies or practices that apply or situations when a decision may be 'ultra-vires'
6.	Elected Member body is open to new initiatives
7.	Strong, stable and experienced executive management team
8.	Transparent, open and accountable to the community
9.	Legislation and policies in situ
10.	Plans in situ - i.e. Asset Management, Risk, Financial and Strategic Plans
11.	Robust software systems in situ - e.g. Interplan
12.	CEO receives and delegates powers to make decisions
13.	Meeting Action Progress Report provided each quarter to the CPPP/Council

Intangible Controls (No evidence available but known to be in place)	
1.	Adequate and well trained resources provided

Risk	Likelihood	Consequence	=	Revised Risk Rating
5a	Unlikely	Major		Moderate
5b	Unlikely	Moderate		Moderate

Effectiveness of controls:	Satisfactory
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OVERALL REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Moderate		

Additional Solutions	Not required
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Role of Executive	As this is a moderate risk, monitor and review six monthly
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RISK 5 - Decision Making

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Policy review regime monitored quarterly by the Executive	a. Policy schedule in place.	a. 3333295
2. Audit arrangements in place (external and internal).	a. BDO External Audit Plan 15/16 b. Galpins engaged to undertake internal audit. c. Internal Audit Plan 2015-2018 was approved April 2015 - Outlining co-sourced approach to Internal Audit.	a. 3285579 b. 2982174 c. 2981263
3. Strong governance and risk function	a. Comprises 4.5 FTE including Team leader, Governance and Business Improvement (law degree) b. Senior Strategic Procurement Officer and Program Leader Internal Audit and Risk c. General Manager has 10+ governance experiences across two SA councils. Evidence of position from previous council d. All managers are accredited in risk management e. A number Team leaders and staff trained in risk management in 2015 f. Enterprise Risk Management policy reviewed and approved in May 2015, available on Council's webpage g. Risk Management Framework approved and available on Intranet	a. 1748015 page 29 b. 1748015 pages 21, 29 c. 1748015 pg 1 3099673 General Manager Experience across Two Councils link to Marion Council Website 726604 re Governance Manager 2008 d. 1130328 e. 3048179 f. 306044 CWT Enterprise Risk Management Policy from Councils website CWT Council and Standing Committee Minutes 12 May 2015 g. 1127259 CWT Risk Management Framework from Councils intranet

	<p>h. Good levels of compliance and controls of risk reviews. Galpins CWT Risk Management Controls Verification Internal Audit Report.</p> <p>i. Strategic Risk Review</p>	<p>h.2982174</p> <p>i.3161237</p> <p>Strategic Risk Review from Intranet</p>
4. Robust recruitment process ensures qualified staff i.e. qualifications checked and references sought for preferred applicants to ensure the required competence of staff to make effective decisions and recorded on file	<p>a. Recruitment toolbox available on Compass which steps out the process for recruitment</p> <p>b. Recruitment and selection internal audit completed and presented to Audit and Risk Committee in February 2013</p>	<p>a. Vacancies and recruitment toolbox on intranet</p> <p>b. 1875107</p> <p>February 2013 Audit and Risk Committee Agenda</p>
5. All reports to Council specify legislative requirements, policies or practices that apply or situations where a decision may be 'ultra-vires'	a. Revocation of Community Land Classification -Thebarton Report to Council	a. 2092804
6. Elected Member body is open to new initiatives.	<p>a. Sale of St Martins</p> <p>b. Thebarton Community Centre</p> <p>c. Sale of Brickworks</p> <p>d. Weigall Oval masterplan</p>	<p>a. 2991068</p> <p>b.1149755</p> <p>c.1451887</p> <p>d.1739683</p>
7. Strong,stable and experienced executive management team	<p>a. Executive team all holds tertiary qualifications</p> <p>b. Executive team has extensive management/executive experience</p> <p>c. Executive team composition has been stable with only one change since 2008 and that role was absorbed within current executive team</p> <p>d. as evidenced via annual reports on website</p>	<p>a. Information verified but not public information</p> <p>b. Resumes verified but confidential - experience at CWT</p> <p>c. 3114245 Email from CEO advising role absorbed into remaining execs</p> <p>d. Annual Report on webpage</p>
8. Transparent, open and accountable to the community	a. Annual Report Confidential Items 2015-2016, with Council invoking s90(3) a total of seven (7) times to discuss 1.30% of all	a. 3306582

	<p>business items presented to Council during the 2015/16 financial year</p> <p>b. Freedom of Information available on CWT website</p> <p>c. Whistleblowers information available on website with gmail address directed only to the responsible officer</p>	<p>b. Freedom of Information page on website</p> <p>c. Whistleblowers webpage</p>
9. Legislation and policies in situ	<p>a. Policy register</p> <p>b. Legislative Progress Report to each Council meeting</p> <p>c. Reports refer to legislative requirements when relevant</p> <p>d. LGA Circulars</p> <p>e. Legislative Compliance Audits</p>	<p>a. 3333295</p> <p>City of West Torrens Intranet Policy Hub</p> <p>b. 197706</p> <p>c. 2002916</p> <p>d. 3238495</p> <p>Local Government Circular Hoarding and Squalor resources now available</p> <p>e. 231350</p>
10. Plans in situ - i.e. Asset Management, Risk, Financial and Strategic Plans	<p>a. Towards 2025 Community Plan</p> <p>b. Asset Management Policy reviewed in 2014</p> <p>c. 2015-2018 Internal Audit Plan</p> <p>d. Budget and annual business plan 2016/2017 incorporates the ten year financial plan</p>	<p>a. 2233775</p> <p>Towards 2025 Community Plan from Website</p> <p>b. 459426</p> <p>Asset Management Policy on Website</p> <p>c. 2982417</p> <p>d. 3280758</p> <p>Adopted budget and annual Business Plan 2016/17 from Website</p>
11. Robust software systems in situ - e.g. Interplan	<p>a. IT Work Plan 2016/2017</p>	<p>a. 3285841</p>
12. CEO receives and delegates powers to make decisions	<p>a. Development Assessment Panel Delegations Policy</p> <p>b. CEO Delegations Framework (publically available)</p>	<p>a. 3325058</p> <p>Development Assessment Panel Delegations Policy</p> <p>b. 3264356</p>

	<p>c. Sub-Delegations Framework - Revocations and instrument of sub delegations 2016</p> <p>d. Delegations and Register of Interests Internal Audit</p>	<p>c. 3263326</p> <p>d. 3161200</p>
13. Meeting Action Progress Report provided each quarter to the CPPP/Council	a. Meeting Action Progress Report	a. 3243654

Risk Issue	6. ADVICE AND INFORMATION
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Descriptor	<p>a) Failure to provide adequate, accurate and/or timely advice that leads to poor decision making.</p> <p>b) Failure to properly secure information leading to its misuse or to breaches of privacy principles.</p>
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Untreated Risk:	Likelihood: Likely	=	High
	Consequence: Moderate		

Existing Controls

Tangible Controls (Evidence available)	
1.	Policies/procedures/delegations/authorisations approved
2.	Legislative changes distributed as they are received by Governance
3.	Government Gazettes distributed weekly by Governance
4.	Recruitment process to ensure qualified staff, qualifications/ professional memberships or registration; confirmed and recorded on file
5.	Referee checks undertaken and recorded
6.	Police Criminal History checks undertaken if required by policy/position
7.	Training and training support provided
8.	Supervision provided based on experience
9.	Performance Development Plans
10.	High level of security in place associated with information storage and retrieval
11.	Audits undertaken by IMU
12.	Delegations/authorisations reviewed regularly by the Council and Executive Management Team, particularly following changes to legislation
13.	Workforce planning project and competency assessment underway.
14.	Professional indemnity insurance in situ for staff

Intangible Controls (No evidence available but known to be in place)
Nil

Risk	Likelihood	Consequence	=	Revised Risk Rating
6a	Unlikely	Moderate	=	Moderate
6b	Unlikely	Moderate	=	Moderate

Effectiveness of controls:	Satisfactory
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OVERALL REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Moderate		

Additional Solutions	Not required
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Role of Executive	As this is a moderate risk, monitor and review six monthly
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RISK 6 - Advice and Information

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Policies/procedures/delegations/authorisations approved	<p>a. Review of delegations and authorisations approved by Council in April 2016</p> <p>b. CEO Delegations Framework</p> <p>c. Sub Delegations Framework - Revocations and Instruments of Subdelegations</p> <p>d. Authorisations Register</p> <p>e. CEO Delegations Policy</p>	<p>a. 3226236</p> <p>b. 3226236 CEO_and_Subdelegations Endorsed by Council 7 June 2016 Updated 26 July 2016.</p> <p>c. 3264356</p> <p>d. 3293538</p> <p>e. 1223321 Delegations Policy CWT website</p>
2. Legislative changes are distributed as they are received by Governance	<p>a. Monthly legislative update reports provided to the Governance Committee</p> <p>b. Updated Acts provided to Ems in hard copy/Dropbox/Datanow or via email notification dependent on their preference</p> <p>c. Staff advised of changes via email with recommendation that the changes can be accessed via legislation.sa.gov.au site</p> <p>d. Legislative Reports to Council</p> <p>e. Updated Acts that affect Council are reported to the Council</p> <p>f. Executive is also advised by memo of changes to Acts if the affect Council</p>	<p>a. 3197706 Progress Legislative Report to Meeting of Council Agenda from the Meeting of Council 02 August 2016</p> <p>b. 3164236 Email to Elected Members</p> <p>c. 3042654 ECM distribution of Government Gazette</p> <p>d. 3197706 Progress Legislative Report to Meeting of Council 2 August 2016 link below Agenda from the Meeting of Council 02 August 2016</p> <p>e. 3090074 Planning Development and Infrastructure Bill Introduction Report. Council and Standing Committee Agenda 6 October 2015</p> <p>f. 3138680</p>

	g. Governance distributes the Government Gazette to Managers and other staff on a weekly basis identifying updates to legislation as they affect the Council	g. 3060869 ECM distribution of Government Gazette
3. Government Gazettes distributed weekly by Governance	a. Government gazette updates provided to those managers for whom the updates are relevant	a. 3042654 ECM distribution of Government Gazette
4. Recruitment process to ensure qualified staff, qualifications/ professional memberships or registration; confirmed and recorded on file	a. Recruitment Tool Box	a. Recruitment toolbox on intranet
5. Referee checks undertaken and recorded	a. Recruitment and Selection Audit – good level of compliance b. Reference Check Form c. Recommendation Report d. Link to the Toolbox on Compass	a. 1932900 b. 583200 Reference check template from Recruitment toolbox on Intranet c. 583204 Interview Recommendation report from Recruitment Toolbox on Intranet d. Recruitment toolbox on Intranet
6. Criminal History checks undertaken if required by policy/position	a. Police Clearance Statutory Declaration Form b. Police Clearance Administration Policy	a.1791150 Police clearance Statutory Declaration on Intranet b. 612613 Police Clearance Administration Policy on Intranet
7. Training and training support provided	a. Study assistance program, individual training requirements identified via PDP process b. PDP Guidelines/processes c. Performance Development Program d. Study Assistance Request Form	a. Study Assistance Program link on Intranet Administration Policy Study Assistance on Intranet b.2225982 PDP guidelines from Intranet c. PDP program from Intranet d.1107670 Study Assistance Request Form on Intranet

8. Supervision provided based on experience	a. Organisational Chart demonstrates reporting structure	a. 1748015 CWT Organisational Chart
9. Performance Development Plans	a. PDP	a. 1416219 PDP program from Intranet
10. High level of security in place associated with information storage and retrieval.	a. Workflows contained in ECM – Network access forms b. Workers compensation claims, industrial claims, etc. c. Allocation of software administration Rights.	a. confidential documents have secure folder status and are only able to be accessed by approved officers - GMOS verified b. confidential documents have secure folder status and are only able to be accessed by approved officers - GMOS verified c. Network Access Removal Form
11. Audits undertaken by IMU	a. ECM Subject Folder Security	a. 1710650
12. Delegations/authorisations reviewed regularly by the Council and Executive Management Team, particularly following changes to legislation	a. CEO Delegations Framework Review 2016	a. 3226236
13. Workforce planning project and competency assessment underway	a. LGA Workforce Planning project	a. 3011549
14. Professional indemnity insurance in situ for staff	a Local Government Association Mutual Liability Scheme confirmation of membership	a. 3043535 (15/16) 3274805 16/17

Risk Issue 7. FRAUD AND CORRUPTION

Descriptor	Inadequate systems and procedures that provide opportunities for fraud or corruption by Council staff, volunteers or Elected Members.
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Untreated Risk:	Likelihood: Almost Certain	=	Extreme
	Consequence: Catastrophic		

Existing Controls

Tangible Controls (Evidence available)	
1.	Policies/procedures, controls in place i.e. Fraud and Corruption Prevention, Control, Reporting and Investigating and Whistleblowers
2.	Internal and External Audits undertaken in accordance with plan
3.	Implementation of ICAC and OPI with associated legislation
4.	Confidential Whistleblowers email address for reporting purposes
5.	Mandatory Code of Conduct for Council Members (and independent members of the Audit and Risk Committee) in situ
6.	Mandatory Code of Conduct for Council employees in situ
7.	Mandatory DAP Code of Conduct in situ
8.	Code of Conduct awareness training provided to all staff and Elected Members, DAP and Audit and Risk Independent Members
9.	Legislation (LG Act, Criminal Law Consolidation Act, ICAC Act, Ombudsman Act strengthened etc.)
10.	Review and improve key workflow process to improve integrity
11.	Audit and Risk Committee established
12.	Majority of processes are open and transparent
13.	Section 270 providing for the Internal Review of Council/Staff Decisions and complaints
14.	Ability for stakeholders to report complaints/concerns to multiple enquiry and investigation agencies i.e. ICAC/OPI/Ombudsman/Minister/SAPOL/Council
15.	Regular review of policies and procedures
16.	Notification process in place for changes to legislation
17.	Council/Committee meetings held in public
18.	Information is made available to the community in a range of forms (i.e. budget paper, council agenda)
19.	Regular consultation with the community in line with policy and legislation
20.	Governance Panel (LGA) operational
21.	Regular legislative compliance audits undertaken
22.	Any complaint of fraud and corruption will be directed the OPI or SAPOL
23.	Customer Complaints Policy in situ
24.	Internal Audit of fraud and corruption prevention and control completed by contract auditors - relevant actions being implemented as appropriate
25.	Internal audits undertaken across all aspects of the business and any irregularities reported
26.	External Audit undertaken and reported to the Audit and Risk Committee and Council in line with legislation

27.	Prudential reporting undertaken for required capital projects in accordance with legislation
28.	Strong internal controls including new Deloitte control tracking program
29.	Fraud and Corruption/ICAC/OPI/Ombudsman awareness training provided to Elected Members, independent members of DAP and Audit and Risk Committee and all purchasers across the organisation
30.	Procurement Roadmap program currently being implemented to provide robust procurement processes including purchase interrogation
31.	Revised Fraud Prevention, Control, Reporting and Investigating Council Policy, which includes new reporting requirements to OPI, was presented to the August 2014 Policy Planning and Performance Committee and approved by Council at its 2 September 2014 meeting.
32.	Training provided to Elected Members and independent members of the DAP and Audit and Risk Committee on new conflict of interest and informal gatherings provisions during 2016

Intangible Controls (No evidence available but known to be in place)
Nil

Effectiveness of controls:	Satisfactory
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REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Moderate		

Additional Solutions	Nil
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Role of Executive	As this is a moderate risk, monitor the action items quarterly and review six monthly
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RISK 7 - Fraud and Corruption

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Policies/procedures, controls in place i.e. Fraud and Corruption Prevention, Control, Reporting and Investigating and Whistleblowers	a. Whistleblowers Policy b. Fraud and Corruption Prevention, Control Reporting and Investigation Policy c. Elected Members Gifts and Benefits Register	a. 479795 Whistleblowers Policy b. 496971 Fraud and Corruption Prevention, Control Reporting and Investigation Policy 3215860 Elected Members Gifts and Benefits Register
2. Internal and External Audits undertaken in accordance with plan	a. Fraud and Corruption Internal Audit completed in 2012. Actions arising from the audit in progress (as per report to Committee) b. Internal audits undertaken in line with 2015-2015 Internal Audit Plan c. 2014/15 Audited financial statements presented to October 2015 meeting of the Audit and Risk Prescribed General Committee d. Example audit - Local Government Act 1999 Procedures at Meetings and Access to meetings and documents Final Internal Audit Report	a. 1825596 b. 29811263 c. 3104981 d. 3049141
3. Implementation of ICAC and OPI with associated legislation	a. Reporting and Investigation Council Member Code of Conduct Complaints	a. 2236607 Reporting and Investigation Council Member code of conduct complaints
4. Confidential Whistleblowers email address for reporting purposes	a. Whistleblowers Policy and dedicated internet page b. Whistleblowers gmail address tested	a. 479795 Whistleblower Policy External Website b. 3326410
5. Mandatory Code of Conduct for Council Members (and independent members of the Audit and Risk Committee) in situ	a. Current Mandatory Code of Conduct for Elected Members available on website b. Gazetted 29 Aug 2013	a. 2132464 Code of Conduct for Council Members on Website b. Mandatory Code Of Conduct for Council Members as Gazetted 29 August 2013

6. Mandatory Code of Conduct for Council employees in situ	<p>a. Code of Conduct for Council Employees is available on website, intranet and in hard copy booklet form which is provided to all employees</p> <p>b. All staff are required to read, sign and return last page of Code of Conduct booklet to indicate they have read and understood the contents</p>	<p>a. 2132464</p> <p>Mandatory Code of Conduct for Council Employees on webpage</p> <p>b) All signed code of conduct signed returns are verified by Governance prior to inclusion in personnel file (confidential)</p>
7. Mandatory DAP Code of Conduct in situ	<p>a. DAP Code of Conduct is mandated via the <i>Development Act 1993</i>. Available on website</p>	<p>Code of Conduct for DAP and DAC Members</p>
8. Code of Conduct awareness training provided to all staff and Elected Members, DAP and Audit and Risk Independent Members	<p>a. Audit Committee Member Induction training completed in February 2015 (powerpoint presentation from KelliedyJones provided as evidence)</p>	<p>a. 2329388</p>
9. Legislation (LG Act, Criminal Law Consolidation Act, ICAC Act, Ombudsman Act strengthened etc)	<p>a. Legislation in place.</p>	<p>a. Legislation SA Website</p>
10. Review and improve key workflow process to improve integrity	<p>a. Reconstituted by Council in November 2014. Meets 5 times per annum</p>	<p>a. 2308754 Audit and Risk Committee terms of Reference</p> <p>2300674 for Audit and Risk Prescribed General Committee Structure</p>
11. Audit and Risk Committee established	<p>a. Audit and Risk Prescribed General Committee Terms of Reference developed after 2014 General Elections</p>	<p>a. 1862707</p> <p>Audit and Risk Committee Terms of Reference</p>
12. Majority of processes are open and transparent	<p>a. Code of Practice Access to Meetings</p>	<p>a. 591879</p> <p>Code of Practice - Access to Meetings and Documents</p>
13. Section 270 providing for the Internal Review of Council/Staff Decisions and complaints	<p>a. Internal review of Council Decisions Policy reviewed and approved by Council in 2015</p>	<p>a. 306075</p> <p>Internal Review of Council Decisions Policy</p>
14. Ability for stakeholders to report complaints/concerns to multiple enquiry and investigation agencies i.e. ICAC/OPI/ Ombudsman/Minister/SA POL/Council	<p>a. Provided for in ICAC Act.</p> <p>b. Documented in Customer Complaints Policy</p> <p>c. Reporting and Investigating Council Member Code of Conduct Complaints</p>	<p>a. Independent Commissioner Against Corruption Act 2012</p> <p>b. 1780634</p> <p>Customer Complaints Policy</p> <p>c. 2236607 CWT Code Reporting and investigating council member code of conduct complaints</p>

15. Regular review of policies and procedures	a. Policy Review Schedule	a. 3333295
16. Notification process in place for changes to legislation	a. Distribution of Government Gazettes b. Progress Legislative Report	a. 3042654 b. 3197706
17. Council/Committee meetings held in public	a. Included in agendas and/or available on the web	a. CWT website - Agendas and Minutes page
18. Information is made available to the community in a range of forms (i.e. budget paper, council agenda)	a. FOI legislation enables access to certain information by external parties b. Website, social media council agendas etc.	a. Freedom of information page on website b. CWT Website
19. Regular consultation with the community in line with policy and legislation	a. Brownhill- Keswick Creek consultation b. Representation review consultation c. Public Consultation Policy	a. 3255666 b. 1997721 c. 2989134 Public Consultation Policy from CWT website
20. Governance Panel (LGA) operational	a. LGA mechanism. b. Reporting and Investigating Council Member Code of Conduct Complaints.	a. Governance panel information on LGA website b. 2236607 Reporting and Investigating Council Member Code of Conduct Complaints
21. Regular legislative compliance audits undertaken	a. Expiation Offences Act 1996 - in respect of parking control enforcement b. Liquor Licensing Act 1997 audit reports	a. 2223448 Expiation Offences Act 1996 b. 2223447 Liquor Licensing Act 1997
22. Any complaint of fraud and corruption will be directed to the OPI or SAPOL	a. Customer Complaints Policy – will be referred to OPI/ICAC for investigation now in place Fraud and Corruption Prevention, Control and Investigation Council Policy	a. 496971 Fraud and Corruption Prevention, Control and Investigation Council Policy on website
23. Customer Complaints Policy in situ	a. Policy approved by Council in 2012- available on website	a. 1780634 Customer Complaints Policy on Website

24. Internal Audit of fraud and corruption prevention and control completed by contract auditors - relevant actions being implemented as appropriate	a. Fraud and Corruption Prevention and Control Internal Audit presented to Aug 2012 meeting of the Committee	a. 1825596
25. Internal audits undertaken across all aspects of the business and any irregularities reported	<p>a. Fraud and Corruption Internal Audit completed in 2012. Actions arising from the audit in progress (as per report to Committee)</p> <p>b. Internal audits undertaken in line with. RISK MANAGEMENT UPDATE - STRATEGIC RISKS</p> <p>c. Legislated external audits undertaken – PKF attended September Committee meeting to present results</p> <p>d. Local Government Act 1999 Procedures at Meetings and Access to meetings and documents Final Internal Audit Report</p>	<p>a. 1825596</p> <p>b. 1738946</p> <p>c. 3277260</p> <p>d. 3049141</p>
26. External Audit undertaken and reported to the Audit and Risk Committee and Council in line with legislation	<p>a. BDO.Audit 2015/16 Annual Audit Plan and Interim Management Letter</p> <p>b. Local Government Act 1999 Procedures at Meetings and Access to meetings and documents Final Internal Audit Report</p> <p>c. Audited Financial statements presented to Audit and Risk Committee October 2015</p>	<p>a. 3285579</p> <p>b. 3049141</p> <p>c. 3099613</p>
27. Prudential reporting undertaken for required capital projects in accordance with legislation	a. Prudential Report Thebarton Precinct Community Facility.	a. 3020748
28. Strong internal controls including new Deloittes control tracking program	<p>a. BDO audited statements 2014/15 confirms strong internal controls</p> <p>b. Risk Internal Control Verification Audit</p>	<p>a.3285579</p> <p>b. 2982174</p>

<p>29. Fraud and Corruption/ICAC/OPI/Ombudsman awareness training provided to Elected Members, independent members of DAP and Audit and Risk Committee and all purchasers across the organisation</p>	<p>a. Fraud and Corruption Prevention Control Reporting and Investigation Policy</p> <p>b. Staff attendance at Fraud and Corruption Awareness and Prevention Sessions 23 and 24 January 2013 (85 staff members)</p> <p>c. Policy reviewed – training of decision making staff undertaken in February 2013</p>	<p>a. 496971 Fraud and Corruption Prevention Control Reporting and Investigation Policy on Website</p> <p>b. 1948190</p> <p>c. 1948190</p>
<p>30. Procurement Roadmap program currently being implemented to provide robust procurement processes including purchase interrogation</p>	<p>a. Procurement Roadmap Provided</p>	<p>a. Procurement page on Intranet</p>
<p>31. Revised Fraud Prevention, Control, Reporting and Investigating Council Policy, which includes new reporting requirements to OPI, was presented to the August 2014 Policy Planning and Performance Committee and approved by Council at its 2 September 2014 meeting</p>	<p>a. Fraud and Corruption Prevention, Control Reporting and Investigation Policy</p>	<p>a. 496971 Fraud and Corruption Prevention , Control Reporting and Investigation Policy on Website</p>
<p>32. Training provided to Elected Members and independent members of the DAP and Audit and Risk Committee on new conflict of interest and informal gatherings provisions during 2016</p>	<p>a. Training Provided by Kelledy Jones 4 February 2016 conflicts of Interest and Informal gatherings Elected members</p> <p>b. Training provided for Audit and Risk Committee Kelledy Jones 17 March 2016</p>	<p>a. 3183250</p> <p>b. 3204232</p>

Risk Issue	8. INFORMATION SERVICES
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Descriptor	Damage, long term interruption, or loss of key business information systems and/or the data stored within them, leading to the Council's capacity to provide essential services being severely compromised, reduced in the long term or lost entirely.
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Untreated Risk:	Likelihood: Almost Certain	=	Extreme
	Consequence: Major		

Existing Controls

Tangible Controls (Evidence available)	
1.	Uninterrupted Power Supply (UPS)
2.	Virtualised backup in situ
3.	Daily tapes back up
4.	Employing competent staff
5.	Adequate funding levels established with resourcing meeting organisational need
6.	Replacement and upgrade programs in situ for hardware and software
7.	Multiple layers of security in place
8.	Audits undertaken by specialist network security firms
9.	External specialist advice sought when required
10.	Robust policies in situ for IT usage and dealing with terminated staff
11.	Competitively remunerated to minimise malicious interference by staff
12.	Supportive work environment provided
13.	Full restore of system approximately within seven minutes
14.	IT Disaster Recovery (DR) Management Plan 2009 - updated 2015
15.	CWT Business Continuity Plan 2015 approved - updated may 2016
16.	Business Continuity Plan tested November 2015 - retesting scheduled for 2016

Intangible Controls (No evidence available but known to be in place)

Nil

Effectiveness of controls:	Satisfactory
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REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Major		
Additional Solutions	Nil		
Role of Executive	As this is a moderate risk, monitor and review six monthly		

RISK 8 - Information Services

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Uninterrupted Power Supply (UPS)	a. Information Services Risk Evidence update as at October 2016 b. Annual Maintenance agreement with Computer Site Solutions c. Annual maintenance reports from Computer Site Solutions re: Civic & Library UPS. (October 2014)	a. 3346474 b. 3345144 c. Library - 2265059 Civic - 2265058
2. Virtualised backup in situ	a. In July 2015 the DR equipment was removed from the Library datacentre and relocated into the Adelaide City Council's Pirie Street datacentre	a. 3009287 ACC CWT Rack Space and Optic Fibre Connectivity Agreement May 2015
3. Daily tapes back up	a. Backup jobs occur every weeknight / day or once a week including Enterprise, CWT Aftermail, Dataworks, Chris 21, etc. Back up tapes are recorded in an excel register	a. 2181917
4. Employing competent staff	a. All staff in IS are trained / qualified/experienced. Network - IS administrators required to complete VMware and Microsoft accredited training	a. Individual records confidential on personnel files but confirmed
5. Adequate funding levels established with resourcing meeting organizational need	a. Funding approved based on the IS workplan and is reviewed on a quarterly basis for currency	a. IS Budget 2016-17 3344996
6. Replacement and upgrade programs in situ for hardware and software	a. Core software updated to keep the released versions within the range of supplier support products. Key business applications are typically updated annually.	a. 3099646 Software Applications - Support Profile - Feb 2014.pdf Also IS Strategic Plan and IS Roadmap 3113174, 3113175
7. Multiple layers of security in place	a. Proxy Server - Firewall is Threat Management Gateway b. Evidence of the plans and execution exists in the Information Services budget and IS Work Plan documents in ECM and FinanceOne c. Key performance indicators for IS service levels are identified and updated in	a. 3285841 b. 3285841 Information Services Work Plan 2016/2017 3344996 IS Budget 2016-17 c. 3305160

	<p>Interplan</p> <p>d. Logical Security Internal Audit Report</p> <p>e. White Listing process established to prevent executables being run</p>	<p>d. 2018645</p> <p>e.3346439</p>
8. Audits undertaken by specialist network security firms	<p>a. 3 external audits in the last 6 years by CQR Consulting, including reviews of:</p> <ul style="list-style-type: none"> • ICT Security. • Information access in Dataworks and Active Directory. • Virtualised architecture. <p>b. ICT Vulnerability assessment by CQR Consulting</p>	<p>a. Logical Security Internal Audit Report ID 2018645, Invoice for IT Security review 1330814</p> <p>b. 3340202</p>
9. External specialist advice sought when required	<p>a. CQR Consulting engaged to review security of the virtual environment</p>	<p>a. CQR proposals 1311793 & 3227993 Purchase Order 102313</p>
10. Robust policies in situ for IT usage and dealing with terminated staff	<p>a. Network Access and Removal form</p> <p>b. Information Technology and Its Use Policy</p> <p>c. As a double check, payroll provides IT with information on who has left WT employment as an additional check to capture when a network access change has not been submitted</p>	<p>a. Network Access Removal Form</p> <p>b. 305781 Information Technology and Its Use Policy</p> <p>c,. Confidential information verified by GM B&CS</p>
11. Competitively remunerated to minimise malicious interference by staff	<p>a. EBA -Remuneration reflects that of Local Government</p> <p>b. Each year roles are considered during the Performance Development Process</p> <p>c. In 2013 the IS Application Coordinator role was reclassified including comparison to similar roles in other councils such as Charles Sturt and Holdfast Bay</p> <p>d. In 2015 the Web Administrator role was reclassified based on comparison to other similar</p>	<p>a. 2326708</p> <p>b.3267375 PDP guidelines CWT intranet</p> <p>c. Information on file (accessible by Exec) but confidential</p> <p>d. Information on file (accessible by Exec) but confidential</p>

	<p>roles in Local and State Government. The following Councils provided comparative information:</p> <ul style="list-style-type: none"> • Adelaide Hills Council • City of Burnside • City of Salisbury • City of Charles Sturt • City of Onkaparinga 	
12. Supportive work environment provided	<p>a. EA, FITCOR</p> <p>b. Information Services - Post 2015 Employee Opinion Survey - Action Plan</p>	<p>a. Employee Assistance Program Information on Intranet</p> <p>Fitcor Information Page on Intranet</p> <p>b. 3121728</p>
13. Full restore of system approximately within seven minutes	a. Information Management Procedures and Standards	a. Information Management Procedures and Standards
14. IT Disaster Recovery (DR) Management Plan 2009	a. IT Disaster Recovery (DR) Management Plan October 2015	a. 3101265
15. CWT Business Continuity Plan 2015 approved	a. CWT Business Continuity Plan approved June 2015 - updated May 2016	a. 3267083
16. Business Continuity Plan tested November 2015 - retesting scheduled for 2016	a. BCP Training Engagement Letter -Deloitte June 2016	a 3288652

Risk Issue	9. SERVICE CENTRES
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Descriptor	Damage, long term interruption, or loss of key service centres (Civic, Depot, Library, Thebarton Community Centre) leading to the Council's capacity to provide essential services being severely compromised, reduced in the long term or lost entirely.
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Untreated Risk:	Likelihood: Unlikely	=	Moderate
	Consequence: Major		

Existing Controls

Tangible Controls (Evidence available)	
1.	Organisation is insured via LGRS (unlimited insurance) which includes insurance for the operation of alternative service sites in a major business disruption
2.	CWT is a member of the Western Zone Emergency Management Committee
3.	Emergency procedures approved and in place
4.	Evacuation drills undertaken on a regular basis with subsequent de-brief report to Executive
5.	IS Disaster Recovery Plan documented and in place
6.	Training program in place (fire, evacuation etc.)
7.	EAP/Trauma counselling program in place
8.	WHS&IM plan and programs , policies, procedures, standard operating guidelines (non-WHS) in place
9.	Risk management program in place
10.	Sturt Emergency Risk Management Plan developed with five southern adjoining Councils identified emergencies relating to CWT
11.	Business continuity planning approved and tested in November 2015, to be retested in 2016
12.	Alternative sites identified for the operation of a control centre in the event of a major business disruption
13.	Funding provided in 2015-2016 2016-2017 budget to develop Emergency Management Plan

Intangible Controls (No evidence available but known to be in place)

Nil

Effectiveness of controls:	Satisfactory
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REVISED RISK RATING:	Likelihood: Unlikely	=	Moderate
	Consequence: Moderate		

Additional Solutions	Commence the Emergency Management Plan
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Role of Executive	As this is a moderate risk, monitor and review six monthly
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RISK 9 - Service Centres

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Organisation is insured via LGRS (unlimited insurance) which includes insurance for the operation of alternative service sites in a major business disruption	a. Level of insurance required reviewed annually with the LGRS	a. 3274805 Local government Asset Mutual Fund and Insurance Renewals 2016/2017
2. CWT is a member of the Western Zone Emergency Management Committee	a. CWT Member of the Western Zone Emergency Management Committee	a. 2974154
3. Emergency procedures approved and in place	a. Emergency procedures available on intranet and in hard copy.	a. 2239405 Emergency Procedures Manual Civic Environmental Health Compliance
4. Evacuation drills undertaken on a regular basis with subsequent de-brief report to Executive	a. Emergency Evacuation Drill held by Environmental Health on 05 July 2016	a. 3279755
5. IS Disaster Recovery Plan documented and in place	a. IS Disaster Recovery (DR) Management Plan October 2015 Plan	a. 3101265
6. Training program in place (fire, evacuation etc.)	a. Fire Wardens trained in all civic facilities - last training July 2015 b. Chief Fire Wardens and Deputy trained as per Emergency Procedures last training July 2015	a. 3085725 Emergency Wardens Civic Centre b. 3018460
7. EAP/Trauma counselling program in place	a. Information available to staff on the intranet and in a booklet form.	a. Employee assistance program from intranet
8. WHS&IM plan and programs, policies, procedures, standard operating guidelines (non WHS) in place	a. WHS & IM One System Occupational Health Safety, Welfare, and Injury Management Plan 2014-2017. b. SOPs/SWPs available on Intranet c. Administration Policy WHS and IM lead Policy d. Administration Policy WHS and IM Planning	a. WHS Policies and Procedures from Intranet WHS Page on Intranet WHS and IM Management System b. Safe Operating Procedures Safe Work Procedures c. Administration Policy WHS and IM Lead Policy d. Administration Policy WHS and IM Planning

9. Risk management program in place	a. Risk management framework and policy on Intranet	a. Risk Management Framework Enterprise risk Management Policy
10. Sturt Emergency Risk Management Plan developed with five southern adjoining Councils identified emergencies relating to CWT	a. Emergency Procedures Manual- City of West Torrens. Superseded by NERAG – being developed by the WZEMC	a. 3297246 Western Zone Emergency Management Plan
11. Business continuity plan approved and tested in November 2015, to be retested in 2016.	a. Approved Business Continuity Plan b. BCP Training Engagement Letter -Deloitte June 2016	a.3100347 Business Continuity Plan b. 3288652
12. Alternative sites identified for the operation of a control center in the event of a major business disruption	a. Replication of Production databases daily to the Disaster Recovery (DR) datacenter b. Alternative site decisions available in the approved BCP. c. Multiple sites to operate service centres as follows: Civic Centre 165 Sir Donald Bradman Drive Hilton 5033 Hamra Centre Library 1 Brooker Terrace Hilton SA 5033 Cummins House 23 Sheoak Avenue Novar Gardens 5033 Thebarton Community Centre Cnr Ashwin Parade and South Road, Torrensville SA 5031 Camden Community Centre 7 Carlisle Street, Camden Park SA 5038	a. ACC CWT Rack Space and Optic Fibre Connectivity Agreement May 2015: 3009287 b. 3100347 Business Continuity Plan pages 1 14-27 c. Website Contact Page
13. Funding provided in 2016-17 Budget to develop Emergency Management Plan	a. Budgeted in 2016-17	a. 3288649 City of West Torrens EMP Engagement Letter Draft June 2016

Risk Issue

10. FLOODING

Descriptor

Damage to private property, council facilities and/or community infrastructure as a result catchment flood events

Untreated Risk:	Likelihood: Rare	=	Moderate
	Consequence: Catastrophic		

Existing Controls

Tangible Controls (Evidence available)	
1.	Working with/through Stormwater Management Authority on Brown Hill, Keswick and Sturt Creeks
2.	Approval of the Brown Hill/Keswick Creeks Stormwater Plan Part A and Part B by all five councils and submitted to the Stormwater Management Authority in March 2016.
3.	SES Emergency Management Plan
4.	CWT Stormwater Plan
5.	Mile End/Cowandilla Stormwater Outfall Project completed
6.	Development Plan
7.	Flood mapping and updating of the Development Plan/Development Plan amendments
8.	Structural Mitigation works
9.	Non-structural mitigation works e.g. Flood Safe program
10.	Existing stormwater network
11.	Regular routine maintenance
12.	Asset Management Plan
13.	Flood Alerts provided to Council
14.	Remote sensor monitoring of creek levels
15.	Section 30 Review
16.	Bureau of Meteorology early warnings provided to Council
17.	Specialised advice and designs sought
18.	Development controlled in the Brown Hill/Keswick Creeks and River Torrens catchments
19.	Flood response protocol
20.	Whole of Catchment Management Plan
21.	Participating in the Western Region Climate Change Adaptation Plan
22.	Continuation of long term stormwater upgrade works in the Lockleys area.
23.	Council approved Option D of Part B works under the Brownhill Keswick Creeks Stormwater Management Plan 2012

Intangible Controls (No evidence available but known to be in place)

1. Regular routine maintenance (side-entry pit) program

Effectiveness of controls:

Satisfactory

**REVISED RISK
RATING:**

Likelihood: Rare

Consequence: Catastrophic

=

Moderate

Additional Solutions

1. Continue to implement the actions/findings arising from the Brownhill and Keswick Creeks Stormwater Management Plan
2. Continue to implement and use digital terrain mapping for the entire City
3. Continue to develop and implement a Flood Mapping Plan

Role of Executive

As this is a moderate risk, monitor and review six monthly

RISK 10 - Flooding

EVIDENCE SUPPORTING TANGIBLE CONTROLS

Control	Evidence	Doc Set Id/Webpage
1. Working with/through Stormwater Management Authority on Brown Hill, Keswick and Sturt Creeks	<p>a. CEO is a member BHKC Steering Committee</p> <p>b. GM Urban Services is on the BHKC Technical Group.</p> <p>c. Working closely with the SMA in relation to the development of the BHKC Plan and its implementation</p> <p>d. Both Part A and Part B of the plan both agreed by all five councils involved in the project</p> <p>e. Annual Business Plan Summary provides that \$0.581 m contributed in 2016/17 to BHKC works</p>	<p>a. 3218231 Agenda from BHKC Steering Committee. 5/04/2016</p> <p>b. 1796471 Agenda from BHKC Technical Group</p> <p>c. Report to Meeting of Council 2 June 2015 titled Brown Hill Keswick Creek project Stormwater Management Authority Notice. Council and Standing Committee Minutes 2 June 2015 from Website</p> <p>d. Part A approval given at Meeting of Council in at 21 August 2012 Meeting of Council 21 Aug 2012 meeting of Council minutes - approval of plan from Website</p> <p>Part B approval given at the Meeting of Council 15 September 2015 Minutes Meeting of Council and Standing Committee Minutes 15 September 2015 from Website</p> <p>e. 2016/17 Annual Business Plan Summary from Website 2016/17 Adopted Budget and Annual Business Plan from Website</p>
2. Approval of the Brown Hill/Keswick Creeks Stormwater Plan Part A and part B by all five councils and submitted to the Stormwater Management Authority in March 2016	<p>a. Both Part A and Part B of the plan approved by all councils involved in the project</p>	<p>a. Part A approval given at 21 August 2012 Meeting of Council 21 Aug 2012 meeting of Council minutes - approval of plan</p> <p>Part B approval given at the Meeting of Council 15 September 2015 Minutes Meeting of Council and Standing Committee Minutes 15 September 2015</p>
3. SES Emergency Management Plan	<p>a. State Emergency Management Plan</p>	<p>a. State Emergency Management Plan from SA Government website.</p>
4. CWT Stormwater Plan	<p>a. Development Plan West Torrens Council June 2015</p>	<p>a. 1896486 Stormwater Management Plan</p>
5. Mile End/Cowandilla Stormwater Outfall Project completed	<p>a. Project completion documentation</p>	<p>a. 270859 re project Agenda Completion documentation Available in Pathway</p>

6. Development Plan	<p>a. Available on the website, two main defenses:</p> <ul style="list-style-type: none"> Controls on new developments to minimise the impact of flooding; & Incorporates flood mapping and is regularly updated <p>b. Asset Plans updated in accordance with Section 30 of Development Act - Strategic directions report</p>	<p>a. 3285903 CWT Development Plan Flood Prone Areas Map</p> <p>b.2222753</p> <p>Strategic Directions report 2014 minutes 26 August 2014</p>
7. Flood mapping and updating of the Development Plan/Development Plan amendments	<p>a. Suggest incorporate this control as part 3 to the Development Plan</p>	<p>a. Flood Prone Areas Map</p>
8. Structural Mitigation works	<p>a. Internal audit report stormwater management confirms a good level of compliance with stormwater asset planning, management and maintenance</p>	<p>a. 2049265</p>
9. Non-structural mitigation works e.g. Flood Safe program	<p>a. SES Flood Safe program funding agreement</p>	<p>a. 2216585</p>
10. Existing stormwater network	<p>a. Existing drainage network is recorded in Conquest (Asset management software)</p> <p>b. Westmaps map example of drainage network under roads (Attached)</p>	<p>a. 3299295 Westmaps proxy Stormwater network evidence.</p>
11. Regular routine maintenance	<p>a. City Works undertake routine maintenance via customer requests in Pathway</p>	<p>a. 3299400 - Screen dump - customer requests for stormwater maintenance.</p>
12. Asset Management Plan	<p>a. AMP is the tool to develop sustainable management of assets it documents the strategy for sustainable investment and its purpose is to maintain functionality of existing systems</p> <p>b. Stormwater Infrastructure Asset Management Plan on the website</p>	<p>a. Asset Management Plan</p> <p>b. 1896486 Stormwater Infrastructure Management Plan</p>
13. Flood Alerts provided to Council	<p>a. Membership provides detailed flood/weather alerts provided to Council via DL email address evidenced in the BOM service level specification and flood warning correspondence</p>	<p>a. 3299424 - Flood and weather warning folder in ECM (print screen) evidencing flood warning correspondence. BOM Service Level Specification for Flood Forecasting and Warning Services</p>

14. Remote sensor monitoring of creek levels	a. Access to remote sensor data (monitoring of creek levels) evidence in BOM service level specification	a. BOM Service Level Specification for Flood Forecasting and Warning Services
15. Section 30 Review	a. Strategic Directions report	a. 2222753 Strategic Directions report 2014 minutes 26 August 2014
16. Bureau of Meteorology early warnings provided to Council	a. Membership provides detailed flood/weather alerts provided to Council via DL email address	a. 3299424 - Flood and weather warning folder in ECM (print screen) evidencing flood warning correspondence
17. Specialised advice and designs sought	a. Tonkins Engineering Services fee proposal - Shannon Ave, Stormwater Pump Station b. Tonkin Engineering fee proposal - Stormwater Asset Register c. Correspondence - request for quote -GAP Watson Ave Netley 'design components'. d. Chippendale Stormwater Pump Station upgrade	a. 127451 b. 1156553 c. 1661398 d.1486441
18. Development controlled in the Brown Hill/ Keswick Creeks and River Torrens catchments	a. CWT Development Plan	a. CWT Development Plan
19. Flood Response Protocol	a. SWP Emergency response flooding	a. 486958
20. Whole of Catchment Management Plan	a. Initial Urban Stormwater Master Plan	a.237928
21. Participating in the Western Region Climate Change Adaptation Plan	a. Western Adelaide Region Change Adaptation Plan Project Team (Governance) Structure	a. 3038812
22. Continuation of long term stormwater upgrade works in the Lockleys area	a. Annual Business Plan Summary 2016/17	a. 2016/17 Annual Business Plan Summary on Website

SECTION 2 - EMERGING RISKS

This section contains a series of risks that are currently emerging that may impact on Council. These risks may or may not be able to be controlled by Council at this point. Similarly, the risks may eventuate or alternatively dissipate dependent on a variety of factors which may be outside of Council's direct control but which may impact on Council. As a result risk assessment may not be possible until the risk actually eventuates.

Emerging Risk 1 Infill Development

<p>Issue</p>	<p>The State Government has introduced The Planning, Development and Infrastructure Bill has been assented and will into Parliament which is intended to replace the <i>Development Act 1993</i> when it commences in approximately 2-3 years. and This will result in amendments to the <i>Local Government Act 1999</i> and other legislation.</p> <p>The objects of the Planning and Infrastructure Amendment Act draft Bill introduced to the State Parliament on 8 September 2015 significantly alter the framework applied to land use planning in the state, whereby the current aim of orderly land use planning is to be superseded by the primary goal of enhancing the State's prosperity through a system that enables development and minimise local government's role in development assessment.</p> <p>Known or potential local impacts include:</p> <ul style="list-style-type: none"> • The move to facilitate, rather than control, increased building/development opportunities in all areas across the City of West Torrens, other than in designated character areas, for economic development purposes rather than focus on proper, orderly and efficient planning and development; • elimination or minimisation of Council's rights to control development/building in its area • exclusion of all but one Elected Member from membership of Council's or a regional development assessment panel • the minimisation of public notification requirements and third party appeal rights associated with certain applications • automatic approval of a development application if the the assessment is not finalized within a specific timeframe • ability for developers to encroach on community land without approval from Council • ability ofr developers/State Government to see a co-contribution for certain required developments i.e. tramway installations <p>Council has limited ability to influence the proposed changes at this point, they being the result of the work of the Expert Panel on Planning Reform, which was itself, subject to a number of consultation processes that CWT participated fully in.</p> <p>That noted, It is difficult to know the full extent of the impacts of this Act until such time as the State Commission of Planning, design codes and procedures have been implemented and the Act commenced, it is not expected that the changes they will be broad reaching, have any a financial/resource impact on the organisation and change development assessment as we know it.</p> <p>Training of staff and Elected Members has been undertaken and on-going monitoring of the planning and infrastructure environment is on-going. Once more information is available, a risk assessment can be undertaken. It is likely that there is little Council can do to minimise this risk.</p> <p>In the interim, a steering group of relevant members of the administration (headed up by the General Manager Urban Services and the General Manager Business</p>
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	and Community Services) is meeting weekly to influence the legislation and design codes as well as preparing the organization for the commencement of the Act. One of the urban policy planning positions have been reallocated to a PDI project officer role for a two year period, under the direction of the General Manager Business and Community Services, to project manage the preparation for and implementation of the PDI Act
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Activities associated with this issue

1.	The Expert Panel on Planning Reform process has 'informed' the proposed legislative changes. CWT participated in each of the three consultation/feedback processes managed by the Panel, without any discernible impact.
2.	CWT and the LGA will continue to advocate changes to the Bill (Minister, Opposition and cross benches), and resulting Regulations, to retain real opportunities for the community to influence the amenity of its own local environment.
3.	CWT will ensure that the impact of the resulting legislation/regulation is communicated to its community, together with clear statements about the origins/responsibilities for the changes once they are better known.
4.	On-going updating of staff and Council will continue to ensure the organisation is informed and ready to implement required changes.
5.	The Steering Group will continue to plan for the implementation of the impending changes and commencement of the Act.
6.	The Project Officer will continue to manage the preparations and implementation of the PDI Act and associated changes to the systems and processes

Emerging Risk 2 Rate Capping

Issue	The Economic and Finance Committee of parliament is examining the capping of Council rates which, if introduced, could significantly constrain the City of West Torrens financially and potentially have significant impacts on service delivery. The State Government however, has indicated that it is not convinced that rate capping is a viable option
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Risk of rate capping occurring

	Likelihood	Consequence	=	Untreated Risk Rating
	Unlikely	Major		Moderate

Activities associated with this issue

1.	The City of West Torrens, along with many other councils, presented a submission to the Economic and Finance Committee of parliament.
2.	The LGA has presented a submission to the Parliamentary Committee and issued media releases.
3.	The LGA is monitoring progress of the Economic and Finance Committee and is expected to lobby to protect council interests.
4.	The State Government has advised the media that rate capping is not a viable option.

9.2.3 LGA Mutual Liability Scheme - Risk Profile Review Data Report

Brief

The report presents a summary from the 2016 LGA Mutual Liability Scheme (the Scheme) risk profile review.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the report be received.

Introduction

This report presents the results from the Local Government Association Mutual Liability Scheme (the Scheme) risk profiling of the City of West Torrens (CWT). The 2016 Risk Profile Data Report (the Report) (**Attachment 1**) details the Scheme's assessment of the City of West Torrens (CWT) risk profile and risk management strategies (Review).

Discussion

The Scheme's risk criteria for risk profiling are outlined in **Attachment 2**. The Review was undertaken as desktop audit with the information presented to the Scheme during May 2016.

As part of its risk profiling 2015/16 audit of councils, the Scheme implemented a new approach to collecting and scoring risk profiling information which is reflected on page six (6) of the Report. It is noted that the new approach to scoring has resulted in a rating that is considerably different to those from previous years and which cannot be viewed as a direct comparison. The Scheme's intention is to use the audit to develop individual action plans which are aimed at assisting council's to improve in specific areas. From the information available, this appears to be optional; however the Administration will meet with the Scheme during October 2016 to consider those actions identified for future risk planning and determine their relevance.

The amount of the performance bonus is tied closely to the performance of the Scheme over the previous year. The amount of bonus made available by the Scheme varies annually dependent on the sum in the pool.

While the formula and methodology/criteria to calculate this performance bonus is not disclosed by the Scheme, nor is the risk team exposed to claims data used to inform the Review, it is understood that the amounts per council are determined by combining claims data (7 year window) with the results of the Review resulting in a weighted contribution bonus if relevant.

Historically, the CWT has been assessed at around the metro average (page 7 of the report) however, the 2016 result documents a significantly improved score of 82.5 which is approximately **5 points above** the metro councils average of 77.6 and some **19 points above** the Local Government average. This equated to a bonus rebate of **\$89,510** for 2015/16 and a special distribution of **\$77,029**.

Conclusion

This report presents the results from the LGA Mutual Liability Scheme risk profiling. The 2016 result documents significant improvement in risk practices which has resulted in the CWT achieving a rating which is five points above the metro average and, although not mandatory, the Administration will consider the Scheme's recommended actions for future risk planning.

Attachments

1. Attachment 1
2. Attachment 2



2016

LGA MUTUAL LIABILITY SCHEME

CITY OF WEST TORRENS

RISK PROFILE – REVIEW DATA REPORT

MONDAY, 25 JULY 2016

1

LOCAL GOVERNMENT ASSOCIATION MUTUAL LIABILITY SCHEME

The establishment of the LGAMLS in 1989 provided Local Government in South Australia with an efficient means of managing risk exposures via effective (sector based) risk management programmes. Through the LGAMLS, Councils in South Australia have been afforded unlimited civil liability cover, access to experienced civil liability claims management, liability risk management services and legal advice.

Local Government in South Australia operates in an established risk management culture. The framework for developing this risk based culture is via participation in industry based initiatives (established by the LGA), such as the LGA Workers' Compensation Scheme, the LGA Mutual Liability Scheme and the LGA Asset Mutual Fund. All of Council participation in these funds allows for the evolving risk profile of local government to be continually assessed, measured and monitored.

Pursuant to Schedule 1, Pt. 1, 2 *Local Government Indemnity Schemes*, of the *Local Government Act 1999*, “...**the LGA will conduct and manage the Local Government Association Mutual Liability Scheme.**” The purpose of these funds is simply to transfer the risk (including financial) that attaches to a Council undertaking its statutory powers, functions and duties.

Every Council in South Australia has a statutory duty to “insure” against the financial impact of potential civil liability risks. S142 of the *Local Government Act 1999* sets out:

S142—Duty to insure against liability

- (1) A Council must take out and maintain insurance to cover its civil liabilities at least to the extent prescribed by the regulations.
- (2) A regulation cannot be made for the purposes of this section except after consultation with the LGA.
- (3) Membership of the *Local Government Association Mutual Liability Scheme* constitutes insurance for the purposes of this section.

In seeking indemnity from the LGAMLS to manage a potential civil liability claim, a Council is bound by the **Rules** relating to Claims and Risk Management.

The purpose of the LGAMLS is -

- To provide Members with a specialised claims management facility, which at the same time allows the Member to have input in the direction of the claim;
- Design and deliver tailored risk management advice which is created through the identification and analysis of pooled claims and risk data
- Provide Industry tailored civil liability protection that is unique while at the same time remains cost effective
- Monitor and manage Local Government's risk profile thereby providing Councils the ability to control the financial success of the fund and to avoid the effect from external influences.

AUDIT COMMITTEE

An Audit Committee provides an important independent role between a Council, its management and between a Council and its community. One of the primary roles of these Committees is to provide suggestions and recommendations to Councils and/or management, about actions to be taken to enhance financial governance, considered to be in the best interests of local communities.

An Audit Committee plays a critical role in the financial reporting framework of a Council, by overseeing and monitoring the participation of management and external auditors in the financial reporting process.

S126 of the Local Government Act 1999 (LG Act) require a Council to have an Audit committee. The functions of an Audit committee included in the LG Act 1999 include:

- Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- Proposing, and providing information relevant to, a review of the council's strategic management plan or annual business plan; and
- Proposing, and reviewing, the exercise of powers under section 130A; and
- If the council has exempted a subsidiary from the requirement to have an audit committee, the functions that would, apart from the exemption, have been performed by the subsidiary's audit committee; and
- Liaising with the council's auditor; and
- Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

2016 AUDIT COMMITTEE / EXECUTIVE REPORTS

Explained further in this report is the new scoring methodology that the Review has undertaken this year. Audit Committees and/or Executive Leadership Teams (ELT) will need to recognise the different approach taken to scoring as it won't compare to previous years. This new method will provide more accurate method of assessing a Council's, and ultimately the sector's, maturing risk profile.

These changes have made a significant effect on most Councils total score outcomes. If Councils score has decreased considerably; this is not reflective of a downturn in Risk Management functions; as it must be understood that the scores cannot be compared to previous years. A score and bonus history can be found in this report which illustrates how the new scoring methodology has not significantly decreased bonuses as the bonus methodology has changed to reflect the new process.

The details in this Data Report are based on your completed Risk Profile – Review 2016 completed with your LGAMLS representative.

CLAIMS

The LGAMLS provides a comprehensive Claims Management service for civil liability claims made against a Council by a third party for property loss, personal injury and/or financial loss. The Claims Management service encourages Councils to have input into the management and outcome of the claim.

Part 12 of the **Scheme Rules** set out Claim Procedure and include:

12.1 Notice: *includes notice of any circumstance or occurrence which is likely to give rise to a claim*

12.2 Not Admit Liability: *A Member shall not admit liability for, compromise, settle or make/promise payment in respect of a claim subject of indemnity*

12.5 Continued Support: *During the course of a claim, the Member shall provide whatever information and support (including technical and professional support) a is requested to enable the resolution of the claim*

A claim for indemnity is subject to the standard excess of \$3,750 – unless agreed otherwise. The Claims Management service extends to include advice and support from the Risk Management Department by way of reactive risk management services and will be, from time to time, complemented by legal advice (in-house and external Legal Panel) use of external Investigators (Loss Adjustors), Assessors and other sector specialists for the purpose of collecting and compiling relevant details and information necessary for an effective and efficient claim outcome.

An independent Legal Panel including access to In-house legal support, is established by a selective tender process every 3 years, to provide relevant sector based legal advice and support for the day to day management of claims, to manage litigation and other legal proceedings and to provide legal support to Councils to (risk) manage their business risks and liabilities to avoid civil liability claims.

As part of annual Client Servicing programme, the LGAMLS Claims Team will provide claim statistics, information and analysis reports to assist in the financial management of each Member's individual claim portfolio in conjunction with the annual Risk Profile Review process. A claims profile is also available to all Members on the [LGRS Members Centre](#). The LGAMLS are happy to review the LGRS Members Centre and provide an overview of its use.

RISK MANAGEMENT AWARDS HISTORY

MUTUAL LIABILITY SCHEME

MLS	2010	2011	2012	2013	2014	2015
Major RM Award \$20,000	Light Regional	Tea Tree Gully	Mid Murray	Gawler	Onkaparinga	Charles Sturt
Minor RM Award \$10,000	Adelaide	Alexandrina	Campbelltown	Kangaroo Island	Mount Gambier	Yorke Peninsula

WORKERS COMPENSATION SCHEME

WCS	2010	2011	2012	2013	2014	2015
Major Metro Award \$15,000	Charles Sturt	Centennial Park Cemetery Authority	Salisbury	Charles Sturt	West Torrens	City of Mitcham
Major Regional Award \$15,000	Mount Gambier	Kingston	Coorong	Berri Barmera	Yorke Peninsula	Wattle Range
Major Return to Work Award \$15,000	n/a	n/a	n/a	n/a	n/a	Campbelltown

A NEW LOOK - 2016

The annual Risk Profile - Review ("Review") is completed by your Risk Officer and your LGAMLS representative. The Review is designed to monitor Council's risk profile and measure ongoing business improvement, as well as providing a gauge to compare other Councils within the Region and sector. The Review for 2016 was represented in the following 10 functions:

Governance/Finance/People

- 1. Reputation & Integrity
- 2. Strategic Risk & Governance
- 3. Procurement, Contract Management Systems
- 4. Volunteers/Vulnerable Groups/Committees
- 5. People

Operations/Services/Functions

- 6. Environment/Vegetation/Trees
- 7. Emergency Management
- 8. Community Land Recreation/Leisure Services
- 9. Road & Footpath Management
- 10. Use by other parties - facilities/land

In recognising the increasing statutory obligations for Local Government to show good governance via the application of risk management, the method by which a Council is assessed or scored has been refined to better reflect the successful application of your Risk Policy and accompanying framework.

In 2016 we have altered the method by which we calculate the score against different categories. This will provide a more accurate method of assessing a Council's, and ultimately the sector's, maturing risk profile. In accordance with the revised method of assessment, the categories are more aligned to a Council's Strategic Plan and Goals. The revised Review in 2016 aims to recognise all functions of Council's business, as any function / operation of a Council can attract a level of civil liability risk / opportunity. The business profile when measured against Council's **Strategic Plan** allows the Council and or the Audit committee to consider and apply the level of risk tolerance (or "appetite") a Council is prepared to accept (opportunity) or identify areas that require a more focussed risk management approach to prevent/mitigate potential civil liability claims (risks).

These changes will have a significant effect on the scoring process and therefore cannot be compared to previous years. These changes in methodology need to be understood so there is no false perception that Councils Risk Management has taken a serious downturn. We understand that the Review score is reported to the Council / Audit committee / ELT, so it must be understood that the change in scoring methodology cannot be likened to previous years.

With the new scoring methodology in 2016, Council should consider **50%** as the overall benchmark figure that has been assessed against in all categories. This figure, with Councils claims performance over a **7 year window**, will provide the overall profile and bonus allocation. This scoring system will allow Councils to view their improvements compared to the results in the Review and claims data. It should be noted that the Review process is dynamic, and questions/actions are reviewed and updated each year to reflect the evolving nature of risk management and the maturing of a growing Council.

CITY OF WEST TORRENS

CONTRIBUTION/ BONUS HISTORY

	2011/12	2012/13	2013/14	2014/15	2015/16
Contribution gross	\$317,317	\$331,279	\$340,555	\$348,047	\$356,052
Bonus	\$69,320	\$83,282	\$85,614	\$87,497	\$89,510
Contribution net	\$247,997	\$247,997	\$254,941	\$260,550	\$266,542
Spec Distribution (MLS)	\$50,101	\$37,571	\$37,582	\$37,582	\$77,029*
Total (inc discount)	\$197,896	\$210,426	\$217,359	\$222,968	\$189,513

*2015/16 special distribution yet to be distributed to CEO's

RISK PROFILE REVIEW SCORE HISTORY

	2010	2011	2012	2013	2014
City of West Torrens	93.6%	91.4%	92.7%	92.1%	92.1%
Metro Average	94.2%	92.5%	92.6%	93.0%	93.0%
Regional Average	83.5%	80.5%	81.4%	80.8%	80.8%
LG Average	86.2%	83.5%	84.2%	83.9%	83.9%

*not all Councils were scored in 2015 due to the change in methodology in 2016

2016/17 MEMBERSHIP YEAR


REVISED LGAMLS PERFORMANCE BONUS SYSTEM

A Performance Bonus System for Contributions has been in place since 1990. Following an appraisal of this system the criteria base for assessing the allocation of bonuses was amended to include a Risk Management component in 2003/04. As a result we are now able to prove a fairer, more complete Performance Bonus System comprising of two clear elements, one relating to Claims Experience and the other to Risk Management.

The bonus process provides an opportunity for a Council to be recognised as a good participating member of the LGAMLS. The bonus is recognised as a discount on the next year's membership contribution (i.e. a Council will pay a net contribution as opposed to a gross contribution).

As the Risk Culture of Councils matures and evolves the bonus structure will continue to be reviewed to provide a fair and equitable return. The focus on the Risk Management structures and methods that councils are implementing has resulted in a shifting of the bonus weighting in favour of the Risk Management Component of the Review. This weighting reduces the impact of the Council Loss Ratio on the amount of bonus they receive, effective Risk Management performance will by its nature result in a reduction in avoidable loss.

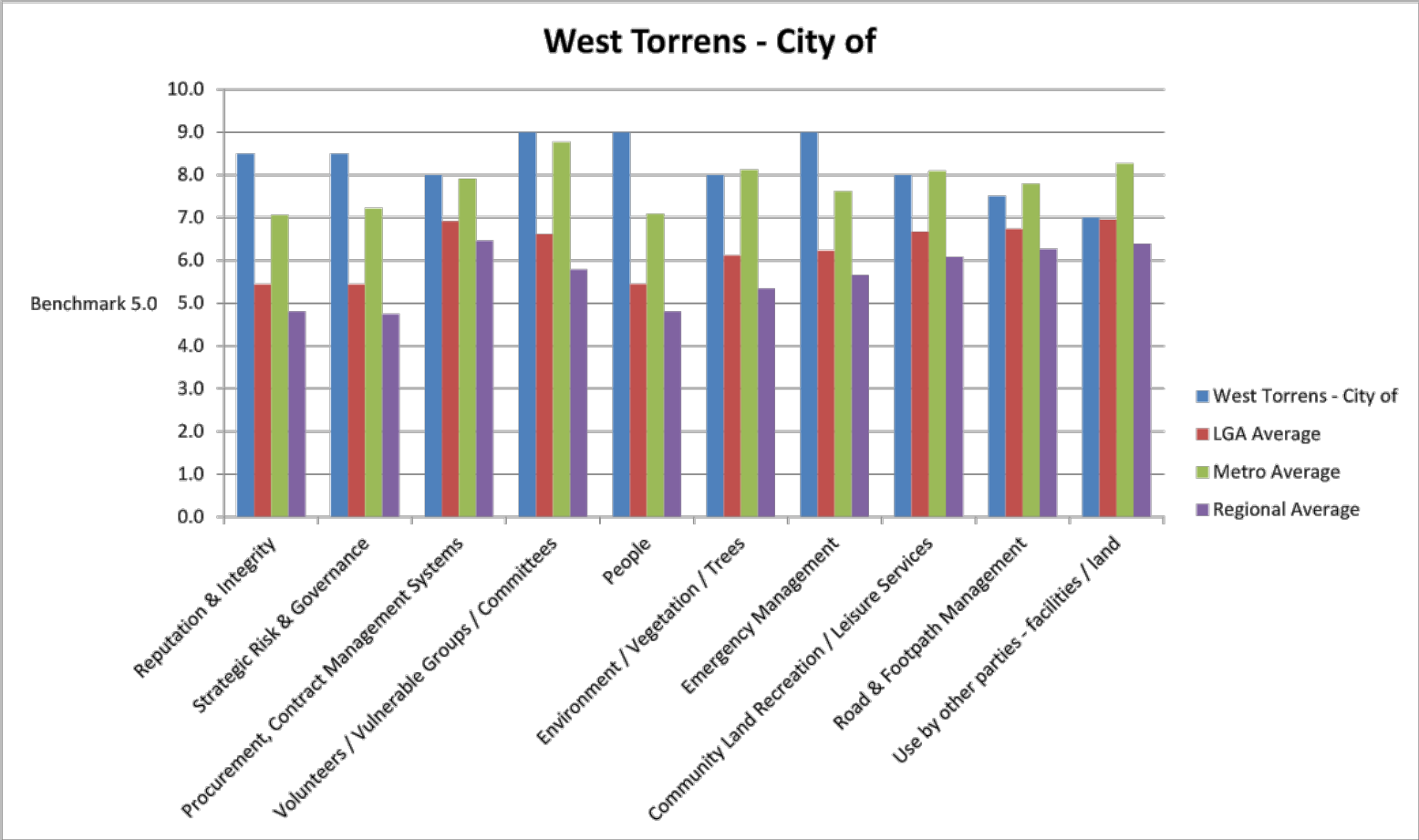
The Claims Loss Ratio for each Council over a 7 year window (date reported to the LGAMLS) will continue to be calculated. Claim costs incurred over the window period will be divided by the Contributions paid by the Council during that window.

 Local Government Association Mutual Liability Scheme	
2016/17 CONTRIBUTION	
Council:	City of West Torrens
GROSS Contribution:	\$ 362,105
7 Years Contributions for Period:	\$ 1,781,561
7 Years Total Claim Costs for Period :	\$ 432,904
Loss Ratio:	24%
Performance Bonus TOTAL:	\$ 92,898
NET Contribution:	\$ 269,207
	<small>(Gross less Performance Bonus & excl GST)</small>

2016 RISK PROFILE – REVIEW

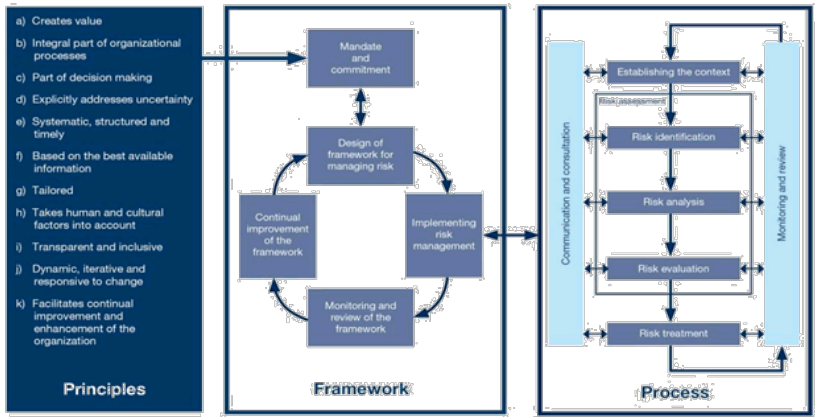
Section	City of West Torrens	Metro Average	Regional Average	LG Average
Reputation & Integrity	8.5	7.0	5.0	5.4
Strategic Risk & Governance	8.5	7.1	4.9	5.4
Procurement, Contract Management Systems	8.0	7.9	6.6	6.9
Volunteers/ Vulnerable Groups/ Committees	9.0	8.8	6.1	6.7
People	9.0	7.0	5.0	5.4
Environment/ Vegetation/ Trees	8.0	8.1	5.5	6.1
Emergency Management	9.0	7.5	5.8	6.2
Community Land Recreation/ Leisure Services	8.0	8.1	6.2	6.7
Road & Footpath Management	7.5	7.8	6.4	6.7
Use by other parties – facilities/ land	7.0	8.3	6.5	7.0
Total	82.5	77.6	59.2	63.5

BENCHMARKING



ACTION PLANS

During the Review process this year, all participants were asked about their 2016/2017 goals and initiatives so that the LGAMLS could support the sector through emerging trends and areas of interest. Previously Councils have been supplied with an Action Plan list which highlights actions and / or tasks against each question asked during the Review based against the Risk Management Principles, Framework and Processes (as per below). The Actions Plans for 2016/2017 will be discussed and addressed with each individual Council in July / August; to be tailored and structured in a way to suit individual wants and needs.



AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines

2016 LGA MUTUAL LIABILITY SCHEME RISK PROFILE

SECTION 1: RISK PROFILE - INFORMATION

*to be completed by relevant Council staff

SECTION 2: RISK PROFILE - REVIEW

*to be completed by Council's Risk Officer and LGAMLS Representative

LGAMLS RISK PROFILE

The 2016 LGAMLS Risk Profile includes two parts:

1. Section 1 - Information (replacing the Civil Liability Risk Profile from previous years)
2. Section 2 – Review (replacing the Risk Management Review from previous years)

By combining the 2 into one document, but separate sections, this will assist Council in making the required process as simple and time effective as possible.

Further explanation follows.

Section 1 – Information was previously called the Civil Liability Risk Profile. The information requested covers various Council activities so multiple staff may be required to help complete this section. This information is collated to enable the LGAMLS to assess Local Government's continuing and evolving risk profile. We therefore suggest that you send the document to the relevant staff at Council and advise that they complete their section and return separately direct to us, if that's easier. Alternatively, you may prefer for the individual staff members to return their completed sections to you and then you send on to us once all questions are complete. The declaration at the end of the document relates specifically to the Elected Member and Council Officer Governance section which precedes it and should be completed by the Chief Executive Officer.

To enable our office sufficient time to prepare and process all Councils information could we please receive section 1 back by the **13th May 2016**. The completed section can be sent to LGRSadmin@jlta.com.au.

Section 2 – Review is the annual Risk Review which is completed by your Risk Officer and your LGAMLS representative. The Review is designed to monitor Council's operational risk profile and measure ongoing business improvement, as well as providing a gauge to compare other Councils within the Region and sector.

The Review scoring process provides a fair platform upon which to apply the Bonus formula – made up of a risk review score and a claims synopsis. The bonus process provides an opportunity for a Council to be recognised as a good participating member of the LGAMLS. The bonus is recognised as a discount on the next year's membership contribution (i.e. a Council will pay a net contribution as opposed to a gross contribution).

Section 2 (Risk Profile – Review) will be released in the upcoming weeks by your LGAMLS representative. Meetings will then be scheduled to complete the Review in a partnership approach with Council and the LGAMLS.

SECTION 2: RISK PROFILE - REVIEW

This Risk Profile - Review 2016 ("the Review") is an important annual appraisal of LGAMLS Council Members. The Review is designed to monitor Council's business risk profile and measure ongoing business improvement as well as providing a gauge compared to other Councils within the Region and sector. The review scoring process provides a fair platform upon which to apply the Bonus formula – made up of a risk review score and a claims synopsis. The bonus process provides an opportunity for a Council to be recognised as a good participating member of the LGAMLS. The bonus is recognised as a discount on the next year's membership contribution (i.e. a Council will pay a net contribution as opposed to a gross contribution).

The revised Review aims to recognise all functions of Council's business, as any function/operation of a Council can attract a level of civil liability risk/opportunity. The business profile when measured against Council's **Strategic Plan** allows the Council and or the Audit committee to consider and apply the level of risk tolerance (or "appetite") a Council is prepared to accept (opportunity) or identify areas that require a more focussed risk management approach to prevent/mitigate potential civil liability claims (risks).

It should be noted that the Review process is dynamic, and questions/actions are reviewed and updated each year to reflect the evolving nature of risk management and the maturing of a growing Council.

***Please note** – the questions in the Risk Profile - Review below should be discussed and/ or completed with your representative from LGAMLS. Scoring methodology can be completed in partnership with your Rep. Any questions or to return your completed review please contact – Jessica.kirk@lta.com.au

Scoring Process

n/a	Not applicable for my Council	
0	Does not exist	No documentation in place – assistance required in this area
3	Working on it	Council starting to look into this – evidence of some work - assistance required
5	Benchmark	Documentation in place – partially implemented
7	Getting there	Documentation in place – implementation is happening – improvements to be made
10	No improvement required	Council is outstanding in this area. Documentation in place, completely implemented

A NEW LOOK - 2016

The Review for 2016 will be represented in the following 10 functions:

Governance/Finance/People

- 1. Reputation & Integrity
- 2. Strategic Risk & Governance
- 3. Procurement, Contract Management Systems
- 4. Volunteers/Vulnerable Groups/Committees
- 5. People

Operations/Services/Functions

- 6. Environment/Vegetation/Trees
- 7. Emergency Management
- 8. Community Land Recreation/Leisure Services
- 9. Road & Footpath Management
- 10. Use by other parties - facilities/land

In recognising the increasing statutory obligations for Local Government to show good governance via the application of risk management, the method by which a Council is assessed or scored has been refined to better reflect the successful application of your Risk Policy and accompanying framework which shapes your business Risk Profile and risk management maturity.

In 2016 we have altered the method by which we calculate the score against different categories. This will provide more accurate method of assessing a Council's, and ultimately the sector's, maturing business risk profile. In accordance with the revised method of assessment, the categories are more aligned to a Council's strategic Plan and Goals.

These changes will have a significant effect on the scoring process and therefore cannot be compared to previous years. These changes in methodology need to be understood so there is no false perception that Councils Risk Management has taken a serious downturn. We understand that the Review score is reported to the Council/ Audit committee, so it must be understood that the change in scoring methodology cannot be likened to previous years.

With the new scoring methodology in 2016, Council should consider **50%** as the overall benchmark figure that has been assessed in all categories. This figure, with Councils claims performance over a **7 year window**, will provide the overall profile and bonus allocation. This scoring system will allow Councils to view their improvements compared to the results in the Review and claims data.

GOVERNANCE/ FINANCE/ PEOPLE

1. Reputation & Integrity

Question	Suggested Evidence	Comments/ answers
<p>1.1 Has your Council completed a Risk Assessment process, identifying Strategic Risks, in your Strategic Management Plan?</p> <p>If not, is this something you would like assistance in; what are the barriers?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>It is a requirement for Councils to develop Strategic Management Plans in accordance with S122 of the LG Act: http://www.austlii.edu.au/au/legis/sa/consol_act/lga1999182/s122.html</p> <ul style="list-style-type: none"> • Strategic Management plan(s), (Strategic Plan, Business Plans, Long Term Financial Plan, Asset Management Plan) • Risk management framework • Operational/ Strategic Risk Register 	
<p>1.2 As the Risk Management Framework ensures a consistent approach to Risk Management practices across Council – have you're Elected Members been introduced to the Framework, if so how, and was this successful?</p> <p>How can the LGAMLS assist you in developing awareness of Risk Management throughout the whole of Council?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>A training/education plan should be engaged to enable Elected Members to understand Council's philosophy regarding risk management, including the processes necessary for Council to achieve its strategic objectives.</p> <ul style="list-style-type: none"> • Council reports including Risk Assessments against RM Framework • Strategic decision making process 	

2. Strategic Risk & Governance

Question	Suggested Evidence	Comments/ answers
<p>2.1 How would you rate the value of your Risk Management Framework in underpinning Council's operations?</p> <p>Is the framework successfully utilised across all functions and activities of Council.</p> <p>If not, why and in your view, how can any blockages be removed.</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>A Framework is a set of elements formalising Council's management of risk. This includes strategic plans, policy, internal procedures, etc. ISO AS/NZ 31000: 2009 provides guidance on the risk management process.</p> <ul style="list-style-type: none"> • RM Policy & Framework • Council Risk Assessment process defined and universal • Risk Register • Process to link across Business Units 	
<p>2.2 A Strategic Risk Management plan that aligns with the Operational Risk plan is an essential tool for Council decision-making. Do the Council agenda reports insist on a risk assessment process to inform decision makers of opportunity vs risk?</p> <p>Would your Executive Management Team/Council benefit from information/awareness sessions that will assist to implement a more robust process that incorporates a culture of risk management across the whole of the Council business.</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>Risk management techniques provide people at all levels with a systematic approach to managing risk that is an integral part of their responsibilities – to achieve Councils strategic objectives.</p> <ul style="list-style-type: none"> • Council reports including risk assessments • Risk Management Framework • Risk matrix 	

3. Procurement, Contract Management Systems

Question	Suggested Evidence	Comments/ answers
<p>3.1 On the premise that Council does have a Procurement Framework; has this been affectively implemented across all aspects of Council?</p> <p>Please describe and give examples of strengths and weaknesses throughout the implementation/ day to day activities.</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>Procurement encompasses the process of acquiring goods, works or services.</p> <ul style="list-style-type: none"> • Procurement Policy/ procedure or supporting framework • Procurement recording system • Discussion of effectiveness and improvements 	
<p>3.2 Describe Council's process and ongoing maintenance, ensuring compliance with S48 of the Local Government Act – Prudential Requirements for defined/certain activities.</p> <p>What aspects of S48 compliance does your Council have difficulty achieving.</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>S48 - Council must develop and maintain prudential management policies, practices and procedures for the assessment of projects.</p> <p>http://www.austlii.edu.au/au/legis/sa/consol_act/lga1999182/s48.html</p> <ul style="list-style-type: none"> • Policy/ procedure/ guidelines on requirements • Criteria assessment process • Discussion of effectiveness and improvements/ examples 	

4. Volunteers/ Vulnerable Groups, Committees

Question	Suggested Evidence	Comments/ answers
<p>4.1 Local Government relies heavily on the support of Volunteers. The ongoing success of a Volunteer programme is reliant on effective risk management – which must be supported by a Volunteer policy and attaching Volunteer Register. How effective is your Volunteer programme and is it managed within the parameters of your Policy and Register.</p> <p>Are all volunteers of Council managed consistently across the Council business – i.e. is there one central co-ordination source to ensure consistent management and monitoring of the volunteer programme.</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>Accurate records and registration details must be maintained for volunteers including:</p> <ul style="list-style-type: none"> • Concise personnel information; • All training undertaken; • Incident/ Hazard reports; • Volunteer Programme details. • Skills assessment / matching process • Central registration process inc security check • Access and use by all Business Units • Skills assessment process 	
<p>4.2 For compliance purposes, a Council must have a Volunteer Policy, Register and attaching protocols and procedures. Are you satisfied that all registered Volunteers have access to and/or have undertaken the induction process and attend/are aware of essential awareness/information sessions relevant to their own and public safety programmes?</p> <p>Does Council require assistance in further management methods of volunteers and their functions?</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>A formalised system including adopted policy, written procedures and job matching process, including WHS requirements.</p> <ul style="list-style-type: none"> • Volunteer Policy/ Procedure • Management Framework • Related Policies/Procedures – volunteer activities and roles • WHS/ Risk induction/ training/ skills matching etc 	

5. People

Question	Suggested Evidence	Comments/ answers
<p>5.1 What processes does your Council have in place to identify Operational Risks and how is this process incorporated into your day to day business.</p> <p>Who is responsible for this process? How have Senior Management been engaged with the Operational Risk Register?</p> <p><i>*If Operational Risks have not been identified, please note so we can assist you in this process.</i></p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>A training/education plan should be engaged to enable workers to understand Council's philosophy regarding risk management, including the processes necessary for Council to achieve its strategic objectives.</p> <ul style="list-style-type: none"> • Operational Risk Register • Operational Risk assessments • Risk Management Awareness sessions • Centralised process 	
<p>5.2 The Risk Management Framework is a tool that can be used throughout the Council to support the development of a risk culture.</p> <p>How is the Risk Management Framework promoted to employees, volunteers and contractors?</p> <p>How is implementation monitored and measured?</p> <p>What two things would assist you to develop, build enhance Council's risk culture.</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p> <p><i>How would you describe your Council's risk culture on a scale of 0 to 5 (0 = non-existent, 5 = fully engaged)</i></p>	<p>A Risk Management Framework is a crucial element to Council who is promoting a Risk Management Aware Culture.</p> <ul style="list-style-type: none"> • Operational Risk Register • Operational Risk assessments • Risk Management Awareness sessions 	

OPERATIONS/ SERVICES/ FUNCTIONS

6. Environment/ Vegetation/ Trees

Question	Suggested Evidence	Comments/ answers
<p>6.1 In accord with your Tree/Vegetation Management Policy or Strategy does your Council have established procedures and processes attaching the various enquires relating to trees/vegetation, such as a claim, notification of a safety issue, non-compliance issue and/or request for managing a tree (inc removal).</p> <p>Does the issue of tree/vegetation risk management create concern or conflict for your Council – when overlaid with community expectations, complying legislation (Development Act, Natural Resources Management Act, Emergency Management Act), application of S245 immunity etc</p> <p>What are two things that could assist your Council to manage tree/vegetation related concerns, /complaints and/or claims more efficiently?</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>Pursuant to S245 of the Local Government Act, Council must take reasonable action in relation to a written notification. Council should respond taking into account the resident's concerns and the general established tree management procedures.</p> <p>http://www.austlii.edu.au/au/legis/sa/consol_act/lga1999182/s245.html</p> <ul style="list-style-type: none"> • Documented process established • Example of process to respond • Discussion of effectiveness and improvements 	
<p>6.2 There has been a noticeable increase in tree/vegetation related incidents/claims likely as the result of Climate Variation. Has your Council reviewed its Tree/Vegetation Management Policy in accord with its Climate Adaptation report to incorporate Climate Change?</p>	<p>Council should be reviewing its Tree Strategy in line with adaptation response to extreme weather patterns and changes in climatic conditions.</p> <ul style="list-style-type: none"> • Review process 	

<p>Would the management of your Tree/Vegetation policy benefit from project based information on climate variation and climate adaptation initiatives. – inc tree behaviour, reduction of fuel loads, conflicting compliance requirements, etc</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<ul style="list-style-type: none"> Adaptation process Example of assessment and changes that considers climate change 	
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7. Emergency Management

Question	Suggested Evidence	Comments/ answers
<p>7.1 How has Council planned for major community disruption as the result of an “emergency” utilising a Business Continuity Plan (BCP) or similar.</p> <p>Describe your experience if you have had to enact your BCP, as the result of an emergency in the past 12 months.</p> <p>How effective/responsive was the BCP in supporting both the Council internally and the community.</p> <p>When was the last time your BCP was reviewed and/or enacted?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>A Business Continuity Plan (BCP) is the uninterrupted availability of all key resources supporting essential business functions in the event of an emergency or business interruption. Council's critical objectives must be included in this process.</p> <ul style="list-style-type: none"> Council BCP in line with AS50:50 Recognises Roles and Responsibilities Evidence of subsequent reports/ recommendations and improvements implemented 	
<p>7.2 Please rate the success of the understanding and implementation of the iResponda programme within your Council (and Region).</p> <p>As part of the debrief process can you list three things that could enhance the efficiency and</p>	<p>The iResponda program informs participants of Councils responsibilities as a community leader. Council should have a register of plant and staff that could be utilised</p>	

<p>effectiveness of the iResponda programme.</p> <p>Would your Council/Staff benefit from a refresher or general information session on the iResponda programme - including the extent of cover provided by the LGAWCS, LGAMLS and LGAAMF in supporting local government respond to emergency/disaster situations?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p> <p><i>Has your Council had the need to activate iResponda in the past 12 months and if so, how would you rate its success (1 – 10, with 1 ineffective – 10 most effective) in supporting the Council to respond to the event.</i></p> <p><i>*If you haven't participated in iResponda, please respond to the above questions accordingly. In the alternative, what other Emergency Management training has your Council been involved in/need to identify.</i></p>	<p>for an emergency event request.</p> <ul style="list-style-type: none"> • i-Responda training records • Sign off/ratified Policy • Plant Register • Worker Register 	
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8. Community Land Recreation/ Leisure Services

Question	Suggested Evidence	Comments/ answers
<p>8.1 How frequently does Council inspect/ maintain their playgrounds – how is this determined and has this been documented?</p> <p>Is the current frequency of inspection effective (considering potential claims/ incidents history)?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>Playground inspection and replacement system should include the location, equipment, soft fall, installation dates, installer details, and any failures or identified hazards.</p> <ul style="list-style-type: none"> • Playground Maintenance/ Renewal strategy • Inspection/response process • Competencies/ training records • Response/ actions to complaints • Example of maintenance inspection and schedule 	
<p>8.2 Community swimming pool management will always be a high risk activity for local government.</p> <p>If relevant, how many pools and associated facilities do you own in your Council area? How often do you undertake a risk review of the facility/ies and attaching policies and procedures?</p> <p>How well documented are your pool protocol and safety guidelines for pool users – extending to inclement weather closure, first aid, exclusive use/multi-use sessions, pool cleaning, safety around water.</p> <p>Does your Council participate in the Dept. of Rec & Sport 'Watch Around Water' programme? If yes, please list the benefits the programme has provided to Council in managing the safety of the pool/s, extending to users of the pool</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>The risk management principles contained in the Guidelines for the Safe Pool Operation are considered "best practice" when managing public pool facilities. Council must consider the Guide and its infrastructure and staffing requirements.</p> <ul style="list-style-type: none"> • Inspection/response process and schedules • Rational and triggers for inspections <p>Key risks could include:</p> <ul style="list-style-type: none"> • Contracted (or Council) management/supervision • Unauthorised access • Maintenance • Chemical storage & handling • Child protection • Accessibility 	

9. Road & Footpath Management

Question	Suggested Evidence	Comments/ answers
<p>9.1 Council has responsibilities regarding permitting any alterations of road (s221) which involves identifying risks associated with the request. How does Council incorporate Risk Management into this process?</p> <p>Would Council like some assistance in this area; i.e. incorporating your Risk Management Framework into the permitting process?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>Risk management principles should include nominating assessment criteria such as the nature of the road altering activity, (e.g. business related such as outdoor dining), location (e.g. high traffic area), hazards posed to blind/ vision impaired persons; as a basis for determining the process of granting authorisations as per S221</p> <p>http://www.austlii.edu.au/au/legis/sa/consol_act/lga1999182/s221.html</p> <ul style="list-style-type: none"> • Authorisation permit supplied • Complies with S221 of LG Act • Includes Indemnity/Insurance condition • Includes Work Zone Traffic Management (WZTM) plan 	
<p>9.2 Council must have an Asset Management Plan/ Program that incorporates the management/ maintenance in relation to roads and footpaths. How is Risk Management principles incorporated into this process?</p> <p>For example, has Council identified risk management criteria, such as traffic volumes, adjacent public amenities, adjacent non-Council owned facilities such as medical centres, aged care facilities, to determine priorities for inspection and maintenance?</p> <p>Score:</p> <p>0 1 2 3 4 5 6 7 8 9 10</p>	<p>A Council must have an inspection and maintenance regime to inspect roads and footpaths.</p> <ul style="list-style-type: none"> • Asset Management Plan • Inspection and Maintenance schedule • Completed Risk Assessments confirming priority order • Council reports 	

10. Use by other parties – facilities/ land

Question	Suggested Evidence	Comments/ answers
<p>10.1 Event Management incorporates a number of significant risks and opportunities to Council. What resources do Council use to effectively manage Event Management? What tools are used?</p> <p>Is this an area that requires assistance (tools and checklists)?</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>Risk management principles can include factors such as the size of the event, target audience (e.g. children, elderly), duration, and any unique features of the location/venue.</p> <ul style="list-style-type: none"> • Council Hire Permit supplied • Insurance aspect considered • Linkage to Event Management Framework • Assessment process/example 	
<p>10.2 Has Council recently managed a Special Event Permit, if so how did this process go – can you give an example?</p> <p>Are risks identified throughout the permitting process?</p> <p>Score: 0 1 2 3 4 5 6 7 8 9 10</p>	<p>Council's event permit process should include a step/component/action to check insurance status of event organisers/participants such as stall holders. If Council or participants fail to obtain appropriate insurances, those activities that are uninsured will need to be removed from the event programme.</p> <ul style="list-style-type: none"> • Event Permit provided • Insurance Indemnity Conditions • WHS & Public Liability considered • Linkage to Event Management Framework • Process to ensure Fit for Purpose • Assessment process/example 	

One last thing

Question	Suggested Evidence	Comments/ answers
<p>How would you like to develop your 2016/17 Action plan to ensure your 2016 Risk Management Initiatives/ goals are incorporated.</p> <p>How valuable are the Risk management focussed information/awareness sessions delivered by the LGAWCS/LGAMLS/LGAAMF to your Risk Management role.</p> <p>If valuable, does the delivery (timing, venue, presentation, breadth of topic, etc) match the value?</p> <p>Were you able to influence the reinvestment by your Council of the 2015 Special Distribution amount into recognised risk improvement initiatives?</p> <p>Are you considering nominating your Council for the 2016 risk Awards Programme</p> <p>Not scored</p>	<p>Each year every Council undertakes a number of programs and initiatives involving Risk Management.</p> <ul style="list-style-type: none"> • Risk Management awareness program • Developing Risk Management Tools (Risk Register etc) • Developing/ updating new Risk Assessment process and/or Risk Matrix • Risk assessments for major/minor projects or contracts • Improvements to training and promotion of Risk Awareness within Council • Nominating for a LGAMLS Risk Award • Event Management review 	

Thank you for completing the 2016 Risk Profile - Review. Can you please return you completed Review to Jess Kirk - Jessica.kirk@jlta.com.au

9.3 INTERNAL AUDIT

9.3.1 2016-17 Internal Audit Program Update

Brief

This report presents a status update of the *2016-17 Internal Audit Program*.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the status update of the *2016-17 Internal Audit Program* be received.

Introduction

An update report is provided to each ordinary meeting of the Audit and Risk Prescribed General Committee (the Committee) on the status of current and, if appropriate, the previous Internal Audit Program.

Discussion

This report summarises the status of all audits contained in the *2016-17 Internal Audit Program* (the Program) to date as follows:

Audit Status	Number
Complete	4
In Progress	3
Due to Commence between Q2-Q4	5
Deferred / Rolled Over	0
Total Audits Programmed (excluding staged audits)	12
Cancelled	4

The *2016/17 Internal Audit Program Report* as at 30 September 2016 is attached (**Attachment 1**).

Audits Completed

Four (4) of the twelve (12) programmed audits, which do not include the four (4) staged/facilitative audits, have been completed since June 2016 (3 months):

No.	Audit Description	Meeting Presented
1.	Probity Audit	October 2016
2.	Lease and Licence Management	October 2016
3.	Third party audit - Vic Roads	Not Applicable
4.	Security Vulnerability Assessment - Part 1	October 2016

Compliance Audits in Progress

1. *Event Management* - this audit, undertaken by the contract internal auditor, is in progress with the draft report presented to and currently being reviewed by the Executive. It is anticipated that this will be completed and presented to the next Committee meeting.
2. *Business Continuity Plan - Review and Exercise Event* is scheduled to occur during November 2016.
3. *Lease Royalties - Third Party audit* - this audit, undertaken by the contract internal auditor, is in progress with the draft report currently being reviewed by the Executive. It is anticipated that this will be completed and presented to the next Committee meeting.

Facilitative Audits Underway

A facilitative audit aims to add value by assisting stakeholder(s) to put improved governance mechanisms in place. This is an outcome driven audit, working with the stakeholder(s) to establish objectives and agreed outcomes via facilitation, advice and consultation.

The following two (2) audits are facilitative audits spanning multiple internal audit programs:

1. *Debtor Management* - this facilitative audit is in progress.
2. *The Maintenance of Plant and Equipment - City Works* - stage one is currently underway and an update is provided within this agenda.

**The gap analysis for both facilitative audits was completed and presented to the July 2016 Committee meeting.*

Continuous (Staged) Audits Underway

A continuous audit is a larger audit with many interrelated components that may be segmented into key test stages to track and record assurance/completion and to add value throughout the project/activity over time.

The following two (2) audits are continuous audits spanning multiple internal audit programs:

1. *Internal Controls - Self-Assessment (ISCA)*
2. *Continuous Audit - Procurement Roadmap (CAPR)*

The ISCA audit is in progress.

Stage 1 of the CAPR audit is complete and was presented to the April 2015 meeting of the Committee while Stage 2 has yet to commence.

Audits Not Started

The following five (5) audits are yet to commence:

1. Accounts Payable*
2. Section 7 Statements
3. Food Act 2001
4. Staff Health and Safety - Internal Controls from the Operational Risk Register*
5. Safety Data Sheets Management

Note: The audits marked with an () are currently being scoped.*

Audits Cancelled

The Chief Executive Officer agreed, at the July 2016 meeting of the Committee, to review the *Internal Audit Plan* (Plan) with a view to reducing the number of audits so that the Plan is achievable. Consequently, the following audits have been cancelled.

1.	<p><i>Thebarton Community Centre Conditions of use and debtor reporting.</i></p> <p>This audit has been cancelled owing to the matter being the subject of a comprehensive 'Lean' process. The Lean process looks at all areas for improvement with the pricing methodology, templates and forms are all under review. Compliance with the outcomes and debtor receipting will be considered in future audit plans.</p>
2.	<p><i>Elected Member Payments and Expenses</i></p> <p>This audit was undertaken in 2012 by the contract internal auditor and achieved a good level of compliance with two better practice findings. The Program Leader Internal Audit and Risk briefly reviewed the <i>Council Policy: Elected Member Allowances, Facilities, Support and Benefits</i> against the types of payments recorded in the Elected Member Payments Register and determined any identified exemptions to be low risk and therefore the proposed audit is not required.</p>
3.	<p><i>PDP Program, Corporate and Business Unit Training Plans</i></p> <p>The Manager People and Culture has recently reviewed and altered the PDP format to include access to a new personal development program (Corporate and WHS). Consequently, audit will consider reviewing the outcomes in future audit plans.</p>
4.	<p><i>Immunisation Service - Spot Audit to test compliance with the Standard Operating Guideline.</i></p> <p>Scheduled as a visual check, this spot audit does not carry significant assurance value and will be removed from the program.</p>

Audit Plan Progress

Four (4) of the twelve (12) planned audits are complete (36%) while another three (3) audits are in progress. Therefore, excluding staged audits seven (7) of twelve (12) audits (58%) at the end of the first quarter of 2016-17 are either complete or in progress. Four (4) facilitative/continuous audits remain in progress with activity spanning over multiple internal audit programs.

Conclusion

This report presents a status update of the *2016-17 Internal Audit Program* and indicates that the program is on track.

Attachments

1. Attachment 1

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
Status of 2015/16 Internal Audits Carried Forward					
1	Probity Audit - Sale of St Martins	High level probity review against the sale of St Martins Aged Care Facility	1	Complete	The audit, undertaken by the Contract Internal Auditor, is complete and the final report presented to the 11 October 2016 meeting of the Committee.
2	Lease Management Review of Non-Compliances	<p>The review will include, but not be limited to, the following:</p> <ul style="list-style-type: none"> • Completeness and accuracy of the property lease and licence register. • Process and controls surrounding the management of lease and licences, new lease agreements and lease renewal (including determining terms and conditions of lease agreements). • Controls to ensure leases and licences are current and in existence for all eligible properties. • Lease and licence fee collection. • Sufficiency and adequacy of information flow between City Assets and Financial Services regarding lease terms and conditions, fees payable and debt recovery. • Progress/compliance against previous audit findings which were approved by management for implementation. 	1	Complete	The audit, undertaken by the Contract Internal Auditor, is complete and the final report presented to the 11 October 2016 meeting of the Committee.
3	Event Management	<ul style="list-style-type: none"> • The review of two significant and one minor event across the organisation since July 2015. 	1	In Progress	While scheduling interviews it was discovered that a Lean process review for event management was occurring simultaneous to the audit. As a result,

Audit Number		Internal Audit	Audit Objectives	Quarter	Status	Comments
			<ul style="list-style-type: none">Design, undertake and present the results of a stakeholder survey to measure current performance, strengths, weakness and opportunities to improve efficiency.Identified opportunities for the introduction of better practices and process improvement			<p>audit met with the Coordinator Continuous Improvement and agreed to modify the Event Management Scope.</p> <p>The audit was re-scoped so to undertake a review of 4 events recently undertaken to assess from a consistency/risk perspective. Audit findings will also be fed through to the Lean project team to consider as part of their review.</p> <p>The draft report was received during September 2016.</p>
Status of 2016/17 Internal Audits						
Assurance Audits						
	4	Business Continuity Plan - Review and Exercise Event.	To assess the level of compliance with the: <ul style="list-style-type: none">A surprise mock event or scenario designed to test the effectiveness of the Business Continuity Plan (BCP) when dealing with the event/scenario.	1	In Progress	Deloitte have been engaged to undertake this exercise with the Exec/Management Team to occur 03 November 2016. A summary report will be presented to the Committee.
	5	Accounts Payable	<ul style="list-style-type: none">An audit to test compliance with legislation, policies, procedures and to provide assurance over the accuracy of records, payments and creditor details.	2	Not Started	Audit scoping is currently underway by the Program Leader Internal Audit and Risk.
	6	Security Audit	A twelve month audit designed to: <ul style="list-style-type: none">Undertake security vulnerability assessmentConsult on results/outcomes12 month access to 'BeSecuritySmart' security awareness videosAudit and continuous improvement -	12 months	Part 1 Complete	The first the two scheduled 'vulnerability assessments' was completed by CQR Consulting during July 2016. A summary of the audit findings and Information Services post-review action is presented to the October 2016 meeting of the Committee.

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		conduct a secondary vulnerability assessment.			
Legislative Audits					
7	Section 7 Statements	<ul style="list-style-type: none"> To be defined 	4	Not Started	
8	Food Act 2001.	<ul style="list-style-type: none"> To be defined 	4	Not Started	
Third Party Audits					
9	Vic Roads Annual Audit	Self-assessment mandated as part of the agreement with Vic Roads	1	Complete	Program Leader Internal Audit and Risk completed this audit during August 2016.
WHS Audits					
10	Staff Health and Safety - Internal Controls from the Operational Risk Register	<p>The objectives of this audit are to evaluate and report on:</p> <ul style="list-style-type: none"> The adequacy, existence and veracity of current internal controls in addressing departmental hazard risks. The adequacy of staff consultation/participation in the hazard management process. The existence of any risk management control monitoring activities. The level of completeness of departmental hazard registers The level of compliance with the <i>Work Health and Safety Act and Regulations 2012</i>. Identified opportunities for the introduction of better practices and process improvement 	2	Not Started	Audit scoping is currently underway by the Program Leader Internal Audit and Risk.

Audit Number		Internal Audit	Audit Objectives	Quarter	Status	Comments
	11	Safety Data Sheets (SDS) Management	<ul style="list-style-type: none"> To be defined 	3	Not Started	
	12	Lease Royalties - Third Party Audit	To assess: <ul style="list-style-type: none"> The accuracy of royalty payments made during the 2014/15 financial year. Insurance and indemnity cover complies with the lease agreements. 	1	In progress	The audit, undertaken by the Contract Internal Auditor, is in progress. The draft report is received and awaiting executive management review.
Facilitative Audits (Long term duration).						
	13	Maintenance Plant and Equipment - Operational Sites	<p>Stage 1 - Develop Solution Action Plan An objectives and agreed outcomes report will replace the traditional audit findings report. This report will use internal resources to investigate those gaps previously identified and use a 'cause and effect' approach to identify and document:</p> <p>Gap Analysis (Internal Work Group)</p> <ul style="list-style-type: none"> What should be done; What is currently being done; Significant differences between 'what should' and 'what is' being done; Assess the current residual risk in respect of continuing to operate in the current state. <p>Outcomes (Internal Work Group) The Audit objectives will be the benchmark from which to develop outcomes (solutions). The work group will design a project plan for</p>		In Progress	Phase 1 is in progress. The gap-analysis was presented to the July 2016 meeting of the Committee.

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<p>management approval which identifies:</p> <ul style="list-style-type: none"> Proposed solutions against the relevant audit objective(s); An implementation plan which assigns roles, responsibilities, deliverables and timeframes; A future risk assessment reflective of the proposed solution. 			
14	Debtor Management	<p>Stage 1: The objectives of the audit are to work with stakeholders to:</p> <ul style="list-style-type: none"> Undertake a risk assessment against the process of debt management in its current state. Undertake high level benchmarking of debt management policies and debt ratios within the local government sector to propose methodologies which are effective and efficient in managing debt. To assess the current state of debt management and document a risk-based gap analysis which proposes findings for implementation. <p>Stage 2: The objectives of the audit are to work with stakeholders to:</p> <ul style="list-style-type: none"> Develop debt management policy/methodology content including documenting the processes for debt escalation, recovery, waiver or write off. 		In Progress	Phase 1 is in progress. The gap-analysis was presented to the July 2016 meeting of the Committee.

Audit Number		Internal Audit	Audit Objectives	Quarter	Status	Comments
			<ul style="list-style-type: none">Develop a technical specification to quote for services with reference to correcting those gaps and/or control weaknesses identified and/or review options available through pre-existing purchasing panels.			
Staged Audits (Long Term Audits)						
	15	Continuous Audit - Procurement Roadmap (Stage 2).	<p>Stage 2 objectives seek to assess the completeness of delivering procurement information, defining roles and responsibilities and the provision of procurement training. In addition, progress against the agreed actions identified in Stage 1 and the overall progress against the Roadmap will be assessed.</p> <p>Intranet/Information availability - the audit will determine the:</p> <ul style="list-style-type: none">level of consultationease of obtaining relevant procurement / contractor management informationsufficient evidence of probity of process (documentation and reporting)availability of contracts documents and templates <p>Roles and responsibilities - the audit will assess the:</p> <ul style="list-style-type: none">Roles and responsibilities are available and understoodSufficiency of training to undertake procurement activity in accordance with	Staged Audit	Stage 2 Not Started	

Audit Number		Internal Audit	Audit Objectives	Quarter	Status	Comments
			the procurement policy and using the procurement processes, contracts and templates.			
	16	Internal Controls Self-Assessment	Stage one - propose a risk based approach to the financial internal control self-assessment for the approval of the Executive and subsequently negotiation with the external auditors. Stage one aims to reduce the number of controls requiring self-assessment and review.	Staged	In Progress	Internal Financial Control Methodology draft report presented. This methodology will be presented to the February 2016 meeting of the Committee.

9.3.2 Probity Audit of Sale of St Martins

Brief

This report presents the outcomes of the probity audit of the sale of St Martins Aged Care Facility.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the outcomes of the probity audit of the sale of St Martins Aged Care Facility be noted.

Introduction

Following a recommendation from the April 2016 meeting of the Audit and Risk Committee (the Committee), Council resolved that a probity audit (Audit) of the sale of St Martins Aged Care Facility (St Martins) be undertaken.

Discussion

Consequently, Galpins, Council's contract internal auditors, was engaged to undertake a high level probity audit of the sale of St Martins Aged Care Facility to provide assurance that appropriate probity was applied during the sale of St Martins and if not, what improvements could be made to the process in any similar, future transactions. The Audit report detailing the probity assessment and recommendations is attached (**Attachment 1**).

The management response against the probity assessment is contained on pages 5-8 of **Attachment 1**.

The transaction was unique and a sale of this nature is unlikely to occur in the near future. Therefore, the Audit findings have been received as lessons/considerations for any future asset sales of this nature. Consequently, the Audit findings do not require immediate actioning and updates will not continue to be reported to the Committee.

Attachments

1. Attachment 1



Accountants, Auditors
& Business Consultants

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ABN 30 630 511 757

Terry Buss
Chief Executive Officer
City of West Torrens
165 Sir Donald Bradman Drive
Hilton SA 5033

Dear Terry,

Re Probity Audit of Sale of St Martins

Galpins has been requested by City of West Torrens (CWT), to conduct a Probity Audit of the sale of St Martin's Aged Care Facility (St Martins) effective 1 July 2015.

The key **objective** of the review was to provide independent assurance to the Audit Committee whether appropriate probity was applied in the sale of St Martins and if not, what improvements can be made to the process in future transactions.

The **scope** of the review was limited to:

- Interview with the Chief Executive
- Review of sale documents
- The scope excludes the appointment of consultants including Financial Advisors and Legal
 - It should also be noted that this review was provided one year after the transaction and not during the transaction.

The review was **conducted by** David Powell of Powell & Co, a subcontractor to Galpins. David has over 32 years' professional experience, including 10 years as a Partner with two Big 4 firms, consulting across a range of industries on IT audit, risk management, internal audit, probity, corporate governance and external audit. He acts for Galpins as a specialist IT Audit and Probity advisor. David is widely recognised as one of the most experienced Probity Advisors in South Australia, having conducted numerous Probity projects across State and Local Government.

The following tasks were conducted:

- Agreed scope of the review
- Initial meeting with Chief Executive Officer to understand the transaction
 - Gained an understanding of the sale process
 - Reviewed documents and correspondence
 - Requested and received additional information from the Financial Advisors
 - Drafted a report to the CEO
 - Discussed findings of the report and sought any management response
- Finalised the Probity Audit report.

liability limited by a scheme approved under Professional Standards Legislation.

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Probity Principles

Our approach to probity advice and audit is to use sound probity methodologies based on “Fairness and Transparency in Purchasing Decisions: Probity in Australian Government Procurement”.

In providing Probity Advisory and Auditing services we apply the following probity principles:

- use of an appropriately competitive process;
- fairness and impartiality;
- consistency and transparency of process;
- identification and management of conflicts of interest; and
- appropriate security and confidentiality arrangements.

Council Policy

Council Policy on the “Sale and Disposal of Assets” was issued on 21 July 2015. The policy applies to all asset sales except for computers. Guiding principles include the following:

- CWT will drive value for money deploying the most appropriate strategy to achieve its objectives.
- Risks associated with any sale will be managed in accordance with the Risk Management Administration Framework.
- All employees involved in the sale are required to observe the highest standards of integrity, probity and professional conduct.
- All stages of the sale and decision making process will be documented, defensible and preserve confidence in CWT’s process.
- Parties will be treated fairly and equitably in any procurement process.
- Non-conformance with this policy may result in disciplinary action.
- Various criteria are considered in relation to the sale of assets.
- The sale of assets may be through
 - Direct sale through public advertisement
 - Public auction
 - Invitation to tender (select or open)
 - Donation to community groups/ charities
 - Vehicle trade-ins
 - Recycled or waste.
- The sale or disposal of land and/or buildings must be referred to Council for its consideration and determination with independent valuations being obtained to assist and inform Council to ensure objectives of the policy are achieved.
- CWT will not disclose the confidential details of any offer received from a party to unauthorised persons without the prior written consent of the party unless required to do so by law.

Findings re Policy Compliance

Council policy is largely consistent with good practice in probity.

There was no evidence of a risk assessment being conducted for this transaction in accordance with the Council policy.

Findings**1. Background**

CWT originally purchased St Martins in 1982 for \$240,000 as a private Hospital but immediately gained approval to operate as a Nursing Home with 26 beds. It was upgraded to a 40 bed facility in 1985 at a cost of \$1.6m. In 1990 the property near the nursing home was purchased and a hostel facility added with 24 beds. By 2000 St Martins operated with 41 Nursing Home and 30 Hostel beds. Additional licenses were obtained in 2002 for an extra 10 Nursing Home and 30 Hostel beds.

Compliance standards and Building Certification requirements rose dramatically in 2008. Also the Aged Care Act of 1997 prevented the preferential admission of residents from the City of West Torrens. A business case was prepared which considered Sale, minimal redevelopment, maintain capacity or major redevelopment. The major redevelopment occurred at a cost of \$12.4m, financed through bonds.

Increasing staff wages, the Aged Care Funding Instrument and the loss of Public Benevolent Institution status led the Council to question the continued ownership of St Martins.

2. Sale Transaction

The sale of St Martins was conducted in a confidential manner, due to CWT sensitivity to the large number of staff employed and concern for the residents to minimise distress to them. Initially only the CEO and Deputy CEO were aware of the potential sale of the asset.

CWT engaged Ansell Strategic in 2014 to prepare an initial market assessment of the St Martins facility in June 2014. By December 2014, Ansell's conducted market testing to evaluate interest from not-for-profit organisations with expansion plans in Adelaide. Three organisations were approached, however none were prepared to commit to an offer for purchase.

A private sector operator was approached for a non-binding Indicative Offer, which was in line with most recent transactions in Australia. In December 2014 Ansell recommended going to other private sector organisations to seek an offer.

A special meeting was conducted with Council on 6 January 2015 to consider a confidential report, authorising the CEO and Deputy CEO in association with Ansell to approach at least two other "for profit" Aged Care providers to seek non-binding indicative offers. A minimum purchase price per bed was set by Council.

A further Council meeting was held on 3 March 2014 including the sale of St Martins as a confidential matter. The latest independent book valuation was conducted in August 2014 and reported to Council. A further going concern valuation was also obtained and reported to Council. The cash price and per bed offers for three respondents was presented to Council.

There was no evidence of an Evaluation Plan agreed with CWT management prior to submissions.

Ansell Strategic have advised that the quote from Japara was submitted on 2 December 2014. The CWT councillors reviewed the bid and asked for two more bids before the next Council meeting. Regis submitted their bid on 30 January 2015 and Allity on 2 February 2015.

The Ansell Strategic Report – Project Toovey – Indicative Offers Analysis and Summary dated 9 February 2015 and presented to Council on 3 March 2015 indicated "All bids received were materially consistent and there were no material differences in the prices proposed (were between 0.1% and 0.6% of the average). Based on the application of the financial and non-financial criteria described, we have recommended Regis as the preferred bidder. While all three share comparative qualitative

characteristics, Regis has the strongest track record for efficient due diligence, adherence to pricing guidelines and positive outcomes for residents, families and staff.”

Regis were allowed two weeks to access a data room managed by Ansell to conduct due diligence.

Discrete visits were arranged for Regis staff however they were not allowed to speak to staff or residents to maintain confidentiality. Ansell worked with CWT to develop a Communication Plan to key stakeholders. CWT engaged O’Loughlins Lawyers to assist in the Asset Sale Agreement.

Settlement occurred in early July 2015.

There was no evidence that CWT were involved in the evaluation of responses and relied on the recommendation of the Financial Advisor.

3. Evidence of Good practice

Steps taken in the sale process considered to be good practice include:

- Third party expert consultants used to facilitate the process
- Bidding parties provided with comprehensive Information Memorandum
- Legal advisor used for Asset Sale Agreement.

Probity Assessment and Recommendations

We have compared the handling of the transaction to probity best practice and provide the following recommendations for improvement for future transactions.

Probity Principle	Findings	Recommendation	Management Response
N/A – Council Policy	<p>Council's <i>Sale and Disposal of Assets</i> Policy requires risks associated with any sale to be managed in accordance with the Risk Management Administration Framework.</p> <p>There was no evidence of a risk assessment being conducted for this transaction in accordance with the Policy.</p>		<p>The policy requires risks to be managed in accordance with the Framework, not specifically a requirement that an assessment be undertaken. The approach to sale gave due regard to the distress a public process would have on residents, their family members and staff at the facility so a discreet approach was undertaken. Mismanagement of this during the sale would have resulted in reputation damage and this was a major factor in determining the approach to the sale of St Martins.</p> <p>Although not well documented, these risks were managed by a confidential and discreet divestment strategy and the use of experts. One year on, the CWT has preserved its reputation and the facility was sold without industrial action or undue distress to residents, family or staff.</p> <p>A risk assessment will be documented for future transactions.</p>
<p><i>use of an appropriately competitive process</i></p> <ul style="list-style-type: none"> • Competition between potential purchasers is important in achieving value for money 	<p>The confidential approach to three for profit providers is understandable given the concern for the staff and residents of St Martins.</p> <p>It is not possible to assess whether a larger market may have improved the sales result.</p>	Consider a wider market in future transactions.	<p>The divestment strategy was to preserve the human sensitivities and the reputation of CWT/St Martins above price. The uniqueness of this sale meant that management/Council never envisaged this being an open sale.</p>

Probity Principle	Findings	Recommendation	Management Response
			<p>As such a discreet expression of interest was sought, through Ansell Strategic, from the not-for-profit sector even though this may not attract the highest price. Once there was no genuine interest established from this sector, offers were called from three for-profit suppliers. A minimum of six (6) suppliers were approached, a broad enough market for a discreet, confidential sale particularly given the market for this type of sale is limited.</p> <p>Executive does not consider a sale of this complexity or magnitude to occur again and supports future divestments of assets via an open sale process as is generally the case.</p>
<p><i>fairness and impartiality</i></p> <ul style="list-style-type: none"> All bidders should be provided with the same information at the same time 	<p>All parties were provided with a comprehensive Information Memorandum.</p> <p>Additional information requested was provided in a secure environment to all parties.</p> <p>One party was initially invited to bid and later two were added and so information was not provided at the same time.</p>	It is recommended that all bidders receive the same information at the same time.	<p>Following no genuine interest from the not-for-profits, a discreet approach was made to the for-profit sector for a non-binding offer. This was predominantly via an expression of interest process.</p> <p>Once interest was confirmed Council requested the sourcing of two additional quotes which were initiated by Ansell Strategic. This process was left to the experts and not undertaken by CWT.</p>
<p><i>consistency and transparency of process</i></p> <ul style="list-style-type: none"> Evaluation criteria and Evaluation Plan agreed and approved prior to tender close. 	<p>The Evaluation Report (dated 9 February 2015) indicates that criteria were developed by Ansell with consideration to CWT's priorities.</p> <p>Three criteria were identified.</p>	Criteria and weighting of scoring should be set in an Evaluation Plan prior to bid close. CWT should agree to the criteria.	Agree with the recommendations for future transactions of this nature.

Probity Principle	Findings	Recommendation	Management Response
	There is no evidence that weighting of criteria was set before bid close nor evidence that CWT approved an Evaluation Plan.		
<i>consistency and transparency of process</i> <ul style="list-style-type: none"> Evaluation criteria should be consistently applied 	<p>The Evaluation Report (dated 9 February 2015) was comprehensive, however it is unclear how each of the criteria was scored and how weighting was applied.</p> <p>There is however no evidence that Ansell's recommendation was inappropriate.</p>	<p>A scoring methodology and weighting should be consistently applied.</p> <p>Ideally CWT should have provided panel members to the Evaluation Panel and consensus scores reached for each of the criteria in a consistent manner.</p>	<p>The sale of St Martins, as a going concern, is extremely complex and CWT did not have the expertise to develop such criteria.</p> <p>Ansell Strategic is located interstate and this was considered appropriate so that confidentiality could be maintained. Similarly, CWT did not elect to have representation on the panel so as to minimise any opportunity for confidentiality to be breached or compromised. Experts were employed to undertake the sale and CWT/Council were guided by their expert recommendations.</p> <p>At the end of the day all relevant information was presented to Council and approval for the sale was given.</p>
<i>consistency and transparency of process</i> <ul style="list-style-type: none"> Bids to close at the same time. 	<p>Ansell have indicated that bids were received as follows: Japara on 2 December 2014 Regis on 30 January 2015 Allity on 2 February 2015</p> <p>We do not have any evidence that any information was shared by Ansell to the bidders, however the timeframes creates a greater opportunity for this to have occurred.</p>	<p>Bids should close at the same time and bids should be secured until bid close. Evaluations should occur as soon as possible after bid close.</p>	<p>Agree with the recommendations for any future transactions of this type.</p> <p>The Japara bid was initially sourced and presented to Council which subsequently resolved that two more bids be sourced. This is why such a lag in time exists between the first and second bids.</p>

Probity Principle	Findings	Recommendation	Management Response
<i>identification and management of conflicts of interest</i> <ul style="list-style-type: none"> A conflict of personal interest arises when the impartiality of an officer could be called into question because of potential, perceived or actual influence 	<p>We are not aware of any conflicts of interest that may have arisen.</p> <p>There is no evidence of conflict of interest forms being signed.</p>	<p>Evaluators, including Ansell, should be required to signed confidentiality and conflict of interest forms.</p>	<p>Agree with the recommendation for future transactions. The <i>Council Policy: Sale and Disposal of Assets</i> will be reviewed to provide guidance on undertaking a confidential sale process.</p>
<i>appropriate security and confidentiality arrangements</i> <ul style="list-style-type: none"> Assess whether bidders should sign a confidentiality undertaking 	<p>There is no evidence that bidders were requested to sign a confidentiality undertaking, although Ansell may have facilitated this directly with bidders.</p>	<p>Bidders should be requested to sign a confidentiality undertaking.</p>	<p>Agree with the recommendation for future transactions. The Council Policy: Sale and Disposal of Assets will be reviewed to provide guidance on undertaking a confidential sale process.</p>

Conclusion

The sale of St Martins was conducted in a confidential manner, due to CWT sensitivity to the large number of staff employed and concern for the residents to minimise distress to them.

We have applied best practice in Probity to the transaction and have identified some recommendations to improve probity in future transactions. This includes setting evaluation criteria and weighting prior to the bid and greater involvement of CWT staff in the evaluation.

Closing

Thank you for the opportunity to conduct this Probity Audit on behalf of the City of West Torrens. Should you have any questions in relation to our report please contact Tim Muhlhausler on 8332 3433.

Yours sincerely,



Tim Muhlhausler

Partner

9.3.3 Lease and Licence Management Internal Audit

Brief

This report presents the results of the *Lease and Licence Management Review internal audit*.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

Introduction

In accordance with the approved 2016/17 Internal Audit Program and scope, a *Lease and Licence Management Review* (the Audit) was undertaken by Council's contract internal auditor (the Auditor).

The previous 2012 *Internal Audit of Lease and Licence Management* reported that overall the control environment was found to be lacking structure and supporting documentation. This is equivalent to a finding of non-compliance when assessed against current City of West Torrens (CWT) compliance rating audit methodology. That Audit made six (6) recommendations, all of which were approved for actioning by management.

Discussion

The purpose of this Audit was to review the CWT lease and licence management controls in order to measure progress against the 2012 internal audit findings (agreed actions) and update the overall compliance rating review. The Audit is attached (**Attachment 1**) which documents progress against the 2012 findings and new internal audit findings.

The Audit has been subject to the following process:

- Audit undertaken by contract internal auditor during May/June 2016
- Draft Report Issued - July 2016
- Closing Meeting held September 2016
- Management comment and correction of fact undertaken in September 2016
- Audit Findings reviewed by General Manager Urban Services in September 2016

Internal Audit Findings

The Audit concluded that the CWT has made strong progress towards addressing the 2012 Audit recommendations and has achieved a substantial level of compliance.

Five (5) internal audit findings were identified; two (2) internal audit findings were assessed by the auditor as attracting a moderate level of risk while three (3) audit findings were assessed as attracting a low level of risk. All risk findings were agreed for actioning and one low risk action is already complete. As the findings are within risk tolerance levels, and the recommendations are minor in nature, they are not subject to priority actioning but will be completed as part of the relevant review cycles ranging from July 2017 to December 2019.

Conclusion

The internal audit of *Lease and Licence Management*, undertaken by the contract internal auditor, concluded that the CWT has made strong progress towards addressing the 2012 Audit recommendations and has achieved a **substantial level of compliance**. As the audit findings are within risk tolerance levels and the recommendations minor in nature, progress updates will not be reported to the Committee.

Attachments

1. Attachment 1



1. Accountants, Auditors & Business Consultants

2. City of West Torrens

3. Lease and License Management – Compliance Review

4.

5.

6. Internal Audit Report

7.

8.

9.

Audited By: Tim Muhlhausler, Contract Internal Auditor

Draft Report Issued: 26/07/2015

Final Report Presented:

Final Report Executive Management Approval:

10.

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1. EXECUTIVE SUMMARY

1.1 Background

The *previous* 2012 *Internal Audit of Lease and Licence Management* reported that overall the control environment was found to be lacking structure and supporting documentation. This is equivalent to a finding of non-compliance when assessed against current City of West Torrens (CWT) compliance rating audit methodology. The audit made six (6) recommendations of which all were approved for actioning by management.

Consequently, the purpose of this review as detailed in the 2015-2018 Internal Audit Plan, is to review the CWT lease and licence management controls in order to measure progress against the 2012 internal audit findings (agreed actions) and the overall compliance rating review.

1.2 Objectives and Scope

The objectives of the audit are to evaluate and report on:

- The adequacy of current internal controls in addressing risks associated with property lease management;
- The level of compliance with applicable laws, regulations, standards, Council policies and the *Local Government Act 1999*;
- Identified opportunities for the introduction of better practices and process improvement;
- Sufficiency of lease/licence coverage/risk level in the CWT Operational Risk Register.

The scope of the audit included (but not limited to) review of the following:

- Completeness and accuracy of the property lease and licence register;
- Process and controls surrounding the management of lease and licences, new lease agreements and lease renewal (including determining terms and conditions of lease agreements);
- Controls to ensure leases and licences are current and in existence for all eligible properties;
- Lease and licence fee collection;
- Sufficiency and adequacy of information flow between City Assets and Financial Services regarding lease terms and conditions, fees payable and debt recovery;
- Progress/compliance against previous audit findings which were approved by management for implementation.

1.3 Associated Risks

Potential risks associated with the Lease and Licence Management Compliance Review include but are not limited to:

- Lease/licence agreements are expired, are not recorded in lease register or do not exist;
- Non-adherence to lease/licence terms and conditions; and/or
- Failure to implement agreed actions exposing the CWT to unnecessary risk.

1.4 Examples of Good Practice

Internal controls / processes assessed as demonstrating good practice in mitigating risk included the following:

- ✓ Council has defined workflows for key lease management processes, which have been documented in process maps;
- ✓ Standard templates have been developed for leases and licenses, which have been reviewed by a legal firm. Council is transitioning all existing agreements to these new formats as they are renewed;
- ✓ All leases are recorded in a lease register;
- ✓ The Pathway lease register is integrated with the finance system for billing / debtor management purposes;
- ✓ Lease / license agreements are in place for all fee paying arrangements, and for the majority of non-fee paying arrangements;
- ✓ Standard letter templates have been developed to communicate with lessees / licensees;
- ✓ Legal services are used in the preparation of agreements;
- ✓ All lease / license agreements are approved by Council;
- ✓ Operational responsibility for lease and license management has been allocated to a specific position (Senior Property Assets Advisor).

1.5 Key Findings and Recommendations

11. Council has made strong progress towards addressing the audit recommendations from the 2012 Internal Audit of Lease and Licence Management and achieved a substantial level of compliance. Section 2 of this report details the progress made to date against each of the 2012. All high risk recommendations have been reduced to either a moderate or low risk, and four of the six recommendations have been adequately addressed and closed off. The remaining two recommendations have been partially addressed, and recommendations for further improvement are provided within the findings of this report.

12. Five (5) internal audit findings were identified during the course of this review. These are summarised below, and details are provided in section 3 of this report.

Findings were rated in accordance with the CWT's Risk Management Framework, as follows:

- *Extreme risk* recommendations
- *High risk* recommendations
- *Moderate risk* recommendations
- *Low risk* recommendations
- *Better practice* or improvement recommendations

Findings Summary Table

A summary of the internal audit findings is provided in the table below.

Finding and Recommendation/s - Risk Table	Extreme Risk	High Risk	Mod Risk	Low Risk	Better Practice
3.1 Two lease and license registers maintained			✓		
3.2 Informal systems for monitoring compliance with lease obligations			✓		
3.3 Calculation errors in CPI adjustments				✓	
3.4 No formal, pro-active inspection of leased properties				✓	
3.5 No agreement in place for use of the Kandahar House property				✓	

Section 3 of this report details the key findings and recommended actions proposed to be undertaken by management.

2. FOLLOW UP OF 2012 FINDINGS

Finding and Recommendation/s from 2012 Internal Audit	2012 Risk Rating	2016 Update	Finding Adequately Addressed?	2016 Risk Rating
<p><u>Finding 1</u></p> <p>Absence of documented policy and procedure for the management of property leases and licence management.</p> <p><i>It is recommended that the council documents the process and controls in relation to property lease and licence management including, but not limited to, the following:</i></p> <ul style="list-style-type: none"> • <i>Entering into new lease or licence agreements</i> • <i>Renewing lease or licence agreements</i> • <i>Recording leases and licences</i> • <i>Resolving disputes in relation to lease or licence</i> • <i>Invoicing lease and licence holders</i> • <i>Reporting of information between City Assets, Financial Services and Management.</i> • <i>Managing the Lease and licence register.</i> • <i>Providing templates for the preparation of lease and licence agreements.</i> • <i>Storing lease and licence agreements in a secure location</i> 	High	<p>A decision has been made not to develop a policy or procedure for the management of property leases and licence management.</p> <p>Instead, Council has:</p> <ul style="list-style-type: none"> • developed process maps for key lease management processes; • developed standard templates for leases and licenses, which have been reviewed by a legal firm, and is transitioning all agreements to these new formats as they are renewed; • developed standard letter templates for communications with lessees / licensees. 	Yes	Low
<p><u>Finding 2</u></p> <p>Audit noted that there was no documented policy or procedure to ensure compliance by lessees with the terms and conditions of the lease</p> <p>There was little or no supporting documentation to evidence that Council was following up lessee obligations with lessees.</p> <p><i>It is recommended that the council documents the process and controls in relation to ensuring compliance by lessees with lease agreements and maintains a register of supporting documentation to support the follow up of lessees.</i></p>	High	<p>As above, a decision has been made not to develop a policy or procedure for the management of property leases and licence management.</p> <p>The formal processes for monitoring of compliance with lessee obligations still requires improvement.</p>	Partially – see finding 3.1	Moderate

Finding and Recommendation/s from 2012 Internal Audit	2012 Risk Rating	2016 Update	Finding Adequately Addressed?	2016 Risk Rating
<p><u>Finding 3</u></p> <p>The City Assets area of Council are currently reviewing and recording the details of all leases and licences in a register built using Microsoft Excel. Financial Services refer to the lease and licences register maintained in the software Pathway. There is no clear strategy for the maintenance of one property lease and licence register at the conclusion of City Asset review of property leases and licences.</p> <p><i>It is recommended that Council implements a strategy for the maintenance of one lease and licence register.</i></p>	Moderate	<p>Council continues to operate 2 separate registers, being:</p> <ul style="list-style-type: none"> an Excel spreadsheet used by the Senior Property Assets Advisor for the day-to-day monitoring of leases and licenses; and a register of leases and licenses maintained in Pathway, used predominantly by Financial Services for invoicing purposes. <p>The Pathway system, in its current configuration, does not facilitate the effective monitoring of compliance by lessees with lease agreements. The “register module” in Pathway is currently used, which is essentially a static database. The Excel spreadsheet register is therefore maintained to monitor the expiry of leases and some other details.</p> <p>The Senior Property Assets Advisor has worked to review and improve the completeness and accuracy of the Pathway Register, and has reconciled this system to the Excel register.</p> <p>Council is investigating the use of the “licensing module” in Pathway, which has increased functionality including workflow management and automated notifications based on key dates. It is envisaged that this system could be used to send automated correspondence, such as</p> <ul style="list-style-type: none"> reminders to lessees e.g. for insurance certificate renewal; letters to lessees e.g. for changes in rent; emails to finance notifying CPI reviews. <p>The Pathway debtor system will also continue to interface with the Finance One system for the generation of invoices.</p>	Partially – see finding 3.1	Moderate
<p><u>Finding 4</u></p> <p>Inconsistent clauses in similar agreements particularly in relation to penalty interest for outstanding payments and Consumer Price Index (CPI) for the calculation of incremental lease increases.</p> <p><i>It is recommended that Council consistently applies one method to the calculation of penalty interest and incremental lease increases for similar types of leases i.e. commercial, sporting and community groups.</i></p>	Moderate	<p>Council has developed standard templates for leases and licenses, which have been reviewed by a legal firm, and is transitioning all agreements to these new formats as they are renewed.</p> <p>The templates form a starting point, and are modified to suit the individual circumstances of the lessee. The standard clauses of the agreements are generally unaltered, with modifications typically being made in the schedules to the agreement providing increased clarity and transparency.</p>	Yes	Low

Finding and Recommendation/s from 2012 Internal Audit	2012 Risk Rating	2016 Update	Finding Adequately Addressed?	2016 Risk Rating
<p><u>Finding 5</u></p> <p>Council has loaned \$25,000 to the lessee of a sporting ground to assist with the installation of flood lights, and a further \$200,000 to another sporting organisation to assist with capital works.</p> <p><i>It is recommended that Council reviews community loans that may be included as a special condition within a lease for potential liability and prepares separate agreements for future leases and loans to reduce potential risk to Council.</i></p>	Low	<p>No new community loans have been attached to leases since the 2012 audit. One of the two loans referred to in the 2012 audit has reached maturity.</p> <p>Management advised that any similar future agreement will be drafted by a legal firm, and will consider the need for a separate agreement.</p>	Yes	Low
<p><u>Finding 6</u></p> <p>Historically the lease management and invoicing processes have operated in relative isolation. Audit acknowledges that this has improved significantly in recent times.</p> <p>When Internal Audit enquired about the billing process for outgoing it was evident that there is no documented procedure for ensuring lessees are billed for outgoing.</p> <p><i>It is recommended that Council documents the procedures for invoicing lessees. The manual invoicing spreadsheet is reviewed to ensure the accuracy of invoicing. Communication between City Assets and Financial Services is strengthened such that information flow is adequate to ensure lessees are billed for all outgoing to which Council is entitled.</i></p>	Better Practice	<p>Interactions between lease management and invoicing processes has improved since 2012, with an increase in information sharing and dialogue between the functions.</p> <p>As above, a decision has been made not to develop a policy or procedure for the management of property lease and licence management.</p> <p>Following the 2012 audit, letters were sent to all lease / license holders advising / confirming outgoing payable per the lease / license agreements.</p> <p>Details of outgoing are included in Pathway, and are used by finance for invoicing purposes.</p>	Yes	Low

3. INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS

3.1: Two lease and license registers maintained	Risk Rating - Moderate			
	Auditor	Descriptor Financial / Organisational / Customer	Consequence Moderate	Likelihood Likely
	Manager	Financial	Moderate	Likely
Issues and Impact	Recommendation/s		Management Response	Target Date
<p>Council operates two separate lease and license registers, being:</p> <ul style="list-style-type: none"> an Excel spreadsheet that has been used by the Senior Property Assets Advisor for the day-to-day monitoring of leases and licenses; and a register of leases and licenses maintained in Pathway, used predominantly by Financial Services for invoicing purposes. <p>The Pathway system, in its current configuration utilising the "register module", does not facilitate the effective monitoring of compliance by lessees with lease agreements and is essentially used as a static database. The Excel spreadsheet register is therefore maintained to simplify monitoring of lease expiry and some other lease details.</p> <p>Audit reconciled the two registers and identified the following variances:</p> <ul style="list-style-type: none"> All 58 lease entries within the Pathway register have been included in the Excel register. One recent lease (Nov 2015) included in the Excel register has not been included in Pathway. Two alternative, zero-charge agreements included in the Excel register are not included in Pathway. <p>Maintaining two registers is less efficient than having a single register, and increases the risk of errors.</p>	<p><u>Use of a single register, utilising an alternative Pathway module with increased functionality</u></p> <p>Council is currently investigating the use of the "licensing module" in Pathway, which has increased functionality including workflow management and automated notifications based on key dates. It is envisaged that this system could be used to send automated correspondence, such as:</p> <ul style="list-style-type: none"> reminders to lessees e.g. for insurance certificate renewal; letters to lessees e.g. for changes in rent/license fees; emails to finance notifying CPI reviews. <p>This module will continue to interface with the Finance One system to generate invoices.</p> <p>Audit supports the use of this new Pathway module, and the phasing-out of the Excel register as a primary register.</p>		<p>Manager City Assets</p> <p>City Assets and Information Services are currently scoping up a project to utilise the existing Pathway Licencing functionality as the single lease and licence register. It is anticipated that the register will be functional by 1st July 2017.</p>	<p>01/07/2017</p>

3.2: Informal systems for monitoring compliance with lease obligations	Risk Rating – Moderate			
	<i>Auditor</i>	<i>Descriptor Financial / Organisational / Customer</i>	<i>Consequence Minor</i>	<i>Likelihood Likely</i>
	<i>Manager</i>	<i>Financial</i>	<i>Minor</i>	<i>Likely</i>
Issues and Impact	Recommendation/s		Management Response	Target Date
<p>Council's lease and licence agreements with lessees typically contain a number of financial and non-financial obligations that the lessee and/or Council must comply with. Examples include:</p> <p><i>For Lessees:</i></p> <ul style="list-style-type: none"> • maintenance of public risk insurance; • painting building exteriors in specified timeframes; • maintaining average minimum spends on repairs and maintenance for leased facilities; • issuing an annual public notice for expressions of interest to use facilities. <p><i>For Council:</i></p> <ul style="list-style-type: none"> • obtaining 2-yearly dilapidation reports; • notice periods for intent to renew leases; <p>Some of these requirements are captured in one or both of the lease/license registers, some requirements are not and are reliant on the knowledge and memory of the Senior Property Assets Advisor and other Council staff to follow up.</p> <p>There is no formal or automated reminder system for the follow up of these requirements. Supporting evidence of compliance with obligations, such as copies of certificates of currency for insurance, are not routinely obtained.</p>	<p><u>Include details of all lease and license requirements in a single register</u></p> <p>Establishing a single lease and license register (see finding 2.1) and recording details of all lease and license obligations in this register will reduce the likelihood of requirements being overlooked.</p> <p><u>Establish automated reminders within Pathway for following up compliance with lease and license obligations</u></p> <p>The Pathway system could be set up to send automatic reminders to perform follow-up to relevant staff (see finding 2.1).</p> <p><u>Obtain evidence of lessee compliance with key obligations</u></p> <p>Evidence of compliance with key lease obligations, including certificates of currency for insurance, are obtained and filed.</p>		<p>Manager City Assets</p> <p>With reference to 3.1 Pathway licencing module will allow for inbuilt workflows and escalation and may be customised for specific lease conditions.</p> <p>This recommendation will be actioned approximately six-months after project delivery.</p>	31 Dec 2017

3.3: Calculation errors in CPI adjustments	Risk Rating – Low			
	Auditor	Descriptor	Consequence	Likelihood
	Manager	Financial	Insignificant	Likely
Issues and Impact	Recommendation/s		Management Response	Target Date
<p>Lease / license fees and rents charged by Council are indexed annually for inflation in accordance with the type of CPI and review dates specified in agreements. The review dates and type of CPI can be different between agreements, depending on the nature of the agreement and the date the agreement was entered into.</p> <p>Audit reviewed a sample of lease / license fees and rents invoiced by finance, and compared these to the amount chargeable per the agreements recalculated by audit, and the amounts included in Council's lease registers.</p> <p>Whilst there were no material variances between amounts calculated by audit versus what has been invoiced by Council, there were a number of smaller variances (up to \$47/month). Some of these relate to the incorrect CPI being used (e.g. using June CPI instead of September, or using the Sydney All Groups CPI instead of Adelaide All Groups CPI). The cause of other variances is unclear, but may relate to using CPI percentages in the calculations, rather than the slightly more accurate index numbers (as specified in the agreements). Similar errors were identified in the recent internal audit of Third Party Lease Royalties.</p> <p>In addition, there were a number of small variances between the lease payment amounts calculated by Council in the Excel register vs amounts invoiced by Finance based on the Pathway register.</p>	<p><u>Improved internal review and approval</u></p> <p>Council considers measures to ensure that calculations for rental adjustments are appropriately reviewed and approved prior to their application and issuing any invoices for the year ahead.</p> <p>This may include:</p> <ul style="list-style-type: none"> • Reviewing and approving calculations of rental and royalty adjustments. • Agreeing the recalculated rent and royalty adjustments with the lessee. • Reconciling the annual rental amount invoiced by Finance to the rental adjustment amounts calculated by the Senior Property Advisor. <p><u>Use of a single lease and license register in Pathway</u></p> <p>The likelihood of these errors occurring will be reduced through the use and maintenance of a single lease and license register (see finding 2.1).</p>		<p>Manager City Assets</p> <p>A new procedure is underway which requires a proforma template be used and which mandates a mandatory double check of calculations by the Finance Department prior to adjustments being made.</p> <p>Refer to finding 3.1</p>	<p>Complete</p>

3.4: No formal, pro-active inspection of leased properties	Risk Rating - Low			
	Auditor	Descriptor Financial / Organisational / Customer	Consequence Insignificant	Likelihood Likely
	Manager	Financial / Organisational / Customer	Insignificant	Likely
Issues and Impact	Recommendation/s		Management Response	Target Date
<p>Historically, Council performed inspections of leased properties, utilising a checklist, to ensure that lessees were maintaining facilities to an acceptable standard in accordance with agreed requirements. This formal approach was considered to be the best method of identifying, and discouraging, poor treatment of leased properties.</p> <p>These inspections stopped occurring within the last few years. Properties will generally be inspected on a reactive basis e.g. if a complaint has been received.</p> <p>Some other detective controls are in place, including a four-yearly building condition audit and 3 yearly revaluations of buildings. These processes are not designed to include consideration of the lessees' fulfilment of lease obligations.</p> <p>Audit understands that Council is considering re-introducing a formal inspection process.</p>	<p><u>Introduce a formal, risk-based inspection program for leased properties</u></p> <p>Council considers re-introducing a pro-active inspection program for leased properties, utilising an inspection checklist that is tailored to leased properties.</p> <p>The inspection program should be risk based, prioritising more frequent inspections (e.g. annual) for higher risk properties such as those servicing the elderly, children or disabled.</p> <p><u>Enhance the inspection program with technology</u></p> <p>There are several opportunities to use technology to enhance the efficiency and effectiveness of the inspection program. These include:</p>		<p>Manager City Assets</p> <p>A risk based inspection program will be established in conquest.</p>	<p>Dec 2019</p>

3.4: No formal, pro-active inspection of leased properties	Risk Rating - Low			
	<i>Auditor</i>	<i>Descriptor Financial / Organisational / Customer</i>	<i>Consequence Insignificant</i>	<i>Likelihood Likely</i>
	<i>Manager</i>	<i>Financial / Organisational / Customer</i>	<i>Insignificant</i>	<i>Likely</i>
	<ul style="list-style-type: none"> Integrating the inspection program with the Conquest Asset Management System, linking inspections details with the building in the register. Setting up the Pathway/Conquest system to send automatic reminders to perform these inspections to relevant staff (see finding 2.1). Loading the inspection checklist into a mobile phone/tablet-based app format. 			

3.5: No agreement in place for use of the Kandahar House property	Risk Rating - Low			
	<i>Auditor</i>	<i>Descriptor</i> <i>Organisational / Customer</i>	<i>Consequence</i> <i>Insignificant</i>	<i>Likelihood</i> <i>Moderate</i>
	<i>Manager</i>	<i>Organisational / Customer</i>	<i>Insignificant</i>	<i>Minor</i>
Issues and Impact	Recommendation/s		Management Response	Target Date
<p>There is no lease or other agreement in place for the use of Kandahar House. The property is occupied by a historical society and is also used by some small arts and other groups, and for Council activities from time to time.</p> <p>Whilst no lease or other fees are charged for use of the building, a simple agreement covering factors such as allowable use, any maintenance obligations and insurance requirements, would reduce any potential risk exposure for Council.</p>	<p><u>Establish a written agreement for the use of Kandahar House</u></p> <p>Enter into a simple agreement with the historical society covering considerations such as allowable use of the facilities, maintenance obligations and insurance requirements.</p>		<p>Manager City Assets</p> <p>A simple agreement will be developed by 30 June 2017.</p>	<p>June 2017</p>

9.3.4 Dog and Cat Management Board 2015/16 Financial Audit

Brief

This report presents the results of the Dog and Cat Management 2015/16 Financial Audit undertaken by the Dog and Cat Management Board.

RECOMMENDATION(S)

It is recommended to Audit and Risk Committee that the outcomes of the Dog and Cat Management 2015/16 Financial Audit be received.

Introduction

The Dog and Cat Management Board (the Board) is required under the *Dog and Cat Management Act 1995* (the Act) to undertake statutory compliance audits of each South Australian council.

Discussion

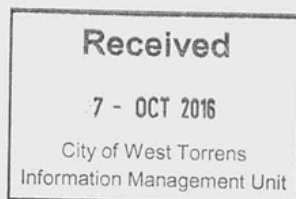
The Board recently completed its 2015/16 financial audit (the Audit) of the City of West Torrens (CWT) in accordance with s26(3), s26(4), s26(5) and s26(7) of the Act. The final report from the Board is presented in a checklist format for information (**Attachment 1**). The Audit confirmed that the CWT is fulfilling its financial obligations under the Act.

Conclusion

The 2015/16 financial audit, undertaken by the Dog and Cat Management Board, verifies full compliance by the City of West Torrens with its financial obligations under the *Dog and Cat Management Act 1995*. As a result, further reporting to the Audit and Risk Prescribed General Committee is not required.

Attachments

1. Attachment 1



Government of South Australia

Dog and Cat Management Board

GPO Box 1047
Adelaide SA 5001

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ABN 48 100 971 189

www.dogandcatboard.com.au

30 September 2016

Mr Terry Buss
Chief Executive Officer
City of West Torrens
165 Sir Donald Bradman Drive
HILTON SA 5033

Dear Mr Buss,

RE: DOG AND CAT MANAGEMENT 2015/16 FINANCIAL AUDIT

The Dog and Cat Management Board recently undertook a 2015/16 financial audit of the City of West Torrens in relation to Sections 26 (3), (4), (5) and (7) of the *Dog and Cat Management Act 1995*.

We are pleased to confirm the City of West Torrens is fulfilling its financial obligations under the Act.

Please find the completed audit report enclosed.

I encourage you to contact the A/g Project Officer Compliance, Elizabeth Allen on (08) 8124 4746 or at elizabeth.allen@sa.gov.au if you have any questions in relation to the finance audit process or outcomes.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Andrew Lamb".

Andrew Lamb
Board Secretary – Dog and Cat Management Board

Finance Audit and Form 26 – Audit Checklist

Name of Council:	WEST TORRENS	
Name of officer completing audit:	Elizabeth Allen	
Date audit commenced:	05/09/2016	
Checklist of Supporting documentation required:		
End of Year (actual) income and expenditure report - extract from Council's finance database	<input checked="" type="checkbox"/>	
- Endorsed by Council Finance officer	<input checked="" type="checkbox"/>	
Summary of relevant expiation revenue collected – extract from Council's finance database	<input checked="" type="checkbox"/>	
- Endorsed by Council Finance officer	<input checked="" type="checkbox"/>	
Schedule of fees relating to dog registration, as approved by Council	<input checked="" type="checkbox"/>	

Legislative requirements	Audit process	Checklist	Comments
s26 (3) Money received by a council under this Act must be expended in the administration or enforcement of the provisions of this Act relating to dogs.	<p>Money received under the Act includes:</p> <ul style="list-style-type: none"> o fees for the provision of extracts from registers kept under the Act o fees approved by the Minister, <ul style="list-style-type: none"> ▪ for the registration of dogs and businesses ▪ for the late payment of registration fees ▪ for meeting any other requirements imposed on Councils under the Act. <p>Expenditure may include (for example):</p> <ul style="list-style-type: none"> o wages and apportionment of time for staff (e.g. AMO and administration staff) o building space used for dog management and relevant staff o vehicle used for dog management and relevant staff <p>The EOY Income and Expenditure report from Council's finance database should provide a clear breakdown of relevant income and expenditure and the amounts should match those reported on Form 26.</p> <p>Total expenditure is reviewed against total income to ascertain whether monies received have been expended in the administration and enforcement of the Act.</p> <p>If relevant expenditure is LESS than income and the discrepancy must be documented* and explained, and any carry forward identified.</p> <p><i>*For example, the Council may have expended less monies than received, but this may be due to monies being carried forward for a pending animal management related project or similar. Full details should be provided.</i></p>	<p><input checked="" type="checkbox"/> The income amounts reported on the Form 26 submission matches the End of Year (actual) income and expenditure report and Expiation revenue summary</p> <p><input checked="" type="checkbox"/> The expenditure amounts reported on the Form 26 submission matches the End of Year (actual) income and expenditure report</p> <p><input checked="" type="checkbox"/> End of Year (actual) income and expenditure report indicates that all monies received under the Act were expended on dog related provisions</p>	<ul style="list-style-type: none"> • Other income supporting document totals \$3,856, online submission says \$23,163.62. Where has the additional \$19,307.62 come from? <p>Received email from council, outlining financial data income from courts admin and fine recovery.</p> <ul style="list-style-type: none"> • No explanation for what the \$62,158.72 on capital expenditure was spent on <p>Council bought two vans.</p> <ul style="list-style-type: none"> • \$62,158.72 was the cost of the two vans however they received \$38,592.72 in trade for the old vans. So the cost should be the outstanding balance which is \$23,566. <p>Form was resubmitted with the \$23,566 figure.</p>
s26(4) Each council must keep separate accounts of money received under this Act and of money expended in the administration and enforcement of the provisions of this Act relating to dogs.	The extracts from Council's finance database should clearly indicate that monies expended and received under the Act are maintained in accounts separate from other Council revenue and expenditure.	<input checked="" type="checkbox"/> End of Year (actual) income and expenditure report indicates that all monies received under the Act were maintained in a separate account	

Legislative requirements	Audit process	Checklist	Comments
s26(5) A council must pay into the Fund the percentage fixed by regulation of the dog registration fees received by the council.	<p>The amount payable by Councils into the Dog and Cat Management Fund is based on a percentage of the following:</p> <ul style="list-style-type: none"> - Dog Registration fees - Dog registration transfers - Replacement dog registration discs <p>These amounts are reported on Form 26 under 'Total amount received from dog registration fee income' and will be verified against the amounts on the EOY Income and Expenditure report provided from council's finance database.</p> <p>NB. The percentage payable into the Fund is calculated automatically via the online form.</p>	<p><input checked="" type="checkbox"/> The "Dog Registration Fee" income amount reported on the Form 26 submission matches the End of Year (actual) income and expenditure report and Expiation revenue summary</p> <p>Note that the percentage payable to the fund will be calculated automatically</p>	
<p>26(7) Without limiting the matters that may be taken into account when setting fees to be approved by the Minister, councils must provide for a percentage rebate of the fee that would otherwise be charged for the registration of a dog in the following cases:</p> <p>(a) if the dog is desexed</p> <p>(b) if –</p> <p>(i) the dog has been implanted with a microchip for the purposes of identification; and</p> <p>(ii) the information contained in the microchip is up-to-date;</p> <p>(c) if the dog has passed a specified training program accredited by the Board,</p>	<p>The schedule of fees relating to dog registration provided by Council will be verified against the fees approved by the Minister.</p> <p>The rebates applied by Council will be checked to ensure they have been correctly aggregated.</p> <p>Any discrepancies with the data provided are to be explained.</p>	<p><input checked="" type="checkbox"/> The dog registration fee schedule approved by Council matches the dog registration fee schedule approved by the Minister</p> <p><input checked="" type="checkbox"/> The dog registration fee schedule approved by Council indicates that registration fee rebates are being correctly aggregated</p>	

9.4 EXTERNAL AUDIT

9.4.1 Annual Financial Statements - Year Ended 30 June 2016

Brief

This report proposes that the Audit and Risk Committee review the annual financial statements of the Council for the year ended 30 June 2016 to ensure that they present fairly the state of affairs of the Council.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that:

1. In accordance with Regulation 22(5) of the *Local Government (Financial Management) Regulations 2011*, it be noted that a draft unsigned statement has been received from Geoff Edwards, Partner of BDO, certifying his independence.
2. In accordance with Section 126(4)(a) of the *Local Government Act 1999*, the annual financial statements as contained in **Attachment 1** to this report be reviewed, and on being satisfied that they present fairly the state of affairs of the Council, they be referred to BDO for finalisation and the provision of an independent audit opinion.
3. In accordance with Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*, the Chief Executive Officer and Presiding Member of the Audit and Risk Committee sign the statement contained in **Attachment 1** to this report certifying that the Council has not engaged BDO to provide any services outside of the scope of their function as external auditor.
4. It be recommended to Council that the Chief Executive Officer and Principal Member be authorised to certify the annual financial statements in their final form pursuant to the requirements of Regulation 14(g) of the *Local Government (Financial Management) Regulations 2011*.

Introduction

The annual financial statements for the year ended 30 June 2016 have been prepared in accordance with the requirements set out in the model financial statements pursuant to Regulation 13 of the *Local Government (Financial Management) Regulations 2011* (the Regulations) and, in accordance with the Regulations, must now be reviewed by the Audit and Risk Committee (Committee).

A key function of the Committee is to review the annual financial statements of the Council to ensure that they present fairly the state of affairs of the Council (Section 126(4)(a) of the *Local Government Act 1999* (Act)).

In order to facilitate an effective review, the following information is supplied:

1. In accordance with Section 127(1) of the Act, the draft financial statements for the City of West Torrens, shown as **Attachment 1** to this report and comprising:
 - A statement of comprehensive income;
 - A statement of financial position;
 - A statement of changes in equity;
 - A statement of cash flows; and
 - Appropriate notes and other explanatory documentation to be read in conjunction with these statements.

2. In accordance with Regulation 22(3), an unsigned statement by the Chief Executive Officer, Mr Terry Buss and the Presiding Member, Councillor Arthur Mangos (contained in **Attachment 1**), certifying that the external auditor, Mr Geoff Edwards of BDO, is independent of the Council and has not been engaged by Council for any services outside of the scope of the external audit function as prescribed in the Act.

It is recommended that the Chief Executive Officer and presiding member of the Audit and Risk Prescribed General Committee sign the 'independence statement' following the review of the financial statements in discussion with the external auditor.

3. In accordance with Regulation 22(5), a draft unsigned statement by Mr Geoff Edwards of BDO certifying his independence (contained in **Attachment 1**).
4. The financial statements of the Western Region Waste Management Authority (WRWMA) are shown as **Attachment 2** to this report.

The General Manager, Corporate and Regulatory (Acting) and other finance staff will attend the meeting to answer any questions about the information provided.

Mr Geoff Edwards and Ms Linh Dao will be in attendance to brief the Committee and respond to questions as to the preliminary findings of the audit of the financial statements.

Following formal Committee consideration of these statements, they will be referred to BDO to be finalised and for a final independent audit opinion to be provided. Referral to Council on 1 November 2016 is then intended.

Discussion

Net Operating Surplus

The year to 30 June 2016 ended with Council showing a favourable net operating surplus before capital and other items of \$26.361 million as shown below:

	2016 \$'000	2015 \$'000
Income	58,551	65,762
Less Expenditure	55,056	58,931
	<hr/>	<hr/>
Operating Result	3,495	6,831
Add: Net Gain / (Loss) on Disposal	18,473	(201)
Amounts Received for New / Upgraded Assets	1,612	1,521
Physical Resources Donated	2,781	118
	<hr/>	<hr/>
Net Surplus / (Deficit)	26,361	8,269

Council's operating surplus ratio has decreased from 10 per cent to 6 per cent, ratios for the last five years being:

Financial Year	Operating Surplus Ratio
2011/12	9%
2012/13	9%
2013/14	9%
2014/15	10%
2015/16	6%

LGA Information Paper 9 *Financial Indicators* (May 2015) suggests an operating break even position, or better, over any five year period, and an operating surplus ratio of between zero and 10 per cent as a long term target range.

Sustainability

The asset sustainability ratio shows the extent to which capital expenditure on the renewal and replacement of assets matches the level proposed in Council's Infrastructure and Asset Management Plan. Achieving a break even result of 100 per cent or better demonstrates that the cost of consumption of assets in any one year is being met by current rates and current ratepayers.

LGA Information Paper 9 suggests an asset sustainability ratio greater than 90 per cent but less than 110 per cent. This was achieved in the five financial years to 2015/16, as shown in note 15 of the accounts.

Financial Year	Asset Sustainability Ratio
2011/12	104%
2012/13	102%
2013/14	103%
2014/15	111%
2015/16	104%

Liquidity

Council's balance sheet and cash flow statement indicate a strong end of year cash flow position, with cash up from \$17.680 m to \$19.022 m. Three factors have largely contributed to the strength of Council's cash flow position:

- Proceeds from the sale of St Martins' aged care facility;
- Asset sales yet to be utilised; and
- Slippage on the capital expenditure program.

Other Matters

Other items of note include:

- The sale of St Martins provided a \$14.21 million cash consideration (refer note 11).
- The most recently available full actuarial investigation conducted by the actuary for the Local Government Superannuation Scheme as at 30 June 2014, indicated that the defined benefit fund was in a satisfactory financial position, with advice provided that contribution levels at the time were adequate, but Council's contribution rates may need to change at a future point in time (refer note 18).
- Unspent funds carried forward have increased to \$20.215 million, with three projects (Lockleys drainage, Brickworks Kiln Upgrade and the community hubs project) accounting for \$8.376 million or 41.4 per cent of the carryover amount. Carried forward funds since the year ended 30 June 2007 have been as follows:

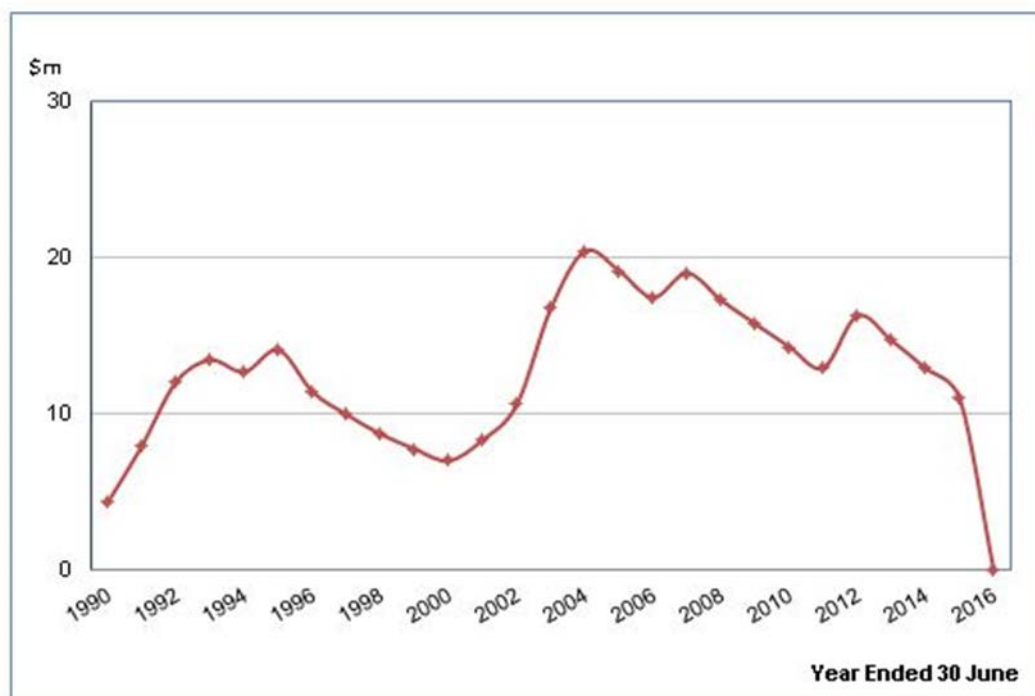
Year Ended	Amount
30 June	\$'000
2007	7,201
2008	7,146
2009	9,992
2010	8,797
2011	10,930
2012	9,760
2013	8,754
2014	10,475
2015	11,396
2016	20,215

- Work in progress has increased from \$3.913 million to \$4.518 million, largely due to:

Lockleys Drainage Catchment	\$ 2,333,515
Brickworks Kiln Upgrade	\$ 303,369
Bio-Science Precinct Works	\$ 339,677

- The Western Region Waste Management Authority results are summarised at note 19, with more detailed information presented in **Attachment 2**. Council's share of the reported equity of the authority is now in surplus by \$171 thousand (a surplus of \$138 thousand was reported in 2014/15).
- Depreciation expense increased by \$136 thousand or 1.3 per cent to \$10.987 million (refer note 3).
- Mendelson Foundation wealth decreased by \$62 thousand to \$1.213 million during the course of the year, a portfolio reduction of 4.9 per cent (an increase of 2.3 per cent in 2014/15).

- Notes comparing budget and actual expenditure and income for the year are excluded from the accounts, following changes to the *Local Government (Financial Management) Regulations 2011*, but these will be reported to Council in November 2016.
- With funds from the sale of St Martin's, the existing loan balance has been fully paid out (refer note 8), with the trend since 1987 as follows:



- Full cost attribution is reflected at note 12.

An audit completion report from BDO will be tabled at the meeting.

Conclusion

This report proposes that the Audit and Risk Committee review the annual financial statements of the Council for the year ended 30 June 2015 to ensure that they present fairly the state of affairs of the Council. It is intended that they be presented to Council for adoption on 1 November 2016.

Attachments

1. Attachment 1
2. Attachment 2

City of West Torrens

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016



City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

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City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Terry Joseph Buss
CHIEF EXECUTIVE OFFICER

John Trainer
MAYOR

Date:

City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true & fair view" of the Council's financial results for the year, and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income & expenses.

2. A Balance Sheet

A 30 June snapshot of Council's financial position including its assets & liabilities.

3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

City of West Torrens

Statement of Comprehensive Income for the year ended 30 June 2016

\$ '000	Notes	2016	2015
Income			
Rates Revenues	2a	51,254	49,069
Statutory Charges	2b	2,262	1,675
User Charges	2c	1,187	8,877
Grants, Subsidies and Contributions	2g	2,260	4,183
Investment Income	2d	598	618
Reimbursements	2e	303	302
Other Income	2f	679	738
Net Gain - Equity Accounted Council Businesses	19	8	300
Total Income		58,551	65,762
Expenses			
Employee Costs	3a	21,018	25,723
Materials, Contracts & Other Expenses	3b	21,440	21,528
Depreciation, Amortisation & Impairment	3c	10,987	10,851
Finance Costs	3d	1,611	829
Total Expenses		55,056	58,931
Operating Surplus / (Deficit)		3,495	6,831
Asset Disposal & Fair Value Adjustments	4	18,473	(201)
Amounts Received Specifically for New or Upgraded Assets	2g	1,612	1,521
Physical Resources Received Free of Charge	2i	2,781	118
Net Surplus / (Deficit) ¹		26,361	8,269
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	45,277	5,420
<i>Amounts which will be reclassified subsequently to operating result</i>			
Nil			
Total Other Comprehensive Income		45,277	5,420
Total Comprehensive Income		71,638	13,689

¹ Transferred to Equity Statement

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of West Torrens

Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	2016	2015
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	19,022	17,680
Trade & Other Receivables	5b	2,612	2,091
Other Financial Assets	5c	994	1,065
Inventories	5d	12	11
Subtotal		22,640	20,847
Non-Current Assets Held for Sale	20	-	13,259
Total Current Assets		22,640	34,106
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	41	33
Infrastructure, Property, Plant & Equipment	7a	607,481	555,196
Other Non-Current Assets	6b	4,518	3,913
Total Non-Current Assets		612,040	559,142
TOTAL ASSETS		634,680	593,248
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,248	8,516
Borrowings	8b	-	2,075
Provisions	8c	3,815	2,335
Subtotal		9,063	12,926
Liabilities relating to Non-Current Assets Held for Sale	20	-	17,297
Total Current Liabilities		9,063	30,223
Non-Current Liabilities			
Borrowings	8b	-	8,928
Provisions	8c	300	418
Total Non-Current Liabilities		300	9,346
TOTAL LIABILITIES		9,363	39,569
Net Assets		625,317	553,679
EQUITY			
Accumulated Surplus		57,693	45,761
Asset Revaluation Reserves	9a	532,344	487,728
Other Reserves	9b	35,280	20,190
Total Council Equity		625,317	553,679

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of West Torrens

Statement of Changes in Equity for the year ended 30 June 2016

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2016					
Balance at the end of previous reporting period		45,761	487,728	20,190	553,679
a. Net Surplus / (Deficit) for Year		26,361	-	-	26,361
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	45,277	-	45,277
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	661	(661)	-	-
Other Comprehensive Income		661	44,616	-	45,277
Total Comprehensive Income		27,022	44,616	-	71,638
c. Transfers between Reserves		(15,090)	-	15,090	-
Balance at the end of period		57,693	532,344	35,280	625,317
2015					
Balance at the end of previous reporting period		33,210	482,803	23,977	539,990
a. Net Surplus / (Deficit) for Year		8,269	-	-	8,269
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	5,420	-	5,420
- Share of OCI - Equity Accounted Council Businesses	19	495	(495)	-	-
Other Comprehensive Income		495	4,925	-	5,420
Total Comprehensive Income		8,764	4,925	-	13,689
c. Transfers between Reserves		3,787	-	(3,787)	-
Balance at the end of period		45,761	487,728	20,190	553,679

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of West Torrens

Statement of Cash Flows

for the year ended 30 June 2016

\$ '000	Notes	2016	2015
Cash Flows from Operating Activities			
Receipts			
Rates Receipts		51,049	48,960
Statutory Charges		2,488	1,808
User Charges		1,306	9,679
Grants, Subsidies and Contributions (operating purpose)		2,361	4,497
Investment Receipts		682	546
Reimbursements		333	332
Other Receipts		3,822	4,590
Payments			
Payments to Employees		(21,885)	(25,718)
Payments for Materials, Contracts & Other Expenses		(26,378)	(25,310)
Finance Payments		(1,611)	(853)
Net Cash provided by (or used in) Operating Activities	11b	12,167	18,531
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		1,612	1,521
Sale of Replaced Assets		634	616
Sale of Surplus Assets		45	8,576
Proceeds from Disposal of Business		14,210	-
Repayments of Loans by Community Groups		7	7
Payments			
Expenditure on Renewal/Replacement of Assets		(12,080)	(12,615)
Expenditure on New/Upgraded Assets		(4,198)	(8,996)
Capital Contributed to Equity Accounted Council Businesses		(8)	300
Net Cash provided by (or used in) Investing Activities		222	(10,591)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Aged Care Facility Deposits		-	5,700
Payments			
Repayments of Borrowings		(10,966)	(1,912)
Repayment of Finance Lease Liabilities		(37)	(61)
Repayment of Bonds & Deposits		(44)	-
Repayment of Aged Care Facility Deposits		-	(6,979)
Net Cash provided by (or used in) Financing Activities		(11,047)	(3,252)
Net Increase (Decrease) in Cash Held		1,342	4,688
plus: Cash & Cash Equivalents at beginning of period	11	17,680	12,992
Cash & Cash Equivalents at end of period	11	19,022	17,680
Additional Information:			
plus: Investments on hand - end of year	5c	994	1,065
Total Cash, Cash Equivalents & Investments		20,016	18,745

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 1 November 2016.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

City of West Torrens is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 165 Sir Donald Bradman Drive, Hilton. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2013/14	\$000,000	\$1,853,592	\$1,853,592
2014/15	\$941,344	\$1,795,598	\$854,254
2015/16	\$000,000	\$1,882,688	\$1,882,688

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued at cost. Costs are assigned on a specific identification basis and include costs and appropriate overheads if any.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000
Buildings - new construction/extensions	\$10,000
Infrastructure	\$10,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Furniture, Equipment and Fittings	2 to 50 years
Plant and Equipment	2 to 30 years

Building & Other Structures

Buildings and Components	10 to 100 years
Other Structures	10 to 100 years

Infrastructure

Land Improvements including Park and Other Structures	10 to 80 years
Sealed Roads – Surface	15 to 50 years
Sealed Roads – Structure	55 to 80 years
Other Transport	10 to 70 years
Footpaths, Kerb, Gutter and Cycle Tracks	10 to 80 years
Stormwater	25 to 100 years
Glenelg to Adelaide Pipeline	50 years
Bridges	35 to 100 years

Other Assets

Library Resources	2 to 7 years
Artworks	80 to 100 years

In 2016 Council had an independent condition based audit completed on our road structure which has resulted in a reduction of our accumulated depreciation. Following on from this audit, Council is now reviewing our useful lives for roads, with the intention that new useful lives will be implemented in the 2016/17 financial year.

6.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate 0.2% (2014/15, 0.3%)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy

have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incidental to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

13 New accounting standards and UIG interpretations

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for periods commencing 1 January 2016:

- AASB 14 *Regulatory Deferral Accounts*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-3 *Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2014-6 *Amendments to Australian Accounting Standards-Agriculture: Bearer Plants*
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* [AASB 1, 127 & 128]
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [AASB 10 & AASB 128]
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]

- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception* [AASB 10, AASB 12 & AASB 128]
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part D)*

Effective for periods commencing 1 July 2016:

- AASB 1056 *Superannuation Entities*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049]

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

Effective for periods commencing 1 January 2018:

- AASB *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

Effective for periods commencing 1 January 2019:

- AASB 16 *Leases*

14 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

15 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income

\$ '000	Notes	2016	2015
(a). Rates Revenues			
General Rates			
General Rates		50,612	48,438
Less: Mandatory Rebates		(683)	(668)
Less: Discretionary Rebates, Remissions & Write Offs		(72)	(72)
Total General Rates		49,857	47,698
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,240	1,212
Total Other Rates		1,240	1,212
Other Charges			
Penalties for Late Payment		120	105
Legal & Other Costs Recovered		51	68
Total Other Charges		171	173
Less: Discretionary Rebates, Remissions & Write Offs		(14)	(14)
Total Rates Revenues		51,254	49,069
(b). Statutory Charges			
Development Act Fees		746	668
Animal Registration Fees & Fines		302	256
Parking Fines / Expiation Fees		1,123	675
Environmental Control Fines		5	5
Other Licences, Fees & Fines		39	30
Sundry		47	41
Total Statutory Charges		2,262	1,675
(c). User Charges			
Hall & Equipment Hire		108	96
Property Lease		473	424
Subsidies Received on Behalf of Users		47	71
Sundry		60	482
St Martins		-	7,636
Cummins House		30	34
Waste royalties		104	134
Employee Contributions		174	-
Road Permits		78	-
Other		113	-
Total User Charges		1,187	8,877

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income (continued)

\$ '000	Notes	2016	2015
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		503	135
- Banks & Other		109	407
Market movement on investments		(76)	10
Dividend income including franking credits		62	66
Total Investment Income		598	618
(e). Reimbursements			
Roadworks		11	7
Private Works		13	6
Joint Undertakings		20	-
Electricity & Gas		82	-
Insurance		24	-
Rates & Taxes		94	-
Employee Costs		32	-
Other		27	289
Total Reimbursements		303	302
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		6	61
Rebates Received		428	424
Sundry		112	253
Donations		32	-
Fuel Tax Credits		33	-
Airport Stormwater Contribution		50	-
Mendelson Scholarships		18	-
Total Other Income		679	738
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,612	1,521
Other Grants, Subsidies & Contributions		766	4,183
Untied - Financial Assistance Grant		597	-
Home and Community Care Grant		502	-
Library & Communications		395	-
Total Grants, Subsidies, Contributions		3,872	5,704

The functions to which these grants relate are shown in Note 12.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income (continued)

\$ '000	Notes	2016	2015
(i) Sources of grants			
Commonwealth Government		2,752	922
State Government		1,112	4,774
Other		8	8
Total		3,872	5,704
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		977	420
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Immunisation & Preventive Health		(51)	(41)
Health Services		(60)	(47)
Bridges		-	(38)
Other Environment		(13)	(7)
Parks & Gardens		-	(275)
Roads Sealed		(836)	-
Other Community Support		(17)	(12)
Subtotal		(977)	(420)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Roads Infrastructure		14	-
Health Services		-	60
Immunisation & Preventive Health		-	51
Parks & Gardens		146	-
Roads Sealed		128	836
Other Community Amenities		-	17
Other Environment		281	13
Subtotal		569	977
Unexpended at the close of this reporting period		569	977
Net increase (decrease) in assets subject to conditions in the current reporting period		(408)	557

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 2. Income (continued)

\$ '000	Notes	2016	2015
(i). Physical Resources Received Free of Charge			
Roads, Bridges & Footpaths		2,275	-
Stormwater Drainage		132	-
Buildings & Structures		374	118
Total Physical Resources Received Free of Charge		2,781	118

Note 3. Expenses

(a). Employee Costs

Salaries & Wages		18,198	22,217
Employee Leave Expense		486	557
Superannuation	18	1,608	1,968
Workers' Compensation Insurance		841	1,017
Other		643	627
Less: Capitalised & Distributed Costs		(758)	(663)
Total Operating Employee Costs		21,018	25,723
 Total Number of Employees (full time equivalent at end of reporting period)		 214	 290

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		25	23
Bad & Doubtful Debts		8	2
Elected Members' Expenses		437	445
Election Expenses		-	160
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		134	134
Subtotal - Prescribed Expenses		604	764

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 3. Expenses

\$ '000	Notes	2016	2015
(b). Materials, Contracts and Other Expenses			
(ii) Other Materials, Contracts and Expenses			
Contractors		8,495	7,222
Energy		477	664
Maintenance		378	510
Legal Expenses		390	499
Levies Paid to Government - NRM levy		1,225	1,197
Levies - Other		179	119
Parts, Accessories & Consumables		523	525
Professional Services		1,189	1,195
Sundry		1,961	4,209
Materials		801	804
Insurance		931	828
Street lighting		857	886
Aged care facility - sundry		20	881
Brown Hill Keswick Creek Project		908	1,225
Advertising & Marketing		298	-
Memberships & Subscriptions		203	-
Printing, Postage & Stationery		425	-
Software, Licensing & Maintenance		835	-
Water Rates		741	-
Subtotal - Other Material, Contracts & Expenses		20,836	20,764
Total Materials, Contracts and Other Expenses		21,440	21,528

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 3. Expenses (continued)

\$ '000	Notes	2016	2015
(c). Depreciation, Amortisation and Impairment			
Depreciation and Amortisation			
Land Improvements		507	425
Buildings & Other Structures		1,616	1,841
Infrastructure			
- Sealed Roads		4,750	4,614
- Stormwater Drainage		1,370	1,177
- Other Transport		30	38
- Footways / cycle tracks		998	943
- Glenelg to Adelaide Pipeline		49	44
- Bridges		119	119
Plant & Equipment		836	803
Furniture & Fittings		374	327
Library Books		282	332
Leased Assets - IT		56	60
Aged care - plant, equipment, furniture and fittings		-	128
Total Depreciation, Amortisation and Impairment		10,987	10,851

(d). Finance Costs

Interest on Loans	1,611	829
Total Finance Costs	1,611	829

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	634	616
Less: Carrying Amount of Assets Sold	(673)	(612)
Gain (Loss) on Disposal	(39)	4

(ii) Assets Surplus to Requirements

Proceeds from Disposal	45	695
Less: Carrying Amount of Assets Sold	-	(900)
Gain (Loss) on Disposal	45	(205)

Disposal of Business

Consideration received	31,354	-
Less: Carrying Amount of Assets Sold	(12,887)	-
Gain (Loss) on Disposal	18,467	-

Net Gain (Loss) on Disposal or Revaluation of Assets	18,473	(201)
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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 5. Current Assets

\$ '000	Notes	2016	2015
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		2,583	1,958
Deposits at Call		3,743	12,555
Short Term Deposits & Bills, etc.		12,500	3,000
Investment- Mendelson		196	167
Total Cash & Cash Equivalents		19,022	17,680
(b). Trade & Other Receivables			
Rates - General & Other		864	669
Council Rates Postponement Scheme		13	3
Accrued Revenues		103	68
Debtors - General		1,034	553
GST Recoupment		596	769
Prepayments		2	6
Loans to Community Organisations		-	7
Sundry		-	16
Total Trade & Other Receivables		2,612	2,091
(c). Other Financial Assets (Investments)			
Shares in listed companies - Mendelson Foundation		213	844
Units in managed funds - Mendelson Foundation		781	221
Total Other Financial Assets (Investments)		994	1,065
Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13			
(d). Inventories			
Stores & Materials		12	11
Total Inventories		12	11

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 6. Non-Current Assets

\$ '000	Notes	2016	2015
(a). Equity Accounted Investments in Council Businesses			
Western Region Waste Management Authority	19	41	33
Total Equity Accounted Investments in Council Businesses		41	33
(b). Other Non-Current Assets			
Capital Works-in-Progress		4,518	3,913
Total Other Non-Current Assets		4,518	3,913

City of West Torrens

Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2015					Asset Movements during the Reporting Period								as at 30/6/2016				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals									Dep'n	Impairment	
Capital Work in Progress		-	3,913	-	-	3,913	4,314	-	-	-	(2,752)	(957)	-	-	-	4,518	-	-	4,518
Land - Community	3	183,481	-	-	-	183,481	-	-	-	-	-	-	-	-	183,481	-	-	-	183,481
Land - Other	2	35,775	-	-	-	35,775	-	-	-	-	-	-	-	-	35,775	-	-	-	35,775
Land Improvements	3	8,509	3,241	2,287	-	9,463	548	1,332	-	(507)	185	-	(40)	-	11,589	2,064	2,673	-	10,980
Buildings & Other Structures	2	91,292	-	52,673	-	38,619	530	644	-	(1,321)	19	-	-	-	92,485	-	53,995	-	38,491
Buildings & Other Structures Infrastructure	3	46,919	-	25,131	-	21,788	-	888	-	(295)	-	-	-	-	47,807	-	25,426	-	22,382
- Sealed Roads	3	285,449	7,863	157,694	-	135,618	377	5,590	-	(4,750)	2,027	-	-	41,185	296,087	8,053	124,094	-	180,046
- Stormwater Drainage	3	114,031	1,345	44,819	-	70,557	817	12	-	(1,370)	145	-	-	2,667	121,134	974	49,280	-	72,828
- Other Transport	3	1,166	74	247	-	993	217	170	-	(30)	121	-	-	7	1,695	-	218	-	1,477
- Footways / cycle tracks	3	68,401	1,448	28,933	-	40,916	283	1,287	-	(998)	159	-	-	1,422	72,691	1,729	31,351	-	43,069
- Glenelg to Adelaide Pipeline	3	2,441	-	108	-	2,333	-	-	-	(49)	-	-	(16)	-	2,424	-	155	-	2,269
- Bridges	3	10,637	-	2,972	-	7,665	807	-	-	(119)	-	-	-	53	10,712	807	3,113	-	8,406
Plant & Equipment		-	8,922	3,505	-	5,417	335	1,418	(629)	(836)	97	-	-	-	-	9,554	3,751	-	5,803
Furniture & Fittings		-	6,893	5,344	-	1,549	224	130	(1)	(374)	-	-	-	-	-	7,237	5,710	-	1,527
Library Books	3	1,912	-	956	-	956	-	308	(44)	(282)	-	-	-	-	1,705	-	767	-	938
Leased Assets - IT		-	181	115	-	66	-	-	-	(56)	-	-	-	-	-	181	171	-	10
Total Infrastructure, Property, Plant & Equipment		850,013	33,880	324,784	-	559,109	8,450	11,779	(673)	(10,987)	(0.0)	(957)	(56)	45,333	877,585	35,117	300,704	-	611,999
Comparatives		845,468	32,932	324,030	-	554,370	10,220	9,726	(1,512)	(10,850)	-	(12,176)	-	5,420	850,013	33,880	324,784	-	559,109

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$ '000

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Valuation Techniques used to derive Level 2 Fair Values recognised in the Financial Statements

The following table sets out the valuation techniques used to measure fair value within Level 2, including a description of the significant inputs used.

Description	Valuation approach and inputs used
Land - Other	Direct comparison of the market evidence approach. This method seeks to determine the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. The valuation is based on price per square metre.
Buildings & Other Structures - Market Approach	The valuation of each Buildings under this scenario has been undertaken utilising the Direct Comparison Method of valuation by reference to market data and the subsequent apportionment of the Land and Structural Components.
Buildings & Other Structures - Income Approach	The valuation of Buildings under this scenario have been undertaken by reference to actual or imputed income and capitalised at market rates
Buildings & Other Structures - Cost Approach	The calculated value is based on Replacement Cost data sourced from the Maloney Field Services' Replacement Cost Database and / or Rawlinsons Australia Construction Handbook 2016. Under this valuation scenario the all-inclusive rate per square metre has been provided to comply with the requirement for Disclosure.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Valuation Techniques used to derive Level 3 Fair Values recognised in the Financial Statements

The following table sets out the valuation techniques used to measure fair value within Level 3.

Description	Valuation approach
Land - Community	Market Approach The valuation of Community Land has been undertaken utilising the Market Approach, more specifically the Direct Comparison Method of Valuation by reference to comparable market data and subsequently adjusted to reflect the level of risk associated with alienating the Land to make it available for disposal.
Buildings & Other Structures	The calculated value is based on Replacement Cost data sourced from the Maloney Field Services' Replacement Cost Database and / or Rawlinsons Australia Construction Handbook 2016. Under this valuation scenario the all-inclusive rate per square metre has been provided to comply with the requirement for Disclosure. The unique nature of such Buildings and Structures and the lack of definitive valuation inputs requires that we inform users of this information that the valuation may vary from the generally acceptable range of +/- 10%.
Land Improvements	The valuation is Replacement Cost data sourced from the Maloney Field Services' Replacement Cost Database. Alternatively when Maloneys cannot provide a valuation an asset is valued at cost and indexed each year following for CPI increases.
Roads Sealed	Formulated using Rawlinsons Australia Construction Handbook 2016 data and recent schedule of rates as provided by tendered works. This is subject to an independent condition audit by an industry expert every 5 years. Annual CPI are applied each year thereafter.
Other Transport	Asset is valued at cost and indexed each year following for CPI increases.
Footways / Cycle Tracks	Formulated using Rawlinsons Australia Construction Handbook 2016 data and recent schedule of rates as provided by tendered works. Alternatively where unit rate application is not applicable asset is valued at cost and indexed each year following for CPI increases. This is subject to an independent condition audit by industry expert every 5 years.
Stormwater	Formulated using Rawlinsons Australia Construction Handbook 2016 data and recent schedule of rates as provided by tendered works. Alternatively where unit rate application is not applicable asset is valued at cost and indexed each year following for CPI increases.
Glenelg to Adelaide Pipeline	Formulated using Rawlinsons Australia Construction Handbook 2016 data and recent schedule of rates as provided by tendered works. Alternatively where unit rate application is not applicable asset is valued at cost and indexed each year following for CPI increases.
Bridges	This is subject to an independent condition audit by industry expert every 5 years. This is subject to annual CPI increases for each year following.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Land is valued at written down replacement cost. Independent valuations of land and land improvements were determined at 30 June 2014 by Peta Mantzarapis, B Bus Property (Valuation) AAPI, Certified Practising Valuer, of Maloney Field Services.

Buildings & Other Structures

Buildings and other structures are initially recognised on the cost basis.

Independent valuations of buildings and other structures were determined on the 30 June 2014 by Peta Mantzarapis, B Bus Property (Valuation) AAPI, Certified Practising Valuer, of Maloney Field Services. Buildings and other structures are then valued at written down replacement costs.

Infrastructure

Infrastructure assets are measured based on periodic valuations by external independent valuers less, where applicable, any accumulated depreciation and impairment losses. Any additions made during the periods between revaluations are carried at cost.

Land improvements are valued at written down replacement cost. Independent valuations of land and land improvements were determined at 30 June 2014 by Peta Mantzarapis, B Bus Property (Valuation) AAPI, Certified Practising Valuer, of Maloney Field Services.

Valuations on roads sealed assets were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Mr Norman Biggs, BEc, ASA, in conjunction with Asset Engineering for the year ended 30 June 2016.

Valuations on footways and cycle tracks were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Mr Norman Biggs, BEc, ASA, in conjunction with Asset Engineering for the year ended 30 June 2016.

Valuations on stormwater and Glenelg to Adelaide pipeline were determined by Mr Joseph Ielasi, Dip Civil Eng, in conjunction with Mr Norman Biggs BEc, ASA (both Council employees) in conjunction with Asset Engineering for the year ended 30 June 2016.

Independent valuations of bridges were determined on the 30 June 2015 by Paul Allen, B Eng, Certified Practising Engineer, of Kellogg Brown & Root. Bridges are then valued at written down replacement costs.

Plant & Equipment, Furniture & Fittings

Council has elected to recognise these assets on the cost basis.

Library Resources

Library resources are valued at written down current cost. Library resources are measured at valuation as at 30 June 2016 undertaken by library staff. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

All other Assets

Pursuant to Council's election, these assets are recognised on the cost basis.

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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 8. Liabilities

\$ '000	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
(a). Trade and Other Payables					
Goods & Services		4,392	-	5,378	-
Payments Received in Advance		97	-	115	-
Accrued Expenses - Employee Entitlements		345	-	2,443	-
Accrued Expenses - Other		338	-	461	-
Deposits, Retentions & Bonds		75	-	119	-
Other		1	-	-	-
Total Trade and Other Payables		5,248	-	8,516	-

(b). Borrowings

Loans		-	-	2,038	8,928
Finance Leases	14c	-	-	37	-
Total Borrowings		-	-	2,075	8,928

All interest bearing liabilities are secured over the future revenues of the Council

(c). Provisions

Employee Entitlements (including oncosts)		3,815	300	2,335	418
Total Provisions		3,815	300	2,335	418

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 9. Reserves

\$ '000	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
(a). Asset Revaluation Reserve					
Land - Community	221,237	-	(2,469)	-	218,768
Land - Other	805	-	-	-	805
Land Improvements	2,050	(40)	-	-	2,010
Buildings & Other Structures	40,836	-	1,849	-	42,685
Infrastructure					
- Sealed Roads	114,500	41,185	-	-	155,685
- Stormwater Drainage	54,721	2,667	-	-	57,388
- Other Transport	36	7	-	-	43
- Footways / cycle tracks	46,624	1,422	-	-	48,046
- Glenelg to Adelaide Pipeline	488	(16)	-	-	472
- Bridges	5,976	53	-	-	6,029
Plant & Equipment	44	-	-	-	44
Library Books	411	-	(40)	-	370
Total Asset Revaluation Reserve	487,728	45,277	(660)	-	532,344
Comparatives	482,803	5,420	-	(495)	487,728

\$ '000	1/7/2015	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2016
(b). Other Reserves					
Development Reserve	6,090	4,577	-	-	10,667
Committed Expenditure Reserve	12,985	11,628	-	-	24,613
St Martins' Reserve	1,115	-	(1,115)	-	-
Total Other Reserves	20,190	16,205	(1,115)	-	35,280
Comparatives	23,977	165	(3,952)	-	20,190

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Development Reserve

The development reserve largely holds funds from the sale of assets and is used for developmental purposes.

Committed Expenditure Reserve

The committed expenditure reserve holds unspent funds being carried forward to 2016/17 for capital and operational purposes.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2016	2015
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
Mendelson Foundation		1,213	1,275
St Martins' facility deposits		-	5,467
Total Cash & Financial Assets		1,213	6,742
Total Assets Subject to Externally Imposed Restrictions		1,213	6,742

Mendelson Foundation funds are restricted to the Trust Deed (see Note 22).

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Total Cash & Equivalent Assets	5	19,022	17,680
Balances per Statement of Cash Flows		19,022	17,680

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2016	2015
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		26,361	8,269
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		10,987	10,851
Fair Value Adjustments		-	(54)
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(8)	(300)
Non-Cash Asset Acquisitions		(2,781)	(118)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,612)	(1,521)
Net (Gain) Loss on Disposals		(18,473)	201
Other		84	-
		14,558	17,328
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(528)	(5,333)
Net (Increase)/Decrease in Inventories		(1)	12
Net Increase/(Decrease) in Trade & Other Payables		(3,224)	6,795
Net Increase/(Decrease) in Unpaid Employee Benefits		1,362	(4)
Net Increase/(Decrease) in Other Liabilities		-	(267)
Net Cash provided by (or used in) operations		12,167	18,531
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	21	2,781	118
Amounts recognised in Income Statement		2,781	118
Total Non-Cash Financing & Investing Activities		2,781	118

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2016	2015
(d). Disposal of Business			
During the year, St Martins was sold. Aggregate details of this transaction are:			
Disposal Price		14,100	
Price adjustment		769	
Interest on escrow accounts		52	
Transaction costs		(711)	
Cash consideration		14,210	
Assets and liabilities held at disposal date:			
Property, Plant & Equipment		12,176	
Employee entitlement		(641)	
Other payables		(15)	
Bond liabilities		(15,777)	
		(4,257)	
Net (loss)/gain on disposal		18,467	
Net cash received		14,210	

(e). Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	117	173
LGFA Cash Advance Debenture Facility	5,000	5,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
\$ '000										
Business Undertakings	82	-	-	-	82	-	-	-	-	-
Community Services										
- Public Order & Safety	26	3	233	154	(207)	(151)	-	-	299	292
- Health Services	104	7,839	357	8,847	(253)	(1,008)	11	23	92	13,262
- Community Support	808	795	2,585	2,277	(1,777)	(1,482)	502	531	29,054	29,106
- Community Amenities	0	-	136	111	(136)	(111)	-	-	231	-
Culture										
- Library services	432	450	3,311	3,111	(2,879)	(2,661)	395	406	4,024	4,859
- Cultural services	193	175	871	773	(678)	(598)	-	2	22,173	21,211
Economic Development	-	40	138	129	(138)	(89)	-	-	-	-
Environment										
- Waste Management	194	222	4,813	4,649	(4,619)	(4,427)	-	-	10,565	10,589
- Other Environment	1,261	1,251	9,573	9,897	(8,312)	(8,646)	159	9	87,465	83,844
Recreation	226	300	5,531	5,095	(5,305)	(4,795)	300	674	193,179	193,194
Regulatory Services	2,269	1,681	4,798	4,134	(2,529)	(2,453)	-	-	124	1,363
Transport & Communication	1,798	1,424	12,616	11,201	(10,818)	(9,777)	268	733	238,179	187,276
Plant Hire & Depot/Indirect	40	89	-	5	40	84	-	-	3,913	3,864
Unclassified Activities	3	12	-	-	3	12	-	-	2,667	2,667
Council Administration	51,115	51,181	10,094	8,548	41,021	42,633	625	1,805	42,715	41,721
Total Functions/Activities	58,551	65,462	55,056	58,931	3,495	6,531	2,260	4,183	634,680	593,248

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

COMMUNITY SERVICES

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

CULTURE

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

ECONOMIC DEVELOPMENT

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

ENVIRONMENT

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

RECREATION

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, and Other Recreation.

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

TRANSPORT

Bridges, Bus Service, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

COUNCIL ADMINISTRATION

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 2.37% and 2.66% (2015: 2.05% and 3.14%). Short term deposits have an average maturity of 132 days and an average interest rate of 2.55% (2015: 144 days and 3.2%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.60% (2015: 0.65%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable by equal 6 monthly instalments of principle and interest; interest is charged at fixed rates between 5.30% and 7.31% (2015: 5.30% and 7.31%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2016					
<u>Financial Assets</u>					
Cash & Equivalents	19,021	-	-	19,021	19,022
Receivables	1,776	-	-	1,776	1,746
Other Financial Assets	994	-	-	994	1,035
Total Financial Assets	21,791	-	-	21,791	21,803
<u>Financial Liabilities</u>					
Payables	4,564	-	-	4,564	4,564
Total Financial Liabilities	4,564	-	-	4,564	4,564
2015					
<u>Financial Assets</u>					
Cash & Equivalents	17,682	-	-	17,682	17,680
Receivables	2,535	-	-	2,535	1,419
Other Financial Assets	1,065	-	-	1,065	1,098
Total Financial Assets	21,282	-	-	21,282	20,197
<u>Financial Liabilities</u>					
Payables	22,454	-	-	22,454	5,612
Current Borrowings	2,075	-	-	2,075	2,075
Non-Current Borrowings	-	4,774	6,192	10,966	8,928
Total Financial Liabilities	24,529	4,774	6,192	35,495	16,615

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	6.06%	-	6.14%	11,003
		-		11,003

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$ '000

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 14. Commitments for Expenditure

\$ '000

Notes

2016

2015

(a). Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Land	9,742	6,463
Buildings	10,083	4,298
Plant & Equipment	390	564
	20,215	11,325

These expenditures are payable:

Not later than one year	20,215	11,325
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	20,215	11,325

(b). Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	43	62
Waste Management Services	10,440	11,555
Grants Funding (restricted)	369	1,057
Operational Expenditure	436	317
Information Technology Commitments	30	94
Other Contractual Agreements	18	36
	11,336	13,121

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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 14. Commitments for Expenditure

\$ '000	Notes	2016	2015
These expenditures are payable:			
Not later than one year		4,552	5,180
Later than one year and not later than 5 years		6,783	7,941
Later than 5 years		-	-
		11,336	13,121
(c). Finance Lease Commitments			
Council has no Finance Leases.			
Commitments under finance leases at the reporting date are as follows:			
Not later than one year		-	37
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Minimum Lease Payments		-	37
Less: Future Finance Charges		-	-
Net Lease Liability		-	37
Representing lease liabilities:			
Current	8	-	37
Non-Current	8	-	-
		-	37

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 15. Financial Indicators

\$ '000	Amounts 2016	Indicator 2016	Prior Periods	
			2015	2014

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	3,495			
Total Operating Revenue	58,551	6%	10%	9%

This ratio expresses the operating surplus as a percentage of total operating revenue.

1a. Adjusted Operating Surplus Ratio

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

	3,495			
	58,551	6%	9%	8%

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(13,265)			
Total Operating Revenue	58,551	-23%	28%	27%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

3. Asset Sustainability Ratio

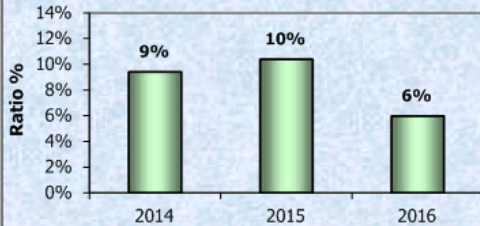
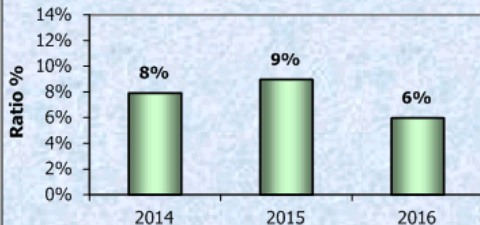
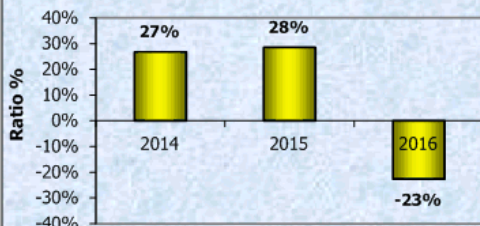
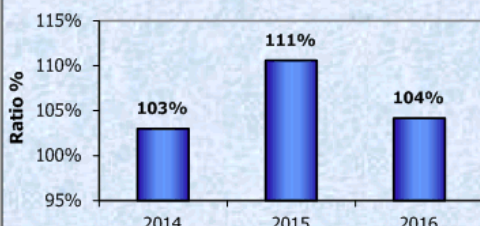
Net Asset Renewals	11,446			
Infrastructure & Asset Management Plan required expenditure	10,987	104%	111%	103%

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 15. Financial Indicators - Graphs (continued)

<p>1. Operating Surplus Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2014</td><td>9%</td></tr><tr><td>2015</td><td>10%</td></tr><tr><td>2016</td><td>6%</td></tr></table>	Year	Ratio %	2014	9%	2015	10%	2016	6%	<p>Purpose of Operating Surplus Ratio</p> <p>This indicator is to determine the percentage the operating revenue varies from operating expenditure</p>	<p>Commentary on 2015/16 Result</p> <p>2015/16 Ratio 6%</p> <p>The reduced surplus ratio in 2015/16 is reflective of one-off items such as two quarters of the 2015/16 Financial Assistance Grant being paid in advance in 2014/15 and the payout of all loans in 2015/16.</p>
Year	Ratio %									
2014	9%									
2015	10%									
2016	6%									
<p>1a. Adjusted Operating Surplus Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2014</td><td>8%</td></tr><tr><td>2015</td><td>9%</td></tr><tr><td>2016</td><td>6%</td></tr></table>	Year	Ratio %	2014	8%	2015	9%	2016	6%	<p>Purpose of Adjusted Operating Surplus Ratio</p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p>Commentary on 2015/16 Result</p> <p>2015/16 Ratio 6%</p> <p>As no financial Assistance Grants were paid in advance for 2016/17, no adjustment to the operating surplus ratio is evident in 2015/16.</p>
Year	Ratio %									
2014	8%									
2015	9%									
2016	6%									
<p>2. Net Financial Liabilities Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2014</td><td>27%</td></tr><tr><td>2015</td><td>28%</td></tr><tr><td>2016</td><td>-23%</td></tr></table>	Year	Ratio %	2014	27%	2015	28%	2016	-23%	<p>Purpose of Net Financial Liabilities Ratio</p> <p>This indicator shows the significance of the net amount owed to others, compared to operating revenue</p>	<p>Commentary on 2015/16 Result</p> <p>2015/16 Ratio -23%</p> <p>The payout of all loans in 2015/16 has resulted in a strong financial position.</p>
Year	Ratio %									
2014	27%									
2015	28%									
2016	-23%									
<p>3. Asset Sustainability Ratio</p>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2014</td><td>103%</td></tr><tr><td>2015</td><td>111%</td></tr><tr><td>2016</td><td>104%</td></tr></table>	Year	Ratio %	2014	103%	2015	111%	2016	104%	<p>Purpose of Asset Sustainability Ratio</p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p>Commentary on 2015/16 Result</p> <p>2015/16 Ratio 104%</p> <p>Council continues to meet its annual obligations for the renewal of assets consistent with the Asset Management Plans.</p>
Year	Ratio %									
2014	103%									
2015	111%									
2016	104%									

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 16. Uniform Presentation of Finances

\$ '000	2016	2015
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	58,551	65,762
less Expenses	(55,056)	(58,931)
Operating Surplus / (Deficit)	3,495	6,831
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	12,080	12,615
less Depreciation, Amortisation and Impairment	(10,987)	(10,851)
less Proceeds from Sale of Business	(14,210)	-
less Proceeds from Sale of Replaced Assets	(634)	(616)
Subtotal	(13,751)	1,148
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	4,198	8,996
less Amounts Received Specifically for New and Upgraded Assets	(1,612)	(1,521)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(45)	(8,576)
Subtotal	2,541	(1,101)
Net Lending / (Borrowing) for Financial Year	14,705	6,784

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 17. Operating Leases

\$ '000

2016

2015

Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

(i) Non-Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	606	641
Later than one year and not later than 5 years	1,939	1,562
Later than 5 years	1,026	204
	<u>3,571</u>	<u>2,407</u>

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased

No lease contains any escalation clause

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	12	70
Later than one year and not later than 5 years	1	30
Later than 5 years	-	-
	<u>13</u>	<u>100</u>

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 18. Superannuation

\$ '000

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

In addition, Council makes a separate contribution of 3.2% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Superannuation contributions paid by council for 12 months to 30 June 2016 totalled \$1,608,463 (\$1,968,214 in 2014/15).

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 19. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2016	2015	2016	2015
Joint Ventures	8	300	41	33
Total	8	300	41	33

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2016	2015
Western Region Waste Management Authority	Remediation Site	41	33
Total Carrying Amounts - Joint Ventures & Associates		41	33

Western Region Waste Management Authority

The Western Region Waste Management Authority (WRWMA) operated a waste landfill site on Garden Island on behalf of four councils, including the City of West Torrens, until February 2001. Remediation of the site was required of the authority, and this included the supply of clay and soil, revegetation, environmental monitoring and the installation of a gas extraction system.

A \$12 million contract was signed in October 2005 with Leed Engineering to undertake civil works, including the supply of clay and soil, and this contract provided the basis for provision estimates to 30 June 2007. An actuarial review of the provision was subsequently commissioned by member Councils, and it estimated a liability amount of \$14.3 million as at 30 June 2008.

The West Torrens Council share of WRWMA liabilities is 23.93% per cent of the surplus shown below as at 30 June 2016 or \$40,828.

The WRWMA has obligations under an EPA agreement for the rehabilitation of Garden Island to (1) rectify any ground water contamination and (2) rectify any air contamination should gas burners fail to control gas emissions. These risks were considered in the actuarial review, but no provision was considered necessary under AASB 137 Provisions, Contingent Liabilities and Contingent Assets requirements. The likelihood of either event is considered to be very low, and their consequences are either insignificant (air contamination) or not assessable (ground water contamination).

Completing installation of a gas extraction system is all that remains to be done by the Authority as at balance date

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2016	2015	2016	2015	2016	2015
Western Region Waste Management Authority	24%	24%	24%	24%	29%	29%

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City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Western Region Waste Management Authority	
	2016	2015
Opening Balance	33	(267)
Share in Operating Result	8	300
Council's Equity Share in the Joint Venture or Associate	41	33

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position		Western Region Waste Management Authority	
		2016	2015
Cash and Cash Equivalents		307	1,394
Total Assets		307	1,394
Current Trade and Other Payables		136	1,256
Total Liabilities		136	1,256
Net Assets		171	138

Statement of Comprehensive Income

	2016	2015
Other Income	-	-
Interest Income	5	35
Total Income	5	35
Materials, Contracts & Other Expenses	(27)	(1,220)
Total Expenses	(27)	(1,220)
Operating Result	32	1,255

(ii) INDIVIDUALLY IMMATERIAL COUNCIL BUSINESSES

Council did not have any individually immaterial businesses

(iii) UNCONSOLIDATED STRUCTURED ENTITIES

Council has no Unconsolidated Structured Entities

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$ '000	2016	2015
(i). Non Current Assets & Disposal Group Assets		
- Aged Care Operation - St Martins (Total Assets)	-	13,259
- Aged Care Operation - St Martins (Payables)	-	(17,297)
Total Non Current Assets & Disposal Group Assets	-	(4,038)
(ii). Financial Performance & Cash Flow Information		
Revenue	-	7,890
Expenses (excluding Depreciation)	-	(7,749)
Depreciation Expense	-	(348)
Operating Result of Discontinued Operation	-	(207)
Net Cash Inflow from Operating Activities	-	141
Total	-	141
Carrying Amounts of Assets and Liabilities		
Infrastructure, Property, Plant and Equipment	-	12,176
Receivables	-	1,083
Total Assets	-	13,259
Payables	-	(17,297)
Total Liabilities	-	(17,297)
Net Assets	-	(4,038)

This disposal group was previously classified as part of Community Services in Note 12.

As the consideration expected to be received exceeds the carrying amount, these assets have been recognised at the carrying amount.

Note 21. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 18/10/16.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

City of West Torrens

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 22. Mendelson Foundation

\$ '000

This note has been made available for specific Council Notes.

The Max and Bette Mendelson Foundation is a charitable fund established in 1996 under a Deed of Charitable Trust, and it is dedicated in perpetuity to the promotion and encouragement of education in conjunction with South Australian universities. Foundation funds were bequeathed to the City of West Torrens under the terms of the Trust Deed.

Financial Performance & Cash Flow Information

Income Statement - Mendelson Foundation

	2016	2015
REVENUE		
Dividend Income including Franking Credits	61	66
Interest income	4	5
Fair Value Movement on Financial Assets	(76)	10
Council Contribution	18	15
	<u>7</u>	<u>96</u>
EXPENDITURE		
Scholarships	39	36
Fund Management	11	11
Member Emoluments	19	20
	<u>69</u>	<u>67</u>
CHANGE IN FOUNDATION WEALTH	<u>(62)</u>	<u>29</u>

Balance Sheet - Mendelson Foundation

	2016	2015
CURRENT ASSETS		
Cash & Cash Equivalents	213	194
Trade & Other Receivables	6	16
Units in Managed Funds	213	221
Shares in Listed Companies	781	844
Non Current Assets	-	-
Total Assets	<u>1,213</u>	<u>1,275</u>
LIABILITIES		
Current Liabilities	-	-
Non Current Liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets	<u>1,213</u>	<u>1,275</u>
FOUNDATION WEALTH		
Accumulated Surplus	<u>1,213</u>	<u>1,275</u>

City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

Auditor's Report - Financial Statements

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City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

Auditor's Report - Financial Statements

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City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

Auditor's Report - Internal Controls

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City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of West Torrens for the year ended 30 June 2016, the Council's Auditor, BDO Audit Partnership has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Terry Joseph Buss
CHIEF EXECUTIVE OFFICER

Arthur Mangos
PRESIDING MEMBER, AUDIT COMMITTEE

Date:

City of West Torrens

General Purpose Financial Statements for the year ended 30 June 2016

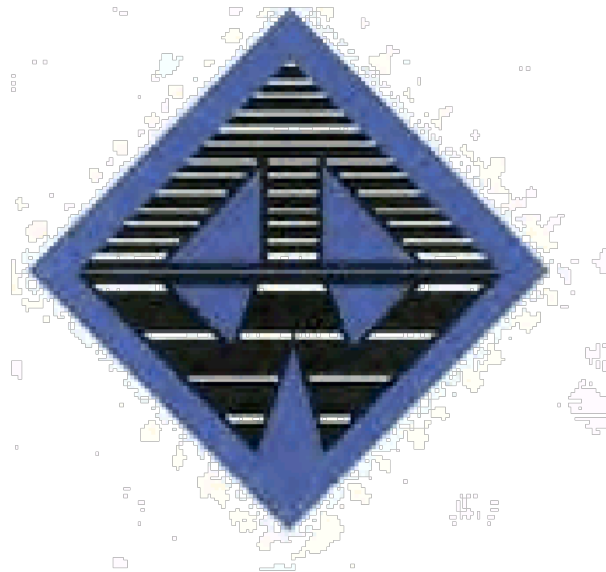
Statement by Auditor

I confirm that, for the audit of the financial statements of City of West Torrens for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

Geoffrey Keith Edwards
BDO Audit Partnership

Dated this day of 2016.



**WESTERN REGION WASTE MANAGEMENT
AUTHORITY**

ANNUAL REPORT 2015/2016

WESTERN REGION WASTE MANAGEMENT AUTHORITY

C/- PO Box 75, Woodville SA 5011

Telephone 08 8408 1271 Facsimile 08 8408 1122 Email: asykes@charlessturt.sa.gov.au

ANNUAL REPORT 2015/2016

BOARD OF MANAGEMENT



Cr George Demetriou
City of West Torrens
Chair



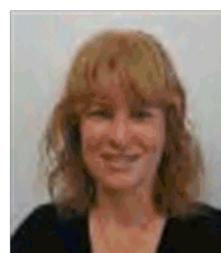
Ms Robyn Butterfield
City of West Torrens



Cr Oanh Nguyen
City of Charles Sturt



Cr Stuart Ghent
City of Charles Sturt



Ms Fiona Jenkins
City of Charles Sturt



Cr Mikki Boucheé
City of Holdfast Bay



Cr Peter Jamieson
City of Port Adelaide Enfield

CHAIR'S REPORT

As Chair of the Western Region Waste Management Authority (WRWMA), I am pleased to report that WRWMA's has finalised all its obligations for rehabilitating the Garden Island landfill site and that handover of the site to Renewal SA was finalised on 1 September 2015. The Minister has subsequently approved the winding up of the Authority on 1 July 2016.

By 1 September 2015, WRWMA had successfully completed its works at the Garden Island landfill site, and hence had fulfilled all of its rehabilitation responsibilities within the Environment Performance Agreement entered into with the EPA and Renewal SA (formerly Land Management Corporation) in 2005. There are no outstanding works associated with the closure of the landfill. As such, the forward projection for 2016/17 includes estimates for the continuation of records management, two independent audits, estimated legal costs, sundry items and administration costs associated with the winding up of the Authority.

The Western Region Waste Management Authority, Tonkin Consulting, Leed Engineering and McMahon Services were awarded the winner of the SA Civil Contractors Federation Earth Award (\$10-30 million Category) for the rehabilitation of Garden Island landfill. The awards recognise Civil Construction companies who have recently been involved in a project which has excelled in:

- Construction technique
- Environmental and social management
- Project management

On 1 July 2016 Minister Hunter formally approved the winding up of the WRWMA and on the 7 July 2016 formal notification of the winding up of the WRWMA was made in the Government Gazette.

The Audit Committee comprising of Mr Peter Brass (current Chair and Independent Member), Cr Mikki Boucheé, and Cr Peter Jamieson met on a quarterly basis. This Committee has continued to ensure that the WRWMA Risk Management Plan is up to date and has continued to monitor the financial position of the WRWMA.

The WRWMA Board met on the scheduled quarterly basis. I would like to thank my fellow Board Members for their good work during the year

A big thank you must also go to our Management, Finance and Administration team who are staff at the City of Charles Sturt, and the Manager for WRWMA, Mr Adrian Sykes. Their hard work and dedication continues to ensure that key milestones are achieved on time.

I commend the 2015/2016 Annual Report of the Western Region Waste Management Authority to you.



Councillor George Demetriou
CHAIR

BACKGROUND

The Western Region Waste Management Authority (WRWMA) is a regional subsidiary established under Section 43 of the Local Government Act 1999. The subsidiary is bound by the requirements of the Act (including relevant regulations such as the Local Government (Financial Management) Regulations 2011) and the WRWMA Charter. The regional subsidiary can be subjected to a joint direction of the member Councils as provided for at Clause 26 of Schedule 2 of the Local Government Act 1999.

The Authority is established for the following objects and purposes:

- to manage the Authority's interest and advise the Constituent Councils in relation to the remediation of the Garden Island landfill site;
- to undertake all manner of things relating to and incidental to the management function of the Authority;
- to provide a forum for the discussion and consideration of issues related to the joint obligations and responsibilities of the Constituent Councils in respect of the Garden Island landfill site.

The powers, functions and duties of the Authority as set out in the Charter include:

- accumulation of surplus funds for investment purposes;
- setting aside a reserve fund or funds clearly identified for meeting any liability of the Authority;
- entering into contracts, purchasing, selling, leasing, hiring, renting or otherwise acquiring or disposing of any personal property or interests therein;
- acquiring or disposing of any real property or interests therein, provided that it shall be a condition precedent, that the written approval of the Constituent Councils is first had and obtained;
- employing, engaging or dismissing the Manager of the Authority;
- employing, engaging or retaining professional advisers to the Authority;
- the power to return any or all surplus funds upon completion of the approved remediation plan of Garden Island;
- the power to invest any of the funds of the Authority in any investment authorised by the Trustee Act 1936, or with the Local Government Finance Authority provided that:
 - in exercising this power of investment the Authority must exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and
- the Authority must avoid investments that are speculative or hazardous in nature;
- undertaking all manner of things relating and incidental to the Objects and Purposes of the Authority; and
- the power to do anything else necessary or convenient for or incidental to the exercise, performance or discharge of its powers, functions or duties.

The Constituent Councils in WRWMA are the City of Charles Sturt, the City of West Torrens, the City of Port Adelaide Enfield, and the City of Holdfast Bay.

The equitable interests of the Constituent Councils in the Authority are as follows:

- City of Charles Sturt—56.39%;
- City of West Torrens—23.93%;
- City of Port Adelaide Enfield—13.77%;
- City of Holdfast Bay—5.91%.

The Board of WRWMA consists of 7 members appointed by the Constituent Councils as follows:

- City of Charles Sturt—three persons; Cr Stuart Ghent, Cr Oanh Nguyen and Ms Fiona Jenkins
- City of West Torrens—two persons; Cr George Demetriou, and Ms Robyn Butterfield
- City of Port Adelaide Enfield—one person; Cr Peter Jamieson
- City of Holdfast Bay—one person; Cr Mikki Boucheé

A Board Member shall, subject to the Charter, be appointed for a term not exceeding four years, specified in the instrument of appointment and at the expiration of the term of office will be eligible for re-appointment. The term of office of a Board Member will terminate upon the Council providing written notice to the Board Member and the Board, or upon the Board Member resigning by notice in writing, or upon the happening of any other event through which the Board Member would be ineligible to remain as a member of the Board.

Pursuant to the Act and the Charter, the subsidiary must have an Annual Business Plan which is prepared and adopted in consultation with the member Councils. A Business Plan will remain in force for a period as specified in the plan but must be reviewed, in consultation with the member Councils, on an annual basis.

Further under the Charter, the subsidiary is required to adopt its Annual Budget after 31 May but before 30 June for the next financial year and then provide a copy of it to the CEO of each member Council within 5 business days of adoption.

The Authority must by 30 September in each year submit an Annual Report to the Constituent Councils, on the work and operations of the Authority for the previous operating year detailing achievement of the aims and objectives of its Business Plan and incorporating the audited financial statements of the Authority and any other relevant information. This report is prepared as the WRWMA Annual Report for 2015/16.

STRATEGIC CONTEXT

ENVIRONMENTAL PERFORMANCE AGREEMENT – CLOSURE PLAN

The Western Region Waste Management Authority (WRWMA) signed an agreement in October 2005 with the Environment Protection Authority (EPA) as the licensing body, and Renewal SA (formerly the Urban Renewal Authority and the Land Management Corporation) as the property owner to rehabilitate Garden Island over a maximum period of eight years.

As part of WRWMA's obligations under the Environment Performance Agreement, rehabilitation works (capping and revegetation) for Garden Island landfill were tendered and a contract for these works was awarded to Leed Engineering. Paul Lightbody of Tonkin Consulting was appointed as the Superintendent for these works. Leed Engineering commenced its eight year contract to undertake the civil works, valued at \$12 million, and practical completion was awarded on the 26 October 2012. All defects were addressed by July 2013.

In 2014/15, a contract was awarded to McMahon Services for the remainder of the rehabilitation works including the implementation of a landfill gas management system. The civil works related to the landfill gas management system have been finalised.

WRWMA originally provided a \$12 million financial guarantee through the Local Government Finance Authority (LGFA) to complete the rehabilitation works for Garden Island. In 2012/13 financial year, WRWMA was able to revise down the financial guarantee through LGFA to a value of \$2 million which better reflected that the capping works had been completed, and the anticipated value of costs associated with completing the outstanding rehabilitation works, in particular the installation of a Landfill Gas Management System.

WRWMA successfully completed its works at the Garden Island landfill site, and hence has fulfilled all of its rehabilitation responsibilities within the Environment Performance Agreement entered into with the EPA and Renewal SA (formerly Land Management Corporation) in 2005. There are no outstanding works associated with the closure of the landfill.

State Award Winners and National Nomination

The Western Region Waste Management Authority, Tonkin Consulting, Leed Engineering and McMahon Services were awarded the winner of the SA Civil Contractors Federation Earth Award (\$10-30 million Category) for the rehabilitation of Garden Island landfill. The awards recognise Civil Construction companies who have recently been involved in a project which has excelled in:

- Construction technique
- Environmental and social management
- Project management

As the winners of the State award, the project was nominated for the National Award.

Financial Considerations

The Board commissioned KPMG to undertake an Actuarial Review assessment of all of the liabilities in relation to the rehabilitation of the former Garden Island landfill site. This report was presented to the Audit Committee and the Board in June 2008 and was adopted with a total estimated liability of \$14.3m. This liability has been factored into the audited financial statements as at 30 June 2008, and has been carried forward in to future years Financial Statements as a financial provision.

WRWMA originally provided a \$12 million financial guarantee through the Local Government Finance Authority (LGFA) to complete the works in rehabilitating Garden Island. In 2012/13 financial year, WRWMA was able to revise down the financial guarantee through LGFA to a value of \$2 million because the capping works had been completed. The revised guarantee better reflected the costs associated with completing the outstanding rehabilitation works, in particular the installation of a Landfill Gas Management System.

During the Initial Post Closure phase, a Landfill Gas Management Plan was prepared by Tonkin Consulting on behalf of WRWMA, and was approved by the EPA and Renewal SA in June 2013. This document proposed to design a cost-effective Landfill Gas Management System that would control the LFG emissions in line with EPA criteria. The form of management system proposed was a perimeter (targeted) system rather than a full grid system which was contemplated in the Actuarial Review. The anticipated cost of the perimeter system was in the order of around \$2m.

In September 2015 WRWMA handed over the Garden Island landfill to Renewal SA and ongoing operational management issues are the responsibility of Renewal SA. Upon completion of works and official handover of the site the remaining bank guarantee of \$2 million has been discharged.

The 2016/17 Budget for WRWMA reflects the best estimate of the cost associated with the winding up of the Authority, which are expected to include the following:

- continuation of the records management process
- two external audits
- sundry items
- administrative costs

The Financial Statements for WRWMA hence reflect these ongoing administration, records management, external auditing and legal obligations for the completion of the winding up of the Authority and there is an adjusted forecast return of surplus funds estimated in the 2016/17 budget which take into account the costs associated with the winding up of the Authority.

CURRENT STATUS OF REMEDIAL WORKS AT GARDEN ISLAND

WRWMA successfully completed its works at the Garden Island landfill, and hence had fulfilled all of its rehabilitation responsibilities within the Environment Performance Agreement entered into with the EPA and Renewal SA (formerly Land Management Corporation) in 2005. There are no outstanding works or obligations associated with the closure of the landfill.

WRWMA officially handed over the Garden Island Landfill site to Renewal SA in September 2015.

Hand over to Renewal SA

By 1 September 2015, WRWMA had successfully completed its works at the Garden Island landfill, and hence had fulfilled all of its rehabilitation responsibilities within the Environment Performance Agreement entered into with the EPA and Renewal SA (formerly Land Management Corporation) in 2005.

The program of works completed by 31 August 2015 and hence were completed in time for the official handover to Renewal SA, with works that included:

- The permanent Lo-Cal flare arrived on schedule in mid-August 2015. McMahon Services managed this risk in order to meet this deadline, including negotiations with logistics companies and customs in order to avoid lengthy delays.
- The installation of the permanent Lo-Cal flare, including stack construction, bolting in place and grouting under flare skid as per engineering specifications. The flare manifold and connected to flare flange inlet were completed.
- A security fence around flare compound with tiger rings was installed.
- The temporary flares and associated generators and diesel fuel tanks were demobilised.
- Commissioning of the flare by the manufacturer (software update) occurred in late August and was completed before 1 September 2015 in accordance with contractual timeframes.
- The first stage of flare operation was started.
- The site was handed back to Renewal SA on 1 September, including access keys etc.

Ministers Letter of approval to Wind up WRWMA

At its meeting on 24 March 2016, the Board of WRWMA, having undertaken all necessary due diligence, resolved to take all required steps to facilitate WRWMA being wound up pursuant to the Act.

The CEOs from the constituent Councils, being the City of Charles Sturt, City of Port Adelaide Enfield and the City of Holdfast Bay formally wrote to the Minister seeking approval to wind up the Authority pursuant to clause 33(1)(b) of Schedule 2 of the Act.

On the 1 July 2016 the Minister wrote to the Authority approving the winding up of the Authority. On the 7 July 2016 notification was published in the South Australian Government Gazette that the Minister had approved the winding up of the Authority.

A copy of the Gazette notification is provided below along with a copy of the letter from Minister on the following page.

7 July 2016

THE SOUTH AUSTRALIAN

LOCAL GOVERNMENT ACT 1999

WESTERN REGION WASTE MANAGEMENT AUTHORITY

Notice of Winding-up of a Subsidiary

WESTERN Region Waste Management Authority was established as a Regional Subsidiary pursuant to Schedule 2, Clause 17 of the Local Government Act 1999, with the constituent councils being the City of Charles Sturt, the City of Holdfast Bay, the City of Port Adelaide Enfield, and the City of West Torrens.

Pursuant to Schedule 2, Clause 33 of the Local Government Act 1999, at the request of the constituent councils, I, Geoffrey Graeme Brock MP, Minister for Local Government have determined to wind-up the Western Region Waste Management Authority as of the date of this notice.

Dated 29 June 2016.

GEOFF BROCK, Minister for Local Government

MINING ACT 1971

eA178958



Mr Adrian Sykes
 Manager
 Western Region Waste Management Authority
 PO Box 75
 WOODVILLE SA 5011

Dear Mr Sykes *Adrian*

I write in relation to requests that you have provided to me from the four constituent councils that comprise the regional subsidiary, Western Region Waste Management Authority (WRWMA), for my approval to have the WRWMA wound up pursuant to Schedule 2, Part 2, Clause 33 of the *Local Government Act 1999*.

Having reviewed the relevant requests of the councils, namely the City of Charles Sturt, the City of Holdfast Bay, the City of Port Adelaide Enfield, and the City of West Torrens, I am satisfied that the appropriate consents were obtained.

I therefore approve the winding up of the WRWMA.

My office will arrange for the publication of the formal notice to this effect in the South Australian Government Gazette.

WRWMA will formally cease operation on the date that the Notice appears in the Gazette and, as prescribed in the subject legislation, any assets or liabilities at the time of the winding up will vest in the constituent councils in accordance with the WRWMA's charter.

Yours sincerely

Geoff Brock
 Hon Geoff Brock MP
 Minister for Regional Development
 Minister for Local Government

July 2016

Minister for Regional Development
 Minister for Local Government

Level 12, 75 Grenfell Street, Adelaide SA 5000 | GPO Box 2557 Adelaide SA 5001 WA 602
 Tel: 08 3226 1200 | Fax: 08 3226 0216 | Minister@mat.csa.gov.au



Governance

The Board meets on a scheduled quarterly basis and is responsible for all aspects of WRWMA. The membership, roles and functions are set out in the Charter and briefly as above.

As required by the Local Government Act, WRWMA appointed an Audit Committee to oversee the financial governance of WRWMA. In the 2014/15 financial year, the Board reaffirmed the Board Chair as Cr George Demetriou and the appointment of Mr Peter Brass (Chair and Independent Member), Cr Mikki Boucheé, and Cr Peter Jamieson as the Audit Committee members. The Audit Committee continued to meet on the scheduled quarterly basis. The Council Representatives on the Board and Audit Committee do not receive remuneration.

The annual review of the financial results is overseen by the Audit Committee which reports its findings to the Board for adoption. Other items considered in 2015/16 by the Audit Committee for recommendation to the Board included reviewing and inputting into the risk management plan and risk profile for WRWMA, reviewing the external auditor's audit plan, and reviewing the Budget on a quarterly basis. In addition there was a focus by the Audit Committee and Board on ensuring appropriate internal control measures were in place.

WRWMA has appointed an Environmental Performance Group who meet regularly to consider issues and progress the day to day management and implementation of obligations within the Environment Performance Agreement, including the Landfill Capping Implementation Plan, monitoring requirements and issues related to the landfill gas management system. Progress is reported to the Board via Minutes of each meeting and has membership from the WRWMA Board, Renewal SA, the Environment Protection Authority, Leed Engineering (during the civil construction works), McMahon Services (during the landfill gas management works) and Tonkin Consulting. This group discussed and resolved issues and became an effective group that developed good relationships between WRWMA, EPA and Renewal SA.

Management

WRWMA changed its management provider in January 2008 from TJH Management Services Pty Ltd to the City of Charles Sturt. Mr Adrian Sykes, an employee of the City of Charles Sturt was appointed to Manager, WRWMA.



Adrian Sykes
Manager, WRWMA

Garden Island Photographs

Garden Island Handover September 2015



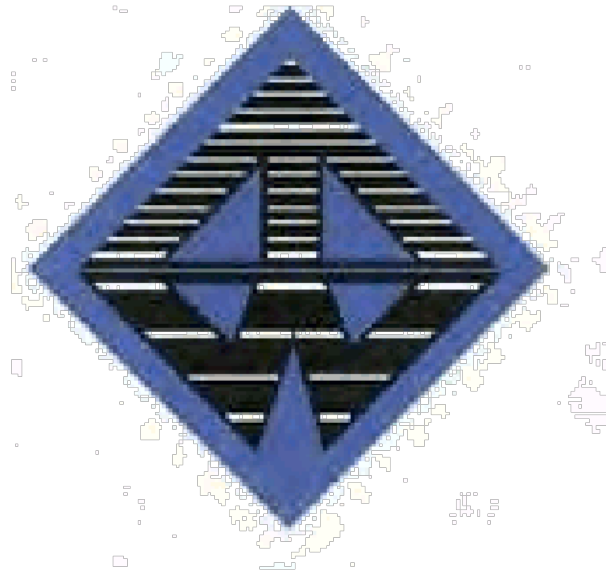
WRWMA Manager Mr Adrian Sykes speaking at the closing handover



WRWMA Chair Mr George Demetriou, SA EPA CEO Mr Tony Circelli and WRWMA Manager Mr Adrian Sykes at the closing handover



Photo of the rehabilitated Garden Island Landfill taken during the closing handover



WESTERN REGION WASTE MANAGEMENT AUTHORITY

The General Purpose Financial Statement Reports for the year ended 30 June 2016

WESTERN REGION WASTE MANAGEMENT AUTHORITY

GENERAL PURPOSE FINANCIAL REPORTS

For the year ended 30 June 2016

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WESTERN REGION WASTE MANAGEMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
INCOME			
Investment Income		4,711	34,840
Other Revenues		165	80
Total Income	2	4,876	34,920
EXPENSES			
Materials, contracts and other expenses	3	(27,435)	(1,220,310)
Total Expenses			
OPERATING SURPLUS / (DEFICIT)		32,311	1,255,230
NET SURPLUS			
Transferred to Equity Statement		32,311	1,255,230
Other Comprehensive Income			
Other Comprehensive Income		0	0
Total Other Comprehensive Income			
TOTAL COMPREHENSIVE INCOME		32,311	1,255,230

This Statement is to be read in conjunction with the attached Notes.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

BALANCE SHEET

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash & Cash Equivalents		306,558	1,394,102
Total Current Assets	4	306,558	1,394,102
Non Current Assets			
Infrastructure, Property, Plant and Equipment		0	0
Total Non Current Assets	5	0	0
Total Assets		306,558	1,394,102
LIABILITIES			
Current Liabilities			
Trade and Other Payables		0	140,293
Provision	7	136,557	793,636
Accrued Expenses		2,828	337,428
GST		(3,443)	(15,560)
Total Current Liabilities	6	135,942	1,255,797
Non Current Liabilities			
Provision for Landfill Restoration		0	0
Total Non Current Liabilities		0	0
Total Liabilities		135,942	1,255,797
NET ASSETS / (LIABILITIES)		170,616	138,305
EQUITY			
Accumulated Surplus / (Deficit)		170,616	138,305
TOTAL EQUITY		170,616	138,305

This Statement is to be read in conjunction with the attached Notes.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

	Note	<u>2016</u>	<u>2015</u>
		\$	\$
Balance at end of previous reporting period		138,305	(1,116,925)
Net Surplus / (Deficit) for Year		32,311	1,255,230
Other Comprehensive Income			
Other Comprehensive Income			
Balance at end of period		<u>170,616</u>	<u>138,305</u>

This Statement is to be read in conjunction with the attached Notes.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

CASH FLOW STATEMENT

For the Year Ended 30 June 2016

	Note	<u>2016</u> \$	<u>2015</u> \$
Cash Flows From Operating Activities			
Receipts			
Operating Receipts		215	80
Investment Receipts		4,661	34,840
Payments			
Travel & entertainment expenditure		(5,177)	(100)
Net Cash used in Operating Activities	9	<u>(301)</u>	<u>34,820</u>
Cash Flows from Other Activities			
Payments			
Payments for works – Garden Island		(1,195,261)	(800,984)
Receipts			
ATO GST Refund		108,018	72,406
Net Cash used in Other Activities		<u>(1,087,243)</u>	<u>(728,578)</u>
Net increase/(decrease) in cash held		(1,087,544)	(693,758)
Cash & cash equivalents at beginning of the period		1,394,102	2,087,860
Cash & cash equivalents at end of period		<u>306,558</u>	<u>1,394,102</u>

This Statement is to be read in conjunction with the attached Notes.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2016

Note 1: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under clause 11 of the Local Government (Financial Management) Regulations 1999 dated 30 June 2011.

Income Tax

The Western Region Waste Management Authority (the Authority) operated as a Regional Subsidiary of the Members Council pursuant to section 43 of the Local Government Act 1999. Accordingly, it is not liable to pay income tax.

Plant and Equipment

Plant and equipment is brought to account at cost, less, where applicable, accumulated depreciation. All assets are depreciated over their useful lives commencing from the time that the asset is held ready for use.

The depreciation rates used for items of plant & equipment are:

Furniture and fittings	20%
Computer equipment	33%
Other equipment and vehicles	20%

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and on deposit with banks and the Local Government Financing Authority. The provision for landfill restoration where the time value of money is material shall be the present value of the expenditures expected to settle the obligation.

WESTERN REGION WASTE MANAGEMENT AUTHORITY**Notes to the Financial Statements****For the Year Ended 30 June 2016****Note 1: Significant Accounting Policies (continued)****Going Concern**

The financial report has been prepared on a going concern basis as the Board has received a guarantee from Member Councils of continued financial support and the Board Members believe such financial support will continue to be made available.

As all requirements and obligations of the Regional Subsidiary have been met, a request to wind up the Authority from the four constituent councils has been sent to the Minister for Local Government. The subsequent approval from the Minister has been received on 1 July 2016, and formal notice to this effect will be placed in the South Australian Government Gazette. The Authority will during the 2016/17 financial year, complete the requirements to formally cease operations including providing appropriate documents to the State's Department of Premier's Cabinet, State Records of South Australia Agency and final audit and determination of the amount to return to the member councils.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

Notes to the Financial Statements

For the Year Ended 30 June 2016

	<u>2016</u>	<u>2015</u>
Note 2: Revenues		
Investment income		
Local Government Finance Authority	135	318
Banks	<u>4,576</u>	<u>34,522</u>
	<u>4,711</u>	<u>34,840</u>
Other Revenues		
Asset Fund surplus distribution (LGFA)	<u>165</u>	<u>80</u>
	<u>165</u>	<u>80</u>
	<u>4,876</u>	<u>34,920</u>
Note 3: Expenses		
Material, contracts and other expenses		
Travel & entertainment expenditure	4,754	100
Writeback of Provision	7 <u>(32,189)</u>	<u>(1,220,410)</u>
	<u>(27,435)</u>	<u>(1,220,310)</u>

WESTERN REGION WASTE MANAGEMENT AUTHORITY**Notes to the Financial Statements****For the Year Ended 30 June 2016**

	<u>2016</u>	<u>2015</u>
Note 4: Current Assets		
Cash & Cash Equivalents		
Cash at Bank – Cheque Account	67,383	128,265
Cash at Bank – Investment Account	239,175	1,254,763
Investments with LGFA	0	11,074
	<u>306,558</u>	<u>1,394,102</u>
Note 5: Non Current Assets		
Plant & Equipment at Cost	0	0
Less: Accumulated Depreciation	0	0
	<u>0</u>	<u>0</u>
Note 6: Current Liabilities		
Provision (refer to Note 7)	136,557	793,636
	<u>136,557</u>	<u>793,636</u>
Other Current Liabilities		
Goods and Services	0	140,293
Accrued Expenses	2,828	337,428
GST Payable	(3,443)	(15,560)
	<u>(615)</u>	<u>462,161</u>
	<u>135,942</u>	<u>1,255,797</u>

WESTERN REGION WASTE MANAGEMENT AUTHORITY**Notes to the Financial Statements****For the Year Ended 30 June 2016****Note: 7 Current Liabilities**

Western Region Waste Management Authority (The Authority) operated a landfill on Garden Island up until February 2001 under a licence with Renewal SA (RSA), formerly the Urban Renewal Authority (URA), and the Land Management Corporation. An Environment Performance Agreement between Renewal SA, the Environment Protection Authority (EPA) and the Authority was signed in October 2005. The major obligations for the Authority in that agreement were to supply clay and soil to cap the site; to revegetate the site; to environmentally monitor the site and to install a landfill gas management system across the site. The rehabilitation civil works were accepted as completed by the EPA and RSA 31st August 2013, followed by a 2 year post-closure maintenance period.

A Contract was signed in September 2014 with McMahon Services Australia Pty Ltd to design, construct and operate a landfill gas management system at Garden Island landfill in accordance with the Environment Performance Agreement.

These works were completed and the landfill site was handed back to Renewal SA on 1 September 2015. There is to be no further liability to the Authority.

The contract sum of \$12 million was initially used as the basis for the total provision for the cost of WRWMA meeting their obligation to rehabilitate the landfill site.

The Board of the Authority appointed KPMG Actuaries Pty Ltd to review this provision and to provide an estimate as at June 2008, in accordance with Australian Accounting Standards AASB 137.

Using the assumptions adopted, and allowing for risk, an estimated provision of \$14.3 million was determined consistent with the requirements of AASB137. A risk discount rate of 7.25% had been used to discount the projected rehabilitation costs.

Following the formal handover to Renewal SA on 1 September 2015 estimated provision of \$14.3 million has now been consumed leaving the amount of \$136,557, based on the current assessment of the works to complete the Authority's obligations.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

Notes to the Financial Statements

For the Year Ended 30 June 2016

Note 7: Current Liabilities (continued)

Summary of Provision for Landfill Restoration

Movement	Note	2016	2015
Opening Balance			
Current		793,636	2,979,652
Non Current		0	111,949
		<u>793,636</u>	<u>3,091,601</u>
Writeback of provision		<u>(32,189)</u>	<u>(1,220,410)</u>
		761,447	1,871,191
Less expenditure			
Cash			
LGFA Guarantee		(4,500)	(9,000)
Landfill Gas Installation		(408,866)	(855,890)
WRWMA Management		(63,000)	(63,000)
Consulting/Superintendent		(85,805)	(81,428)
Site Maintenance		(9,364)	(20,298)
Sundry		(6,206)	(4,486)
External Audit & Audit Committee Costs		(6,918)	(6,712)
Insurance		(14,509)	(15,873)
Legal Expenses		(270)	(20,868)
Records Sentencing		(25,452)	0
Total Cash		<u>(624,890)</u>	<u>(1,077,555)</u>
Total Expensed against provision		<u>(657,079)</u>	<u>(2,297,965)</u>
Closing Balance		<u>136,557</u>	<u>793,636</u>
Summarised as follows			
Current liability		136,557	793,636
Non Current Liability		0	0
		<u>136,557</u>	<u>793,636</u>

WESTERN REGION WASTE MANAGEMENT AUTHORITY

Notes to the Financial Statements

For the Year Ended 30 June 2016

Note 8: Contingencies, Assets & Liabilities not recognised in the Balance Sheet

The Authority had a \$12 million bank guarantee pursuant to the Environment Performance Agreement arranged through the Local Government Finance Authority in favour of Renewal SA. This guarantee had been progressively reduced in line with the completion of works under the Civil Works Contract (Leed Engineering), to a \$2 million bank guarantee pursuant to the Environment Performance Agreement. Upon completion of works and official handover of the site the remaining bank guarantee of \$2 million has been discharged.

	<u>2016</u>	<u>2015</u>
	\$	\$
Note 9 : Reconciliation of Cash Flows from Operating Activities to Net Surplus Resulting from Operations		
Net Surplus	32,311	1,255,230
Non-cash Items in Income Statement:		
Depreciation, amortisation and impairment		0
Provision for landfill restoration	(32,189)	(1,220,410)
Add/(Less): Changes in Net Current Assets		
Net Decrease/(Increase) in Receivables		0
Net Decrease/(Increase) in Net GST Claimable	(423)	0
Net Increase/(Decrease) in Trade and Other Payables		0
Net Increase/(Decrease) in Other Provisions		0
Net cash provided by (or used in) operations	<u><u>(301)</u></u>	<u><u>34,820</u></u>

WESTERN REGION WASTE MANAGEMENT AUTHORITY

Notes to the Financial Statements

For the Year Ended 30 June 2016

Note 10: Financial Instruments

(a) Interest Risk Rate

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities, is as follows:

	Weighted Average Interest Rate	Net Fair Value of variable interest rate instruments	Net Fair value of fixed interest rate instruments maturing within one year	Net Fair value of non-interest bearing instruments
Financial Assets				
Cash	0.10%	67,383	-	-
Receivables	0.00%	-	-	-
Investments	1.20%	239,175	-	-
Total Financial Assets	-	306,558	-	-
Financial Liabilities	-	-	-	-
Creditors and Provisions	0.00%	-	-	-
Total Financial Liabilities	-	-	-	-

(b) Credit Risk

Credit Risk represents the loss that would be recognised if other entities failed to perform as contracted.

The Authority's exposure to credit risk is summarised as follows:

- Trade and other debtors – the Authority's maximum exposure is disclosed in the financial statements net of any provisions for doubtful debts.
- The LGFA investments included in Financial Assets above are capital guaranteed.

(c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset or liability.

The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of the financial instruments held by the Authority, the costs associated with their settlement would not be material, and hence, have not been considered.

WESTERN REGION WASTE MANAGEMENT AUTHORITY**Notes to the Financial Statements****For the Year Ended 30 June 2016****Note 11: Return of Funds to Member Councils**

In 2003 the Western Region Waste Management Authority received legal advice on its charter that it could return some of its cash holdings to Member Councils subject to each Council signing a Deed of Agreement to repay amounts as and when required to meet the costs of the Garden island site remediation.

The Board of Western Region Waste Management Authority adopted in their meeting dated 24 March 2016 to return any surplus funds to the constituent councils in accordance with the Authority's charter.

Table of Member Council Ownership Interest	%
Charles Sturt	56.39
West Torrens	23.93
Port Adelaide Enfield	13.77
Holdfast Bay	5.91

Note 12: Contingent Liability

There are no known contingent liabilities.

WESTERN REGION WASTE MANAGEMENT AUTHORITY**STATEMENT BY MEMBERS OF THE BOARD****CERTIFICATION OF FINANCIAL STATEMENTS**

We have been authorised by the Board to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.
- the financial statements present a true and fair view of the Board's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Board provide a reasonable assurance that the Board's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Board's accounting and other Records.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Members of the Board by:



George Demetriou
CHAIR
WESTERN REGION WASTE MANAGEMENT AUTHORITY

Date: 15/09/2016



Adrian Sykes
MANAGER
WESTERN REGION WASTE MANAGEMENT AUTHORITY

Date: 15/09/2016

ADOPTION STATEMENT

Laid before the Authority and adopted on the 15 day of September 2016.

WESTERN REGION WASTE MANAGEMENT AUTHORITY

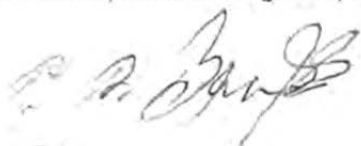
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2016

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Western Region Waste Management Authority for the year ended 30 June 2016, the Board's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirement of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011.



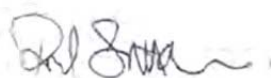
Peter Brass
CHAIR
WESTERN REGION WASTE MANAGEMENT
AUTHORITY AUDIT COMMITTEE

Date: 24/8/2016



Terry Buss
CHIEF EXECUTIVE OFFICER
CITY OF WEST TORRENS

Date: 24/8/2016




Paul Sutton
CHIEF EXECUTIVE OFFICER
CITY OF CHARLES STURT

Date: 23/8/2016




Mark Withers
CHIEF EXECUTIVE OFFICER
CITY OF PORT ADELAIDE ENFIELD

Date: 25/8/2016



George Demetriou
CHAIR
WESTERN REGION WASTE MANAGEMENT
AUTHORITY

Date: 24/8/2016



Justin Lynch
CHIEF EXECUTIVE OFFICER
CITY OF HOLDFAST BAY

Date: 29/8/2016



15 August 2016

The Board
Western Region Waste Management Authority
C/- Mr A Sykes
Manager
PO Box 75
WOODVILLE SA 5011

Dear Board Members

**STATEMENT OF AUDITORS INDEPENDENCE
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

I confirm that for the audit of the financial statements of Western Region Waste Management Authority for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(5) Local Government (Financial Management) Regulations 2011.


Corey McGowan
Partner

HLB Mann Judd Audit (SA) Pty Ltd ABN 32 166 333 097

HLB Mann Judd Chartered Accountants (AFS) 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9.4.2 BDO Audit Completion Report

Brief

This report presents the *Audit Completion Report* from Council's external auditors for the financial year ending 30 June 2016.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that this report be received.

Introduction

The external auditors have prepared their *Audit Completion Report* (**Attachment 1**) identifying the status and the findings of their audit of the City of West Torrens.

Discussion

The *Audit Completion Report* is provided in 5 key sections:

1. Audit Status
2. Key accounting and audit matters
3. Summary of misstatements
4. Internal control
5. Appendices
 - a. Proposed audit report
 - b. New auditor report
 - c. Independence declaration
 - d. Other communications
 - e. New developments

At the date of production of the *Audit Completion Report*, BDO anticipates issuing an unqualified opinion on the financial statements and internal controls.

Conclusion

This report presents the *Audit Completion Report* prepared by BDO.

Attachments

1. **Attachment 1**



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Internal control

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AUDIT STATUS








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AUDIT STATUS


We have set out in this document the significant matters arising from our audit for the year ended 30 June 2016. This summary covers those matters we believe to be material in the context of our work.

Our audit was conducted in accordance with Australian Auditing Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 for the year ended 30 June 2016.


At the time of writing this report (**7 October 2016**) the audit remained in progress with the following matters to be completed:

- Review of events subsequent to 30 June 2016;
- Review of final draft of Council's financial statements;
- Receipt of written management representations on various matters;
- Receipt of formally adopted financial statements.

At the date of this completion report we anticipate issuing an unqualified opinion on the financial statements and internal controls.



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KEY ACCOUNTING AND AUDIT MATTERS



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KEY ACCOUNTING AND AUDIT MATTERS

We have set out below the key accounting and audit matters that have arisen during the audit.


Significant risks of material misstatement


Our audit procedures were focused on areas that are considered to represent significant risk of material misstatement. We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. We set out below the significant risks identified along with our findings and conclusions.


Revaluation of the infrastructure assets


Description	Findings and conclusion
Council's infrastructure, property and plant and equipment are carried at valuation, largely based on information provided by independent valuers. There is a risk that these balances are misstated as a result of the application of inappropriate valuation methodologies, or incorrect underlying assumptions.	<p>This year infrastructure assets have been revalued by council employees in conjunction with an independent valuer. We have evaluated the competence, capability and objectivity of the independent valuer, obtained an understanding of their work, and evaluated its appropriateness. We note that the revaluation has resulted in a net increase in value of these assets of approximately \$45m, largely in relation to an uplift in the value of sealed roads. The main reason for the uplift is a positive reassessment of the condition of these assets by the independent valuer, compared to their depreciated position in the asset records.</p> <p>On the basis of these audit procedures we are satisfied that the financial statements are presented fairly in relation to the revaluation of infrastructure.</p>






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KEY ACCOUNTING AND AUDIT MATTERS


Cut-off of grant funding	
Description	Findings and conclusion
<p>There is a risk of error in the calculation of grant income recognised and deferred at year end by reference to grant agreements and Australian Accounting Standards.</p>	<p>We have selected a sample of the grant agreements during the year for review and satisfied that the grant incomes have been recognised appropriately in the financial statements.</p>


Sale of St Martins Aged Care Facility	
Description	Findings and conclusion
<p>There is a risk that the sale of St Martins is not correctly accounted for and appropriately disclosed in the annual financial statements.</p>	<p>We have confirmed the accounting treatment of the sale by reference to supporting documents including the sale contract and settlement statements, and the requirements of Accounting Standards AASB 5.</p> <p>The financial statements are presented fairly in all material respect in relation to the disposal of St Martins Aged Care facility.</p>






 **Audit status**

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KEY ACCOUNTING AND AUDIT MATTERS

Capital Work - In - Progress	
Description	Findings and conclusion
<p>There is a risk of incorrect accounting treatment for items captured within Capital WIP.</p>	<p>We have reviewed projects recorded as Capital WIP at year end and, on a sample basis, verified the accounting treatment of the components of those projects and confirmed that the project continues to be expected to generate an asset for Council.</p>

Management Override of Internal Controls	
Description	Findings and conclusion
<p>Per Australian Auditing Standards there is a presumed risk that management has the ability to manipulate accounting records and prepare a fraudulent financial report by overriding controls that otherwise appear to be operating effectively.</p>	<p>We have reviewed general journal entries posted throughout the year and also tested significant accounting estimates or areas involving a high degree of management judgement for evidence of any bias. No instances of management override of controls were identified.</p>

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SUMMARY OF MISSTATEMENTS

Uncorrected misstatements

As at the date of this report, we have not identified any uncorrected misstatements during the audit. Misstatements have not been included if they are considered to be clearly trivial which we have set at \$50,000. Matters which are clearly trivial are regarded as clearly inconsequential when taken individually or in aggregate.

Corrected misstatements

As at the date of this report, we did not identify any misstatements during the course of our audit which requires adjustments.

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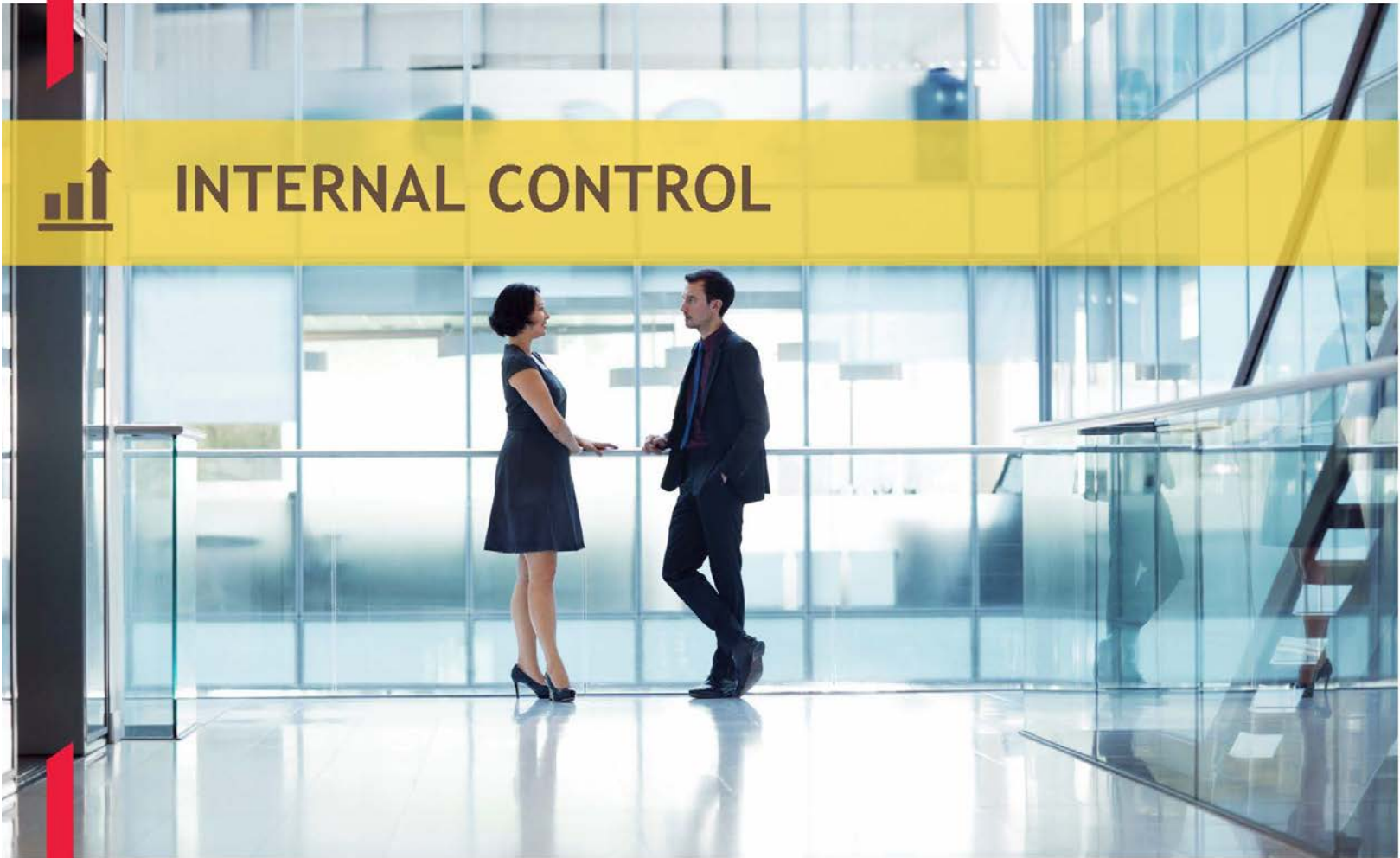
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INTERNAL CONTROL

Current year

We have responsibility to provide an audit report in which we express a conclusion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects.

In addition, in accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, any other significant deficiencies in internal control identified during the audit.

The standard defines a deficiency in internal control as follows:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

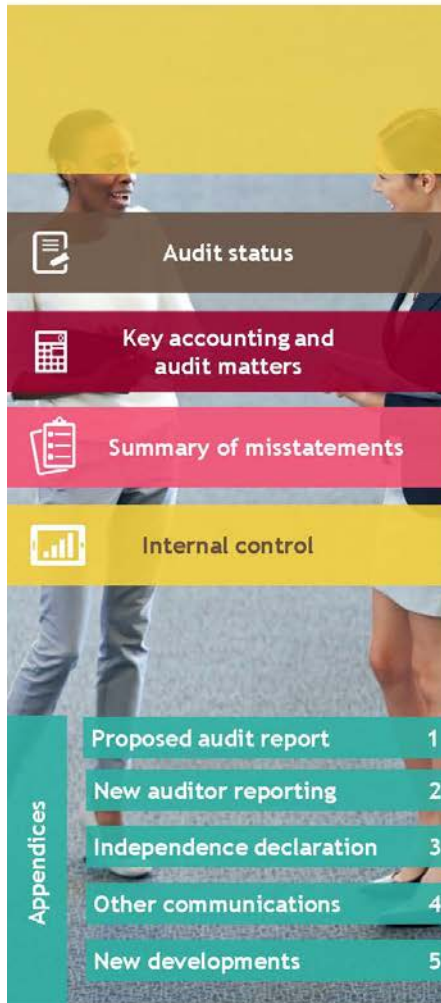
Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of those charged with governance.

We intend providing an unqualified audit report in relation to compliance with Section 125 of the Local Government Act 1999. There were no matters identified in our testing of internal controls that were determined not to require qualification in our audit report but were of sufficient important to merit the attention of those charged with governance.



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INTERNAL CONTROL

Follow up on prior year findings

We have detailed below the current status of matters relating to internal control that have been raised in prior communications and are not referred to in the current year findings.

	Description of matter	Date previously communicated	Current status
1	We note that the Revenue Co-ordinator was on extended sick leave during 2015, and that some of his responsibilities were taken on by the Manager Financial Services. This created a potential issue regarding segregation of duties around certain revenue areas.	October 2015	This has been addressed by the appointment of new staff in charge during the financial year.

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APPENDICES





APPENDIX 1

Proposed audit reports

Financial Report:

We have audited the accompanying financial report of the City of West Torrens ("the Council"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officer and the Principal Member of the Council.

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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APPENDIX 1

Proposed audit report (continued)

In making those risk assessments, the auditor considers internal control relevant to the council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council's officers, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report presents fairly, in all material respects, the Council's financial position as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

BDO Audit (SA) Pty Ltd

Geoff Edwards

Director

Adelaide, XX October 2016

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APPENDIX 1

Proposed audit report (continued)



Audit status



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Internal Controls:

We have audited the compliance of the City of West Torrens (the Council) with the requirements of Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the Local Government Act 1999 in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Responsibility

Our responsibility is to express a conclusion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to provide reasonable assurance that, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies. Our procedures included assessing the controls of the Council based on the criteria in the Better Practice Model—Internal Financial Controls, specifically:



APPENDIX 1

Proposed audit report (continued)

1. Obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities
2. Evaluating management's assessment of these controls
3. Assessing the risk that a material weakness exists
4. Testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks

These procedures have been undertaken to form a conclusion as to whether the Council has complied in all material respects, with the Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, for the period 1 July 2015 to 30 June 2016.

Inherent Limitations

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

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

Independence

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

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APPENDIX 1

Proposed audit report (continued)

Conclusion

In our opinion, the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999 in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.

BDO Audit (SA) Pty Ltd

Geoff Edwards
Director

Adelaide, XX October 2016



APPENDIX 2

New format audit report

The recently revised Australian Auditing Standards herald the dawn of a new era of auditor reporting. This new approach has been designed to focus on the key output from the audit process - **your audit report**. The changes improve the communicative value of your audit report, with headline changes including:

- Placing the **opinion section at the top** of your audit report
- Enhancing our **reporting on going concern matters** - including a separate section when there is a material uncertainty relating to going concern
- Emphasising the **importance of the annual report** and our work performed on other information
- Providing enhanced descriptions about **your responsibilities as management or those charged with governance**
- For listed entities, with voluntary inclusion permitted for others, **key audit matters** will be included. Key audit matters are defined as those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance.

For periods ending on or after 15 December 2016, your audit report will be in this new format.

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APPENDIX 3

Auditor independence declaration

Positive declaration

We set out below our draft Auditor independence declaration.

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of West Torrens for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011.

G K Edwards
Director

BDO Audit (SA) Pty Ltd
Adelaide, XX October 2016

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Other communications

Ethics and independence matters

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* and s290 of APES 110 *Code of Ethics for Professional Accountants*.

We have obtained 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.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to City of West Torrens.

Non-compliance with laws and regulations

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

Fraud

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. 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.

We have not identified any instances of fraud during the course of our audit.



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APPENDIX 5

New developments

Supplementing this report is a summary of the new and emerging developments that may impact you in future years. We have provided a brief overview of the major changes relevant to you in the table below. Our [Issues and Trends](#) page on our website also includes resources regarding new and emerging areas.

Title of standard	Brief overview and impact
AASB 15 Revenue from Contracts with Customers	The new revenue recognition standard, AASB 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after 1 January 2018. Details were provided in our 2015 Audit Completion Report.
AASB 16 Leases	<p>AASB 16 is a new accounting standard in relation to leases, that applies to annual reporting periods beginning on or after 1 January 2019.</p> <p>Subject to certain minor exceptions, under this new standard there will be no more operating leases and all leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value of the obligation. No more rental expense! All leases will incur a front-end loaded expense, comprising depreciation on the right-of-use asset, and interest on the lease liability.</p>
AASB 9 Financial Instruments	The financial instrument standard, AASB 9 Financial Instruments was issued as a complete standard in Australia in December 2014. It is effective for annual periods beginning on or after 1 January 2018 and early adoption is permitted. Details were provided in our 2015 Audit Completion Report.

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APPENDIX 5

New developments (continued)



Audit status



Key accounting and
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Title of standard	Brief overview and impact
Disclosure Initiative	The disclosure Initiative project that comprises amendments to AASB 101 (which is effective for 30 June 2017 year ends) will result in changes to the format and presentation of the 2017 Model Financial Statements that are mandated for use by Councils under the Local Government Act.
AASB 2015-6 Amendments to Australian Standards - Extending Related Party Disclosures to Not-for- profit Public Sector Entities	In a significant change from current requirements, from 1 July 2016 Australian government and local government entities will have to disclose related party information in the same way that private sector entities have to now. Details were provided in our 2015 Audit Completion Report.

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We have prepared this report solely for the use of City of West Torrens. 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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9.5 COMMITTEE PERFORMANCE AND REPORTING

Nil

10 CONFIDENTIAL

10.1 Information Services Security Audit

Reason for Confidentiality

The Council is satisfied that, pursuant to Section 90(3) (e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

information that relates to and the security of the council because the matter provides the outcomes of an audit into the vulnerabilities within Council's public internet and, as such, disclosure is contrary to the public interest.

RECOMMENDATION(S)

It is recommended to Audit and Risk Committee that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, the Council orders that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting that is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 10.1 Information Services Security Audit, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3) (e) because that report deals with matters affecting the security of Council on the basis that the information contained in the report and attachments contains information related to an audit of the level of vulnerability within Council's public internet perimeter and disclosure would severely expose and subsequently compromise the security of information contained in Council's information technology networks to the detriment of both Council and the public and, as such, is contrary to the public.
2. At the completion of the confidential session the meeting be re-opened to the public.

11 OTHER BUSINESS

Nil

12 NEXT MEETING

13 MEETING CLOSE