



NOTICE OF MEETING

Notice is hereby given that the next ordinary meeting of an Audit and Risk Committee will be held on Monday 30 September 2024 in the Peramangk Room (Committee Room), 43-51 Tanunda Road, Nuriootpa, commencing at 3:30pm.



Joanne Moen
DEPUTY CHIEF EXECUTIVE OFFICER
AUDIT AND RISK COMMITTEE

A G E N D A

Welcome by the Chair

1. ATTENDANCE RECORD

1.1 Members Present

Apologies

Nil

Not Present

Nil

Leave of Absence

Nil

2. CONFIRMATION OF PREVIOUS MINUTES

2.1 Minutes of previous meetings – for confirmation:

2.1.1 Audit and Risk Committee meeting held on Thursday 20 June 2024 at 3:30pm

2.2 Matters arising from previous minutes

Nil

3. MATTERS FOR INFORMATION

3.1	Enterprise Risk and Safety Report - April to June 2024	3
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4. DEBATE REPORT

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5. CONFIDENTIAL AGENDA

Nil

6. URGENT OTHER BUSINESS**7. NEXT MEETING**

Thursday 7 November 2024 at 3:30pm

8. CLOSURE

MATTERS FOR INFORMATION

3.1 ENTERPRISE RISK AND SAFETY REPORT - APRIL TO JUNE 2024

Author: Team Leader Risk and Safety
24/86069

The purpose of this report is to provide the Audit and Risk Committee with a regular update on the Risk and Safety performance of Council.

This report contains the following topics:

- Risk Management and WHS & Injury Management Plans
- Enterprise Risk Management and Risk Registers
- WHS Committees
- Workplace Emergency Management
- Community Emergency Management
- Business Continuity
- WHS Incident Reporting
- Internal and External Auditing
- Internal Financial Control (ControlTrack)

ATTACHMENTS

Attachment 1 Risk Management Report Quarter 4 - 2023-2024 [↓](#) 

SUPPORTING REFERENCES

Nil



QUARTERLY RISK MANAGEMENT REPORT

Quarter 4 – 2023/2024

Quarterly Risk Management Report – Quarter 4 - 2023/24

Quarterly Risk Management Report

The following report has been developed to assist Council's Executive Leadership Team (ELT) in monitoring and reviewing their Risk, Work Health Safety and Injury Management (Return to Work) duties. It is comprised of Risk/WHS monitoring information, current WHS Plan actions, and insurance data.

A summary of this information is provided to the Audit Committee for their information/action also.

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Quarterly Risk Management Report – Quarter 4 - 2023/24

Risk Management and WHS & IM Plans

RESULTS/INTERPRETATION

Automated External Defibrillators Legislation

The Automated External Defibrillators (AED) (Public Access) Bill 2022 was introduced in September 2022 mandating the installation of defibrillators in public buildings, including Council buildings.

Council is waiting for further instruction from the Local Government Association (LGA) on drafting regulations that are reasonable to reduce the financial impact on local government where possible while meeting the intent to make AEDs more accessible.

Council currently maintains 15 AEDs across the region, with a defibrillator publicly available in every major township in the Barossa Council Area.

Status: The Legislation was to be introduced by 1 January 2025, but this has moved to 1 January 2026 due to the impact the introduction will have nationally.

Tobacco and E-Cigarette Products (Smoking Bans) Amendment Regulations 2023

From 1 March 2024, new laws called the Tobacco and E-Cigarette Products (Smoking Bans) Amendment Regulations 2023 (under section 52(2) of the Tobacco and E-Cigarette Products Act 1997) ban smoking and vaping in a variety of public outdoor areas in South Australia.

Review of Council's current no smoking signs has occurred and updated signage is being rolled out consistent with legislative change.

Emergency Evacuation Diagrams

The project to recreate the emergency evacuation diagrams has begun. This project will involve working with the Communications and Engagement Team, Facilities Team and Property Team to use the modified floor plans to create diagrams that provide emergency safety information.

Status: Completion due date is approximately December 2024.

WHS & Injury Management Plan

Operating from October to September annually, the Rebate Action Plan (action plan) is generated by Council and approved by LGRS to identify and work through strategic WHS and Injury Management (IM) improvements. The Rebate Action Plan was finalised and agreed on 8 April 2024.

Status: Ongoing monthly meetings occurring between Council and Local Government Risk Services (LGRS) Risk and Safety Advisor to implement and monitor the Rebate Action Plan.

Further details about the action plan can be found in 22/22740.

Quarterly Risk Management Report – Quarter 4 - 2023/24

Enterprise Risk Management and Risk Registers

RESULTS/INTERPRETATION

Implementation of Council's Strategic Risk Services Review has progressed as follows;

Strategic Risk Register

The Strategic Risk Register underwent review in Qtr 4.

During Qtr 4 risk statements were revised to ensure alignment with strategic objectives as per May 2024 Council Report .

Status: In progress

Operational Risk Register

18 operational risk sessions have been conducted between April to June 2024; carrying out the next stage from the operational risk identification workshops held in May 2022.

In these sessions, teams have started to analyse each risk to identify:

- in what circumstances the risk could occur;
- the inherit, current and residual risk score ratings;
- the controls implemented and how adequate and effective they are to provide reasonable assurance; and
- potential further treatments where controls are not designed to give reasonable mitigation and/or operate in a manner that is effective in terms of being consistent, complete, reliable and timely.

Status: In progress

Insurance - Local Government Risk Services

RESULTS/INTERPRETATION

LGRS provide insurance coverage for Council which is reviewed on an annual basis together with updates provided during the year where significant changes to the schedules are identified.

Certificates of Currency

Council has certificates of currency for financial year 2023/2024 for LGA Mutual Liability Scheme (MLS), LGA Workers Compensation Scheme (WCS), LGA Asset Mutual Fund (AMF) and LG Income Protection Fund (IPF).

Council has received confirmation on 27 June 2024 of continued coverage in the above Schemes/Funds for financial year 2024/2025.

Quarterly Risk Management Report – Quarter 4 - 2023/24

Claims History

The following table shows new insurance claims by type for 2023/2024:

Claim Type	23/24 Q1 & Q2	23/24 Q3	23/24 Q4	Total 2023/24	Total 22/23	Total 21/22	Total 20/21	Total 19/20
Liability (MLS)	6	7	1	14	6	8	12	12
Property (AMF)	9	1	1	11	3	6	11	2
Motor Vehicle (AMF)	4	5	2	11	9	22	16	14
Personal Injury (IPF)	4	2	0	6	3	1	3	3
Workers Compensation (WCS)	5	4	2	11	5	6	3	7
Total Claims	28	19	6	53	26	43	45	38

WHS Committees

RESULTS/INTERPRETATION

WHS Committee:

The quarterly WHS Committee meeting was held on:

- 16 May 2024 – minutes can be provided (24/39016)

Infrastructure and Environmental Services (Depot) WHS Sub-Committee:

The quarterly WHS Sub-Committee meeting was held on:

- 7 May 2024 – minutes can be provided (24/38712)

RESPONSE

No action required; quarterly meetings are being held in accordance with Council policy commitments.

Workplace Emergency Management

RESULTS/INTERPRETATION

Emergency Planning Committee (EPC)

The quarterly EPC meeting was held on:

- 1 May 2024 – minutes can be provided (24/37346)

 Quarterly Risk Management Report – Quarter 4 - 2023/24

Emergency Exercises

The following table depicts the amount of completed exercises completed up to 30 June 2024:

Exercises	23/24 Q1 & Q2	23/24 Q3	23/24 Q4	23/24 YTD	22/23 YTD
Completed	10	3	5	18	10

Emergency Control Organisation Workshop

The Emergency Control Organisation (ECO) is appointed by the EPC to direct and control the implementation of the Workplace Emergency Management Plan 21/32494. Members of the ECO include Chief Wardens, Wardens, First Aid Officers and Communications Officers.

The ECO meets on a quarterly basis to:

- discuss important information including lessons learnt from conducted emergency exercises, the application of Councils emergency policies and processes; and proactive industry best practice ideas.
- Support staff to build awareness and confidence when occupying these roles.
- Provide a forum with the opportunity for consultation and ability for staff to learn from one another.

Refer to the last ECO Workshop conducted on the 12 March 2024 minutes 24/29498 for more information.

RESPONSE

No action required; quarterly meetings are being held in accordance with Council policy commitments.

Community Emergency Management

RESULTS/INTERPRETATIONZone Emergency Management Committee (ZEMC)

No significant community emergency events required Council support during this period.

Council continues to operate in accordance with the Local Government Council Ready Framework, with policy settings, incident procedures and arrangements and training are in place.

Community Incident Response Arrangements

The Community Incident Response Arrangements 20/42995 details Councils response should a community emergency occur. A training program is to be developed to ensure staff are aware and prepared to act.

RESPONSE

No response required.

Quarterly Risk Management Report – Quarter 4 - 2023/24

Business Continuity

RESULTS/INTERPRETATION

Council's Risk and Safety Team have been working with Marsh Advisory to develop a scope of work for the review of Council's Business Continuity Arrangements.

Two bodies of work have been approved as follows:

Business Continuity Management Services

- Facilitation and delivery of a Business Continuity Management refresher session
- Facilitation and delivery of a scenario exercise
- Development of a documented Debrief report

Business Impact Analysis Services

- Facilitation of Business Process Assessment and Business Impact Analysis sessions

Officers are currently collaborating with Marsh Advisory to undertake the full brief of works, with a phased approach anticipated to be rolled out from September 2024.

RESPONSE

No response required.

WHS Incident Reporting

RESULTS/INTERPRETATION

Workplace incident and injury reporting is captured electronically in Skytrust.

As at 30 June 2024, the following incidents have been recorded:

Incident Type	2023/24 Q1	2023/24 Q2	2023/24 Q3	2023/24 Q4	2023/24 YTD	22/23 YTD
Injury	11	5	10	15	41	21
Environment	2	0	1	0	3	3
Near Miss	9	7	10	9	35	32
Property	11	10	12	7	40	31
Community	2	0	1	0	3	7
Other	5	3	0	1	9	10
Total	40	25	34	32	131	104

Monthly Incident and Hazard Reporting is provided to ELT and the Health and Safety (HSR) Representatives for information. This spreadsheet includes:

- Corrective Actions Monitoring – details description of the action and its status

Quarterly Risk Management Report – Quarter 4 - 2023/24

- Hazard Reports for the current month – details hazard reports for month and status
- Incident Reports for the current month – details incidents for month and status

Further details around incident and hazard reporting can be found in 23/1263.

RESPONSE

No response required.

Safety Inspections

RESULTS/INTERPRETATION

Council is committed to providing a safe working environment for staff. Workplace safety inspections are an essential tool used to mitigate risk through the examination and identification of safety hazards.

As at 30 June 2024, the following safety inspections have been completed:

	2023/24 Q1 & Q2	2023/24 Q3	2023/24 Q4	2023/24 YTD	2022/23 YTD
Completed	45	19	15	79	51

Further details around inspections can be found in 14/14684.

RESPONSE

No response required.

WHS Internal and External Audits

RESULTS/INTERPRETATION

Internal Audits

There were no internal audits conducted in Quarter 4.

For further information, refer to the Internal Audit Schedule (23/71904).

External Audits

There were no external audits conducted on Council in Quarter 4; although Council was selected by Return to Work SA to provide evidence in support of their audit on Local Government Association Risk Services to maintain Scheme self-insurance.

RESPONSE

No response required.

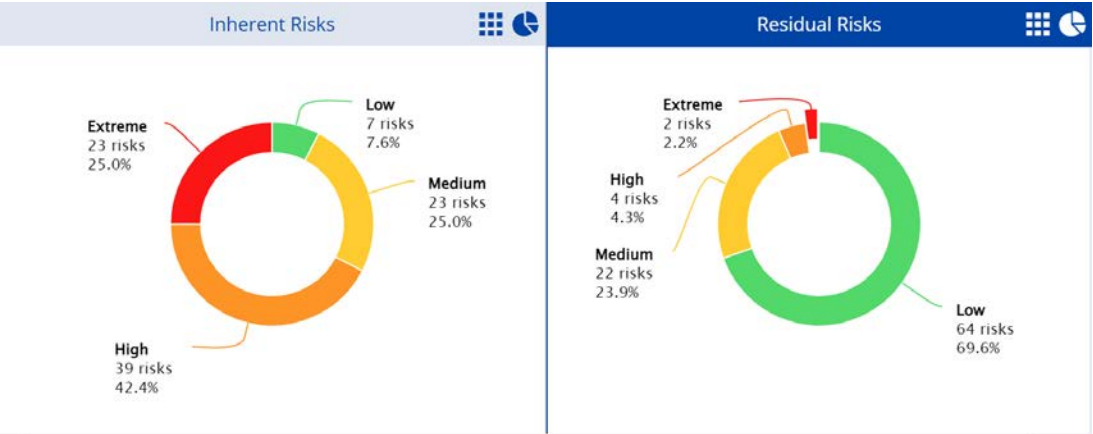
Quarterly Risk Management Report – Quarter 4 - 2023/24

Internal Financial Control (ControlTrack)

In accordance with our process, a control assessment occurred during Quarter 4 for all risks rated Extreme and High.

The next control assessment, review of the Extreme and High Risks will occur in Quarter 3/4 2024/2025 financial year.

The current inherent and residual risks are detailed below.



MATTERS FOR INFORMATION

3.2 NORTHERN AND YORKE LOCAL GOVERNMENT ASSOCIATION ANNUAL REPORT FOR THE 2023-2024 FINANCIAL YEAR

Author: Chief Executive Officer
24/86604

The final and endorsed annual report incorporating the annual financial statements for the Northern and Yorke Local Government Association (previously Legatus) are hereby table for information. The report and accounts will be incorporated into Councils annual report and annual financial statements as required.

ATTACHMENTS

Attachment 1 Northern and Yorke Local Government Association Annual Report incorporating the Annual Financial Statements [↓](#) 

SUPPORTING REFERENCES

Nil



FY 23/24

ANNUAL REPORT

The Central Local Government Region was established in 1998 under Section 200 of the Local Government Act 1934 as a controlling authority and continues in existence as a regional subsidiary of the Local Government Act 1999.

In 2024 the Central Local Government Region of South Australia adopted the trading name of Northern and Yorke Local Government Association (N&YLGA) to which it is now referred.



ANNUAL REPORT

THE NORTHERN AND YORKE LOCAL GOVERNMENT ASSOCIATION (NYLGA) CHARTER CLAUSE 6.3 ANNUAL REPORT

- 6.3.1 *The N&YLGA must each year, produce an Annual Report summarising the activities, achievements and financial performance of the N&YLGA for the preceding Financial Year.*
- 6.3.2 *The Annual Report must incorporate the audited financial statements of the N&YLGA for the relevant Financial Year.*
- 6.3.3 *The Annual Report must be provided to the Constituent Councils by 30 September each year.*

The Central Local Government Region was established in 1998 under Section 200 of the Local Government Act 1934 as a controlling authority. It now continues in existence as a regional subsidiary of its member Councils under Part 2 of Schedule 2 of the Local Government Act 1999 by the provisions of Section 25 of the Local Government (Implementation) Act 1999.

In 2016 the Central Local Government Region of South Australia adopted the trading name of Legatus Group and at their February 2024 Ordinary Meeting they adopted the trading name of Northern and Yorke Local Government Association.

The N&YLGA is a body corporate and is governed by a Board of Management which has the responsibility to manage all activities of the group and ensure that they act in accordance with its Charter.

CONTACT DETAILS

Address:	20 King Street Mintaro SA 5415 PO Box 1 Mintaro SA 5415
Telephone:	0407819000
Email:	ceo@nylga.sa.gov.au
Website:	https://nylga.sa.gov.au/



BOARD OF MANAGEMENT

The Board consists of all principal members (Mayors) of the Constituent Councils which for 2023/2024 were:

COUNCIL	DELEGATE
Adelaide Plains Council	Mayor Mark Wasley
Barunga West Council	Mayor Leonie Kerley
Clare & Gilbert Valleys Council	Mayor Allan Aughey OAM
Copper Coast Council	Mayor Roslyn Talbot
District Council of Mount Remarkable	Mayor Stephen McCarthy
District Council of Orroroo Carrieton	Mayor Grant Chapman
District Council of Peterborough	Mayor Ruth Whittle OAM
Light Regional Council	Mayor Bill O'Brien
Northern Areas Council	Mayor Sue Scarman
Port Pirie Regional Council	Mayor Leon Stephens
Regional Council of Goyder	Mayor Bill Gebhardt
The Barossa Council	Mayor Bim Lange OAM
The Flinders Ranges Council	Mayor Ken Anderson
Wakefield Regional Council	Mayor Rodney Reid
Yorke Peninsula Council	Mayor Darren Braund

OFFICE BEARERS FOR 2023/24

Chairman	Mayor Rodney Reid
Deputy Chairs	Mayor Bill O'Brien Mayor Ken Anderson
South Australian Regional Organisation of Councils	Mayor Bill O'Brien Mayor Rodney Reid
Chief Executive Officer	Mr Simon Millcock
Auditor	Dean Newbery and Partners

The following meetings of the Board of Management were held during the 2023/24 year:

- | | | |
|--------------------|--------------------------|--------------|
| • 25 August 2023 | Annual General Meeting | Peterborough |
| • 25 August 2023 | Ordinary General Meeting | Peterborough |
| • 1 December 2023 | Ordinary General Meeting | Balaklava |
| • 15 December 2023 | Special General Meeting | Online |
| • 23 February 2024 | Ordinary General Meeting | Ardrossan |
| • 7 June 2024 | Ordinary General Meeting | Quorn |

There were four advisory committees in 2023/2024

- Audit and Risk Management Committee
- Road Transport and Infrastructure Advisory Committee
- Waste Management Advisory Committee
- Community Wastewater Management Advisory Committee

All agendas and minutes from the Board meetings and these committees are published on the N&YLGA Website.

All advisory committee minutes were provided with the agendas to the Legatus Group meetings.

The Constituent Councils are provided during the year with Board Agendas, Minutes, Annual Report, Business Plan, Budget and Financial Reports.

COMMITTEE	MEMBERS
Audit Committee	• Mayor Rodney Reid (Wakefield) • Mayor Stephen McCarthy (Mt Remarkable) • Mr Stephen Rufus (Chair) (Peterborough / Port Pirie) • Mr Ian McDonald (Independent) • Mr Peter Ackland (Port Pirie until 10 November 2023)
Road & Transport Infrastructure Advisory Committee	• Dr Helen Macdonald (Clare & Gilbert Valleys) (Chair) • Mayor Leon Stephens (Port Pirie) • Lee Wallis (Goyder) • Steve Kaesler (Barossa) • Tim Neumann (Copper Coast) • Andre Kompler (Yorke Peninsula) • Russell Troupe (Department of Planning, Transport and Infrastructure) • Daniel Willson (CEO RDA YMN) • Stuart Roberts (Wakefield) • Mitchell Foote (Flinders Ranges) • Scott Reid (Northern Areas)
Waste Management Advisory Committee	• Mayor Mark Wasley (Adelaide Plains) (Chair) • Simon Neumann (Copper Coast), • Tom Jones (Adelaide Plains) • Robyn Ridsdale (Barossa) • Glen Growden (Wakefield Regional) • Andre Kompler (Yorke Peninsula) • Megan Renzella (Light Regional)
Community Wastewater Management Advisory Committee	• Mayor Leon Stephens (Port Pirie) (Chair) • Gary Easthope (Clare and Gilbert Valleys) • Grant Smith (Yorke Peninsula) • Nathan Berry (Light) • Kirsty Morgan (Wakefield)



CHAIRMAN'S REPORT

MAYOR RODNEY REID

The past 12 months have been a time of review and consolidation.

This included the change of name from the Legatus Group to the Northern and Yorke Local Government Association.

Following an initial review of the strategic plan in the previous year the board contracted BRM Advisory to undertake a further review of the strategic plan, the charter and the CEO's position. Lisa Teburea from BRM Advisory led the process for these reviews which included a series of workshops, surveys and one on one interviews. Along with the CEO I met with member councils throughout the year to provide updates on the process and outcomes.

Member councils were provided with the draft review of the charter and the strategic plan and at the February 2024 ordinary meeting the board noted the majority of the Constituent Councils had approved the Charter variations and the Strategic Plan Framework report and they adopted the recommendations.

Along with the change of name the major outcome was to transition to a new business planning framework in 2024-25, which introduces a rolling four-year Business Plan to be reviewed annually. The Business Plan will incorporate the functions of a Strategic Plan, Action Plan, Long-Term Financial Plan and Annual Business Plan and be used to inform an annual Budget. The June 2024 meeting endorsed the Business Plan for 2024/2025 after consultation with members.

The key 3 focus areas endorsed by the board are:

1 - ADVOCATE

- Harnesses and leverages the strength of fifteen Councils speaking together with a united and powerful voice to advocate for better outcomes of the region.

2 – COORDINATE

- Councils and partners work together through Legatus on issues, actions and outcomes that can be sensibly, efficiently and effectively progressed at a regional level to provide benefits to members.

3 – OPERATE

- To operate effectively in accordance with legislative requirements and delivers value to its members.
- The changes have seen the formation of an Executive Committee which includes the Chair, Deputy Chairs, CEO and a member council CEO plus councils now able to appoint a proxy for meetings.
- The board approved an extension of the CEO Simon Millcock's contract until December 2024. In March 2024 the final report on the review of the CEO position was distributed seeking comments from all Mayors and CEOs. This followed a workshop held by Lisa Teburea.
- At the June 2024 board meeting a report was provided on the review along with recommendations by the CEO Performance review panel. The recommendations of the review were accepted which included the CEO position becoming a .8FTE and the board agreed to advertise for the position of CEO.

Clarification continues on the Barunga West Council notice of their withdrawal of membership which is due to come into effect in October 2024.

The board after the previous five years of no significant increase in membership fees saw the need in 2023/2024 and 2024/2025 to increase fees above CPI to ensure that its agreed targets of 18 months of operational expenses held in reserves in its long term financial plan. Plus, this year there was a levy introduced from successful SLRP councils which goes towards the regional roads plan. The board continues to be in a sound financial position.

Advocating on regional and state-wide issues which included:

- Continued support for rating equity associated with major energy producers
- Wellbeing and Mental Health
- Community Wastewater Management Schemes which saw a review and CWMS reform program
- Adoption of Northern and Yorke Drought Resilience Plan in partnership with Regional Development Australia Organisations and the Northern and Yorke Landscape Board
- The role of Regional LGAs and SAROC
- Increased funding for Special Local Roads Program (SLRP)
- Support to the Flinders Ranges Council re their issues on water quality
- Support to the Orroroo Carrieton Council opposition to the model Fee Structure being set by ESCOSA
- Cessation of the management of unwanted stray, lost and surrendered pets by the Animal Welfare League
- Report to LGA on councils responses to Dog and Cat Management Act 1995 Breeder Reforms

The board meetings have allowed member councils to bring matters of interest to the table including issues around the Local Government elections and topics by councils at LGA and ALGA meetings. The board meetings continue to provide an opportunity for councils to test their issues before progressing further.

Support at a regional and state level with forums has also included:

- SA CWMS Conference (partnership with LGA) – Mount Barker
- Legatus Group Waste Forum (partnership with KESAB) – Wallaroo
- Yorke Mid North Alliance Regional Planning Forum (partnership Northern and Yorke Alliance) - Clare

Key reports and projects supported this year by the Legatus Group were:

- Local Government Career Pathways and Workforce Toolkit for Regional SA
- Carbon Offsetting Pre-feasibility report for Local Government
- Preparing your Community for Disasters Handbook and Community Disaster Preparedness website
- Northern and Yorke Climate Change Sector Agreement
- Northern and Yorke Drought Resilience Plan
- Regional Local Roads Plan database updates and their inclusion on the Regional Road Transport GIS

The region continues to gain great value from the processes used to assess and support the applications for SLRP as the region secured \$4,597,000 for 5 projects this year. This makes up 34.5% of all SLRP funding for Regional Roads and 25.7% if you include the metropolitan roads.

The Audit and Risk Management Group Committee have ensured that the work plan has assisted us in improving our governance and recommendations around variations to our policies. I would like to acknowledge all the Board members and council CEOs and staff who have committed time to the Advisory Committees.

It was a pleasure to have Mayor Bill O'Brien as a Deputy Chairman and fellow member of the South Australian Regional Organisation of Councils and to have Mayor Ken Anderson as Deputy Chairman.

Plus, I extend a thank you to those councils who have hosted our meetings and also those who have provided case studies of best practice following the board meetings.

I thank CEO Simon Millcock for not only his work in the past year but also over the past 7 years as his commitment and passion for the local government sector and to the member councils has seen some significant policy changes and tangible benefits to our region.



Mayor Rodney Reid
Chairman



CEO'S REPORT

MR SIMON MILLCOCK

Firstly, I would like to acknowledge the support provided to me by Chairman Mayor Rodney Reid and Deputy Chairs Mayor Bill O'Brien and Ken Anderson. Board Members, CEOs, Committees, Regional Partners and Admin Officer Tracey Rains.

Due to the 3 reviews of the Strategic Plan, Charter and CEO Position being undertaken there was an agreed decline in project work and forums. Funding was secured from the (1) LGA Regional Capacity Building Allocations (2) SAFECOM for the Preparing your community for disasters and emergencies and (3) LGA CWMS Conference.

This allowed for the employment of part time Administration Officer Tracey Rains. Whilst Tracey and I provided administrative support to BRM Advisory for the reviews. All contracts for grants and projects have been reported and acquitted.

This year 63% of the income came from its membership fees. The 15-member council's contributions during the previous six years had been on average around 33% of the income.

Due to a reduction in project work, there were less grants obtained and they comprised 28% of the income. Interest rates increased, which resulted in a better than predicted return on investment income.

The reduction in grant funding has also resulted in a major reduction in contractor and consultant costs over the past 2 years and reduction in wages.

Areas with increases in expenses to those budgeted were due to motor vehicle costs as the change over to a new vehicle was not able to occur. The conference and catering costs were substantially lower than the previous year. These would have been much lower but we again managed the responsibility of the Annual Forum for the Northern and Yorke Alliance.

The Legatus Group budget for 2023/2024 had shown an operating deficit of \$108,300 and the actual deficit was \$50,694. The N&YLGA continues to be in a sound financial position to cover its forthcoming liabilities and within the targets set by the board for its reserves.

The closure of the Legatus Group office has continued to assist with reduced administration costs with all staff working from their home offices. This will need to be addressed if the new CEO position requires an office and / or reimbursement for use of home office.

This year saw my attendance and delivery of agendas, minutes and reports to all the Board, Advisory Committees, Yorke Mid North Alliance and SAROC meetings whilst managing the delivery of state and regional forums.

I am a member of the Yorke Mid North Alliance and Regional LGA CEOs Forum. Whilst I provided a regional voice to help support the local government sector in several areas including:

- Local Govt Regional Climate Partnerships Network
- UniSA C-Edge Advisory Board
- Volunteer SA NT – Volunteer Strategy
- Catalyst Foundation workshops / forums via promotion and assistance with speakers
- Local Government Climate Risk Community of Practice Forum
- DEW Climate projections
- Drought Hubs (Roseworthy and Orroroo)
- EPA State of the Environment Report
- Northern and Yorke Alliance
- Torrens University Cultural Immersion
- Local Govt Green House Gas Emissions Project Group
- LGA on the The Emergency Management Act 2004 Review
- SA Govt State Cultural Policy
- Climate Change Training for Local Govt

The Legatus Group Website updates include increased information plus the bi-monthly CEO Newsletter. The social media presence has continued to grow with increased followers on both Facebook and LinkedIn.



Simon Millcock

CEO





N&YLGA AUDIT & RISK COMMITTEE MR STEPHEN RUFUS

This is a summary of activities undertaken, and recommendations made during 2023-2024

The committee met on 4 occasions.

DATE	NO OF MEMBERS ATTENDING
14 August 2023	• 3
10 November 2023	• 4
14 February 2024	• 3
23 May 2024	• 4

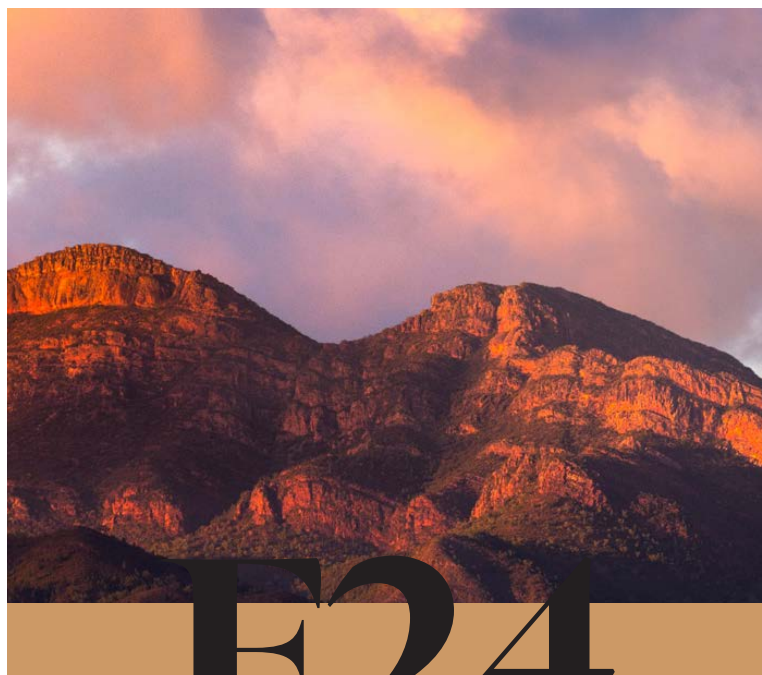
COMMITTEE MEMBER	NO OF MEETINGS ATTENDED
Mayor Rodney Reid	• 4
Mayor Stephen McCarthy (from Nov 2023)	• 2
Peter Ackland (prior to Nov 2023)	• 1
Stephen Rufus	• 3
Ian McDonald	• 4

The following table sets out the principal issues addressed by the Committee for 2023-2024:

PRINCIPAL ISSUES EXAMINED	COMMENT
Audit Committee Chair and Members	Stephen Rufus continued as Chair and due to his move from Peterborough Council to Port Pirie Regional Council Peter Ackland resigned. Mayor Stephen McCarthy joined the committee and several calls for the vacant position were called throughout the year. All members re nominated for a further 2 years which was recommended for endorsement at the June 2024 Northern and Yorke LGA board meeting by member councils.
Annual Financial Report	No issues, unqualified audit, adopted for the 22/23 financial year. Noted the continued auditors independence.
Review of budget against actuals	Noted no issues and supported the allocation of the expenditure identified of carry over reserves and accumulated surplus for business plan and budgets.
Review of work plan, internal controls	1. Work planned maintained and adoption of recommendations by Auditor. 2. Recommended and supported workshop on strategic plans and long term financial plan with appropriate recommendations to the board. 3. Supported the continued independence of financial services.
Charter	Input to the ToR for the Audit Committee and the changes to the Charter.
Business, Budget and Strategic Plan	1. Monitored the 2023-2024 business plan and budget and its quarterly updates. 2. Noted, supported and provided input to Legatus Strategic Plan reviews. 3. Simplified the budget reporting.
Equity / Reserves	Recommendations to Board on the levels to be held and noted that they are in alignment with previous agreed levels.

Stephen Rufus

Chairman Audit and Risk Management Committee



F24

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR
01 JULY 2023 - 30 JUNE 2024

CENTRAL LOCAL GOVERNMENT REGION OF SOUTH AUSTRALIA

trading as

NORTHERN & YORKE LOCAL GOVERNMENT ASSOCIATION



NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

General Purpose Financial Reports
for the year ended 30 June 2024

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NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

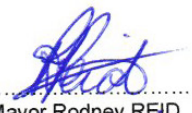
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2024

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Northern and Yorke Local Government Association to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.
- the financial statements present a true and fair view of the Northern and Yorke Local Government Association's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Northern and Yorke Local Government Association provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Northern and Yorke Local Government Association's accounting and other records.


Simon MILLCOCK
CHIEF EXECUTIVE OFFICER


Mayor Rodney REID
CHAIR

Date: 30/8/2024.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
INCOME			
Council Contributions	2	237,615	173,850
Grants, subsidies and contributions	2	107,400	107,600
Investment income	2	27,731	22,035
Other income	2	7,211	18,329
Total Income		379,957	321,814
EXPENSES			
Employee costs	3	239,291	272,632
Materials, contracts & other expenses	3	188,815	167,150
Depreciation, amortisation & impairment	3	2,500	1,372
Total Expenses		430,606	441,155
OPERATING SURPLUS / (DEFICIT)		(50,649)	(119,340)
Other Comprehensive Income		-	-
NET SURPLUS / (DEFICIT)		(50,649)	(119,340)
TOTAL COMPREHENSIVE INCOME		(50,649)	(119,340)

This Statement is to be read in conjunction with the attached Notes.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Notes	2024 \$	2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	486,022	504,240
Trade & other receivables	4	1,791	91,100
Total Current Assets		487,813	595,340
Non-current Assets			
Infrastructure, property, plant & equipment	5	10,000	13,409
Total Non-current Assets		10,000	13,409
Total Assets		497,813	608,749
LIABILITIES			
Current Liabilities			
Trade & other payables	6	8,469	74,037
Provisions	6	40,161	13,457
Total Current Liabilities		48,630	87,494
Non-current Liabilities			
Provisions	6	-	21,423
Total Non-current Liabilities		-	21,423
Total Liabilities		48,630	108,917
NET ASSETS		449,183	499,832
EQUITY			
Accumulated Surplus		179,413	230,062
Other Reserves	7	269,770	269,770
TOTAL EQUITY		449,183	499,832

This Statement is to be read in conjunction with the attached Notes.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2024

		Accumulated Surplus	Other Reserves	TOTAL EQUITY
2024	Notes	\$	\$	\$
Balance at end of previous reporting period		230,062	269,770	499,831
Net Surplus / (Deficit) for Year		(50,649)	-	(50,649)
Other Comprehensive Income				
Transfers between reserves	7	-	-	-
Balance at end of period		179,413	269,770	449,182
2023				
Balance at end of previous reporting period		349,402	269,770	619,172
Net Surplus / (Deficit) for Year		(119,340)	-	(119,340)
Other Comprehensive Income				
Transfers between reserves	7	-	-	-
Balance at end of period		230,062	269,770	499,831

This Statement is to be read in conjunction with the attached Notes

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

STATEMENT OF CASH FLOWS
for the year ended 30 June 2024

		2024	2023
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
<u>Receipts</u>			
Council Contributions		237,615	173,850
Investment receipts		27,731	22,035
Grants utilised for operating purposes		196,709	18,652
Reimbursements		-	-
Other revenues		7,211	18,329
<u>Payments</u>			
Employee costs		(234,010)	(277,300)
Materials, contracts & other expenses		(254,383)	(108,150)
Net Cash provided by (or used in) Operating Activities	8	(19,127)	(152,584)
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	-
Expenditure on new/upgraded assets		909	(909)
Purchase of investment property		-	-
Net purchase of investment securities		-	-
Development of real estate for sale		-	-
Loans made to community groups		-	-
Capital contributed to equity accounted Council businesses		-	-
Net Cash provided by (or used in) Investing Activities		909	(909)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	-
Proceeds from aged care facility deposits		-	-
<u>Payments</u>			
Repayments of borrowings		-	-
Repayment of finance lease liabilities		-	-
Repayment of aged care facility deposits		-	-
Net Cash provided by (or used in) Financing Activities		-	-
Net Increase (Decrease) in cash held		(18,218)	(153,493)
Cash & cash equivalents at beginning of period	8	504,240	657,733
Cash & cash equivalents at end of period	8	486,022	504,240

This Statement is to be read in conjunction with the attached Notes

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2024

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of Preparation

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

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

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

All amounts in the financial statements have been rounded to the nearest dollar (\$).

1.1 Historical Cost Convention

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

1.2 The Local Government Reporting Entity

The Northern and Yorke Local Government Association ("the Association") is a regional subsidiary under Section 43 and Schedule 2 of the *Local Government Act 1999*.

The Constituent Councils are:

- | | |
|--------------------------------------|--|
| 1. The Barossa Council | 2. District Council of Mount Remarkable |
| 3. Barunga West Council | 4. Northern Areas Council |
| 5. Clare and Gilbert Valleys Council | 6. District Council of Orroroo/Carrieton |
| 7. Copper Coast Council | 8. District Council of Peterborough |
| 9. The Flinders Ranges Council | 10. Port Pirie Regional Council |
| 11. Regional Council of Goyder | 12. Wakefield Regional Council |
| 13. Light Regional Council | 14. Yorke Peninsula Council, and |
| 15. Adelaide Plains Council. | |

All funds received and expended by the Association have been included in the Financial Statements forming part of this Financial Report.

1.3 Income recognition

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

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

NORTHERN AND YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables for generally unsecured and do not bear interest. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 10.

1.5 Vehicles & Contents

All non-current assets purchased are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". All assets are recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Association for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows:

Contents	\$2,000
Motor Vehicles	\$5,000

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Association, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually. Major depreciation periods for each class of asset are shown below.

Contents	1 to 5 years
Motor Vehicles	3 to 5 years

1.6 Payables

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

Amounts received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

1.7 Employee Benefits

Salaries, Wages & Compensated Absences

The Association has 1 FTE employees as at the 30 June 2024, a Chief Executive Officer. Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government 10 year bond rates.

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

NORTHERN AND YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2024

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.8 Superannuation

The Association contributes the statutory 11.0% SGC superannuation to the nominated superannuation funds for all staff. This will increase to 11.5% for the 2024-25 financial year.

1.9 GST Implications

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

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

1.10 Leases

In the previous year, the Association performed an assessment of the potential impact of AASB 16 *Leases*. The Association was only engaged in a short-term lease as per Section 5 of AASB 16 and therefore the lease was recognised as an operating expense on a straight-line basis over the term of the lease. There were no leases for the year 23-24.

1.11 New Accounting Standards

In the current year, the Association adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to the Association's accounting policies.

The Association has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2024 reporting period and have not been used in preparing these reports.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvement 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 17 Insurance Contracts

The Association is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

1.12 Economic Dependencies

The Association is aware of its current dependence on Grants Revenue received from the Commonwealth Government, State Government and the Local Government Association for the ongoing operations of the Association. Should the Association not secure funding or a significantly reduced level of funding in future years, it may impact on the ability of the Association to continue operating as a going concern.

1.13 Disclaimer

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

1.14 Comparative Information

During the financial year, the Association has reviewed the allocation and classification of some transactions which have been updated in the comparative information presented. Changes in classification has resulted in no change to the previously reported financial performance and position of the Association.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2024

Note 2 - INCOME

	2024	2023
	\$	\$
COUNCIL CONTRIBUTIONS		
General Contribution	191,325	173,850
Other Council Contributions		
Coastal Alliance	13,290	-
SLRP Assessment Fee	33,000	-
	<u>46,290</u>	<u>-</u>
	<u>237,615</u>	<u>173,850</u>
INVESTMENT INCOME		
Interest on investments		
Local Government Finance Authority	27,731	22,035
	<u>27,731</u>	<u>22,035</u>
OTHER INCOME		
Conference Registrations & Sponsorship	7,211	13,211
Sundry	-	5,118
	<u>7,211</u>	<u>18,329</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
CWMS	4,500	31,000
Disaster Recovery	62,900	29,100
Volunteering	-	7,500
Regional Capacity	40,000	40,000
	<u>107,400</u>	<u>107,600</u>
<i>The functions to which these grants relate are shown in Note 10.</i>		
Sources of grants		
Commonwealth government	-	-
State government	62,900	29,100
LGA	44,500	71,000
Other	-	7,500
	<u>107,400</u>	<u>107,600</u>

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 3 - EXPENSES

	2024 \$	2023 \$
EMPLOYEE COSTS		
Salaries and Wages	171,614	200,665
Employee leave expense	34,466	37,008
Pay in Lieu of Notice	909	-
Superannuation	22,108	25,358
Workers' Compensation Insurance	2,963	2,920
Professional Development	1,011	461
FBT	6,220	6,220
Total Operating Employee Costs	239,291	272,632
Total Number of Employees	1.0	1.9
<i>(Full time equivalent at end of reporting period)</i>		
MATERIALS, CONTRACTS & OTHER EXPENSES		
<u>Prescribed Expenses</u>		
Auditor's Remuneration	2,645	2,441
Subtotal - Prescribed Expenses	2,645	2,441
<u>Other Materials, Contracts & Expenses</u>		
Contractors & Consultants	133,005	107,179
Legal Expenses	-	-
Unleaded Fuel	5,362	3,939
Other Motor Vehicle Costs	3,378	3,539
Members Allowances & Support	5,292	4,500
Meetings & Conferences	2,206	13,381
Insurance	9,839	10,537
Rental - Premises	195	-
Advertising	1,419	1,268
Accommodation	1,046	1,230
Airfares, Taxi Fares & Parking	488	223
Travel - Reimbursement	630	2,079
Catering & Meals	14,085	7,507
Telephone & Internet	2,079	2,981
IT & Web	5,169	5,354
Postage/Stationery	1,103	644
Sundry	874	349
Subtotal - Other Materials, Contracts & Expenses	186,170	164,709
	188,815	167,150
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Motor Vehicle	2,500	1,372
Contents	-	-
	2,500	1,372

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 4 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS

Cash at Bank	36,022	38,081
Deposits at Call	450,000	466,159
	<u>486,022</u>	<u>504,240</u>

TRADE & OTHER RECEIVABLES

Accrued Revenues	1,791	1,780
Other levels of Government	-	89,320
	<u>1,791</u>	<u>91,100</u>

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 5 - NON-CURRENT ASSETS - VEHICLES & CONTENTS

	2023				2024			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Motor Vehicles	-	29,876	(16,467)	13,409	-	28,967	(18,967)	10,000
Contents	-	3,678	(3,678)	-	-	3,678	(3,678)	-
TOTAL PLANT & EQUIPMENT	-	33,554	(20,145)	13,409	-	32,645	(22,645)	10,000
<i>Comparatives</i>	-	32,645	(18,773)	13,872	-	33,554	(20,145)	13,409

	2023	CARRYING AMOUNT MOVEMENTS DURING YEAR							2024
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation
		New/Upgrade	Renewals				In	Out	
Motor Vehicles	13,409	(909)	-	-	(2,500)	-	-	-	-
Contents	-	-	-	-	-	-	-	-	-
TOTAL PLANT & EQUIPMENT	13,409	(909)	-	-	(2,500)	-	-	-	-
<i>Comparatives</i>	13,872	909	-	-	(1,372)	-	-	-	-

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 6 - LIABILITIES

	2024		2023	
	\$		\$	
	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES				
Goods & Services	1,068	-	-	-
Payments received in advance	-	-	49,100	-
Accrued expenses - employee entitlements	3,622	-	4,919	-
Accrued expenses - other	1,972	-	2,250	-
GST & PAYG	1,807	-	17,768	-
	<u>8,469</u>	<u>-</u>	<u>74,037</u>	<u>-</u>
PROVISIONS				
Employee entitlements - Annual Leave	10,031	-	13,457	-
Employee entitlements - Long Service Leave	30,130	-	-	21,423
	<u>40,161</u>	<u>-</u>	<u>13,457</u>	<u>21,423</u>

Note 7 - RESERVES

	1/7/2023	Transfers to Reserve	Transfers from Reserve	30/6/2024
OTHER RESERVES				
General Reserve	269,770	-	-	269,770
TOTAL OTHER RESERVES	<u>269,770</u>	<u>-</u>	<u>-</u>	<u>269,770</u>

Comparatives 269,770 269,770

PURPOSES OF RESERVES**Other Reserves**

This reserve was established to provide for one year of basic operation (employee costs, vehicle costs, insurance, materials), should no revenue be received.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2024

Note 8 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2024 \$	2023 \$
Total cash & equivalent assets	4	486,022	504,240
Less: Short-term borrowings	8	-	-
Balances per Cash Flow Statement		<u>486,022</u>	<u>504,240</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)	(50,649)	(119,340)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	2,500	1,372
Net increase (decrease) in unpaid employee benefits	5,281	(4,668)
	<u>(42,868)</u>	<u>(122,636)</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	89,309	(88,948)
Net (increase) decrease in other current assets	909	(909)
Net increase (decrease) in trade & other payables	<u>(65,568)</u>	<u>59,000</u>
Net Cash provided by (or used in) operations	<u>(18,218)</u>	<u>(153,493)</u>

Note 9 - FUNCTIONS

The activities of the Region are categorised into the following programs, projects & activities:

- 1 A - Corporate Function
- 2 P001 - Regional & Community Sustainability
- 3 P006 - Disaster & Emergency Management
- 4 P009 - CWMS & Climate Change Co-ordinator
- 5 P017 - Waste Management Composting
- 6 P022 - Roads & Transport
- 7 P027 - Community Capacity Building
- 8 P028 - Regional Capacity Building
- 9 P034 - N&Y Coastal Management Action Plan
- 10 P038 - Regional Waste Strategy
- 11 P040 - Disability Inclusion Action Plan
- 12 P045 - Aboriginal Engagement Committee
- 13 P046 - DCP Pilot Organics Plant

Income and expenses have been attributed to the functions/activities throughout the financial year.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 10 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits **Accounting Policy:** Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & conditions: Short term deposits are available on 24 hour call with the LGFA and have an interest rate of 4.55% as at 30 June 2024

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Trade & other debtors

Accounting Policy: Carried at nominal value.

Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest.

Carrying amount: approximates fair value.

Liabilities - Creditors and Accruals

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

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liquidity Analysis

2024	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	486,022	-	-	486,022	486,022
Receivables	1,791	-	-	1,791	1,791
Other Financial Assets	-	-	-	-	-
Total	487,813	-	-	487,813	487,813
Financial Liabilities					
Payables	8,469	-	-	8,469	8,469
Current Borrowings	-	-	-	-	-
Non-Current Borrowings	-	-	-	-	-
Total	8,469	-	-	8,469	8,469

2023	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	504,240	-	-	504,240	504,240
Receivables	91,100	-	-	91,100	91,100
Other Financial Assets	-	-	-	-	-
Total	595,340	-	-	595,340	595,340
Financial Liabilities					
Payables	2,250	-	-	2,250	2,250
Current Borrowings	-	-	-	-	-
Non-Current Borrowings	-	-	-	-	-
Total	2,250	-	-	2,250	2,250

Net Fair Value

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

Risk Exposures

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

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

Liquidity Risk is the risk that the Group will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 11 - FINANCIAL INDICATORS

2024 2023 2022

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	(13.3%)	(37.1%)	(109.9%)
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(115.6%)	(151.2%)	(221.0%)
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Asset Renewal Funding Ratio

<u>Net Asset Renewals</u>	0%	0%	0%
Depreciation Expenditure			

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

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Note 12 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Group prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2024 \$	2023 \$
Income	379,957	321,814
Expenses	(430,606)	(441,155)
Operating Surplus / (Deficit)	(50,649)	(119,340)
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	2,500	1,372
Proceeds from Sale of Replaced Assets	-	-
	2,500	1,372
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	909	(909)
Amounts received spec. for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	909	(909)
Net Lending / (Borrowing) for Financial Year	(47,240)	(118,877)

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024****Note 13 - RELATED PARTY DISCLOSURES****KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Group include the 15 Mayors/Chairpersons of the constituent Councils and the CEO. In all, 1 person was paid the following total compensation:

	2024	2023
	\$	\$
Salaries, allowances & other short term benefits	166,637	163,432
Member Allowance	5,292	4,500
Post-employment benefits	11,197	17,160
Long term benefits	-	-
FBT	6,220	6,220
Termination benefits	-	-
TOTAL	189,345	191,312

The Group received the following amounts in total:

	2024	2023
	\$	\$
Contributions for fringe benefits tax purposes	-	-
TOTAL	-	-

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

During the reporting period, no Key Management Personnel or parties related to them had any transactions on more favourable terms than those available to the general public.

OTHER RELATED PARTIES

Amounts received from Related Parties during the financial year and owed by Related Parties at the end of the financial year (inclusive of GST).

	Received 2024 \$	Outstanding 2024 \$
The Barossa Council	14,031	-
Barunga West Council	14,031	-
Clare and Gilbert Valleys Council	14,031	-
Copper Coast Council	14,031	-
The Flinders Ranges Council	14,031	-
Regional Council of Goyder	14,031	-
Light Regional Council	14,031	-
Adelaide Plains Council	14,031	-
District Council of Mount Remarkable	14,031	-
Northern Areas Council	14,031	-
District Council of Orroroo / Carrieton	14,031	-
District Council of Peterborough	14,031	-
Port Pirie Regional Council	14,031	-
Wakefield Regional Council	14,031	-
Yorke Peninsula Council	14,031	-
TOTAL	210,458	-

Description of Services provided to all Related Parties above:

The Legatus Group is the peak regional local government organisation that is focused on the interests of its communities. The Legatus Group's primary purpose focuses on the wealth, wellbeing and social cohesion of these communities via a sustainable approach of productive landscapes and natural environment. Its focus is on the key roles of local government.

The Group has Five Primary Goals and numerous strategies to achieve these are outlined in the Group's Strategic Plan 2018-2028 which is available on the Group's website.

NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2024****Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION**

There are no contingencies, assets or liabilities not recognised in the financial statements for the year ended 30 June 2024.

Note 15 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2024 that need to be disclosed in the financial statements.

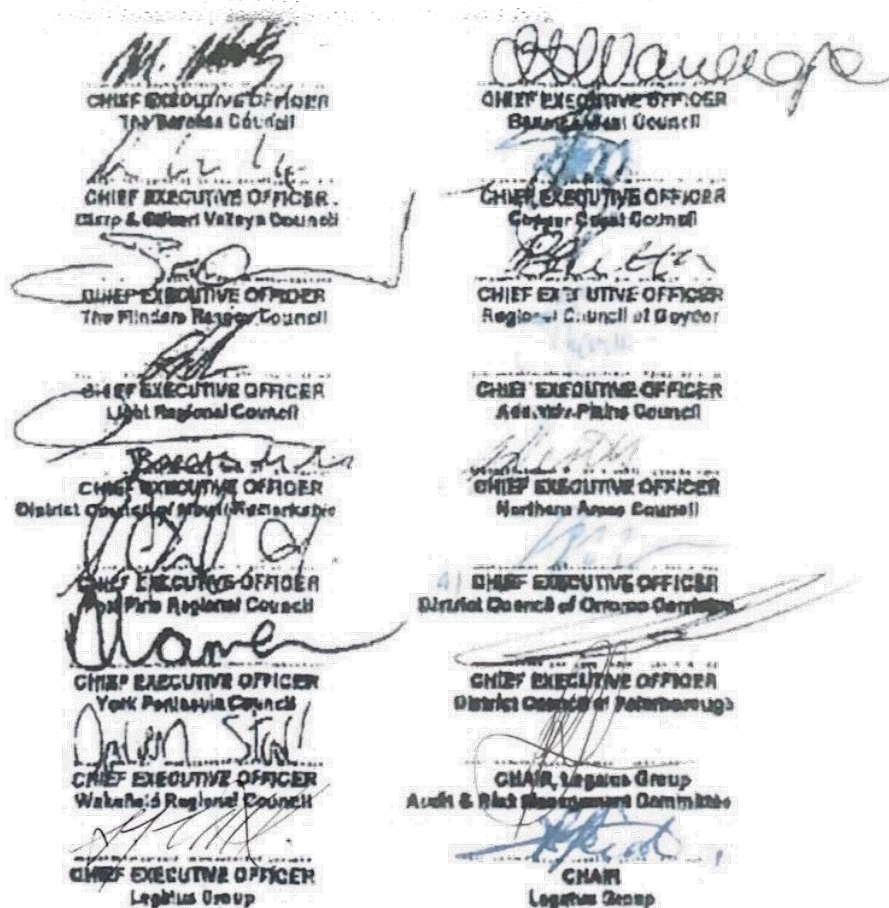
NORTHERN and YORKE LOCAL GOVERNMENT ASSOCIATION

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2024

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Northern and Yorke Local Government Association for the year ended 30 June 2024, the Council's Auditor, Dean Newbery, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



M. [Signature]
 CHIEF EXECUTIVE OFFICER
 The Barossa Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Camp & Gilbert Valleys Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 The Flinders Ranges Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Light Regional Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 District Council of Mount Marshall
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Port Pirie Regional Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 York Peninsula Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Wakefield Regional Council
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 CHIEF EXECUTIVE OFFICER
 Leighs Group

[Signature]
 CHIEF EXECUTIVE OFFICER
 Barossa Council
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 CHIEF EXECUTIVE OFFICER
 Camp & Gilbert Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Regional Council of Yorke
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Adelaide Plains Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 Northern Areas Council
 [Signature]
 CHIEF EXECUTIVE OFFICER
 District Council of Orroroo
 [Signature]
 CHIEF EXECUTIVE OFFICER
 District Council of Peterborough
 [Signature]
 CHAIR, Leighs Group
 Audit & Risk Management Committee
 [Signature]
 CHAIR
 Leighs Group



The Central Local Government Region was established in 1998 under Section 200 of the Local Government Act 1934 as a controlling authority and continues in existence as a regional subsidiary of the Local Government Act 1999.

In 2024 the Central Local Government Region of South Australia adopted the trading name of Northern and Yorke Local Government Association (N&YLGA) to which it is now referred.

MATTERS FOR INFORMATION

3.3 REPORT ON 2023-24 INTERIM FINANCIAL CONTROLS REVIEW FROM EXTERNAL AUDITOR

Author: Manager Financial Services
24/87166

The 2023-24 interim financial controls review was finalised by Galpins, the Barossa Council's external auditor, in June 2024.

Attached is the 2023-24 interim financial controls review report from Galpins, including our responses to their findings.

In total of nine findings were identified by Galpins, with the following risk ratings attached to those findings:

High – two
Moderate – six
Low - one

The two findings with high-risk ratings have now been resolved, with the remaining seven findings scheduled to be resolved over the next eight months.

ATTACHMENTS

Attachment 1 Galpins 2023-24 interim financial controls review report with Council responses to findings [↓](#) 

SUPPORTING REFERENCES

Local Government Act 1999 – Division 4 Audit



Accountants, Auditors & Business Consultants

Financial Controls Review

Barossa Council

2023/24 Interim Management Letter



Mount Gambier
233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
DX 29044
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling
Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood
3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

www.galpins.com.au



Barossa Council

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Barossa Council

1. EXECUTIVE SUMMARY

1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on Council's obligations under s125 of the Local Government Act 1999:

"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.



Barossa Council

These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

Risk review – A review of Council's inherent risk assessment for internal financial controls.

Financial statement review – A high level financial statement review performed to identify key accounts and transaction streams.

Internal / external audit results review – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- Purchasing and Procurement/Contracting
- Fixed Assets
- General Ledger
- Accounts Payable
- Payroll
- Rates / Rates Rebates
- Credit Cards
- Debtors
- Banking
- Receipting

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.



Barossa Council

1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2023/24 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
High Risk Weaknesses	The issue described could lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the Council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.



Barossa Council

1.4 Overall review of the Council's internal controls

Overall the Council demonstrated a satisfactory level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (56 out of 65 core controls reviewed).

The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively		2024 Findings			
		2024	2023	H	M	L	BP
Purchasing & Procurement/Contracting	7	6	6	-	1	-	-
Fixed Assets	8	7	7	1	-	-	-
General Ledger	8	5	6	-	2	1	-
Accounts Payable	8	7	8	-	1	-	-
Payroll	11	11	11	-	-	-	-
Rates / Rates Rebates	8	7	6	-	1	-	-
Credit Cards	5	5	5	-	-	-	-
Debtors	3	3	3	-	-	-	-
Banking	5	3	4	1	1	-	-
Receipting	2	2	2	-	-	-	-
Total	65	56	58	2	6	1	-

We recommend that Council prioritises the high and moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

We wish to draw attention to Finding 2.7.1 in relation to issues with the bank reconciliation process. This matter is considered to be a material control deficiency, and will result in a modification to our audit opinion on internal financial controls. Further, if the bank reconciliation is in a similar position as at 30 June 2023, we may have to consider qualifying our audit opinion on the financial statements in relation to the reliability of reported cash balances.

1.5 Internal Control Self Assessment

As part of meeting its obligations under s125 of the Act, Council performs a self assessment of the operating effectiveness of internal financial controls, utilising the "ControlTrack" software.

Audit has reviewed the results of this self assessment, and notes that some controls have been flagged as ineffective which have not been tested as part of our external audit. We wish to emphasise that it is important that these self-identified control gaps are monitored and addressed, in the same manner that external audit findings should be.



Barossa Council

1.6 Summary of findings

Business Cycle	Findings	Risk
Purchase & Procurement / Contracting	2.1.1 Instance of exemption from procurement policy not being properly executed	M
Fixed Assets	2.2.1 Councils Infrastructure Asset Management Plan does not include sufficient renewal plans	H
General Ledger	2.3.1 A list of IT users with access to key finance modules in CiA cannot currently be exported or reviewed by Finance Management	M
	2.3.2 Some key IT policies / procedures are not up to date	M
	2.3.3 No documented policy / procedure in place for approval of manual journals	L
Accounts Payable	2.4.1 Accounts Payable staff are not following up with changes in the supplier master file via phone call	M
Rates	2.5.1 No formal review of Pathway user access and excessive Administrator users	M
Credit cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Banking	2.6.1 Delays in matching a large volume of miscellaneous reconciling items	H
	2.6.2 'Authorised Financial Signatories Register' not updated to reflect staffing changes	M
Payroll	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A

2. DETAILED AUDIT FINDINGS

2.1 PURCHASING AND PROCUREMENT/CONTRACTING

2.1.1 Instance of exemption from procurement policy not being properly executed		Moderate
Control	Council does not obtain value for money in its purchasing and procurement.	
Risk	Council potentially not obtaining the best value for money in their purchasing.	

Finding	Recommendations	Management Response
Audit tested a sample of seven procurements for compliance with the requirements of Council's Procurement Policy. In one instance, a waiver was used to allow staff to bypass the need to seek three quotations for a project on the basis that this was a specialised project with only one known supplier able to provide materials of a suitable nature and quality. Audit considers this a reasonable basis for an exemption, however noted the following two issues with this exemption: 1) the project value was between \$250,000 to \$1,000,000, therefore requiring an open tender per the procurement policy. The waiver specifically states it is waiving the requirement for three quotes, not the requirement for open tender. This is assumed to be human error, with the intent likely to have been to waive all policy requirements and allow a single supplier to be approached. 2) The waiver provided to audit is an editable word document with a picture of the approval signature pasted in. Digital approval, whilst it can be a suitable and efficient form of approval, requires the use of a proper, secure digital signature (as is available in most PDF software) to be valid.	Council introduces the use of secure digital signatures for the approval of waiver forms (and other digital forms as appropriate). Where waivers are used, ensure that the nature of the waiver is consistent with the requirements of the procurement policy.	We accept this audit finding and agree that it was human error that the waiver referred to waiving the requirement for three quotes when it should have referred to waiving the requirement for open tender, given the value of the purchase. We are satisfied that a waiver was appropriate in this instance given there was only one supplier available to supply the materials required. We agree that it would be better practice for any word documents containing electronic signatures to be converted to a PDF document after the electronic signature has been attached. An email will be sent to all staff reminding them of the correct process to follow if using electronic signatures for approvals.

2.2 FIXED ASSETS

2.2.1 Councils Infrastructure Asset Management Plan does not include sufficient renewal plans

High

Control	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.
Risk	Fixed Asset maintenance and/or renewals are inadequately planned.

Finding	Recommendations	Management Response
As part of the mandatory suite of strategic management plans, the Local Government Act 1999 requires councils to develop and adopt an infrastructure and asset management plan (IAMP), relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years. Whilst the Council does have an IAMP in place, the projected renewal spend over the life of the plan lacks sophistication and has not been used to inform the LTFP. If Council does not have a robust forward plan for the next 10 years, required asset renewals may not be adequately planned for. It also reduces the reliability of council's assessment of its financial sustainability. Council are currently reviewing the AMP's and ensuring alignment with the LTFP, including a robust forward plan for the next 10 years for required asset renewals. Importantly, whilst there is a need to develop a more robust 10 year renewal plan, council does have in place underlying asset management systems and data to a reasonable standard to be able to inform this plan. A number of revaluations have occurred in recent years, and council recently upgraded to the 'Assetic' asset management system. Additionally, council staff have identified factors which lower the risk of material changes in renewal requirements, such as the quality of soils and low levels of ground movement increasing expected useful lives, and council owned quarries reducing construction costs.	Council prioritises the development of a robust 10 year renewal plan for inclusion in the revised IAMP (currently planned for approval in September 2024). This renewal plan is used as the basis for the IAMP, Annual Business Plan and Long Term Financial Plan (LTFP) to ensure consistency between key strategic documents.	This has been achieved with the updating of the asset system, alignment of new modelling and condition assessments along with valuation reviews being back on track, and will be fully aligned and assessed as part of the current strategic review of the asset system. The 2024-25 LTFP now fully aligns to the current IAMP, and capability within the new asset system will enable ongoing annual alignment between the IAMP modelling and the LTFP. There are no further actions required in addition to those currently achieved and embedded in the annual review and budgeting processes.

2.3 GENERAL LEDGER

2.3.1 A list of IT users with access to key finance modules in CiA is not reviewed by Finance Management

Moderate
Control

Access to General Ledger maintenance is restricted to appropriately authorised personnel.

Risk

General ledger does not contain financial information / Data contained within the general ledger is permanently lost.

Finding	Recommendations	Management Response
TechOne access can only be provided by the IT department following HR & Manager approval through the onboarding and change of conditions workflows. This is also matched to delegations before IT provides / changes access for a user. In 2022-23 a TechOne extract reflecting the user 'roles' that are assigned to staff to determine their level of system access was reviewed by IT staff as part of the annual Financial Internal Controls Self-Assessment process (managed in 'ControlTrack'). This extract did not include details of the 'functions' assigned to each user's 'role', required to give a true insight into access rights. In 2023-24 Council moved to the CiA system. Currently, a list of users showing their access levels / user rights in key finance modules cannot be exported. This is due to updates and custom work through CiA that has resulted in certain reports being unavailable to view / export. The new ETI Manager has recently logged a job in relation to this. Audit notes that changes to IT access will likely occur as part of the process of introducing a new Chart of Accounts as at 2 August 2024.	IT continue to follow up with CiA to develop a solution allowing the export of a list of users with roles and access rights to key finance modules. A periodic review is performed by Finance Management to ensure adequate segregation of duties in the finance system. Key areas of access that should be considered in this review include: - Administrator access - Banking - General ledger - Payroll - Accounts payable - Accounts receivable - Rates - Receipting.	We accept this audit finding and agree that a periodic review of user access in the CiA system should be performed to ensure users continue to have appropriate access in the system (including the financial delegations set up in the system) and incompatible duties are segregated. We will continue to follow-up with CiA to obtain a listing of all users with roles and access rights to the CiA system, and will perform a review annually once this information has been obtained. A user access review policy will be developed by ET&I to govern this process. There are also other controls not contemplated that have a real effect on controlling the risks identified, such as financial delegations, human resource and IT policies, induction processes, monthly and quarterly reporting processes, and other manual controls like payroll checking, along with normal accounting reconciliations that oversee the use and input of information, which should also be taken into account.



Barossa Council

2.3.2 Some key IT policies / procedures are not up to date**Moderate****Control**

General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.

Risk

Data contained within the General Ledger is permanently lost

Finding

The following Council documents are out of date and overdue for review:

- IT Disaster Recovery Plan
- Back-up Policy

Additionally, Council's 'Business Continuity Plan', 'IT Security Policy Manual' and 'End User Security Policy' are to be reviewed by the new IT Manager.

We note that these documents have not been updated since last year, partly due to manager turnover, and that a 'Back-up' review is scheduled to be undertaken in late 2024.

Recommendations

These policies and plans are updated and formally approved.

Management Response

We accept this audit finding. The Council's IT Disaster Recovery Plan and Back-Up Policy will be reviewed and updated if required. The Council's Business Continuity Plan, IT Security Policy Manual and End User Security Policy will also be reviewed by the new Manager Enterprise Technology & Innovation to ensure the information remains up-to-date and reflects current practice.



Barossa Council

2.3.3 No documented policy / procedure in place for approval of manual journals**Low****Control**

Journal entry access is restricted to appropriately authorised personnel.

Risk

General Ledger does not contain financial information

Finding

All journals processed through CiA are checked and approved by a different staff member than the one who processed the journal.

However, audit noted that the approver was not always an officer with higher authority/delegation than the processor.

There is no documented process / policy outlining the journal approval requirement or guidance on the appropriate approver.

Recommendations

Develop a journal policy / procedure requiring that journals are independently reviewed and approved, and providing guidance as to the appropriate approver (e.g. that journals must be approved by persons with equal or higher levels of authority).

Management Response

We accept this audit finding and will develop a manual journal approval policy outlining who in the Finance team can approve the posting of manual journals.



Barossa Council

2.4 ACCOUNTS PAYABLE

2.4.1 Accounts Payable staff are not following up with changes in the supplier master file via phone call

Moderate
Control

Requested changes or additions to supplier Masterfile are verified independently of source documentation.

Risk

Council is making payments to compromised suppliers.

Finding

When changes to the supplier Masterfile occur, Council staff rely on the email address that they have on file to get in contact via this email to confirm the change to the bank account or other supplier information. After this occurs, staff email a 'new creditor request or update details form' and request the supplier to update their payment or other information. Council staff will only phone suppliers to confirm changes if they do not receive a response to their email.

This practice exposes council to the potential risk of emails being fraudulently intercepted and fraudsters posing as suppliers. Such attacks are common and prevalent in the Local Government sector.

Recommendations

Suppliers are contacted via phone to confirm that any changes to the supplier's details are correct prior to changes being approved and updated in the supplier Masterfile.

Management Response

We accept this audit finding. This is currently occurring on an ad hoc basis, however going forward we will call all suppliers using the phone number on file to confirm that any changes to the supplier masterfile are correct. The Council's Purchasing Process will be updated to reflect this.

2.5 RATES

2.5.1 No formal review of Pathway system access and excessive Administrator users

Moderate

Control	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.
Risk	The property master file does not remain pertinent.

Finding	Recommendations	Management Response
There is no formal review of user access rights in the Pathway system. IT has flagged this as an issue in both the current and prior year's Internal Financial Control Self-Assessment reports. Responsibility for this review informally sits with IT, however IT staff have advised that they do not have the operational knowledge to be able to adequately access the appropriateness of staff access within Pathway. There are more than 30 users (an increase over the approximately 30 users noted in 2022-23) who have Administrator access to the property module within Pathway. In the absence of a clear rationale for this number of administrators, audit considers this to be excessive. Additionally, audit has been advised that the practice for allocation of application permissions for new staff sometimes involves cloning permissions from old users, and then adding new permissions as required. Pathway support is outsourced, and unneeded permissions are reportedly not always cleaned up. This further highlights the need to perform regular access reviews.	A formal annual review of Pathway access rights is introduced. Responsibility for this review is assigned to an appropriate user group/s (e.g. property and rating and debtors/receipting departments). As part of the review process, the number of Administrator users is reviewed with a view to minimising the number of administrators based on need.	We accept this audit finding and will formally review user access to Pathway annually. As part of this we will review users with administrator access and will delete this access if not required for their role at the Council. As identified in our response to 2.3.1, a user access review policy will be developed by ET&I to govern this process.

2.6 BANKING

2.6.1 Delays in matching a large volume of miscellaneous reconciling items

High

Control	Bank reconciliations are performed on a predetermined basis and reviewed by an appropriate person. Any identified discrepancies are investigated.
Risk	Banking transactions are either inaccurately recorded or not recorded at all.

Finding	Recommendations	Management Response
As at the time of our interim audit in early May 2024, reconciling items in the bank reconciliation had not been matched and cleared since August 2023. There was a large volume of unreconciled items (more than 70 pages in the bank reconciliation report listing in excess of 1,500 line items) totaling around \$12 million as at 28th of March 2024. Uncleared reconciling items dated back as far as September 2023. Finance staff reported that the backlog in matching reconciling times occurred following the 'go live' date of the new CIA system, which caused issues in the payroll module requiring diversion of staff away from bank reconciliation duties. Staff turnover in the finance team meant that no trained backup person was available to take over the bank reconciliations. Audit has been advised that resourcing is now being allocated to the bank reconciliation, and there is an intention to match all the unreconciled items for 30 June in time for the final audit. Audit would like to highlight that this should be considered a matter of priority. The bank reconciliation is a key control providing comfort in the integrity of the General Ledger, and assists in identification of potential errors and/or fraud. Audit acknowledges that the value of unmatched transactions in the bank ledger is similar to the value of unmatched transactions in the general ledger, suggesting that the majority of transactions are likely to be reconcilable without issue.	Ensure that reconciling items in the bank reconciliation are matched by the end of the financial year. Allocate resources to the month end bank reconciliation process to ensure that this reconciliation is prioritised and completed each month, including matching of all reconciling items.	We accept this audit finding. This issue came about due to resourcing issues in the Finance team during 2023-24. Reconciling items in the bank reconciliation have now been resolved as at 30 June 2024. A monthly sign-off process is in place to ensure all key reconciliations are performed each month and this will be reviewed by the Manager Financial Services at the end of each month to ensure all key reconciliations have been performed, supporting information attached, and independently reviewed.



Barossa Council

Further, the nature of these unmatched transactions appears to be routine transactions that remain unmatched only as the result of the processing backlog. However, the legitimacy of general ledger transactions will not be proven until the reconciliation is actually done.

This matter is considered to be a material control deficiency, and will result in a modification to our audit opinion on internal financial controls.

If the bank reconciliation is in a similar position as at 30 June 2023, we may have to consider qualifying our audit opinion on the financial statements in relation to the reliability of reported cash balances.



Barossa Council

2.6.2 'Authorised Financial Signatories Register' not updated to reflect staffing changes**Moderate****Control**

Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.

Risk

The property master file does not remain pertinent.

Finding

A 'Register of Authorised Financial Signatories' is maintained and approved by the CEO, listing all staff who have been resolved by the CEO to sign off on financial documentation on behalf of Council.

This register was last updated in July 2023. Since this time, some staff who are listed on the register are no longer employed by Council.

Recommendations

Update the 'Register of Authorised Financial Signatories' to remove staff no longer employed by Council. In addition to the scheduled annual review of the register, implement a process to ensure updates are made when staffing changes occur.

Management Response

We accept this audit finding and agree that the Register of Authorised Financial Signatories is required to be updated to reflect current staffing in the Finance team.



APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS



Barossa Council

Purchasing and Procurement

Risks

- | | |
|----|--|
| R1 | Council does not obtain value for money in its purchasing and procurement. |
| R2 | Purchase orders are either recorded inaccurately or not recorded at all. |
| R3 | Purchase orders are made for unapproved goods and services. |

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	Core
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3 R2	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core

CONTRACTING

Risks

- | | |
|----|--|
| R1 | Council is not able to demonstrate that all probity issues have been addressed in the Contracting process. |
| R2 | Council does not obtain value for money in relation to its Contracting. |

RISKS	Control	Control Type
R1	Council maintains a current contract register.	Core
R2	Tender Documents are kept securely.	Core
R1	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core



Barossa Council

FIXED ASSETS

Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	Fixed assets are inadequately safeguarded.
R3	Fixed Assets are not valued correctly initially or on subsequent revaluation.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans	Core
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core

GENERAL LEDGER

Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1 R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Core
R1 R2	Financial data is backed up and stored offsite.	Core
R1 R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core



Barossa Council

ACCOUNTS PAYABLE

Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Core
R2	Separation of Accounts Payable and Procurement duties.	Core



Barossa Council

RATES / RATES REBATES

Risks

- | | |
|----|---|
| R1 | Council does not raise the correct level of rate income. |
| R2 | Rates and rate rebates are either inaccurately recorded or not recorded at all. |
| R3 | The Property master file data does not remain pertinent. |
| R4 | Rates are not collected on a timely basis. |

RISKS	Control	Control Type
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core
R4	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R1	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core



Barossa Council

CREDIT CARDS

Risks

- | | |
|----|---|
| R1 | Credit Cards are issued to unauthorised employees. |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels. |

RISKS	Control	Control Type
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Core
R1	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Core
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Core
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Core
R1 R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Core

DEBTORS

Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Debtors are either not collected on a timely basis or not collected at all.

RISKS	Control	Control Type
R1	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Core
R2	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Core
R1	The organisation maintains a Debt Collection Policy and/or procedure.	Core

BANKING

Risks

R1	Banking transactions are either inaccurately recorded or not recorded at all.
R2	Fraud (i.e. misappropriation of funds)

RISKS	Control	Control Type
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1 R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core
R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core

PAYROLL

Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees.
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
R6	Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R5	All calculations for generating payroll payments are verified for accuracy.	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R1 R3	There is a process in place to ensure accurate data entry of payroll source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R1 R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R2 R6	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core



Barossa Council

RECEIPTING

Risks	
R1	Receipts are either inaccurately recorded or not recorded at all.

RISKS	Control	Control Type
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional

DEBATE REPORT

4.1 GOVERNANCE STRUCTURE AND TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

Author: Chief Executive Officer
24/82965

PURPOSE

To review the Committee's governance structure and seek comment and support to proceed with a four-person Committee comprised entirely of independent members with the requisite skill and experience.

RECOMMENDATION

That the Audit and Risk Committee, having reviewed the Governance Structure and Terms of Reference review, endorse the Council's direction and proceed to seeking a further independent member with the requisite skills.

REPORT

Background

Council has undertaken a broad review of the Audit and Risk Committee and adopted, subject to the Committee's feedback, revised arrangements.

The fundamental driving force behind the revised changes is to:

- Achieve full independence of the Committee members.
- Review sitting fees.
- Update the role of the Committee in further alignment with research undertaken with State arrangements, private sector and the Local Government Act.

Introduction

A report was presented to Council at its meeting of 20 August 2024, tabling updated Terms of Reference and an alternate committee structure. The report, minutes and associated documents are provided at Attachment 1.

Discussion

The Audit and Risk Committee is now asked to review the proposed arrangements, excluding fee setting as that remains the role of Council and has already been endorsed by Council, with a two-year CPI increase to apply from the next meeting of the Committee. New fees applicable from 1 July 2024 are \$670 per meeting for the Presiding Member and \$435 per meeting for Independent Members.

Summary and Conclusion

Subject to any material comments, the Audit and Risk Committee is asked to endorse the implementation with a target date being from 1 January 2025.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Council Report, Attachment and Minutes of 20 August 2024 [↓](#) 

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTSCommunity PlanCorporate Plan

- BS5 Enterprise Risk - Strategic and operational risk assessment, control and monitoring; internal control and audit; business continuity and disaster recovery planning; organisational emergency management; insurance portfolio management; and Work Health Safety system coordination
- BS4 Council and Committees - Provision of support to Council and Committees through the provision of required information, agendas, and minutes. Council and Committees are provided with support to enable informed decisions
- BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims

Legislative Requirements

Section 41 and 126 of the Local Government Act

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Outlined in the Attachment.

COMMUNITY ENGAGEMENT

Community consultation is not required or recommended for this matter.

Ordinary Council Meeting

20 August 2024

DEBATE REPORT

7.2 Corporate Services and Business Innovation

7.2.5 GOVERNANCE STRUCTURE AND TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

Author: Chief Executive Officer
24/49126

PURPOSE

To review the governance structure of the Audit and Risk Committee and approve a revised fully independent member base for the Committee and an updated fee structure.

RECOMMENDATION

That Council having reviewed the report and material:

- (1) Approve the amendments to the Audit and Risk Committee governance model, subject to comment by the Audit and Risk Committee.
- (2) Appoint Cr Angas to the Audit and Risk Committee for a further 6 months concluding on the 31 December 2024, or, concluding at the appointment of the additional independent member.
- (3) Approve implementation of the amended terms of reference upon the appointment of an additional independent member by Council.
- (4) Approve sitting fees for the year commencing 1 July 2024 for the Independent Chair, \$670, and Independent Members, \$435, per meeting and authorise the Chief Executive Officer to update the sitting fees budget for the 2024-25 financial year.

REPORTBackground

Since the inception of the legislative changes over a decade ago Council has enacted the requirement to, firstly, establish and appoint members to the Audit Committee, and now, establish the Audit and Risk Committee with a mixed governance model of three independent members, comprising the Chair and two other members of the Audit and Risk Committee.

A report provided to Council to appoint a replacement for Cr Preece upon his resignation from the Committee at its meeting of 19 December 2023 resulted in the appointment of Cr Angas to 30 June 2024 pending a review of the governance model and potentially moving to a fully independent skills-based model.

This work has been undertaken and is now presented for adoption.

Ordinary Council Meeting

20 August 2024

Introduction

The proposed governance model and updated Terms of Reference aligning to revised legislative functions of the Committee and the recommended independent model are at Attachment 1.

Discussion

The Audit and Risk Committee is a critical committee designed to ensure oversight, primarily of Councils financial, strategic, risk and operating environments. In order to carry out its functions, Committee members require technical expertise in areas including financial management, accounting, risk, governance, and strategy.

Legislatively the Committee is required to have a majority of independent members. Other critical legislative framework requirements for the Committee are:

- To provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.
- That members of the Committee must have skills and experience relevant to the functions of the Committee.
- That there must be between 3 and 5 members.

Upon reviewing the future governance structure, the two key legislative intents are independence and skills-based. Based on the independence requirements of the law, it is recommended that Council move to a fully independent Committee. It is recommended that the model be changed to four members with full independence. Four members has been recommended on the following basis:

1. It provides a reasonable balance of members to ensure efficient running of the Committee and allows for a variety of skills to be brought to the Committee.
2. It is legislatively compliant.
3. With challenges in seeking necessary skills sets in the community it is considered a reasonable position to achieve appointment of four (or three) suitably qualified independent members. Traditionally calls for independent members has seen limited applications; this is due to the limited financial payment for being a member and a small field of those available with the necessary skill sets.

Assessing the Local Government guidance document and State Board appointments the following is a summary of their systems and guidelines:

State

The information in this summary is the Department of the Premier and Cabinet – Government Boards and Committees – Guidelines for Agencies and Board Members, see link provided. Where a Board is required to appoint a committee:

- It shall have easy access to the Chief Executive, senior finance person of the organisation, the Board and Auditors.
- Ensure that members have the skills and willingness to serve on these committees.

Item 7.2.5

Page 2

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20 August 2024

- The selection process should be merit based and begin with a board member specification.

The framework provides no specific advice about independence, but makes it very clear about management of any conflicts and ensuring Board and Committee members are exercising independent decision making and advice.

Local Government Association Guidelines

The relevant paper is provided at Attachment 2. In summary the guidance fundamentally just reflects the legislative framework and provides little guidance on structural governance recommendations.

Other Councils

Undertaking a sample review of Council committees, the following table summarises the basic governance structure of each.

Council	Member Status	Number of Members
LGA of SA	3 Independent members one being the chair 1 LGA Board Representative	4
Port Adelaide Enfield	3 Independent members one being the chair 2 Council Members	5
Adelaide Plains Council	3 Independent members one being the chair Mayor and Deputy Mayor	5
Alexandrina Council	3 Independent members one being the chair Mayor and one Council Member	5
City of Charles Sturt	3 Independent members one being the chair Mayor and Deputy Mayor	5
City of Prospect	3 Independent members one being the chair Mayor and one Council Member	5
Light Regional Council	3 Independent members one being the chair 2 Council Members	5
Mount Barker Council	4 Independent members one being the chair 1 Council member	5
Town of Gawler	3 Independent members one being the chair Mayor and one Council Member	5
City of Salisbury	3 Independent members one being the chair 2 Council Members	5

Ordinary Council Meeting

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Summary of Investigations and Implementation

Whilst the above analysis continues to lean to a mixed model of independent members and Councilors, it remains that the overall recommendation to Council be an independent model as outlined in the earlier analysis. A good benchmark may also be to think about State and Commonwealth Government structure, based on research undertaken, there are no sitting members of parliament that are known to be sitting on Audit and Risk Committees for Departments and entities of State or Commonwealth Government.

Implementation would involve the following:

- Support for the model subject to Audit and Risk Committee review.
- Engage with Audit and Risk Committee for comment.
- Writing a specification for members.
- Calling for new position that will become available.
- Appoint new position.

This work will take some time to achieve, and it is recommended therefore that Cr Angas, subject to his willingness, be appointed to 31 December 2024 or until a new independent member is appointed. At that time, it will be recommended that Cr Thompson also complete her appointment.

Funding Impact

At present the sitting fees for independent members is as follows (excluding GST):

- Independent Chair \$600
- Independent Member \$390
- Councillor \$0

These fees have not been increased since the inception of this Council. To ensure we remain competitive in the market it is recommended they be adjusted for the last two years of inflation based on the June Adelaide inflation figures for 2023 and 2024. The last time they were increased was in the 2021-22 financial year from \$595 for Independent Chair and \$385 for Independent Members. Proposed new fees would therefore be:

Member	Base Rate 21-22	CPI June 2023	CPI June 2024	Rate for 24-25 (rounded)
Independent Chair	\$600	6.9%	4.5%	\$670
Independent Member	\$390	6.9%	4.5%	\$435
Councillor	\$0	6.9%	4.5%	\$0

With the above rates the estimated financial impact of one additional member is \$1,740 based on four meetings per annum. The actual estimated impact for 2024-25 for this additional member will be either \$870 if two meetings attended, or \$1,305 if three meetings attended (dependent on when appointed).

The additional rates for existing members will result in a budget impact of \$640 on the condition there are only four meetings per annum.

Ordinary Council Meeting

20 August 2024

Summary and Conclusion

Having undertaken the review of the governance model for committees it is recommended Council moves towards an independent model and amend the sitting fees as outlined in the above analysis.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Audit and Risk Committee Terms of Reference - August 2024
Attachment 2 Local Government Association Audit and Risk Committee Guidance Paper

Supporting references

[The Department of the Premier and Cabinet \(dpc.sa.gov.au\)](https://dpc.sa.gov.au)

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

- BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims
- BS5 Enterprise Risk - Strategic and operational risk assessment, control and monitoring; internal control and audit; business continuity and disaster recovery planning; organisational emergency management; insurance portfolio management; and Work Health Safety system coordination

Goal

1. The Barossa has sustainable farmland providing diverse and stable returns, while protecting the unique natural environment and biodiversity of the region.

Strategies

- 1.1. Ensure land use planning and resource use protects the quality of the natural environment, the existing character of rural landscapes, historic significance and the high value of agricultural land.

Corporate Plan

- BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims
- BS5 Enterprise Risk - Strategic and operational risk assessment, control and monitoring; internal control and audit; business continuity and disaster recovery planning; organisational emergency management; insurance portfolio management; and Work Health Safety system coordination

Legislative Requirements

Section 41 and 126 of the Local Government Act

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FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Outlined in the body of the report.

COMMUNITY ENGAGEMENT

Community consultation is not required or recommended for this matter.



Office of the
Mayor and CEO

Draft Audit and Risk Committee Terms of Reference

Marked Up Version

August 2024

THE BAROSSA COUNCIL

TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE



1. ESTABLISHMENT

The Barossa Council (hereinafter referred to as "the Council") established the Audit and Risk Committee at its meeting of 28 November 2022 resolution number 2022-26/15 (hereinafter referred to as "the Committee") pursuant to section 41 and 126 of the *Local Government Act 1999* ("the Act").

2. OBJECTIVE

The Committee is established to enquire into and report to Council in respect of those matters conferred upon it under section 126 of the Act and as set out in the clause 3 Scope herein and provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

3. SCOPE

3.1 Financial reporting

The Committee shall monitor and review:

- 3.1.1 The integrity of the financial statements of the Council, including its Annual Report and review significant financial reporting issues and judgements which they contain;
- 3.1.2 The consistency of, and/or any changes to, accounting policies;
- 3.1.3 The methods used to account for significant or unusual transactions where different approaches are possible;
- 3.1.4 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor;
- 3.1.5 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
- 3.1.6 All material information presented with the financial statements.

3.2 Enterprise Risk Management and Internal Controls

The Committee shall:

- 3.2.1 Keep under review the effectiveness of the Council's Enterprise Risk Management Framework and Internal Controls;
- 3.2.2 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management; and
- 3.2.3 Understand the business of the Council to appreciate the risks it manages on a daily basis and to ensure that there are appropriate management plans to manage and mitigate this business risk.

This will include:

- governance considerations;
- insurance matters;
- financial reporting;
- legal and regulatory compliance;
- business continuity; and
- statutory compliance.

This can be facilitated by discussions with internal and external auditors and through presentations by management on how business risks are identified and managed.

3.3 Internal audit

The Committee shall:

- 3.3.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;
- 3.3.2 Consider and make recommendations on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the Act, supporting regulations and relevant professional standards;
- 3.3.3 Review all reports on the Council's operations from the internal auditors;
- 3.3.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 3.3.5 Where appropriate, meet the internal audit provider at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the internal audit provider shall be given the right of direct access to the Mayor of Council and to the Chairperson of the Committee.

3.4 External audit

The Committee shall:

- 3.4.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 3.4.2 Oversee Council's relationship with the external auditor including, but not limited to:
 - 3.4.2.1 Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 3.4.2.2 Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 3.4.2.3 Assessing the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;

3.4.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);

3.4.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and

3.4.2.6 Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Committee's own internal quality procedures).

3.4.3 Meet as needed with the external auditor noting that the Committee shall meet the external auditor at least once a year without management being present to discuss the external auditor's report and any issues arising from the audit;

3.4.4 Review and make recommendations on the annual audit plan and its consistency with the scope of the external audit engagement;

3.4.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;

- (i) A discussion of any major issues which arose during the external audit;
- (ii) Any accounting and audit judgements; and
- (iii) Levels of errors identified during the external audit.

3.4.6 Review the effectiveness of the external audit based on the contract of engagement;

3.4.7 Review any representation letter(s) requested by the external auditor; and

3.4.8 Review the management letter and management's response to the external auditor's findings and recommendations.

3.5 Strategic Management Plans

3.5.2 The Committee shall propose and provide information relevant to, a review of the Council's strategic management and critical operating plans including the Community Plan, Annual Business Plan, Corporate Plan and review and provide recommendations on the sustainability of Council's financial performance considering Council's financial indicators.

3.6 Other Investigations or Evaluations

3.6.1 The Committee shall, when necessary, propose and review the exercise of Council's powers under Section 130A of the Act, in relation to the conduct of efficiency and economy Audits that would not otherwise be addressed or included as part of an annual External Auditor.

3.6.2 The Committee may review and consider reports or recommendations from external agencies where an investigation or evaluation relates to the role of the committee.

[3.6.3 Reviewing and providing comment on Prudential Management Reports undertaken pursuant to Section 48 of the Local Government Act.](#)

4.	ROLES AND RESPONSIBILITIES
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The role of the Audit Committee is to monitor financial and risk management of the organisation and provide advice to the Council in order to facilitate achieving overall organisational strategic objectives in a transparent, efficient and effective manner.

- 4.1 The Committee's role is to:
- 4.1.1 Fulfil the role of Council's Audit Committee as required under section 126 of the Act;

4.1.2 Assist the Council in reviewing the principal risks facing the Council, including those that threaten the Council's strategic directions; and

4.1.3 Review developments and adequacy of principles, policies and practices of Financial Planning and Reporting, Corporate Governance, Risk Management and Internal Control

4.1.4 Make recommendations to Council as appropriate on any area within this Terms of Reference where in its view action or improvement is needed.

4.1.5 Oversee and liaises with Councils external auditors to ensure effective management of the financial risks and reporting processes to ensure that Council keep under review the effectiveness of the Council's internal controls, audit and risk management systems.

4.1.7 Be responsible for overseeing and making recommendations on the approach used by management to address business risks; along with reviewing and making recommendations on how Council's corporate, financial governance and legal responsibilities are addressed.
- 4.2 The Presiding Members' role is to:
- 4.1.1 Oversee the conduct of Committee Meetings in accordance with the Act and Council's Code of Practice for Meeting Procedures.

4.1.2 Ensure all Committee Members have the opportunity to participate in debate and discussions in an open and encouraging manner.

4.1.3 Where a matter has been debated significantly and no new information is being discussed, the Presiding Member may call the meeting to order and ask for the debate to be finalised and a motion be put forward.
- 4.3 The Committee Members' role is to:
- 4.2.1 Actively participate in debate and discussion as a representative of Council in a professional manner at all times.

4.2.2 Ensure the Member is prepared and informed of meeting matters prior to the meeting.
- Utilise the skills and experience of the Committee Members to effectively carry out the Committee's role.

5.	MEMBERSHIP
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- 5.1 Members:
- 5.1.1 The Committee shall comprise of ~~four~~five (45) members ~~all being independent of Council, being:~~

5.1.1.1 ~~two (2) Elected Members; and~~

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~~5.1.1.2 — three (3) Independent Members.~~

~~5.1.25.1.1 — Members shall be appointed by Council.~~

5.2 Committee Members

- 5.1.1 All Committee Members shall be appointed by resolution of Council on the recommendation of the Committee, except immediately following the Periodic Elections, where Council may appoint members without the recommendation of the Committee being persons who have signified to the Committee their willingness to act if so appointed. Such method of appointment is to be made when filling vacancies on the Committee caused by either casual vacancies, or by the effluxion of time of the members.
- 5.1.2 Independent Members will have recent and appropriate experience in finance, risk management and/or internal auditing.
- 5.1.2.1 Subject to clause 5.2.2:
- Elected Members who are appointed as Committee Members shall be appointed for the Council term i.e. until the completion of a Periodic Election under the Local Government (Elections) Act 1999, or their retirement from office.
 - Retiring Elected Members shall be eligible for re-appointment as independent Committee Members should a vacancy arise.
 - Council must appoint new Elected Member representatives at the commencement of each Council term i.e. following the conclusion of a Periodic Election.
- 5.1.3 Unless otherwise determined by Council, the Independent Members will be appointed for a 2-year term with a right of extension of the appointment by resolution of Council.
- 5.1.4 The Committee shall, at its first meeting or at its first meeting following the Periodic Election, nominate a Chairperson, who shall be chosen from the appointed Independent Members.
- 5.1.4.1 The nomination must be approved by resolution of Council. Should there be more nominations than required to fill the positions then all voting shall be by secret ballot as per Council's Code of Practice for Meeting Procedures.
- 5.1.5 Independent Members' remuneration, including when acting as the Chairperson, will be set by Council and reviewed annually for consideration by Council during the Budget process.
- 5.1.5.1 Independent Members will be paid per meeting, upon receipt of an invoice.
- 5.1.6 The Committee will be supported by the Chief Executive Officer and other staff members who shall attend the Committee meetings in an advisory capacity.
- 5.1.7 Council's external auditors and staff responsible for the internal audit or review of Council's policies and procedures may be invited to attend meetings of the Committee in an advisory capacity.
- 5.1.8 Any Committee Member may be removed from the Committee by resolution of Council on the grounds that he or she has been absent without leave from three (3)

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- or more consecutive meetings, or is not performing duties as required within the purpose of this Committee or has contravened this Terms of Reference, policy or process of Council.
- 5.1.9 The Council may at its discretion, remove from membership any Member and appoint others in their stead.
6. MEETINGS

6.1 The meetings of the Committee shall be held in accordance with the Act, the *Local Government (Procedures at Meetings) Regulations 2013* ("the Regulations") and Council's Code of Practice for Meeting Procedures.

6.2 Meetings shall be held at least once in every quarter of the financial year being four (4) times per year, ~~or at other times as determined by the Committee.~~

~~6.2.3 Special meetings can be called in addition to those held pursuant to clause 6.2 on condition the request for a special meeting is compliant with section 87(5) of the *Local Government Act 1999*.~~

6.36.4 When the Chairperson is absent from a meeting the Committee Members may appoint a person from those present to act as Chairperson for the duration of the meeting. An Acting Chairperson may also be appointed in this manner for the duration of a matter presented to the Committee, where the Chairperson is absent for part of a meeting, for example, where they have declared a conflict of interest in a matter in accordance with clause 8 of this Terms of Reference, or for another reason.

6.46.5 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Committee Member, all Council Members and other attendees, no later than three (3) clear days before the date of the meeting. Supporting documents shall be sent to Committee Members (and to other attendees as appropriate) at the same time.

6.56.6 Meetings may either wholly or in part be held via electronic means. A Committee Member participating in a meeting by electronic means is taken to be present at the meeting provided that the member:

 - (i) can hear all other members present at the meeting;
 - (ii) can be heard by all other members present at the meeting; and
 - (iii) can be heard by the person recording the minutes of the meeting

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7. QUORUM

7.1 The quorum shall be determined by dividing the number of Committee Members appointed to the Audit Committee, pursuant to clause 5.1.1 of these Terms of Reference, by two, ignoring any fraction resulting from the division and adding one.
8. CONFLICT OF INTEREST

8.1 No Committee Member shall vote or take part in debate who has an interest in any matter before the Committee that would contravene the Conflict of Interest provisions under sections 73, 74 and 75 of the Act.

8.2 If a Committee Member has a Material Conflict of Interest in the particular matter to be voted upon or debated, the Member must declare a conflict of interest and then leave the meeting

place until the matter is concluded. The declaration of a conflict and the time the member left the meeting and returned to the meeting will be recorded in the minutes.

8.3 If a Committee Member has an actual conflict of interest or a perceived conflict of interest, the member must deal with the conflict of interest in a transparent and accountable way. The member must inform the meeting of the member's interest in the matter and, if the member proposes to participate in the meeting in relation to the matter, how the member intends to deal with the actual or perceived conflict of interest. The declaration of a conflict and the time the member left the meeting and returned to the meeting, or, if the member remained in the meeting, how the member voted on the motion, will be recorded in the minutes.

8.4 If a quorum at a meeting cannot be formed because a member proposes to exclude himself or herself from the meeting in order to comply with 8.7.3, the member will not be taken to have contravened the Act by participating in the meeting in relation to the matter if the attendance of the member, together with any other required number of members, forms a quorum for the meeting.

9. VOTING

9.1 All decisions of the Committee shall be made on the basis of a majority decision of the Members present.

9.2 The Chairperson to have a determinative vote and a casting vote in the event of no majority being achieved.

9.3 Members present must vote on all resolutions of the Committee.

10. MINUTES

10.1 Minutes of each Audit Committee meeting must be taken in accordance with the Act, the *Local Government (Procedures at Meetings) Regulations 2013* and the Councils Code of Practice for Meeting Procedures

11. GOVERNANCE

11.1 The activities of the Committee shall be regulated by such directions as may be made from time to time by Council and by such Terms of Reference as may be made by the Committee, and ratified by Council.

11.2 Pursuant to section 44 of the Act, the Committee shall have delegated authority relative to section 126(4) of the Act. For other matters the Committee will make recommendations to Council.

11.3 The Chairperson shall be responsible to the Council for the proper observance of these Terms of Reference. However, no Member shall be personally liable in respect of any transaction, act or omission of the Committee entered into, done or made in good faith. However, Committee Members do not enjoy the protection against defamation actions afforded to State and Commonwealth Parliaments and must be careful not to make remarks that could result in an aggrieved person seeking to take action against them.

11.4 In the event of there being any dispute, which cannot be resolved by the Committee, the matter in question is to be referred to the Council for resolution.

11.5 Notwithstanding this Terms of Reference, all Committee Members will observe the relevant requirements under the:

- The Local Government Act 1999
- The Local Government Regulations 2013
- The Local Government (Procedures at Meetings) Regulations 2013

- Code of Conduct for Council Members
- Council's Code of Practice for Council Meetings
- Code of Practice for Access to Council and Committee Meetings and Associated Documents
- Council's policies and processes which are relevant to the operations of the Committee.

11.6 Independent Members are not required to complete a Register of Interest Return pursuant to Section 64 of the Act.

11.7 Members are expected to:

- act honestly and within the law at all times;
- act in good faith and not for improper or ulterior motives;
- act in a reasonable, just and non-discriminatory manner;
- undertake their role with reasonable care and diligence;
- conduct their ongoing relationship with fellow Committee Members, Council employees and the public with respect, courtesy and sensitivity;
- use information in a careful and prudent manner.

12. REPORTING AND REVIEW

12.1 On an annual basis, all Committee Members must complete an anonymous Self-assessment that evaluates the Committee's performance to promote continuous improvements in performance and ensure that its actions are aligned with its intended purpose.

12.1.1 The Committee's administrative support officer will facilitate the annual self-assessment process and provide a summary of the results to the Committee and Council's Chief Executive Officer for consideration and further discussion with the Committee as necessary. The results of the self-assessment may be referred to Council if required.

12.2 The Committee through the Chair will present to Council at least once per year on Audit Committee business.

13. RESOURCES

Local Government Act 1999

Local Government (General) Regulations 2013

Local Government (Procedures at Meetings) Regulations 2013

~~Community Assistance Scheme Policy~~

~~Community Grant Administration Process and relevant guidelines and application forms~~

~~Code of Conduct for Elected Members~~

Caretaker Policy

~~Complaints Policy~~

~~Complaints Handling Process under the Code of Conduct for Council Members~~

~~Elected Members Training and Development Policy~~

~~Procurement Policy~~

~~Council Self-assessment Tool~~

~~Declaration of Conflict of Interest Form – Committee Members~~

The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions, in accordance with any budget allocation being approved by Council and in under the provisions outlined in the Act.

14. TRAINING

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- 14.1 All relevant documentation will be provided to the Committee Members during Induction and when Council or legislative changes require further compliance and awareness. Committee Members are expected to read, comply with and, where appropriate, to seek clarification with respect to Council policies and processes relevant to these Terms of Reference.
- 14.2 Independent Members may be offered to undertake training relevant to their role on the Committee. This may include mandatory training required of Council Members and Council and Committee Meeting Procedure training.
- 14.3 Committee Members will be entitled to reimbursement of approved expenditure in relation to attendance at training in accordance with Council policies and processes.

9. DOCUMENT CONTROL					
[Community / Corporate] Plan Link:			6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.		
Document Owner:	[Insert] Director, Corporate Services and Business Innovation		Document Control Officer:	[Insert] Team Leader, Corporate Governance and Information Services	
Consultation Rating:	GA	Audience:	External	Next Review Date:	November 2026
Version history					
Version No.	Date		Description of Change		
2.0	21/06/2022		Updated to include Audit Committee changes to the Local Government Act 1999 through the Local Government Reform		
1.0	21/11/2015		New Policy		

Office of the
Mayor and CEO

Draft Audit and Risk Committee Terms of Reference

Clean Version

August 2024

THE BAROSSA COUNCIL

TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE



1. ESTABLISHMENT

The Barossa Council (hereinafter referred to as "the Council") established the Audit and Risk Committee at its meeting of 28 November 2022 resolution number 2022-26/15 (hereinafter referred to as "the Committee") pursuant to section 41 and 126 of the *Local Government Act 1999* ("the Act").

2. OBJECTIVE

The Committee is established to enquire into and report to Council in respect of those matters conferred upon it under section 126 of the Act and as set out in the clause 3 Scope herein and provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

3. SCOPE

3.1 Financial reporting

The Committee shall monitor and review:

- 3.1.1 The integrity of the financial statements of the Council, including its Annual Report and review significant financial reporting issues and judgements which they contain;
- 3.1.2 The consistency of, and/or any changes to, accounting policies;
- 3.1.3 The methods used to account for significant or unusual transactions where different approaches are possible;
- 3.1.4 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor;
- 3.1.5 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
- 3.1.6 All material information presented with the financial statements.

3.2 Enterprise Risk Management and Internal Controls

The Committee shall:

- 3.2.1 Keep under review the effectiveness of the Council's Enterprise Risk Management Framework and Internal Controls;
- 3.2.2 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management; and
- 3.2.3 Understand the business of the Council to appreciate the risks it manages on a daily basis and to ensure that there are appropriate management plans to manage and mitigate this business risk.

This will include:

- governance considerations;
- insurance matters;
- financial reporting;
- legal and regulatory compliance;
- business continuity; and
- statutory compliance.

This can be facilitated by discussions with internal and external auditors and through presentations by management on how business risks are identified and managed.

3.3 Internal audit

The Committee shall:

- 3.3.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;
- 3.3.2 Consider and make recommendations on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the Act, supporting regulations and relevant professional standards;
- 3.3.3 Review all reports on the Council's operations from the internal auditors;
- 3.3.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 3.3.5 Where appropriate, meet the internal audit provider at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the internal audit provider shall be given the right of direct access to the Mayor of Council and to the Chairperson of the Committee.

3.4 External audit

The Committee shall:

- 3.4.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 3.4.2 Oversee Council's relationship with the external auditor including, but not limited to:
 - 3.4.2.1 Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 3.4.2.2 Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 3.4.2.3 Assessing the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;

- 3.4.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
- 3.4.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
- 3.4.2.6 Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Committee's own internal quality procedures).
- 3.4.3 Meet as needed with the external auditor noting that the Committee shall meet the external auditor at least once a year without management being present to discuss the external auditor's report and any issues arising from the audit;
- 3.4.4 Review and make recommendations on the annual audit plan and its consistency with the scope of the external audit engagement;
- 3.4.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;
 - (i) A discussion of any major issues which arose during the external audit;
 - (ii) Any accounting and audit judgements; and
 - (iii) Levels of errors identified during the external audit.
- 3.4.6 Review the effectiveness of the external audit based on the contract of engagement;
- 3.4.7 Review any representation letter(s) requested by the external auditor; and
- 3.4.8 Review the management letter and management's response to the external auditor's findings and recommendations.
- 3.5 Strategic Management Plans
 - 3.5.2 The Committee shall propose and provide information relevant to, a review of the Council's strategic management and critical operating plans including the Community Plan, Annual Business Plan, Corporate Plan and review and provide recommendations on the sustainability of Councils financial performance considering Council's financial indicators.
- 3.6 Other Investigations or Evaluations
 - 3.6.1 The Committee shall, when necessary, propose and review the exercise of Council's powers under Section 130A of the Act, in relation to the conduct of efficiency and economy Audits that would not otherwise be addressed or included as part of an annual External Auditor.
 - 3.6.2 The Committee may review and consider reports or recommendations from external agencies where an investigation or evaluation relates to the role of the committee.
 - 3.6.3 Reviewing and providing comment on Prudential Management Reports undertaken pursuant to Section 48 of the Local Government Act.

4.	ROLES AND RESPONSIBILITIES
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The role of the Audit Committee is to monitor financial and risk management of the organisation and provide advice to the Council in order to facilitate achieving overall organisational strategic objectives in a transparent, efficient and effective manner.

4.1 The Committee's role is to:

- 4.1.1 Fulfil the role of Council's Audit Committee as required under section 126 of the Act;
- 4.1.2 Assist the Council in reviewing the principal risks facing the Council, including those that threaten the Council's strategic directions; and
- 4.1.3 Review developments and adequacy of principles, policies and practices of Financial Planning and Reporting, Corporate Governance, Risk Management and Internal Control
- 4.1.4 Make recommendations to Council as appropriate on any area within this Terms of Reference where in its view action or improvement is needed.
- 4.1.5 Oversee and liaises with Councils external auditors to ensure effective management of the financial risks and reporting processes to ensure that Council keep under review the effectiveness of the Council's internal controls, audit and risk management systems.
- 4.1.7 Be responsible for overseeing and making recommendations on the approach used by management to address business risks; along with reviewing and making recommendations on how Council's corporate, financial governance and legal responsibilities are addressed.

4.2 The Presiding Members' role is to:

- 4.1.1 Oversee the conduct of Committee Meetings in accordance with the Act and Council's Code of Practice for Meeting Procedures.
- 4.1.2 Ensure all Committee Members have the opportunity to participate in debate and discussions in an open and encouraging manner.
- 4.1.3 Where a matter has been debated significantly and no new information is being discussed, the Presiding Member may call the meeting to order and ask for the debate to be finalised and a motion be put forward.

4.3 The Committee Members' role is to:

- 4.2.1 Actively participate in debate and discussion as a representative of Council in a professional manner at all times.
 - 4.2.2 Ensure the Member is prepared and informed of meeting matters prior to the meeting.
- Utilise the skills and experience of the Committee Members to effectively carry out the Committee's role.

5.	MEMBERSHIP
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5.1 Members:

- 5.1.1 The Committee shall comprise of four (4) members all being independent of Council.

5.2 Committee Members

- 5.1.1 All Committee Members shall be appointed by resolution of Council on the

recommendation of the Committee, except immediately following the Periodic Elections, where Council may appoint members without the recommendation of the Committee being persons who have signified to the Committee their willingness to act if so appointed. Such method of appointment is to be made when filling vacancies on the Committee caused by either casual vacancies, or by the effluxion of time of the members.

- 5.1.2 Independent Members will have recent and appropriate experience in finance, risk management and/or internal auditing.

5.1.2.1 Subject to clause 5.2.2:

- Elected Members who are appointed as Committee Members shall be appointed for the Council term i.e. until the completion of a Periodic Election under the Local Government (Elections) Act 1999, or their retirement from office.
- Retiring Elected Members shall be eligible for re-appointment as independent Committee Members should a vacancy arise.
- Council must appoint new Elected Member representatives at the commencement of each Council term i.e. following the conclusion of a Periodic Election.

- 5.1.3 Unless otherwise determined by Council, the Independent Members will be appointed for a 2-year term with a right of extension of the appointment by resolution of Council.

- 5.1.4 The Committee shall, at its first meeting or at its first meeting following the Periodic Election, nominate a Chairperson, who shall be chosen from the appointed Independent Members.

5.1.4.1 The nomination must be approved by resolution of Council. Should there be more nominations than required to fill the positions then all voting shall be by secret ballot as per Council's Code of Practice for Meeting Procedures.

- 5.1.5 Independent Members' remuneration, including when acting as the Chairperson, will be set by Council and reviewed annually for consideration by Council during the Budget process.

5.1.5.1 Independent Members will be paid per meeting, upon receipt of an invoice.

- 5.1.6 The Committee will be supported by the Chief Executive Officer and other staff members who shall attend the Committee meetings in an advisory capacity.

- 5.1.7 Council's external auditors and staff responsible for the internal audit or review of Council's policies and procedures may be invited to attend meetings of the Committee in an advisory capacity.

- 5.1.8 Any Committee Member may be removed from the Committee by resolution of Council on the grounds that he or she has been absent without leave from three (3) or more consecutive meetings, or is not performing duties as required within the purpose of this Committee or has contravened this Terms of Reference, policy or process of Council.

- 5.1.9 The Council may at its discretion, remove from membership any Member and appoint others in their stead.

6. MEETINGS

- 6.1 The meetings of the Committee shall be held in accordance with the Act, the *Local Government (Procedures at Meetings) Regulations 2013* ("the Regulations") and Council's Code of Practice for Meeting Procedures.
- 6.2 Meetings shall be held at least once in every quarter of the financial year being four (4) times per year.
- 6.3 Special meetings can be called in addition to those held pursuant to clause 6.2 on condition the request for a special meeting is compliant with section 87(5) of the *Local Government Act 1999*.
- 6.4 When the Chairperson is absent from a meeting the Committee Members may appoint a person from those present to act as Chairperson for the duration of the meeting. An Acting Chairperson may also be appointed in this manner for the duration of a matter presented to the Committee, where the Chairperson is absent for part of a meeting, for example, where they have declared a conflict of interest in a matter in accordance with clause 8 of this Terms of Reference, or for another reason.
- 6.5 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Committee Member, all Council Members and other attendees, no later than three (3) clear days before the date of the meeting. Supporting documents shall be sent to Committee Members (and to other attendees as appropriate) at the same time.
- 6.6 Meetings may either wholly or in part be held via electronic means. A Committee Member participating in a meeting by electronic means is taken to be present at the meeting provided that the member:
- (i) can hear all other members present at the meeting;
 - (ii) can be heard by all other members present at the meeting; and
 - (iii) can be heard by the person recording the minutes of the meeting

7. QUORUM

- 7.1 The quorum shall be determined by dividing the number of Committee Members appointed to the Audit Committee, pursuant to clause 5.1.1 of these Terms of Reference, by two, ignoring any fraction resulting from the division and adding one.

8. CONFLICT OF INTEREST

- 8.1 No Committee Member shall vote or take part in debate who has an interest in any matter before the Committee that would contravene the Conflict of Interest provisions under sections 73, 74 and 75 of the Act.
- 8.2 If a Committee Member has a Material Conflict of Interest in the particular matter to be voted upon or debated, the Member must declare a conflict of interest and then leave the meeting place until the matter is concluded. The declaration of a conflict and the time the member left the meeting and returned to the meeting will be recorded in the minutes.
- 8.3 If a Committee Member has an actual conflict of interest or a perceived conflict of interest, the member must deal with the conflict of interest in a transparent and accountable way. The member must inform the meeting of the member's interest in the matter and, if the member proposes to participate in the meeting in relation to the matter, how the member intends to deal with the actual or perceived conflict of interest. The declaration of a conflict and the time

the member left the meeting and returned to the meeting, or, if the member remained in the meeting, how the member voted on the motion, will be recorded in the minutes.

- 8.4 If a quorum at a meeting cannot be formed because a member proposes to exclude himself or herself from the meeting in order to comply with 8.7.3, the member will not be taken to have contravened the Act by participating in the meeting in relation to the matter if the attendance of the member, together with any other required number of members, forms a quorum for the meeting.

9. VOTING

- 9.1 All decisions of the Committee shall be made on the basis of a majority decision of the Members present.
- 9.2 The Chairperson to have a determinative vote and a casting vote in the event of no majority being achieved.
- 9.3 Members present must vote on all resolutions of the Committee.

10. MINUTES

- 10.1 Minutes of each Audit Committee meeting must be taken in accordance with the Act, the *Local Government (Procedures at Meetings) Regulations 2013* and the Councils Code of Practice for Meeting Procedures

11. GOVERNANCE

- 11.1 The activities of the Committee shall be regulated by such directions as may be made from time to time by Council and by such Terms of Reference as may be made by the Committee, and ratified by Council.
- 11.2 Pursuant to section 44 of the Act, the Committee shall have delegated authority relative to section 126(4) of the Act. For other matters the Committee will make recommendations to Council.
- 11.3 The Chairperson shall be responsible to the Council for the proper observance of these Terms of Reference. However, no Member shall be personally liable in respect of any transaction, act or omission of the Committee entered into, done or made in good faith. However, Committee Members do not enjoy the protection against defamation actions afforded to State and Commonwealth Parliaments and must be careful not to make remarks that could result in an aggrieved person seeking to take action against them.
- 11.4 In the event of there being any dispute, which cannot be resolved by the Committee, the matter in question is to be referred to the Council for resolution.
- 11.5 Notwithstanding this Terms of Reference, all Committee Members will observe the relevant requirements under the:
- The Local Government Act 1999
 - The Local Government Regulations 2013
 - The Local Government (Procedures at Meetings) Regulations 2013
 - Code of Conduct for Council Members
 - Council's Code of Practice for Council Meetings
 - Code of Practice for Access to Council and Committee Meetings and Associated Documents
 - Council's policies and processes which are relevant to the operations of the Committee.
- 11.6 Independent Members are not required to complete a Register of Interest Return pursuant to Section 64 of the Act.

11.7 Members are expected to:

- act honestly and within the law at all times;
- act in good faith and not for improper or ulterior motives;
- act in a reasonable, just and non-discriminatory manner;
- undertake their role with reasonable care and diligence;
- conduct their ongoing relationship with fellow Committee Members, Council employees and the public with respect, courtesy and sensitivity;
- use information in a careful and prudent manner.

12. REPORTING AND REVIEW

12.1 On an annual basis, all Committee Members must complete an anonymous Self-assessment that evaluates the Committee's performance to promote continuous improvements in performance and ensure that its actions are aligned with its intended purpose.

12.1.1 The Committee's administrative support officer will facilitate the annual self-assessment process and provide a summary of the results to the Committee and Council's Chief Executive Officer for consideration and further discussion with the Committee as necessary. The results of the self-assessment may be referred to Council if required.

12.2 The Committee through the Chair will present to Council at least once per year on Audit Committee business.

13. RESOURCES

Local Government Act 1999
 Local Government (General) Regulations 2013
 Local Government (Procedures at Meetings) Regulations 2013
 Caretaker Policy
 Council Self-assessment Tool
 Declaration of Conflict of Interest Form – Committee Members

The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions, in accordance with any budget allocation being approved by Council and in under the provisions outlined in the Act.

14. TRAINING

14.1 All relevant documentation will be provided to the Committee Members during Induction and when Council or legislative changes require further compliance and awareness. Committee Members are expected to read, comply with and, where appropriate, to seek clarification with respect to Council policies and processes relevant to these Terms of Reference.

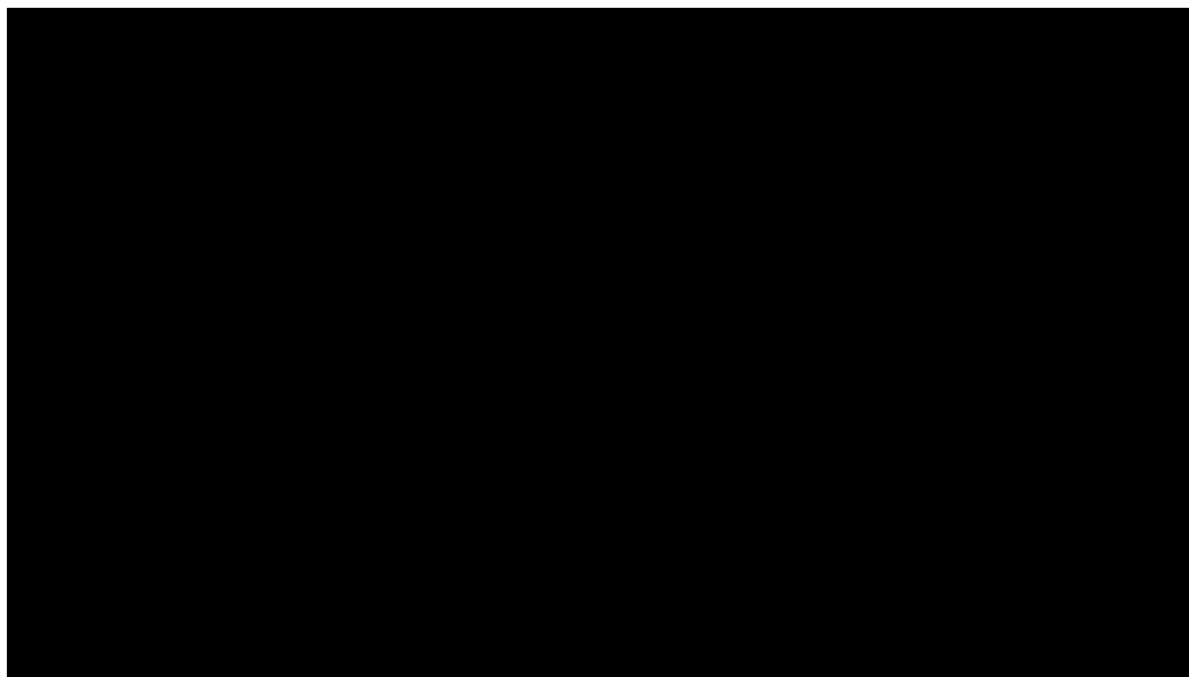
14.2 Independent Members may be offered to undertake training relevant to their role on the Committee. This may include mandatory training required of Council Members and Council and Committee Meeting Procedure training.

14.3 Committee Members will be entitled to reimbursement of approved expenditure in relation to attendance at training in accordance with Council policies and processes.

9. DOCUMENT CONTROL

[Community / Corporate] Plan Link:		6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
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Document Owner:	Director, Corporate Services and Business Innovation			Document Control Officer:	Team Leader, Corporate Governance and Information Services
Consultation Rating:	GA	Audience:	External	Next Review Date:	November 2026
Version history					
Version No.	Date			Description of Change	
2.0	21/06/2022			Updated to include Audit Committee changes to the Local Government Act 1999 through the Local Government Reform	
1.0	21/11/2015			New Policy	



7.2.5 GOVERNANCE STRUCTURE AND TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE
24/49126

MOVED Cr de Vries

That Council having reviewed the report and material:

- (1) Approve the amendments to the Audit and Risk Committee governance model, subject to comment by the Audit and Risk Committee.
- (2) Appoint Cr Angas to the Audit and Risk Committee for a further 6 months concluding on the 31 December 2024, or, concluding at the appointment of the additional independent member.
- (3) Approve implementation of the amended terms of reference upon the appointment of an additional independent member by Council.
- (4) Approve sitting fees for the year commencing 1 July 2024 for the Independent Chair, \$670, and Independent Members, \$435, per meeting and authorise the Chief Executive Officer to update the sitting fees budget for the 2024-25 financial year.

SECONDED Cr Troup

CARRIED 2022-26/496

PURPOSE

To review the governance structure of the Audit and Risk Committee and approve a revised fully independent member base for the Committee and an updated fee structure.

2024/401

REPORT

Background

Since the inception of the legislative changes over a decade ago Council has enacted the requirement to, firstly, establish and appoint members to the Audit Committee, and now, establish the Audit and Risk Committee with a mixed governance model of three independent members, comprising the Chair and two other members of the Audit and Risk Committee.

A report provided to Council to appoint a replacement for Cr Preece upon his resignation from the Committee at its meeting of 19 December 2023 resulted in the appointment of Cr Angas to 30 June 2024 pending a review of the governance model and potentially moving to a fully independent skills-based model.

This work has been undertaken and is now presented for adoption.

Introduction

The proposed governance model and updated Terms of Reference aligning to revised legislative functions of the Committee and the recommended independent model are at Attachment 1.

Discussion

The Audit and Risk Committee is a critical committee designed to ensure oversight, primarily of Councils financial, strategic, risk and operating environments. In order to carry out its functions, Committee members require technical expertise in areas including financial management, accounting, risk, governance, and strategy.

Legislatively the Committee is required to have a majority of independent members. Other critical legislative framework requirements for the Committee are:

- To provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.
- That members of the Committee must have skills and experience relevant to the functions of the Committee.
- That there must be between 3 and 5 members.

Upon reviewing the future governance structure, the two key legislative intents are independence and skills-based. Based on the independence requirements of the law, it is recommended that Council move to a fully independent Committee. It is recommended that the model be changed to four members with full independence. Four members has been recommended on the following basis:

1. It provides a reasonable balance of members to ensure efficient running of the Committee and allows for a variety of skills to be brought to the Committee.
2. It is legislatively compliant.
3. With challenges in seeking necessary skills sets in the community it is considered a reasonable position to achieve appointment of four (or three) suitably qualified independent members. Traditionally calls for independent members has seen limited applications; this is due to the limited financial payment for being a member and a small field of those available with the necessary skill sets.

2024/402

Assessing the Local Government guidance document and State Board appointments the following is a summary of their systems and guidelines:

State

The information in this summary is the Department of the Premier and Cabinet – Government Boards and Committees – Guidelines for Agencies and Board Members, see link provided. Where a Board is required to appoint a committee:

- It shall have easy access to the Chief Executive, senior finance person of the organisation, the Board and Auditors.
- Ensure that members have the skills and willingness to serve on these committees.
- The selection process should be merit based and begin with a board member specification.

The framework provides no specific advice about independence, but makes it very clear about management of any conflicts and ensuring Board and Committee members are exercising independent decision making and advice.

Local Government Association Guidelines

The relevant paper is provided at [Attachment 2](#). In summary the guidance fundamentally just reflects the legislative framework and provides little guidance on structural governance recommendations.

Other Councils

Undertaking a sample review of Council committees, the following table summarises the basic governance structure of each.

Council	Member Status	Number of Members
LGA of SA	3 Independent members one being the chair 1 LGA Board Representative	4
Port Adelaide Enfield	3 Independent members one being the chair 2 Council Members	5
Adelaide Plains Council	3 Independent members one being the chair Mayor and Deputy Mayor	5
Alexandrina Council	3 Independent members one being the chair Mayor and one Council Member	5
City of Charles Sturt	3 Independent members one being the chair Mayor and Deputy Mayor	5
City of Prospect	3 Independent members one being the chair Mayor and one Council Member	5
Light Regional Council	3 Independent members one being the chair 2 Council Members	5
Mount Barker Council	4 Independent members one being the chair 1 Council member	5

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held on Tuesday 20 August 2024*

2024/403

Town of Gawler	3 Independent members one being the chair Mayor and one Council Member	5
City of Salisbury	3 Independent members one being the chair 2 Council Members	5

Summary of Investigations and Implementation

Whilst the above analysis continues to lean to a mixed model of independent members and Councilors, it remains that the overall recommendation to Council be an independent model as outlined in the earlier analysis. A good benchmark may also be to think about State and Commonwealth Government structure, based on research undertaken, there are no sitting members of parliament that are known to be sitting on Audit and Risk Committees for Departments and entities of State or Commonwealth Government.

Implementation would involve the following:

- Support for the model subject to Audit and Risk Committee review.
- Engage with Audit and Risk Committee for comment.
- Writing a specification for members.
- Calling for new position that will become available.
- Appoint new position.

This work will take some time to achieve, and it is recommended therefore that Cr Angas, subject to his willingness, be appointed to 31 December 2024 or until a new independent member is appointed. At that time, it will be recommended that Cr Thompson also complete her appointment.

Funding Impact

At present the sitting fees for independent members is as follows (excluding GST):

- Independent Chair \$600
- Independent Member \$390
- Councillor \$0

These fees have not been increased since the inception of this Council. To ensure we remain competitive in the market it is recommended they be adjusted for the last two years of inflation based on the June Adelaide inflation figures for 2023 and 2024. The last time they were increased was in the 2021-22 financial year from \$595 for Independent Chair and \$385 for Independent Members. Proposed new fees would therefore be:

Member	Base Rate 21-22	CPI June 2023	CPI June 2024	Rate for 24-25 (rounded)
Independent Chair	\$600	6.9%	4.5%	\$670
Independent Member	\$390	6.9%	4.5%	\$435
Councillor	\$0	6.9%	4.5%	\$0

With the above rates the estimated financial impact of one additional member is \$1,740 based on four meetings per annum. The actual estimated impact for 2024-25

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2024/404

for this additional member will be either \$870 if two meetings attended, or \$1,305 if three meetings attended (dependent on when appointed).

The additional rates for existing members will result in a budget impact of \$640 on the condition there are only four meetings per annum.

Summary and Conclusion

Having undertaken the review of the governance model for committees it is recommended Council moves towards an independent model and amend the sitting fees as outlined in the above analysis.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Audit and Risk Committee Terms of Reference - August 2024
Attachment 2 Local Government Association Audit and Risk Committee Guidance Paper

Supporting references

[The Department of the Premier and Cabinet \(dpc.sa.gov.au\)](https://dpc.sa.gov.au)

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

- BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims
- BS5 Enterprise Risk - Strategic and operational risk assessment, control and monitoring; internal control and audit; business continuity and disaster recovery planning; organisational emergency management; insurance portfolio management; and Work Health Safety system coordination

Goal

1. The Barossa has sustainable farmland providing diverse and stable returns, while protecting the unique natural environment and biodiversity of the region.

Strategies

- 1.1. Ensure land use planning and resource use protects the quality of the natural environment, the existing character of rural landscapes, historic significance and the high value of agricultural land.

Corporate Plan

- BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims
- BS5 Enterprise Risk - Strategic and operational risk assessment, control and monitoring; internal control and audit; business continuity and disaster recovery planning; organisational emergency management; insurance portfolio management; and Work Health Safety system coordination

2024/405

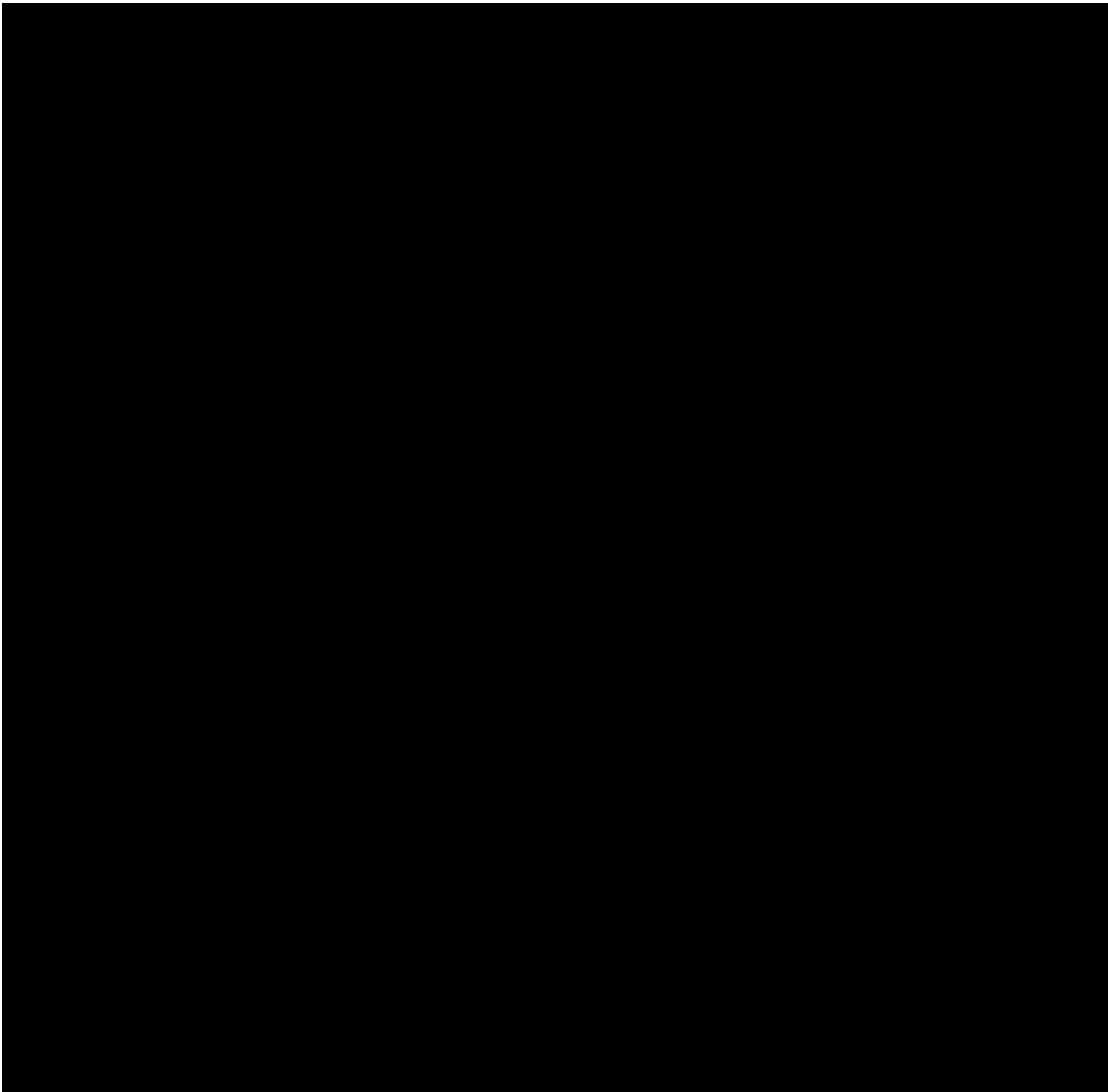
Legislative Requirements
Section 41 and 126 of the Local Government Act

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Outlined in the body of the report.

COMMUNITY ENGAGEMENT

Community consultation is not required or recommended for this matter.



DEBATE REPORT

4.2 UPDATED TO THE LONG TERM FINANCIAL PLAN - 2023-24 TO 2033-34

Author: Chief Executive Officer
24/86437

PURPOSE

To review two updates to the Long Term Financial Plan (LTFP) for the 2024-2025 to 2033-2034 years.

RECOMMENDATION

That Audit and Risk Committee having reviewed the updated Long Term Financial Plan for the 2023-24 to 2033-34 period receive and note the report and request a further update at the conclusion of the Quarter 2 budget adjustment process to be completed in February 2024.

REPORT

Background

Whilst it is not required to update the LTFP regularly, due to material changes since the past adoption and significant expenditure projections in this years and next budget necessitating large borrowings, the administration is undertaking regular performance comparison and analysis and updates to ensure detailed assessment of decisions being taken are sustainable.

Introduction

The LTFP is normally reviewed annually, however due to the nature of the current budget and material changes already endorsed, or proposed within the updates provided to Council, it was deemed necessary to update the plan to ensure Council and the Audit and Risk Committee has the full picture of the current and long-term budget. The purpose of the reviews, notwithstanding it was recently reviewed and adopted in June, is to reflect material changes to date, to ensure a revised budget position can support anticipated changes and the future estimates remain sound at this early stage of the budget cycle and is good prudential management practice.

The LTFP, along with normal monthly budget management, is being closely monitored and remodelled due to the significant investment program this year to ensure the best and most accurate information is used for modelling and maintenance of service delivery and funding and treasury management.

It is not anticipated that a further update will be undertaken until the quarter 2 budget amendments are completed in February 2024.

DiscussionUpdate September 2024

The revised and updated LTFP is provided at Attachment 1 and incorporates the August 2024 updates.

The changes in this LTFP reflects material changes in:

- Recently announced financial assistance grants resulting in an increase of approximately \$149,730, all related to the general-purpose grant. Road grants were practically on budget, being a variance of \$543 this financial year, this is not material in the annual accounts, however in the LTFP it is.
- Recently announced road to recovery funding for the 2024-2029 program resulting in a small increase this year of \$21K and \$139K over the 5-year program, this is not material in either the annual accounts or LTFP but as it was being updated it was incorporated into the modelling.
- All amendments approved by Council to the end of the August meeting including a more accurate provision for resourcing and structural changes approved at the August 2024 meeting.
- Ongoing active management of our treasury needs continues to result in savings in interest payments and these have been reflected in the model.
- The cash flow statements presented as part of the modelling to the August 2024 meeting had an error in allocation before sale of surplus assets and grants received for capital works, whilst this had little impact on the actual outcomes this has been corrected.

All key financial indicators continue for the current and future years within and meeting the performance targets based on the assumptions outlined in the updated plan provided at the Attachment.

Update August 2024

The updated LTFP is provided at Attachment 2 in summary it has catered for the following changes already approved by Council, the estimated and actual 2023-24 financial results. The update also includes those amendments approved by Council at up to the August 2024 meeting of Council.

Amendments approved to date are:

- Concordia planning which is cost neutral with a grant received paying 100% of those costs (\$399,746 grant and expenditure).
- Nuriootpa Bowling Club tree removal and footpath works (\$60,000).
- Barossa Creative Industry Centre preliminary works and ongoing service provision needs (\$100,000).
- Legal costs associated with a Supreme Court matter (\$7,000).
- Restructure of Corporate Services and Business Innovation Directorate.
- Barossa Park – Lyndoch Recreation Park works.

- Neldner Street sealing.
- Cyber security investment needs estimated at \$27K.
- Business continuity plan and disaster recovery planning updates estimated at \$10,000.
- Barossa Creative Industries Centre estimated at 10% base increase due to passage of time for grant assessment and escalation of costs however later spending of those costs due to delays in the grant assessment and funding agreement.

2023-2024 financial estimates and known results to date (at mid August 2024):

- Operating position is forecast at this time, pending still significant end of year work to be undertaken at \$1.981M better than budget, subject especially to depreciation, however depreciation outcome will not affect the ending cash balance and borrowings.
- Cash balance at 30 June 2024 \$2.825M better than originally budgeted.
- Borrowings at 30 June 2024 \$8.658M better than originally budgeted (noting \$6.3M was carried forward in capital expenditure so net borrowings can be considered in the order of \$2.358M better than budgeted).

What does this translate to in terms of key indicators:

- Operating position of Council resulted in more available cash and less borrowings at 30 June 2024.
- This impacts the overall borrowings required in the LTFP as it reduces the interest bill.
- The net financial liabilities with the above actual and anticipated budget changes reduces significantly by 4.8% down to 88.8%.
- Net borrowings reducing by \$2.006M based on a performance outcome for capital of 92% spend of budget, we normally perform around the 80%-85%.

Further, with Council borrowing program significant work has been undertaken to manage cash flows weekly and ensure they are managed to minimise interest exposures. To date this strategy, and an early payment of \$2.059M on 1 July of Financial Assistance Grants, has resulted in anticipated interest savings for 2024-25 against the budget of \$138K.

The LTFP is showing all indicators being within set and legislative standards for the 2023-24, 2024-25 and the whole of the plan and overall, the financial position and sound health of the organisations finances based on current service levels and Council policy positions.

Summary and Conclusion

A further review and update of the LTFP has been undertaken to reflect material updates and is presented for the Committees review.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

- Attachment 1 Long Term Financial Plan Update - September 2024  
- Attachment 2 Long Term Financial Plan Update - August 2024  

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTSCorporate Plan

- BS5 Enterprise Risk - Strategic and operational risk assessment, control and monitoring; internal control and audit; business continuity and disaster recovery planning; organisational emergency management; insurance portfolio management; and Work Health Safety system coordination
- BS6 Finance - Transparency and accountability regarding Council activity and expenditure. Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation), financial reporting
- BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims
- BS13 Strategic/Legislative Planning and Reporting - Provision of organisational performance report (outcomes), activity report (outputs), a range of statutory reporting (e.g. public health, tax, superannuation), financial reporting. Transparency and accountability regarding Council activity and expenditure provided

Legislative Requirements

Section 122 of the Local Government Act

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Outlined in the body of the report and attachments.

COMMUNITY ENGAGEMENT

Nil required or recommended, the LTFP has already been consulted upon.



Update September 2024

LONG TERM FINANCIAL PLAN 2024/25 - 2033/34

ASSUMPTIONS AND FINANCIAL INDICATORS

Under the *Local Government Act 1999*, Councils are required to have a **Long Term Financial Plan (LTFP)** (for a minimum period of 10 years). This Long Term Financial Plan (LTFP) has been declared by The Barossa Council as a Strategic Management Plan pursuant to Section 122(8) of the *Local Government Act 1999*. This document subsequently reflects an annual review of Council's Long Term Financial Plan and acts as a starting reference point in the formulation of Council's Annual Business Plan and Budget 2024/25.

The Long Term Financial Plan is designed as a 'high-level' document that summarises the future planning of Council's financial operations – particularly in relation to key components such as rate movements, service levels to our community, major infrastructure asset replacement/renewal, loan indebtedness and internal cash reserves.

On this basis and given the 'high-level' nature of the document, the Plan has been developed based on a number of key assumptions previously discussed and endorsed by Council. Further, Council has also previously endorsed a number of strategic financial policies which have also driven the formulation of the Plan.

Section 122 of the *Local Government Act 1999* also prescribes that Councils must have a Long Term Infrastructure and Asset Management Plan to guide the future replacement, renewal and maintenance of our significant fixed asset base. Council's Infrastructure and Asset Management Plan (IAMP) was adopted by Council in February 2023, with an ongoing review process to provide improved asset data and information.

Consequently, in recognition of this, it is appropriate that a cautious and conservative approach be undertaken with financial modelling as part of the update to the Long Term Financial Plan.

With a significant fixed asset base being predominantly comprised of major community infrastructure such as roads, footpaths, stormwater drainage and community wastewater management systems, it is imperative that there is an appropriate link and consistency between the Infrastructure and Asset Management Plan and the Long Term Financial Plan, towards ensuring that the Long Term Financial Plan provides for the necessary capital outlays (as identified in the Infrastructure and Asset Management Plan) for the renewal and replacement of existing community assets – herein referred to as 'non-discretionary' capital expenditure.

GENERAL ASSUMPTIONS

- Long term financial plans (LTFP) have been prepared to measure and check financial sustainability for Council and its component operations.
- The LTFP reflects existing recurrent service levels to our community being maintained. Council's budget process considers on-going service delivery and commitments and new expenditure items or initiatives.
- The LTFP does not include the Concordia development, this is currently being modelled and is estimated to be available when adopting of the 2024/25 financial year budget and associated LTFP update.
- 92% of the capital program is achieved and the remainder of 8% is carried forwards as works in progress or not commence, the cash flow estimates align to the 92% capital program spend, historically this is the upper performance outcome.

KEY AMENDMENTS SINCE ADOPTION JUNE 2024

- The revised long term financial plan has included:
 - o Amendments approved by Council since the budget, business plan and long-term financial plan was adopted.
 - o Anticipation of amendments related to sealing of Neldner Road, 10% budget increase and timing of expenditure for the Creative Industries Centre and the worst-case scenario cost for Barossa Park – Lyndoch Recreation Park.
 - o Anticipated costs for Concordia in the future years to assist development and resource early stages of development, this is not inclusive of a full financial model for Concordia.

- o Anticipated costs for the establishment of a Deputy CEO combined Director position, and foreshadowed future commitments for reforms of our economic development, event, strategy and planning future direction.
 - o General and material changes arising from anticipated structural changes due to organisational vacancies and revision of roles and recently advised Financial Assistance Grants and Roads to Recovery Grants.
 - o Update various assumptions given recent inflation expectations and forecast for the future predict lingering inflationary pressures of most note this reflected in salary and wage increases which were predicted to return to the mid level of 2.5% but have been increased to 3.5% for the next three years subject to negotiation.
 - o Provisions to support Concordia development initial costs totalling a further \$1.468M, noting revenue streams should commence in 2028-2029 but have not been factored into the plan at this time until greater certainty is realised.
- Forecast outcomes for the 2023-24 financial year.
 - Actual cash and borrowings position as at 30 June 2024.

KEY FINANCIAL RESULTS CHANGES

Estimated and Actual Outcomes for 2023-24, 2024-25 and the full long term financial plan – the following table provides key changes to the financial statements and financial indicators between the adopted long term financial plan and this revision. The 2023-24 forecast is significantly influenced by depreciation meeting budget, however the borrowings and cash position are actual results.

Indicators

Result meets or exceed positively the key performance indicator.	
Result is marginally at or below the performance indicator and is at risk of not being achieved.	
Result does not meet the key performance indicator.	

2023-24 Original Budget	Original Budget \$'000	Forecast \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit)	(2,345)	(364)	1,981	
Operating Surplus / (Deficit) Adjusted*	(261)	1,722	1,981	
Borrowings at 30 June 2024	24,057	15,399	8,658	
Net Cash at 30 June 2024	88	2,913	2,825	
Operating Surplus Ratio 3 Year rolling	1.0%	2.5%	1.5%	
Net Financial Liabilities	66.1%	37.4%	28.7%	
Asset Renewal Funding Ratio	116.8%	109.0%	(7.8%)	

2023-24 Estimated Results	Adopted LTFP \$'000	Forecast \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit)	(476)	(388)	98	
Operating Surplus / (Deficit) Adjusted*	1,608	1,696	88	
Borrowings at 30 June 2024	16,805	15,399	1,406	
Net Cash at 30 June 2024	183	2,913	2,730	
Operating Surplus Ratio 3 Year rolling	2.4%	2.5%	0.1%	
Net Financial Liabilities	46.2%	37.3%	8.9%	
Asset Renewal Funding Ratio	108.6%	109.0%	0.4%	

2024-25 Original Budget	Approved LTFP and Original Budget \$'000	Revised LTFP \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit)	(437)	(284)	153	
Borrowings at 30 June 2025	40,605	38,599	2,006	
Net Cash at 30 June 2025	39	302	263	
Operating Surplus Ratio 3 Year rolling	0.0%	0.1%	0.1%	
Net Financial Liabilities	93.6%	87.9%	5.7%	
Asset Renewal Funding Ratio	129.4%	128.0%	(1.4%)	

10 Year Long Term Financial Plan	Approved LTFP \$'000	Revised LTFP \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit) - Cumulative Result at 30 June 2034	11,188	10,984	(204)	
Borrowings at 30 June 2034	2,144	6,008	(3,864)	
Net Cash at 30 June 2034	29	46	17	
Operating Surplus Ratio 3 Year rolling at 30 June 2024	3.5%	3.4%	(0.1)%	
Net Financial Liabilities at 30 June 2034	11.8%	17.4%	(5.6%)	
Asset Renewal Funding Ratio – Ave	105.6%	107.1%	1.5%	

The revised long term financial plan shows either improvement in all critical areas and all key performance indicators continue to be achieved.

OPERATIONS

- General Rate Revenue and Service Charges increments have been reviewed to ensure funding and service level provision is maintained in line with sustainability requirements.
- Operating Costs for Employee, Contractors and Materials have been based on a recalculation of budgets based on current expenditure trends, contractual arrangements and estimates for inflation and other cost growth.
- Depreciation has been calculated on existing asset classes, structures, valuation, and condition rating; asset componentisation has been included as appropriate to selected asset types. A review of useful lives, asset condition and replacement cost of all assets and components is an ongoing task refining the data.
- The LTFP assumes that the Federal Government budget will continue to supplement South Australia road funding application through Supplementary Road Funding and reflect revenue of \$239K in the year 2024/25 and indexed into future years.
- The Roads to Recovery (RTR) grant funded program will continue in 2024/25, the Federal Government budget has announced an increase in the roads to recover payment additional funding is being used to increase footpath replacement over the long term financial plan.
- Full Cost Attribution - an allocation of internal services to relevant charge areas has been allocated in the LTFP. This allocation from internal to external service areas does not affect the overall net result.
- Provisions have been estimated for the forward years of salary growth due to increased population and support costs for growth infrastructure that is being built.

CAPITAL

- Asset Renewal and/or Replacement expenditure is provided for on various buildings, recreation, transport, stormwater, bridge, CWMS and plant & equipment assets and service level changes at \$105.205m providing for future needs.

- The current Infrastructure and Asset Management Plans are currently being reviewed and the above estimates meet the current required renewal and replacement program from the asset information.
- Infrastructure programs for new and upgraded roads, recreation and open space, bike path, bridges, carparks, footpath program, stormwater and the continuous improvement program \$51.897m.

LOAN PRINCIPAL AND INTEREST REPAYMENTS

- Council's loan debt is predicted to peak at \$41.96m in 2025/26. The net loan balance outstanding as at 30 June 2025 will be \$38.599m and a projected balance of \$6.008m by 30 June 2034.
- Financing cost will increase over the 2024/25 and 2025/26 from the current interest rate percentage of 1.86% to 4.14% of revenue in support of growth infrastructure development and return to 0.35% by 30 June 2034.

FINANCIAL SUSTAINABILITY PERFORMANCE CHIEF EXECUTIVE OFFICER REPORT

- KPI 1: Operating Surplus. A deficit for two years being 2024/25 to 2025/26; accumulative surplus by year 2033/34 of \$10.984m. The general rate increases for years for 2024/25 to 2026/27 at 4.3%, 3.25% for 2027/28 and 2028/29 and 2.5% for 2029/30 and the remaining years in the LTFP. Growth for the future is estimated at 1% excluding the Concordia development.
- KPI 2: Operating surplus ratios average 3 years. Council's forecast retrospective results range from (0.8%) to 3.4%; Annual ranges from (1.0%) to 3.6%.
- KPI 3: Net Financial Liabilities. The forecast is 87.9% in 2024/25 and peaks at 91.1% in 2025/26 and by year 2033/34 is projected to be at 17.4%.
- KPI 4: Asset Renewal Funding Ratio. The target is being met over the ten-year period, the average being 108.8%.
- Council has reviewed its financial parameters for the LTFP including the indexation used for forward projections on income and expenditure.
- In line with Council Policy a regular review of Council's treasury management is undertake to ensure a positive cash position is maintained.

It should be noted that one indicator for rolling 3-year retrospective average for the operating surplus ratio is in deficit at (0.8%) but within the target of no lower than (2%) in the 2025/26 financial year. This result is influenced by the prepayment of financial grants that would have been paid in 2023/24 financial but were paid in the 2022/23 financial year. The target ranges for all other indicators for all years attains a financially sustainable position over the 10-year period of the LTFP. Council has the capacity to undertake growth asset construction, operational costs and other minor additional projects along with consideration of other major works in future years.

FINANCIAL SUSTAINABILITY

The Barossa Council is committed to the principles of financial sustainability. The importance of this is to ensure that each generation 'pays their way', rather than any generation 'living off their assets' and leaving it to future generations to address the issue of repairing worn out infrastructure. Such issues are frequently referred to as 'intergenerational equity'.

With community infrastructure such as recreation and sporting facilities, roads, footpaths and stormwater drainage comprising a major proportion of Council's balance sheet, it is important that Council implement appropriate strategies towards the effective maintenance and renewal of such assets to ensure it is fairly and

equitably funded from current ratepayers (general rate income) and future ratepayers (long term loan borrowings).

Given the importance of ensuring financial sustainability of operations in the longer term, it is a legislative requirement that Council adopt Long Term Financial Management and Infrastructure and Asset Management Plans (minimum 10 years) as part of future planning.

The Long Term Financial Plan is designed as a 'high-level' summarised document towards the future planning of Council's financial operations; particularly in relation to key components such as rate movements, service levels to our community, major infrastructure asset replacement/renewal, loan financing and internal cash reserves. Council conducts an annual review of its Long Term Financial Plan each year.

The financial sustainability of Council is measured by the surplus/deficit (before capital revenues) disclosed in the Income Statement; with a consistent breakeven or operating surplus result indicative of a Council that is financially sustainable in the long term. Other financial sustainability indicators are separately included within this report.

FUNDING PLAN

Council uses a mix of service, user and statutory charges, grants, commercial, other income and loan financing as a means of funding both operating and capital expenditure. Refer to the appendix for funding the long term indexation, financial assumptions and estimates and the review of financial indicators.

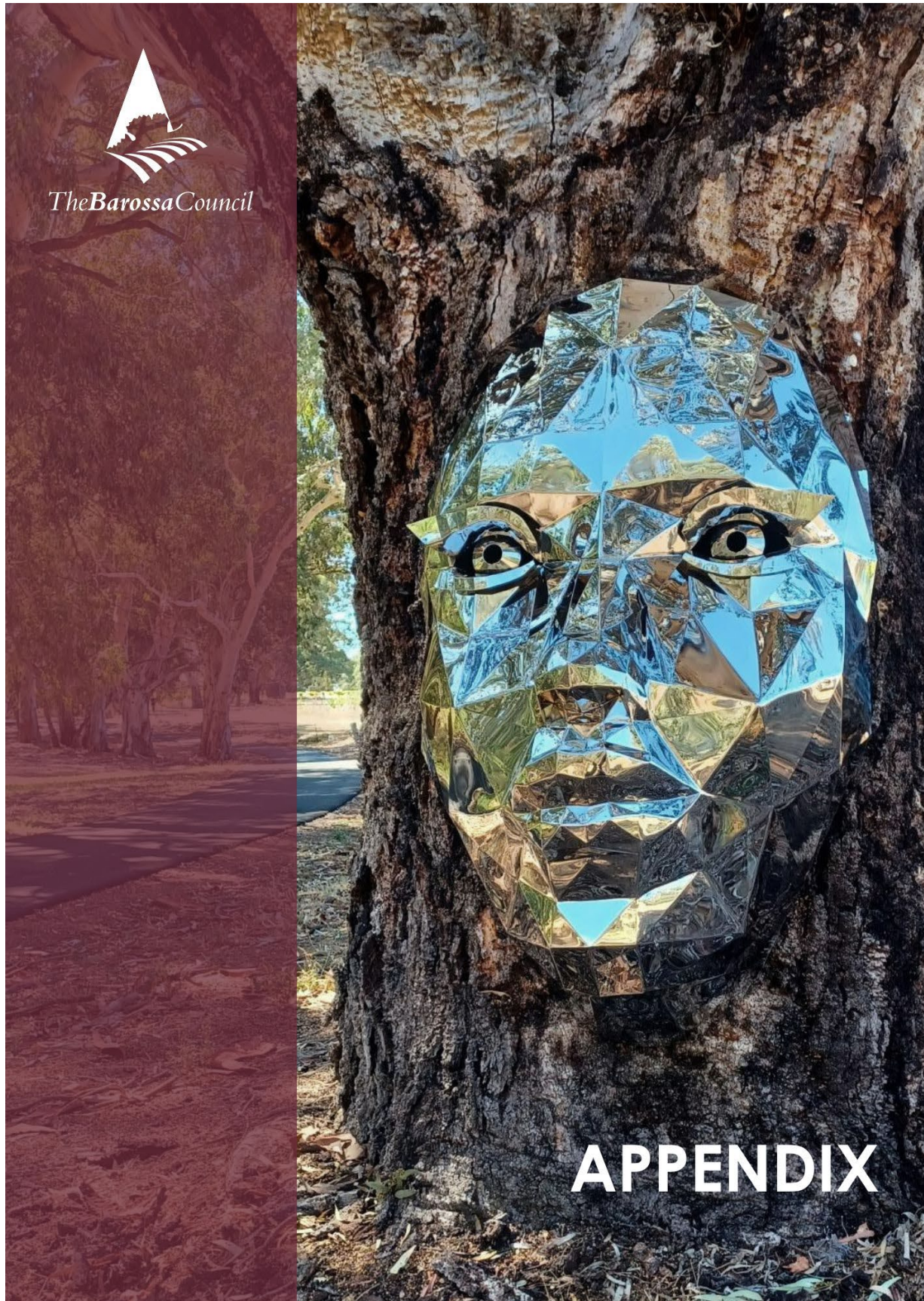
To assist in keeping rates affordable, Council is limiting general rates income to an increase per annum to provide required service levels to the community over the life of this Plan, the general rate increases for years for 2024/25 to 2026/27 is 4.3%, 2027/28 and 2028/29 is 3.25% and the remainder of the LTFP is 2.5%. Council is estimating growth will be 1% per annum. Selected services areas use services charges and service rates to recover the cost, including - Waste services for Refuse, Recycling and Green Organic with 2024/25 at 3.75% and future years range from 2.5% to 3.75%; and CWMS with 2024/25 and all future years at 2.5%.

Council is planning to spend an average of \$15.71m per annum (including indexation and The Big Project) on capital projects and an average of \$44.13m per annum on day-to-day essential services (operational expenditure, excluding interest and depreciation but including indexation) over the next 10 years.

OUR FINANCIAL PRINCIPLES

As part of its commitment to financial sustainability, Council operates under the following key financial principles in preparing the Annual Business Plan:

- Ongoing education and training such that all Council Members and Staff understand and fulfil their financial governance responsibilities
- Policies and practices that support decision making and assessment of performance
- Budget and financial information is presented at a strategic level, succinct and easy to follow
- Budget and financial information is based on the Long Term Financial Plan
- The Asset Management Plans are maintained and reflect whole of life costs
- The Rating strategy is equitable and generates sufficient revenue to meet financial needs
- Financial performance is managed using suitable financial indicators and targets
- A robust audit and internal control process is in place to ensure effective financial and governance compliance
- Information provided to the community is open, transparent and relevant.



APPENDIX 1: KEY PERFORMANCE INDICATORS AND FINANCIAL PARAMETERS 2024/25 TO 2033/34

Consolidated Results: Key Performance Indicators and Financial Parameters		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Draft Bud - next years draft; LTFF = Long Term Financial Plan		Q4 Forecast	Budget	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF	LTFF
		\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary		Adopted target										
	Surplus year 10											
KPI 1 - Operating Surplus cumulative forward 10 year period	(388)	(284)	(805)	(704)	(222)	942	2,624	4,249	6,377	8,778	10,984	
KPI 2 - Operating Surplus Ratio - Rolling 3 year - retrospective average	(2%) to 10%	2.5%	0.1%	(0.8%)	(0.5%)	0.0%	1.0%	1.9%	2.4%	2.9%	3.2%	3.4%
KPI 2 - Operating Surplus Ratio - Rolling 5 year - retrospective average	(2%) to 10%	3.4%	2.5%	1.2%	(0.1%)	(0.3%)	0.3%	1.0%	1.7%	2.3%	2.8%	3.1%
KPI 2 - Operating Surplus Ratio - Annual		(0.8%)	(0.6%)	(1.0%)	0.2%	0.8%	2.0%	2.8%	2.6%	3.3%	3.6%	3.2%
KPI 3 - Net Financial Liabilities ratio	0-100%	37.3%	87.9%	91.1%	81.6%	70.8%	60.5%	50.6%	41.3%	34.6%	25.9%	17.4%
KPI 4 - Asset Renewal Funding Ratio - Annual	80% to 110%	109.0%	128.0%	127.1%	112.6%	96.4%	94.7%	101.2%	105.6%	107.7%	108.0%	107.1%
Financial parameters - Indexation												
RATE REVENUE INCREASES												
General - Rate Revenue Net Increase (excl growth)				4.30%	4.30%	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.50%
Growth-Development - General rates				1.00%	1.00%	1.00%	1.00%	0.75%	0.75%	0.75%	0.75%	0.75%
CWMS - Service Charge & Rates Increase (+ growth 0.5-1.5%)				2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Refuse, Recycling and Green Organic Services Charge Net Increase (excl growth)				3.75%	3.75%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
OPERATING REVENUE												
Operating Grants				3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Statutory Charges				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
User Charges				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Investment Income				1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Reimbursements				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other Revenue				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
OPERATING EXPENSES												
Service Cost Natural Growth				0.0%	0.0%	0.5%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%
Employee Costs				3.1%	3.5%	3.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Contracts, Materials & Other				2.8%	2.8%	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Energy Costs				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water Costs				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debenture & Cash Advance Loan interest rate				5.5%	5.0%	5.0%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%
Insurance				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
ASSET REVALUATION												
Land Assets				6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Building Assets				0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%
Recreation Assets				0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%
Infrastructure Assets				0.0%	0.0%	7.5%	0.0%	7.5%	0.0%	0.0%	0.0%	7.5%
CWMS				0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%
Stormwater Assets				7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%
Equipment Assets				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ASSET RENEWAL EXPENDITURE												
Infrastructure renewal increments				3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Office fleet vehicles				3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Included in Budget Estimates

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34

A2-1 Consolidated Results: Budgeted Statement of Comprehensive Income	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES											
Rates	37,892	39,840	41,855	43,973	45,735	47,531	49,291	51,016	52,802	54,650	56,452
Statutory Charges	837	825	849	873	899	917	935	954	973	992	1,012
User Charges	3,927	3,991	4,109	4,231	4,357	4,475	4,596	4,721	4,849	4,981	5,116
Grants, subsidies and contributions	2,139	4,702	4,608	4,630	4,807	4,903	5,001	5,102	5,206	5,312	5,421
Investment Income	175	150	154	158	162	166	170	174	178	183	187
Reimbursements	62	74	69	61	52	44	36	29	23	18	12
Other Income	1,039	582	600	618	636	649	662	675	689	702	716
Net Gain - Joint Venture	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME	46,071	50,164	52,244	54,544	56,648	58,685	60,691	62,671	64,720	66,838	68,916
EXPENSES											
Employee Costs	17,391	18,836	19,420	20,166	20,980	21,799	22,500	23,224	23,972	24,744	25,540
Materials, Contracts & Other expenses	17,624	19,047	19,369	20,297	20,709	21,453	22,215	23,040	23,745	24,705	25,537
Depreciation, Amortisation & Impairment	10,674	10,816	11,814	12,144	12,861	13,020	13,233	14,018	14,228	14,523	15,390
Finance Costs	770	1,749	2,162	1,836	1,616	1,249	1,061	764	647	465	243
Net Gain - Joint Venture	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	46,459	50,448	52,765	54,443	56,166	57,521	59,009	61,046	62,592	64,437	66,710
OPERATING SURPLUS / (DEFICIT)	(388)	(284)	(521)	101	482	1,164	1,682	1,625	2,128	2,401	2,206
Asset disposal & fair value adjustments	(668)	(889)	(674)	(785)	(976)	(1,077)	(1,129)	(1,164)	(1,226)	(1,281)	(1,343)
Amounts specifically for new or upgraded assets	193	6,865	3,077	70	70	70	343	711	70	70	70
Physical Resources received free of charge	1,371	2,203	2,452	2,534	2,619	2,110	2,147	2,224	2,290	2,340	2,424
Operating result from discontinued operations											
NET SURPLUS / (DEFICIT)	508	7,895	4,334	1,920	2,195	2,267	3,043	3,396	3,262	3,530	3,357
Transfer to Equity Statement / Adjustment	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	508	7,895	4,334	1,920	2,195	2,267	3,043	3,396	3,262	3,530	3,357

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34 (CONTINUED)

A2-2 Consolidated Results: Budgeted Statement of Financial Position		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash and cash equivalents	2,913	302	231	301	138	174	234	174	175	118	46	
Trade & other receivables	2,960	2,966	2,972	2,967	2,952	2,952	2,952	2,957	2,947	2,933	2,871	
Other financial assets	0	0	0	0	0	0	0	0	0	0	0	
Inventories	245	245	245	245	245	245	245	245	245	245	245	245
	6,118	3,513	3,448	3,513	3,335	3,371	3,430	3,376	3,367	3,296	3,162	
Non-Current Assets held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	6,118	3,513	3,448	3,513	3,335	3,371	3,430	3,376	3,367	3,296	3,162	
Non-Current Assets												
Financial Assets	1,106	985	859	737	630	524	418	307	205	118	92	
Equity accounted investments in Council businesses	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	
Infrastructure, Property, Plant & Equipment	426,654	475,550	490,692	503,826	518,512	526,786	540,972	556,973	568,607	584,040	619,704	
Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	
Total Non-Current Assets	430,023	478,798	493,814	506,826	521,405	529,573	543,653	559,543	571,075	586,421	622,059	
TOTAL ASSETS	436,141	482,311	497,262	510,339	524,740	532,944	547,083	562,919	574,442	589,717	625,221	
LIABILITIES												
Current Liabilities												
Trade & Other Payables	5,074	5,077	5,081	5,084	5,088	5,092	5,096	5,100	5,104	5,108	5,112	
Borrowings	13,024	35,691	39,818	37,304	33,241	29,134	24,562	19,781	16,376	11,345	5,927	
Provisions	3,001	3,008	3,014	3,022	3,029	3,038	3,044	3,050	3,056	3,063	3,084	
Total Current Liabilities	21,099	43,776	47,913	45,410	41,358	37,264	32,702	27,931	24,536	19,516	14,123	
Non-Current Liabilities												
Borrowings (External)	2,375	2,908	2,192	1,664	1,129	703	487	381	270	169	81	
Provisions	682	682	682	682	682	682	682	682	682	682	682	
Total Non-Current Liabilities	3,057	3,590	2,874	2,346	1,811	1,385	1,169	1,063	952	851	763	
TOTAL LIABILITIES	24,156	47,366	50,787	47,756	43,169	38,649	33,871	28,994	25,488	20,367	14,886	
NET ASSETS	411,985	434,945	446,475	462,583	481,571	494,295	513,212	533,925	548,954	569,350	610,335	
EQUITY												
Accumulated Surplus	105,977	117,760	119,997	120,724	122,441	124,351	127,118	130,259	133,435	136,729	139,819	
Asset Revaluation Reserve	290,470	304,871	313,860	328,482	344,941	354,986	370,444	387,279	398,543	415,109	452,307	
Other Reserves	15,538	12,314	12,618	13,377	14,189	14,958	15,650	16,387	16,976	17,512	18,209	
TOTAL EQUITY	411,985	434,945	446,475	462,583	481,571	494,295	513,212	533,925	548,954	569,350	610,335	

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34 (CONTINUED)

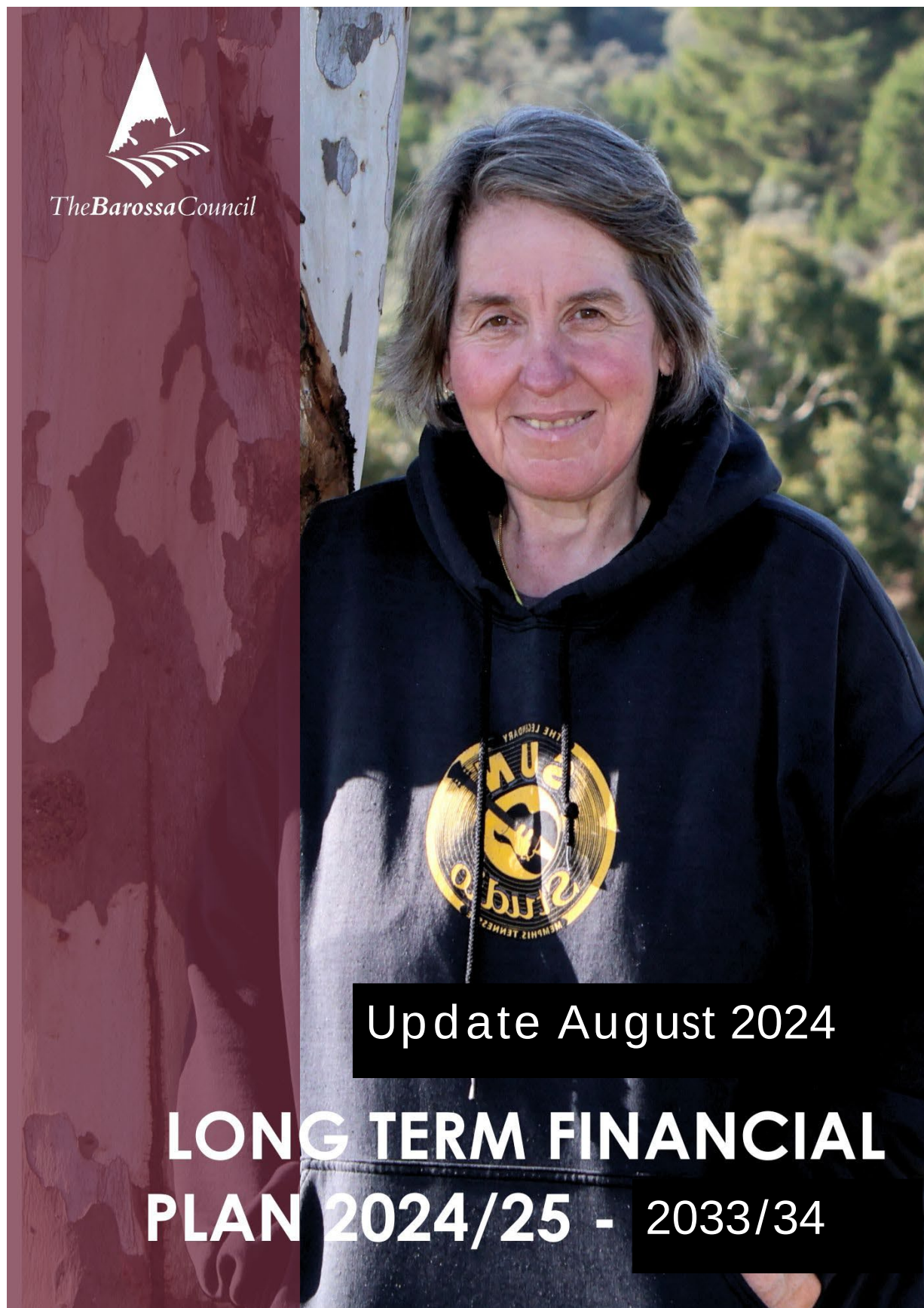
A2-3 Consolidated Results: Budgeted Statement of Cash Flows	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts:											
Operating receipts	45,905	50,014	52,090	54,386	56,485	58,518	60,522	62,498	64,542	66,656	68,730
Investment receipts	175	150	154	158	162	166	170	174	178	183	187
Payments:											
Operating payments to suppliers & employees	(35,010)	(37,876)	(38,779)	(40,453)	(41,678)	(43,240)	(44,705)	(46,254)	(47,706)	(49,438)	(51,066)
Finance payments	(770)	(1,750)	(2,162)	(1,836)	(1,616)	(1,249)	(1,061)	(764)	(647)	(465)	(243)
Net cash provided by (or used in) Operating Activities	10,300	10,538	11,303	12,255	13,353	14,195	14,926	15,654	16,367	16,936	17,608
CASH FLOW FROM INVESTING ACTIVITIES											
Receipts:											
Amounts specifically for new or upgraded assets	193	6,865	3,077	70	70	70	343	711	70	70	70
Sale of replaced assets	206	368	505	366	377	389	402	414	427	441	455
Repayment of loans by community groups	101	115	120	127	122	107	106	106	111	101	87
Payments:											
Expenditure on renewal/replacement of assets	(9,331)	(10,807)	(9,559)	(7,770)	(8,948)	(9,622)	(10,474)	(11,319)	(11,476)	(11,861)	(12,300)
Expenditure on new/upgraded assets	(11,505)	(32,038)	(8,944)	(1,954)	(555)	(580)	(462)	(748)	(1,986)	(618)	(490)
Net cash provided by (or used in) Investment Activities	(20,336)	(35,497)	(14,801)	(9,161)	(8,934)	(9,636)	(10,085)	(10,836)	(12,854)	(11,867)	(12,178)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts:											
Proceeds from borrowings	6,844	26,000	4,150	0	0	0	0	0	0	0	0
Payments:											
Repayment of borrowings	(977)	(3,638)	(714)	(3,026)	(4,583)	(4,524)	(4,780)	(4,881)	(3,511)	(5,126)	(5,502)
Repayment of Lease	(49)	(14)	(7)	0	0	0	0	0	0	0	0
Net cash provided by (or used in) Financing Activities	7,982	22,348	3,429	(3,026)	(4,583)	(4,524)	(4,780)	(4,881)	(3,511)	(5,126)	(5,502)
Net Increase/(Decrease) in Cash held	(2,054)	(2,611)	(69)	68	(164)	35	61	(63)	2	(57)	(72)
Cash at beginning of period	4,968	2,913	302	231	301	138	174	234	174	175	118
CASH AT END OF PERIOD	2,913	302	231	301	138	174	234	174	175	118	46

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34 (CONTINUED)

A2-4 Consolidated Results: Budgeted Uniform Presentation of Finances	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast \$ '000	Budget \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000
Operating Revenues	46,071	50,164	52,244	54,544	56,648	58,685	60,691	62,671	64,720	66,838	68,916
less Operating Expenses	(46,459)	(50,448)	(52,765)	(54,443)	(56,166)	(57,521)	(59,009)	(61,046)	(62,592)	(64,437)	(66,710)
Operating Surplus / (Deficit)	(388)	(284)	(521)	101	482	1,164	1,682	1,625	2,128	2,401	2,206
less Net outlays on existing Assets											
Capital expenditure on renewal and replacement of existing assets	(9,331)	(10,807)	(9,559)	(7,770)	(8,948)	(9,622)	(10,474)	(11,319)	(11,476)	(11,861)	(12,300)
less Depreciation, Amortisation and Impairment	10,674	10,816	11,814	12,144	12,861	13,020	13,233	14,018	14,228	14,523	15,390
less Proceeds from Sale of Replaced Assets	206	368	505	366	377	389	402	414	427	441	455
	1,549	377	2,760	4,740	4,290	3,787	3,161	3,113	3,179	3,103	3,545
less Net outlays on New and Upgraded Assets											
Capital expenditure on New and Upgraded Assets	(11,505)	(32,038)	(8,944)	(1,954)	(555)	(580)	(462)	(748)	(1,986)	(618)	(490)
less Amounts received specifically for New and Upgraded Assets	193	6,865	3,077	70	70	70	343	711	70	70	70
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
	(11,312)	(25,173)	(5,867)	(1,884)	(485)	(510)	(119)	(37)	(1,916)	(548)	(420)
Net Lending / (Borrowing) for Financial Year	(10,151)	(25,080)	(3,628)	2,957	4,287	4,441	4,724	4,701	3,391	4,956	5,331

APPENDIX 3: CAPITAL EXPENDITURE 2024/25 TO 2033/34

A3 Consolidated Results: Budgeted Capital Expenditure												
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Renewal/Replacement Capital summary: Non-Discretionary												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	1,664	5,391	3,003	963	1,175	1,187	1,197	1,699	1,368	1,379	1,389	
Recreation	1,665	85	120	329	326	336	347	358	369	380	392	
Transport - Roads & Footpaths	4,607	4,418	3,889	4,428	5,096	5,570	5,756	5,949	6,148	6,355	6,811	
Stormwater, Bridges & Floodplain	113	0	312	321	331	341	351	362	373	384	395	
CWMS	96	782	773	488	606	691	800	809	959	1,065	962	
Equipment - Plant & Vehicles	991	958	1,201	929	958	988	1,019	1,051	1,084	1,117	1,152	
Other Assets	195	112	152	154	557	568	1,079	1,166	1,189	1,213	1,237	
	9,331	11,746	9,450	7,612	9,049	9,681	10,549	11,394	11,490	11,893	12,338	
New/Upgrade Capital summary: Discretionary												
Land	1,556	0	0	0	0	0	0	0	0	0	0	
Buildings (includes TBP program)	3,613	6,033	6,106	187	0	0	0	341	0	0	0	
Recreation (includes TBP program)	4,084	21,984	182	296	187	190	193	196	1,803	203	206	
Transport - Roads & Footpaths	1,011	1,591	244	597	98	101	105	109	112	116	120	
Stormwater, Bridges & Floodplain	393	1,369	385	389	393	538	401	404	408	411	415	
CWMS	535	3,176	271	131	34	33	35	31	81	81	81	
Equipment - Plant & Vehicles	0	0	0	0	0	0	0	0	0	0	0	
Other	313	959	57	59	60	62	63	65	67	68	70	
	11,505	35,112	7,245	1,659	772	924	797	1,146	2,471	879	892	
Total Capital Expenditure	20,836	46,858	16,695	9,271	9,821	10,605	11,346	12,540	13,961	12,772	13,230	



ASSUMPTIONS AND FINANCIAL INDICATORS

Under the *Local Government Act 1999*, Councils are required to have a **Long Term Financial Plan (LTFP)** (for a minimum period of 10 years). This Long Term Financial Plan (LTFP) has been declared by The Barossa Council as a Strategic Management Plan pursuant to Section 122(8) of the *Local Government Act 1999*. This document subsequently reflects an annual review of Council's Long Term Financial Plan and acts as a starting reference point in the formulation of Council's Annual Business Plan and Budget 2024/25.

The Long Term Financial Plan is designed as a 'high-level' document that summarises the future planning of Council's financial operations – particularly in relation to key components such as rate movements, service levels to our community, major infrastructure asset replacement/renewal, loan indebtedness and internal cash reserves.

On this basis and given the 'high-level' nature of the document, the Plan has been developed based on a number of key assumptions previously discussed and endorsed by Council. Further, Council has also previously endorsed a number of strategic financial policies which have also driven the formulation of the Plan.

Section 122 of the *Local Government Act 1999* also prescribes that Councils must have a Long Term Infrastructure and Asset Management Plan to guide the future replacement, renewal and maintenance of our significant fixed asset base. Council's Infrastructure and Asset Management Plan (IAMP) was adopted by Council in February 2023, with an ongoing review process to provide improved asset data and information.

Consequently, in recognition of this, it is appropriate that a cautious and conservative approach be undertaken with financial modelling as part of the update to the Long Term Financial Plan.

With a significant fixed asset base being predominantly comprised of major community infrastructure such as roads, footpaths, stormwater drainage and community wastewater management systems, it is imperative that there is an appropriate link and consistency between the Infrastructure and Asset Management Plan and the Long Term Financial Plan, towards ensuring that the Long Term Financial Plan provides for the necessary capital outlays (as identified in the Infrastructure and Asset Management Plan) for the renewal and replacement of existing community assets – herein referred to as 'non-discretionary' capital expenditure.

GENERAL ASSUMPTIONS

- Long term financial plans (LTFP) have been prepared to measure and check financial sustainability for Council and its component operations.
- The LTFP reflects existing recurrent service levels to our community being maintained. Council's budget process considers on-going service delivery and commitments and new expenditure items or initiatives.
- The LTFP does not include the Concordia development, this is currently being modelled and is estimated to be available when adopting of the 2024/25 financial year budget and associated LTFP update.
- 92% of the capital program is achieved and the remainder of 8% is carried forwards as works in progress or not commence, the cash flow estimates align to the 92% capital program spend, historically this is the upper performance outcome.

KEY AMENDMENTS SINCE ADOPTION JUNE 2024

- The revised long term financial plan has included:
 - o Amendments approved by Council since the budget, business plan and long-term financial plan was adopted.
 - o Anticipation of amendments related to sealing of Neldner Road, 10% budget increase and timing of expenditure for the Creative Industries Centre and the worst-case scenario cost for Barossa Park – Lyndoch Recreation Park.
 - o Anticipated costs for Concordia in the future years to assist development and resource early stages of development, this is not inclusive of a full financial model for Concordia.

- o Anticipated costs for the establishment of a Deputy CEO combined Director position, and foreshadowed future commitments for reforms of our economic development, event, strategy and planning future direction.
- Forecast outcomes for the 2023-24 financial year.
- Actual cash and borrowings position as at 30 June 2024.

KEY FINANCIAL RESULTS CHANGES

Estimated and Actual Outcomes for 2023-24, 2024-25 and the full long term financial plan – the following table provides key changes to the financial statements and financial indicators between the adopted long term financial plan and this revision. The 2023-24 forecast is significantly influenced by depreciation meeting budget, however the borrowings and cash position are actual results.

2023-24 Original Budget	Original Budget \$'000	Forecast \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit)	(2,345)	(364)	1,981	
Operating Surplus / (Deficit) Adjusted*	(261)	1,722	1,981	
Borrowings at 30 June 2024	24,057	15,399	8,658	
Net Cash at 30 June 2024	88	2,913	2,825	
Operating Surplus Ratio 3 Year rolling	1.0%	2.5%	1.5%	
Net Financial Liabilities	66.1%	37.4%	28.7%	
Asset Renewal Funding Ratio	116.8%	109.0%	(7.8%)	

2023-24 Estimated Results	Adopted LTFP \$'000	Forecast \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit)	(476)	(364)	112	
Borrowings at 30 June 2024	16,805	15,399	1,406	
Net Cash at 30 June 2024	183	2,913	2,730	
Operating Surplus Ratio 3 Year rolling	2.4%	2.5%	0.1%	
Net Financial Liabilities	46.2%	37.4%	8.8%	
Asset Renewal Funding Ratio	108.6%	109.0%	0.4%	

2024-25 Original Budget	Approved LTFP and Original Budget \$'000	Revised LTFP \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit)	(437)	(493)	(56)	
Borrowings at 30 June 2025	40,605	38,599	2,006	
Net Cash at 30 June 2025	39	93	54	
Operating Surplus Ratio 3 Year rolling	0.0%	0.0%	0.0%	
Net Financial Liabilities	93.6%	88.8%	4.8%	
Asset Renewal Funding Ratio	129.4%	128.0%	(1.4%)	

10 Year Long Term Financial Plan	Approved LTFP \$'000	Revised LTFP \$'000	Change – Positive / (Negative) \$'000	Indicator
Operating Surplus / (Deficit) - Cumulative Result at 30 June 2034	11,188	13,383	2,195	
Borrowings at 30 June 2034	2,144	3,778	(1,634)	
Net Cash at 30 June 2034	29	817	788	
Operating Surplus Ratio 3 Year rolling	3.5%	4.1%	0.6%	
Net Financial Liabilities at 30 June 2034	11.8%	13.0%	(1.2%)	
Asset Renewal Funding Ratio – Ave	105.6%	108.8%	3.2%	

The revised long term financial plan shows either improvement in all critical areas and all key performance indicators continue to be achieved.

OPERATIONS

- General Rate Revenue and Service Charges increments have been reviewed to ensure funding and service level provision is maintained in line with sustainability requirements.
- Operating Costs for Employee, Contractors and Materials have been based on a recalculation of budgets based on current expenditure trends, contractual arrangements and estimates for inflation and other cost growth.
- Depreciation has been calculated on existing asset classes, structures, valuation, and condition rating; asset componentisation has been included as appropriate to selected asset types. A review of useful lives, asset condition and replacement cost of all assets and components is an ongoing task refining the data.
- The LTFP assumes that the Federal Government budget will continue to supplement South Australia road funding application through Supplementary Road Funding and reflect revenue of \$268K in the year 2024/25 and indexed into future years.
- The Roads to Recovery (RTR) grant funded program will continue in 2024/25, the Federal Government budget has announced an increase in the roads to recover payment estimated to be \$111K, funding is being used to increase footpath replacement.
- Full Cost Attribution - an allocation of internal services to relevant charge areas has been allocated in the LTFP. This allocation from internal to external service areas does not affect the overall net result.
- Provisions have been estimated for the forward years of salary growth due to increased population and support costs for growth infrastructure that is being built.

CAPITAL

- Asset Renewal and/or Replacement expenditure is provided for on various buildings, recreation, transport, stormwater, bridge, CWMS and plant & equipment assets at \$105.1m providing for future needs.
- The current Infrastructure and Asset Management Plans are currently being reviewed and the above estimates meet the current required renewal and replacement program from the asset information.

- Infrastructure programs for new and upgraded roads, recreation and open space, bike path, bridges, carparks, footpath program, stormwater and the continuous improvement program \$51.869m.

LOAN PRINCIPAL AND INTEREST REPAYMENTS

- Council's loan debt is predicted to peak at \$41.96m in 2025/26. The net loan balance outstanding as at 30 June 2025 will be \$38.599m and a projected balance of \$3.778m by 30 June 2034.
- Financing cost will increase over the 2024/25 and 2025/26 from the current interest rate percentage of 1.86% to 4.15% of revenue in support of growth infrastructure development and return to 0.22% by 30 June 2034.

FINANCIAL SUSTAINABILITY PERFORMANCE CHIEF EXECUTIVE OFFICER REPORT

- KPI 1: Operating Surplus. A deficit for two years being 2024/25 to 2025/26; accumulative surplus by year 2033/34 of \$13.383m. The general rate increases for years for 2024/25 to 2026/27 at 4.3%, 3.25% for 2027/28 and 2028/29 and 2.5% for 2029/30 and the remaining years in the LTFP. Growth for the future is estimated at 1% excluding the Concordia development.
- KPI 2: Operating surplus ratios average 3 years. Council's forecast retrospective results range from (1.1%) to 4.1%; Annual ranges from (1.6%) to 4.4%.
- KPI 3: Net Financial Liabilities. The forecast is 88.8% in 2024/25 and peaks at 91.5% in 2025/26 and by year 2033/34 is projected to be at 13.0%.
- KPI 4: Asset Renewal Funding Ratio. The target is being met over the ten-year period, the average being 108.8%.
- Council has reviewed its financial parameters for the LTFP including the indexation used for forward projections on income and expenditure.
- In line with Council Policy a regular review of Council's treasury management is undertake to ensure a positive cash position is maintained.

It should be noted that one indicator for rolling 3-year retrospective average for the operating surplus ratio is in deficit at (2.4%) a minor variation to the indicator target of no lower than (2%) for the 2025/26 financial year. This result is influenced by the prepayment of financial grants that would have been paid in 2023/24 financial but were paid in the 2022/23 financial year. With the adjusted forecast position for this indicator had the grants been paid in the normal year being (1.0%) and therefore within the target range. The target ranges for all other indicators for all years attains a financially sustainable position over the 10-year period of the LTFP. Council has the capacity to undertake growth asset construction, operational costs and other minor additional projects along with consideration of other major works in future years.

FINANCIAL SUSTAINABILITY

The Barossa Council is committed to the principles of financial sustainability. The importance of this is to ensure that each generation 'pays their way', rather than any generation 'living off their assets' and leaving it to future generations to address the issue of repairing worn out infrastructure. Such issues are frequently referred to as 'intergenerational equity'.

With community infrastructure such as recreation and sporting facilities, roads, footpaths and stormwater drainage comprising a major proportion of Council's balance sheet, it is important that Council implement appropriate strategies towards the effective maintenance and renewal of such assets to ensure it is fairly and equitably funded from current ratepayers (general rate income) and future ratepayers (long term loan borrowings).

Given the importance of ensuring financial sustainability of operations in the longer term, it is a legislative requirement that Council adopt Long Term Financial Management and Infrastructure and Asset Management Plans (minimum 10 years) as part of future planning.

The Long Term Financial Plan is designed as a 'high-level' summarised document towards the future planning of Council's financial operations; particularly in relation to key components such as rate movements, service levels to our community, major infrastructure asset replacement/renewal, loan financing and internal cash reserves. Council conducts an annual review of its Long Term Financial Plan each year.

The financial sustainability of Council is measured by the surplus/deficit (before capital revenues) disclosed in the Income Statement; with a consistent breakeven or operating surplus result indicative of a Council that is financially sustainable in the long term. Other financial sustainability indicators are separately included within this report.

FUNDING PLAN

Council uses a mix of service, user and statutory charges, grants, commercial, other income and loan financing as a means of funding both operating and capital expenditure. Refer to the appendix for funding the long term indexation, financial assumptions and estimates and the review of financial indicators.

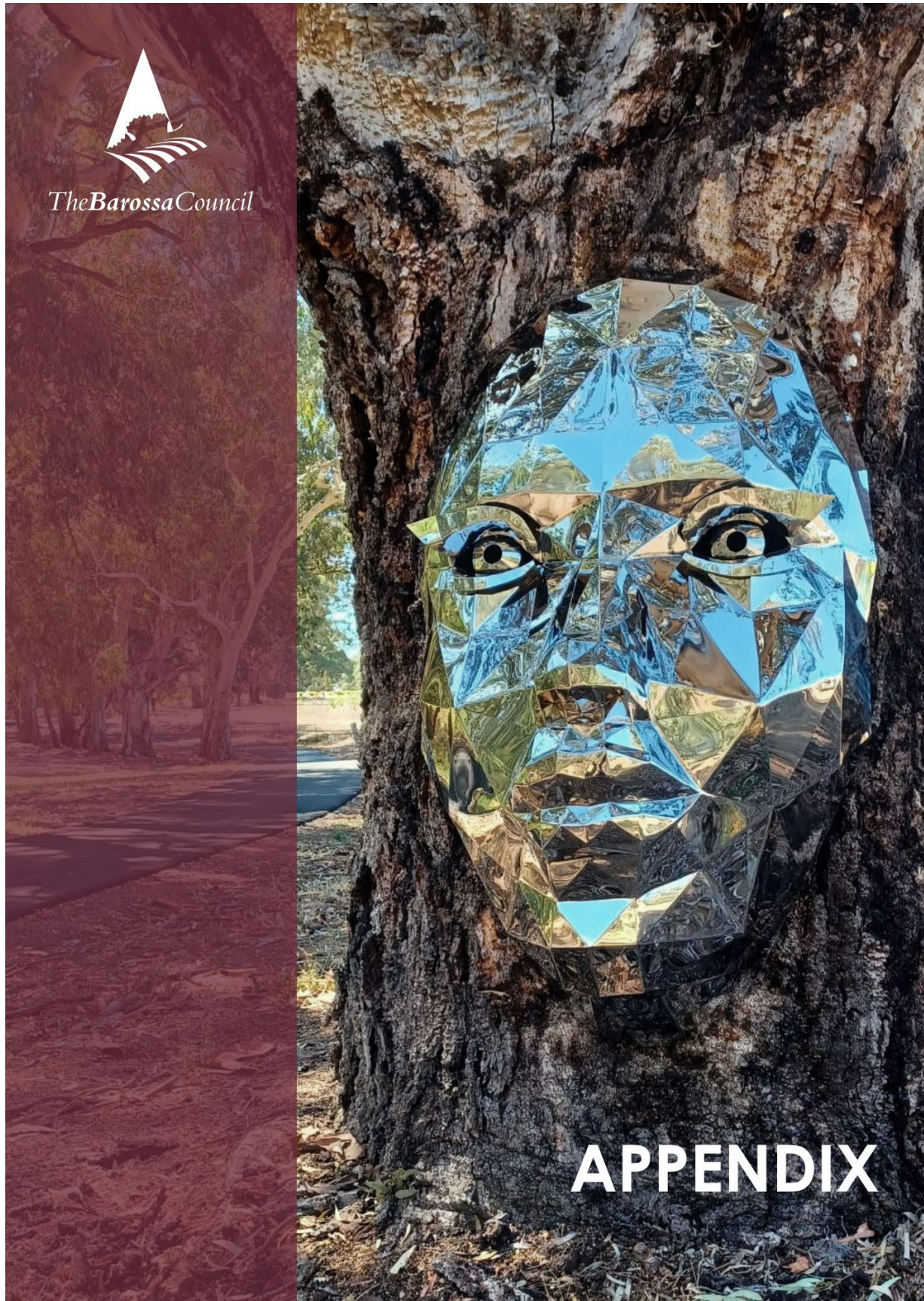
To assist in keeping rates affordable, Council is limiting general rates income to an increase per annum to provide required service levels to the community over the life of this Plan, the general rate increases for years for 2024/25 to 2026/27 is 4.3%, 2027/28 and 2028/29 is 3.25% and the remainder of the LTFP is 2.5%. Council is estimating growth will be 1% per annum. Selected services areas use services charges and service rates to recover the cost, including - Waste services for Refuse, Recycling and Green Organic with 2024/25 at 3.75% and future years range from 2.5% to 3.75%; and CWMS with 2024/25 and all future years at 2.5%.

Council is planning to spend an average of \$15.70m per annum (including indexation and The Big Project) on capital projects and an average of \$43.65m per annum on day-to-day essential services (operational expenditure, excluding interest and depreciation but including indexation) over the next 10 years.

OUR FINANCIAL PRINCIPLES

As part of its commitment to financial sustainability, Council operates under the following key financial principles in preparing the Annual Business Plan:

- Ongoing education and training such that all Council Members and Staff understand and fulfil their financial governance responsibilities
- Policies and practices that support decision making and assessment of performance
- Budget and financial information is presented at a strategic level, succinct and easy to follow
- Budget and financial information is based on the Long Term Financial Plan
- The Asset Management Plans are maintained and reflect whole of life costs
- The Rating strategy is equitable and generates sufficient revenue to meet financial needs
- Financial performance is managed using suitable financial indicators and targets
- A robust audit and internal control process is in place to ensure effective financial and governance compliance
- Information provided to the community is open, transparent and relevant.



APPENDIX 1: KEY PERFORMANCE INDICATORS AND FINANCIAL PARAMETERS 2024/25 TO 2033/34

Consolidated Results: Key Performance Indicators and Financial Parameters		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Draft Bud - next years draft; LTFP = Long Term Financial Plan		Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
		\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %	\$'000 or %
Key Performance Indicators (KPI's) - Summary		Adopted target										
	Surplus year 10											
KPI 1 - Operating Surplus cumulative forward 10 year period	(364)	(493)	(1,305)	(1,178)	(488)	1,051	3,110	5,128	7,636	10,576	13,383	
KPI 2 - Operating Surplus Ratio - Rolling 3 year - retrospective average	(2%) to 10%	2.5%	0.0%	(1.1%)	(0.8%)	(0.0%)	1.4%	2.4%	3.1%	3.5%	3.8%	4.1%
KPI 2 - Operating Surplus Ratio - Rolling 5 year - retrospective average	(2%) to 10%	3.4%	2.5%	1.0%	(0.3%)	(0.4%)	0.3%	1.2%	2.1%	2.9%	3.5%	3.8%
KPI 2 - Operating Surplus Ratio - Annual		(0.8%)	(1.0%)	(1.6%)	0.2%	1.2%	2.6%	3.4%	3.2%	3.9%	4.4%	4.1%
KPI 3 - Net Financial Liabilities ratio	0-100%	37.4%	88.8%	91.5%	81.9%	70.7%	59.7%	49.1%	39.1%	31.9%	22.4%	13.0%
KPI 4 - Asset Renewal Funding Ratio - Annual	80% to 110%	109.0%	128.0%	127.1%	112.6%	96.3%	94.6%	101.1%	105.5%	107.6%	107.8%	107.0%
Financial parameters - Indexation												
RATE REVENUE INCREASES												
General - Rate Revenue Net Increase (excl growth)				4.30%	4.30%	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.50%
Growth-Development - General rates				1.00%	1.00%	1.00%	1.00%	0.75%	0.75%	0.75%	0.75%	0.75%
CWMS - Service Charge & Rates Increase (+ growth 0.5-1.5%)				2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Refuse, Recycling and Green Organic Services Charge Net Increase (excl growth)				3.75%	3.75%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
OPERATING REVENUE												
Operating Grants				3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Statutory Charges				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
User Charges				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Investment Income				1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Reimbursements				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other Revenue				3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
OPERATING EXPENSES												
Service Cost Natural Growth				0.0%	0.0%	0.5%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%
Employee Costs				3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Contracts, Materials & Other				2.8%	2.8%	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Energy Costs				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water Costs				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Debenture & Cash Advance Loan interest rate				5.5%	5.0%	5.0%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%
Insurance				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
ASSET REVALUATION												
Land Assets				6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Building Assets				0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%
Recreation Assets				0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%
Infrastructure Assets				0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%
CWMS				0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%
Stormwater Assets				7.5%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%	0.0%	0.0%
Equipment Assets				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ASSET RENEWAL EXPENDITURE												
Infrastructure renewal increments				3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Office fleet vehicles				3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Included in Budget Estimates

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34

A2-1 Consolidated Results: Budgeted Statement of Comprehensive Income	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES											
Rates	37,892	39,840	41,855	43,973	45,735	47,531	49,291	51,016	52,802	54,650	56,452
Statutory Charges	837	825	849	873	899	917	935	954	973	992	1,012
User Charges	3,927	3,991	4,109	4,231	4,357	4,475	4,596	4,721	4,849	4,981	5,116
Grants, subsidies and contributions	2,139	4,455	4,349	4,360	4,529	4,619	4,711	4,806	4,903	5,003	5,105
Investment Income	175	150	154	158	162	166	170	174	178	183	187
Reimbursements	62	74	69	61	52	44	36	29	23	18	12
Other Income	921	582	600	618	636	649	662	675	689	702	716
Net Gain - Joint Venture	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME	45,953	49,917	51,985	54,274	56,370	58,401	60,401	62,375	64,417	66,529	68,600
EXPENSES											
Employee Costs	17,384	18,868	19,308	19,800	20,395	21,009	21,686	22,386	23,108	23,854	24,624
Materials, Contracts & Other expenses	17,657	18,977	19,516	20,412	20,850	21,618	22,398	23,251	23,994	24,834	25,626
Depreciation, Amortisation & Impairment	10,420	10,816	11,814	12,144	12,861	13,020	13,233	14,017	14,227	14,522	15,389
Finance Costs	856	1,749	2,159	1,791	1,574	1,215	1,025	703	580	379	154
Net Gain - Joint Venture	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	46,317	50,410	52,797	54,147	55,680	56,862	58,342	60,357	61,909	63,589	65,793
OPERATING SURPLUS / (DEFICIT)	(364)	(493)	(812)	127	690	1,539	2,059	2,018	2,508	2,940	2,807
Other Comprehensive Income											
Asset disposal & fair value adjustments	(668)	(889)	(674)	(785)	(975)	(1,076)	(1,128)	(1,162)	(1,225)	(1,280)	(1,342)
Amounts specifically for new or upgraded assets	193	6,365	3,577	70	70	70	343	711	70	70	70
Physical Resources received free of charge	1,371	2,203	2,452	2,534	2,619	2,110	2,147	2,223	2,290	2,340	2,423
Operating result from discontinued operations											
NET SURPLUS / (DEFICIT)	532	7,186	4,543	1,946	2,404	2,643	3,421	3,790	3,643	4,070	3,958
Transfer to Equity Statement / Adjustment	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	532	7,186	4,543	1,946	2,404	2,643	3,421	3,790	3,643	4,070	3,958

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34 (CONTINUED)

A2-2 Consolidated Results: Budgeted Statement of Financial Position	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS											
Current Assets											
Cash and cash equivalents	2,913	93	181	431	36	62	471	96	344	368	831
Trade & other receivables	2,960	2,966	2,972	2,967	2,952	2,952	2,951	2,957	2,947	2,933	2,871
Other financial assets	0	0	0	0	0	0	0	0	0	0	0
Inventories	245	245	245	245	245	245	245	245	245	245	245
	6,118	3,304	3,398	3,643	3,233	3,259	3,667	3,298	3,536	3,546	3,947
Non-Current Assets held for Sale	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	6,118	3,304	3,398	3,643	3,233	3,259	3,667	3,298	3,536	3,546	3,947
Non-Current Assets											
Financial Assets	1,106	985	859	737	630	524	418	307	205	118	92
Equity accounted investments in Council businesses	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263
Infrastructure, Property, Plant & Equipment	426,654	475,550	490,692	503,821	518,497	526,754	540,922	556,907	568,522	583,935	619,582
Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	430,023	478,798	493,814	506,821	521,390	529,541	543,603	559,477	570,990	586,316	621,937
TOTAL ASSETS	436,141	482,102	497,212	510,464	524,623	532,800	547,270	562,775	574,526	589,862	625,884
LIABILITIES											
Current Liabilities											
Trade & Other Payables	5,074	5,077	5,081	5,084	5,088	5,092	5,096	5,100	5,104	5,108	5,112
Borrowings	13,024	35,691	39,768	37,404	32,891	28,384	23,767	18,261	14,706	9,200	3,697
Provisions	3,001	3,008	3,014	3,020	3,026	3,032	3,038	3,044	3,051	3,057	3,078
Total Current Liabilities	21,099	43,776	47,863	45,508	41,005	36,508	31,901	26,405	22,861	17,365	11,887
Non-Current Liabilities											
Borrowings (External)	2,375	2,908	2,192	1,664	1,129	703	487	381	270	169	81
Provisions	682	682	682	682	682	682	682	682	682	682	682
Total Non-Current Liabilities	3,057	3,590	2,874	2,346	1,811	1,385	1,169	1,063	952	851	763
TOTAL LIABILITIES	24,156	47,366	50,737	47,854	42,816	37,893	33,070	27,468	23,813	18,216	12,650
NET ASSETS	411,985	434,736	446,475	462,610	481,807	494,907	514,200	535,307	550,713	571,646	613,234
EQUITY											
Accumulated Surplus	105,977	117,551	119,997	120,751	122,677	124,963	128,107	131,642	135,196	139,030	142,722
Asset Revaluation Reserve	290,470	304,871	313,860	328,482	344,941	354,986	370,443	387,278	398,541	415,104	452,303
Other Reserves	15,538	12,314	12,618	13,377	14,189	14,958	15,650	16,387	16,976	17,512	18,209
TOTAL EQUITY	411,985	434,736	446,475	462,610	481,807	494,907	514,200	535,307	550,713	571,646	613,234

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34 (CONTINUED)

A2-3 Consolidated Results: Budgeted Statement of Cash Flows	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts:											
Operating receipts	45,787	49,767	51,831	54,116	56,208	58,234	60,232	62,201	64,239	66,346	68,414
Investment receipts	175	150	154	158	162	166	170	174	178	183	187
Payments:											
Operating payments to suppliers & employees	(35,036)	(37,838)	(38,814)	(40,203)	(41,236)	(42,617)	(44,075)	(45,627)	(47,092)	(48,678)	(50,239)
Finance payments	(856)	(1,750)	(2,159)	(1,791)	(1,574)	(1,215)	(1,025)	(703)	(580)	(379)	(154)
Net cash provided by (or used in) Operating Activities	10,070	10,329	11,012	12,280	13,560	14,568	15,302	16,045	16,745	17,472	18,208
CASH FLOW FROM INVESTING ACTIVITIES											
Receipts:											
Amounts specifically for new or upgraded assets	193	5,865	3,577	70	70	70	343	711	70	70	70
Sale of replaced assets	206	1,368	505	366	377	389	402	414	427	441	455
Repayment of loans by community groups	101	115	120	127	122	107	106	106	111	101	87
Payments:											
Expenditure on renewal/replacement of assets	(9,331)	(10,807)	(9,559)	(7,766)	(8,939)	(9,609)	(10,460)	(11,304)	(11,461)	(11,845)	(12,284)
Expenditure on new/upgraded assets	(11,505)	(32,038)	(8,944)	(1,953)	(553)	(576)	(458)	(744)	(1,982)	(614)	(486)
Net cash provided by (or used in) Investment Activities	(20,336)	(35,497)	(14,301)	(9,156)	(8,923)	(9,619)	(10,067)	(10,817)	(12,835)	(11,847)	(12,158)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts:											
Proceeds from borrowings	6,844	26,000	4,100	0	0	0	0	0	0	0	0
Payments:											
Repayment of borrowings	(977)	(3,638)	(714)	(2,876)	(5,033)	(4,924)	(4,825)	(5,606)	(3,661)	(5,601)	(5,587)
Repayment of Lease	(49)	(14)	(7)	0	0	0	0	0	0	0	0
Net cash provided by (or used in) Financing Activities	8,212	22,348	3,379	(2,876)	(5,033)	(4,924)	(4,825)	(5,606)	(3,661)	(5,601)	(5,587)
Net Increase/(Decrease) in Cash held	(2,054)	(2,820)	90	248	(396)	25	410	(378)	249	24	463
Cash at beginning of period	4,968	2,913	93	181	431	36	62	471	96	344	368
CASH AT END OF PERIOD	2,913	93	181	431	36	62	471	96	344	368	831

APPENDIX 2: LONG TERM PLAN FINANCIAL STATEMENTS 2024/25 TO 2033/34 (CONTINUED)

A2-4 Consolidated Results: Budgeted Uniform Presentation of Finances	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Q4 Forecast \$ '000	Budget \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000	LTFP \$ '000
Operating Revenues	45,953	49,917	51,985	54,274	56,370	58,401	60,401	62,375	64,417	66,529	68,600
less Operating Expenses	(46,317)	(50,410)	(52,797)	(54,147)	(55,680)	(56,862)	(58,342)	(60,357)	(61,909)	(63,589)	(65,793)
Operating Surplus / (Deficit)	(364)	(493)	(812)	127	690	1,539	2,059	2,018	2,508	2,940	2,807
less Net outlays on existing Assets											
Capital expenditure on renewal and replacement of existing assets	(9,331)	(10,807)	(9,559)	(7,766)	(8,939)	(9,609)	(10,460)	(11,304)	(11,461)	(11,845)	(12,284)
less Depreciation, Amortisation and Impairment	10,420	10,816	11,814	12,144	12,861	13,020	13,233	14,017	14,227	14,522	15,389
less Proceeds from Sale of Replaced Assets	206	1,368	505	366	377	389	402	414	427	441	455
	1,295	1,377	2,760	4,744	4,299	3,800	3,175	3,127	3,193	3,118	3,560
less Net outlays on New and Upgraded Assets											
Capital expenditure on New and Upgraded Assets	(11,505)	(32,038)	(8,944)	(1,953)	(553)	(576)	(458)	(744)	(1,982)	(614)	(486)
less Amounts received specifically for New and Upgraded Assets	193	5,865	3,577	70	70	70	343	711	70	70	70
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
	(11,312)	(26,173)	(5,367)	(1,883)	(483)	(506)	(115)	(33)	(1,912)	(544)	(416)
Net Lending / (Borrowing) for Financial Year	(10,381)	(25,289)	(3,419)	2,988	4,506	4,833	5,119	5,112	3,789	5,514	5,951

APPENDIX 3: CAPITAL EXPENDITURE 2024/25 TO 2033/34

A3 Consolidated Results: Budgeted Capital Expenditure												
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
	Q4 Forecast \$' 000	Budget \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000	LTFP \$' 000
Renewal/Replacement Capital summary: Non-Discretionary												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	1,664	5,391	3,003	961	1,171	1,181	1,191	1,692	1,362	1,372	1,382	1,382
Recreation	1,665	85	120	329	325	336	346	357	368	379	391	391
Transport - Roads & Footpaths	4,607	4,418	3,889	4,426	5,092	5,563	5,748	5,941	6,140	6,347	6,802	6,802
Stormwater, Bridges & Floodplain	113	0	312	321	331	341	351	362	373	384	395	395
CWMS	96	782	773	488	606	691	800	809	959	1,065	962	962
Equipment - Plant & Vehicles	991	958	1,201	929	958	988	1,019	1,051	1,084	1,117	1,152	1,152
Other Assets	195	112	152	154	557	568	1,079	1,166	1,189	1,213	1,237	1,237
	9,331	11,746	9,450	7,608	9,040	9,668	10,534	11,378	11,475	11,877	12,321	12,321
New/Upgrade Capital summary: Discretionary												
Land	1,556	0	0	0	0	0	0	0	0	0	0	0
Buildings (includes TBP program)	3,613	6,033	6,106	187	0	0	0	341	0	0	0	0
Recreation (includes TBP program)	4,084	21,984	182	296	187	190	193	196	1,803	203	206	206
Transport - Roads & Footpaths	1,011	1,591	244	597	98	101	105	109	112	116	120	120
Stormwater, Bridges & Floodplain	393	1,369	385	388	391	534	397	400	404	407	411	411
CWMS	535	3,176	271	131	34	33	35	31	81	81	81	81
Equipment - Plant & Vehicles	0	0	0	0	0	0	0	0	0	0	0	0
Other	313	959	57	59	60	62	63	65	67	68	70	70
	11,505	35,112	7,245	1,658	770	920	793	1,142	2,467	875	888	888
Total Capital Expenditure	20,836	46,858	16,695	9,266	9,810	10,588	11,327	12,520	13,942	12,752	13,209	13,209

DEBATE REPORT

4.3 QUARTER CREDIT CARD STATEMENT REVIEW

Author: Chief Executive Officer
24/87254

PURPOSE

To review the credit card statements of the Mayor and CEO.

RECOMMENDATION

That the Audit and Risk Committee, having reviewed the statements, receive, and note the information.

REPORT

As per the recommendation of the External Auditor the statements of the Mayor and CEO since 13 June 2024 to 18 September 2024 are attached and tabled for Audit and Risk Committee review. Any questions can be addressed at the meeting.

As with any expenditure it is incurred with procurement policy and aligned to approved budgets and is no different to purchasing goods and services through other means which is reviewed by the auditors through their testing processes.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Credit Card Summary [↓](#) 

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims

Legislative Requirements

Nil

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Nil

COMMUNITY ENGAGEMENT

Nil

Cardholder first name	Cardholder last name	Transaction date	Transaction type	Supplier	Purpose	Amount	Tax amount	Budget Amount
Martin	McCarthy	10/9/2024	Purchase	Vintners Bar and Grill	50% shared food costs only dinner meeting with HIPDU, urban designers MESH and Mayor, CEO and SSA for Concordia development	276.00	25.09	250.91
Martin	McCarthy	4/9/2024	Purchase	Wilson Parking	Meeting with Director Planning at PLUS and Director HIPDU – Concordia land use planning and sub zone matters	19.24	1.75	17.49
Martin	McCarthy	29/7/2024	Account Fees	NAB	Monthly account fee	5.50	0.50	5.00
Martin	McCarthy	2/8/2024	Purchase	First Drop Wines	Lunch for community members and Grapevine sister city visitor	445.00	40.45	404.55
Martin	McCarthy	29/7/2024	Account Fees	NAB	Monthly account fee	5.50	0.50	5.00
Martin	McCarthy	28/6/2024	Account Fees	NAB	Monthly account fee	5.50	0.50	5.00
Martin	McCarthy	27/6/2024	Purchase	CPA Australia	Online training model – AI in accounting	266.31	24.21	242.10
Martin	McCarthy	25/6/2024	Purchase	Adelaide Convention Centre	Parking for attendance at Housing Roadmap launch	19.00	1.73	17.27
Martin	McCarthy	12/6/2024	Purchase	Bean Addiction	Hosting coffee meeting with Minister for Local Government – 4 x coffees	20.90	1.90	19.00
Total						1,062.95	96.63	966.32
Michael	Lange	30/8/2024	Purchase	The Trustee for Chan	Breakfast Mayor and Manager – Roads and Work Conference	48.56	4.41	44.15
Michael	Lange	29/8/2024	Purchase	The Trustee for Chan	Breakfast Mayor and Manager – Roads and Work Conference	54.66	4.97	49.69
Michael	Lange	28/8/2024	Account Fees	NAB	Monthly account fee	5.50	0.50	5.00
Michael	Lange	1/8/2024	Purchase	Harvest Kitchen	Lunch meeting with Grapevine Visitor and Executive Team – Welcome to Barossa	540.85	49.17	491.68
Michael	Lange	1/8/2024	Purchase	The Lord Lyndoch	Dinner meeting with Grapevine visitor and community representatives from Southern Barossa Alliance	256.27	23.30	232.97
Michael	Lange	29/7/2024	Account Fees	NAB	Monthly account fee	5.50	0.50	5.00
Michael	Lange	15/7/2024	Purchase	Harvest Kitchen	Hosted CEO and senior management from SANFL site visits and extension to MOU to host events - lunch	424.20	38.56	385.64
Michael	Lange	15/7/2024	Purchase	Bean Addiction	Hosted CEO and senior management from SANFL site visits and extension to MOU to host events – morning meeting with DIES	15.60	1.42	14.18
Michael	Lange	4/7/2024	Refund	Meriton Suites Canberra	Accommodation Canberra – Mayor and Director – ALGA conference	-363.94	-33.09	-330.85
Michael	Lange	3/7/2024	Purchase	ACT Cabs	Taxi – ALGA conference	26.41	2.40	24.01
Michael	Lange	2/7/2024	Purchase	Constitution Place	Dinner Canberra – Mayor and Director – ALGA conference	192.12	17.47	174.65
Michael	Lange	2/7/2024	Purchase	ACT Cabs	Taxi – ALGA conference	17.48	1.59	15.89
Michael	Lange	2/7/2024	Purchase	Aerial	Taxi – ALGA conference	9.08	0.83	8.25
Michael	Lange	1/7/2024	Purchase	Meriton Suites Canberra	Accommodation Canberra – Mayor and Director – ALGA conference	1,455.77	132.34	1,323.43
Michael	Lange	1/7/2024	Purchase	Crown Plaza Canberra	Dinner Canberra – Mayor and Director – ALGA conference	110.00	10.00	100.00
Michael	Lange	1/7/2024	Purchase	ACT Cabs	Taxi – ALGA conference	32.92	2.99	29.93
Michael	Lange	28/6/2024	Account Fees	NAB	Monthly account fee	5.50	0.50	5.00
Total						2,836.48	257.86	2,578.62

DEBATE REPORT

4.4 ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE

Author: Team Leader Corporate Governance and Information Services
24/87797

PURPOSE

The Annual Report for the Audit and Risk Committee is to be endorsed for inclusion in Council's Annual Report.

RECOMMENDATION

That Audit and Risk Committee:

- (1) Endorse the Annual Report of the Audit and Risk Committee for inclusion in Council's Annual Report

REPORT

Background

Pursuant to 126(9) of the Local Government Act, Council must ensure that the annual report of its Audit and Risk Committee is included in its Annual Report.

Discussion

The Annual Report of the Audit and Risk Committee for financial year 2023-24 is included as Attachment 1.

Summary and Conclusion

Following the Committees endorsement, the report will be incorporated into Council's Annual Report.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Audit and Risk Committee - Annual Report 2023-2024 [!\[\]\(d1a734aa002003d603aef59a67698775_img.jpg\) !\[\]\(d4b56a7a02e26aed568b322507e19022_img.jpg\)](#)

Supporting references

[Audit and Risk Committee Terms of Reference](#)

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS7 Governance - Provision of governance advice and support in the discharge of legislative responsibilities for policy development, delegations and authorisations, internal review of Council decisions, delegations and authorisations, Native Title claims

Legislative Requirements

Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Nil

COMMUNITY ENGAGEMENT

Nil



Annual Report Audit and Risk Committee 2023/24

Message from the Chair

It is my pleasure to present the Audit and Risk Committee's Annual Report for 2023/24. The past year has presented a range of challenges and opportunities for the Council, and the Audit and Risk Committee has worked diligently to ensure that financial sustainability, risk management and internal controls remain at the forefront of the Council's operations.

The Committee also plays a critical role in supporting the Council's commitment to providing a safe environment for our employees, residents, and stakeholders, while ensuring that all identified safety risks are effectively mitigated. Our goal is to promote a culture of risk awareness and proactive safety management across all Council activities.

From 30 November 2023, amendments to the Local Government Act intended to improve local government Audit and Risk Committees, came into effect which has seen the role of Councils Audit and Risk Committee expand.

This year the Committee provided oversight to improvements to the Risk Management Framework with significant progress made, particularly related to the assessment of the effectiveness of controls that Council relies on to mitigate risk through the finalisation of a Strategic Risk Register and updated Risk Appetite Statements that will further support decision making and planning process.

With the increasing reliance on digital services, cybersecurity remains a priority. The Committee will continue to collaborate with the Council's Enterprise Technology and Innovation Team to ensure that necessary safeguards are in place to protect sensitive information and critical systems. Opportunities for continuous improvement including a review of current risk and resources raised some important discussion highlighting that whilst progress is being made, as with many businesses there is still more work to be done.

The Committee adds value to the Council's governance, risk management and control processes through the diverse experience and knowledge of its independent members. The Committee's membership changed following the resignation of Councilor Bruce Preece in November 2023, Councilor John Angas was appointed as the Elected Council representative replacing Cr Preece as of 19 December 2023. The Committee greatly benefits from the contributions of Councilors who bring significant local knowledge and local community experience to meetings.

For the 2023-24 financial year Council appointed Galpins Accountants, Auditors and Business Consultants as its external auditor. They play a key role in providing the Committee and Council with independence and confidence that the annual financial audit fully reflects the financial performance of Council.

In addition to the formal audit programs, the Committee reviews Council's finance reports to ensure that any financial risks are being appropriately managed and are an accurate reflection of Council's financial position.

As we look to the future, the Committee will remain committed to promoting a strong culture of risk awareness and safety across the Council. We will work closely with Council departments and external partners to identify and manage emerging risks, ensuring that our strategies remain forward focused and effective.

I would like to take this opportunity to thank my fellow Committee members, Council staff, and external advisors for their hard work and dedication throughout the year. Together, we are building a financially sustainable, safer and more resilient future for our Council.

Peter Brass,

Chairperson Audit and Risk Committee

Purpose

The purpose of this report is to provide a summary of the activities of Council's Audit and Risk Committee for the 2023/24 financial year.

Membership and Meetings

Membership of the Committee currently comprises of three independent representatives, one of whom is Chair, and two Councilors. The Committee meets at least four times a year.

Membership for the period 01 July 2023 to 30 June 2024 was as follows:

Name	Membership Type	Term Expiry Date
Mr Peter Brass	Independent Presiding Member Elected 27 January 2023	27 January 2025
Mrs Ellen Ewing	Independent Member	27 January 2025
Mr Ian Swan	Independent Member	27 January 2026
Cr Heidi Thompson	Councilor	November 2026
Cr Bruce Preece	Councilor (Resigned on the 27 November 2023)	
Cr John Angas	Councilor (Appointed on 19 December 2023)	November 2026

The Chairperson of the Committee is appointed on an annual basis from the independent membership by all members of the Committee.

The Chief Executive Officer, Deputy CEO & Director, Corporate Services, Strategy & Innovation, Manager Financial Services and Manager Corporate Services attend all meetings by invitation to assist the Committee, however they do not have voting rights.

Four (4) meetings were held between 01 July 2023 and 30 June 2024.

Attendance was as follows;

Member Name	Meeting 1 27 September 2023	Meeting 2 27 November 2023	Meeting 3 28 March 2024	Meeting 4 20 June 2024
Mr Peter Brass	✓	✓	✓	✓
Mr Ian Swan	✓	✓	✓	✓
Mrs Ellen Ewing	✓	✓	✓	✓
Cr Heidi Thompson	✗	✓	✗	✗
Cr Bruce Preece	✓	■	■	■
Cr John Angas	■	■	✓	✓

✓ = Attended

✗ = Apology received

■ = Not an active member

Key Activities

The Audit and Risk Committee Annual Work Plan sets the framework for the reports to be considered by the Committee throughout the year.

In addition, the Executive Leadership Team include additional items of interest during the year to keep the Committee briefed of emerging issues or changes.

The key activities of the Committee for the period 1 July 2023 to 30 June 2024 were as follows:

Financial Reports

The Committee considered the following finance reports between 1 July 2023 and 30 June 2024:

- The Barossa Council Annual Financial Statements as at 30 June 2023
- Nuriootpa Centennial Park Annual Financial Statements as at 30 June 2023
- Mid-Year Budget Review as at 31 December 2023
- Long Term Financial Plan
- Mayor and CEO Expenditure Report – Credit Card Statement Review
- Adopted 2023/24 Quarterly Budget Update as at the 31 March 2024

Risk Management

At each of its meetings the Committee considered a report that provides an overview of developments in relation to Council's organisational risk management function.

The Committee considered the following risk management reports between 1 July 2023 and 30 June 2024:

- Risk, Return to Work and WHS Quarterly Reports
- WHS & Injury Management Plan
- Review Council's Mutual Liability Scheme
- Council Litigation Matters
- Strategic and Operational Risk Registers
- Risk Appetite Statements
- Emergency Exercise Report

Other Matters

The Committee also considered the following matters during the period 1 July 2023 to the 30 June 2024.

- Election of the Audit and Risk Committee Chairperson
- Corporate Plan Review
- Community Plan
- Audit and Risk Committee Self-Assessment Survey
- Review Key Policies – Public Consultation Policy
- Audit and Risk Action List
- Cyber Security Update
- Audit and Risk Committee Annual Work Plan Ending 30 June 2024

Committee Performance

The Committee is required to undertake a self-assessment of its performance measured against the Committee's obligations as detailed in the Audit and Risk Committee Charter. The results of the self-assessment were presented to the September 2023 Audit and Risk Committee Meeting.

The results of the self-assessment from six respondents showed that members have rated the Audit and Risk Committee as having a special strength, performing as expected, with nil areas for focus.

Committee meetings are open to the public and held in the Council Chambers and via electronic means to accommodate members unable to attend in person.

Committee meeting agendas and minutes are all publicly available via the Council's website, as is the Committee Terms of Reference.

The Committee adopted an annual work plan which is attached to this report.

The Barossa Council Audit Committee Work Plan 2023/24

(4 meetings each financial year – September, November, March, June)

Activity	Responsible Officer	Estimated Timing	Frequency	Current Status	Date Completed 2023/24
Financial Reporting					
Table Q1 Budget Update – as at 30 September	Manager Financial Services	Meeting 2	Annually		
Receive draft Financial Statements for last financial year - Council and Nuriootpa Centennial Park Authority including Auditor attendance	Manager Financial Services	Meeting 2	Annually	Complete	27.11.23
Draft Report on Financial Results, including carry forwards	Manager Financial Services	Meeting 2	Annually	Complete	27.11.23
Table draft Financial Statements for prior financial year - Council and Nuriootpa Centennial Park Authority, including a variance analysis detailing any significant variances between years and budgeted figures. Arrange for external auditor to attend to speak to any audit findings.	Manager Financial Services	Meeting 2	Annually	Complete	27.11.23
Table midyear Budget Update – as at 31 December	Manager Financial Services	Meeting 3	Annually	Complete	28.03.24
Table Long Term Financial Plan	Manager Financial Services	Meeting 3	Annually	Complete	28.03.24
Table Q3 Budget Update – as at 31 March	Manager Financial Services	Meeting 4	Annually	Complete	20.06.24
Enterprise Risk Management					
Receive Risk Management Report - includes updates on: - Risk Management and WHS&IM Plans - Risk Register - Local Government Risk Services - WHS Committee - Emergency Management - Risk/WHS Incidents - Corrective and Preventative Actions - Workplace Inspections - Internal Financial Control	Director Corporate Services and Business Innovation	Each normal meeting	Quarterly	Complete	20.06.24
Receive and review strategic risk register	Executive Leadership Team	TBD	Annually	Complete	27.09.23

External Audit					
Table management representation letter(s) requested by the external auditor	Manager Financial Services	Meeting 2	Annually		
Table interim financial controls review report from external auditor, along with Council's responses to audit findings.	Manager Financial Services	Meeting 2	Annually		
Governance					
Review relevant Policy and Process updates, new or revised.	Relevant Document Control Officer	As required and scheduled	Ongoing		
Complete Audit Committee annual self-assessment	Audit Committee	Meeting 3	Annually	Complete	27.09.23
Review Terms of Reference (Incorporate any Actions below)	CEO	As required	As required		
Reporting Responsibilities					
Propose and provide information relevant to the review of Council's Strategic Management Plans	CEO	As required	As required	Complete	27.09.23
Annual report on Audit Committee activities to Council	Audit Committee Chairperson	Meeting 2	Annually		
Chairperson to present Audit Committee Annual Report to Council	Audit Committee Chairperson	Relevant Council meeting	Annually		