

# Audit & Risk Committee Meeting Agenda & Reports

**25 February 2026**

## Our Vision

*A City which values its heritage, cultural diversity, sense of place and natural environment.*

*A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.*

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City of Norwood Payneham & St Peters  
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City of  
Norwood  
Payneham  
& St Peters

## To all Members of the Audit & Risk Committee

### NOTICE OF MEETING

I wish to advise that pursuant to Section 87 and 88 of the *Local Government Act 1999*, the next Meeting of the Audit & Risk Committee, will be held in the Mayor's Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

**Wednesday 25 February 2026, commencing at 6:30 pm.**

Please advise Lisa Mara on 8366 4549 or email [lmara@npsp.sa.gov.au](mailto:lmara@npsp.sa.gov.au), if you are unable to attend this meeting or will be late.

Yours faithfully



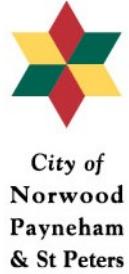
Mario Barone PSM  
**CHIEF EXECUTIVE OFFICER**

20 February 2026

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City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

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**PRESENT**

**Committee Members** Ms Cate Hart (Independent Member) (Presiding Member)  
Mayor Robert Bria  
Cr Grant Piggott  
Ms Tami Norman (Independent Member)  
Mr Kym Holman (Independent Member)

**Staff** Mario Barone (Chief Executive Officer)  
Lisa Mara (General Manager, Governance & Civic Affairs)  
Jenny McFeat (Manager, Governance)  
Natalia Axenova (Chief Financial Officer)  
Marina Fischetti (Governance Officer)

**APOLOGIES** Ms Cate Hart (Independent Member) (Presiding Member)

**1 CONFIRMATION OF MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 13 OCTOBER 2025**

*That the Minutes of the Audit & Risk Committee Meeting held on 13 October 2025 be taken as read and confirmed.*

**2 PRESIDING MEMBER'S COMMUNICATION**

**3 COMMITTEE MEMBER DECLARATION OF INTEREST**

**4 STAFF REPORTS**

#### **4.1 RISK MANAGEMENT UPDATE**

**REPORT AUTHOR:** Manager Governance  
**APPROVED BY:** General Manager, Governance & Civic Affairs  
**ATTACHMENTS:** A - D

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#### **PURPOSE OF THE REPORT**

The purpose of this report is to provide the Audit & Risk Committee (the Committee) with an update on the Council's progress in the Local Government Risk Services (LGRS) Strategic Risk Services Program and associated activities.

#### **BACKGROUND**

Section 126 (4)(h) of the Local Government Act 1999 (the Act), provides that one of the functions of a Council's Audit & Risk Committee includes the following:

*'reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis'.*

This requirement aligns with the other risk management functions that are related changes to the Act which commenced on 30 November 2023. These changes mandate risk management obligations on the Council and the Chief Executive Officer.

The Council's obligation pursuant to Section 125(3) of the Act require that:

*'A council must ensure that appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, inform appropriate decision making, facilitate appropriate prioritisation of finite resources and promote appropriate mitigation of strategic, financial and operational risks relevant to the council.'*

The Chief Executive Officer's obligations in respect to Section 99(1)(ia) of the Act is *'to ensure that effective policies, systems and procedures are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.'*

#### **STRATEGIC DIRECTIONS**

Not Applicable.

#### **FINANCIAL AND BUDGET IMPLICATIONS**

Not Applicable.

#### **RISK MANAGEMENT**

Not Applicable.

#### **CONSULTATION**

##### **Elected Members**

Not Applicable.

##### **Community**

Not Applicable.

## **Staff**

Senior staff have been engaged through a number of Strategic Risk and Operational Risk workshops.

## **Other Agencies**

Not Applicable.

## **DISCUSSION**

As Committee Members are aware, the Council has been working towards ensuring that there are appropriate and sustainable processes in place to provide a clear and consistent approach to the management of risks which are then embedded across all areas of the organisation and the Council's decision-making processes. This important foundational work is aimed at embedding consistent practices across the organisation to support compliance with the legislative requirements associated with risk management and inform reporting to the organisation's Executive Leadership Team, the Council's the Audit & Risk Committee and the Council as required.

Council staff have been participating in the LGRS Strategic Risk Services Program (the Program) and a copy of the *LGRS Strategic Risk Services Program Scope of Works* is contained in **Attachment A**.

Associated with progressing through the Program, the Council has also adopted an updated Risk Management Policy and Procedure, which together provide the Council's Risk Management Framework. The Risk Management Policy is contained within **Attachment B** and the Risk Management Procedure is contained within **Attachment C**.

The Risk Management Procedure is particularly important to ensure consistent processes to support an integrated, systemic approach to risk management across the Council. While the Council has a risk management framework that has been in place for many years, its implementation tended to be based on a 'siloed approach' rather than embedded consistently across the organisation.

Most importantly, while risk management has always formed a key component in decision-making at all levels within the organisation, the updated framework documents and participation in the Program, now supports a more robust and effective set of policies, systems and procedures that have been put in place to enable effective reporting on these as required by the amendments to the legislation.

Current progress is approximately six (6) months behind the indicative timeline that is included in the Scope of Works. In part, this delay is due to the additional assistance being provided by Chris Sweet, the LGRS Strategic Risk Consultant, which has been invaluable in entering information into the centralised Risk Management system. The delay will not make a material difference, as it is important that processes are effectively and robustly embedded before moving on to the next part of the process.

Importantly, the Council now has a central Strategic Risk Register with owners for each risk as determined by the Executive Leadership Team. Each respective risk owner has undertaken an initial rating of the risk based on instruction and information that has been provided by LGRS and in accordance with the Council's Risk Management Procedure. While each risk has documented controls in place to manage the risk, more work is being done on understanding the effectiveness of these controls. It is likely this work will continue through the development of the Operational Risk Registers.

This process is important to achieve consistency across the organisation and to ensure there is transparency of the risks to support the risk management and reporting process.

The Strategic Risk Register is contained within **Attachment D**.

## **OPTIONS**

Not Applicable.

This report is provided for information purposes only.

## **CONCLUSION**

Significant progress has been made on implementing a systemic risk management framework within the Council. Ensuring this framework is embedded will ensure consistent and robust risk management application and reporting.

## **RECOMMENDATION**

*That the report be received and noted.*

 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<p><b>Scope – Strategic Risk Services</b></p>	<p><b>Council:</b> City of Norwood Payneham &amp; St Peters <b>Date:</b> V1.0: 08/07/2024 <b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>
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**Scope:** Strategic Risk Service Program

<p><b>Background</b></p>	<p>The City of Norwood Payneham &amp; St Peters are keen to review and update their risk management systems and implementation across the organisation in light of recent changes to the risk management requirements in the Local Government Act 1999. These changes have repercussions for the responsibility and function of the Council, the Chief Executive Officer (CEO) and the Audit and Risk Committee. This work will involve reviewing and updating their risk management policy and framework, the provision of Enterprise Risk Management (ERM) training to the Executive Leadership Team (ELT) and identified key staff, commencing the identification/ review of their strategic risks and the provision of ERM information to Elected Members.</p> <p>Once the above work has been completed, Council will commence the development of an organisational wide operational risk register in order to manage and monitor key risks.</p> <p>In addition to this, the City of Norwood Payneham &amp; St Peters have also recognised the value to measure their current level of risk maturity (prior to works being undertaken) and reassessing this following the completion of the works to assist with identifying strategies for continuous improvement.</p> <p>To provide direction to the ELT and Elected Members, the City of Norwood Payneham &amp; St Peters are also seeking to review and articulate its risk appetite, (that is, how much risk the organisation is willing to take in order to achieve its objectives).</p> <p>The City of Norwood Payneham &amp; St Peters have looked to partner with the MLS to facilitate this requirement and the Strategic Risk Consulting Team has been engaged to create a customised program to meet Council's needs and structure the work as a partnership between the City of Norwood Payneham &amp; St Peters and the Scheme to evolve Council's risk system to a point where the expectations of their Audit &amp; Risk Committee, Council and Executive Leadership Team can be met.</p>
<p><b>Objectives:</b></p>	<ul style="list-style-type: none"> <li>• Support the development of a customised program for the City of Norwood Payneham &amp; St Peters risk management framework implementation</li> <li>• Develop an understanding of Council's current level of risk maturity and identify appropriate strategies to support implementation of the risk management policy and framework</li> <li>• The Executive Leadership Team and key staff are able to apply risk management principles and processes to strategic and operational planning and decision making</li> <li>• Elected Members are able to understand their role in risk management and the strategic planning and decision making processes</li> </ul>

 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<p><b>Scope – Strategic Risk Services</b></p>	<p><b>Council:</b> City of Norwood Payneham &amp; St Peters</p> <p><b>Date:</b> V1.0: 08/07/2024</p> <p><b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>
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	<ul style="list-style-type: none"> <li>Support the development of risk appetite statements that are aligned to the City of Norwood Payneham &amp; St Peters Strategic Management Plan and risk categories</li> </ul>
<b>Scope of Services:</b>	<ul style="list-style-type: none"> <li>Review and provide feedback on the City of Norwood Payneham &amp; St Peters risk management policy and framework, including roles and responsibilities and the monitoring and reporting processes;</li> <li>Provide risk maturity self-assessment questionnaires to Council's ELT and identified key staff;</li> <li>Collate outcomes of risk maturity self-assessment and prepare a report and recommendations for implementation of Council's risk management framework (will be undertaken at the beginning and end of works identified in this scope);</li> <li>Provide training to the ELT on enterprise risk management and Council's risk management framework, including applying risk management principles and processes to strategic and operational planning and decision making within Council's framework;</li> <li>Create training packs, including tools for workshopping strategic and operational risks and defining risk appetite;</li> <li>Facilitate workshops to review and/or identify and assess Council's strategic and operational risks;</li> <li>Provide information for the Elected Members on enterprise risk management and Council's risk management framework, including their roles and responsibilities and applying risk management principles to strategic planning and decision making processes;</li> <li>Deliver risk appetite awareness sessions &amp; workshops to assist the ELT &amp; Elected Members to articulate risk appetite statements that are aligned to the risk categories used in Council's Risk Register;</li> <li>Document risk appetite statements in a summary report;</li> <li>Provide final deliverables: training and information session materials, Council's draft strategic and operational risk register; and</li> <li>Provide mentoring as requested by the City of Norwood Payneham &amp; St Peters (this will depend on capacity of resources and would require prior planning) as a part of the project and post program support.</li> </ul>
<b>Out of Scope:</b>	<p>The Strategic Risk Team will not be responsible for the design and implementation of controls for each of the risks identified. Testing and assessment of controls will not be performed. This work is the function of the City of Norwood Payneham &amp; St Peters once their risk management system is implemented.</p> <p>The Strategic Risk Team will not be responsible for ensuring that the risk appetite statements are subsequently applied to Council's decision-making process.</p>
<b>Timelines:</b>	<p>This project will be delivered over three phases commencing from July 2024. Key dates will be agreed with Council's Executive Leadership Team prior to the commencement of the project.</p>

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		<p><b>Date:</b> V1.0: 08/07/2024</p>
		<p><b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>

	<ul style="list-style-type: none"><li>Phase 1: September 2024 – May 2025</li><li>Phase 2: May – December 2025 (indicative timeframe only)</li><li>Phase 3: September – November 2026 (indicative timeframe only)</li></ul>
<b>Sponsor:</b>	Lisa Mara: General Manager, Governance & Civic Affairs

Strategic Risk Services Scope Template V5.0  
Issued on: 02-21-2024  
Review Date: 02-02-2025

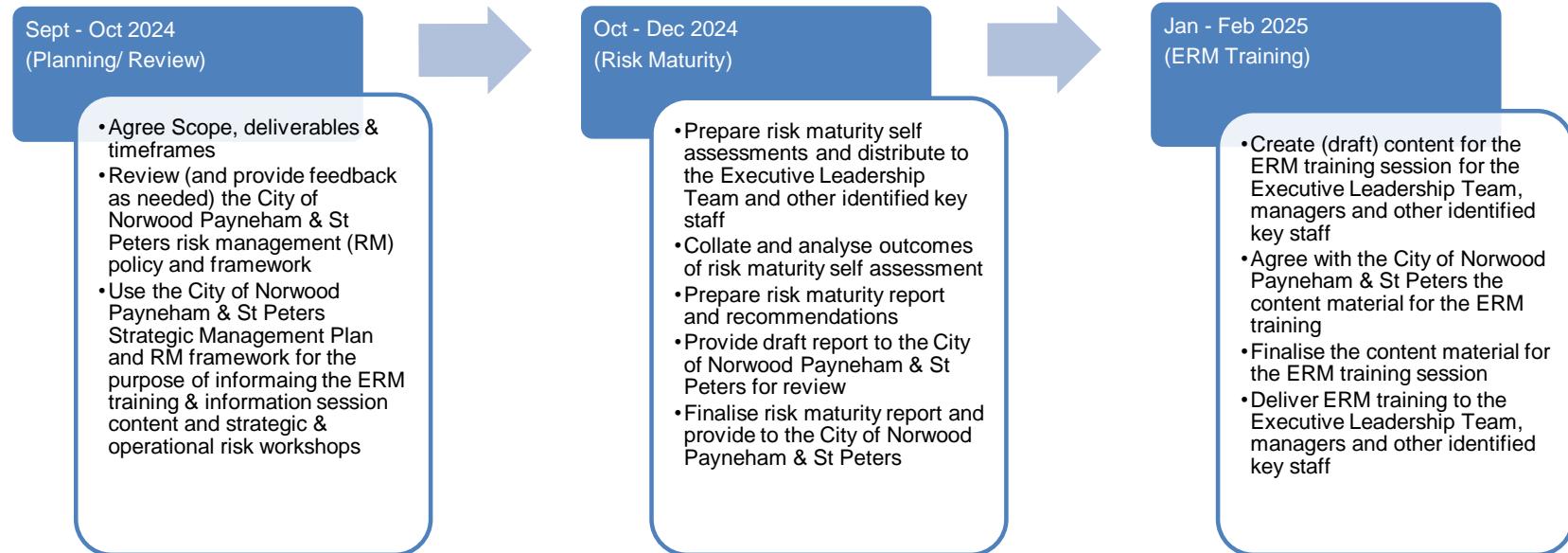
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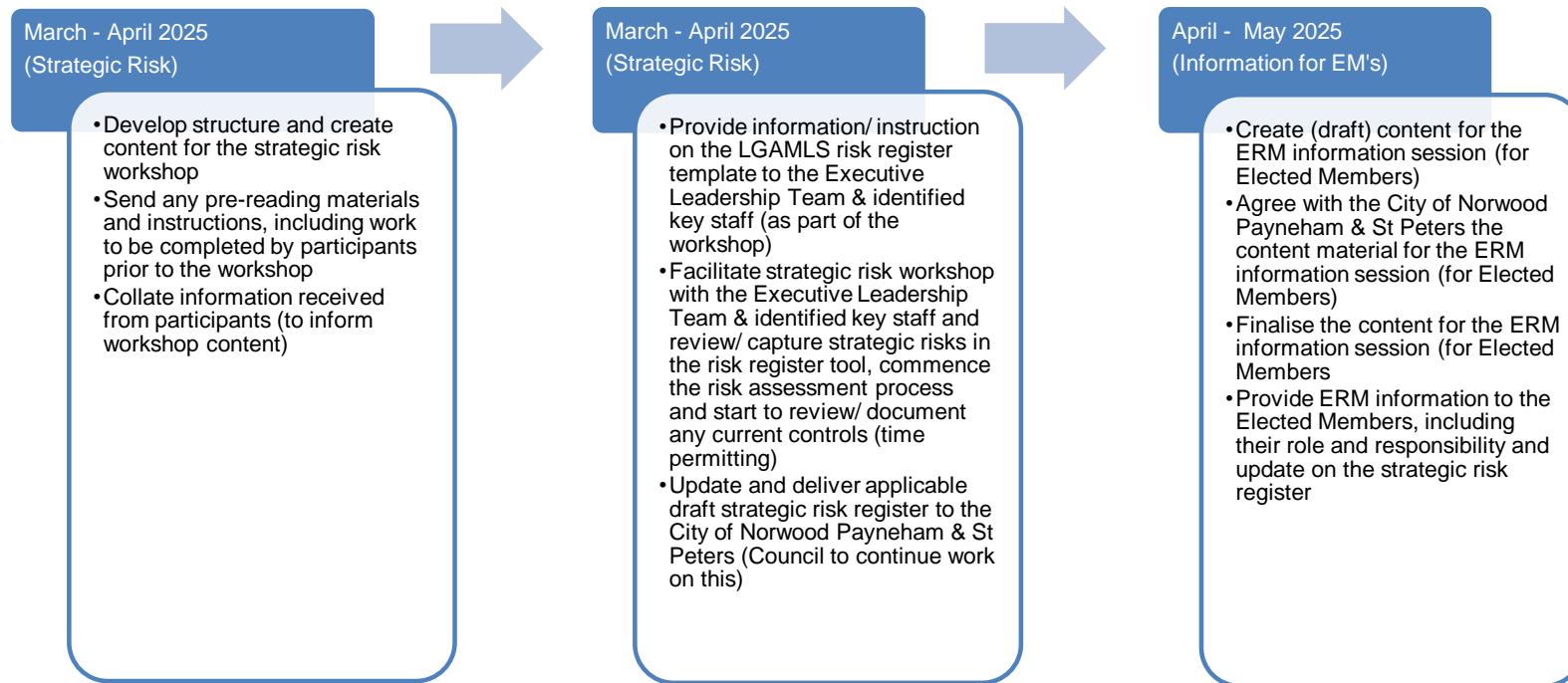
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 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<h2>Scope – Strategic Risk Services</h2>	<p><b>Council:</b> City of Norwood Payneham &amp; St Peters <b>Date:</b> V1.0: 08/07/2024 <b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>
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### Detailed Project timeline: Phase 1 (September 2024 to May 2025)

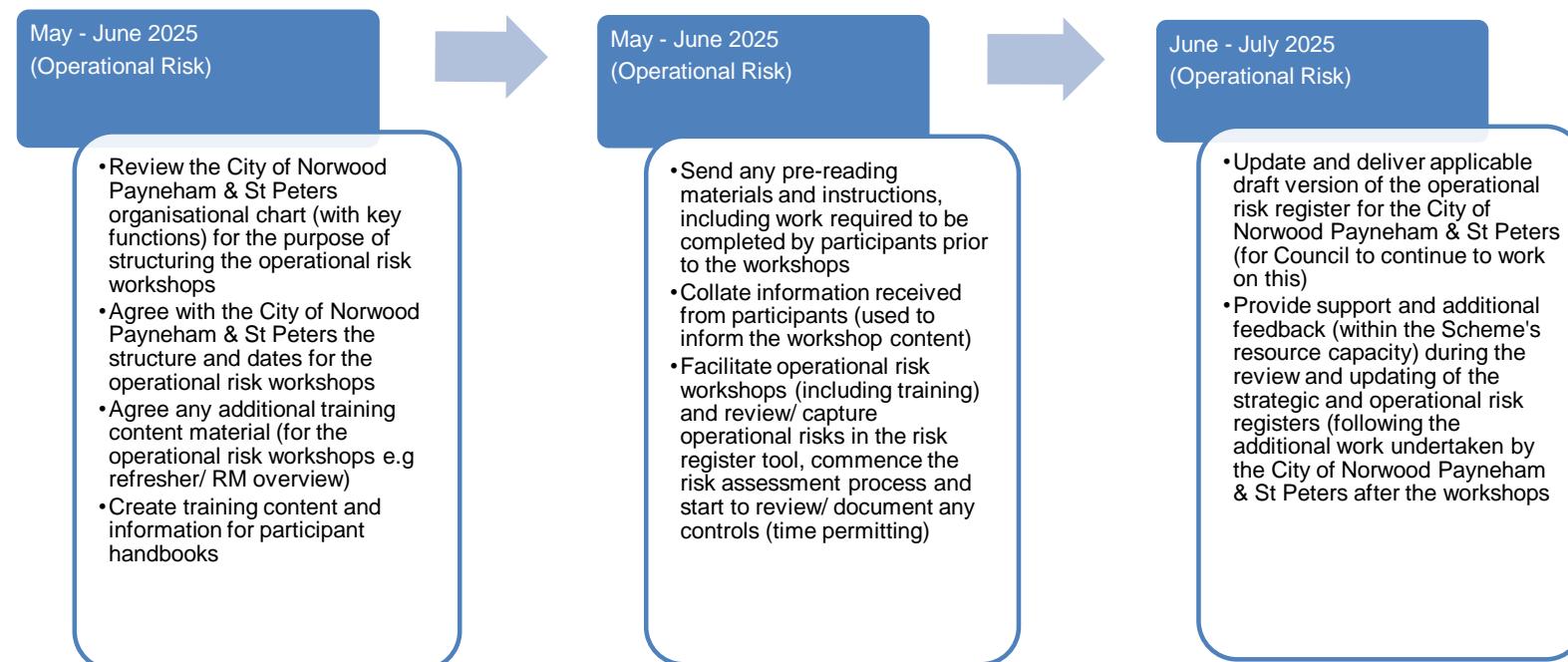


 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<h2>Scope – Strategic Risk Services</h2>	<p><b>Council:</b> City of Norwood Payneham &amp; St Peters <b>Date:</b> V1.0: 08/07/2024 <b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>
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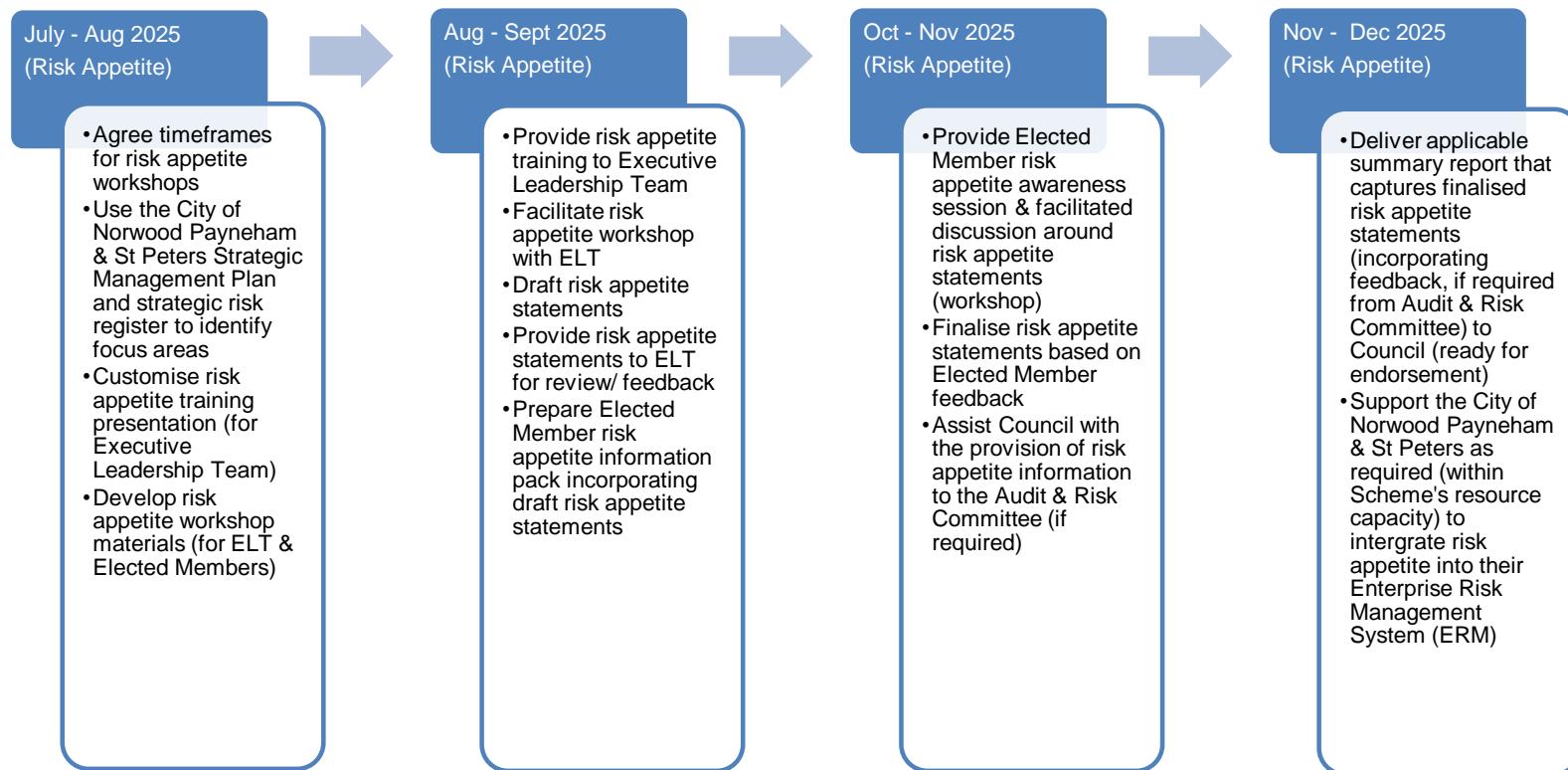


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**Detailed Project timeline: Phase 2 (May 2025 to December 2025) \*Indicative timeframe only**



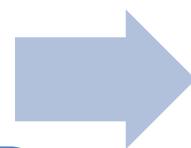
 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<h2>Scope – Strategic Risk Services</h2>	<p><b>Council:</b> City of Norwood Payneham &amp; St Peters <b>Date:</b> V1.0: 08/07/2024 <b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>
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<p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p> 	<p><b>Scope – Strategic Risk Services</b></p>	<p><b>Council:</b> City of Norwood Payneham &amp; St Peters <b>Date:</b> V1.0: 08/07/2024 <b>Key Contact:</b> Jenny McFeat: Manager, Governance</p>
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**Detailed Project timeline: Phase 3 (September 2026 to November 2026) \*Indicative timeframe only**

September - October 2026  
(Risk Maturity - second assessment)



November 2026  
(Close out/Next Steps)

- Conduct second risk maturity self assessment to enable the City of Norwood Payneham & St Peters to compare (with the initial) and track progress
- Prepare risk maturity self assessments and distribute to the ELT and other identified key staff
- Collate and analyse outcomes from second assessment
- Provide draft second risk maturity report to the City of Norwood Payneham & St Peters for review
- Finalise second risk maturity report and provide to the City of Norwood Payneham & St Peters

- Close out meeting and agree next steps for further support and mentoring (if required)

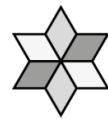
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<b>Prepared by:</b>	Colleen Green: Strategic Risk Consultant – LGAWCS/MLS	<b>Date:</b>	V1.0: 08/07/2024
<b>Reviewed by:</b>	Stevie Sanders: WHS & Risk Manager – LGAWCS	<b>Date:</b>	V1.0: 18/07/2024
<b>Approved by:</b>	Mario Barone – Chief Executive Officer	<b>Date:</b>	V1.0: 10/09/2024

Strategic Risk Services Scope Template V5.0  
Issued on: 02-21-2024  
Review Date: 02-02-2025

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City of  
Norwood  
Payneham  
& St Peters

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**NAME OF POLICY:** Risk Management Policy

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**POLICY MANUAL:** Governance

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## 1. Introduction

- 1.1. The City of Norwood Payneham & St Peters (the Council), recognises that the management of risk is a fundamental component of good decision-making and governance. Accordingly, risk management is regarded as an integral part of the Council's operations. Through the adoption of a structured and systemic approach to risk management, the Council seeks to optimise its decision-making performance, transparency and accountability, by effectively managing both potential opportunities and the adverse effects on strategic decisions, as well as daily activities and operations.
- 1.2. The Council's systematic approach and risk management related policies, systems and processes, also align with the legislative obligations on the Council, the Chief Executive Officer and the Council's Audit & Risk Committee, in respect to the management of risks as required by the *Local Government Act 1999* (the Act).
- 1.3. To achieve the objectives of the *Risk Management Policy* (the Policy), the Council has developed a supporting Risk Management Procedure (the Procedure). Together, the Policy and Procedure, form the Council's Risk Management Framework which provides an integrated and systematic approach to risk management.
- 1.4. This Policy applies to all Council staff, Volunteers, contractors and Elected Members.

## 2. Purpose

- 2.1. The purpose of this Policy is to provide a clear summary of how effective processes for the management of risks are embedded and integrated across the Council by articulating the Council's commitment to core risk management principles and provides a summary of roles and responsibilities.
- 2.2. The following provides a summary of the legislative context within which the Policy operates:
  - 2.2.1. Section 48 of the Act, requires all Councils to identify risks associated with a project and take steps to manage, reduce or eliminate those risks, (including by provision of periodic reports to the Chief Executive Officer and to the Council).
  - 2.2.2. Section 99(1)(ia) of the Act, requires the Chief Executive Officer to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.
  - 2.2.3. Section 125 of the Act, requires that the Council must ensure that appropriate policies, systems and procedures relating to internal controls and risk management are implemented and maintained in order to assist the council to conduct its activities in an efficient and orderly manner to achieve its objectives.
  - 2.2.4. Section 126(4)(h) of the Act requires the Council's Audit & Risk Committee to review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

- 2.2.5. Section 132A of the Act requires that Councils must ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.
- 2.2.6. Section 134(4) (b) of the Act requires Councils to adopt risk management policies, controls and systems by a resolution passed by at least a two thirds majority of the members of Elected/Board Members prior to entering into financial arrangements for the purpose of managing, hedging or protecting against interest rates or other costs of borrowing money.
- 2.3. In addition to the above, as a member of the Local Government Association Mutual Liability Scheme (the Scheme), the Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

### 3. Definitions

**Control** – an action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.

**Risk** - the effect of uncertainty on objectives.

**Risk Analysis** – a systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.

**Risk Appetite** - the amount of risk an organisation is prepared to accept in pursuit of its objectives.

**Risk Assessment** - an overall process of risk identification, risk analysis and risk evaluation.

**Risk Culture** - refers to the behaviours that lead to how every person thinks about and manages risks.

**Risk Evaluation** - the process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.

**Risk Management** - coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Framework** - set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

**Risk Owner** - staff member with the accountability and authority to manage a risk.

**Risk Registers** – register(s) of risks (usually separated by Risk Type i.e. Strategic, Operational and Project Risks) and risk management related information to inform the implementation, monitoring, reviewing and continual improvement of risk management throughout the Council.

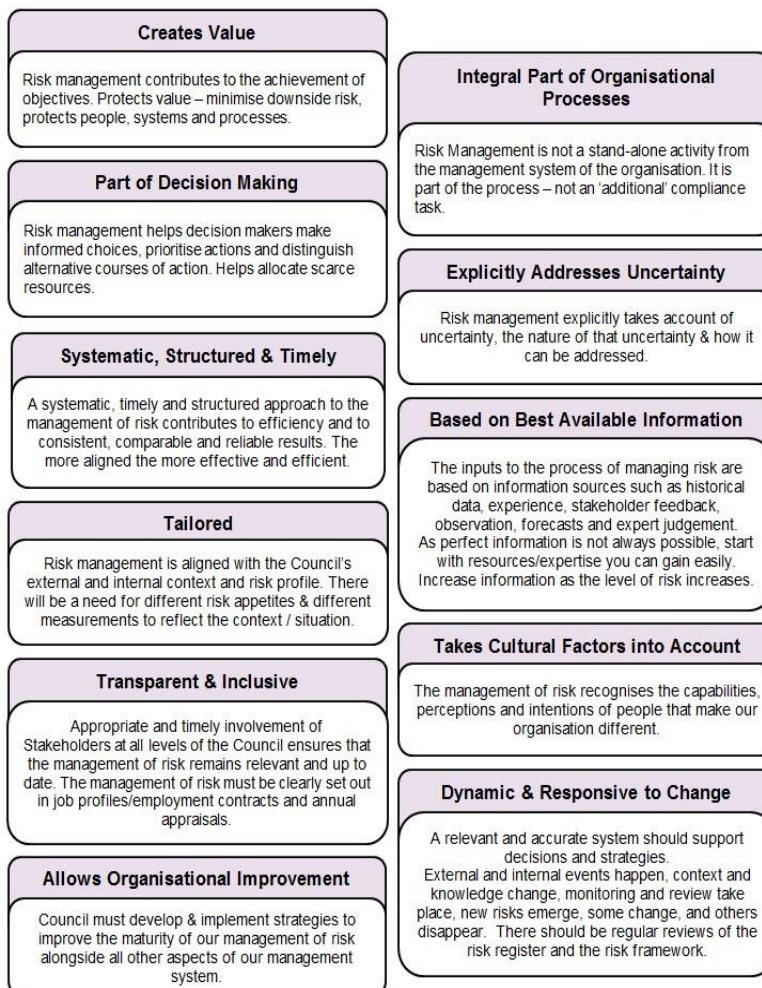
**Risk Treatment** – an action to treat a risk which modifies the likelihood or consequence of risks.

#### **Risk Type:**

- **Strategic** - Risks associated with high-level strategic objectives that are articulated in Strategic, Annual Business and Asset Management Plans. Strategic risks may affect the achievement of Council's objectives. They are key issues for the Council and Executive Leadership Team and impact the whole organisation rather than a department/division/business unit.
- **Operational** - Risks associated with departmental/divisional/business unit functions and daily operations to deliver core services. Often the risks relate to cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, non-compliance to policies and procedures.
- **Project** - Risks associated with Project Management that will affect milestones or outcomes connected to delivering a specific project.

## Principles

- 3.1. The management of risk is integrated into the Council's governance and leadership structures, including decision making at all levels.
- 3.2. The Council is committed to developing and maintaining structured and comprehensive risk management systems and processes that are dynamic and based on best available information.
- 3.3. While managing risks is a key element of good governance and decision-making, the Council supports an operational environment and culture where Council staff at all levels, and Council's Volunteers and contractors, are encouraged to proactively manage and report all risks.
- 3.4. The Council recognises that engagement with Council staff, Volunteers, contractors and stakeholders, is integral to the success of risk management processes and, as such, structures to facilitate risk related communication will be developed and maintained and include regular reporting through to the Executive Leadership Team and Audit & Risk Committee, as required.
- 3.5. The Council will monitor and review its strategic, operational and project risks and apply learnings to continually improve efficiency and effectiveness, learning from past experiences and adapting to new challenges.
- 3.6. The Council recognises that it should comply with the below principles outlined in *International Standard ISO31000:2018 – Risk Management Guidelines*:



#### 4. Responsibilities

##### 4.1. Council (the Governing Body)

4.1.1. In accordance with Section 125(3) of the *Local Government Act 1999*, the Council: '*must ensure that appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, inform appropriate decision making, facilitate appropriate prioritisation of finite resources and promote appropriate mitigation of strategic, financial and operational risks relevant to the council*'.

4.1.2. The Council is responsible for:

- setting the Risk Appetite and approving the Risk Management Policy;
- considering risks when setting objectives and making decisions;
- fostering a culture through decision-making that is consistent with the Council's Risk Appetite;
- ensuring the Council has the structures and processes in place to support decision making and management of risk;
- requiring the Chief Executive Officer to demonstrate that the framework for managing risk is effective and appropriate;
- requiring the Chief Executive Officer to provide information to allow the Council to understand the risks that may have material impacts on achievement of the Council's objectives; and
- considering recommendations from the Audit and Risk Committee relating to strategic, financial and operational risks or any other risk related matter.

##### 4.2. Audit & Risk Committee

4.2.1. In accordance with Section 126(1a) of the Act, the Council's Audit & Risk Committee is established to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

4.2.2. Included in the legislated functions of the Audit and Risk Committee, as contained in Section 126(4) of the Act, and captured on the *Audit & Risk Committee Work Plan*, is the requirement to:

- review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis;
- review any prudential report obtained by the Council pursuant to Section 48(1) (which include an assessment of potential financial and project risks); and
- monitoring the Council's responsiveness to recommendations for improvement based on previous audit and risk assessments.

4.2.3. To assist with achieving its legislated function with respect to risk management, the Audit & Risk Committee will review the Risk Management Policy prior to adoption by the Council and will provide input into the Council's Risk Management Procedure or related risk management processes as requested by the Chief Executive Officer.

##### 4.3. Chief Executive Officer

4.3.1. The Council's Chief Executive Officer has responsibility for:

- promoting a strong risk management culture, by providing clear and visible commitment to risk management including ensuring appropriate accountability for the management of risk;
- ensuring that effective policies, systems and processes are established and maintained for the identification, assessments, monitoring, management and annual review of strategic, financial and operational risks and providing a report to the Audit & Risk Committee on a regular basis;
- ensuring the Executive Leadership Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;

- regularly reviewing strategic, financial and operational risks and maintaining an understanding of the risk environment in which the Council operates;
- ensuring policies and processes are in place to comply with legislative and contractual obligations and policy requirements;
- providing reliable information about risks, controls and their effectiveness to the Audit & Risk Committee and the Council; and
- escalating all strategic risks that exceed the organisation's Risk Appetite to the Audit & Risk Committee and/or Council.

#### **4.4. Executive Leadership Team**

##### **4.4.1. The Executive Leadership Team (ELT) are responsible for:**

- demonstrating a proactive risk management culture through the commitment to, and promotion of, this Policy (and the supporting procedure) in accordance with business management initiatives;
- collectively, and within their areas of responsibility, embedding the implementation, management and evaluation of risk management into decision-making;
- monitoring the Council's overall risk profile and mitigation strategies;
- collectively reviewing strategic risks and considering emerging risks and informing the reporting on the status of the Council's risk profile and mitigation strategies to the Audit & Risk Committee; and
- allocating and upholding accountability for managing risk and compliance with legislative, contractual obligations and policy requirements.

#### **4.5. Managers**

##### **4.5.1. Each Manager is accountable for implementing the Risk Management Policy and Procedure through appropriate actions in their area of responsibility to:**

- promote a proactive risk culture in accordance with business management initiatives;
- ensure that risks are recorded in the relevant Risk Registers and that there is ongoing and regular review of risks they own in the Risk Registers, (including follow up and close out of overdue Risk Treatments);
- incorporate Risk Treatments into departmental/divisional/business unit plans, functions and activities, including decision-making;
- inform reporting on the status of the Council's risk profile and mitigation strategies to the Executive Leadership Team;
- ensure that staff, Volunteers, contractors, and other relevant stakeholders are aware of their risk management responsibilities and have the appropriate skills/knowledge to actively apply risk management practices; and
- ensure compliance with legislative and contractual obligations and policy requirements.

#### **4.6. Manager, Governance**

##### **4.6.1. The Manager, Governance is responsible for:**

- providing guidance and assistance to the Executive Leadership Team, Audit & Risk Committee, Elected Members and employees in relation to the application of the Risk Management Framework;
- coordinating risk management reporting to the Executive Leadership Team and the Audit & Risk Committee; and
- maintaining this Risk Management Policy and the Procedure to ensure their currency and relevance.

#### **4.7. Staff, Volunteers and Contractors**

##### **4.7.1. All Council staff, Volunteers and contractors are responsible for:**

- identifying, evaluating, reporting and managing risks in their daily activities and projects; and
- understanding the risk management process and adhering to the requirements of Council's Risk Management Policy and Framework.

## **INFORMATION**

This Policy should be read in conjunction with the Council's Risk Management Procedure and other relevant policies in relation to health and safety, and financial management, as well as the following:

- Internal Controls Policy
- Contract Management Policy
- Records Management Guidelines
- Data Management Guidelines

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's Manager, Governance, telephone 8366 4593.

## **ADOPTION AND REVIEW**

The Council will review this Policy every three (3) years or more frequently if legislation, relevant standards or organisational needs change.

This Policy was adopted by the Council on xxxx and it will be reviewed by August 2028.

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**NAME OF POLICY:** Risk Management Procedure

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**POLICY MANUAL:** Governance

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## 1. Introduction

- 1.1. The City of Norwood Payneham & St Peters (the Council) recognises that the management of risk is a fundamental component of good decision-making and governance. Accordingly, risk management is regarded as an integral part of the Council's operations. Through the adoption of a structured and systemic approach to risk management, the Council seeks to optimise its decision-making performance, transparency and accountability, by effectively managing both potential opportunities and the adverse effects on strategic decisions, as well as daily activities and operations.
- 1.2. The Council's systematic approach and risk management related policies, systems and processes, also align with the legislative obligations on the Council, the Chief Executive Officer and the Council's Audit & Risk Committee, in respect to the management of risks as required by the *Local Government Act 1999*.
- 1.3. To achieve the objectives of the Council's *Risk Management Policy* (the Policy), the Council has developed this supporting Risk Management Procedure (the Procedure). Together, the Policy and Procedure, form the Council's Risk Management Framework to support an integrated and systematic approach to risk management.
- 1.4. The risk management process is not an isolated function and should be applied to all activities, including decision making, at all levels. Effective identification, analysis, evaluation and treatment of risks is critical to the Council achieving its objectives and meeting stakeholder expectations.
- 1.5. This Procedure applies to all Council staff, volunteers, contractors and Elected Members.
- 1.6. The Council will undertake a continuous improvement approach to ensure the Council's risk management policies, systems and procedures are effective in supporting the achievement of strategic and operational objectives.

## 2. Purpose

### 2.1. This Procedure:

- 2.1.1. supports achieving the objectives of the Risk Management Policy;
- 2.1.2. documents the system and processes for the identification, analysis, evaluation, monitoring and management of identified risks across the Council;
- 2.1.3. encourages best practice by integrating risk management into the strategic and operational processes throughout the organisation;
- 2.1.4. establishes the process for all risks outside the defined risk appetite (when defined) to be escalated to the appropriate level and for additional treatment options to be implemented;
- 2.1.5. sets out the reporting protocols for relevant risk information to be provided to the Council, Audit and Risk Committee and Executive Leadership Team; and
- 2.1.6. supports the development of a continuous improvement culture by integrating risk management processes throughout the organisation.

### 3. Definitions

**Assurance** - a process that provides a level of confidence that objectives will be achieved within an acceptable level of risk

**Consequence** - The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.

**Event** – the occurrence of a particular set of circumstances

**Frequency** - a measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.

**Likelihood** – the chance of something happening.

**Monitor** - To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.

**Risk** - the effect of uncertainty on objectives, encompassing both threats (negative impacts) and opportunities (positive impacts).

**Risk Analysis** – a systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.

**Risk Appetite** - the amount of risk an organisation is prepared to accept in pursuit of its objectives.

**Risk Assessment** - an overall process of risk identification, risk analysis and risk evaluation.

**Risk Control** - The process of implementing specific measures and procedures designed to minimise the probability and/or severity of potential risks, thereby protecting assets, people, and operations from harm or loss. Common methods include engineering controls, administrative policies, safety training, and the use of protective equipment. A risk control may also increase the likelihood that objectives and goals of an organisation will be achieved.

**Risk Culture** - refers to the behaviours that lead to how every person thinks about and manages risks.

**Risk Evaluation** - the process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.

**Risk Management** - coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Framework** - set of components (Policy and Procedure) that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

**Risk Owner** - staff member with the accountability and authority to manage a risk.

**Risk Rating** - the risk rating is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring. Inherent risk rating is the level of risk at the time of risk assessment with no controls; Current risk rating is the level of risk with the controls that are currently in place, operating as they are; and Residual risk rating is the level of risk once further and additional controls are added to reduce the consequence and/or likelihood, (i.e. the forecast level of risk remaining after risk treatment).

**Risk Registers** – register(s) of risks (usually separated by Risk Type i.e. Strategic, Operational and Project Risks) and risk management related information to inform the implementation, monitoring, reviewing and continual improvement of risk management throughout the Council.

**Risk Tolerance** - the level of risk an organisation or individual is willing to accept or retain in pursuit of its objectives before action is deemed necessary to reduce or manage that risk.

**Risk Treatment** – is the comprehensive approach to managing identified risks by selecting and applying one or more strategies such as avoidance, reduction, transfer (eg through insurance), or acceptance, with the aim of aligning risk levels with the organisation's risk appetite and objectives. It involves evaluating options, implementing chosen actions, and monitoring their effectiveness over time.

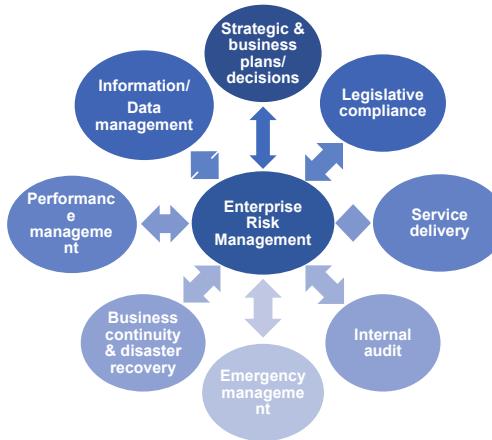
#### **Risk Type:**

- **Strategic** - Risks associated with high-level strategic objectives that are articulated in Strategic, Annual Business and Asset Management Plans. Strategic risks may affect the achievement of Council's objectives. They are key issues for the Council and Executive Leadership Team and impact the whole organisation rather than a department/division/business unit.  
Strategic risks are primarily identified by considering the objectives and strategies in the CityPlan 2030 (the Council's Strategic Community Plan).

- **Operational** - Risks associated with departmental/divisional/business unit functions and daily operations to deliver core services. Often the risks relate to cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, non-compliance to policies and procedures.
- **Project** - Risks associated with Project Management that will affect milestones or outcomes connected to delivering a specific project.

#### 4. Integration across Council

Risk Management is not just about the risk assessment process nor is it a stand-alone discipline. In order to maximise benefits and opportunities, it requires integration throughout the organisation, as follows:



##### 4.1. Enterprise Risk Management

Enterprise risk management encompasses strategic, operational and project risk management (financial risks may be strategic, operational or project-based and are generally managed through various legislative financial accountability requirements and the internal controls framework).

Strategic risks are monitored by regular risk reporting to the Executive Leadership Team which then goes to the Audit & Risk Committee in accordance with the Committee's Work Plan.

Operational Risks are monitored by the Executive Leadership Team and reported to the Audit & Risk Committee on an as needs basis.

Project Risks are monitored by the relevant project manager and reported to the Executive Leadership Team, the Audit & Risk Committee and the Council, where the project is of strategic significance.

The Council receive the agendas and minutes from the Audit & Risk Committee Meetings which includes the regular risk reporting.

Both the Strategic Risk Register and the Operational Risk Register are maintained in RelianSys by risk owners and the system is administered by Governance. The risk assessments are captured in the Risk Registers.

The Project Risk Register and relevant risk assessments are managed within the respective project framework.

##### 4.2. Strategic planning and decision making

Strategic and business planning, (which includes long-term financial planning and annual budgeting,) must adequately consider the risks inherent in setting and pursuing objectives and the effectiveness of systems that are in place to manage and communicate those risks.

Risk management is integrated into governance structures, including decision making, which is supported by incorporating risk analysis into Council and Committee reports, as well as Executive Leadership Reports.

Owners of risks in the Council's Strategic and Operational Risk Registers factor risk management into decisions relating to those identified risks.

Guidance for report authors on how to incorporate the risk management summary within Council and Committee reports is included within guidance material in the Council's Report Management System (Doc Assembler).

#### **4.3. Legislative Compliance**

The *Local Government Act (SA) 1999* (the Act) applies to the functions of Councils in South Australia, however, due to the diversity of functions provided, a range of other Acts, Regulations and Codes of Practice and Standards also apply.

The Council has implemented a Work Health and Safety (WHS) management system to manage hazards and risks to workers and members of the public, in accordance with the *Work Health and Safety Act (SA) 2012*.

With respect to risk management, the Act places legislative responsibilities for risk management systems and processes on the Council, the Chief Executive Officer and the Council's Audit & Risk Committee. The following provisions within the Act elevate the requirement for effective risk management from being only about good management and best practice to a legislative requirement.

Section 99(1)(ia) of the Act provides that one of the functions of the Council's Chief Executive Officer is:

*to ensure that effective policies, systems and procedures are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks establishes and provides for the functions of all Councils in South Australia. Due to the diversity of functions provided by Councils, there are many other pieces of legislation that apply to the Council's activities.*

Section 125(3) of the Act provides that the Council must ensure:

*that appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, inform appropriate decision making, facilitate appropriate prioritisation of finite resources and promote appropriate mitigation of strategic, financial and operational risks relevant to the council.*

Section 126(4)(h) of the Act provides that one of the functions of the Council's Audit & Risk Committee is:

*reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.*

#### **4.4. Service Delivery**

The Council's risk exposures vary according to the functions, facilities and services provided by the Council.

When planning and/or reviewing service delivery there is a consideration of both the opportunities and the risks associated with the provision of functions, facilities and services, (such as capacity and resources,) and risks arising from their delivery, (such as public safety and community reaction).

These considerations will be included in the Council's Service Review Framework.

#### **4.5. Emergency Management**

The Council participates in the Eastern Zone Emergency Management Committee and other associated activities organised by SAFECOM.

#### **4.6. Business Continuity & Disaster Recovery**

The Council's Business Continuity Management Framework is in the process of being updated and it is proposed that the framework is overseen by a committee established by the Chief Executive Officer with representatives from ELT, Finance, Human Resources, Governance and WHS. The committee provides guidance on how the Council's critical business functions continue after a business interruption with the following plans, taking into consideration reasonably foreseeable risks and their potential impact on achievement of objectives:

- The Business Continuity Plan (BCP), which is designed to manage risk by limiting or reducing the impact of a disruption, (such as severe weather event or loss of key personnel), and enable the resumption of critical business functions/services following a disruption; and

- The Information Technology Disaster Recovery Plan (DRP), which is intended to protect and recover information technology infrastructure and data in the case of a disruptive event, (such as cyberattack or damage to/loss of infrastructure) by defining actions to be taken before, during and after an event.

#### **4.7. Performance Management**

Both risk management and performance management start with the establishment and communication of corporate goals and objectives and development of strategies which are then cascaded throughout the organisation. The implementation of the Council's Integrated Planning & Reporting Framework is overseen by the Council's Manager Strategy & Performance.

Appropriate measures and reporting structures will be put in place to monitor the effectiveness of risk management processes, (at an individual and organisational level), which will in turn assist in identifying gaps and emerging risks.

Once the reporting structures are determined then the appropriate performance indicators will be identified and measured accordingly.

#### **4.8. Information/Data Management**

Risk mitigation strategies are embedded into Information and Data Management policies and procedures to protect the Council against cyber security threats and data breaches either from internal sources or external sources.

The Council's Manager Information Services is responsible to ensure there are the required policies and procedures in place and works closely with Governance to provide the guardrails for good practice. The Council's procedures align with the Australian Cyber Security Centre's Essential Eight Framework.

In addition, the Council's Information Technology (IT) Strategic Roadmap is overseen by a Strategic Project Team. As the Roadmap is implemented, risks identified through the IT Strategy process are being addressed.

## 5. Risk Management Process

The Council's risk management processes are an integral part of management and decision-making and integrated into the Council's structure, operations and processes and align to the *AS ISO 31000:2018 Risk management – guidelines* diagram below:

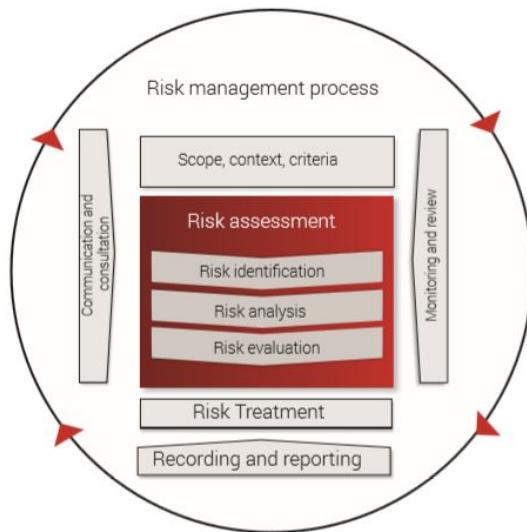


Diagram source: Standards Australia Limited, AS ISO 31000:2018 Risk management – guidelines, SAI Global Limited, Sydney, 2018. © Standards Australia Limited.

### 5.1. Communication and Consultation

Stakeholders are engaged throughout the risk management process to assist with the correct identification, analysis and evaluation of risks and the development of effective controls.

Risk owners have a responsibility to ensure that all relevant stakeholders are identified and consulted as part of the risk management process. When dealing with WHS risk assessments, consultation is also a regulatory requirement.

Risk owners are to engage with stakeholders throughout the risk management process to:

- gain a better understanding of the views, needs and interests of stakeholders and how their expectations may be managed;
- establish correct context (ie there could be broader or shared context which is important to consider) and correctly identify risks;
- capitalise on the diversity of knowledge, opinions and experience to enhance assessment and management of risks and opportunities; and
- build a sense of inclusiveness and ownership amongst stakeholders and help to embed good risk management practices.

### 5.2. Scope, context and criteria

Throughout the risk management process, consideration is given to the scope of the risk (i.e. is it a council wide risk or is it limited to one department or project?) and also the context of the risk (i.e. the specific environment of the activity to which the risk management process is to be applied).

Risk criteria are used to evaluate the significance of risk and are reflective of the Council's values, objectives and resources.

### 5.3. Risk Assessment

#### Step 1 - Risk Identification

When identifying, assessing and treating risks, three (3) risk types are used - Strategic, Operational and Project risks (refer to Definitions for more detail).

Risk identification is a process of determining and formally documenting risks (i.e. the effects of uncertainty on objectives). Documenting, regular review and reporting, and discussions on emerging risks at various levels assists to engage as many stakeholders as possible in a structured risk identification process.

The aim of risk identification is to generate a list of potential threats and opportunities that could impact the Council's strategic objectives, functions and ability to provide services and deliver project outcomes. The challenge is to identify and clearly define the actual risk, rather than its cause or consequences. During the risk identification process, there are several questions that can be asked to capture the information required:

- What might happen/ what could go wrong?
- What is the cause?
- How does this affect the objective?

After a risk is identified, it should be categorised and recorded in the relevant Risk Register (Strategic, Operational or Project) in accordance with the following Risk Impact categories:

<b>Risk Impact Category</b>	<b>Description</b>
People & Culture (includes WHS)	Risks that impact personal safety, health, wellbeing, morale and workforce management, including payroll.
Financial	Risks that impact income, expenditure and financial sustainability.
Service Delivery	Risks that impact the Council's ability to successfully deliver services, programs and/or achieve objectives.
Environment	Risks that impact the natural environment.
Assets & Infrastructure	Risks that impact physical and digital assets, including damage, loss, or disruption of critical infrastructure, which can impact operational continuity and financial stability.
Community Health & Wellbeing	Risks that impact public health, safety, and wellbeing, including disease outbreaks, environmental hazards, and social determinants that affect community resilience and health outcomes.
Information Technology	Risks to data security, system integrity, and operational continuity, including cyberattacks, data breaches, and technology failures that can disrupt business processes and compromise sensitive information.
Governance, Legal & Compliance	Risks that impact the Council's compliance with the legislative and policy framework.
Cultural Heritage	Risks that threaten the preservation and integrity of historical sites, artefacts, and traditions, including environmental degradation, vandalism, and loss of cultural identity that can diminish community heritage and legacy.
Growth & Prosperity	Risks that impact on economic development and sustainability, including market volatility, resource scarcity, and regulatory changes that can hinder business expansion and community wealth.

### Step 2 - Risk Analysis

Risk analysis uses available information to estimate the likelihood that identified risks may occur and the magnitude of the consequences (impact level) to derive an accurate risk rating. It provides an input to risk evaluation and to decisions on whether specific risks need to be managed, and the most appropriate risk control actions, strategies and methods.

There are five likelihood categories: certain, very likely, possible, unlikely and rare. The description in the following table is used to determine the most accurate likelihood category.

<b>Likelihood</b>	<b>Description – one or more may apply</b>
Certain	Is expected to occur in most circumstances. Frequent or regular occurrence
Very Likely	Will probably occur in most circumstances. Has occurred several times before
Possible	Could occur at some time – say within a 5 – 10-year period. Is sporadic but not uncommon. Incurred in a minority of similar studies or projects.
Unlikely	Not likely to occur during the event. Would require a combination of circumstances for it to occur. Could occur at some time - in a 10 – 20-year time frame.
Rare	Would only occur in exceptional circumstances. Could occur in a greater than 20-year timeframe. Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.

The Risk Consequence Categories will help to determine the magnitude of the consequences for each risk based on the described impact level. There are five (5) Risk Consequence Impact levels (insignificant, minor, moderate, major and significant) described for each Risk Consequence Category in the table on the following pages.

Risk Consequence Categories	Risk Consequence Impact Level				
	Insignificant	Minor	Moderate	Major	Significant
<b>People &amp; Culture (includes WHS)</b>	Incident resulting in no or minor injuries not requiring First Aid treatment, or near miss. Annual staff turnover of <10%.	Incident resulting in injury that requires First Aid treatment and maybe follow up medical treatment.  Negligible impact on morale.  Annual staff turnover of <20%.  Key employee absence for extended period.	Incident resulting in serious personal injury requiring immediate admission to hospital for treatment and/or short-term disability.  Medical attention required.  Short Term effect on morale and business.  Annual staff turnover of >20% of entire workforce or 30% of a work group.  Loss of member of Executive Leadership Team.  Multiple staff vacancies in one team and/or loss of one senior staff member.	Incident resulting in extensive injuries - ie serious long-term injury and/or temporary disablement.  Annual staff turnover of 30% - <75%.  Significant impact on morale and business.  Loss of 2 members of Executive Leadership Team.  Multiple staff vacancies in one team and/or loss of multiple senior staff.	Incident resulting in death, permanent disability or multiple serious personal injury and recovery of more than 6 months.  Long term effect on morale and performance of business.  Annual staff turnover of > 75%  Loss of entire/majority of Executive Leadership Team.  High staff turnover and/or loss of multiple senior staff.
<b>Financial</b>	Financial – low financial loss <\$5,000 impact on operating result.\	Financial – medium financial loss >\$5,000 - \$250,000.	Financial – high financial loss >\$250,000 to \$500,000.	Financial – major financial loss >\$500,000 - \$1m.	Financial – significant financial loss/exposure over \$1m.
<b>Service Delivery</b>	Insignificant interruption to a service – no impact to customers and impact for staff is minimal (either by the number of staff impacted or due to the nature of the interruption.  < 4 hours of disruption to one service.  Local Supervisor to control remediation.	Minor (<10%) interruption to a service with minimal impact to customers and/or staff.  < 4 hours of disruption to multiple services.  Management effort required to coordinate resolution.	Moderate (11-50%) interruption to service delivery – either to one core service / application or multiple services / applications.  Customer impact up to 48 hours.  Partial BCP action may be needed.  Moderate staff effort / focus required to resolve (< 1 day).	Major (51-90%) interruption to service delivery – either to one critical service or multiple services.  Customer impact 2 - 7 days.  Component of BCP action may be needed.  Significant staff effort to resolve.	Major (> 90%) interruption to delivery of all or most services for more than 7 days.  Full BCP action required.

Risk Consequence Categories	Risk Consequence Impact Level				
	Insignificant	Minor	Moderate	Major	Significant
<b>Environment</b>	Minor instance of environmental (e.g. soil, vegetation) damage. can be reversed immediately.  Minimal spill or litter able to be removed immediately.  Response coordinated by staff.	Minor impact to environment, e.g. on-site chemical release, spill or sand/soil movement that can be immediately contained.  Can be reversed in the short term.  Requires coordinated response to remedy.  Litter able to be removed in a short time frame, (e.g. same day).	Moderate impact to environment.  Localised damage that has potential to spread but can be contained or reversed with intensive efforts or outside assistance.  Litter removal requires outside assistance, (e.g. contractor or government agency).	Environmental damage affecting portion of the Council area.  Severe loss of environmental amenity or danger of continuing environmental damage.  Medium term issue.	Major environmental impact.  Major loss of environmental amenity or irrecoverable environmental damage.
<b>Assets &amp; Infrastructure</b>	Minor failure of infrastructure – no inconvenience to stakeholders	Minor failure of infrastructure that cannot be rectified immediately – minor inconvenience to stakeholders	Significant failure of infrastructure that will require work-arounds - moderate inconvenience to stakeholders	Major failure of infrastructure that severely limits functionality – significant inconvenience to stakeholders.	Total failure of infrastructure.
<b>Community Health &amp; Wellbeing</b>	Less than 10 community members impacted.	11 – 50 community members impacted.	51-100 community members impacted.	>100 community members impacted	Widespread community health event eg pandemic
<b>Information Technology</b>	Data incident occurs but there is no data loss or unauthorised release of records.	Low-risk data incident (eg data loss or data breach < 10 records containing non-sensitive data or the exposure of non-personally identifiable information).	Medium-risk incident involving data loss or a data breach based on the number of records or the nature of the information. For example, it could be a data loss of between 10 -100 records which do not contain personally identifiable information or there could be less than 10 records involved but they contain personally identifiable or sensitive information.	High-risk data incident involving significant data loss (say 100 to 500 records) or a data breach based on the nature of the information breached as it contains personally identifiable information and/or particularly sensitive information.	Catastrophic data loss, unrecoverable data.  Widespread catastrophic data breach due to the number of records and/or the nature of the information.

Risk Consequence Categories	Risk Consequence Impact Level				
	Insignificant	Minor	Moderate	Major	Significant
<b>Governance, Legal &amp; Compliance</b>	Very minor regulatory or statutory breaches which can be quickly resolved internally. No noticeable statutory or regulatory impact	Minor/temporary non-compliance with regulatory or statutory requirements that can be rectified promptly without penalty.	Medium-term non-compliance with regulatory or statutory requirements. Regulator or another party involved and findings / penalties are possible.	Significant non-compliance with essential regulatory or statutory requirements. Ombudsman investigation. Penalties applied.	Long term or indefinite non-compliance with essential regulatory or statutory requirements and may result in criminal charges; severe penalties and litigation.
<b>Cultural Heritage</b>	Incident resulting in negligible impact to heritage item. Incident that may have given rise to issue of cultural insensitivity. Local Supervisor to control remediation.	Incident resulting in minor impact to heritage item that can be immediately managed. Can be reversed in the short term.  Incident resulting in minor issue of cultural insensitivity (based on what was said/done or the number of people impacted). Requires coordinated response to remedy. Management effort required to coordinate resolution.	Incident resulting in moderate impact to heritage item. Localised damage that can be contained or reversed with intensive efforts or outside assistance.  Incident resulting in moderate issue of cultural insensitivity (based on what was said/done or the number of people impacted). Requires coordinated response to remedy. Moderate staff effort / focus required to resolve (< 1 day).	Incident resulting in major damage affecting a significant heritage item or multiple heritage items. Requires intensive efforts and expense to rectify.  Incident resulting in major issue of cultural insensitivity (based on what was said/done or the number of people impacted). External agencies involved. Medium term issue. Major staff effort/focus required to resolve (> 1 day).	Incident resulting in significant damage to a heritage item or multiple heritage items which cannot be repaired. Irrecoverable damage to irreplaceable significant heritage item.  Incident resulting in significant issue of cultural insensitivity (based on what was said/done or the number of people impacted). External agencies involved. Long term issue. Major staff effort/focus required to resolve (> 1 week).
<b>Growth &amp; Prosperity</b>	Minimal or no impact on local businesses or employment; short-term market fluctuation only.	Some effect on a few businesses or sectors, but easily recoverable through short-term measures.	Noticeable slowdown in business growth or investment; temporary decline in employment or community wealth.	Widespread business contraction, significant job losses, or long-term investment deterrence.	Severe and sustained economic downturn; major loss of industry confidence and long-term community wealth erosion.

There are four risk ratings: low, medium, high and extreme. An accurate risk rating is obtained by plotting the estimated risk likelihood against its estimated impact level using the Risk Matrix shown below.

		Consequence				
		Insignificant	Minor	Moderate	Major	Significant
Likelihood	Certain to occur	Medium	High	High	Extreme	Extreme
	Very likely	Medium	Medium	High	High	Extreme
	Possible	Low	Medium	Medium	High	High
	Unlikely	Low	Low	Medium	Medium	High
	Rare	Low	Low	Low	Medium	Medium

Using the above components, the risk analysis process involves first determining the 'inherent' risk rating (i.e. no controls in place) and subsequently determining the 'current' risk rating (i.e. based on the controls currently in place) and the 'residual' risk rating (i.e. once additional controls are applied).

### Step 3 Risk Evaluation process

Risk Evaluation is the process used to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for implementation of controls.

Decisions should take account of the wider context of the risk and include consideration of the risks borne by other parties. There are also circumstances whereby, despite the risk level (and available controls), risks cannot be prevented or reduced and the focus will instead be on recovery and resilience.

When a risk has been identified or reassessed, the following table provides guidance to the Risk Owner (or other relevant person) on the action to be taken for each risk rating level:

Risk level	Managing risk – actions
Extreme	<p>Escalate the risk issue immediately to the Chief Executive Officer.</p> <p>The Chief Executive Officer, with assistance from the General Manager (or equivalent) and the risk owner (where the risk owner is not the Chief Executive Officer or General Manager), will:</p> <ul style="list-style-type: none"> <li>• identify, develop and implement new or additional controls or treatment strategies for immediate action;</li> <li>• monitor and review actions/strategies to manage risk to an acceptable level;</li> <li>• provide direction and information to relevant stakeholders;</li> <li>• consider cessation/suspension of the activity giving rise to the risk until such time as the Chief Executive Officer authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented; and</li> <li>• inform the next meeting of the Council, Audit &amp; Risk Committee and Executive Leadership Team of the risk issue, the actions taken to mitigate the risk and the outcome (or current status).</li> </ul> <p>Update the relevant Risk Register (Strategic, Operational or Project).</p>
High	<p>Escalate the risk issue to the relevant member of the Executive Leadership Team.</p> <p>The member of the Executive Leadership Team with assistance from the Unit Manager and the risk owner (where the risk owner is not a member of the Executive Leadership Team or the Unit Manager) will:</p> <ul style="list-style-type: none"> <li>• identify, develop and implement treatment strategies with appropriate timeframes;</li> <li>• monitor and review actions/strategies to manage risk to an acceptable level;</li> <li>• provide direction and information to relevant stakeholders;</li> <li>• inform the next meeting of the Executive Leadership Team and the Audit &amp; Risk Committee (as relevant) of the risk issue, the actions taken to mitigate the risk and the outcome (or current status).</li> </ul> <p>Update the relevant Risk Register (Strategic, Operational or Project).</p>
Medium	<p>Escalate the risk to Unit Manager.</p> <p>The Unit Manager with assistance from the risk owner (where the risk owner is not the Unit Manager) will coordinate with the relevant work group to:</p> <ul style="list-style-type: none"> <li>• identify and develop treatment strategies with appropriate timeframes; and</li> <li>• monitor and review actions/strategies to manage risk to an acceptable level.</li> </ul> <p>Update the relevant Risk Register (Strategic, Operational or Project).</p>
Low	<p>The risk owner will:</p> <ul style="list-style-type: none"> <li>• undertake localised risk management &amp; actions (if required);</li> <li>• review within the department parameters and routine procedures; and</li> <li>• update the relevant Risk Register (Strategic, Operational or Project).</li> </ul>

### Risk appetite

The Council, (with support from the Executive Leadership Team) are responsible for defining the Council's risk appetite, taking into consideration the nature and extent of the risks the organisation is willing to take in order to achieve its strategic objectives.

In arriving at its risk appetite, the Council will consider:

- the degree to which decision makers are permitted to expose the Council to the consequences of an event or situation;

- aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable or not;
- allowing for flexibility to adapt, given changing environment and circumstances to be built in; and
- whether decisions are made with full consideration of potential risk and reward.

The Council's risk appetite will be included in regular monitoring and review of strategic risks and will be updated in line with its risk management policy and procedure.

#### Risk tolerance

Not all risk types for the Council are the same in terms of their acceptability. Once a risk appetite has been set, it is useful to define tolerance levels for each category. While risk appetite is usually expressed in qualitative terms, tolerance is expressed quantitatively, (i.e. a variance).

Risk tolerance is defined in Section 3 of this Procedure and can further be described as the boundaries of risk taking outside of which the organisation is not willing to accept in order to achieve its objectives.

If the assessed risk level is outside of the risk appetite but within the tolerable level for that category of risk then treatment will be required. If it is equal to, or below, the tolerable level for that category of risk then the risk may be accepted, provided the controls are implemented.

#### **5.4. Risk Treatment**

Risk treatment involves identifying the range of options to treat the risk, evaluating those options, selecting the preferred treatment (or multiple treatments) and then implementing the preferred treatment(s). Treatment will be based on a thorough understanding of the risk and the affect the treatment may have, as unintended consequences may result in further risks being created.

Treatment options for negative risks (threats) include:

- Eliminating the risk (e.g. removing an asset or discontinuing an activity or service completely);
- Sharing the risk by allocating the risk to a third party, such as through appropriate contractor management, (noting however that S272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the Act);
- Mitigating the risk by implementing a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process; or
- Accepting the risk which can be appropriate in certain circumstances and based on an informed decision. Some of the reasons for accepting the risk may include, there being no extra treatment available, or it meets the stated target risk appetite for the type of risk, or the cost of risk treatment significantly outweighs the potential risk exposure.

Treatment options to pursue an opportunity (positive risks) include:

- Exploiting the risk by implementing strategies to capitalise on the likelihood of the risk eventuating and to ensure that the Council can respond quickly to the opportunities as they arise;
- Sharing the risk by partnering with another Council or organisation that can add skills or value not currently available within Council;
- Enhancing the risk by influencing the factors that will improve the likelihood of the opportunity arising; or
- Accepting the risk by maintaining the status quo by informed decision.

Risk treatments need to be designed in a manner to ensure they are sufficient to mitigate that risk, and have some of the following characteristics if they are to become an adequate control:

- documented (e.g. policies, procedures, task lists, checklists);
- systems-oriented (e.g. integrated and/or automated);
- preventative (e.g. system controls) or detective;
- consistent and regular (including during staff absence);
- clear responsibility and accountability and performed by competent and trained individuals;
- create value (i.e. benefits outweigh costs);
- achievable for the organisation, based on available resources;
- evidenced (i.e. documented or electronic audit trail); and
- confirmed independently.

For any risks that are assessed to be High or Extreme and are outside of the Council's risk appetite, a Risk Treatment Plan will assist with reporting to the Executive Leadership Team, the Audit & Risk Committee and the Council to explain what is intended to be done about the risk. A Risk Treatment Plan can be used to provide a clear pathway for implementation and monitoring or progress and ensure that risks are actively managed rather than only acknowledged.

In preparing a Risk Treatment Plan to explain what is intended to do about the risks, The Risk Owner:

- could suggest how the risk will be 'treated' the risk (refer to Section 5.4 above) and then the Risk Treatment Plan demonstrated to Executive Leadership Team (and the Audit & Risk Committee) how it is intended to manage the risk under this acceptance; or
- could choose to control the risk (ie develop or identify new controls). Presumably, based on the risk assessment process determining the risk to be High or Extreme, the controls are not already in place, the Risk Treatment Plan would therefore demonstrate how it is proposed to control the risk.

Risk treatment plans can be attached to or referenced within the relevant Risk Register or will be incorporated into the relevant Project Plan and provide the following information:

- rationale for selection of treatment options;
- responsibilities and accountability for approving and implementing the plan;
- proposed actions and timeframes;
- resourcing requirements;
- constraints and contingencies; and
- required reporting and monitoring.

## 5.5. Monitoring and Review

The monitoring and review stage of the risk management process assists the Council to:

- ensure that implemented controls are effective and adequate;
- provide further information to improve risk assessment and treatment plans;
- allow for the identification of emerging risks; and
- identify any new factors that may influence established strategies to mitigate risks.

The following table provides guidance on the rating of the overall effectiveness of risk controls:

Rating	Definition
<b>Design adequacy</b>	
Adequate	The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words, existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.
Partially adequate	The control is designed in a way that will partially mitigate the risk and designed in a way to partially meet the design objectives.
Inadequate	The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review.
<b>Operating effectiveness</b>	
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Partially effective	The control partially operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Ineffective	The control does not operate in a manner that is effective in terms of being consistent, complete, reliable and timely.

Monitoring assists to capture new or emerging risks arising from the changing environment (both internal and external) and the activities undertaken by the Council's employees, contractors and volunteers.

The overall combination of the results of design adequacy and operating effectiveness provides the overall rating of the control based on the table for overall rating. This assists in identifying improvements to existing controls.

	<b>Effective</b>	<b>Partially effective</b>	<b>Ineffective</b>
<b>Adequate</b>	Effective	Partially Effective	Ineffective
<b>Partially adequate</b>	Partially Effective	Partially Effective	Ineffective
<b>Inadequate</b>	Ineffective	Ineffective	Ineffective

#### Internal Audit

The Council's Internal Audit program assists with the monitoring and review process by being 'risk based' in terms of aligning Internal Audits with extreme, high and moderate risks identified by the risk assessment process.

The internal audit process considers risk management effectiveness by measuring the Council's:

- adherence to its strategic objectives, and compliance with legislative requirements and the Council's adopted policies and processes; and
- processes against best practice and benchmarking.

The oversight of both the Council's risk management framework and internal audit functions is provided through the Council's Governance department. This synergy assists with ensuring that the overall systemic approach to risk management is operating effectively.

## 6. Recording and reporting

The risk management process and its outcomes are documented and reported, in order to:

- communicate risk management activities and outcomes;
- provide information for decision making;
- provide opportunities for continuous improvement;
- assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

The Council's Strategic and Operational Risk Registers are maintained in the Risk module within RelianSys which enables the Council to document, manage, monitor and review strategic and operational risk information in a centrally accessible location. Project risks are captured in a Project Risk Register and maintained in accordance with the respective Project Management Plan.

The Risk Registers are used as the basis for reporting and monitoring on risks to the Executive Leadership Team, the Audit & Risk Committee and the Council, in accordance with the legislative requirements of Section 99(1)(ia), Section 125(3) and Section 126 of the *Local Government Act 1999* (refer further details on page 4).

In addition, the reporting process assists with the following:

- understanding the Council's risk exposure;
- identifying risks that require increased attention and action;
- providing relevant information to the Council about risks that are likely to impact upon achievement of strategic objectives;
- dissemination of information to workers at all levels to support them in making risk informed decisions; and
- Improving the risk culture and awareness throughout the organisation.

The frequency of regular reporting to the Audit & Risk Committee is as determined by their adopted Work Plan. Additional risk reporting is done on an as needs basis depending on the matter being considered by the Committee. Internal Audit Reports are presented to the Audit & Risk Committee as required by 125A(2) and Section 126(4)(g) of the *Local Government Act 1999*.

In addition, there is a Risk Management section in each Council and Audit & Risk Committee report which provides guidance for confident decision-making.

For the Executive Leadership Team, it is intended that Risk Management reporting will be a standing item on the monthly meeting agenda.

## 7. Risk Awareness training and information

### Staff

The risk management policy and procedure are available to all staff on the Council's intranet (OneNPSP).

In recognising that risk management is an overarching skill that sits across all functions it is a necessary competency that staff need, Risk Management awareness training is provided as needed.

### Elected Members

In addition to receiving risk management information in Council reports, receiving the agendas and minutes from the Audit & Risk Committee and adopting the Council's Risk Management Policy, Elected Members are provided with induction and refresher training on their legislated roles, including in relation to risk management.

### Audit & Risk Committee

In accordance with Section 126(2)(b) of the Local Government Act 1999, when appointing members to the Audit & Risk Committee, the Council considers the skills, knowledge and experience of members relevant to the functions of the Committee which includes risk management.

## **INFORMATION**

This Procedure should be read in conjunction with the Council's Risk Management Policy.

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's Manager, Governance, telephone 8366 4593.

## **ADOPTION AND REVIEW**

The Council will review this Policy every three (3) years or more frequently if legislation, relevant standards or organisational needs change.

This Procedure was adopted by the Chief Executive Officer on 21 January 2026 and it will be reviewed as needed and in line with the review of the Council's adopted Risk Management Policy which will occur by August 2028.

Strategic Risk Register - City of Norwood Payneham & St Peters

Risk ID	Risk Description	Risk Level	Risk Owner
1	<i>Financial Sustainability:</i> The risk of the Council's long term financial performance and position being unsustainable where long term service and infrastructure levels are not planned and service standards are not met, without unplanned increases in rates or disruptive cuts to services.	Medium	Chief Financial Officer : Natalia Axenova
2	<i>Community Expectations:</i> There is a risk that Council may fail to effectively understand and meet community expectations which could undermine trust and support for Council initiatives.	Low	General Manager, Community Development : Andrew Hamilton
3	<i>Legislative Change:</i> The risk of misalignment between local, state, and federal legislation, leading to challenges in delivering services and compromising local government roles.	Medium	General Manager, Governance & Civic Affairs : Lisa Mara
4	<i>Attraction and Retention of Staff:</i> The risk of losing talent due to changing workplace expectations, skill shortages, and competition with the private sector, impacting organisational capability.	Low	Manager, Chief Executive's Office : Skye Grinter-Falzun
5	<i>Technology Adaptation:</i> The risk of failing to keep up with technological advancements, including AI, which could hinder efficiency and service delivery.	Medium	General Manager, Governance & Civic Affairs : Lisa Mara
6	<i>Management of Council's Assets:</i> There is a risk that council has inadequate asset management practices, which may result in deteriorating infrastructure, reduced community satisfaction, and potential financial liabilities.	Low	General Manager, Infrastructure & Major Projects : Jared Barnes
7	<i>Cyber Security:</i> The risk of data breaches and insider threats, particularly with reliance on third-party providers and the evolving nature of cyber threats.	Medium	General Manager, Governance & Civic Affairs : Lisa Mara
8	<i>Climate Change and Adaptation:</i> The risk of inadequate climate change adaptation and response may adversely affect community resilience, public health, Council's infrastructure and parks, and the delivery of community services.	Low	General Manager, Urban Planning & Environment : Carlos Buzzetti
9	<i>Governance and Internal Systems:</i> The risk of inadequate governance structures and internal systems that may result in ineffective decision-making.	Low	General Manager, Governance & Civic Affairs : Lisa Mara
10	<i>Business Maturity:</i> The risk associated with the council's lack of business maturity, impacting financial sustainability and the ability to deliver projects effectively.	Low	Chief Executive Officer : Mario Barone
11	<i>Emergency Management:</i> There is a risk that the council may inadequately prepare for, and respond to emergencies, potentially compromising the resilience, safety and well-being of the community.	High	General Manager, Community Development : Andrew Hamilton
12	<i>Strategic Planning:</i> The risk of ineffective strategic planning leading to misalignment of resources and objectives, impacting overall organisational performance.	Low	Chief Executive Officer : Mario Barone

## **4.2 2026-2027 ANNUAL BUSINESS PLAN & BUDGET OBJECTIVES AND PARAMETERS**

**REPORT AUTHOR:** Manager Governance  
**APPROVED BY:** General Manager, Governance & Civic Affairs  
**ATTACHMENTS:** A

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### **PURPOSE OF THE REPORT**

The purpose of this report is to present the Council's 2026-2027 Annual Business Plan & Budget Objectives and Parameters to the Audit & Risk Committee.

### **BACKGROUND**

Section 126(4)(b) of the *Local Government Act 1999* (the Act), prescribes that one of the functions of the Council's Audit & Risk Committee (the Committee) is to propose and provide information relevant to a review of the Council's Annual Business Plan.

In addition, Section 126(4)(f) of the Act prescribes that the Committee review the adequacy of the Council's financial management systems and practices on a regular basis. The Annual Business Plan and Budget are critical to the Council's financial management practices.

The Council is in the process of preparing the Draft 2026-2027 Annual Business Plan & Budget based on the requirements of Section 123 of the Act. To this end, the Objectives and Parameters that will be applied to the development of the draft 2026-2027 Annual Business Plan & Budget, were approved by the Council at the Meeting held on 3 February 2026.

### **STRATEGIC DIRECTIONS**

#### ***CityPlan 2030* Alignment**

Not Applicable.

### **FINANCIAL AND BUDGET IMPLICATIONS**

Not Applicable.

### **RISK MANAGEMENT**

Not Applicable.

### **CONSULTATION**

#### **Elected Members**

Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.

#### **Community**

Not Applicable.

#### **Staff**

Not Applicable.

#### **Other Agencies**

Not Applicable.

## **DISCUSSION**

The Council is in the process of preparing its Draft 2026-2027 Annual Business Plan & Budget in accordance with Section 123 of the Act. To this end, the Objectives and Parameters that will be applied to the development of the draft 2026-2027 Annual Business Plan & Budget, were approved by the Council at its Meeting held on 3 February 2026. Following consideration of the report on this matter, the Council resolved the following:

1. *That the Annual Business Plan objectives as set out in this report be adopted “in principle” for the purposes of preparing the draft 2026-2027 Annual Business Plan and Budget.*
2. *That the following budget parameters and assumptions be adopted ‘in principle’ for the purposes of preparing the draft 2026-2027 Annual Business Plan and Budget:*
  - *the Recurrent Operating Budget be prepared on a “business as usual” basis;*
  - *the continuation of previously recognised ongoing operational savings;*
  - *maximum Material, Contracts and Other Expenses cost escalation be set at 3%; – wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;*
    - *fees and charges not set by Legislation be increased by a minimum of 3.0%;*
    - *new Capital Projects to be considered and approved within the context of the Annual Business Plan objectives, CityPlan 2030: Shaping Our Future, the Infrastructure and Asset Management Plan and the Council’s 2024-2034 Long Term Financial Plan;*
    - *new services and one-off projects to be considered and approved within the context of the Annual Business Plan objectives, CityPlan 2030: Shaping Our Future, the Infrastructure and Asset Management Plan and the Council’s 2024-2034 Long Term Financial Plan be funded through Rate Revenue increases or by expenditure savings; and*
    - *new capital projects are funded through grant funding and or long-term borrowings.*

The report that was considered by the Council at its Meeting held on 3 February 2026 is contained within Attachment A.

## **OPTIONS**

Not Applicable. This report is provided for information purposes to provide the Committee with the opportunity to review the proposed Objectives and Parameters which will be used to inform the development of the Draft 2026 Annual Business Plan & Budget.

## **CONCLUSION**

The development of the Council’s Draft 2026-2027 Annual Business Plan and Budget, forms the platform to position the Council to achieve and maintain ongoing financial sustainability while delivering on actions aligned to the Council’s strategic objectives.

The Committee provides an important role by providing independent assurance and advice to the Council on accounting, financial management, internal controls, risk management, governance.

## **RECOMMENDATION**

*That the report be received and noted.*

### 13.1 2026-2027 ANNUAL BUSINESS PLAN AND BUDGET OBJECTIVES & PARAMETERS

**REPORT AUTHOR:** Senior Finance Business Partner  
**APPROVED BY:** Chief Executive Officer  
**ATTACHMENTS:** Nil

#### PURPOSE OF THE REPORT

The purpose of this report is to seek the Council's approval of the objectives and parameters which will apply in the development of the draft 2026-2027 Annual Business Plan and Annual Budget.

#### BACKGROUND

##### Legislative Requirements

Pursuant to Section 123 of the *Local Government Act 1999* (the Act), each financial year the Council is required to prepare an Annual Business Plan and Annual Budget. The Annual Business Plan and Annual Budget are required to be adopted by the Council after 31 May for the ensuing financial year and except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.

Pursuant to Section 123(2) of the Act and in Regulation 6 of the *Local Government (Financial Management) Regulations 2011* (the Regulations), each Annual Business Plan of a Council must-

- (a) *include a summary of the Council's long-term objectives (as set out in its strategic management plans); and*
- (b) *include an outline of—*
  - (i) *the Council's objectives for the financial year; and*
  - (ii) *the activities that the Council intends to undertake to achieve those objectives; and*
  - (iii) *the measures (financial and non-financial) that the Council intends to use to assess the performance of the Council against its objectives over the financial year; and*
- (c) *assess the financial requirements of the Council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and*
- (d) *set out the rates structure and policies for the financial year; and*
- (e) *assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the Council; and*
- (f) *take into account the Council's Long-Term Financial Plan and relevant issues relating to the management and development of infrastructure and major assets by the Council; and*
- (g) *address or include any other matter prescribed by the Regulations.*

Pursuant to Section 123 (3) of the Act, prior to the adoption of the Annual Business Plan, the Council must undertake public consultation for a minimum period of twenty-one (21) days. At the conclusion of the public consultation period, a public meeting is to be held where members of the community can ask questions and make submissions regarding the draft Annual Business Plan. During the public consultation period, the Council must make available copies of the draft Annual Business Plan at its principal place of business.

## STRATEGIC DIRECTIONS

### ***CityPlan 2030 Alignment***

#### ***Outcome 1: Social Equity***

*An inclusive, connected, accessible and friendly community.*

#### ***Outcome 2: Cultural Vitality***

*A culturally rich and diverse City, with a strong identity, history and sense of place.*

#### ***Outcome 3: Economic Prosperity***

*A dynamic and thriving centre for business and services.*

#### ***Outcome 4: Environmental Sustainability***

*A leader in environmental sustainability.*

The Council's Long-term Financial Plan and Whole-of-Life Asset and Infrastructure Management Plans also provide the basis and framework upon which the Council's Annual Business Plan and Budget is based.

## FINANCIAL AND BUDGET IMPLICATIONS

The Council's Long-Term Financial Plan sets out the Council's financial goal as, "A City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner", in short to be financially sustainable.

The Local Government Association of South Australia defines financial sustainability as:

*"A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."*

*The key elements to the definition are:*

- *ensuring the maintenance of a Council's high priority expenditure programs, both operating and capital;*
- *ensuring a reasonable degree of stability and predictability in the overall rate burden; and,*
- *promoting a fair sharing in the distribution of Council resources and the attendant taxation between current and future ratepayers.*

In simple terms, financial sustainability means positioning the Council so that it can continue to provide quality services, programs and facilities and maintain the Council's infrastructure to a defined service standard, with stable rate increases (removal of sudden increases) and ensuring inter-generational equity.

The Council will need to ensure that its Annual Business Plan and Budget, contain objectives and financial parameters that will deliver a responsible budget and meet the reasonable needs and expectations of the community on an equitable and "value for money" basis. For the 2026-2027 Financial year, the Council's 2024-2034 Long-Term Financial Plan, projects an Operating Surplus of \$1,048,775 based on a Rate Revenue increase of 8%.

It should be noted that the target Operating Surplus includes Grant Income of \$637,647 which is expected to be received in the 2026-2027 Financial Year under the Roads-to-Recovery program which is required to be spent on a Capital Road Project(s).

## RISK MANAGEMENT

The Financial Management and Annual Business Plan preparation processes are governed by the *Local Government Act 1999* and *Regulation 6 of the Local Government (Financial Management) Regulations 2011*. All budget documentation will need to be prepared in accordance with the relevant statutory requirements.

## CONSULTATION

### **Elected Members**

Not Applicable in respect to the preparation of this report. However, Elected Members are involved throughout the process of preparing the Budget.

### **Community**

Not Applicable.

### **Staff**

Not Applicable.

### **Other Agencies**

Not Applicable.

## DISCUSSION

### **2026-2027 Annual Business Plan**

The Annual Business Plan is the Council's statement of the intended services, programs, facilities and objectives set by the Council for a given financial year. It is based upon the objectives and strategies set out in the Council's Strategic Plan *CityPlan 2030: Shaping Our Future*, the *2024-2034 Long-term Financial Plan* and the *Whole-of-Life Infrastructure and Asset Management Plans*.

The Council's Strategic Plan, *CityPlan 2030: Shaping Our Future*, sets out the Council's Outcomes in respect to Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability, together with objectives and strategies for each Outcome.

Pursuant to Section 123(2) (b) (i) of the Act, the Annual Business Plan must contain a series of objectives for the financial year. To be effective the annual objectives should be in line with the outcomes contained in the *City Plan 2030: Shaping Our Future* and assist the Council in delivering on the financial outcomes set out in the *Long-Term Financial Plan*.

The following objectives are proposed to be incorporated into the 2026-2027 Annual Business Plan.

### ***Social Equity***

#### **An inclusive, connected, accessible and friendly community**

- Our cost-effective services are welcoming, inclusive, and socially connected all ages and abilities.
- Our infrastructure assets are maintained and renewed in line with the Council's Whole of Life Infrastructure framework.
- Deliver programs and activities which result in an engaged and participating community.
- Engage disabled, aged, youth and varied cultures in the life of the City through a variety of events and programs.
- Rates are fair and equitable for our residents and ratepayers.

### ***Cultural Vitality***

#### **A culturally rich and diverse City, with a strong identity, history and 'sense of place'**

- Promote a healthy cultural life and creative expression through the use of public art and events that complement the City's cultural heritage.
- Provide opportunities for the community to contribute to the social and creative life of the City through events, activities, arts and cultural initiatives.

### ***Economic Prosperity***

#### **A dynamic and thriving centre for business and services**

- Support the development of a prosperous local economy.

### ***Environmental Sustainability***

#### **A leader in environmental sustainability**

- Ensure urban development undertaken enhances the environmental, social and cultural character of our City.
- Maximise the use of the City's open space by providing a range of active and passive open space recreation opportunities.
- Promote recycling and environmentally sustainable practices throughout the City.
- Consider innovative infrastructure solutions which minimise the impact on the environment.

### ***Organisational Excellence***

- Ensure best use of Council resources by innovative, efficient and effective service provision.
- Demonstrate Business Excellence Principles.
- Financially sound organisation.

The assessment of new projects, services, programs and activities will be assessed against both the Annual Business Plan objectives and *City Plan 2030* objectives and strategies.

To ensure that the Council delivers its financial objectives and in accordance with the Council's standard practice, the draft 2026-2027 Annual Budget should be developed with reference to and within the framework of the Long-Term Financial Plan, which, based on the components of the rate revenue increase set out in the Budget and Financial Implications above, sets out a target Operating Surplus of \$1,048,775 for the 2026-2027 Financial Year.

To ensure the Council's financial targets are achieved, the Annual Budget must be set with reference to similar key influences and assumptions. The influences and assumptions relating to external economic conditions and internal policy decisions are set out below.

### **Key Influences**

- maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces, are consistent with the *Whole-of Life Infrastructure and Asset Management Plans*;
- commitment to major projects which span more than one (1) financial year;
- initiatives and major projects which are undertaken need to contribute to the Vision, strategic direction and the wellbeing of our City as set out in the *CityPlan 2030: Shaping Our Future*;
- previously recognised ongoing operational savings are to be maintained;
- to continue to implement the principles and practices of the Business Excellence Framework (i.e. Continuous Improvement of the organisations procedures and process to ensure the "best value" is achieved);
- prudent financial management to ensure ongoing financial sustainability; and
- decisions will be informed and based on the best available evidence and information at the time.

## Key Assumptions

The Annual Budget incorporates three (3) components of the Council Operations, these being:

- Recurrent Income and Expenditure (Recurrent Budget);
- Operating Projects (Operating Projects Budget); and
- Capital Projects (Capital Budget).

## Rate Revenue Increases

For the initial review of the draft Recurrent Budget, at this stage, no increase in rate revenue will be taken into account in the analysis. Notwithstanding this, it should be noted, that the financial projections set out in the Council's *2024-2034 Long-Term Financial Plan* are based on a Rate Revenue increase of 7.0%.

## Maintaining Existing Services at Current Service Standards

The draft Recurrent Budget is proposed to be based on a "*business as usual*" assumption, which means that the Council will continue to provide the existing services, programs and facilities at the current service levels, unless otherwise determined by the Council. This is not to say that the existing services, programs and facilities will be continued to be delivered in the same way. It should be noted that service levels, and the associated budget will be adjusted to reflect ongoing operating cost adjustments resulting from Operating & Capital projects completed during the 2025-2026 Financial year.

The "*business as usual*" assumption does not take into account any change in direction or service levels in response to community expectations, legislative requirements, changing economic conditions or any changes which the Council may wish to make. Such changes will be accounted for in the Council's Operating & Capital Projects Budget.

## Cost Escalation

### Materials, Contracts and Other Expenses

The Adelaide CPI for the June 2025 Quarter and September 2025 Quarter, was 1.8% and 2.4% respectively. An alternative measure for cost escalation is the Local Government Price Index (LGPI). As the nature of the price movement associated with goods and services consumed by Local Government is different to the goods and services consumed by the 'average household', the LGPI is a reliable and independent measure of the inflationary effect on price changes in the South Australian Local Government sector. The LGPI is similar in nature to the CPI, however it represents the movements of prices associated with the goods and services used by Local Government in South Australia (to deliver services to its community) as opposed to the goods and services consumed by the 'average metropolitan household'. The LGPI considers both recurrent and capital expenditure. The change in the recurrent component from the previous year of the LGPI for South Australia to June 2025, is 2.3% and as at September 2025, is 2.5%.

The Government of South Australia recently released their 2025-2026 Mid-year Budget Review, which notes that inflation had recently risen to be 3.7% through the year to October 2025, largely reflecting the cessation of electricity rebates. The forecast for CPI growth in 2025-2026, remains unchanged at 3%, as growth in CPI is forecast to decline to 2.5% by 2027-2028, the midpoint of the Reserve Bank of Australia's (RBA) target range. The State Government's forecasts and projections for South Australia, take into consideration the expected performance of the national economy over the medium term and relative population growth rates.

Following consideration of both the LGPI and the community's expectation that increases should only move by the forecast CPI, it is recommended that the **maximum** expenditure increase for 2026-2027 across the Materials, Contracts and Other Expenses component of the Budget, be set at 3%, which has been determined with reference to the current movements in the Adelaide CPI and the LGPI Index for recurrent expenditure and in line with the CPI set in the *2024-2034 Long-Term Financial Plan*. It should be noted that this may change as the Budget process progresses.

It should also be noted that in some circumstances, there may be cost increases in excess of the 3% target (i.e. Solid Waste Levy, fuel charges, contractors & consultant costs and some materials costs) and in other circumstances, there will be no or minimal cost increases or cost increases below 3%.

### **Wages and Salaries**

Wages and Salaries and other associated employee on-costs will be indexed in line with the current Enterprise Agreements. The *Municipal Officers Enterprise Agreement* (staff covered by the South Australian Municipal Salaried Officers Award) which is currently under review and renegotiation of a new Agreement and is forecast at 5.0%, while *The Local Government Workers Enterprise Agreement* (Field and Swimming Centre casual staff) is set at 3%.

It should be noted that in-line with the *Superannuation Guarantee (Administration) Act 1992*, superannuation guarantee payments will remain at 12% of eligible earnings for 1 July 2026 to 30 June 2027.

### **Fees and Charges**

Fees and Charges which are not set by legislation, are proposed to be increased by 3.0% or market levels as determined by the review of the 2026-2027 Schedule of Fees and Charges. The 2026-2027 Schedule of Fees and Charges are included within the Agenda for this Council Meeting for the Council's consideration.

The proposed increase is the weighted average of the recommended increase in Material & Contracts and the Wages and Salaries Indexation.

### **Capital Expenditure**

Capital Expenditure relates to the purchasing, building, upgrading and renewing of the Council's assets. Capital Expenditure is funded from depreciation, borrowings and grant funding (where available). For asset renewals the main funding source is depreciation. For new assets and upgrades, the main funding source is borrowings and grant funding. The draft Annual Budget will assume that the Council will borrow to fund new assets and the upgrading of existing assets, with the renewal of assets being funded through depreciation.

In 2025, the Reserve Bank of Australia (RBA) implemented a trend of interest rate cuts, reducing the official cash rate target from a peak of 4.35% to its current level of 3.60%. However, further interest rate cuts seem unlikely for the remainder of the financial year, as annual inflation sits slightly above the RBA's target range of 2% and 3%. Headline inflation rose sharply over the year in the September Quarter to 3.2%, a large part of which was expected, given the cessation of electricity rebates in a number of states. However, if the RBA's inflation target is achieved, then there is a potential for a rate cut in early to mid 2026, with some analysts and bond markets even suggesting a possibility of a rate increase in 2026, if inflationary pressures persist.

Taking this into consideration, the interest rate on the Council's Cash Advance Borrowing is currently 5.25%. The LGFA has however advised that this will decrease to 5.10% in February 2026.

Interest rates for new borrowings are forecast to be between 5.58% per annum and 6.01% per annum, depending on the term of the borrowings. The interest rate on investment income is currently at 3.9% and forecast to increase to 4.10% per annum.

### **New Operating and Capital Projects**

The assessment of new projects, both Operating and Capital, which will be put forward for consideration, will be based on the objectives contained in *CityPlan 2030: Shaping Our Future*, the Council's Long Term Financial Plan and the approved Infrastructure & Asset Management Plans and the annual objectives set out above.

All new proposed Projects will be considered and should be approved within the constraints of the draft *2024-2034 Long-Term Financial Plan*. New services and "one-off" Operating Projects are funded through Rate Revenue increases, grant funding or by expenditure savings. New Capital Projects will be funded via Grant Funding (if secured), borrowings or cash reserves.

### **Carry Forward Projects**

When Operating Projects are not completed within budgeted scheduled timeframes, future deficits can eventuate, as the Rate Revenue is raised in the year that the project is initially approved. As part of the draft 2026-2027 Budget, the cost to complete the Operating Projects from prior financial years, will be carried forward to the 2026-2027 Financial Year, however the estimate of Carried Forward Projects will be excluded for rate modelling purposes. In this respect, estimates will be based on the 2025-2026 Third Quarter Budget Update, with the associated operational impacts being built into the determination of the 2025-2026 Operating Result.

The draft Recurrent Budget (prior to any increase in Rate Revenue being determined by the Council together with the Operating and Capital Projects will be presented to Elected Members at a Workshop which is scheduled for 10 March 2026. The draft Recurrent Budget and the Capital and Operating Projects are proposed to be considered by the Council at the Council Meeting which is scheduled for 7 April 2026.

### **Budget Management Principles**

As in previous years, the Council needs to exercise “*budget discipline*” if it is to achieve its financial outcomes that are set out in the Annual Business Plan and Budget and importantly, in the Long-Term Financial Plan and continue to achieve and maintain financial sustainability.

To date, the approach which has been taken by this Council, once the Annual Business Plan and Budget has been adopted, includes:

- no new recurrent operating expenditure or projects approved without being matched by an increase in operating revenue (i.e., Grants/Fee for Service) or a reduction in expenditure, elsewhere within the Council’s operations;
- expenditure over-runs are offset by deferral of discretionary expenditure or expenditure savings elsewhere within the Council’s operations;
- income shortfalls to be matched by operating expenditure savings; and
- no new capital expenditure that requires additional borrowings.

This discipline should continue.

Noting that there may be some urgent issues that require urgent attention however, once the Budget is adopted, these should be the exception rather than the rule.

### **Budget Timetable**

Pursuant to Section 123 of the Act and Regulation 6 of the Regulations, the Council is required to adopt the Annual Business Plan and Annual Budget after 31 May for the ensuing financial year and except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.

As set out in Table 1 below, a proposed budget timetable has been developed to ensure that the Council is in a position to adopt the 2026-2027 Annual Business Plan and Annual Budget at the Council meeting to be held on 7 July 2026. It is important to note that these dates are subject to change if required.

**TABLE 1: KEY BUDGET PROCESS ACTIVITIES 2026-2027**

<b>Key Steps</b>	<b>Dates</b>
Budget process, parameters and objectives adopted	Tuesday, 20 January 2026 (Council Meeting)
Fees and charges adopted in principle by the Council	Tuesday, 03 February 2026 (Council Meeting)
Budget Workshop with Elected Members	Tuesday, 10 March 2026 (Council Workshop)
Budget Council Meeting • <i>Recurrent Budget considered</i> • <i>Operating and Capital Projects considered</i>	Tuesday, 7 April 2026 (Council Meeting)
Draft Annual Business Plan considered by the Audit & Risk Committee	Monday, 13 April 2026 (Audit & Risk Committee Meeting)
Draft Annual Business Plan, rating model, projects carried forward and Infrastructure Whole of Life endorsed for public consultation	Tuesday, 5 May 2026 (Council Meeting)
Draft Annual Business Plan available for viewing by the public	Saturday, 09 May 2026
Meeting to receive public submissions on the Annual Business Plan	Tuesday, 26 May 2025 (Public Meeting)
Consideration of public submissions	Tuesday, 09 June 2026 (Council Meeting)
Adoption of Annual Business Plan and Budget	Tuesday, 07 July 2026 (Council Meeting)

In respect to the community consultation on the Annual Business Plan, a Public Meeting is proposed to be held on Tuesday, 26 May 2026 to allow members of the community to present their comments and feedback to the Council on the content of the Annual Business Plan and Budget.

## **OPTIONS**

The Council has the following options in respect to this issue:

1. adopt the Annual Business Plan objectives, Annual Budget parameters and assumptions as recommended; or
2. amend any or all of the recommended Annual Business Plan objectives, Annual Budget parameters and assumptions.

The Annual Business Plan objectives, Annual Budget parameters and assumptions set out in this report, are consistent with the approach which the Council has set in previous years to the development of the Annual Business Plan and Budget. In addition, the proposed approach and timetable as presented, will ensure that the Council meets its legislative requirements as set out in the *Local Government Act 1999* and Regulation 6 of the *Local Government (Financial Management) Regulations 2011* therefore Option 1 is recommended.

## **CONCLUSION**

The development of the 2026-2027 Annual Business Plan and Budget, should form the platform to position the Council to achieve and maintain ongoing Financial Sustainability. Financial Sustainability is not a number on the Income Statement, it is a strategy. Therefore, strategies need to be developed that integrate into the Council's planning and are supported by longer term planning, with any future decisions made being consistent with and supporting the strategy.

If Elected Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, please contact the General Manager, Governance & Civic Affairs, Lisa Mara on 8366 4549 or email [lmara@npsa.sa.gov.au](mailto:lmara@npsa.sa.gov.au) prior to the meeting.

## RECOMMENDATION

1. *That the Annual Business Plan objectives as set out in this report be adopted “in principle” for the purposes of preparing the draft 2026-2027 Annual Business Plan and Budget.*
2. *That the following budget parameters and assumptions be adopted ‘in principle’ for the purposes of preparing the draft 2026-2027 Annual Business Plan and Budget:*
  - *the Recurrent Operating Budget be prepared on a “business as usual” basis;*
  - *the continuation of previously recognised ongoing operational savings;*
  - *maximum Material, Contracts and Other Expenses cost escalation be set at 3%;*
    - *wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;*
    - *fees and charges not set by Legislation be increased by a minimum of 3.0%;*
    - *new Capital Projects to be considered and approved within the context of the Annual Business Plan objectives, CityPlan 2030: Shaping Our Future, the Infrastructure and Asset Management Plan and the Council’s 2024-2034 Long Term Financial Plan;*
    - *new services and one-off projects to be considered and approved within the context of the Annual Business Plan objectives, CityPlan 2030: Shaping Our Future, the Infrastructure and Asset Management Plan and the Council’s 2024-2034 Long Term Financial Plan be funded through Rate Revenue increases or by expenditure savings; and*
    - *new capital projects are funded through grant funding and or long-term borrowings.*

Cr Sims moved:

1. *That the Annual Business Plan objectives as set out in this report be adopted “in principle” for the purposes of preparing the draft 2026-2027 Annual Business Plan and Budget.*
2. *That the following budget parameters and assumptions be adopted ‘in principle’ for the purposes of preparing the draft 2026-2027 Annual Business Plan and Budget:*
  - *the Recurrent Operating Budget be prepared on a “business as usual” basis;*
  - *the continuation of previously recognised ongoing operational savings;*
  - *maximum Material, Contracts and Other Expenses cost escalation be set at 3%;*
    - *wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;*
    - *fees and charges not set by Legislation be increased by a minimum of 3.0%;*
    - *new Capital Projects to be considered and approved within the context of the Annual Business Plan objectives, CityPlan 2030: Shaping Our Future, the Infrastructure and Asset Management Plan and the Council’s 2024-2034 Long Term Financial Plan;*
    - *new services and one-off projects to be considered and approved within the context of the Annual Business Plan objectives, CityPlan 2030: Shaping Our Future, the Infrastructure and Asset Management Plan and the Council’s 2024-2034 Long Term Financial Plan be funded through Rate Revenue increases or by expenditure savings; and*
    - *new capital projects are funded through grant funding and or long-term borrowings.*

Seconded by Cr Granozio and carried unanimously.

#### **4.3 INTERNAL AUDIT REPORT - CONTRACTOR MANAGEMENT REVIEW**

**REPORT AUTHOR:** Manager Governance  
**APPROVED BY:** General Manager, Governance & Civic Affairs  
**ATTACHMENTS:** A

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#### **PURPOSE OF THE REPORT**

The purpose of this report is to present the *Contractor Management Review Internal Audit Report* to the Audit & Risk Committee for information.

#### **BACKGROUND**

At its Meeting held on 10 February 2025, the Audit & Risk Committee (the Committee) noted the primary responsibility for the Internal Audit function is assigned to the Council's General Manager, Governance & Civic Affairs by the Chief Executive Officer and endorsed the 2025-2027 Internal Audit Plan (the Internal Audit Plan).

Supported by the Manager, Governance, the General Manager, Governance & Civic Affairs takes responsibility for the management of the Internal Audit program and liaising with Bentleys (SA) Pty Ltd who have been engaged since 2022 to conduct Internal Audit services for the Council.

The Internal Audit Plan identified that there would be an Internal Audit undertaken on the Council's Contractor Management practices. Bentleys therefore commenced the Contractor Management Internal Audit process from October 2025 and the final report for the Contractor Management Internal Audit was received on 2 February 2026.

Section 125A(2) of the *Local Government Act 1999* (the Act) requires that the person primarily responsible for the Internal Audit function must ensure that Internal Audit reports are provided to the Committee. This supports the Committee in their legislated role prescribed in Section 126(4)(g)(i)(B) of the Act which is to review and comment on Internal Audit reports.

The *Contractor Management Review Internal Audit Report* is therefore provided to the Committee as contained in Attachment A.

#### **STRATEGIC DIRECTIONS**

##### ***CityPlan 2030* Alignment**

Not Applicable.

#### **FINANCIAL AND BUDGET IMPLICATIONS**

Not Applicable.

#### **RISK MANAGEMENT**

Not Applicable.

#### **CONSULTATION**

##### **Elected Members**

Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.

##### **Community**

Not Applicable.

## **Staff**

The preparation of this report has been informed through collaboration with the Manager, Chief Executives Office and the Council's WHS Advisor.

## **Other Agencies**

Not Applicable.

## **DISCUSSION**

In 2024, Local Government Risk Services (LGRS) conducted an Evaluation Review of the Council's WHS system, the results of which were assessed against key elements of the RTWSA Performance Standards for Self-Insurers (PSSI) and the Council's WHS & Injury Management procedures. A Plan with Programs (PWP) was then developed by LGRS in conjunction with Council's WHS Advisor and the Executive Leadership Team.

Program Five (5) of the PWP relates to WHS Contractor Management which identified 15 actions. These actions were specifically designed to assist the Council, as a member of the Local Government Association Workers Compensation Scheme, in meeting the RTWSA PSSI.

The aim of the Contractor Management Internal Audit process that has been undertaken by Bentleys is to:

- assess the effectiveness of the Council's contractor management framework, with a focus on WHS and people-related compliance;
- identify gaps in contractor categorisation and clarify distinctions between service-based and people-based contractors;
- evaluate the clarity of management responsibilities for contractor oversight;
- review contractor performance and quality management processes; and
- address any supplementary recommendations in addition to those arising from the 2024 LGRS review.

Bentleys conducted the Internal Audit through meetings with key Council staff across the organisation and benchmarked the Council's current contractor management practices against better practices in the Local Government sector, LGRS and *ISO 45001:2018 – Occupational Health and Safety Management Systems*.

Good practices identified through the Internal Audit related to an established policy framework for contractor management practices. The policy framework includes the Council's:

- Work Health and Safety and Return to Work Policy, providing high-level scope, objectives, and principles;
- Chapter 3-11 (WHS & Contractor Management) of the Council's WHS procedure; and
- Contract Management Policy, including a requirement to engage Contractors to maintain the required level of WHS.

Specific areas that have been recommended for improvement by Bentleys are set out below

- disparate maturity levels in contractor management across the organisation;
- no centralised contractor register;
- lack of Automated Workflow for Contractor Management;
- inconsistent Contractor Induction Processes;
- lack of contractor safety monitoring; and
- lack of training and communication in contractor management.

The *Contractor Management Review Internal Audit Report* identified that high-risk or regulated services (eg infrastructure projects, St Peters Childcare Centre & Pre-School) demonstrate mature practices. However, overall contractor management is fragmented, with differing application of policies, inconsistent induction processes, and limited monitoring of safety and compliance.

To address these issues, Bentleys have recommended implementing a organisation-wide Contractor Management Framework aligned with *ISO 45001:2018 – Occupational Health and Safety Management Systems*, which includes establishing a centralised contractor register, standardising induction processes, enhancing safety monitoring, and embedding regular training and communication. Bentleys have advised that the effective implementation of these measures will improve risk management, ensure compliance with WHS obligations and promote a consistent, transparent approach to contractor oversight across the organisation

The General Manager, Governance & Civic Affairs has reviewed the draft Report and responded to the recommendations with the Implementation Actions included in the Final Report.

At the time of the Bentleys Internal Audit report being undertaken, in response to the PWP, the Council had already engaged a contractor to deliver and embed WHS Contractor Management practices fully using the capability of Skytrust which is the system Council uses to manage the WHS reporting and management processes. This work was initially designed to meet the PWP requirements, however, to assist with implementing the actions identified through the Internal Audit process, in consultation with the Council's WHS Advisor, 16 actions have been added to the contractor's scope of work which is planned to commence before the end of the financial year.

The progress of the actions taken to address the recommendations for improvement in the *Contractor Management Review Internal Audit Report* will be reported to the Committee at its July 2026 Meeting in accordance with the Committee's Work Plan and to meet the legislative requirements of Section 126(4)(c) of the Act which requires the Committee to monitor the responsiveness of the Council to previous audit recommendations.

## **OPTIONS**

Not Applicable. The report is presented for information purposes only.

## **CONCLUSION**

The *Contractor Management Review Internal Audit Report* identified outlines a comprehensive set of recommendations to enhance the Council's contractor management practices.

These recommendations will be addressed to effectively manage the Council's contractor management risks and ensure compliance with WHS obligations while ensuring a continuous improvement approach.

## **RECOMMENDATION**

*That the Audit & Risk Committee receive and notes the Contractor Management Review Internal Audit Report, as contained in Attachment A.*



**January 2026**

## **City of Norwood Payneham & St Peters**

### **Internal Audit – Contractor Management Review**

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Telephone +61 8 8372 7900

► Advisors      ► Accountants      ► Auditors

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27 January 2026

Ms Lisa Mara  
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Dear Lisa

**Report – Contractor Management Review**

Please find attached our Internal Audit report on the Contractor Management Review for the City of Norwood Payneham & St Peters (NPSP).

We would like to take this opportunity to thank management and staff for their assistance provided to us during the course of this engagement.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Papa".

David Papa  
Partner

Enclosure



A member of Bentleys, a network of independent advisory and accounting firms located throughout Australia, New Zealand and China that trade as Bentleys. All members of the Bentleys Network are affiliated only, are separate legal entities and not in partnership. Liability limited by a scheme approved under Professional Standards Legislation. A member of Allinial Global – an association of independent accounting and consulting firms.

- Advisors
- Accountants
- Auditors

**NPSP – Contractor Management Review // January 2026**

Version history	Date
Draft report issued	18/12/2025
Final report issued	27/1/2026
Final report Audit Committee presentation	

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**Inherent Limitations**

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

**Third Party Reliance**

This report is solely for the purpose set out for the City of Norwood Payneham & St Peters information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of the City of Norwood Payneham & St Peters management or its delegate. Other than our responsibility to the management of the City of Norwood Payneham & St Peters, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Norwood Payneham & St Peters external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability is limited by a scheme approved under Professional Standards Legislation.



**NPSP – Contractor Management Review // January 2026**

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NPSP – Contractor Management Review // January 2026

## Executive Summary

### Background and Objectives

In October and November 2025, the City of Norwood Payneham & St Peters engaged Bentleys SA Pty Ltd to undertake an internal audit of its Contractor Management practices, as part of the approved internal audit program.

The Council has appointed a WHS Advisor as the primary responsible officer to implement the relevant recommendations on WHS Contractor Management Systems raised by the Local Government Risk Services (LGRS) in May 2024. To address these recommendations, the NPSP WHS Plan with Programs (PWP) was developed, comprising five (5) programs. Program 5 – WHS Contractor Management includes updating the WHS and Contractor Management procedures and adopting the LGRS WHS Contractor Management template.

During this review, we benchmarked the Council's current contractor management practices against better practices in the local government sector, LGRS and ISO 45001:2018 – Occupational Health and Safety Management Systems. We interviewed 17 key stakeholders across the organisation, including all departments listed below:

Departments	Business Units Interviewed	No. of Contract Managers and Responsible Officers Interviewed
CE's Office	St Peters Child Care Centre and Preschool WHS Procurement and Finance	5
Urban Planning & Environment	Traffic and Integrated Transport	1
Governance & Civic Affairs	Information System	1
Community Development	Community Services Library Services Norwood Concert Hall Coordination	3
Infrastructure & Major Projects	Major Projects (including Building Services) City Services	7

The engagement aimed to:

- Assess the effectiveness of the Council's contractor management framework, with a focus on WHS and people-related compliance.
- Identify gaps in contractor categorisation and clarify distinctions between service-based and people-based contractors.
- Evaluate the clarity of management responsibilities for contractor oversight.
- Review contractor performance and quality management processes.
- Address any supplementary recommendations in addition to those arising from the recent LGRS review.

Focus areas included governance, automated workflow, key controls over contractor induction, safety monitoring, training and communication.

#### Out of scope:

- The financial value of work or contracts.
- The specific scope of individual contract work ("What" contractors are engaged to do), unless it directly impacts WHS or people-related compliance.

#### Good Practices

The Council's requirements on contractor management are included in the policy or similar:

- Work Health and Safety and Return to Work Policy, providing high-level scope, objectives, and principles



**NPSP – Contractor Management Review // January 2026**

- 3-11 WHS & Contractor Management (Version 4.0), defining procedures of responsibilities, selection of contractors, engagement of contractors, monitoring, incidents during contractor activities, monitoring and evaluation, training, and records
- Contract Management Policy, including a requirement to engage Contractors to maintain the required level of WHS
- A Contractor Management Contract Control Template is used by the Major Projects business unit.

## Summary of Findings

Our review identified key areas for improvement as summarised below:

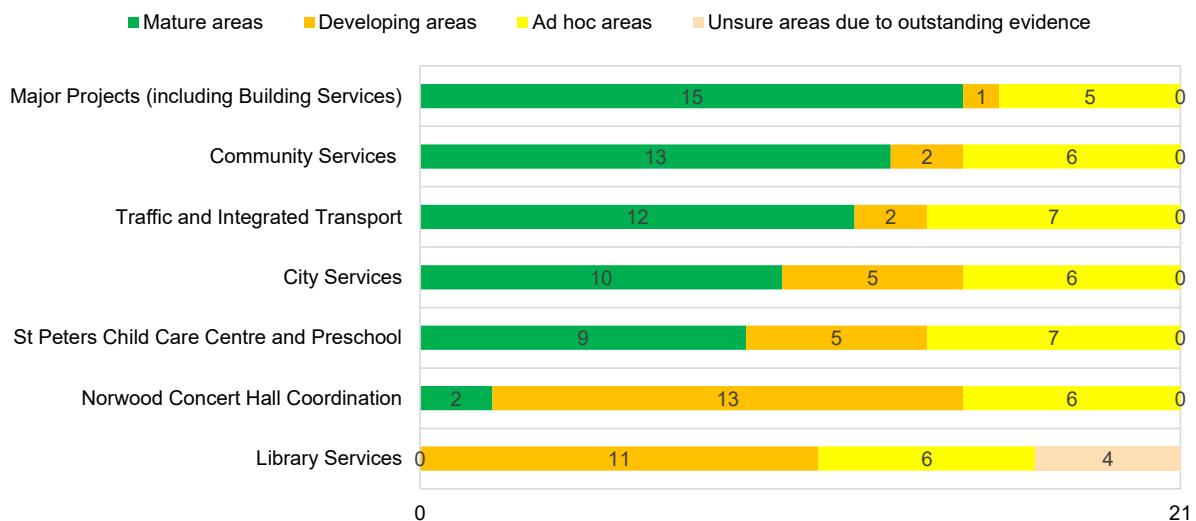
Observation	Recommendation
<p><b>1. Disparate maturity levels in contractor management across the Council</b></p> <p>A decentralised, inconsistent, or inappropriate approach to contractor management within the Council is applied. Individual business units within various departments conduct contractor management, including engaging, inducting, and monitoring contractors, at different maturity levels. Refer to Figure 1 on the next page for a summary.</p>	<p><b>Establish a council-wide Contractor Management Framework</b></p> <ul style="list-style-type: none"> <li>• Develop and implement a centralised Contractor Management Policy and Procedure or similar</li> <li>• Ensure the framework is communicated across all departments and embedded into operational practices</li> <li>• Develop a risk-tiering, performance-based model to apply proportionate controls.</li> </ul>
<p><b>2. No centralised contractor register</b></p> <p>There is no centralised contractor register for the Council. In the absence of a centralised one, some business units interviewed maintain their own registers in spreadsheets. A centralised contractor register helps an organisation effectively manage its external contractor relationships from a compliance, risk, commercial, and operational efficiency and consistency perspective, particularly when contractors are managed and utilised across the Council. It can also improve efficiency by enabling business units to engage pre-approved contractors, rather than re-procure services, saving time and resources.</p>	<p><b>Implement a centralised contractor register</b></p> <ul style="list-style-type: none"> <li>• Create a single source of truth for all contractor information, accessible to relevant staff</li> <li>• Integrate the register within a system to leverage existing functionalities and reduce duplication.</li> </ul>
<p><b>3. Lack of Automated Workflow for Contractor Management</b></p> <p>The Council currently relies on fragmented contractor management practices using multiple systems and manual processes, which limits the effectiveness of systematic controls. While systems such as Skytrust and Objective are in use, their functionalities are not fully leveraged to provide an integrated, automated workflow.</p>	<p><b>Optimise and mandate the use of automated workflow</b></p> <ul style="list-style-type: none"> <li>• Explore and configure a well-functioning system to accommodate the Council's needs</li> <li>• Develop standard operating procedures (SOPs) for system use and make it mandatory across all business units</li> <li>• Conduct data migration from spreadsheets and other systems into the designated system.</li> </ul>
<p><b>4. Inconsistent Contractor Induction Process</b></p> <p>Contractor induction is conducted inconsistently across departments within the Council. While some business units have implemented structured, role-specific inductions, others have no formal safety induction process, relying instead on sign-in books or assumptions. This exposes the Council to WHS risks and potential non-compliance with its WHS obligations.</p>	<p><b>Standardise contractor induction processes</b></p> <ul style="list-style-type: none"> <li>• Design and implement a formal induction program for all contractors</li> <li>• Use a system induction module for online pre-arrival inductions and on-site verification</li> <li>• Apply QR code or ID scanning for sign-in/sign-out linked to induction completion.</li> </ul>
<p><b>5. Lack of contractor safety monitoring</b></p> <p>There is no monitoring and management of contractor compliance, on-site safety, and incident reporting over the contract period across the Council, except for inspections and audits undertaken by the City Services.</p>	<p><b>Strengthen contractor monitoring and safety oversight</b></p> <ul style="list-style-type: none"> <li>• Introduce a scheduled monitoring program using tools</li> <li>• Ensure compliance documents are reviewed periodically, not just at onboarding</li> </ul>

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Observation	Recommendation
	<ul style="list-style-type: none"> <li>Implement real-time visibility of contractors on-site via system dashboards</li> <li>Establish KPIs for contractor safety performance</li> <li>Include these KPIs in quarterly ELT and WHS Committee reports.</li> </ul>
<b>6. Lack of training and communication in contractor management</b> <p>Stakeholder interviews revealed that participants were unable to recall the contractor management requirements outlined in the existing major policy documents, including the Work Health and Safety and Return to Work Policy (dated 19 April 2017) and the 3-11 WHS &amp; Contractor Management (Version 4.0). Furthermore, business services contractors sometimes arrived outside of business hours (e.g., at libraries), which were not always managed due to the lack of a formal communication channel between sites.</p>	<b>Enhance training and communication</b> <ul style="list-style-type: none"> <li>Incorporate contractor management and system training into employee induction programs and annual refresher training</li> <li>Provide role-specific training for Contract Managers and Responsible Officers</li> <li>Ensure contractors are included in site-specific emergency drills and communication protocols for after-hours work</li> <li>Implement contractor safety forums or toolbox talks.</li> </ul>

The chart below summarises the current maturity of the business unit sampled as part of this review, benchmarked against the local government's better practices. Refer to Appendix 1 for detailed results.

*Figure 1: Summary of business units' maturity assessment*



## Conclusion

This review of the Council's contractor management practices identified that high-risk or regulated services (e.g., infrastructure, childcare) demonstrate mature practices. However, overall contractor management is fragmented, with differing application of policies, inconsistent induction processes, and limited monitoring of safety and compliance. Key gaps include the absence of a centralised contractor register, a lack of automated workflow, and insufficient training and communication across departments. To address these issues, we recommend implementing a council-wide Contractor Management Framework aligned with ISO 45001:2018, establishing a centralised register, standardising induction processes, enhancing safety monitoring, and embedding regular training and communication. Effective implementation of these measures will improve risk management, ensure compliance with WHS obligations, and promote a consistent, transparent approach to contractor oversight across the organisation.

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## Review Observations

The gaps outlined below were identified during walkthrough meetings with key stakeholders and, where possible, validated through a review of the provided documentation.

<b>Finding 1. Disparate maturity levels in contractor management across the Council</b>		
<b>Observation(s)</b>		
A decentralised, inconsistent, or inappropriate approach to contractor management within the Council is applied. Individual business units within various departments conduct contractor management, including engaging, inducting, and monitoring contractors, at different maturity levels.		
From the stakeholder interview and review of the relevant documentation provided, the following business units have mature contractor management in place, due to the scale of the project in terms of risk and value, or strong regulatory requirements:		
<ul style="list-style-type: none"> <li>• Major Projects, Infrastructure &amp; Major Projects</li> <li>• Community Services, Community Development</li> <li>• City Services (Infrastructure &amp; Major Projects), Infrastructure &amp; Major Projects</li> <li>• St Peters Child Care Centre and Preschool, CE's Office.</li> </ul>		
Disparities in key contractor management areas, such as induction (Finding 4) and monitoring (Finding 5), were found during the review. The current inconsistent or inappropriate practice is due to a lack of awareness and implementation of the Council's requirements (Finding 6) and system functions (Findings 2 and 3).		
For details, refer to Appendix 1.		
<b>Risk</b>		
<ul style="list-style-type: none"> <li>• Due to inconsistent contractor management practices across business units, the Council may fail to meet WHS obligations, resulting in injury/illness</li> <li>• Inconsistent contractor engagement and oversight may breach procurement, probity, safeguarding, and sector-specific obligations</li> <li>• Ineffective, uneven contractor management increases the likelihood of poor value for money</li> <li>• Fragmented contractor management undermines transparency and accountability, eroding stakeholder confidence and exposing the Council to reputational damage.</li> </ul>		
<b>Recommendation</b>	<b>References</b>	<b>Implementation Action</b>
<b>Establish a council-wide Contractor Management Framework</b> <ol style="list-style-type: none"> <li>1. Develop and implement a centralised Contractor Management Policy and Procedure or similar that: <ul style="list-style-type: none"> <li>- Defines roles, responsibilities, and processes for engagement, induction, monitoring, and compliance.</li> <li>- Aligns with ISO 45001:2018 clauses 4–10 (context, leadership, planning, support, operation, performance evaluation, and improvement).</li> <li>- Incorporates requirements from the NPSP WHS PWP Program 5 – WHS Contractor Management, including risk-based contractor oversight and shared WHS arrangements.</li> </ul> </li> <li>2. Ensure the framework is communicated across all departments and embedded into operational practices.</li> </ol>	ISO 45001:2018 (Clauses 4–10, esp. 4.4, 5.1, 6.1, 8.1.4)  NPSP WHS PWP Program 5 – WHS Contractor Management	The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by the Executive Leadership Team (ELT) in 2024 contains five (5) programs and five (5) projects. Program 5 is WHS Contractor Management. A contractor has been engaged, and Recommendations 1 and 2 in Finding 1 are included in the scope of work.  Recommendation 3 will be progressed based on an updated scope of work for the contractor.  Work is likely to commence from March 2026.

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**Finding 1. Disparate maturity levels in contractor management across the Council**

3. Develop a risk-tiering, performance-based model to apply proportionate controls, such as: \*

- High-risk contractors (e.g., construction, electrical) for full WHS system review, frequent audits.
- Low-risk contractors (e.g., office cleaning) for streamlined checks.
- People-based contractors (e.g., relief educators, on-site trades, construction workers, cleaners) for personal safety, site hazards, supervision, PPE, SWMS, permits.
- Service-based contractors (e.g., consultants, software providers) for health and safety systems and documentation.

\* *Additional recommendations to NPSP WHS PWP Program 5 – WHS Contractor Management*

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**Finding 2. No centralised contractor register**

**Observation(s)**

There is no centralised contractor register for the Council. In the absence of a centralised one, some business units interviewed maintain their own registers in spreadsheets.

A contractor register is a central database or structured record that contains essential information about all contractors engaged by an organisation. It typically includes:

- Contractor/entity name and ABN/ACN
- Services provided and contract scope, if any sub-contractors
- Individual contractors/personnel details
- Current compliance documentation, such as
  - Public liability insurance, professional indemnity (where applicable) and any other insurance certificates
  - Return to Work SA registration or personal accident insurance (for sole traders, partnerships, trusts)
  - Relevant licences, certifications and competencies for the individual contractors and companies
- Risk assessment, SWMS, WHS Management System (WHSMS) documents, WHS Management Plan (for construction work exceeding \$450,000) or any other relevant documents
- Status of prequalification, general induction, and site induction
- Incidents during contractor activities
- Monitoring activities, such as schedules, inspections, or audits.

A centralised contractor register helps an organisation effectively manage its external contractor relationships from a compliance, risk, commercial, and operational efficiency and consistency perspective, particularly when contractors are managed and utilised across the Council. For example, across the Council building services contractors (such as window cleaning) are managed by the Building Assets but utilised by other sites, including libraries and child care centre. Another example is that the ownership of subscription licences, such as FE Technology used in libraries, has become unclear due to personnel changes and loss of tracking.

It can also improve efficiency by enabling business units to engage pre-approved contractors, rather than re-procure services, saving time and resources.

Additionally, supporting documents of the contractor management processes are often not captured centrally; instead, Contract Managers save them within the ERP system under their respective areas or project names. For example, City Services maintains a detailed departmental "Contract Register" (spreadsheet) tracking active agreements (e.g., Tree Pruning, Mowing, Waste), providers, responsible officers, and expiry dates. However, this remains siloed from a central view.

**Risk**

- Without a centralised register, the Council may fail to maintain accurate and up-to-date compliance documentation, leading to breaches of legal and regulatory obligations.
- Decentralised registers and document storage lead to duplication, unclear ownership of contracts (e.g., subscription licences), and poor visibility of contractor utilisation, resulting in cost leakage and inefficiency.
- Fragmented contractor management undermines transparency and accountability, eroding stakeholder confidence and exposing the Council to reputational damage.

Recommendation	References	Implementation Action
<b>Implement a centralised contractor register</b>  1. Create a single source of truth for all contractor information, accessible to relevant staff. 2. Include: <ul style="list-style-type: none"><li>- Contractor entity and personnel details</li></ul>	ISO 45001:2018 (Clause 7.5 Documented Information)	The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by ELT in 2024 contains five (5) programs and five (5) projects. Program 5 is WHS Contractor Management. A contractor has been engaged, and all recommendations in

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**Finding 2. No centralised contractor register**

<ul style="list-style-type: none"><li>- Compliance documentation (insurance, licences, certifications)</li><li>- Induction status and site access permissions</li><li>- Incident history and monitoring records</li></ul> <p>3. Integrate the register within the system to leverage existing functionalities and reduce duplication.</p>	NPSP WHS PWP Program 5 – WHS Contractor Management (Actions 6–8)	<p>Finding 2 are already included in the scope of work.</p> <p>Work is likely to commence from March 2026.</p>
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**Finding 3. Lack of Automated Workflow for Contractor Management**

**Observation(s)**

The Council currently relies on fragmented contractor management practices using multiple systems and manual processes, which limits the effectiveness of systematic controls. While systems such as Skytrust and Objective are in use, their functionalities are not fully leveraged to provide an integrated, automated workflow.

An effective contractor management system should deliver the following automated capabilities:

- **Record-keeping with workflow controls:** Maintain contractor documentation, feedback, and complaints, while issuing notifications to Contract Managers regarding upcoming expiries to ensure timely updates.
- **Induction management:** Facilitate both online and face-to-face inductions with customisable WHS and site-specific modules, including the ability to send induction links for completion prior to site arrival.
- **Site access control:** Integrate induction status with site entry permissions, enabling QR code or ID scanning on arrival and tracking sign-in/sign-out for attendance.
- **Monitoring and review tools:** Provide resources such as contractor monitoring templates, visual inspection tools, and annual evaluation forms to support ongoing performance assessment.
- **Incident and hazard reporting:** Enable real-time reporting of incidents and hazards, supporting risk management and corrective actions to promote safety and compliance.

Particularly, the following inefficiencies were observed during the review:

- **Low system adoption:** At the time of review (October 2025), only five (5) contractors were recorded in the Skytrust Contractors and Inductions Models. Additionally, City Services retained digital/PDF forms for Contract Control Inspections and Mowing Audits in Objective.
- **Incident reporting gaps:** Several business units, including Norwood Concert Hall, Community Services, Urban Planning, and Library Services, advised they report incidents through the system; however, no corresponding records were identified. For example, an incident involving a contractor working on the library roof without appropriate PPE was not recorded.
- **Disparate and manual processes:** Business units continue to use inconsistent and manual methods, including digital logins and safety inductions at Civic Centre and Depot, physical Visitor's Log at St Peters Child Care Centre and Preschool, spreadsheets of contractor information, the Statistical Management System (SMS – a state/external system), and physical Contractor (Minor Works) Induction Records by City Services.

Stakeholder interviews indicated a strong interest in implementing a more integrated and automated approach to contractor management.

**Risk**

- Failure to consistently record contractor inductions, incidents, hazards, and corrective actions increases the likelihood of WHS breaches and unmanaged risks.
- Decentralised registers and document storage lead to duplication, unclear ownership of contracts (e.g., subscription licences), and poor visibility of contractor utilisation, resulting in cost leakage and inefficiency.
- Fragmented contractor management undermines transparency and accountability, eroding stakeholder confidence and exposing the Council to reputational damage.

Recommendation	References	Implementation Action
<b>Optimise and mandate the use of automated workflow</b>		
1. Explore and configure a well-functioning system to: <ul style="list-style-type: none"> <li>- Manage contractor records and compliance workflows</li> <li>- Automate expiry notifications for insurance licences, and certifications *</li> </ul>	ISO 45001:2018 (Clauses 7.4 Communication, Clause 7.5 Documented Information, 8.1)	The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by ELT in 2024 contains five (5) programs and five (5) projects. Program 5 is WHS Contractor Management. A contractor has been engaged, and Recommendations 2

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**Finding 3. Lack of Automated Workflow for Contractor Management**

<ul style="list-style-type: none"><li>- Track inductions and link them to site access control (QR code or ID scanning) *</li><li>- Real-time dashboards for contractor presence *</li><li>- Enable real-time incident and hazard reporting</li></ul> <p>2. Develop standard operating procedures (SOPs) for system use and make them mandatory across all business units</p> <p>3. Conduct data migration from spreadsheets and other systems into the designated system.</p> <p><i>* Additional recommendations to NPSP WHS PWP Program 5 – WHS Contractor Management</i></p>	Operational control)  NPSP WHS PWP Program 5 – WHS Contractor Management (Actions 4, 8, 9)	and 3 in Finding 3 are included in the scope of work.  Work is likely to commence from March 2026.  The remaining components of Recommendation 1 for Finding 3 (those with a red asterisk) will be progressed where applicable, either through an updated scope of works for the contractor or scheduled as a future enhancement.
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**Finding 4. Inconsistent Contractor Induction Process**

**Observation(s)**

Contractor induction is conducted inconsistently across departments within the Council. While some business units have implemented structured, role-specific inductions, others have no formal safety induction process, relying instead on sign-in books or assumptions.

This inconsistency exists because there is limited awareness and implementation of the centralised, mandatory contractor management system (Finding 3). This exposes the Council to WHS risks and potential non-compliance with its WHS obligations.

Our review of contractor management practices across various departments revealed disparities in how inductions are handled:

• **Structured Induction:**

- **St Peters Child Care Centre and Preschool:** This area demonstrated the most robust process, providing an Induction Checklist and a tour for each contractor. Inductions are also provided by other Council business units, such as when managing maintenance at the centre.

• **Partial or Informal Induction:** We were advised about the following practices

- **City Services:** Utilises a comprehensive "Contractor (Minor Works) Induction Record". This checklist covers hazard identification (e.g., Electricity, Traffic/Pedestrians, Working at Heights), specific controls (e.g., exclusion zones, spotters), and confirms receipt of SWMS and Insurances. It is signed by both the Council representative and the Contractor.
- **Major Projects:** The Project Manager provides an induction for major projects, although not always for minor works.
- **Community Services (Community Development):** Aged care contractors are funded by the state government under the *Aged Care Act* and have a standard compulsory induction. New contractors for both aged care and community development are inducted 1:1 before they commence. It was unclear how induction is provided for staff changes from the contractors.

• **No Formal Induction:**

- **Norwood Concert Hall:** There was no formal safety induction for contractors, such as individual technical production staff.
- **Library Services:** Contractor management relies on a sign-in book and a presumption that long-term contractors should be aware of the site and procedures.

Stakeholder interviews highlighted the need to establish and implement a formal site induction process.

**Risk**

- Due to inconsistent contractor management practices across business units, the Council may fail to meet WHS obligations, resulting in injury/illness
- Fragmented induction processes create duplication, inconsistent expectations for contractors, and weak control points for verifying readiness to work
- Fragmented contractor management undermines transparency and accountability, eroding stakeholder confidence and exposing the Council to reputational damage.

Recommendation	References	Implementation Action
<b>Standardise contractor induction processes</b>	ISO 45001:2018 (Clause 8.1.4 – contractor procurement and control)	The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by ELT in 2024 contains five (5) programs and five (5) projects. Program 5 is WHS Contractor Management. A contractor has been engaged, and Recommendation 1 in Finding 4 is included in the scope of work.

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**Finding 4. Inconsistent Contractor Induction Process**

2. Use a system induction module for online pre-arrival inductions and on-site verification \*
3. Apply QR code or ID scanning for sign-in/sign-out linked to induction completion. \*

*\* Additional recommendations to NPSP WHS PWP Program 5 – WHS Contractor Management*

NPSP WHS  
PWP Program  
5 – WHS  
Contractor  
Management  
(Action 10)

Recommendations 2 and 3 of Finding 4 will be progressed based on an updated scope of work for the contractor.

Work is likely to commence from March 2026.

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**Finding 5. Lack of contractor safety monitoring**

**Observation(s)**

There is no monitoring and management of contractor compliance, on-site safety, and incident reporting over the contract period across the Council.

The following was observed during the review:

- **Lack of compliance monitoring:** There are no processes in place to ensure that the current compliance documents, such as Public Liability and Insurance, are on file over the contract period, although the documentation is requested upon onboarding.
- **Gaps in on-site safety induction and oversight:** Direct oversight of contractor safety practices is ad-hoc, with major gaps noted in inductions of contractor staff changes and PPE usage during site visits.
- **Inappropriate incident reporting:** Contractor-related incidents and hazards are not always reported and tracked for corrective actions and risk management.
- **Lack of contractor visibility on-site:** Staff are often unaware of when contractors are present or their contacts, such as phone numbers, creating a significant WHS risk, particularly during emergencies, e.g., in libraries.

It was noted that City Services provides evidence of active monitoring through "Contract Control Inspections" and "Mowing Audits". These inspections explicitly check:

- PPE compliance (Headwear, Eyewear, Boots, Hi-Vis, etc.)
- Traffic Management (Signage and visible work sites)
- Work quality (Debris clearance, damage checks)
- Specific WHS discussions (e.g., checking climbing shoes for arborists).

**Risk**

- Due to inconsistent contractor management practices across business units, the Council may fail to meet WHS obligations, resulting in injury/illness
- Contractor safety is not consistently monitored or tracked, preventing timely corrective actions and systemic risk management
- Fragmented contractor management undermines transparency and accountability, eroding stakeholder confidence and exposing the Council to reputational damage.

Recommendation	References	Implementation Action
<p><b>Strengthen contractor monitoring and safety oversight</b></p> <ol style="list-style-type: none"> <li>1. Introduce a scheduled monitoring program using tools such as:           <ul style="list-style-type: none"> <li>- LG Safe Contractor Monitoring Tool</li> <li>- Drive-by Visual Inspection Tool</li> <li>- Annual Contractor Evaluation Form</li> </ul> </li> <li>2. Ensure compliance documents are reviewed periodically, not just at onboarding.</li> <li>3. Implement real-time visibility of contractors on-site via system dashboards *</li> <li>4. Establish KPIs for contractor safety performance, such as: *           <ul style="list-style-type: none"> <li>- % of contractors inducted before site entry</li> <li>- % of scheduled inspections completed</li> <li>- % of corrective actions closed within the timeframe.</li> </ul> </li> <li>5. Include these KPIs in quarterly ELT and WHS Committee reports. *</li> </ol>	<p>ISO 45001:2018 (Clauses 9.1 Monitoring, Measurement, Analysis, Clause 9.3 Management Review, and 10.2 Corrective action)</p> <p>NPSP WHS PWP Program 5 – WHS Contractor Management (Actions 11–14)</p>	<p>The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by ELT in 2024 contains five (5) programs and five (5) projects. Program 5 is WHS Contractor Management. A contractor has been engaged, and Recommendations 1 and 2 in Finding 5 are included in the scope of work.</p> <p>Recommendations 3-5 of Finding 5 will be progressed based on an updated scope of work for the contractor.</p> <p>Work is likely to commence from March 2026.</p>

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**Finding 5. Lack of contractor safety monitoring**

*\* Additional recommendations to NPSP WHS PWP  
Program 5 – WHS Contractor Management*

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**Finding 6. Lack of training and communication in contractor management**

**Observation(s)**

Stakeholder interviews revealed that participants were unable to recall the contractor management requirements outlined in the existing major policy documents, including the Work Health and Safety and Return to Work Policy (dated 19 April 2017) and the 3-11 WHS & Contractor Management (Version 4.0).

The potential reason is that contractor management training and the relevant system training were not included in the employee induction or refresher training.

Furthermore, business services contractors sometimes arrived outside of business hours (e.g., at libraries), which were not always managed due to the lack of a formal communication channel between sites.

**Risk**

- Due to the absence of system training, the Council may fail to meet WHS obligations, resulting in injury/illness
- Poor communication between sites and a lack of policy awareness create inefficiencies and accountability gaps in managing contractors, especially shared services
- Fragmented contractor management undermines transparency and accountability, eroding stakeholder confidence and exposing the Council to reputational damage.

Recommendation	References	Implementation Action
<b>Enhance training and communication</b> <ol style="list-style-type: none"> <li>1. Incorporate contractor management and system training into:           <ul style="list-style-type: none"> <li>- Employee induction programs</li> <li>- Annual refresher training</li> </ul> </li> <li>2. Provide role-specific training for Contract Managers and Responsible Officers.</li> <li>3. Ensure contractors are included in:           <ul style="list-style-type: none"> <li>- Site-specific emergency drills.</li> <li>- Communication protocols for after-hours work.</li> </ul> </li> <li>4. Implement contractor safety forums or toolbox talks to:           <ul style="list-style-type: none"> <li>* Share lessons learned from incidents</li> <li>- Reinforce Council's WHS expectations.</li> </ul> </li> </ol> <p><i>* Additional recommendations to NPSP WHS PWP Program 5 – WHS Contractor Management</i></p>	ISO 45001:2018 (Clause 5.4 Consultation and Participation of Workers, Clauses 7.2 Competence, 7.3 Awareness, 7.4 Communication, Clause 8.2 Emergency Preparedness and Response)  NPSP WHS PWP Program 5 – WHS Contractor Management (Action 5)	The Council's 2024-2027 WHS Plan with Programs (PWP) which was approved by ELT in 2024 contains five (5) programs and five (5) projects. Program 5 is WHS Contractor Management. A contractor has been engaged, and Recommendations 1 and 2 in Finding 6 are included in the scope of work.  Recommendations 3 and 4 of Finding 6 will be progressed based on an updated scope of work for the contractor.  Work is likely to commence from March 2026.

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## Appendix 1 – Details of business units' maturity assessment

Identification of gaps and vulnerabilities in the current BCM framework, highlighting areas where resilience and preparedness may be insufficient and assessment of alignment with ISO 45001:2018 – Occupational Health and Safety Management Systems.

Legend	Description
<b>Mature area</b>	Well-established and consistently applied practices that align with better-practice standards and demonstrate effective control implementation.
<b>Developing area</b>	Practices are in place and progressing toward better practice, but require further refinement and consistency.
<b>Ad hoc area</b>	Practices are informal, inconsistently applied, and largely dependent on individual effort rather than documented systems.
<b>Unsure area due to outstanding evidence</b>	Maturity cannot yet be determined due to insufficient or outstanding supporting evidence.

Areas	Local government's better practices	Infrastructure & Major Projects		Community Development Department			Urban Planning & Environment	CE's Office
		Major Projects (including Building Services)	City Services	Norwood Concert Hall Coordination	Community Services	Library Services		
1. Policy & Framework	1.1 A clear, documented policy or procedure exists that defines the scope of contractor management and its commitment to pro-active WHS.	No reference to any documented policy or framework for Contractor Management. Instead, "Contractor Management Contract Control Template" serves as the documented procedure that defines the scope of contractor management and embeds a proactive WHS commitment through mandatory hazard identification, risk control tables, Job Safety and Environment Analyses (JSEAs), and post-award monitoring.	No reference to any documented policy or framework for Contractor Management. Instead, the WHS Management Plan 2024-2027 includes Contractor Management as one of its five focus areas. A WHS Procedure is planned to replace the WHS Manual. The team follows the specifications outlined in the written contracts and tender requests, including safety components. Aaron Cook also uses an internal strategy and guide for tree pruning to provide to contractors.	No reference to any documented policy or framework for Contractor Management. It is noted that the Work Health and Safety and Return to Work Policy, Contract Management Policy exist. The "Contractor Management Contract Control Template" serves as the documented procedure that defines the scope of contractor management and embeds a proactive WHS commitment through mandatory hazard identification, risk control tables, Job Safety and Environment Analyses (JSEAs), and post-award monitoring.	No reference to any documented policy or framework for Contractor Management. Instead, "The Community Services area operates using formal panel contracts and service agreements (e.g., for Domestic Assistance, Home Maintenance, and Transport). These agreements function as the primary policy, clearly defining the scope of services and outlining WHS commitments	No reference to any documented policy or framework for Contractor Management. There appears to be no clear, localised policy or procedure governing contractor management specifically for libraries, resulting in ad hoc practices.	No reference to any documented policy or framework for Contractor Management. It is noted that the department demonstrates a commitment to engaging WHS-capable contractors. This is evident in the Request for Quote (RFQ) process for professional services, which includes a dedicated WHS section and requires bidders to provide evidence of WHS systems.	No reference to any documented policy or framework for Contractor Management. It is noted that the Director has long-standing arrangements with three recruitment agencies for relief educators. A documented, Centre-specific procedure for contractor management (beyond the induction process) is not explicitly mentioned as being in place.
	1.2 The policy clearly states that contractors will only be engaged if they can demonstrate appropriate WHS Management System (WHSMS) capability.	As above	WHS requirements are included in the specifications of the written contracts and tender requests. The team uses a manual Induction form saved in Objective, which would likely capture the WHS requirements.	No documented policy or framework for Contractor Management - but "Contractor Management Contract Control Template" serves as the documented procedure that defines the scope of contractor management and embeds a proactive WHS commitment through mandatory hazard identification, risk control tables, Job Safety and Environment Analyses (JSEAs), and post-award monitoring.	The tender process requires contractors to provide evidence of their WHS policies and safe work procedures (SWMS) before being engaged.	As above	The department demonstrates a commitment to engaging WHS-capable contractors. This is evident in the Request for Quote (RFQ) process for professional services, which includes a dedicated WHS section and requires bidders to provide evidence of WHS systems.	The Centre requests and uploads WHS-related documents from recruitment agencies to Skytrust. This acts as evidence of WHSMS capability. However, the requirement should be formalised and consistently applied as part of a documented policy to ensure agencies meet minimum WHS standards before engagement.
2. Roles & Responsibilities	2.1 Clear roles are formally defined and assigned for contractor management (e.g., Contract Manager, Contract Administrator, Works Supervisor).	The "Contractor Management Contract Control Template" demonstrates compliance by formally defining Council roles such as "Council Superintendent" and "Council Contract Supervisor". Samples reviewed evidence the adherence to the contract management contract control template.	The Manager, City Services, the Works Coordinator, Tree Services, and the Works Coordinator, Parks & Gardens were interviewed. These roles implicitly manage the contractors in their respective areas, as Works Supervisors/Contract Managers. Based on the provided sample evidence, compliance is demonstrated through signed Induction and Inspection records, with specific officers (e.g., Wayne	The criterion appears substantially met as the Weslo Services Agreement formally designates the "Norwood Concert Hall Coordinator" as the "Council's Representative," establishing clear authority for contract administration. This role is operationally active, evidenced by Incident Reports where the Coordinator functions as the "Lead Investigator" for contractor-related safety incidents. However, roles	Roles appear to be clearly defined in practice. The Manager Community Services acts as the Contract Manager, responsible for performance. Home Support Officers are responsible for initial hazard identification and reporting incidents to them.	Waiting for the documents	Roles are clearly defined. The Manager Traffic and Integrated Transport is formally named as the "Council's Representative" in service agreements (e.g., Tonkin) and acts as the Contract Manager (e.g., Altus), providing technical oversight.	The Director is the primary operational contact for booking and managing relief educators and handles communication with agencies. They are also the lead investigator for incidents, demonstrating a Works Supervisor/Contract Manager function for on-site activities.

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Areas	Local government's better practices	Infrastructure & Major Projects		Community Development Department			Urban Planning & Environment	CE's Office
		Major Projects (including Building Services)	City Services	Norwood Concert Hall Coordination	Community Services	Library Services	Traffic and Integrated Transport	St Peters Child Care Centre and Preschool
			Bambrick, Aaron Cook) assigned and actively fulfilling oversight roles. Specific WHS responsibilities are visibly executed via the documented review of hazards and SWMS/JSAs, and the ongoing monitoring of safety compliance and PPE usage during site audits	are defined within specific contracts rather than an overarching contractor management policy document in this sample.				
	2.2 Specific WHS responsibilities are assigned to these roles, including communicating risks, reviewing risk assessments (JSA/SWMS), and monitoring compliance.	The sample documents demonstrate that the Council's Contract Control Template ensures compliance by explicitly assigning the Council Superintendent specific duties for identifying hazards and approving the contractor's JSEA prior to works (Sections 4 & 5). Additionally, the framework formally embeds compliance monitoring through a dedicated "Monitoring of Safety and Environmental Hazard Controls" checklist (Section 7) to be executed by the Council Representative during the project.	Council staff are responsible for reporting incidents on site. Inductions are conducted by the Works Coordinators/Manager. The induction form includes SWMS. Safety Audits are done using Safety Culture and Gravity Form – Contract Control Forms, indicating that monitoring is a responsibility. Based on the provided sample evidence, compliance is demonstrated through signed Induction and Inspection records, with specific officers (e.g., Wayne Bambrick, Aaron Cook) assigned and actively fulfilling oversight roles. Specific WHS responsibilities are visibly executed via the documented review of hazards and SWMS/JSAs, and the ongoing monitoring of safety compliance and PPE usage during site audits.	While the Concert Hall Coordinator actively assumes the role of Lead Investigator for incidents and monitors post-incident contractor welfare, and physical site risks are communicated via the Technician Induction walkthrough, there is no documented evidence in the provided agreement or induction forms confirming that the review of risk assessments (JSA/SWMS) is a formally assigned duty for this role prior to work commencement.	Service agreements require contractors to comply with the Aged Care Code of Conduct and manage their own staff's performance and conduct. Council staff (Home Support Officers) are responsible for initial WHS assessments for new client referrals.	Waiting for the documents	WHS responsibilities are assigned. The RFQ process, managed by this role, includes the review of WHS documentation. Furthermore, the RFQ specifies that the "Council Superintendent" (the Contract Manager) must be notified of any WHS incidents.	The Director (and other staff) provides an Induction Sheet and a tour to contractors (e.g., relief educators) every time they are engaged. Incidents are reported, communicated to the company, and recorded in Skytrust. For maintenance, the contact person (from the Building Assets business unit) provides an on-site induction.
	2.3 The Principal Contractor is made explicitly responsible for managing and inducting their own sub-contractors and workers.	Contractor Management Contract Control Template - "Induction Record" section explicitly states the Contractor "undertakes to ensure that the Council's policies and documents will be brought to the attention of the Contractor's employees and subcontractors	Subcontractors are Generally Not Allowed, but an Exception Exists. The contracts generally state that no subcontractors are allowed. However, the Taken Care of Trees (TCT) contract may have subcontractors, and the responsibility for managing them is not explicitly stated in the stakeholder meeting for this team, though it is a general expectation for capital work contractors.	Contractor Management Contract Control Template - "Induction Record" section explicitly states the Contractor "undertakes to ensure that the Council's policies and documents will be brought to the attention of the Contractor's employees and subcontractors.	Contractor Management Contract Control Template - "Induction Record" section explicitly states the Contractor "undertakes to ensure that the Council's policies and documents will be brought to the attention of the Contractor's employees and subcontractors.	Waiting for the documents	As above	The main contractors are recruitment agencies and maintenance/project contractors. Relief educators are inducted by the Centre, making the Centre a shared duty holder. For maintenance, it's assumed the contractor is responsible for their own workers, but the Centre also provides an on-site induction. The need for principal contractor management of subcontractors is not directly relevant for the relief educators but may apply to maintenance/project contractors.
3. Contractor Selection & Prequalification	3.1 A formal system for a "Prequalified" or "Approved" Contractor Register is maintained to manage compliance.	Maintains a contract register which captures the agreement's status and description, internal department and financial value, provider contact details, key dates, and insurance compliance.	Register Exists, but the Status is Unclear. A Contractor Register exists (e.g., building maintenance by Henry), which was compiled at the end of 2024. However, it is not described as a formal 'Prequalified' or 'Approved' list for WHS compliance in the stakeholder meeting. The Contract Register is	A local register exists, recording all contractors in an Excel spreadsheet.	The area uses a tender process to create a panel of "approved" contractors. To be selected, contractors must provide evidence of WHS policies, SWMS, and mandatory checks such as National Criminal History Checks. Specific licenses, like Builder's Licences for home modification, are also required.	The system for managing contractors appears informal. A list of contractors was compiled based on "observations", rather than a formal prequalification register.	The business unit does not maintain a formal "Prequalified" or "Approved" contractor register for professional services; engagements are project-specific.	The Centre uses three long-standing recruitment agencies and has records for them. Records (e.g., WWCC, WHS documents) are being uploaded to Skytrust for compliance management.

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Areas	Local government's better practices	Infrastructure & Major Projects		Community Development Department			Urban Planning & Environment	CE's Office	
		Major Projects (including Building Services)	City Services	Norwood Concert Hall Coordination	Community Services	Library Services	Traffic and Integrated Transport	St Peters Child Care Centre and Preschool	
			maintained in Objective and updated quarterly.						
	3.2 Contractors must provide minimum evidence of compliance before being added to the register. This includes: <ul style="list-style-type: none"><li>• Public Liability Insurance</li><li>• ReturnToWorkSA Registration</li><li>• Relevant licences/certifications (e.g., White Card)</li><li>• Evidence of WHS policies/systems</li></ul>	The register provides low comfort for two key reasons: <ol style="list-style-type: none"><li>1. Incomplete by Design: It fails to track WHS policies and licences.</li><li>2. Ineffective in Practice: It is not being consistently updated with the insurance and Return to Work data it was designed to capture. This pattern of missing data suggests that the control is not operating effectively.</li></ol>	The written contracts and tender requests contain specifications. The onboarding stage requires an Induction (manual form), saved in Objective, including SWMS. It is not explicit if the manual form mandates the collection of all these compliance documents. There is no function to maintain the currency of Public Liabilities and Insurance.	A partial process is followed for the 10 individual technical contractors. Denis confirms he receives their Public Liability and Work with Children check information.	As above	Waiting for the documents	Professional Indemnity insurance, ReturnToWorkSA registration, and an active WHS system.	The Centre requests copies of WHS requirements from the recruitment agencies. This is supported by the existence of a Working With Children Check (WWCC) for a prospective employee/contractor and staff records (e.g., Archana Ramachandran) show qualifications and other certifications like First Aid, CPR, and Food Handlers Certification are checked.	
	3.3 A process exists to review the register and ensure contractor documentation (e.g., insurance certificates) is kept current.	During the interview, it was noted that there is no formal process for review, as this is left to the separate project managers to validate as practice.	There is no function to maintain the currency of Public Liabilities and Insurance. Reminders are sent through Authority, but it's not sure who is responsible for the annual update. The team supports using Skytrust as a potential solution for reminders going forward.	No evidence of key documents (e.g., WHS policies, ReturnToWorkSA registration) has been collected. It is also not stated if there is a process to ensure this information (like insurance) is kept current.	There is no formal process to review.	During the interview, it is noted that there is no formal process to review, but as a practice, keep the documentation current.	During the interview, it is noted that there is no formal process to review, but as a practice, keep the documentation current.	The use of Skytrust to upload documents suggests the implementation of a system that can manage currency and potentially trigger reminders. However, the process for actively reviewing and chasing documentation (such as, insurance) for all contractor types (e.g., maintenance and educators) needs to be confirmed as a documented procedure.	
4. Contractor Induction	4.1 A formal WHS induction is mandatory for all contractors prior to commencing any work on site.	Contractor Management Contract Control Template mandates a formal "Induction Record" (Section 6) to ensure contractors understand all health, safety, and environmental requirements, including risk controls and emergency procedures, before work begins. This process, which also requires the prior completion of a Job Safety and Environment Analysis (JSEA), must be signed off by both the contractor and the council representative.	Mandatory WHS induction compliance is well-supported by multiple signed records (e.g., Urban Virons, Adelaide Sports Turf), though the Audit Scope indicates that formally defining high-level management roles remains a gap requiring clarification despite active operational supervision.	No safety induction	New contractor companies (e.g., Anglicare) receive a formal, 1:1 face-to-face induction before they start service delivery. This covers hazards and transition arrangements. However, it was identified that when a contractor company introduces new individual workers to the contract, no induction was done by the Council.	Formal WHS induction for contractors is largely absent.	The supporting sample documents evidence that all 19 staff members completed a contractor-led "Risk Assessment and Toolbox" and signed individual pre-start declarations acknowledging site hazards and emergency procedures. However, the "Client Sign Off" indicates the client was not on site, and there is no attached evidence verifying that the Council's specific formal WHS induction (e.g., Skytrust) was completed or checked prior to work commencement.	All contractors (e.g., relief educators) are provided with an Induction Sheet and a tour of the centre upon each engagement. Maintenance and project contractors also receive an on-site induction.	
	4.2 The induction process is formally documented (e.g., via a "Contractor Induction Checklist" or an induction manual acknowledgement).	Contractor Management Contract Control Template formally details this control in Section 6, "Induction Record", which acts as a comprehensive checklist covering items like risk confirmation, access procedures, and emergency plans. This section is completed with a formal acknowledgement that the contractor signs, confirming they "have read and understand the policies and documents of the Council". Formally details this control in Section 6, "Induction Record", which acts as a	Operational roles (e.g., Inspectors) are evident in forms, and the induction process appears compliant and formally documented, evidenced by multiple completed "Contractor (Minor Works) Induction Record" forms featuring signed checklists.	No safety induction	It was advised that the induction for companies is documented. However, no evidence was provided (e.g., the Anglicare meeting notes).	Formal WHS induction for contractors is largely absent.	The provided paperwork demonstrates compliance through signed "Traffic Controller Prestart Declarations," where multiple operators formally acknowledged their participation in the pre-start toolbox talk and understanding of site-specific hazards and SWMS.	The Induction Checklist is used and signed by the staff/student/contractor. For example, a relief educator was inducted on 6 November 2025, during the period of this review.	

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		comprehensive checklist covering items like risk confirmation, access procedures, and emergency plans. This section is completed with a formal acknowledgement that the contractor signs, confirming they "have read and understand the policies and documents of the Council".						
	4.3 The induction covers both general WHS requirements (e.g., incident reporting, site rules, PPE) and site-specific hazards and emergency procedures.	Contractor Management Contract Control Template" demonstrates compliance with this control. Section 6, "Induction Record", provides a checklist confirming that contractors are informed of general WHS requirements.	Based on the provided 'City Services' induction records (e.g., Adelaide Sports Turf Services and Urban Vurons), the Council demonstrates compliance with the criterion. The standardised induction forms explicitly verify that general WHS requirements—including incident reporting, site rules, and emergency procedures—are covered (Part E), while site-specific hazards and controls (including PPE) are documented in the hazard identification section (Part D).	No safety induction	The induction for companies is documented (e.g., the Anglicare meeting notes ). It covers WHS assessments , incident reporting , and site-specific rules (like the "no-bleach policy" ). However, the induction notes for Anglicare also state that WHS assessments "may be outdated" and require support workers to review them on their initial visit, which is not strictly prior to work.	Formal WHS induction for contractors is largely absent.	The "Risk Assessment and Toolbox" records demonstrate compliance by documenting general WHS controls (SWMS) alongside site-specific hazards and emergency assembly points (identified as the traffic vehicle). Furthermore, individual workforce declarations confirm that staff participated in the toolbox talk, acknowledged specific site risks, and verified access to the Emergency Response Plan prior to commencing work.	The Induction Checklist covers: Welcome/Induction, Action on Injury/Incident, Hygiene Control, Emergency Response Plan, First Aid box location, Tour of Centre, Location of children's Medical plans, Site-specific hazards/risks, and PPE. Relief educators are also informed of site rules, such as no media/phones/smart watches on the floor, and the requirement for a bucket hat and sleeves when outside. The Evacuation Diagram shows the location of First Aid Kits, AEDs, and Assembly Areas.
5. Risk Assessment & Safe Work Methods	5.1 The council clearly defines when a Job Safety Analysis (JSA) or Safe Work Method Statement (SWMS) must be provided by the contractor.	The Contractor Management Contract Control Template clearly defines that contractors must complete a Job Safety and Environment Analysis (JSEA) prior to commencing the contract work.	Based on the provided "City Services" documents, the Council utilises the Contractor (Minor Works) Induction Record as a key control, which explicitly includes a mandatory checklist for collecting Safe Work Method Statements (SWMS) or Operating Procedures prior to work commencement. Completed induction examples confirm compliance.	No evidence provided.	The Council does not clearly define specific triggers for JSA or SWMS submission within the contract text, instead relying on broad clauses requiring general compliance with the Work Health and Safety Act 2012 (SA). Consequently, while practical compliance is evident (e.g., the Gutter-Vac SWMS), the agreements lack explicit definitions regarding exactly when these documents must be provided.	WHS risks associated with contractors are not being effectively managed.	The Council effectively enforces this criterion through its electronic job workflow, which explicitly mandates the selection of relevant Safe Work Method Statements (SWMS) during the pre-start risk assessment phase. This control ensures the contractor (Altus Traffic) identifies and acknowledges the required SWMS for high-risk activities (e.g., Traffic Operations and Drop Deck usage) prior to commencing work.	The example documentation for the Centre does not explicitly state when a JSA/SWMS is required for relief educators or kitchen/general maintenance. SWMS is not noted as part of the induction.
	5.2 A SWMS is mandatory for any work defined as "high risk construction work" (as per WHS Regulations).	The template ensures compliance by mandating that contractors complete a "Job Safety and Environment Analysis (JSEA)" before starting the contract work	Based on the Adelaide Sports Turf Services induction record, compliance appears inconsistent as the "SWMS/SOP" documentation checkbox was marked "No," despite the work involving mobile plant (a trigger for High Risk Construction Work). This indicates a potential control gap in verifying and retaining mandatory SWMS documentation prior to commencing works.	No evidence of a process for requiring, collecting, or reviewing Safe Work Method Statements (SWMS) or Job Safety Analyses (JSAs) before work commences,	Based on the provided documents, compliance is evidenced by the submission of a Safe Work Method Statement (SWMS) from "RT Trade Services" for gutter cleaning, which aligns with the "Home Maintenance" contract scope involving high-risk work at heights (e.g., 4.5m trees, 2-storey homes). However, while the service agreements mandate general WHS Act compliance, they do not explicitly detail a systematic process or hold point for verifying SWMS for all high-risk construction activities prior to work commencing.	No SWMS are in place	The Council effectively enforces this criterion through its electronic job workflow, which explicitly mandates the selection of relevant Safe Work Method Statements (SWMS) during the pre-start risk assessment phase. This control ensures the contractor (Altus Traffic) identifies and acknowledges the required SWMS for high-risk activities (e.g., Traffic Operations and Drop Deck usage) prior to commencing work.	Project work at the Centre (e.g., kitchen renovation) would fall under this, and the project manager should require a SWMS. This must be confirmed, as it is a gap in the Centre's documentation.

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	5.3 Contractors are required to provide, and the council officer (e.g., Contract Manager) is responsible for reviewing, the JSA/SWMS before work commences.	Section 5, "Job Safety and Environment Analysis (Prior to Contract Award)," explicitly states that contractors "must complete a Job Safety and Environment Analysis (JSEA) prior to commencing the contract work"	Based on the provided Induction Records (e.g., Urban Vurons and Adelaide Sports Turf Services), compliance is evident as Council officers explicitly verified and recorded the receipt of SWMS/JSA in Part C of the forms. This demonstrates that a control is in place to review and retain safety documentation at the induction stage prior to the commencement of works.	As above	Based on the Community Services documents, a SWMS was provided during the tender process, but operational evidence suggests the Council primarily conducts its own WHS site assessments for contractors rather than reviewing contractor-specific JSA/SWMS before work commences. The induction notes emphasise contractors validating Council-provided assessments rather than the Council explicitly reviewing and approving contractor safety documentation for a specific job.	No SWMS are in place	Compliance is partially effective; while the contractor (Altus Traffic) adopted the relevant SWMS and completed internal risk assessments, there is no evidence of Council review prior to work commencement.	The process for a council officer to review and approve these documents is unclear.
	5.4 Specific procedures are documented for managing high-risk activities, such as: <ul style="list-style-type: none"> <li>Asbestos (Register must be available/checked)</li> <li>Confined Spaces (Entry Permit required)</li> <li>Excavation ("Dial Before You Dig")</li> <li>Hot Work (Permit/Risk Assessment required)</li> </ul>	Contractor Management Contract Control Template is compliant, as Attachment 1 explicitly confirms that specific procedures are documented for managing high-risk activities,	Based on the "City Services" documents, the Contractor Induction Record template successfully includes a mandatory checklist for high-risk permits (Asbestos, Confined Space), and the Operational Guidelines explicitly mandate "Dial Before You Dig" protocols for excavation.	As above	The process for on-site risk assessment varies by contract type: For Domestic Assistance and Transport, Council staff conduct a WHS assessment for every new referral and provide a copy to the contractor. For Home Maintenance, contractors are required to perform their own risk assessment of the worksite, though Council staff will advise of known risks.	No reference to any documented policy or framework for Contractor Management. There appears to be no clear, localised policy or procedure governing contractor management specifically for libraries, resulting in ad hoc practices.	The provided SWMS, Job Paperwork and other supporting documents do not detail procedures for Asbestos, Confined Spaces, or Hot Work, likely due to the contractor's limited scope of Traffic Management.	No evidence of this process.
6. Monitoring & Performance	6.1 A formal process for monitoring contractor WHS compliance and performance on-site is documented (e.g., inspections, audits).	Section 7 "Monitoring (After Contract Award)" of the template details a formal process using Table 6 to monitor and audit compliance with safety controls, including a process for recording required corrective actions.	Safety Audits are carried out, using tools like Safety Culture for PPE and Gravity Form – Contract Control Forms. The Belair Turf contractor sends a report to the Council on their operations. An inspection on facilities and machines was also recently done.	No formal process for monitoring contractor WHS compliance or performance on-site	Formal monitoring processes are in place. This includes 6-monthly performance meetings with contractor companies.	Current controls are limited to a "Contractor sign-in book" and a "Compliance book" for routine maintenance (e.g., nappy bins, plant watering).	Formal monitoring process is evident for the high-risk contract, such as Altus, which includes "debrief after the incident". The Manager also provides technical oversight for the "scheme set up".	Informal monitoring exists. On-site monitoring of relief educators and other contractors is conducted by the Centre Director and Assistant Director, including staff performance and WHS compliance (e.g., punctuality, wearing a hat/name tag, and showing initiative). However, this monitoring is not described as a formal, documented process with checklists for scheduled audits.
	6.2 The frequency of monitoring is based on the level of risk associated with the contract (e.g., high-risk work is monitored more frequently).	As above	Evidence from Contract Control Inspection forms confirms monitoring occurs for tasks such as tree planting and line marking, alongside hazard identification during contractor inductions. However, as the provided documents are individual audit records rather than a procedural framework, they do not verify a defined schedule that explicitly links monitoring frequency to specific risk levels.	As above	As above	No formal process is identified	The business unit correctly identifies a difference in risk profiles, noting the Altus contract has a "significant WHS component" while professional services consultants are "rarely on site". However, the documentation does not describe a corresponding adjustment in monitoring frequency (e.g., more frequent inspections for high-risk contractors)	Risk-based frequency is not documented. While the day-to-day presence of staff monitors the relatively high-risk supervision of children, there is no documented process to vary the frequency of monitoring based on the inherent risk of the contracted work (e.g., for maintenance and educators).
	6.3 Monitoring activities and any corrective actions are documented	Table 6: Monitoring of Safety and Environmental Hazard Controls	Safety Culture and Gravity Form – Contract Control Forms are used	As above	Contractors are contractually required to report all missed visits,	Current controls are limited to a "Contractor sign-in book" and a	As per the interview with the stakeholder it is stated that	Feedback on relief educators is documented in staff records.

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		(e.g., using a "Contractor Monitoring Checklist").	provides a formal checklist to document monitoring activities and record required corrective actions and their completion dates.	for monitoring. The Belair Turf report is also received by the Council.		cancellations, or changes in client health. This provides ongoing, real-time performance data. The Community Services Manager is explicitly responsible for managing this contract performance.	"Compliance book" for routine maintenance (e.g., nappy bins, plant watering).	Skytrust is "Not used from a contract perspective", indicating that the Council's primary WHS system is not being used to record contractor monitoring activities for this department.
7. Incident Reporting	6.4 Council officers have the explicit authority to "interrupt work" or "stop work" if WHS standards are breached or JSA/SWMS are not being followed.	The template does not explicitly state that Council officers have the authority to "interrupt work" or "stop work".	Do not explicitly state whether Adrian, Aaron, or Wayne have the formal authority to stop work if WHS standards are breached by a contractor.	As above	As above	No formal process is identified.	The Request for Quote (RFQ) documentation, which governs the contract with Tonkin, explicitly states that "The Council Superintendent or a Council WHS Representative... has the right to direct a contractor to cease work until the safety concern is addressed". The Manager is named as the "Council's Representative" in the resulting agreement.	The Director's high level of control and supervision (e.g., for students/relief staff) suggests this authority is exercised in practice (e.g., removing a relief educator if WHS standards are breached). However, the explicit authority to stop work is not documented.
	7.1 Contractors are contractually required to report all WHS incidents, accidents, and near misses to the Council representative immediately or within a defined timeframe.	Contractor Management Contract Control Template ensures compliance with this control by including "Reporting of incidents / accidents" as a mandatory item to be addressed in the "Induction Record".	Reporting is Expected/Happens via Staff. Incidents on site will be reported through Council staff. An example of a mower incident reported before 2024 is given. The contractors' direct contractual requirement for reporting is not explicitly mentioned, but the final incident reporting seems to be the Council staff's responsibility. The team supports using Skytrust, which is the Council's general incident reporting system.	The stakeholder interviewed advised that if incidents occur, they "were reported in Skytrust". However, no corresponding system records were provided.	As above	It was advised that an incident occurred in which tenants raised concerns about a contractor working on the library roof without appropriate PPE, but this was not recorded in Skytrust.	The process for contractors reporting incidents to the Council is functioning well.  The RFQ for professional services explicitly requires this.  In practice, Altus informed the Contract Manager of an incident involving a 4WD vehicle.	Incidents involving contractors are reported to the Director. A recent incident involving a relief educator's asthma attack was immediately reported to the Director and recorded. The Induction Checklist also includes "Action on Injury or Incident".
	7.2 The procedure clarifies the contractor's separate legal responsibility to report "Notifiable Incidents" directly to SafeWork SA.	The procedure provided does not clarify the contractor's separate legal responsibility to report 'Notifiable Incidents' directly to SafeWork SA, as it only contains a general prompt to discuss the "Reporting of incidents / accidents" during the induction.	Do not mention if the procedure clarifies the contractor's separate legal responsibility for reporting notifiable incidents to SafeWork SA.	No evidence of this process.	No evidence of this process.	No evidence of this process.	No evidence of this process.	No evidence of this process.

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## Appendix 2 – Documents assessed and key stakeholders

Documents provided by the Council include:

- Contract Management Policy - September 2021
- WH&S – Return to Work Policy – April 2024
- WHS Manual – 3 Implementation – 3.11 WHS & Contractor Management
- Work Health Safety and Injury Management Plan 2024-2027
- LG Safe WHS Contractor Management Procedure Template V1.0
- NPSP Org Chart
- Contractor Management Contract Control Template
- City Services – Contract Register
- Contractor WHS induction Urbanvirons Weed Control Services 2023 – 2026
- Trees – Urban Virons 1
- 12977 npsp tree strategy 2022-2027
- Tree Management Operational Guidelines 2023 (A684648)
- APG Linear park mowing – 16 August 2023 (A717564)
- Belair Turf Mowing Audit – Patterson Reserve 9 September 2025 (A1243766)
- Contractor Minor Works Induction Record - Adelaide Sports Turf Services – 20 October 2025 (A1270190)
- Gravity Form – Contractor Audit – Line Marking Plus – 13 October 2023 (A762238)
- Tree planting 2025 – 29 September 2025 (A1257015)
- Tree pruning – 18 August 2025 (A1293792)
- Urban Asset Solutions Contractor Audit – 29 September 2022 (A491454)
- Agenda - Anglicare Contract Induction 2 June 2025 (A1172870)
- Agenda - Anglicare Contract review October 2025 (A1263645)
- Draft Services Agreement – Domestic Assistance 7 January 2025 (A1070998)
- Draft Services Agreement – Home Support Home Maintenance & Modifications July 2025 (A1207003)
- Draft Services Agreement – Home Support Transport and Assisted Shopping 24 February 2025 (A1105035)
- Tender Submission – Safe Work Method Statement – RT Trade Services Pty Ltd trading as Gutter Vac Adelaide East (A1235537)
- Contract Register (A1038437) – Major Projects
- Site specific evacuation maps and plans
- Physical Visitor Log page – Child Care
- Insurance and safety licences/certificates – Child Care – Sample Contractors
- Contractor Management Contract Control Template – Samples under major projects
- Sky Trust snap shot of the contractor related incidents
- Sample documentation of Major projects under, building service, Building maintenance, Design consultant, Renewal Capital Program, A new capital project, Swimming centre project.
- Service Level Agreements (SLAs) of Burlergh Security, Weslo (temp staff)
- Samples of filled Induction Sheets for contractors.
- Relevant email threads (Internal Communication) related to contractor management.
- SWMS/Safe work procedures, training, professional development – Sample
- Traffic & Transport Planning for the Payneham Community Precinct
- Professional Services Agreement for Payneham Community Precinct – Traffic and Transport Planning Services

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- RFQ - Payneham Community Precinct – Traffic and Transport Planning Services
- Library contractor register
- Extension of Service Agreement – Traffic Control for Community Events – Altus Traffic Pty Ltd – until June 2026 (A1196759)
- Request for Quote Submission – Altus Traffic – 2021 Altus Group Holdings Pty Ltd ASIC (A431844)
- Traffic Environment ISO14001 eCert 2020 (A431842)
- Altus Traffic – Altus Traffic Quality ISO9001 eCert 2020 (A431840)
- Altus Traffic Safety 4801 eCert 2020 (A431846)
- Modern Slavery Statement Altus (A431824)
- Altus Traffic – Motor Vehicle Policy FY23 Altus (A431828)
- Altus Traffic – Professional Indemnity Confirmation of Insurance – 2022-2023 (A431834)
- Services Agreement - Altus Traffic Pty Ltd for Traffic Control for Community Events 2022 - 2025 – 1 August 2022 – 30 June 2025 (A447584)

Other documents assessed:

- Contractor Management Policy – District Council of Orroroo Carrieton (April 2019)
- Procurement and Contractor Management Policy – City of Marion (September 2016)
- WHS Contractor Management Procedure – District Council Mount Barker (August 2019)
- Contractor Management Guide – District Council of Grant (May 2017)
- ISO 45001:2018 – Occupational Health and Safety Management Systems.

We would like to extend our appreciation to the following key stakeholders who participated in and provided information during this review.

- Lisa Mara, General Manager, Governance & Civic Affairs
- Jenny McFeat, Manager, Governance
- Matt Turner, Work Health & Safety Advisor
- Natalie Axenova, CFO
- Jim Dick, Procurement Specialist
- Nick Carr, Manager, Assets & Projects, Infrastructure & Major Projects
- Sylvia Soon, Building Assets Manager, Infrastructure & Major Projects
- Mark Costalos, Project Manager, Infrastructure & Major Projects
- Michael Moshos, Project Manager, Infrastructure & Major Projects
- Adrian Ivanovic, Manager, City Services, Infrastructure & Major Projects
- Aaron Cook, Works Coordinator, Tree Services, Infrastructure & Major Projects
- Wayne Bambrick, Works Coordinator, Parks & Gardens, Infrastructure & Major Projects
- Denis Ardalic, Norwood Concert Hall Coordinator, Community Development
- Rosanna Busolin, Community Services Manager, Community Development
- Josephine Gaskell, Manager Library Services, Community Development
- Jordan Ward, Manager Traffic and Integrated Transport, Urban Planning & Environment
- Michaela Gardner, Director, St Peters Child Care Centre and Preschool
- Natasha Wanten, Assistant Director, St Peters Child Care Centre and Preschool
- Aerken Kuerban, Manager, Information Services, Governance & Civic Affairs.

#### **4.4 PREVIOUS AUDIT ACTIONS - PROGRESS REPORT**

**REPORT AUTHOR:** Manager Governance  
**APPROVED BY:** General Manager, Governance & Civic Affairs  
**ATTACHMENTS:** A

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#### **PURPOSE OF THE REPORT**

The purpose of this report is to provide an update on the Council's progress against previous Internal Audits that have been undertaken since the commencement of the term of the current Council in 2022.

#### **BACKGROUND**

The Council's Audit & Risk Committee has been established in accordance with Section 126 of the *Local Government Act 1999* (the Act) to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

Pursuant to Section 126(4)(c) of the Act one of the functions of the Council's Audit & Risk Committee (the Committee) is to monitor the responsiveness of the Council to recommendations for improvement based on previous audits, including those raised by the Council's Auditor.

To assist the Committee with this monitoring function, a summary of the progress on implementing the recommendations for improvement from previous Internal and External Audits that have been undertaken since the commencement of this Council term in November 2022, has been prepared and is contained within **Attachment A**.

#### **STRATEGIC DIRECTIONS**

Not Applicable.

#### **FINANCIAL AND BUDGET IMPLICATIONS**

Not Applicable.

#### **RISK MANAGEMENT**

Not Applicable.

#### **CONSULTATION**

##### **Elected Members**

Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.

##### **Community**

Not Applicable.

##### **Staff**

The preparation of this report has been informed by collaboration with the relevant staff who are charged with the responsibility of implementing the recommendations.

##### **Other Agencies**

Not Applicable.

## DISCUSSION

At the Audit & Risk Committee Meeting held on 13 October 2025, the Committee approved the Committee's 2026 Work Plan, which includes a biennial review of the Council's progress against previous Internal and External Audit findings. During discussion on this matter, the preference was identified for one (1) report covering both Internal and External Audit recommendations for improvement.

To facilitate this review, staff have consolidated findings from previous audits that have been undertaken since November 2022. A standardised summary of the progress status has been used based on the implementation of the recommendation for improvement being 'In progress', 'Completed' or 'Not yet started'.

### Internal Audit

Two (2) Internal Audits have been undertaken - one related to Human Resources and the other on the Council's Business Continuity Management (BCM) framework.

As required by Section 125A(2)(a) of the Act, the Committee was provided with the final report arising from each of the Internal Audits. The Human Resources Internal Audit was presented to the Committee on 1 November 2023 and the BCM Internal Audit was presented to the Committee on 13 October 2025.

The Human Resource Internal Audit identified six (6) areas for improvement, all of which have been implemented except for one (1) opportunity for improvement which remains in progress.

The BCM Internal Audit identified 22 recommendations for improvement. As raised at the last meeting of the Committee on 13 October 2025, there is a significant amount of work required by a number of staff across the organisation to implement the recommendations. This work commenced in early 2026 with Bentleys facilitating Business Impact Analysis workshops with staff.

### External Audit

Unlike Internal Audits which are scoped in consultation with the Committee, the conduct of the External Audit is prescriptive and must be undertaken in accordance with Section 129 of the Act, which includes that the Council's Auditor must undertake an audit of:

- (a). the Council's financial statements within a reasonable time after the statements are referred to the auditor for the audit (and, in any event, unless there is good reason for a longer period, within 2 months after the referral); and
- (b). the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

The timing of the above is that the final report of the audit of the internal (financial) controls is presented mid-calendar year and referred to as the 'Interim Audit' and the final report of the audit of the Council's Financial Statements is provided to the Committee and the Council in October and referred to as the Audit Completion Report.

Regulation 19 of the *Local Government (Financial Management) Regulations 2011* prescribes that both audits must be conducted by a qualified Auditor (who meets the requirements of Section 128 of the Act) and be undertaken in accordance with the *Australian Auditing Standards and Auditing Guidance Statements* established under the Commonwealth *Australian Securities and Investments Commission Act 2001*.

In addition, the Council's Auditor must provide to the Council:

- (a). an audit opinion with respect to the financial statements and the Auditor must give due consideration to the adequacy of the Council's policies, practices and procedures of internal control under Section 125 of the Act; and
- (b). an audit opinion as to whether the controls audited under subsection 129(1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law. In forming this opinion, the Audit must assess the internal controls of the Council referred to in Section 129(1)(b) of the Act based on the criteria in the *Better Practice Model – Internal Financial Controls*.

All of the above requirements have been met in respect to the External Audit.

## **OPTIONS**

Not Applicable.

The report is presented for information purposes only.

## **CONCLUSION**

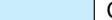
Monitoring the responsiveness of the Council to recommendations for improvement based on previous audits, is an important legislated function of the Audit & Risk Committee.

## **RECOMMENDATION**

*That the report be received and noted.*

## INTERNAL AUDITS

Internal Audit title	Audit & Risk Committee Meeting date
Human Resources	1 November 2023
Business Continuity Management	13 October 2025

Key: In Progress  Completed  Not yet started 

### Update on progress of recommendations arising from the Internal Audits – February 2026

HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)			
No.	Internal Audit Recommendations	Status	Comments
1.	<p>We recommend management establish an HR Delegations Register to clearly address the following but not limited to:</p> <ul style="list-style-type: none"> <li>• Position management, including creation and abolishment of a position, reclassification, and additional duties etc.</li> <li>• Selection and recruitment</li> <li>• Termination and resignation of employment</li> <li>• Performance matters</li> <li>• Various types of leave</li> <li>• Training and development.</li> </ul>	In progress	<p>The Council has an established Delegations Framework that is managed by the Governance Unit.</p> <p>In terms of specific responsibilities these are captured in position descriptions and an HR Responsibility Register. Development of the register is progressing, with finalisation subject to endorsement by the Chief Executive Officer.</p>
2.	<p>We recommend management formally perform succession planning to</p> <ul style="list-style-type: none"> <li>• Consider all key roles including the CEO functions and ELT members</li> <li>• Identify functions within each existing management role and if applicable, name a suitable delegate or successor</li> <li>• Identify any gaps of successors in experience and skills, any internal support needed, and risk implications etc. and provide relevant training and development opportunities to ensure the successors are capable of delivering the duties.</li> </ul>	In progress	<p>Succession planning and key person risk are being addressed through the development of a Workforce Plan. The Plan is intended to strengthen and formalise processes across the organisation, including identification of critical roles, capability gaps and development priorities. This work is being progressed in stages to align with organisational priorities and capacity.</p>
3.	<p>We recommend management establish a competency framework to</p> <ul style="list-style-type: none"> <li>• Align the workforce with the Council's current and future goals</li> <li>• Take into account its operating environment</li> </ul>	Completed	<p>Competency framework has been established, with training needs analysis ongoing and embedded through the EMPOWER performance management framework.</p>

<b>HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)</b>			
<b>No.</b>	<b>Internal Audit Recommendations</b>	<b>Status</b>	<b>Comments</b>
	<ul style="list-style-type: none"> <li>Include a set of competencies that describe the essential qualities and attributes needed for organisational success, including culture and collaboration, strategy and growth, innovation and agility, solutions focus, and people leadership etc.</li> <li>Identify any gaps between the workforce it has and the workforce it needs, and design initiatives to address the gaps.</li> </ul>		
4.	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Address the control gaps identified</li> <li>Further to Finding 1, consider introducing a General Manager(s) endorsement of the Employment Selection Report</li> <li>Formalise the ICAC requirements in the relevant Guideline where relevant and ensure consistent implementation</li> <li>Provide fresh training of Guideline for selection panel members.</li> </ul>	Completed	Recruitment guidelines updated to address control gaps, ICAC Local Government requirements formalised, endorsement processes clarified and refresher guidance provided to Selection Panel members. Ongoing oversight is provided by the HR Unit.
5.	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Address the control gaps identified in line with the other findings relevant</li> <li>Once the HRIS system is implemented, investigate and formalise the EMPOWER automated controls</li> <li>Establish and implement regular monitoring and reporting mechanisms to keep stakeholders informed of the progress and outcomes of training and development.</li> </ul>	Completed	Training governance, record keeping and reporting have been strengthened with the employment of an additional HR Advisor as approved by the Council. EMPOWER is used to capture personal and professional development needs and monitor training. Further enhancements are dependent on system capability and resourcing.
	<b>Opportunity</b>		
1.	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Address critical questions as outlined throughout this report and make sure the adjacent fundamentals are in place</li> <li>Understand the current state of the EVP</li> <li>Baseline what Management believe Council's current EVP to be against employee perceptions</li> <li>Identify the dominant demographics of the current workforce, and the cohorts the organisation is most interested in attracting in the future</li> </ul>	In progress	Initial workshop of the current workforce status has been undertaken. Development of a formal Workforce Plan and Employee Value Proposition (EVP) is being progressed in stages and aligned with broader workforce planning and organisational priorities.

<b>HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)</b>			
<b>No.</b>	<b>Internal Audit Recommendations</b>	<b>Status</b>	<b>Comments</b>
	• Adjust the EVP to make the organisation more attractive to the employees.		
<b>BUSINESS CONTINUITY MANAGEMENT INTERNAL AUDIT (OCTOBER 2025)</b>			
<b>No.</b>	<b>Internal Audit Recommendations</b>	<b>Status</b>	<b>Comments</b>
<b><i>Finding 1 - Business Impact Analysis (BIA) &amp; Critical Function Mapping</i></b>		In progress	<p>Bentleys have been engaged to facilitate these recommendations for this finding.</p> <p>The staff internal committee to oversee improvements to and the implementation of the BCM framework. has not yet been established until the preliminary BIA Analysis and Critical Function Mapping work has further progressed.</p> <p>Draft Terms of reference for the committee have been prepared.</p>
1	Establish a consistent BIA methodology and conduct initial comprehensive BIAs across all units.	In progress	<p>Workshop with all senior leaders and key staff was held in January and facilitated by Bentleys.</p> <p>Work on populating the BIA information continues. Due to competing workloads it is likely additional assistance from Bentleys will be required to help teams populate the required information which can then be used for the next steps below.</p>
2	Validate critical functions, Maximum Allowable Outage (MAO), Recovery Time Objectives (RTO), Recovery Point Objectives (RPO), and key interdependencies	Not yet started	
3	Integrate BIA results directly into recovery strategies and assign specific owners for critical functions and their associated recovery plans.	Not yet started	
4	Revise the template for critical function sub-plans, focusing on clarity, user-friendliness, and thoroughness.	Not yet started	
5	Once the enhanced template is finalised, systematically develop tailored sub-plans for each newly identified critical function emerging from the latest BIA.	Not yet started	
6.	Update the BCP document with the critical functions.	Not yet started	
<b><i>Finding 2. Business Continuity Planning (BCP) Development</i></b>			

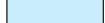
<b>HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)</b>			
<b>No.</b>	<b>Internal Audit Recommendations</b>	<b>Status</b>	<b>Comments</b>
1	Develop a standardised BCP template including version control, RTOs, RPOs, and contact lists.	Not yet started	
2	Establish and maintain updated internal/external contact lists and call trees.	Not yet started	
3	Establish a BCP review process.	Not yet started	
4	Conduct structured walkthroughs of BCPs to validate completeness, usability, and alignment with operational realities.	Not yet started	
5	Test the BCP review process to ensure the team can handle it going forward.	Not yet started	
6.	Update the BCP document as required to ensure all the identified improvements are adopted	Not yet started	
<b><i>Finding 3. Stakeholder &amp; Communication Readiness</i></b>			
1	Create and maintain a dynamic stakeholder register, involving them in BIA validation and recovery strategy selection via workshops.	Not yet started	
2	Develop a comprehensive communication matrix detailing channels, message templates, escalation paths, and legal liability considerations.	Not yet started	
3	Identify all key BCM linkages with risk, emergency, and IT disaster recovery (ITDR) frameworks etc	Not yet started	
4	Test initial communication protocols during tabletop exercises	Not yet started	
<b><i>Finding 4. Training &amp; Awareness and Finding 5. Framework Integration &amp; Compliance</i></b>			
1	Deliver initial BCM training and awareness programs for designated roles and new staff, including an introduction to their BCM responsibilities.	Not yet started	
2	Support the development of a role-based competency matrix, assessing current staff capabilities and identifying training gaps.	Not yet started	
3	Integrate staff mental health and wellbeing support into BCM training and response protocols.	Not yet started	
4	Develop comprehensive handover and succession plans for key roles beyond the Business Continuity Management Team.	Not yet started	
5	Conduct facilitated tabletop exercises focused on critical functions.	Not yet started	

<b>HUMAN RESOURCES INTERNAL AUDIT (NOVEMBER 2023)</b>			
<b>No.</b>	<b>Internal Audit Recommendations</b>	<b>Status</b>	<b>Comments</b>
6.	Conduct annual BCP simulation tests, identify recommendations based on lessons learned and continuous improvement opportunities.	Not yet started	

## EXTERNAL AUDITS

External Audit title	Audit & Risk Committee Meeting date
2024-2025 Review of Financial Controls – Interim Audit	14 July 2025
2024-2025 Audit Completion report	13 October 2025
2023-2024 Review of Financial Controls	19 August 2024 and 28 October 2024
2023-2024 Audit Completion Report	28 October 2024

## Update on progress of recommendations arising from the Internal Audits – February 2026

Key: In Progress  Completed  Not yet started 

2024-2025 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i> )			
No.	Recommendations	Status	Comments
	<b>Purchase and Procurement/Contracting</b>		
1.	<p>Review the purchasing thresholds table to ensure that the inconsistencies identified are addressed.</p> <p>Provide additional detail in the Procurement Policy Guidelines to guide the decision of when to use a purchase order and when to enter into a formal agreement.</p> <p>Establish a list of Purchase Order Exemptions and consider introducing a threshold for the use of purchase orders.</p>	In progress	<p>The review is currently in progress and will ensure that endorsed/approved thresholds are clear, consistently applied and aligned with best practice and internal controls. We also agree that further clarification in the Procurement Policy and Guidelines will assist staff in determining when to raise a purchase order versus when a formal agreement is required. Additional guidance will be incorporated to support consistent and risk based decision-making. The Procurement Specialist/Officer role will support implementation and ongoing oversight of these improvements.</p>
2.	Ensure that there are formal signed agreements in place with suppliers with significant cumulative spend, and that contracts are formally extended when required.	Completed	<p>At the time of the audit, one contract was in the process of 'contract extension' review (delay of the project for more than</p>

2024-2025 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i> )			
No.	Recommendations	Status	Comments
	<b>Purchase and Procurement/Contracting</b>		
			1 year: George St, Master parade greatly impacted contract extension). The extension was signed on 15 May 2025 until June 2026.
3.	<p>Ensure that documentation evidencing the procurement procedures undertaken to engage suppliers is consistently maintained in the records management system, in accordance with Council's Procurement policy and record keeping requirements.</p> <p>Ensure that there are formal signed agreements in place with suppliers with significant cumulative spend, and that contracts are formally extended when required.</p>	In Progress	<p>This Finding has highlighted the need to implement a more structured process for periodically reviewing long-standing contracts to ensure continued value for money and compliance. We also recognise the need to have formal signed agreements in place for suppliers with significant cumulative spend and to ensure contracts are formally reviewed or extended where required. Improvements to contract tracking and oversight processes will be introduced. The Procurement Specialist/Officer role will provide additional capacity to support these improvements.</p>
<b>Better Practice Recommendations</b>			
1.	<p>Council formally documents the principles and methodology applied in determining the capitalisation of salaries and wages. These principles could, for example, be incorporated within the existing Asset Capitalisation and Depreciation Policy Guideline.</p> <p>Calculations supporting the actual capitalised wages are reviewed by an appropriate independent person to ensure the capitalisation is consistent with the policy principles / methodology.</p> <p>These calculations could, for example, be in the form of a summary schedule of the percentage applied to each relevant employee or role, along with the basis for those allocations. This approach will help ensure clarity, consistency, and transparency in applying salary and wages capitalisation practices.</p>	In Progress	<p>We acknowledge the importance of clearly documenting the principles and methodology applied in determining the capitalisation of salaries and wages. As part of the next scheduled review, a number of related processes including policy documentation, calculation transparency, and approvals workflow will be reviewed and amended to incorporate these recommendations.</p>

<b>2024-2025 AUDIT COMPLETION REPORT (Section 129(1)(a) of the <i>Local Government Act 1999</i>)</b>			
<b>No.</b>	<b>Recommendations</b>	<b>Status</b>	<b>Comments</b>
1.	Implement strategies to systematically reduce excessive leave balances and prevent employees from accumulating excessive balances.	In Progress	This is managed on a case by case basis which is a pragmatic response given the size of the organisation and the complexity of work required to be done which makes covering periods of leave difficult. The situation is also compounded by a significant number of staff with long years of service which can lead to an increased likelihood of carrying too much leave. Staff are regularly reminded to take leave and significant progress is being made.

<b>2023-2024 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i>)</b>			
<b>No.</b>	<b>Recommendations</b>	<b>Status</b>	<b>Comments</b>
1.	Roads, River Torrens Linear Park, off-road carparks and traffic control assets, require updated condition assessments.	Completed	The Condition Assessment works for transport related assets were completed at the end of June 2024.
2.	Buildings, civil infrastructure, stormwater and recreation and open space assets, require updated Asset Management Plans.	Completed	Incorporated into updated Asset Management Plans that were adopted by the Council in November 2024.
3.	Inconsistencies in the Procurement Policy Guidelines document and opportunities to improve its contents.	Completed	The Council's Procurement Policy has been reviewed and updated following the endorsement by the Council at its October 2024 Council meeting. Guidelines and instructions supporting the various procurement processes are being prepared to address inconsistencies and provide clear directions.

<b>2023-2024 REVIEW OF FINANCIAL CONTROLS – INTERIM AUDIT (Section 129(1)(b) of the <i>Local Government Act 1999</i>)</b>			
<b>No.</b>	<b>Recommendations</b>	<b>Status</b>	<b>Comments</b>
4.	Assets included in Conquest Asset are not directly linked to the GIS system.	Completed	Reconciliation process exists and as such no further action required without significant additional spend and resource.
5.	Two instances of credit card statements not being reviewed by an independent officer	Completed	The approval process has been updated to include an additional level of approvals where required.

<b>2023-2024 AUDIT COMPLETION REPORT (Section 129(1)(a) of the <i>Local Government Act 1999</i>)</b>			
<b>No.</b>	<b>Recommendations</b>	<b>Status</b>	<b>Comments</b>
1.	Nil		

#### **4.5 AUDIT & RISK COMMITTEE SELF-ASSESSMENT**

**REPORT AUTHOR:** Manager Governance  
**APPROVED BY:** General Manager, Governance & Civic Affairs  
**ATTACHMENTS:** A - B

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#### **PURPOSE OF THE REPORT**

The purpose of this report is to present the outcomes of the Audit & Risk Committee Self-Assessment.

#### **BACKGROUND**

The Terms of Reference for the Audit & Risk Committee (the Committee), requires the Committee to evaluate its performance which may include consideration on whether to recommend any updates to the Committee's Terms of Reference to ensure that the Committee is operating efficiently and effectively. Any changes to the Committee's Terms of Reference is required to be made by the Council on recommendation from the Committee.

The Self-Assessment template provided to all Committee Members is contained within **Attachment A**.

#### **STRATEGIC DIRECTIONS**

Not Applicable.

#### **FINANCIAL AND BUDGET IMPLICATIONS**

Not Applicable.

#### **RISK MANAGEMENT**

Not Applicable.

#### **CONSULTATION**

##### **Elected Members**

Elected Members receive a report following each Meeting of the Audit & Risk Committee which includes any recommendations that the Committee has made to the Council (where it is not already included in a separate report on the Council Meeting Agenda) and the Minutes of the Meeting.

##### **Community**

Not Applicable.

##### **Staff**

Not Applicable.

##### **Other Agencies**

Not Applicable.

## **DISCUSSION**

On Friday 21 November 2025, all Committee Members were sent the *2025 Self-Assessment of the Audit & Risk Committee template* which is provided as **Attachment A**. Committee Members were also provided with a copy of the Committee's Terms of Reference and Work Plan.

Clause 8.3 of the Committee's Terms of Reference currently aligns the evaluation of the Committee's performance with the preparation of the Committee's Annual Report. Given the current Committee was formed in March 2025 and the Annual Report of the Committee was approved by the Committee at its July 2025 meeting (which is required to align with the Council's Annual Report preparation), it makes sense to separate the Committee's self-assessment process from the Annual Report process and undertake this assessment at the end of the calendar year.

It is therefore recommended that the Terms of Reference be amended to remove '*As part of the preparation of the Annual Report*' from Clause 8.3.

All five (5) Members of the Committee responded to the Self-Assessment and the consolidated summary of all the responses, including comments received is contained within **Attachment B**.

Following a review of the responses that have been received, no other recommendations for changes to the Audit & Risk Committee Terms of Reference are proposed.

## **OPTIONS**

This report is primarily provided for information and to ensure that the Committee meets the requirements of its Terms of Reference. The minor amendment to the Terms of Reference is recommended to reflect the logical timing of the Committee Self-Assessment. The Committee can choose however not to support this recommendation.

Given the timing considerations of the preparation of the Committee's Annual Report which is a ostensibly a summary of the work that is undertaken by the Committee in the preceding financial year, it is recommended that the Self-Assessment process is separated from the Annual Report process.

## **CONCLUSION**

The Self-Assessment evaluation process is an important "check in" for the Committee Members to consider their performance over the previous calendar year and identify any enhancements and/or improvements that should be made to the Committee's Terms of Reference or processes that support the effective and efficient functioning of the Committee.

## **RECOMMENDATION**

1. *That the Audit & Risk Committee notes the consolidated summary of responses received from the Audit & Risk Committee Self-Assessment, as contained within Attachment B.*
2. *That the Audit & Risk Committee recommends to the Council that Clause 8.3 of the Audit & Risk Committee Terms of Reference, be updated to remove the words "As part of the preparation of the Annual Report" and replaced with the following:*

*'The Committee will evaluate its performance, which may include consideration of these Terms of Reference, to ensure the Committee is operating at maximum effectiveness with recommendations for any changes presented to the Council for their consideration.'*



**City of Norwood Payneham & St Peters Audit & Risk Committee – 2025 Self-Assessment**

	0 Strongly disagree	1 Disagree	2 Neutral	3 Agree	4 Strongly agree
<b>Committee Membership and Meetings</b>					
The Committee understands the Council's business sufficiently to enable the Committee to fulfil its responsibilities					
The mix of skills on the Committee allows it to effectively perform its responsibilities					
Committee members have maintained relevant skills/knowledge/experience and undertaken relevant training and development					
Committee members have attended meetings on a regular basis					
Meetings have been conducted in accordance with the agenda issued and allow sufficient time to discuss complex and critical issues					
Meeting agenda and supporting papers are of sufficient clarity and quality to make informed decisions					
Meetings have been conducted to allow Committee members to raise any issue they believe relevant and allow for open, frank and robust discussion of all matters raised					
The Committee has received all information, presentations or explanations it considers necessary to fulfil its responsibilities					
Committee minutes are appropriately maintained and are of good quality					
<b>Comments in relation to Committee Membership and Meetings:</b>					

**City of Norwood Payneham & St Peters Audit & Risk Committee – 2025 Self-Assessment**

	0 Strongly disagree	1 Disagree	2 Neutral	3 Agree	4 Strongly agree
<b>Committee Planning and Reporting</b>					
The Committee work plan set out achievable priorities and objectives for the year					
The Committee reported to Council after each meeting summarising the work of the Committee during the period preceding the meeting and the outcomes of the meeting					
The Committee provided an annual report to the Council on the work of the Committee. The Council included this report in its Annual Report					
<b>Comments in relation to Committee Planning and Reporting:</b>					

**City of Norwood Payneham & St Peters Audit & Risk Committee – 2025 Self-Assessment**

	0 Strongly disagree	1 Disagree	2 Neutral	3 Agree	4 Strongly agree
<b>External Audit</b>					
The Committee is satisfied that annual financial reports comply with applicable legislation and Australian accounting standards and are supported by appropriate management sign-off on financial statements					
The Committee has reviewed the findings of the interim and annual audits with the external auditor					
The Committee has reviewed the external auditor's management letter and monitored the implementation of recommendations by management					
The Committee has reviewed the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments					
The Committee has considered contentious financial reporting matters in conjunction with management and external auditors					
The Committee has met with the external auditor on at least one occasion on a confidential basis, with a majority of Committee members present and no members/employees of the council present (other than council members who are members of the Committee)					
<b>Comments in relation to External Audit:</b>					

**City of Norwood Payneham & St Peters Audit & Risk Committee – 2025 Self-Assessment**

	0 <b>Strongly disagree</b>	1 <b>Disagree</b>	2 <b>Neutral</b>	3 <b>Agree</b>	4 <b>Strongly agree</b>
<b>Internal Audit</b>					
The Committee has reviewed and approved the internal audit plan ( <i>if the council has an internal audit function</i> )					
The Committee considers the internal audit resources were adequate for the completion of the internal audit program					
The Committee has monitored the implementation of internal audit recommendations and obtained all information and/or explanations it considers relevant to the progress of implementation of audit recommendations					
The Committee considers the audit reports provided as appropriate for the business needs of the Council and:					
a) The reports were structured, concise and constructive					
b) The recommendations provided were realistic and resulted in improvements to current procedures					
c) The conclusions reached were adequately supported by relevant evidence and reflected a realistic understanding of the area under review					
The Committee has reviewed the annual report provided by the Chief Executive Officer on the council's internal audit processes ( <i>if the council does not have an internal audit function</i> )					
<b>Comments in relation to Internal Audit:</b>					

**City of Norwood Payneham & St Peters Audit & Risk Committee – 2025 Self-Assessment**

	0 Strongly disagree	1 Disagree	2 Neutral	3 Agree	4 Strongly agree
<b>Risk Management, Internal Control, Financial Management, Strategic Planning and Reporting</b>					
The Committee understands and reviews the effectiveness of Council's strategic plan and delivery program					
The Committee adequately understands and reviews the Council's risk management framework and whether an effective approach is being followed to manage major risks					
The Committee adequately understands and reviews the Council's financial reporting requirements					
The Committee reviews the effectiveness of the system for monitoring Council's compliance with relevant laws and regulations					
The Committee understands and reviews management's systems and arrangements for maintaining effective internal controls					
<b>Comments in relation to Risk Management, Internal Control, Financial Management, Strategic Planning and Reporting:</b>					

**City of Norwood Payneham & St Peters Audit & Risk Committee – 2025 Self-Assessment**

	0 <b>Strongly disagree</b>	1 <b>Disagree</b>	2 <b>Neutral</b>	3 <b>Agree</b>	4 <b>Strongly agree</b>
<b>Other Matters [as relevant/required]</b>					
The Committee reviewed and provided comment on any Prudential Management reports prepared in accordance with section 48 of the <i>Local Government Act 1999</i>					
The Committee reviewed and provided feedback on relevant policies					
<b>Any other comments:</b>					

**2025 Audit & Risk Committee Self-Assessment**

**Consolidated Summary of Responses received from Audit & Risk Committee Members**

Question	Not answered / not applicable	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>Committee Membership and Meetings</b>							
The Committee understands the Council's business sufficiently to enable the Committee to fulfil its responsibilities					4	1	5
The mix of skills on the Committee allows it to effectively perform its responsibilities					3	2	5
Committee members have maintained relevant skills/knowledge/experience and undertaken relevant training and development			1	1	3		5
Committee members have attended meetings on a regular basis					1	4	5
Meetings have been conducted in accordance with the agenda issued and allow sufficient time to discuss complex and critical issues					2	3	5
Meeting agenda and supporting papers are of sufficient clarity and quality to make informed decisions					3	2	5
Meetings have been conducted to allow Committee members to raise any issue they believe relevant and allow for open, frank and robust discussion of all matters raised					2	3	5
The Committee has received all information, presentations or explanations it considers necessary to fulfil its responsibilities			1	3	1		5
Committee minutes are appropriately maintained and are of good quality				1	1	3	5
<b>Committee Planning and Reporting</b>							
The Committee work plan set out achievable priorities and objectives for the year					3	2	5
The Committee reported to Council after each meeting summarising the work of the Committee during the period preceding the meeting and the outcomes of the meeting				1	2	2	5

Question	Not answered / not applicable	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
The Committee provided an annual report to the Council on the work of the Committee. The Council included this report in its Annual Report					1	4	5
<b>External Audit</b>							
The Committee is satisfied that annual financial reports comply with applicable legislation and Australian accounting standards and are supported by appropriate management sign-off on financial statements					1	4	5
The Committee has reviewed the findings of the interim and annual audits with the external auditor					1	4	5
The Committee has reviewed the external auditor's management letter and monitored the implementation of recommendations by management					2	3	5
The Committee has reviewed the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments					1	4	5
The Committee has considered contentious financial reporting matters in conjunction with management and external auditors					2	3	5
The Committee has met with the external auditor on at least one occasion on a confidential basis, with a majority of Committee members present and no members/employees of the council present (other than council members who are members of the Committee)					1	4	5
<b>Internal Audit</b>							
The Committee has reviewed and approved the internal audit plan (if the council has an internal audit function)					1	2	2
The Committee considers the internal audit resources were adequate for the completion of the internal audit program					2	3	
The Committee has monitored the implementation of internal audit recommendations and obtained all information and/or explanations it considers relevant to the progress of implementation of audit recommendations	1				4		5

Question	Not answered / not applicable	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
The Committee considers the audit reports provided as appropriate for the business needs of the Council and:					4	1	5
a) The reports were structured, concise and constructive					3	2	5
b) The recommendations provided were realistic and resulted in improvements to current procedures				1	3	1	5
c) The conclusions reached were adequately supported by relevant evidence and reflected a realistic understanding of the area under review					4	1	5
The Committee has reviewed the annual report provided by the Chief Executive Officer on the council's internal audit processes (if the council does not have an internal audit function)					3	2	5
<b>Risk Management, Internal Control, Financial Management, Strategic Planning and Reporting</b>							
The Committee understands and reviews the effectiveness of Council's strategic plan and delivery program				1	2	2	5
The Committee adequately understands and reviews the Council's risk management framework and whether an effective approach is being followed to manage major risks					4	1	5
The Committee adequately understands and reviews the Council's financial reporting requirements					2	3	5
The Committee reviews the effectiveness of the system for monitoring Council's compliance with relevant laws and regulations					3	2	5
The Committee understands and reviews management's systems and arrangements for maintaining effective internal controls					3	2	5
<b>Other Matters [as relevant/required]</b>							
The Committee reviewed and provided comment on any Prudential Management reports prepared in accordance with section 48 of the Local Government Act 1999	2				1	2	5
The Committee reviewed and provided feedback on relevant policies	1				3	1	5

**Consolidated Summary of Responses received from Audit & Risk Committee Members – comments provided**

<b>Comments in relation to Committee Membership and Meetings</b>
Administration's reporting to the Audit & Risk Committee of the ongoing construction of the Payneham Memorial Swimming Pool has been inadequate for such a large project.
Committee represents a range of appropriate skills and expertise. The meetings are respectful and comprehensive. At times the staff need to present a more comprehensive response to queries and a proactive approach rather than relying on issues associated with vacant staff positions.
Great mix of skills and experience across Audit and Risk Committee (ARC). ARC members appear well prepared at meetings and are seeking to understand Council business and provide feedback to ensure legislative responsibilities are met and Council staff and Elected Members receive input from the ARC to support business decisions. Staff have provided presentations and additional information to assist the newly formed ARC settle in quickly.
My 'Neutral' score for the final question is due to the minutes containing reports – which means the document is much larger than I think it needs to be. I already have the agenda, so really just looking to the minutes to provide the decisions/recommendations of the committee, without having to wade through the agenda reports again. The independent members have a diverse range of skills/experience which, when coupled with the extensive council knowledge provided by the non-independent members, places the Committee very well to provide guidance/recommendations to council.
Composition of the Committee is good with a particular emphasis on local government experience, which helps to maintain a good understanding of Council processes and finances.

<b>Comments in relation to Committee Planning and Reporting</b>
This area is much improved in the last year under Jenny's custodianship – Well done.
The work plan is comprehensive and addresses all the legislative requirements. The requirement of the committee reporting to the council is undertaken by the staff via presentation of minutes to the Council. The Chair could be invited to speak to the Council as part of the Annual reporting cycle if considered appropriate.
Work plan provided to the committee set out clear details of what was to be covered. I was surprised that the 2025 work plan contained only one Internal Audit matter (Business Continuity Plan). However, with major focus on implementation of the Risk Services program and ongoing development of Council Risk Framework and Risk Appetite, I understand timing of more internal audit work is best left until framework is in place and priorities are better understood. Some sickness meant project updates were missed in a couple of sessions and I was pleased that a Special Meeting was convened to provide a comprehensive update.
The support provided to the Committee is excellent – ensuring we deliver on our reporting obligations. Feedback on the work plan has been well received with adjustments made having regard to the Committees feedback.

<b>Comments in relation to External Audit</b>
The external audit met the legislative requirements and was easy to follow. The presentation by the auditor was disappointing given the lack of personal attendance to the committee meeting and the loss of opportunity to engage with the auditor confidentially.
Two Audit reports were received by ARC this year. (Internal Controls and Financial Accounts).
Most deficiencies / recommendations have been dealt with.
Two medium or lower rated items that relate to Internal Control (Procurement Matrix) and excessive staff annual leave entitlements still in progress. Both these items were matters noted as raised in the previous year's audit reports as well. These are acknowledged by management as WIP to address.
Other items raised have been dealt with quickly.

<b>Comments in relation to Internal Audit</b>
There is concern there is insufficient resources directed at the internal audit findings to address them satisfactorily before 2026 audit. The explanations in respect to the findings and recommendations could have been more direct and comprehensive although this should be addressed by the presentation of a work plan to achieve the expected recommendations which would give greater confidence of addressing the issues raised.
Business Continuity Audit was only recently discussed at ARC and Council is yet to report back on addressing deficiencies but has delivered a work schedule and timeframe to report to ARC in 2026.
No internal audit has been scheduled in 2026 work plan at this stage
The process/mechanism for monitoring actions arising from internal audits is still being refined. I'm looking forward to seeing this evolve and providing the Committee with the information it needs to be able to effectively monitor progress against actions.

<b>Comments in relation to Risk Management, Internal Control, Financial Management, Strategic Planning and Reporting</b>
Risk Management framework under review. Work still to be done.
Mentoring and supporting one of the members of the Committee over the coming year should improve that members' understanding and role given the member has no experience in local government and the role of the Committee.
Internal Controls were audited and all items were /are being addressed by staff. Risk Management Framework is under development and ARC is involved at various times in the implementation plan. However, at the most recent ARC meeting it was discussed that there has been some slippage in timeframes in relation to meeting plan milestones and ARC was advised an update would be provided in 2026. Annual Financial Plan reviewed with recommendations to Elected Members to reconsider surplus as it was below previous LTFP target. LTFP update was not as comprehensive as I thought it should be and the numbers presented to ARC, especial NFL ratio, changed materially by the time the Annual Plan was finalised. I would like to see more detailed numbers for LTFP and AMPS in 2026 update. As the new ARC seeks to understand current status and development of the risk framework, I expect the risk component of the ARC to expand and become more aware of the current status of risks and effectiveness of controls.
The work occurring on the Risk Management process is excellent. I'm looking forward to this progressing further and providing the organisation/council with a solid risk management framework and approach.

<b>Any other comments</b>
The Committee is slowly coming together in respect to a contributing committee following its appointment earlier in the year. I believe there will be greater understanding of the issues and opportunities facing the Council over 2026 and beyond which will provide a more comprehensive approach for the Committee and its role in supporting the Council to achieve its strategic and financial goals.
The Risk Services framework implementation should also feed into review and update of outstanding Policy reviews.

## **5 CONFIDENTIAL REPORTS**

### **5.1 PAYNEHAM MEMORIAL SWIMMING CENTRE - PROJECT RISKS UPDATE**

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#### **RECOMMENDATION 1**

*That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:*

- (b) information the disclosure of which -*
  - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
  - (ii) would, on balance, be contrary to the public interest.*

*and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.*

## **5.2 PAYNEHAM MEMORIAL SWIMMING CENTRE REDEVELOPMENT PROJECT**

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### **RECOMMENDATION 1**

*That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Audit & Risk Committee orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Audit & Risk Committee will receive, discuss and consider:*

- (b) information the disclosure of which -*
  - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
  - (ii) would, on balance, be contrary to the public interest.*
- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which -*
  - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
  - (ii) would, on balance, be contrary to the public interest.*

*and the Audit & Risk Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.*

**6 OTHER BUSINESS**

**7 NEXT MEETING**

Monday, 13 April 2026

**8 CLOSURE**