TheBarossaCouncil

**MINUTES OF THE MEETING OF AN AUDIT AND RISK COMMITTEE**
held on Monday 26 May 2025 commencing at 4:00pm
in the Ngadjuri Room (Council Chamber), 43-51 Tanunda Road,
Nuriootpa.

# M I N U T E S

Mr Brass welcomed the members and staff and opened the meeting at 4.03pm.

## 1. ATTENDANCE RECORD

### 1.1 Members Present

Peter Brass, Ian Swan, Wendy Haydon, Christine Hahn and David Paprzycki

Apologies

Nil

Not Present

Nil

Leave of Absence

Nil

## 2. CONFIRMATION OF PREVIOUS MINUTES

### 2.1 Minutes of previous meetings – for confirmation:

**MOVED** Ms Hahn

That the Minutes of the Audit and Risk Committee held on Wednesday 19 March 2025 at 3:00pm, as circulated, be confirmed as true and correct records of the proceedings of those meetings.

**SECONDED** Mr Paprzycki **CARRIED AC 2022-26/35**

### 2.2 Matters arising from previous minutes

Detailed workplan for 2025/2026 outstanding, to be tabled at next available meeting.

## 3. MATTERS FOR INFORMATION

3.1 Enterprise Risk and Safety Report - January to March 2025

The Committee raised various questions on the report including strategic risk management, WHS culture and committee engagement, data trends and any management concerns arising from claims data, internal control management and requests for future reports and information in reports as follows:

- Strategic Risk Register report and update at the next meeting of the committee.
- Internal Control Testing outcomes for extreme and high risk matters.
- Additional information for context around Work Health Safety incidents and claims and general claims trends and management commentary required.
- Meeting scheduling in alignment with workplan, with workplan to be presented at next meeting in September 2025.

## 4. DEBATE REPORT

**4.1 <u>DOCUMENTATION FOR THE DEVELOPMENT OF THE 2025-26 ANNUAL BUSINESS PLAN AND BUDGET AND REVIEW OF THE LONG TERM FINANCIAL PLAN 2025-26 TO 2034-35</u>**
**25/40284**

**MOVED** Ms Haydon

That Audit and Risk Committee having reviewed the information receive and note the financial settings upon which the 2025-26 Annual Business Plan and Budget and Long Term Financial Plan 2025-26 to 20234-35 are based.

**SECONDED** Mr Paprzycki **CARRIED AC 2022-26/36**

**PURPOSE**

To formally receive, consider and review the business plan and budget policy analysis and settings inherent in the draft Annual Business Plan and Budget 2025/26 and the associated Long Term Financial Plan 2025/26 to 2034/35 update, which is the subject of a separate report to Council.

**REPORT**

<u>Discussion</u>

The Annual Business Plan and Budget (ABPB) is the statement of Council's annual activities in support of the set Corporate Plan targets, service levels and any strategic actions which in turn is structured to support the aspirational vision of the Community Plan.

The financial information contained in this document has been prepared in accordance with Council's Annual Business Plan and Budget Policy and associated processes.

The formulation of the ABPB incorporates the work of numerous Council officers and teams which includes:

- budget preparation and input by budget managers;
- checking and refining of data input, preparation of general budgets, employee costs, depreciation, energy, financial and other corporate costs by Finance;
- review and approval by the Executive Leadership Team (ELT).

The input from Council is gained by holding workshops where discussions are held along with decisions at Council meetings, on various parts of the budget preparation and process, which provides direction for officers in the preparation of the draft budget.

The following summarises the discussions held in each of the Council workshops and meetings and all relevant documents presented and analysed are at the relevant Attachments:

*17 December 2024 – Council Meeting*

Endorsed the 2025/26 ABPB process – no attachment, the minutes and agenda for that meeting can be viewed online as per the link provided.

This meeting also established that there would be no assessment of new initiatives for the 2025/26 year noting the commitments already inherent in the forward plans.

*5 February 2025 – Council Workshop*

Draft initial capital, salary and wages and budget update.
<u>Attachment 1</u>

*2 April 2025 – Council Workshop*

Draft final capital program, full operating budget and other updates.
<u>Attachment 2</u>

*7 May 2025 – Council Workshop*

Draft final budget updates, second set of property valuations data and analysis, rate modelling proposal and Long-Term Financial Plan (LTFP).

Attachment 3

**Budget Considerations**

**Draft Budget - Operating and Capital**
Council adopts the Budget at a summary level as contained within the ABPB and annual review of the LTFP.

The operating budget in summary (not including capital revenue and other comprehensive adjustments known as above the line budget outcome) is as follows:

| Budget | January 2025 LTFP Review $'000 | 2025/26 Draft Budget $'000 | Difference $'000 |
|---|---|---|---|
| **Operating Revenue** | | | |
| Rates | 41,920 | 41,964 | 44 |
| Statutory Charges | 850 | 907 | 57 |
| User Charges | 4,112 | 4,177 | 65 |
| Grants, Subsidies and Contributions | 4,605 | 4,651 | 46 |
| Investment Income | 154 | 166 | 12 |
| Reimbursements | 63 | 100 | 37 |
| Other Income | 684 | 622 | (62) |
| **Total Operating Revenue** | **52,388** | **52,587** | **199** |
| | | | |
| **Operating Expenses** | | | |
| Salary and Wages | 19,785 | 20,164 | 379 |
| Materials, Contracts and Other Expenses | 19,220 | 19,129 | (91) |
| Depreciation | 11,891 | 11,615 | (276) |
| Interest Expenses | 2,236 | 2,020 | (216) |
| Net Loss or Gain from Joint Ventures | 0 | 0 | 0 |
| **Total Operating Revenue** | **53,132** | **52,928** | **(204)** |
| | | | |
| **Operating Position (Deficit) / Surplus** | **(744)** | **(341)** | **403** |

Capital Expenditure is $27.113m with $0.479m of carried forward works at this time included. Capital Income for grants, contributions and proceeds from asset sales is budgeted at $6.237m. Borrowing requirements for 2025-26 are estimated at $8.1m.

Full Cost Attribution - an allocation of internal services to relevant charge areas has been estimated in the draft ABPB for consultation and applied to the Waste and CWMS service costs and the services charges. This allocation from internal to external service areas does not affect the overall net result.

Operating income and expenditure is reflective of service requirements; using last year's budget as a base and adjusted where service costs are affected by agreements, CPI, costs out of our control and/or other factors. A savings factor has also been applied where costs are increased by less than CPI when not aligned to contractual arrangements or where trend spend is below budget these budgets have been adjusted down. The indexation factor approved and applied by Council was 1.5%, the Consumer

Price Index at the March 2025 release for Adelaide was 2.4%. The trimmed mean, the measure the Reserve Bank of Australia targets, which removes more volatile / outlier price movements that occur in the short term, is 2.9%.

Depreciation of selected assets has been calculated based on the actual asset base allowing for assets held in work in progress and builds. This year also sees the introduction of annual indexation of the asset base rather than 3 years to better reflect changing values of capital assets and their cost of replacement and smooth out large fluctuations in depreciation charges. The rate applied is 2.7% using the trimmed mean inflation index as predicted by the Reserve Bank of Australia.

Full detailed operating and capital budget information is at the Attachments.

Council General Rate and Service Charge / Rate revenue is proposed to be increased by:

- A net 3.95%; and
- Additional revenue from growth is currently at 1.57% subject to further analysis and revisions, the budget is set at a target of 1%.

The Community Wastewater Management Service (CWMS) service charges are proposed to be increased by 2.04% with growth being a further 1.40% additional revenue to ensure the service charge is sustainable. The Residential CWMS Service charge will increase from last year at $396.50 to $407.00 being $10.50. The estimated commercial rate will increase by $13.61 from $819.65 to $833.26.

Waste Service charges are proposed to be increased for all three services by 2.61% with growth being a further 1.18% additional revenue to ensure the service charge is sustainable. The refuse, recycling and green organics collection service charges combined will increase by $7.20 from $275.50 last year to $282.70.

The Landscape Levy, a tax collected on behalf of the State and paid to the State, is forecast to reduce by $4.80 per assessment, due to a redistribution of the payment requirements for the 2025-26 financial year across all of the contributing Councils for the Northern and Yorke Landscape Board.

**Draft Long Term Financial Plan (LTFP) Review and Update**

High level financial information is included in the LTFP including key financial indicators (KPIs) with established targets and commentary on expected results and variances, checking Council's financial sustainability. The analysis includes all subsidiaries, updated asset management modelling and general review of indexation factors applied to the LTFP. The indicators are based on various factors namely:

- Rates and service charges amended to ensure a sustainable financial position and meet service levels and asset replacement and where approved upgraded or new assets.
- General revenue and expenses are aligned to the Reserve Bank of Australia trimmed mean forecast currently 2.7%.
- Salary and wages are aligned to the Reserve Bank of Australia wage indexation forecast for the next three years being 3.1% and then the upper limit of the bank's inflation target range of 2-3% being 3%.
- Energy costs, water costs and insurance are aligned to the Reserve Bank of Australia wage indexation forecast for the next three years and then the upper

limit of the bank's inflation target range of 2-3% being 3% as costs that traditionally are growing at or faster than core inflation.

- Land revaluation is set at the upper limit of the bank's inflation target range of 2-3% being 3% as assets that traditionally are growing at or faster than core inflation.
- All other asset revaluation is aligned to the Reserve Bank of Australia trimmed mean forecast currently 2.7%.
- Asset renewal costs are aligned to the Reserve Bank of Australia upper limit of the bank's inflation target range of 2-3% being 3% as costs that traditionally are growing at or faster than core inflation.

Council adopted the latest update of the LTFP in January 2025 when it approved the funding arrangements for the Barossa Creative Industries Centre. The final plan and budget will include the approved quarter 3 budget review and known changes up to the time of issuing the final ABPB for approval including carried over funds.

The LTFP forecasts for forward years in summary are:

- General rate increases are at 4.3% for 2026/27, 3.25% for 2027/28, 3.00% for 2028/29 and 2.7% for the remaining years of the 10-year plan.
- Increased revenue from growth is estimated at 1.00% for 2026/27 to 2028/29 and 0.75% growth for the remaining years of the 10-year plan.
- CWMS increases are 2.75% for the next 9 financial years reducing to 2% in year 10 (2034/35) of the plan.
- Waste services are 2.25% for 2026/27 and 2027/28 increasing due to contractual changes to 2.75% in 2028/29 and then 3.25% from 2029/30 to 2033/34 and returning to 2.5% in year 10 of the plan.
- Asset Renewal and/or Replacement expenditure is provided for on various buildings, recreation, transport, stormwater, bridge, CWMS and plant & equipment assets and information technology needs at $98.085m providing for future needs until the Infrastructure and Asset Management Plan (IAMP) renewal programs have been prepared and approved.
- Upgraded capital expenditure on assets over the 10-year plan period is $13.827m.
- New capital expenditure on assets over the 10-year plan period is $17.599m
- Loan financing is a mix of fixed loans and Cash Advance Debenture (CAD) loans with net borrowings for 2025/26 to be $41.268m and will peak in 2026/27 at $42.004m.
- The net loan balance outstanding as at 30 June 2035 is forecast to be $4.235m.
- The future years of the CWMS LTFP is forecasting a breakeven operating position, although a reserve is in place which should offset any unexpected costs. This draft CWMS LTFP does not currently make provision for the cost of capital and/or risk.

It must be noted that the Concordia Growth Area is a significant development area in the Council area and the settings do not include the impacts of this development other than the current resourcing and support costs required to assist the State-led planning for Concordia.

The LTFP key performance indicators for the 10-year period of the plan meet or exceed (positively) the targets outlined and set by Council.

**Nuriootpa Centennial Park Authority (NCPA) Board Draft Budget and LTFP**

The NCPA budget has been incorporated into Council's consolidated draft ABPB and LTFP and the changes are as follows:

- Operating income and expenditure amendments to reflect current trends, including future operating costs for TBP projects to start from the 2025/26 year.
- Loans – repayments include:
  - a LGFA fixed loan ending 2028/29
  - Capital Expenditure - changes to renewal and upgrade program spending around cashflow requirements and holding sufficient funds for operations.

In line with Council process, NCPA is required to annually review its asset renewal/upgrade program to ensure any asset expenditure is warranted, checking service level requirements to accommodation capacity, usage and rates.

*Summary and Conclusion*
Council has reviewed its financial parameters for the budget and LTFP, including the indexation used for forward projections on income and expenditure.

As noted in the Financial Considerations section of this report and the ABPB, this financial analysis highlights that all KPIs are within or exceed (positively) the target ranges for this and all future financial years based on current service level and policy settings.

The adoption of the Budget is due to be undertaken at the June meeting of Council.

## ATTACHMENTS OR OTHER SUPPORTING REFERENCES

| | |
|---|---|
| Attachment 1 | Workshop 1 - 5 February 2025 - Materials for Annual Business Plan and Budget development and Review of the Long Term Financial Plan |
| Attachment 2 | Workshop 2 - 2 April 2025 - Materials for Annual Business Plan and Budget development and Review of the Long Term Financial Plan |
| Attachment 3 | Workshop 3 - 7 May 2025 - Materials for Annual Business Plan and Budget development and Review of the Long Term Financial Plan |

*Supporting references*
Minutes of Ordinary Council - Tuesday, 17 December 2024

## COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

**Corporate Plan**

| | |
|---|---|
| BS5 | Enterprise Risk and Safety - The management of Council's Enterprise Risk profile including 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 - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services |
| 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 123 of the Local Government Act 1999

**RISK MANAGEMENT CONSIDERATIONS**

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

   The ABPB is the core annual document and policy settings underpinning the delivery of the approved service levels.

2. **SUSTAINABILITY & ENVIRONMENT**
   *Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

   The ABPB is the core annual document and policy settings underpinning the delivery of the approved service levels including supporting sustainability and environmental outcomes.

3. **FINANCIAL**
   *Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

   Detailed assessment including financial sustainability indicators and statements are included in the ABPB at the attachments and address the long term risk and sustainability of Council's financial policy settings.

4. **PEOPLE**
   *Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

   The ABPB is the core annual document and policy settings underpinning the delivery of the approved service levels and necessary resourcing requirements.

5. **REPUTATION**
   *Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key*

*stakeholders, other levels of government and its own employees and contractors.*

The ABPB is the core annual document and policy settings underpinning the delivery of the approved service levels and supporting the reputation of Council.

**COMMUNITY ENGAGEMENT**

Consultation is not required as part of the preliminary ABPB development and forms part of the Council report for adoption of the plans for consultation.

**4.2 <u>DRAFT 2025-26 ANNUAL BUSINESS PLAN AND BUDGET INCORPORATIGN TEH ANNUAL REVIEW OF THE LONG TERM FINANCIAL PLAN 2025-26 TO 2034-35</u>**
**25/40289**

The Committee requested the organisation chart be updated to ensure it reflects the Audit and Risk Committee not just the Audit Committee.

**MOVED** Ms Hahn

That Audit and Risk Committee having reviewed the Draft 2025-26 Annual Business Plan and Budget and the annual review of the Long Term Financial Plan 2025-26 to 2034-35 endorse the plan, budget and long term financial settings as financial sustainable based on current policy settings and estimates.

**SECONDED** Ms Haydon **CARRIED AC 2022-26/37**

**PURPOSE**

Having reviewed the draft annual business plan and budget information, noting that no new initiatives were supported for the upcoming budget, the purpose of the report is to adopt the draft Annual Business Plan and Budget for the 2025-2026 financial year which incorporates the annual review of the Long-Term Financial Plan 2025-2026 to 2034-2035 for community consultation.

**REPORT**

The Annual Business Plan and Budget (ABPB) 2025-2026 incorporates the Long-Term Financial Plan (LTFP) 2025-2026 to 2034-2035 in the one document.

The financial information contained in this document has been prepared in accordance with Council's Budget and Business Plan and Review Policy and associated processes. This has been considered by Council at the report prior to this report.

The draft plan is at <u>*Attachment 1.*</u>

Council has reviewed and considered all operating, capital, valuation, rating assessment and long-term financial parameters and determined its draft settings. Council at its meeting of 17 December 2024 resolved "*That Council agree that no new initiatives will be assessed in the 2025-2026 year*".

As noted in the Financial Considerations section of this report and the ABP&B, this financial analysis highlights the KPI results and forecast position based upon the assumptions therein.

## ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Annnual Business Plan and Budget and Long Term Financial Plan

*Supporting references*
Annual Business Plan and Budget Policy:
THE BAROSSA COUNCIL

## 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 and Safety - The management of Council's Enterprise Risk profile including 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 - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services

Legislative Requirements
Section 123 of the Local Government Act 1999

## RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

The ABP&B is the core annual document and policy settings underpinning the delivery of the approved service levels.

**2. SUSTAINABILITY & ENVIRONMENT**

*Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

The ABP&B is the core annual document and policy settings underpinning the delivery of the approved service levels including supporting sustainability and environmental outcomes.

**3. FINANCIAL**

*Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

Detailed assessment including financial sustainability indicators and statements are included in the ABP&B at Attachment 1 and address the long term risk and sustainability of Council's financial policy settings.

**4. PEOPLE**

*Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

The ABP&B is the core annual document and policy settings underpinning the delivery of the approved service levels and necessary resourcing requirements.

**5. REPUTATION**

*Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

The ABP&B is the core annual document and policy settings underpinning the delivery of the approved service levels and supporting the reputation of Council.

## COMMUNITY ENGAGEMENT

Engagement will be undertaken as required by the *Local Government Act 1999* as follows:

- Notice in The Leader and Bunyip of the availability of the ABPB for review on 14 May 2025.
- An opportunity for parties to attend a meeting of Council from 5.30-6.30pm on Wednesday 4 June 2025 to make any presentations and pose questions.
- An opportunity for parties to make submission in writing to Council closing on Friday 6 June 2025.
- Provision of the ABP&B and ability to respond on the YourSay Barossa website.

- Media release by the Mayor.

## 4.3 TOPICAL MATTERS REPORT
**25/40298**

**MOVED** Mr Swan

That the Audit and Risk Committee receive and note the briefings provided.

**SECONDED** Mr Paprzycki **CARRIED AC 2022-26/38**

**PURPOSE**

To table as requested a topical matters report.

**REPORT**

A verbal briefing on the following topical matters will be provided at the next Audit and Risk Committee Meeting by senior officers.

- Barossa Park Accounting Treatment
- Enterprise Bargaining Negotiations
- Management of Discretionary Reserve Balances
- Adelaide Hills Council application to be removed from Gawler River Floodplain Management Authority
- Legal Matters that have relevant risk issues (depending on content of questions may need to move into confidence to comply with legal requirements)
- Enterprise Resourcing Planning Solution Business Case (depending on content of questions may need to move into confidence to comply with Council confidentiality requirements)
- Status of interim audit performed by Galpins.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Nil

*Supporting references*
Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

**Corporate Plan**

BS5 Enterprise Risk and Safety - The management of Council's Enterprise Risk profile including 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

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

**RISK MANAGEMENT CONSIDERATIONS**

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

   N/a

2. **SUSTAINABILITY & ENVIRONMENT**
   *Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

   N/a

3. **FINANCIAL**
   *Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

   N/a

4. **PEOPLE**
   *Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

   N/a

5. **REPUTATION**
   *Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

   N/a

**COMMUNITY ENGAGEMENT**

N/a

## 4.4 THE BIG PROJECT PRESENTATION
**25/40307**

**MOVED** Ms Hahn

That Audit and Risk Committee receive and note the presentation on The Big Project.

**SECONDED** Mr Swan **CARRIED AC 2022-26/39**

**PURPOSE**

To table and provide the presentation on The Big Project as requested by the Committee.

**REPORT**

At the attachment is the presentation that I will take you through as requested at the past Committee meeting. The presentation provides a short story of the strategy and its current status and significant success.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1 Presentation

*Supporting references*
Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

**Corporate Plan**

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
Nil

## RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

   Nil

2. **SUSTAINABILITY & ENVIRONMENT**
   *Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

   Nil

3. **FINANCIAL**
   *Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

   Nil

4. **PEOPLE**
   *Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

   Nil

5. **REPUTATION**
   *Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

   Nil

## COMMUNITY ENGAGEMENT

Nil

### 4.5 PRUDENTIAL MANAGEMENT REPORT UPDATE FOR THE BIG PROJECT
**25/40310**

**MOVED** Ms Haydon

That Audit and Risk Committee receive and note the report.

**SECONDED** Mr Paprzycki **CARRIED AC 2022-26/40**

**PURPOSE**

To table the latest Prudential Management Report associated with The Big Project as requested by the new Committee.

**REPORT**

The prior and detailed report provided to the Audit and Risk Committee was in March 2024 in confidence.

The updated report is no longer confidential however the report to the Committee remains confidential and can be provided to members upon request if required.

The outcome of the prior report is the Committee received and endorsed the report and found the settings to be sustainable. This current update incorporates the two current investments, Barossa Park now practically complete, a $45.7M investment and Barossa Creative industries Centre starting early in the new financial year, a $17M investment.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1 2024 Updated Prudential Management Report

*Supporting references*
Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

**Corporate Plan**

BS5 Enterprise Risk and Safety - The management of Council's Enterprise Risk profile including 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

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

<u>Legislative Requirements</u>
Section 48 and 122(1a) of the Local Government Act 1999

## RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

   Outlined in the attachment.

2. **SUSTAINABILITY & ENVIRONMENT**
   *Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

   Nil

3. **FINANCIAL**
   *Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

   Outlined in the attachment.

4. **PEOPLE**
   *Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

   Nil

5. **REPUTATION**
   *Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

   The whole strategy has been highly successful and achieved significant community outcomes enhancing Councils reputation.

## COMMUNITY ENGAGEMENT

Document is available publicly on Councils website.

## 4.6 CREDIT CARD STATEMENT REVIEW
**25/41258**

The Committee requested additional explanation for expenditure in the summary report is sought where it is not absolutely clear in the summary.

**MOVED** Mr Paprzycki

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

**SECONDED** Ms Haydon **CARRIED AC 2022-26/41**

**PURPOSE**

To review and note the credit card transactions that have been incurred by the Mayor and Chief Executive Officer (CEO) between 11 March 2025 and 18 May 2025.

**REPORT**

The Barossa Council's external auditors recommended that the credit card transactions of the Mayor and CEO be provided to the Audit and Risk Committee for review and noting.

The attachment details the transactions that have been incurred and acquitted between the period 11 March 2025 and 18 May 2025. Transactions that have been incurred but are yet to be coded and acquitted in the Council's credit card management system, FlexiPurchase, will be reported at the next Audit and Risk Committee

Similar to other Council expenditure, credit card purchases are made in accordance with Council's Procurement Policy and within approved budgets. Transactions of the Mayor are reviewed and approved by the CEO, while transactions of the CEO are approved by the Deputy CEO & Director, Corporate Services, Strategy and Innovation.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1 Credit Card Transactions 11th March 2025 to 18th May 2025

*Supporting references*
Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

**Corporate Plan**

BS6 Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services

Legislative Requirements
Nil

**RISK MANAGEMENT CONSIDERATIONS**

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

**1. SERVICE DELIVERY**

*Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

Ongoing monitoring and review of corporate credit card transactions ensures processes are adhered to, enabling the continued effective use of a credit card within business operations.

**2. SUSTAINABILITY & ENVIRONMENT**

*Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

Nil

**3. FINANCIAL**

*Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

To demonstrate how the provision of a corporate credit card enables the activities and actions undertaken, in accordance with the adopted budget.

**4. PEOPLE**

*Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

Nil

**5. REPUTATION**

*Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

To be transparent in disclosing the corporate credit card transactions of the Mayor and Chief Executive Officer.

**COMMUNITY ENGAGEMENT**

Expenditure incurred on corporate credit cards is in accordance with adopted budgets for 2024/2025.

## 4.7 MINOR AMENDMENTS TO THE NON-CURRENT ASSET ACCOUNTING POLICY 25/41472

**MOVED** Ms Haydon

That Audit and Risk Committee noting the Policy itself is not amended, support the updates to the Asset Classification Schedule authorised by Council and note that the Chief Executive Officer will update the schedule and associated Asset Management System to reflect the policy changes to be applied from the 2024-2025 financial year:

- Transport Asset – Road – Earth, Pavement Surface and Seal, Footpath, Kerbing and Carparks – Sealed Roads to increase class 2 components from “Up to 750 years” to “Up to 780 years” this applies to some road paving and kerbing assets.
- Transport Asset – Road – Earth, Pavement Surface and Seal, Footpath, Kerbing and Carparks – Sheeted Roads to increase class 2 components from “Up to 500 years” to “Up to 530 years” this applies to some road paving and earth assets.
- Bridges, Floodways and Major Culverts – Bridges, Floodways, Major Culverts and Footbridges – Floodways, Major Culverts to increase class 1 components from “Up to 100 years” to “Up to 130 years” this applies to a range of assets in this class.

**SECONDED** Mr Swan **CARRIED AC 2022-26/42**

**PURPOSE**

To review minor variations to the schedule attached to the Non-Current Asset Accounting Policy to useful lives for three assets classes.

**REPORT**

*Background*
The Non-Current Asset Accounting Policy provides the framework for managing asset accounting, realisation, depreciation and disposal processes.

With the newly adopted Asset Management Plan work continues now in better aligning the condition and asset data that is reflected in the annual depreciation charges. This work is necessary to better align the two and thus represent the utilisation of assets in the financial accounts that more accurately reflects the asset management modelling. Presently there is a material difference between the two sets up data. The work to review and improve the linkages is ongoing.

*Discussion*
A recent review of some asset depreciation rates and their useful lives for:

- Pavement (the substructure of roads).
- Floodways and major culverts; and
- Kerbing;

Has been undertaken and recommendations for minor amendments to extend useful lives based on asset performance.

It is recommended that the following amendments be made to the Asset Classification Schedule of the Non-Current Accounting Policy to reflect the minor amendments which will better align depreciation rates with the asset management plans and reduce depreciation by approximately $450,000 per annum. This does not impact the asset management plans, and the investment cycle embedded in those plans.

- Transport Asset – Road – Earth, Pavement Surface and Seal, Footpath, Kerbing and Carparks – Sealed Roads to increase class 2 components from "Up to 750 years" to "Up to 780 years" this applies to some road paving and kerbing assets.
- Transport Asset – Road – Earth, Pavement Surface and Seal, Footpath, Kerbing and Carparks – Sheeted Roads to increase class 2 components from "Up to 500 years" to "Up to 530 years" this applies to some road paving and earth assets.
- Bridges, Floodways and Major Culverts – Bridges, Floodways, Major Culverts and Footbridges – Floodways, Major Culverts to increase class 1 components from "Up to 100 years" to "Up to 130 years" this applies to a range of assets in this class.

*Summary and Conclusion*
That with the review and noting more work continues to better align the two sets of data, the amendments to the Non-Current Accounting Policy Asset Classification Schedule be support and applied from the 2024-2025 financial year.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Nil

*Supporting references*
Non-Current-Asset-Accounting-Policy.pdf

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

**Corporate Plan**

CS3 Assets - Planning, construction, maintenance and operation of Council's assets (Transport, Bridges, Community Wastewater Management System, Community, Cultural, Recreation and Stormwater)

BS6 Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services

Legislative Requirements
Part 3 of the Local Government Act 1999 – Accounts, financial statements and audit

**RISK MANAGEMENT CONSIDERATIONS**

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

   Will have no impact on service delivery.

2. **SUSTAINABILITY & ENVIRONMENT**
   *Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

   Nil

3. **FINANCIAL**
   *Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

   Better algins the financial estimates of depreciation to the asset management data for these asset classes.

4. **PEOPLE**
   *Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

   Nil

5. **REPUTATION**
   *Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

   Nil

**COMMUNITY ENGAGEMENT**

Nil required or recommended.

## 4.8 QUARTER 3 BUDGET REVIEW FOR THE 2024-25 ANNUAL BUDGET - AS AT 31 MARCH 2025
**25/41568**

**MOVED** Mr Paprzycki

That the Audit and Risk Committee note the Q3 budget review for the 2024-25 budget as at 31 March 2025, which was reviewed and adopted by Council at its 20 May 2025 meeting, as presented at Attachment 1.

**SECONDED** Mr Swan **CARRIED AC 2022-26/43**

### PURPOSE

To provide the Audit and Risk Committee with the quarter 3 (Q3) budget review for the 2024-25 budget as at 31 March 2025, which was reviewed and adopted by Council at its 20 May 2025 meeting.

### REPORTREPORT

*Background*

On a quarterly basis the annual budget of Council is reviewed in accordance with the *Local Government Act 1999* and the associated Regulations.

Budget managers undertake a review of all budget lines and make adjustments where budgets are trending over or under budget and where changes are required for capital programs or new or changed funding conditions.

All budget adjustments are approved by the relevant member of the Executive team, and then reviewed by the Chief Executive Officer and Manager Financial Services prior to being included in the report at Attachment A as a proposed budget variation.

*Introduction*

A detailed list of all proposed budget adjustments as at 31 March 2025, and updated financial reports to reflect those variations, is included at Attachment A.

The Q3 review of the 2025-26 annual budget has resulted in additional operating revenue totalling $195,000 being budgeted for, offset by $241,000 in additional operating expenses.

Additional capital expenditure on the renewal and replacement of existing assets totalled $494,000, offset by a net amount of $169,000 in additional Local Roads and Community Infrastructure Program funding and a $676,000 decrease in capital expenditure on new and upgraded assets, largely made up of $474,000 in carried forward funds for projects to be completed in 2025-26.

*Summary and Conclusion*

The Q3 budget review for the 2024-25 annual budget as at 31 March 2025 was reviewed and adopted by Council at its 20 May 2025 meeting and therefore Attachment A is provided for your review and noting.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1 Annual Budget and Business Plan 2024/2025 - Update as at 31 March 2025

*Supporting references*

Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

**Corporate Plan**

BS6 Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services

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 122 of the Local Government Act 1999
Section 123 of the Local Government Act 1999
Regulation 9 of the Local Government (Financial Management) Regulations 2011

**RISK MANAGEMENT CONSIDERATIONS**

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. **SERVICE DELIVERY**
   *Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.*

   Detailed quarterly reviews of the annual budget ensure that the budget and expenditure/revenue are aligned to meet approved levels of service.

2. **SUSTAINABILITY & ENVIRONMENT**

*Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.*

Nil

3. **FINANCIAL**

*Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.*

Detailed quarterly reviews of the annual budget ensure that the budget and expenditure/revenue are aligned to meet approved levels of service.

4. **PEOPLE**

*Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.*

Nil

5. **REPUTATION**

*Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.*

Nil

**COMMUNITY ENGAGEMENT**

Community consultation was part of the original 2024-25 budget adoption process in June 2024.

Members sought and received a very high level introduction to the Enterprise Resource Planning Solution Business Case, however due to the confidential and commercial nature of the information and the need for further time to explore the matter the meeting sought to adjourn the two confidential matters to a special meeting to be called by the Chairperson.

**ADJOURNMENT**

**MOVED** Ms Haydon

That items 5.1 – Concordia Growth Area Presentation and 5.2 – Enterprise Resource Planning Solution Business case be adjourned until a special meeting of the Audit and Risk Committee is called in order for the members to undertake further assessment of the matters prior to discussion.

**SECONDED** Mr Paprzycki **CARRIED AC 2022-26/44**

## 5. URGENT OTHER BUSINESS

Nil

## 6. NEXT MEETING

The next meeting of the Committee will be held on 22 September 2025 at 4.00pm

## 7. CLOSURE

Mr Brass, the Chairperson, declared the meeting closed at 6.03pm.

Confirmed at Audit and Risk Committee Meeting on 22 September 2025.

Date:…………………………… Chairperson……………………………