



20 March 2023

Contact for apologies: admin@fleurieuaquaticcentre.com.au

Dear Member

Notice of Meeting

Notice is hereby given pursuant to the Fleurieu Regional Aquatic Centre Authority Audit & Risk Management Committee Terms of Reference and Section 87(7) of the Local Government Act 1999, as amended that a meeting of the Fleurieu Regional Aquatic Centre Authority Audit & Risk Management Committee has been called for:

Date: Friday 24 March 2023
Time: 2:30 pm
Place: City of Victor Harbor, Council Chambers

Please find enclosed a copy of the Agenda for the meeting.

Yours faithfully

Victoria MacKirdy
Acting Executive Officer

Agenda

Audit & Risk Management Committee

Date & Time: Friday 24 March 2023, 2:30pm

Location: Council Chambers, City of Victor Harbor

1. Attendance

- Peter van der Eijk (Independent Chairperson)
- Claudia Goldsmith (Independent Member)
- Vicki Tomlinson (Independent Board Member Representative, FRACA)
- Trish Kirkland (Acting General Manager, Alexandrina Council)

2. Apologies

- Kellie Knight-Stacey (Director Corporate & Customer Service, City of Victor Harbor)

3. Conflict of Interest

4. Minutes of Previous Meeting

- 4.1. Adoption of Minutes

5. Business Arising

- 5.1. A&RMC Annual Work Plan 2022

6. Verbal Report

Nil

7. Reports

- 7.1. Administrative and Governance Support Review
- 7.2. Policy Review – Disposal of Land & Assets
- 7.3. Policy Review – Records Management
- 7.4. Financial Services Model and Internal Financial Controls Register Creation
- 7.5. Risk Management Assistance

8. Confidential Reports

- 8.1. Adoption of Confidential Minutes
- 8.2. Asset Revaluation
- 8.3. Annual Budget 2023-2024
- 8.4. Fees and Competitive Neutrality

9. Next Meeting: 21 April 2023

10. Meeting Closed

It should be noted that in accordance with the legal advice received by the Authority dated 26 August 2020, all reports, minutes, attachments, and associated documents from items deliberated by the Authority in confidence, will automatically remain in confidence in perpetuity, unless a resolution of the Board is made to release such items. Items may also be removed from confidence under delegation. At the conclusion of each agenda item that is considered by the Authority in confidence, the default position is for the return to open / public meeting, until such time as a further resolution is made to return to confidential meeting procedures.

Report

Audit and Risk Management Committee

To: Audit and Risk Management Committee
From: Victoria MacKirdy – Acting Executive Officer
Subject: 4.1 Adoption of Minutes
Date: 24 March 2023
References: Nil
Consultation: Nil
Attachments: 4.1a A&RMC Minutes – 20 January 2023

Purpose

The purpose of this report is to provide the Committee with a copy of the public minutes of the Audit and Risk Management Committee meeting held on 20 January 2023 for review.

Recommendation

The Audit & Risk Management Committee endorse the minutes of the meeting held 20 January 2023 as reviewed by the Committee on 24 March 2023.

Audit & Risk Management Committee

Date & Time: Friday 20 January 2023, 1.30pm
Location: Large Meeting Room, Alexandrina Council

Meeting Opened: 13:34 pm

1. Present

Peter van der Eijk	Independent Chairperson
Claudia Goldsmith	Independent Member
Vicki Tomlinson	Independent Member
Trish Kirkland	Acting General Manager Resources, Alexandrina Council

In Attendance

Andrew Baker	Executive Officer, FRACA
Danielle Leckie	Administration Officer, FRACA

2. Apologies

Kellie Knight-Stacey	Group Manager Governance and Finance, City of Victor Harbor
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3. Conflicts of Interest

Nil

4. Minutes of Previous meeting

4.1. A&RMC Minutes

Motion:	ARMC0215
Moved:	Vicki Tomlinson
Seconded:	Claudia Goldsmith

The Audit & Risk Management Committee endorse the minutes of the meeting held 1 December 2022 as reviewed by the Committee on 20 January 2023.

CARRIED

5. Business Arising

5.1. A&RMC Annual Work Plan 2022

Motion:	ARMC0216
Moved:	Claudia Goldsmith
Seconded:	Trish Kirkland

The Audit & Risk Management Committee:

- *receive and note the updated A&RMC Annual Work Plan 2023 as presented on 20 January 2023, and*
- *note the inclusion of Risk Management Assistance (ongoing) as an additional item under Governance and Strategy is to be added to the Workplan.*

CARRIED

6. Verbal Report – Executive Officer

The Audit and Risk Management Committee note the verbal updated provided by the Executive Officer regarding current work of the Authority.

Motion: ARMC0217
Moved: Vicki Tomlinson
Seconded: Claudia Goldsmith

CARRIED

7. Reports

7.1.A&RMC Membership – Alexandrina Council Representative

Motion: ARMC0218
Moved: Vicki Tomlinson
Seconded: Claudia Goldsmith

The Audit & Risk Management Committee:

- *receive and note the report; and*
- *welcome Trish Kirkland to the Audit and Risk Management Committee.*

CARRIED

7.2.Resolutions Register

Motion: ARMC0219
Moved: Trish Kirkland
Seconded: Claudia Goldsmith

The Audit & Risk Management Committee:

- *receive and note the Resolutions Register Report and attachments; and*
- *request that the register is updated with resolution 7.2 from the minutes of the meeting held 1 December 2022.*

CARRIED

7.3. Risk Management Assistance

Motion: ARMC0220
Moved: Trish Kirkland
Seconded: Vicki Tomlinson

The Audit & Risk Management Committee:

- *Receive and note the report;*
- *Acknowledge the scope of works as presented, including the requirements for a Strategic Risk Workshop involving the Committee and the Board to be held at a date to be determined;*
- *Request the draft templates be reviewed and make tracked changes to configure the template documentation to reflect the specific requirements of the Authority and provide a draft to the Committee for consideration prior to the*

Committee recommending the risk management documentation as a draft for feedback from the Authority Board; and

- *Recommend to the Authority Board that they note the risks to the Authority of not having a risk management framework in place and allocate the necessary resources to develop and implement within a reasonable timeframe the Authority's Risk Management Framework.*

CARRIED

7.4. External Audit Recommendations

Motion: ARMC0221
Moved: Trish Kirkland
Seconded: Claudia Goldsmith

The Audit & Risk Management Committee receive and note the report.

CARRIED

8. Confidential Reports

8.1. Adoption of Confidential Minutes

Motion: ARMC0222
Moved: Claudia Goldsmith
Seconded: Trish Kirkland

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of the Executive Officer and Administration Officer, on the basis that it will receive and consider item 8.1 Adoption of Confidential Minutes.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

commercial information of a confidential nature (not being a trade secret) the disclosure of which –

- 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*
- would, on balance, be contrary to the public interest.*

Accordingly, the 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 information and discussion confidential to prevent disclosure of commercial information of a confidential nature (not being a trade secret).

CARRIED

8.2. Resolutions Register – In Confidence

Motion: ARMC0224
Moved: Claudia Goldsmith
Seconded: Trish Kirkland

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of the Executive Officer and Administration Officer, on the basis that it will receive and consider item 8.2 Resolutions Register – In Confidence.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential to prevent disclosure of commercial information of a confidential nature (not being a trade secret).

CARRIED

8.3. YMCA Performance Report – Q2

Motion: ARMC0226
Moved: Vicki Tomlinson
Seconded: Claudia Goldsmith

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of the Executive Officer and Administration Officer, on the basis that it will receive and consider item 8.3 YMCA Performance Report – Q2.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential to prevent disclosure of commercial information of a confidential nature (not being a trade secret).

CARRIED

8.4. Budget Review 2022-2023 – Q2

Motion: ARMC0228
Moved: Trish Kirkland
Seconded: Claudia Goldsmith

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of the Executive Officer and Administration Officer, on the basis that it will receive and consider item 8.4 Budget Review 2022-2023 – Q2.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential to prevent disclosure of commercial information of a confidential nature (not being a trade secret).

CARRIED

Claudia Goldsmith left the meeting at 3.30pm

9. Next Meeting: Friday 24 March 2023, 1.30pm – Council Chamber, City of Victor Harbor

10. Meeting Closed: 3.45pm

It should be noted that in accordance with the legal advice received by the Authority dated 26 August 2020, all reports, minutes, attachments, and associated documents from items deliberated by the Authority in confidence, will automatically remain in confidence in perpetuity, unless a resolution of the Board is made to release such items. Items may also be removed from confidence under delegation. At the conclusion of each agenda item that is considered by the Authority in confidence, the default position is for the return to open / public meeting, until such time as a further resolution is made to return to confidential meeting procedures.

Report

Audit and Risk Management Committee

To: Audit and Risk Management Committee
From: Victoria MacKirdy - Acting Executive Officer
Subject: 5.1 A&RMC Annual Work Plan
Date: 24 March 2023
References: Nil
Consultation: Nil
Attachments: 5.1a A&RMC Annual Work Plan 2023

Purpose

The purpose of this report is to review progress on the Annual Work Plan of the Audit and Risk Management Committee for 2023.

Background

The Annual Work Plan provides an annual schedule for the Committee, documenting a plan for the delivery of the Committee's key activities in each calendar year. The plan is continuously updated and presented at each Committee meeting to track completion and document amendments.

Discussion

The following item is pending, with a status update included below:

Review of Local Government Act Changes – for commencement

Recommendation

The Audit & Risk Management Committee receive and note the updated A&RMC Annual Work Plan 2022 as presented on 24 March 2023.

Attachment 5.1a A&RM Annual Work Plan

**Fleurieu Regional Aquatic Centre Authority
Audit & Risk Management Committee Annual Work Plan 2023**

Activity	Report	Frequency	Timing				
			20-Jan-23	24-Mar-23	21-Apr-23	22-Sep-23	20-Oct-23
Financial Management	Annual Budget 2023 - 2024 Recommendation	Annual		✓			
	Asset Revaluation	Quinquennial			✓		
	Audited Financial Statements	Annual				✓	
	External Audit Results	Annual				✓	
	Internal Financial Controls Register Creation	As Required		✓			
	Review of Internal Financial Controls	TBD					
	Long Term Financial Plan	Annual				✓	
	Quarterly Budget Review	3 Annually	✓		✓		✓
	Report on Financial Results	Annual				✓	
	Treasury Report	Annual				✓	
Financial Services Model	As Required		✓				
Governance & Strategy	Annual Report	Annual				✓	
	Annual Work Plan	Ongoing	✓	✓	✓	✓	✓
	Asset Maintenance Plan	Annual		✓			
	Asset Management Plan	Annual			✓		
	Audit Committee Self-Assessment Review	Annual					✓
	Competitive Neutrality Review	Annual		✓			
	Marketing Plan	Annual		✓			
	Risk Management Assistance	Annual	✓				
	Strategic Plan	Triennial					
	Three Year Business Plan	Annual		✓			
Terms of Reference Review	Annual				✓		
Compliance	Confidentiality Register	Biannual	✓				✓
	Review of Local Government Act Changes	As Required		✓			
	Resolutions Register	Biannual	✓				✓
	Full Legislative Compliance Review	Triennial			✓		
	YMCA Quarterly Performance Report	3 Annually	✓		✓		✓
YMCA KPIs	Annual			✓			
Other	A&RMC Annual Activity Report	Annual					✓
	Independent Committee Member Appointment	As Required					
Policy	Code of Conduct Board Members	Triennial			✓		
	Code of Practise Meeting Procedures	Triennial			✓		
	Asset Accounting	Triennial			✓		
	Risk Management	Triennial				✓	
	WHS Contractor Management	Triennial					✓
	Work Health & Safety & Return to Work	Triennial					✓
	Disposal of Land & Assets	Triennial		✓			
Records Management	Triennial		✓				

To: Audit and Risk Management Committee
From: Victoria MacKirdy – Acting Executive Officer
Subject: 7.1 Administrative and Governance Support Review
Date: 24 March 2023
References: Nil
Consultation: Steve Mathewson, FRACA Chairperson
Attachments: Nil

Purpose

The purpose of this report is to keep the Audit and Risk Committee informed of current and potential changes to the Administrative and Government Support arrangements of the Authority.

Background

The Authority received the resignation of Executive Officer Andrew Baker, effective 3 February 2023. In order to support the Authority, Mr Baker is now contracted to the Authority to continue critical work on a number of projects to maintain progress on outcomes. This is an interim solution while the resourcing of the Authority is reviewed. At a Board meeting held 3 February 2023, the Board resolved to engage with Constituent Council CEOs to commence discussions on possible alternative resourcing models for FRACA moving forward.

Discussion

Discussions between the Authority Chairperson and Constituent Council CEOs has commenced, with a review of the Authority's Executive Structure due to be considered between all parties.

At the FRACA Board meeting held on Friday 3 March 2023, the Board considered the resourcing and structure of the Authority along with the appointment of an interim Executive Officer, while FRACA undertake a review of the administrative and government support arrangements.

In accordance with Clause 4.1 of the FRACA Charter the Board endorsed the following interim arrangements: -

- Appoint Victoria MacKirdy to act as Executive Officer of the Authority from 3 March 2023 until 31 March 2023;
- Appoint Kellie Knight-Stacey to act as Executive Officer of the Authority from 1st April 2023 until the completion of the Review of the Authority's support arrangements.

Updates will be provided to the Committee as they become available in relation to the review.

Recommendation

The Audit & Risk Management Committee receive and note the FRACA Administrative, and Governance Support Review Report as presented at the meeting held 24 March 2023.

To: Audit and Risk Management Committee
From: Danielle Leckie – Administration Officer
Subject: 7.2 Policy Review – Disposal of Land and Assets
Date: 24 March 2023
References: Nil
Consultation: Nil
Attachments: 7.2a Disposal of Land and Assets Policy v2.0

Purpose

The purpose of this report is to provide the Disposal of Land and Assets Policy to the Committee for review and recommendation to the Authority Board.

Background

The Disposal of Land and Assets Policy was first created in December 2016.

This Policy seeks to:

- define the methods by which Land and Assets are disposed of;
- demonstrate accountability and responsibility of the Authority to its Constituent Councils and ratepayers;
- be fair and equitable to all parties involved;
- enable all processes to be monitored and recorded; and
- ensure that the best possible outcome is achieved for the Authority.

Discussion

The Policy has been reviewed with the following proposed minor amendments:

- Review frequency changing to triennial in accordance with the previous direction of the Committee and Board. (page 1 and 13)
- Removed reference to the Internal Financial Controls Policy as 'to be developed' as this policy is complete. (page 1)
- Added Public Consultation Policy to list of 'Related Documents' in line with Policy content. (page 1)
- Addition of word *procurement* in line with the wording referenced from the Act. (page 1)
- Reference and link to the *Development Act 1993* (now ceased) updated to the new *Planning, Development and Infrastructure Act 2016*. (page 1 and 2)

No major amendments to the Policy are proposed.

Recommendation

The Audit & Risk Management Committee recommend to the Authority Board the adoption of the policy Disposal of Land and Assets Policy v2.0 as reviewed and amended by the Committee on 24 March 2023.

Disposal of Land and Assets Policy

Creation Date & Authority Resolution	16 December 2016 / FRACA00046		
Version	3.0	Review Frequency	Biennial
Review Date	31 March 2023	Next Review Due	March 2026
Related Documents	Procurement Policy Internal Financial Controls Policy Risk Management Policy Public Consultation Policy		
Applicable Legislation	Local Government Act 1999 (s49) Real Property Act 1886 (SA) Land and Business (Sale and Conveyancing) Act 1994 (SA) Planning Development and Infrastructure Act 2016 (SA) Retail and Commercial Leases Act 1995 (SA) Residential Tenancies Act 1995 (SA) Strata Titles Act 1998 (SA) Crown Land Management Act 2009 (SA) Community Titles Act 1996 (SA) Road (Opening and Closing) Act 1991 (SA) Land Acquisition Act 1969 (SA)		

Deleted: (to be developed)

Deleted: Development Act 1993 (SA)

1. Introduction

In compliance with Section 49 of the Local Government Act 1999 (Act), the Fleurieu Regional Aquatic Centre Authority (Authority) should refer to this policy (Policy) when disposing of Land and Assets.

2. Purpose

This Policy seeks to:

- define the methods by which Land and Assets are disposed of;
- demonstrate accountability and responsibility of the Authority to its Constituent Councils and ratepayers;
- be fair and equitable to all parties involved;
- enable all processes to be monitored and recorded; and
- ensure that the best possible outcome is achieved for the Authority.

Furthermore, Section 49 (a1) of the Act requires the Authority to develop and maintain [procurement](#) policies, practices and procedures directed towards:

- obtaining value in the expenditure of public money; and
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability, and transparency in all disposal processes.

3. Definitions

- Asset** Any physical item that the Authority owns and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset' and includes Major Plant and Equipment and Minor Plant and Equipment. It does not include financial investments or finance related activities, trees or Land.
- Land** includes community land, vacant land, operational land, road reserves, any legal interest in land, and any other land-related assets, including all buildings (community and operational) on Land.
- Major Plant and Equipment** includes all major plant and equipment owned by the Authority. It includes all operating machinery and major plant items. It does not include Minor Plant and Equipment.
- Minor Plant and Equipment** includes all minor plant and equipment owned by the Authority. It includes items such as loose tools, store items, furniture, minor pool equipment, and health and fitness equipment and appliances.

4. Policy Principles

The Authority must have regard to the following principles in its disposal of Land and Assets:

- *Encouragement of open and effective competition*
- *Obtaining value for money*
 - This is not restricted to price alone.
 - An assessment of value for money must include consideration of (where applicable):
 - the contribution to the Authority's long term financial plan and strategic management plans;
 - any relevant direct and indirect benefits to the Authority, both tangible and intangible;
 - efficiency and effectiveness;
 - the costs of various disposal methods;
 - internal administration costs;
 - risk exposure; and
 - the value of any associated environmental benefits.

- *Ethical Behaviour and Fair Dealing*

The Authority is to behave with impartiality, fairness, independence, openness and integrity in all discussion and negotiations.

- *Probity, Accountability, Transparency and Reporting*
- *Ensuring compliance with all relevant legislation*

Relevant legislation includes the following:

- [Local Government Act 1999](#) (SA)
- [Real Property Act 1886](#) (SA)
- [Land and Business \(Sale and Conveyancing\) Act 1994](#) (SA)
- [Planning Development and Infrastructure Act 2016](#) (SA)

Deleted: [Development Act 1993](#) (

[Retail and Commercial Leases Act 1995](#) (SA)
[Residential Tenancies Act 1995](#) (SA)
[Strata Titles Act 1988](#) (SA)
[Crown Land Management Act 2009](#) (SA)
[Community Titles Act 1996](#) (SA)
[Roads \(Opening and Closing\) Act 1991](#) (SA)
[Land Acquisition Act 1969](#) (SA).

5. Considerations prior to disposal of land and assets

Any decision to dispose of Land and Assets will be made after considering (where applicable):

- the usefulness of the Land or Asset;
- the current market value of the Land or Asset;
- the annual cost of maintenance;
- any alternative future use of the Land or Asset;
- any duplication of the Land or Asset or the service provided by the Land or Asset;
- any impact the disposal of the Land or Asset may have on the community;
- any cultural or historical significance of the Land or Asset;
- the positive and negative impacts the disposal of the Land or Asset may have on the operations of the Authority;
- the long-term plans and strategic direction of the Authority;
- the remaining useful life, particularly of an Asset;
- a benefit and risk analysis of the proposed disposal;
- the results of any community consultation process;
- any restrictions on the proposed disposal (including the Authority Charter and the classification of the land (community / operational); and recognition and consideration of the original gifting of the land to the Authority);
- the content of any community land management plan; and
- any other relevant policies of the Authority, including its Internal Financial Controls Policy.

6. Disposal Methods

Land Disposal

The Authority may resolve to dispose of Land. Where Land is classified as community land, the Authority must:

- undertake public consultation in accordance with the Act and the Authority Public Consultation Policy; and
- ensure that the process for the revocation of the classification of Land as community land has been concluded prior to its disposal; and
- comply with all other requirements under the Act in respect of the disposal of community land.

Where the Authority proposes to dispose of Land through the grant of a leasehold interest, the Authority must have complied with its obligations under the Act, including its public consultation obligations under Section 202 of the Act.

The Authority will, where appropriate, dispose of Land through one of the following methods:

<i>open market sale</i>	advertisement for disposal of the Land through the local paper and where appropriate, a paper circulating in the State, or by procuring the services of a licensed real estate agent and/or auctioneer (following compliance with the Authority's Procurement Policy);
<i>expressions of interest</i>	seeking expressions of interest for the Land;
<i>select tender</i>	seeking tenders from a selected group of persons or companies;
<i>open tender</i>	openly seeking bids through tenders, including public auction;
<i>by negotiation</i>	with owners of land adjoining the Land or others with a pre-existing interest in the Land, or where the Land is to be used by a purchaser whose purpose for the Land is consistent with the Authority's strategic objectives for the Land.

Selection of a suitable disposal method will include consideration of (where appropriate):

- the number of known potential purchasers of the Land;
- the original intention for the use of the Land;
- the current and possible preferred future use of the Land;
- the opportunity to promote local economic growth and development;
- delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the disposal;
- the total estimated value of the disposal; and
- compliance with statutory and other obligations.

The Authority will not dispose of Land to any Authority Board Member or employee of the Authority who has been involved in any process related to a decision to dispose of the Land and/or the establishment of a reserve price.

If Land is to be auctioned or placed on the open market or disposed of by an expression of interest, then (unless the Authority resolves otherwise) one independent valuation must be obtained to establish the reserve price for the Land. The independent valuation must be made no more than 6 months prior to the proposed disposal.

If Land is to be disposed of via a select tender or direct sale, then (unless the Authority resolves otherwise) a minimum of two independent valuations must be obtained to ensure that an appropriate market value is obtained. The independent valuation must be made no more than 6 months prior to the proposed disposal.

The Authority will seek to dispose of Land at or above current market valuation by whichever method is likely to provide the Authority with a maximum return, unless there are reasons for the Authority to accept a lesser return which is consistent with the Authority's overall strategic direction. These reasons must be documented in writing.

If the disposal is not to be on the open market, the disposal should be at or above the current market valuation (with due regard to all associated costs to achieve the transaction or such other amount as the Authority resolves).

Asset disposal

The sale of Assets (both Major Plant and Equipment and Minor Plant and Equipment) will be the responsibility of the relevant Authority Officer who is responsible for those Assets.

The Authority will, where appropriate, dispose of Assets through one of the following methods:

<i>trade-in</i>	trading in equipment to suppliers;
<i>expressions of interest</i>	seeking expressions of interest from buyers;
<i>select tender</i>	seeking tenders from a selected group of persons or companies;
<i>open tender</i>	openly seeking bids through tenders;
<i>public auction</i>	advertisement for auction through the local paper and, where appropriate, a paper circulating in the State, or procuring the services of an auctioneer (following compliance with the Authority's Procurement Policy).

Selection of a suitable method will include consideration of (where appropriate):

- the public demand and interest in the Asset;
- the method most likely to return the highest revenue;
- the value of the Asset and whether it is Major Plant and Equipment or Minor Plant and Equipment;
- the costs of the disposal method compared to the expected returns; and
- compliance with statutory and other obligations.

Preference will be given to community groups for Minor Plant and Equipment.

Authority Board Members and employees of the Authority will not be permitted to purchase Assets unless the purchase is via an open tender process or a public auction, and the tender submitted, or bid made is the highest.

Purchasers of Assets must be required to agree in writing that before purchasing any Asset that no warranty is given by the Authority in respect of the suitability and condition of the Asset for the purchaser and that the Authority will not be responsible for the Asset in any respect following the sale.

7. Consultation

The Authority must undertake public consultation in respect of its proposed disposals in accordance with the Act and its public consultation policies at all times.

8. Delegations

The Authority Executive Officer has the authority to implement this policy.

9. Records

The Authority must record reasons for utilising a specific disposal method and where it uses a disposal method other than a tendering process.

10. Exemptions from this Policy

This Policy contains general guidelines to be followed by the Authority in its disposal activities. There may be emergencies, or disposals in which a tender process will not necessarily deliver best outcome for the Authority, and other market approaches may be more appropriate. In certain circumstances, the Authority may, after approval from its Board Members, waive application of this Policy and pursue a method which will bring the best outcome for the Authority. The Authority must record its reasons in writing for waiving application of this Policy.

11. Availability of this Policy

This Policy will be available on the [Fleurieu Aquatic Centre Website](#).

12. Review

This Policy shall be reviewed by the Authority triennially.

Document History

Version	Document	Action	Date
1.0	Approved version	FRAC Authority endorsement	16 December 2016
2.0	Revised version	FRAC Authority endorsement	31 March 2023

To: Audit and Risk Management Committee
From: Danielle Leckie – Administration Officer
Subject: 7.3 Policy Review – Records Management
Date: 24 March 2023
References: Nil
Consultation: Nil
Attachments: 7.3a Records Management Policy v3.0

Purpose

The purpose of this report is to provide the Records Management Policy to the Committee for review and recommendation to the Authority Board.

Background

The Records Management Policy was first created in April 2016 and was last reviewed in May 2018. This Policy establishes a framework for the implementation and maintenance of appropriate records management systems.

Discussion

The Policy has been reviewed with the following proposed minor amendments:

- Review frequency changing to triennial in accordance with the previous direction of the Committee and Board (page 1)
- Added reference to the Audio Recording of meetings to include Committee Meetings (page 7)

The Policy will also be updated to the current Authority Policy template prior to publishing on the Authority website, with no material changes to the Policy as a result of the template update.

Recommendation

The Audit & Risk Management Committee recommend to the Authority Board the adoption of the policy Records Management v3.0 as reviewed and amended by the Committee on 24 March 2023.

RECORDS MANAGEMENT POLICY

Date and Reference of FRAC Authority Resolution	29 April 2016 / FRACA00005
Review Frequency	Biennial Review
Review Date	31 March 2023
Next Review Due	March 2026
Policy/File Number	CO.197.1
Related Documents	Charter Code of Conduct – Board Members
Applicable Legislation	Local Government Act 1999 State Records Act 1997

Deleted: 18 May 2018

Deleted: May 2020

INTRODUCTION

The establishment of an effective and efficient record keeping environment ensures standardisation, protection and retrieval of information, improving levels of quality customer service.

Good records management is of key importance to good governance. Records are vital ingredients in the support of the Authority's ongoing business activities as a subsidiary of its constituent Councils. The Authority is committed to managing its records of continuing value and their timely transfer to the State Records Office in accordance with the Act, and best practice standards.

DEFINITIONS

Authority Business	May include the provision of services and the delivery of programs, development of policies, making of decisions, performance of Authority functions and other similar types of activities.
Authority Staff	Includes persons employed or contracted by the Authority (full time, part time and casual), volunteers, trainees, work experience placements, independent consultants and contractors and other authorised personnel offered access to the Authority's resources.
Board Committee Member	A person appointed as a Board Member (including Chairperson) in line with the Charter; or a person appointed as a Committee Member of the Audit & Risk Management Committee in line with the Committee Terms of Reference.
Continuing Value	Records of continuing value are those that contain information that is of administrative, legal, fiscal, evidential or historical value to the Authority.
Disposal of	To dispose of an official record means to: <ul style="list-style-type: none"> destroy or abandon the record carry out an act or process as a result of which it is no longer possible or reasonably practicable to reproduce the whole or a part of the information contained in the record transfer or deliver ownership or possession of or sell the record, or purport to do so; but does not include to transfer or deliver the record to the State Records Office or between the Authority and another agency ¹.

¹ See definition in section 3(1) of the State Records Act 1997.

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EFS	Electronic Filing System.
Email	A service that enables people to exchange documents or messages in electronic form. You may retrieve, read and forward or re-transmit messages from your mailbox.
Normal Administrative Practice	Provides for the routine destruction of drafts, duplicates and publications, with the test that it is obvious that no information of more than transitory or temporary value to the Authority will be destroyed. Materials that can be disposed of under Normal Administrative Practice comprise items of a temporary or transitory nature created, acquired or collected by Authority staff or Board / Committee Members in the course of their official duties. Such material has no ongoing value and is not usually incorporated into the Authority's record management system. Examples are copies and drafts of records or information that is only indirectly linked to a business process.
Official Record	A record made or received by the Authority in the conduct of its business, but does not include: <ul style="list-style-type: none"> • a record made or received by an agency for delivery or transmission to another person or body (other than an agency) and so delivered or transmitted • a record made by an agency as a draft only and not for further use or reference • a record received into or made for the collection of a library, museum or art gallery and not otherwise associated with the business of the agency • a Commonwealth record as defined by the Archives Act 1983 of the Commonwealth or an Act of the Commonwealth enacted in substitution for that Act • a record that has been transferred to the Commonwealth.
Record	A record means: <ul style="list-style-type: none"> • written, graphic or pictorial matter • a disk, tape, film or other object that contains information or from which information may be reproduced (with or without the aid of another object or device).
Records Management	Includes the manner in which records are created.
Temporary / Transitory Record	A record is transitory or temporary in nature if it is of little or no continuing value to the Authority and only needs to be kept for a limited or short period of time, such as a few hours or a few days.

PURPOSE

The aim of this Policy is to establish a framework for the implementation and maintenance of appropriate records management systems ensuring the Authority is committed to ensuring:

- the management of its information resources and records systems provides timely and comprehensive information to meet operational business needs, accountability requirements and community expectations
- the preservation of the Authority's "corporate memory" through sound record keeping practices and the accurate capture of information to meet legal, evidential and accountability requirements.

SCOPE

This Policy applies to all Authority business, including electronic business. It concerns all records in all formats, which are created, collected, processed, used, sentenced, stored and disposed of in the conduct of official business. It applies to all Authority staff and Board / Committee Members.

Electronic communications which are relevant to the information gathering, policy formulation or decision-making processes of the Authority are part of the scope of this Policy. Board / Committee Member emails which document

Records Management Policy

business activity are to be registered and placed on Authority files. All procedures and records management systems are to be consistent with this Policy.

LEGISLATION AND COMPLIANCE

Section 99(h) of the *Local Government Act 1999* requires the Executive Officer to ensure that records required by this or another Act are properly kept and maintained.

The *State Records Act 1997* governs the obligations and responsibilities in relation to the management of official records. Under this Act, the Authority has an obligation to maintain official records in its custody in good order and condition. This obligation applies to the capture, storage, maintenance and disposal of physical and electronic records. An *official record* is defined in the Act to mean a record made or received by the Authority in the conduct of its business².

In accordance with the State Records Act, the Authority is required to:

- Ensure that records of enduring evidential or informational value are preserved for future reference
- Create business records as an automatic outcome of the transaction of business, or by modified business practices that ensure records are created. Records are also created when the Authority receives documents
- Promote the observance of best practice in the management of records
- Ensure that records are readily accessible for requests under the Freedom of Information Act 1991
- Ensure the right of individual privacy.

In accordance with Section 17 of the *State Records Act 1997*, if a person, knowing that he or she does not have proper authority to do so, intentionally damages or alters an official record, or disposes of an official record or removes an official record from official custody, that person commits an offence under the Act.

The Authority is also obliged to keep adequate records to fulfil its responsibilities under other Acts such as the *Freedom of Information Act 1991*, as well as fulfilling legal processes. Records may also be required by Royal Commissions, the Ombudsman, the Courts, auditors and other people or bodies.

The Authority recognises that available resources sometimes limit the ability to implement best practices in records management. To meet these challenges, the Authority will prioritise its records management practices using the Corporate Risk Register framework.

POLICY CONTENT

Obligations of Record Users

Authority staff and Board / Committee Members must not intentionally damage, alter, dispose of or remove official records of the Authority without authorisation to do so. Authority staff and Board / Committee Members are required to handle Authority records with care and respect in a sensible manner to avoid damaging records and with a view to prolonging their life span. Authority staff must not eat, drink or smoke in Record storage areas.

Authority staff and Board / Committee Members must ensure that Authority records in any format, including electronic documents and electronic messages, which they personally received or send are captured into the Authority's record keeping systems (paper and/or electronic). Records must be readily accessible to meet business and accountability requirements. Staff members are required to follow authorised procedures in carrying out records management functions.

Electronic records are to be captured and maintained as functioning records by preserving their structure, context and content. In order to maintain their value as evidence, electronic records must be inviolate. That is, they cannot be altered or manipulated for as long as they are retained.

² See the Statutory definition of an "official record" set out under "Definitions" for exceptions to this definition.

Records Management Policy

Authority staff or Board / Committee Members who do not comply with this Policy may be subject to disciplinary action under the relevant Codes of Conduct, and/or subject to criminal or civil proceedings. Authority Staff and Board / Committee Members should report breaches of this Policy to the Executive Officer.

Record Creation

Why Create a Record

Where there is an Authority business, fiscal, legal or stakeholder requirement for evidence and validation of a transaction, decision, action or communication, a record must be created.

A record can be a letter, report, email, fax, plan, agenda, photograph, minute, publication and can be created, received and stored in any media (eg. paper, electronic, tape, DVD).

Documented evidence of your decisions, actions and observations may be required in the future to validate and support the actions and decisions of the Authority. Without such evidence it may be difficult to provide information under the *Freedom of Information Act*, litigation, investigations and to stakeholders when it is required. Information relating to an employee's knowledge and experience may be required to pass on to future staff.

Records must be created when:

- advice is given, as evidence of what was said, including phone and face to face advice
- a decision is made, as evidence of what was decided, when and by whom; eg minutes of meetings and file notes
- reporting and consultation eg transcribing a verbal report
- an action or activity has taken place; eg incident with public
- an issue or potential issue or crisis arises, including possible litigation or one that might be subject to media exposure and may have an impact on or embarrass the Authority
- responding to correspondence, customer action requests or other client communication, including phone response to communication
- there is legislative requirement to do so eg; under an Act.

Records need to be:

- complete, accurate and meaningful to provide a reliable and valid account of what they document
- inviolate (not able to be altered after they are transacted or are the final version)
- created as soon as practicable after an event or action to ensure they are a reliable and accurate account of what took place, within 24 hours.

For records to be authentic, complete and accurate they need to comprehensively identify:

- exactly what took place;
- who decided
- who authored it
- when an action or decision took place
- what time it was sent
- that it originated from the Fleurieu Regional Aquatic Centre Authority (eg letterhead)
- full email signature block
- what file it relates to
- when it was received.

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All records, including correspondence (hard copy and email), memos, minutes, file notes and reports must identify:

- the date of creation
- authors full name and position
- reference to the relevant file number
- that FRAC was the originator.

Integrity

Under the *Freedom of Information Act 1991* and legal discovery the public may have access to documents and records of the Authority. It is important that a professional approach be taken in relation to document and record content and file notes. Comments of a personal or derogatory nature should not be documented in or on records, including emails. This includes "Post it Notes" as they can become part of the official record.

A file note should be created where there is substantial additional information required rather than writing on the record as this could compromise the integrity of the original.

Records Capture

Official records of Authority are to be saved into Authority's Record Management System (ie, Authority filing system on the Executive Officer laptop and back-up hard-drive or in a hard copy file), as soon as practicable after creation or receipt. This includes documents, faxes, emails, photos etc.

Confidential Records

If a staff or Board / Committee Member believes that a record is highly sensitive or confidential in nature, he or she should advise the Executive Officer of this view. It will be at the discretion of the Executive Officer as to whether such information will then be treated as confidential and access to the records restricted.

Records Security

The security of all Authority records is crucial, as records provide evidence of business transactions, support management decisions and ensure public accountability requirements are met. Records in all formats should be stored securely to prevent unauthorised access, destruction, alteration or removal.

Authority staff are responsible for the safe custody of all files and documents that are allocated to them. Sensitive or confidential information should be placed in a secure storage area when not in use.

File storage units should be locked overnight wherever possible to prevent unauthorised access. Amongst other risk management considerations, this reduces the possibility of damage by water or fire in the event of a disaster.

Authority records are not to be stored at home or left in cars unattended as they could be lost or damaged or stolen. Vital records should be stored in protective or fire-resistant conditions with suitable access conditions. Confidential records must be stored in locked storage cabinets which are accessible only by authorised persons.

RESPONSIBILITIES AND ACCOUNTABILITIES

Executive Officer

The role of the Executive Officer of the Authority, as prescribed by s.99 of the *Local Government Act 1999*, includes ensuring that records required under any legislation are properly kept and maintained.

The Executive Officer is also responsible for approving the destruction of any Authority records that fall under a General Disposal Schedule.

Responsibility for the Authority's Record Management System is assigned to the Executive Officer as part of their duties.

The role of the Executive Officer is to provide a strategic focus for record keeping throughout the Authority and responsibility for:

- ensuring that official records are managed in accordance with the State Records Act

Records Management Policy

- establishing records management policies and procedures for the Authority as a whole
- establishing corporate standards for record keeping, records storage and records management
- measuring performance of the Authority against these standards
- providing record keeping advice to Authority staff and Board / Committee Members
- developing corporate records management procedure
- working with other accountability stakeholders to ensure record keeping systems support organizational and public accountability
- providing Authority staff and Board / Committee Members with appropriate training and tools to allow them to meet their records management responsibilities.

Authority Staff and Board / Committee Members

All Authority staff and Board / Committee Members need to be aware of record keeping requirements that affect the performance and exercise of their duties and functions. The record keeping obligations on Authority staff and Board / Committee Members include:

- creating records to support the conduct of their business activities
- creating records that would not otherwise be created
- capturing records into the appropriate paper or electronic record keeping systems
- learning how and where records are kept within the Authority
- not destroying Authority records without authority from the Corporate Records Coordinator
- not losing records
- being aware of records management procedures
- attending training on record keeping practices and principles
- being aware of the retention period of records in their care.

Records Unit

The Authority does not have a Records Unit, and as such all Authority staff are operationally responsible for incorporating sound record keeping principles and practices into their day to day activities and complying with the Records Management Procedure as developed and implemented by the Executive Officer.

Destruction of Records

Official records must only be disposed of in accordance with the *General Disposal Schedule No.20* for Local Government Authorities in South Australia. A copy of GDS 20 can be accessed through the State Records website at <http://www.archives.sa.gov.au>.

Transitory or temporary records, or records that are personal or private in nature, may be destroyed in accordance with normal administrative practice.

Only records that have been identified as non-official and of no continuing value to the Authority can be destroyed by individual Authority staff or Board / Committee Members.

Authority staff and Board / Committee Members should contact the Executive Officer for assistance with the destruction of such records.

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The destruction of records must be complete destruction so that no information is retrievable. Records in physical format should be destroyed by shredding or pulping. Records in electronic format should be destroyed by reformatting, rewriting or degaussing. The use of the "delete" function in software packages is not sufficient to destroy electronic records, as "deleted" data is still able to be recovered. With the consent of the Executive Officer, use may be made of electronic file shredding software to ensure the complete destruction of electronic records.

Transfer of Records

Records that are deemed of permanent value (ie vital under the Disposal Schedule) are to be transferred to the State Records office in accordance with s.19 of the *State Records Act 1997*. The Executive Officer is responsible for engaging with State Records staff, completing the appropriate forms and paperwork associated with records transfers, and appropriately boxing and preparing the records that are to be transferred.

Process for Capturing Board / Committee Member Records

All Board / Committee Members need to be aware of record keeping requirements that affect the performance and exercise of their duties and functions as set out in this Policy. It is the responsibility of Board / Committee Members to forward all records and emails that touch directly on the Authority's business processes and transactions to the Executive Officer for retention.

GUIDELINES FOR DETERMINING WHAT ARE OFFICIAL RECORDS

The following guidelines relate to some common records which staff and Board / Committee Members may create, send, receive, forward or transmit. This is not an exhaustive list, but provides to assist in assessing whether information in any format constitutes an official record under the *State Records Act*.

Audio Recordings

Should the Authority create an audio recording of its Board or Committee Meetings, these audio records will fall within the definition of official record for the purposes of the Act and must be preserved in accordance with correct records management practices under this Policy.

All audio recordings will be retained and disposed of in accordance with GDS 20.

Letters/Memos/Faxes/Reports/Agenda/Minutes

All official letters, memos, faxes, final reports, agendas and minutes must be saved into the Authority's electronic file system. Authority staff and Board / Committee Members should observe any internal records management procedures that exist in relation to saving these official records.

Diaries/Appointment Books/Calendars

Diaries, appointment books and calendars are generally used to record appointments. They may also be used to record messages and notes, some of which may only be an *aide memoire* of a routine nature, but others may be of significance to the conduct of Authority business.

In order to ensure that all official records are captured and retained in accordance with the Act, any information recorded in Authority staff and Board / Committee Members appointment books and calendars

should be forwarded to the Executive Officer for incorporation into the Authorities record management system at the end of the calendar year to which they pertain.

Drafts

A draft record is the preliminary form of any writing in electronic or physical format. Draft records include outlines of addresses, speeches, reports, correspondence, file notes, preparatory notes, calculations and earlier versions of the draft. Drafts may or may not be circulated to other Authority Board / Committee Members or staff for comment or revision.

Records Management Policy

Drafts will be of no continuing value and may be destroyed when reference to them ceases if they:

- contain addresses, speeches, reports correspondence, file notes that are not circulated to other Authority Board / Committee Members or staff
- are circulated to other Authority Board / Committee Members, where only editorial or typographical changes have occurred.

Drafts which document significant decisions, reasons and actions or contain significant information that is not contained in the final form of the records have continuing value and are to be retained and saved into the Authority's records management system. For example:

- drafts which contain significant or substantial changes or annotations (other than editorial changes)
- drafts relating to the formulation of legislation, legislative proposals and amendments
- drafts relating to the formulation of policy and procedures, where the draft provides evidence of the processes involved or contains significantly more information than the final version
- draft of legal documents (contracts, tenders etc).

Duplicates

Duplicates are exact reproductions or copies of records where the original or authorised copy is contained within the Authority's record keeping system.

Duplicates of records will be of no continuing value and may be destroyed when reference to them ceases where they are:

- Issued to a staff member or Authority Board / Committee Members by the authority for information or reference purposes only
- of internal or external publication issued or received for information or reference purposes (eg. Annual reports, brochures, trade journals, price lists).

However, duplicates of records sourced from outside the Authority that are relevant to furthering the business activity of the Authority have continuing value and are to be retained in the record management system.

Messages

Messages may be sent or received via a range of methods, such as telephone and voice mail, email, post it or sticky notes, facsimile, pieces of paper, or transmission reports.

Messages may be sent or received on a variety of matters. Some messages will have continuing value, if they are considered significant to the conduct of Authority business. Others, such as those very routine in nature, will only have temporary value. For example:

- routine or simple administrative instructions, such as edit corrections, distribution lists for informational purposes, file creation requests, and social invitations and messages
- information only messages, duplicates or working copies/memos
- private messages or personal comments between officers which would not provide evidence or be required for accountability purposes
- original messages that have been transferred or transcribed into appropriate formats for incorporation into the Authority's record management systems
- messages that do not relate to business functions of the Authority have no continuing value and may be destroyed when reference to them ceases.

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Messages that will have continuing value and are to be retained in the Authority's record management system include those which:

- contain information relating to the business activities of the Authority such as directives, proposals, recommendations, definitions or interpretations from an Authority Board / Committee Members to another party or vice versa
- messages that are part of an actual business transaction itself, or have policy/procedure implications, or are otherwise identified as being significant to the conduct of the Authority's business, including:
 - a directive or approval for a particular course of action
 - formal communications between internal officers or external agencies
 - final versions of reports
 - policy documents and statements
 - formal minutes of Authority Committees, are of continuing value to the Authority and must be printed and recorded in hard copy format or captured into the electronic record keeping system.

Working Papers

Working papers are documents, background notes and reference materials that are used to prepare or complete other documents. Those final documents become an official record and should be retained in the Authority's record keeping system.

Working papers that do not relate to significant decisions or actions, or contain significant information, and where the final document has been retained in the Authority's record keeping system have no continuing value and may be destroyed when reference to them ceases.

Working papers which document significant decisions, reasons and actions, or contain significant information (even if that information is not contained in the final form of the document) have continuing value and are to be retained in the Authority's record keeping system.

Telephone and Other Verbal Communications

Authority staff and Board / Committee Members may have telephone or other face-to-face conversations at any time on a variety of matters. Some conversations may involve the relay of information or involve matters of significance to the conduct of Authority business. These conversations should be documented in an appropriate format (e.g. file note).

Other conversations may only be basic or routine in nature, such as the issuing or receiving of basic instructions or information and need not be documented.

Documentation of conversations which involve the exchange of routine or simple administrative instructions or information or that do not relate to Authority business has no continuing value and may be destroyed when reference to them ceases. Original notes of significant conversations that have been transferred or transcribed into appropriate formats for retention into the Authority's record keeping system will also have no continuing value and may be destroyed when reference to them ceases.

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Conversations which have continuing value and should be documented in an appropriate format and retained in the records keeping system are those which:

- relate to the business functions of the Authority involving the issuing of directives, proposals, recommendations, definitions or interpretations from the Authority Board / Committee Member to another party or vice versa or that are part of an actual business transaction itself
- have policy/procedure implications, or otherwise identified as being significant to the conduct of Authority business.

AVAILABILITY OF POLICY

This Policy will be available on the [Fleurieu Aquatic Centre Website](#).

Document History

VERSION	DOCUMENT	ACTION	DATE
1.0	Approved version	FRAC Authority endorsement	29 April 2016
2.0	Revised version	FRAC Authority endorsement at meeting 18 May 2018	18 May 2018
3.0	Revised version	FRAC Authority endorsement at meeting 31 March 2023	31 March 2023

To: Audit and Risk Management Committee

From: Victoria MacKirdy – Acting Executive Officer

Subject: 7.4 Financial Services Model and Internal Financial Controls Register Creation

Date: 24 March 2023

References: Better Practise Model for Internal Financial Controls – SALGFMG

Consultation: Nigel Morris, CEO – Alexandrina Council

Attachments: Nil

Purpose

The purpose of this report is to provide an update to the Committee regarding Financial Services support provided to the Authority and the development of the Internal Financial Controls Register.

Background

A Support Services Agreement between the Authority and Alexandrina Council is in place until 31 March 2023 which includes the provision of administrative and financial services to the Authority. The Authority was recently considering its financial services model which, once determined would inform the development of the Internal Financial Controls Register.

Discussion

In consideration of the review of the Authority's Executive structure, a request was made to Alexandrina Council CEO Nigel Morris on 19 March 2023 to extend the Support Services Agreement until the completion of the review, anticipated to be completed by 30 June 2023. Confirmation of acceptance of this extension has been received. Current administrative and financial support as included in the contract will remain in place until completion of the review, or until other arrangements are in place.

At the meeting held 1 December 2022, the Committee resolved the following in relation to the review of the Internal Financial Controls Register:

The Audit and Risk Management Committee:

- *Recommend the Executive Officer consider appropriate alternative financial services models available to the Authority; and*
- *note that the review of Internal Financial Controls will be completed once the financial services model is known.*

In anticipation of the structure review, and considering the information required to inform decision making for this review, work has commenced documenting the current hierarchy and decision pathways relating to financial processes of the Authority. This documentation is modelled around categories outlined in the SALGFMG Better Practise Model for Internal Financial Controls to allow developments and changes to be captured to the Authority model.

Recommendation

The Audit & Risk Management Committee:

- *receive and note the report;*
- *note the extension of the Support Services Agreement with Alexandrina Council for the provision of administrative and financial support services to the Authority until the review of the Executive structure is finalised to 30 June 2023, or other arrangements are in place; and*
- *note that the review of Internal Financial Controls will continue to progress in alignment with the Executive structure review to assist in informing an appropriate Financial Services Model for the Authority.*

To: Audit and Risk Management Committee

From: Victoria MacKirdy – Acting Executive Officer

Subject: 7.5 Risk Management Assistance

Date: 24 March 2023

References: Nil

Consultation: Nil

Attachments: 7.5a Risk Management Framework - Draft
7.5b Risk Management Appetite Statement - Draft
7.5c Scope of Works

Purpose

The purpose of this report is to provide an update to the Committee regarding progress on the Authority's Risk Management Framework.

Background

The Authority has engaged the services of the Local Government Risk Services (LGRS) to assist in the development of the Risk Management Framework, including a Workshop to be held in 2023. In order to progress this work and assist the Acting Executive Officer, Committee members Vicki Tomlinson and Claudia Goldsmith together with the Administration Officer have commenced work on forming a draft Framework document for review by the Committee and Board. Further to this, documents have been requested from the YMCA to understand the coverage of strategic risks for the Authority.

Discussion

While the draft Framework document is being formed, further correspondence has been received from the LGRS to understand the needs of the Authority in relation to Risk Management Training ahead of a Risk Management Workshop and is included in the Scope of Works as noted at attachment 7.5c of this report. Risk Management Training is ordinarily provided by LGRS prior to a workshop to maximise workshop outcomes and would be tailored to the needs of the Authority. Training could include items such as tools and techniques to integrate strategic risk thinking into planning and decision making, understanding of internal controls, essential roles in managing strategic risk and identifying and articulating strategic and operational risks to meet the Authority's strategic objectives.

With the review of the Authority Executive structure commencing imminently, the development of a Risk Management Framework will continue to support the management of risk for the Authority in whatever form it may take by providing a relevant framework which can then be built on and reviewed. It is proposed that the completion of the

framework continue with a view for delivery in line with intended completion date of the structure review, being 1 July 2023.

Recommendation

The Audit & Risk Management Committee:

- *Receive and note the report;*
- *Acknowledge progress made on the Risk Management Framework document as presented at attachment 7.5a and 7.5b of this report;*
- *Note the option for Risk Management training as proposed by LGRS, recommending to the Authority Board that training is/isn't scheduled prior to the Risk Management Workshop;*
- *Request the Authority Board schedule the Risk Management Workshop with the LGRS for Committee and Board members considering a framework finalisation date of 30 June 2023; and*
- *Request an update be provided to LGRS to secure dates as indicated in this resolution.*



RISK MANAGEMENT FRAMEWORK

Review history

Framework owner	Fleurieu Regional Aquatic Centre Authority
Responsible officer	Executive Officer
This document version	1.0
First issued / approved	Date
Last reviewed	Date
Review period	Six months
Next review due	Date

Related documents

Document	Status
Legislative framework	Working document
Risk appetite statement	Pending approval
Risk management policy	Pending approval
Strategic plan	Pending approval
Strategic risk register	Pending workshop
Work health safety and return to work policy	Pending approval
Risk management implementation plan	Working document

Version history

Version	Date	Description
1.0	March 2023	Initial document for review

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1. Introduction

The Fleurieu Regional Aquatic Centre Authority is referred to as FRACA throughout this document. FRACA is a regional subsidiary established by the Alexandrina Council and City of Victor Harbor in accordance with section 43 of the *Local Government Act 1999* (SA).

FRACA enables joint ownership and management of the Fleurieu Regional Aquatic Centre referred to as the aquatic centre throughout this document.

FRACA is committed to an integrated approach to risk management to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our Constituent Councils and the community.

FRACA recognises that managing risk is part of governance and leadership, is fundamental to how the organisation is managed and contributes to continuous improvement of its management systems.

FRACA's Strategic Plan has the following Vision and Mission:

Vision: A vibrant, contemporary, and inclusive aquatic centre, embraced by our communities.

Mission: A premier aquatic facility that enhances the health and wellbeing of our regional communities.

The risk management process is not an isolated function and is applied to all activities, including decision making. Effective identification, analysis, evaluation and treatment of risks is critical to FRACA achieving its objectives and meeting Constituent Councils' and the community's expectations.

2. Purpose

This framework:

- Aligns with the Risk Management Policy
- Establishes roles and responsibilities for managing risk
- Documents a standardised, formal and structured process for assessment, evaluation, treatment and monitoring of identified risks
- Encourages innovation by integrating risk management into the strategic and operational processes throughout the organisation
- Assists FRACA in maximising its opportunities, while minimising negative impacts identified during the risk management process
- Establishes the process for all risks outside the defined risk appetite to be escalated to the appropriate level and for additional treatment options to be implemented
- Sets out reporting protocols for relevant risk information to be provided to Constituent Councils, the Board, the Audit Committee, and the Executive Officer
- Supports the development of continuous improvement.

3. Risk transfer

As a local government entity, FRACA has transferred certain insurable risks to a number of self-managed schemes managed by Local Government Risk Services, via payment of an annual contribution. The schemes are:

- Local Government Association Mutual Liability Scheme for the purposes of Civil Liability coverage and claims management
- Local Government Association Workers Compensation Scheme for the purposes of workers compensation coverage and claims management
- Local Government Association Asset Mutual Fund for the purposes of asset and fleet coverage and claims management.

As a member of the above schemes, FRACA must ensure that it has developed, endorsed and implemented work health and safety, asset, and risk management protocols.

FRACA uses the services of the Constituent Councils to manage the risk of cyber-attack, ransom attack, malicious intent, and/or unauthorised release of information.

FRACA uses the services of the Constituent Councils to manage the release of information in accordance with the Freedom of Information Act 1991 (SA).

FRACA uses the services of the Contractor to manage the facility's operational risks.

4. Risk management principles

The Australian standard for Risk Management Guidelines (AS ISO 31000:2018) describes risk as:

...the effect of uncertainty (either positive, negative or both) on objectives...

AS ISO 31000:2018 underpin this framework and guides how risk is managed.

The goal is not to eliminate all risks, but rather to manage risks involved in delivering FRACA's functions and services and to create and protect value for Constituent Councils and the community.

5. Risk management framework

5.1. Structure

FRACA is led by a Board of Management, referred to as the Board throughout this document. The Board reports to the Constituent Councils.

The Board is supported by the Audit and Risk Management Committee, referred to as the Audit Committee throughout this document.

Responsibility for operational management of the subsidiary is vested in the Executive Officer, who is supported by an Administration Officer. Together, the Executive Officer and the Administration Officer are referred to as the Executive Team throughout this document.

Responsibility for operational management of the facility is vested in the Contractor, engaged via a contract for services.

5.2. Leadership and commitment

FRACA demonstrates a clear commitment to managing risks by:

- Developing and implementing a risk management policy, framework and supporting tools and processes
- Allocating appropriate resources to implement, monitor and improve the effectiveness of risk management
- Ensuring that employees, contractors and volunteers have the appropriate skills and knowledge to deal with risk
- Allocating and upholding accountability with respect to risk management and ensuring it is understood
- Ensuring compliance with legislative and contractual obligations and policy requirements
- Including risk management in the Contractor's contract for services.

5.3. Integration

This framework provides the methods and processes FRACA use to identify opportunities and manage risks.

Governance guides the direction of the organisation and provides the rules, processes and practices necessary to achieve objectives. Management structures that define risk management accountability and oversight roles are critical to achieving sustainable performance and long-term viability.

Enterprise risk management

Enterprise risk management encompasses strategic, operational and project risk management.

Strategic risks are identified by reference to both the external environment and strategic objectives. Strategic risks are monitored by the Board, Audit Committee, and Executive Officer. Strategic risks are captured in the strategic risk register by the Executive Officer.

The subsidiary's operational risks are monitored by the Executive Officer, and may be escalated and reported to the Audit Committee and/or the Board.

The facility's operational risks are monitored by the Contractor and are escalated and reported in accordance with the contract for service.

Project risks are the uncertain events or conditions that have potential to impact either positively or negatively on project objectives. Project risks are monitored by the Executive Team, through the Project Manager (if applicable). Where the project is of strategic significance, project risks are reported to the Audit Committee and/or the Board.

Strategic planning and decision making

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

Risk management is integrated into governance structures, including decision making.

Where there is a potential impact on the achievement of strategic objectives, Constituent Councils, or the community, risk analysis is incorporated into Audit Committee and Board reports.

Legislative compliance

As a regional subsidiary, the *Local Government Act 1999* (SA) applies to the functions of the FRACA. In addition, FRACA has established a Legislative Framework detailing the relevant Acts, Regulations, Codes of Practice and Standards applicable.

FRACA has implemented a work health and safety management system to manage risks and hazards, in accordance with the *Work Health and Safety Act 2012* (SA) 2012 and *Return to Work Act 2014* (SA).

Service delivery

FRACA's planning processes address both the risks associated with provision of functions, facilities and services, such as capacity and resources; and risks arising from their delivery, such as public safety and community reaction.

Internal controls audit

FRACA engages an independent auditor to undertake an audit of internal controls as required by Section 125 of the *Local Government Act 1999* (SA) and Part 6, Regulation 19 of the Local Government (Financial Management Regulations) 2011.

Emergency management

The Board ensures the Contractor has adequate plans in place to prevent, prepare, respond to and recover from any facility related emergency affecting employees, volunteers, customers and/or visitors.

Business continuity

The Board ensures the Contractor has adequate plans in place to minimise the impact on the facility of a disruption and enable the resumption of services at the facility following a disruption.

Information technology disaster recovery

The Board ensures the Contractor has adequate plans in place to protect and recover the facility's information technology infrastructure and data in the case of a disruption.

The Executive Team maintain the required confidentiality and adequate security for FRACA's information, which is held on the Constituent Councils' information technology infrastructure.

Information management

FRACA captures, manages, stores and disposes of information in accordance with the *State Record Act 1997* (SA).

FRACA manages the confidentiality of information in accordance with the *Local Government Act 1999* (SA).

The Board ensures the Contractor complies with the *Privacy Act 1988* (Cth) in relation to the capture, management, storage and disposal of personal information held by the facility.

FRACA uses the services of the Constituent Councils to manage the risk of cyber-attack, ransom attack, malicious intent, and/or unauthorised release of information.

FRACA uses the services of the Constituent Councils to manage the release of information in accordance with the *Freedom of Information Act 1991* (SA).

Performance management

The performance of FRACA's risk management program will be measured as follows:

- Compliance with the risk management policy and related documentation, to be reviewed annually
- Foreseeable risks are identified and controlled within risk appetite, to be reviewed every six months
- Improved risk evaluation outcomes and risk maturity, to be reviewed every six months.

5.4. Design

Context

Establishing the context requires those involved in risk management and decision making processes to understand factors internal and external to the organisation that may influence FRACA's ability to achieve its objectives.

The organisation's risk management culture; and its structure, strategy and objectives are examples of factors that define internal context.

The external environment may include a range of factors such as:

- Scarcity of human resources in a regional location
- Escalating costs of utilities
- The need for funding from Constituent Councils
- Community expectations.

Roles and responsibilities

The following roles and responsibilities ensure a transparent approach to managing risk within FRACA.

Role	Responsibilities
Board	<ul style="list-style-type: none"> • Review and endorse the Risk Management Framework and Risk Management Policy • Set the organisation's risk appetite and policy for managing risk • Give adequate consideration to risks when setting objectives and making decisions • Foster a culture that is consistent with the organisation's appetite/tolerance for risk • Ensure the organisation has the structures and processes in place to support decision making and management of risk • Set an appropriate governance structure for risk and risk management including an Audit Committee and delegations • Require the Executive Officer to demonstrate that the framework for managing risk is effective and appropriate • Require the Executive Officer to provide information to allow the Board to understand the risks that may have material impacts on achievement of the organisation's objectives • Consider recommendations from the Audit Committee relating to strategic risks or any other risk matter
Audit Committee	<ul style="list-style-type: none"> • Review and endorse the criteria contained within the Risk Management Framework and Risk Management Policy • Review reports from the Executive Officer and auditors to ascertain the adequacy of controls that have been implemented • Monitor strategic risks every six months
Executive Officer	<ul style="list-style-type: none"> • Promote a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk • Develop and implement a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility and accountability at appropriate levels within the organisation • Allocate and uphold accountability for managing risk • Ensure Executive Team has the necessary knowledge and skills to effectively fulfil its risk management responsibilities • Regularly review strategic and operational risks and maintain an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls • Ensure project planning includes risk analysis and management of risks is an integral part of managing and delivering projects • Provide reliable information about risks, controls and their effectiveness to the Audit Committee and the Board • Escalate all strategic risks that exceed the organisation's risk appetite to the Audit Committee and/or Board, as applicable • Participate in performance management arrangements that support the desired approach to managing risk

Role	Responsibilities
Executive Team	<ul style="list-style-type: none"> • Ensure compliance with legislative requirements, policy framework and contractual obligations • Commitment to, and promotion of, the Risk Management Framework and Risk Management Policy • Monitor the organisation's risk profile and mitigation strategies • Ensure that risk management is embedded into all functions and activities, including decision making • Promote a proactive risk culture in accordance with business management initiatives • Ensure that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register • Escalate risks to the Executive Officer for the attention of the Audit Committee and/or Board where appropriate • Monitor reporting timeframes in the risk register, follow up risks with overdue treatment and close risks where appropriate • Collectively review strategic risks and consider emerging risks, prior to Audit Committee • Incorporate risk treatments into strategic, operational and project plans • Maintain the Risk Management Policy and Framework to ensure its currency and relevance • Ensure that employees, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively be involved in managing risk • Participate in performance management arrangements that support the desired approach to managing risk • Ensure compliance with legislative requirements, policy framework and contractual obligations
Employees, contractors and volunteers	<ul style="list-style-type: none"> • Understand the risk management processes that apply to the area of work • Identify, evaluate, and report risks relating to daily activities and projects • Where appropriate manage risks or escalate them to the Executive Team • Participate in performance management arrangements that support the desired approach to managing risk • Ensure compliance with legislative requirements, policy framework and contractual obligations

Implementation

The risk management framework is supported by an implementation plan that includes timeframes and resource requirements and processes for engagement with, and provision of information to, relevant stakeholders.

5.5. Evaluation

FRACA will review the risk management framework and the risk management implementation plan every six months to evaluate their effectiveness and determine whether they remain suitable in supporting the achievement of strategic and operational objectives.

5.6. Improvement

To maintain and improve the value of risk management to the organisation, FRACA will monitor and adapt the risk management framework, with a view to continually improve the suitability, adequacy and effectiveness of its risk management process.

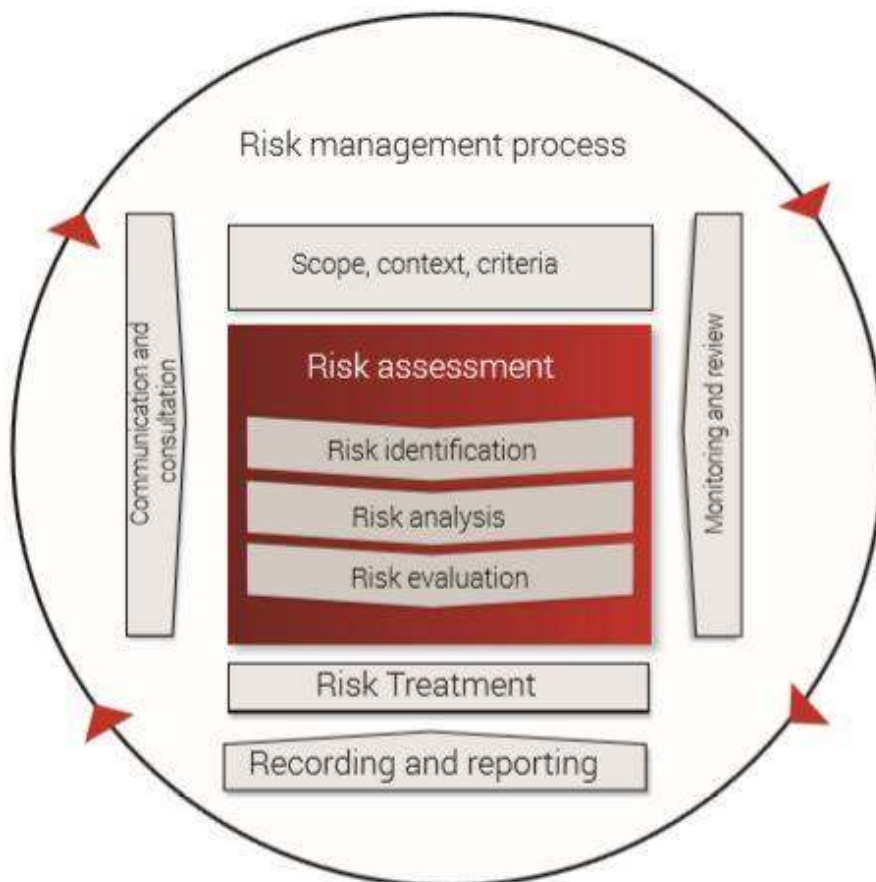
6. Risk management process

6.1. Iterative process

Having sound risk management practices in place provides FRACA with assurance that measures are in place to maximise the benefits and minimise the negative effect of uncertainties in pursuit of its strategic objectives.

Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities. The risk management process is an integral part of management and decision making and is integrated into the organisation's structure, operations and processes.

Risk management is an iterative process, as illustrated below.¹



¹ Diagram sourced from AS ISO 31000 2018 Risk management – guidelines, copied by JLT Risk Solutions Pty Ltd with permission under licence 1811-c079.

6.2. Communication and consultation

FRACA will engage with stakeholders throughout the risk management process to:

- Correctly identify risks and understand context
- Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed
- Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities
- Build a sense of inclusiveness and ownership amongst stakeholders.

6.3. Scope

In defining the scope of its risk management activities, FRACA will take into consideration the following:

- Goals and objectives of risk management, proposed outcomes and timing
- Responsibilities and accountabilities for the risk management process
- Risk management methodologies
- Availability of resources to manage risk, and the opportunity cost
- Strategic and business plan objectives, and the derived project deliverables
- How effectiveness and value of risk management will be measured, monitored and reported.

6.4. Risk assessment

Risk identification

FRACA identifies risks in order to develop an inclusive list of reasonably foreseeable events that may occur, and if they do, are likely to have an impact on achievement of its objectives.

FRACA identifies, assesses and treats risk in the following three risk types:

Strategic risk: Risks associated with strategic objectives, such as those are articulated in the Strategic Plan and/or Business Plan. Strategic risks can originate from within the organisation or externally.

Operational risk: Risks associated with functions and daily operations to deliver core services. Examples include cost overruns, supply chain or logistic issues, employee issues, work health and safety incidents, or non-compliance with operational policies.

Project risk: Risks associated with projects that will affect milestones, deliverables or outcomes of the project.

Risk identification is a process of formally documenting the effects of uncertainty on objectives. Upon approval of the first risk management framework, FRACA will invest in a facilitated workshop to assist with identifying its strategic risks.

Each report to the Audit Committee and/or Board will include analysis of strategic risks, and will take into account political, economic, social, technological, environment and legal factors.

During the identification process, there are a number of questions that need to be asked, including:

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

Risk categorisation

After a risk is identified, it may be categorised and captured in the risk register in accordance with the following categories:

People: Risks relating to employees, contractors, volunteers, customers and/or visitors including work health and safety risks.

Financial: Risks relating to funding, liabilities and financial sustainability. Risks associated with asset and infrastructure management.

Service delivery: Risks impacting the ability of FRACA to provide consistent reliable quality services to the community.

Environmental: Risks causing contamination or damage to cultural heritage or the natural environment. Risks impacting the health or wellbeing of people or groups in the community.

Information technology: Risks associated with technology infrastructure and information, including the risks associated with cyber security breaches and/or privacy breaches.

Legal: Risks associated with failing to comply with the law, governing legislation, regulatory frameworks and/or standards. Risks associated with court action or the threat of court action, including the resultant damage to reputation.

Risk analysis

Risk analysis provides an input into risk evaluation, which assists in determining whether a risk needs to be treated, and if so, the most appropriate means of risk treatment.

FRACA uses reference tables for different categories of risk to determine the consequence of a particular risk. Where more than one category of risk is applicable, the risk is assessed against all consequence categories, and the highest consequence rating is used.

FRACA uses a reference table to determine the likelihood of a particular risk occurring.

With the measures of consequence and likelihood assessed, FRACA uses a matrix to determine the level of risk or risk rating.

Current risk: The level of risk with the controls that are currently in place.

Residual risk: The level of risk once additional control has been identified and implemented to reduce the consequence and/or the likelihood. Residual risk is the forecast level of risk remaining after risk treatment.

Risk appetite

The Board is responsible for defining FRACA's risk appetite statement.

FRACA's risk appetite statement comprises four elements as follows:

1. A definition of what risk appetite is and how it is to be used
2. A clear statement of endorsement for effective risk management, reinforcing the importance of informed risk taking
3. A series of risk tolerance statements aligned to risk categories (people, financial, service delivery, environmental, information technology and legal)
4. A series of risk metrics and tolerance variations aligned to risk categories.

Risk appetite takes into consideration the nature and extent of the risks the organisation is willing to accept or retain in order to achieve its strategic objectives.

In arriving at its risk appetite, the Board has given consideration to:

- The degree to which decision makers are permitted to expose FRACA to the consequences of an event or situation
- Aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable
- Allowing for flexibility for FRACA to adapt to managing new risks in a changing environment
- Whether decisions are made with full consideration of potential risk and reward.

FRACA's risk appetite is included in regular monitoring and review of strategic risks and will be reviewed every six months.

Risk evaluation

Risk evaluation is the process of establishing a risk rating, such as extreme, high, moderate or low. The risk rating assists in determining which risks need treatment and the priority for implementing controls.

The following table provides guidance on the action to be taken for each risk rating level.

Risk rating	Recommended actions
Extreme	<ul style="list-style-type: none"> • Add risk to Risk Register • Escalate risk issue immediately to Executive Officer, Audit Committee or Board as appropriate • Consider cessation/suspension of the activity giving rise to the risk until such time as Executive Officer authorises its continuation and/or while other risk treatment strategies are being developed/implemented • Executive Officer, Audit Committee or Board to: <ul style="list-style-type: none"> Identify and develop treatment strategies for immediate action Monitor and review actions/strategies Provide direction and information to relevant stakeholders Inform the next meeting of the Audit Committee and/or Board of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) • For work health and safety related risks, the following applies: <ul style="list-style-type: none"> An extreme risk is an unacceptable level of risk and the activity shall not be allowed to continue until the risk level has been reduced Treatment may include both short and long term control measures
High	<ul style="list-style-type: none"> • Add risk to Risk Register • Escalate risk issue to Executive Officer, Audit Committee or Board as appropriate • Executive Officer, Audit Committee or Board to: <ul style="list-style-type: none"> Identify and develop treatment strategies with appropriate timeframes Monitor and review actions/strategies to manage risk to an acceptable level Provide direction and information to relevant stakeholders Inform the next meeting of the Audit Committee and/or Board of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) • For work health and safety related risks, the following applies: <ul style="list-style-type: none"> Reduce the risk rating so far as is reasonably practicable A high risk should only be an acceptable level of risk for Major or Catastrophic consequences
Moderate	<ul style="list-style-type: none"> • Add risk to Risk Register • Escalate risk to Executive Officer • Executive Officer to: <ul style="list-style-type: none"> Identify and develop treatment strategies with appropriate timeframes Monitor and review actions/strategies to manage risk to an acceptable level • For work health and safety related risks, the following applies: <ul style="list-style-type: none"> Reduce the risk rating so far as is reasonably practicable. A moderate risk may be an acceptable level of risk
Low	<ul style="list-style-type: none"> • Add to Risk Register • Undertake localised risk management and actions (if required) • Review within routine procedures • For work health and safety related risks, the following applies: <ul style="list-style-type: none"> Reduce the risk rating so far as is reasonably practicable. A low risk may be an acceptable level of risk

6.5. Risk treatment

Risk treatment

Risk treatment involves selecting and implementing one or more actions to modify the likelihood and/or consequence of risks. Once implemented, treatments provide or modify the controls in order to increase positive risks or decrease negative risks.

Justification for risk treatment is broader than solely economic considerations and should take into account all of FRACA's obligations, voluntary commitments and stakeholder expectations. Appropriate risk treatment options should have regard to the organisation's objectives, risk appetite, and available resources.

6.6. Monitoring and review

Normal

7. Recording and reporting

Normal

7.1. General

Normal

7.2. Risk register

Normal

7.3. Risk reporting

Normal

8. Training

Normal

8.1. Employees

Normal

8.2. Board members

Normal

8.3. Audit Committee members

Normal

9. Appendices

Normal

9.1. Consequence

Normal

9.2. Likelihood

Normal

9.3. Risk matrix

Normal

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RISK APPETITE STATEMENT

Review history

Risk appetite owner	Fleurieu Regional Aquatic Centre Authority
Responsible officer	Executive Officer
This document version	1.0
First issued / approved	Date
Last reviewed	Date
Review period	Six months
Next review due	Date

Version history

Version	Date	Description
1.0	March 2023	Initial document for review

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1. Introduction

The Fleurieu Regional Aquatic Centre Authority is referred to as FRACA throughout this document. FRACA is a regional subsidiary established by the Alexandrina Council and City of Victor Harbor in accordance with section 43 of the *Local Government Act 1999* (SA).

FRACA enables joint ownership and management of the Fleurieu Regional Aquatic Centre.

FRACA is led by a Board of Management, referred to as the Board throughout this document. The Board reports to the Constituent Councils.

FRACA is committed to an integrated approach to risk management to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our Constituent Councils and the community.

2. Purpose

A formal document articulating FRACA's risk appetite guides decision making by empowering decision makers to informed choices about risk acceptance.

With a background understanding of FRACA's risk appetite decision makers can more effectively consider risk as part of their decision making.

While risk identification and assessment enables FRACA to understand its risk exposure, it is risk appetite and tolerance that defines how much risk it will accept.

Risk tolerance defines what is acceptable or unacceptable for each category of risk. This understanding determines whether a risk should be escalated, to whom and with what degree of urgency.

3. What is risk appetite?

Risk appetite is the amount of risk that an organisation is willing to accept or retain in order to achieve its strategic objectives. A risk appetite statement contains high level qualitative statements about the organisation's appetite for risk taking.

The risk statements take the form of qualitative risk tolerance indicators for each of the categories of risk – people, financial, service delivery, environment, information technology, and legal.

4. Risk management

FRACA's risk management framework defines risks by type and category and defines the roles and responsibilities for risk management.

Risk management is an iterative process. FRACA's risk management framework takes into consideration the scope and context of FRACA as a local government entity.

The risk management process involves:

- Identifying and recording the risk by type and category
- Together with stakeholders, analysing the risk by consequence and likelihood
- Evaluating the risk and allocating a risk rating
- Taking into account risk appetite, determining whether the risk is acceptable
- Implementing additional treatment in order to effectively control the risk
- Where the control is not effective, escalating the risk
- Monitoring, reviewing and reporting on the risk and its management.

5. Risk tolerance

Levels of risk tolerance may be expressed as: avoid risk, cautious risk taking, minimal risk taking, open to risk and seeking risk. Examples of the risk appetite levels are provided below.

Avoid: The organisation will avoid any risk which has the potential to compromise people safety.

Cautious: The organisation is cautious about the risk of lack of resources to effectively deliver projects which will achieve its objectives.

Minimal: The organisation has minimal risk tolerance for activities that may negatively affect the reputation of the organisation.

Open: The organisation is open to risk which has the potential to reduce costs over the long term.

Seek: The organisation will tolerate seeking a financial risk where this is required to mitigate risk or achieve strategic objectives.

6. FRACA's risk appetite

The Board is committed to effective risk management as part of its strategic decision making; in the facility's operational management; and in project management.

The goal is not to eliminate all risks, but rather to manage the risks involved in delivering FRACA's functions and services, and to create and protect value for Constituent Councils and the community.

The Board is responsible for defining FRACA's risk appetite. In arriving at its risk appetite, the Board has given consideration to:

- The degree to which decision makers are permitted to expose FRACA to the consequences of an event or situation
- Aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable

- Allowing for flexibility for FRACA to adapt to managing new risks in a changing environment
- Whether decisions are made with full consideration of potential risk and reward.

The Board will review its risk appetite statement every six months.

Risk category	Level	Risk tolerance
People	Avoid	Work health and safety related risks
	Minimal	Risks that impact disability access and inclusion
	Cautious	Employment related risks
Financial	Open	Borrowing to mitigate risk or achieve objectives
	Minimal	Increased expenditure over budget
Service delivery	Open	Innovation in service delivery
	Minimal	Changes that negatively impact customers
Environment	Cautious	Incidents at a level they are reportable to the EPA
Information technology	Cautious	Cyber security, data integrity
	Open	Innovation in technology solutions
Legal	Cautious	Legislative compliance
	Minimal	Threats of legal action

7. Quantitative indicators

Key risk indicators are set for each category of risk. Risk tolerance is expressed quantitatively by depicting acceptable variation to each indicator.

Risk category	Metric	Risk tolerance
People	Every employee, contractor and volunteer completed a work health and safety induction relevant to the level of risk	Not more than XX% failure to complete induction during the annual reporting period
Financial	Unmodified financial statements with no material misstatements	Not more than one material misstatement per annual audit
Service delivery	Aquatic centre open for business every day it is scheduled to be open	Aquatic centre closed for risk mitigation not more than half a day during the annual reporting period
Environment	No incidents at a level reportable to the Environment Protection Authority	No incidents reportable to the EPA during the annual reporting period
Information technology	Proactive management of cyber security incidents with no unscheduled enterprise wide shut down of technology	One unscheduled risk mitigation shut down during the annual reporting period

Risk category	Metric	Risk tolerance
Legal	No complaints to external authorities about legislative non-compliance	No complaints with adverse findings during the annual reporting period

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Scope – Strategic Risk Services

Council/ PB: Fleurieu Regional Aquatic Centre Authority
Date: V1: 19/11/2018; V2: 12/01/2022;
2.1: 04/04/2022; **V2.2: 20/12/2022**
Key Contact: Andrew Baker, Executive Officer

Scope: Strategic Risk Service Program

Background	<p>In mid-2018, the Fleurieu Regional Aquatic Centre Authority (FRACA) contacted the LGA Mutual Liability Scheme (MLS) requesting some assistance in the development of their risk management framework. Since that time, a number of changes have occurred at the Authority, resulting in the initial scope of works being placed on hold. In late 2021, the Authority contacted the MLS to re-institute the scope of works.</p> <p>FRACA has recognised the value to operationalise their risk management system by the review of their Risk Management Policy, development of a Framework and Strategic Risk Register in order to manage and monitor key risks. FRACA is also taking the opportunity to determine their monitoring and reporting mechanisms and providing training to their Board Members about their strategic risks.</p> <p>FRACA has 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 the FRACA’s needs and structure the work as a partnership between FRACA and the Scheme to evolve FRACA’s risk system to a point where the expectations of their Board and Audit and Risk Management Committee can be met.</p>
Objectives:	<ul style="list-style-type: none"> • Support the development of a customised program for FRACA’s risk framework development and implementation • To support and mentor on an “as needs” basis as requested by FRACA and within the Scheme’s resource capacity • That FRACA’s Executive Officer and the Board understand their Risk Management Framework, their role and responsibility and they can implement it across the organisation • That a formal process is implemented within FRACA for risk management and risk escalation following the delivery of the services by the Scheme
Scope of Services:	<ul style="list-style-type: none"> • Provide support and guidance to FRACA and their Board to enable them to develop FRACA’s Risk Management Framework • Engage with the Parent Councils to gain input to the context and appetite from these organisations that will have relevance to the FRACA risk profile. • Create training pack including tools and facilitate workshops to identify and assess FRACA’s strategic risks • Provide support and guidance to FRACA and the Board with the development of their Strategic Risk Register • Provide training to FRACA and their Board on the Risk Management Framework including their roles and responsibilities • Provide final deliverables such as FRACA’s strategic risk register, training materials (needs to be agreed with FRACA), list of terminology and definitions
Out of Scope:	<p>The Strategic Risk team will not be responsible for the design and implementation of controls for each risks identified. Testing and assessment of controls will not be performed. This work is the function of FRACA once their risk management system is implemented.</p>



Mutual Liability Scheme
 Workers Compensation Scheme
Local Government Association
 of South Australia

Scope – Strategic Risk Services

Council/ PB: Fleurieu Regional Aquatic Centre Authority
Date: V1: 19/11/2018; V2: 12/01/2022;
 2.1: 04/04/2022; **V2.2: 20/12/2022**
Key Contact: **Andrew Baker**, Executive Officer

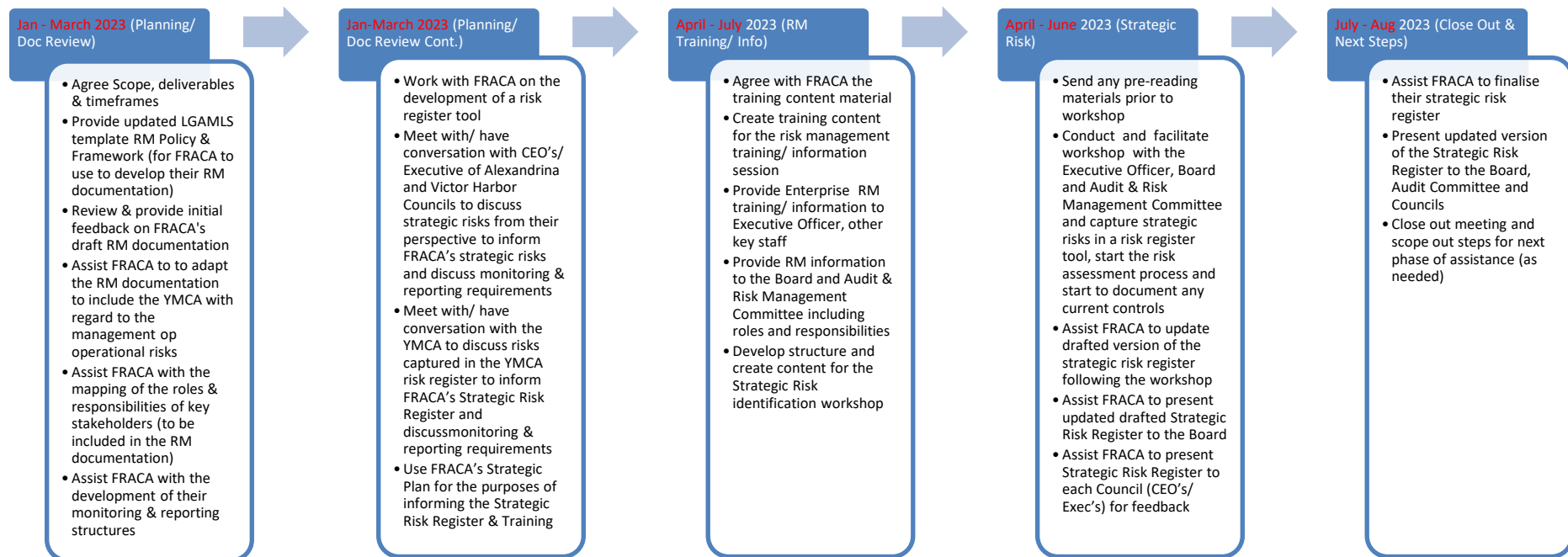
Timelines:	The project will be delivered in phases from January 2023 – August 2023 . Key dates will be agreed with FRACA with the commencement of the project.
Sponsor:	Andrew Baker , Executive Officer



Scope – Strategic Risk Services

Council/ PB: Fleurieu Regional Aquatic Centre Authority
Date: V1: 19/11/2018; V2: 12/01/2022; 2.1: 04/04/2022; **V2.2: 20/12/2022**
Key Contact: **Andrew Baker**, Executive Officer

Detailed Project timeline: **January 2023 to August 2023**





Scope – Strategic Risk Services

Prepared by:	Colleen Green (Strategic Risk Consultant - LGAWCS)	Date:	V1: 16/11/2018 V2: 21/12/2021 V2.1: 04/04/2022 V2.2: 20/12/2022
Reviewed by:	Stevie Sanders (WHS & Risk Manager –LGAWCS)	Date:	V1: 19/11/2018 V2: 12/01/2022 V2.1: 14/04/2022 V2.2: 20/12/2022
Approved by:	Leonie Boothby, Executive Officer (V1) Lauren McKee, Executive Officer (V2) Danielle Leckie, Acting Executive Officer (V2.1) Andrew Baker, Executive Officer (V2.2)	Date:	V1: 05/12/2018 V2: 12/01/2022 V2.1: 29/04/2022 V2.2: xx/xx/202x

Confidential Report Audit and Risk Management Committee

To: Audit and Risk Management Committee
From: Victoria MacKirdy – Acting Executive Officer
Subject: 8.1 Adoption of Confidential Minutes
Date: 24 March 2023
References: Nil
Consultation: Nil
Attachments:

Recommendation

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of the Acting Executive Officer, Victoria MacKirdy, and FRACA Administration Officer, Danielle Leckie, on the basis that it will receive and consider item 8.1 Adoption of Confidential Minutes.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential to prevent the disclosure of commercial information of a confidential nature (not being a trade secret).

Confidential Report Audit and Risk Management Committee

To: Audit and Risk Management Committee
From: Victoria MacKirdy – Acting Executive Officer
Subject: 8.2 Asset Revaluation
Date: 24 March 2023
References: Nil
Consultation: Andrew Baker
APV Valuers & Asset Management
Attachments:

Recommendation

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of Acting Executive Officer, Victoria MacKirdy, and Administration Officer, Danielle Leckie, on the basis that it will receive and consider item 8.2 Asset Revaluation.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential as it contains commercial information regarding Authority assets.

Report

Audit and Risk Management Committee

To: Audit and Risk Management Committee
From: Victoria MacKirdy – Acting Executive Officer
Subject: 8.3 Annual Budget 2023-2024
Date: 24 March 2023
References: Nil
Consultation: James Lomax – YMCA
Attachments:

Recommendation

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of the James Lomax, YMCA, Acting Executive Officer, Victoria MacKirdy, and Administration Officer, Danielle Leckie, on the basis that it will receive and consider item 8.3 Annual Budget 2023-2024.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential as it contains commercial information relating to the operational management of the centre.

Confidential Report

Audit and Risk Management Committee

To: Audit and Risk Management Committee
From: Victoria MacKirdy – Acting Executive Officer
Subject: 8.4 Fees and Competitive Neutrality Review
Date: 24 March 2023
References: Nil
Consultation: James Lomax – Regional Manager YMCA
Attachments:

Recommendation

Pursuant to section 90(2) of the Local Government Act 1999, the Committee orders that all members of the public be excluded, with the exception of James Lomax, Regional Manager YMCA, Acting Executive Officer, Victoria MacKirdy, and FRACA Administration Officer, Danielle Leckie, on the basis that it will receive and consider item 8.4 Fees and Competitive Neutrality Review.

The Committee is satisfied, pursuant to section 90(3)(d) of the Act, that the information to be received, discussed or considered in relation to this Agenda Item is:

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.*

Accordingly, the 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 information and discussion confidential as it contains information relating to the commercial operations of the Fleurieu Aquatic Centre as managed by the YMCA.