TheBarossaCouncil

MINUTES OF THE MEETING OF AN AUDIT AND RISK COMMITTEE
held on Monday 10 August 2026 commencing at 4:00 pm
in the Council Chambers, 43-51 Tanunda Road, Nuriootpa.

M I N U T E S

Mr Brass opened the meeting at 4:02 pm

1. ATTENDANCE RECORD

1.1 Members Present

Peter Brass, Ian Swan (via teams), Wendy Haydon, Christine Hahn and David Paprzycki (via teams)

Apologies

Nil

Not Present

Nil

Leave of Absence

Nil

2. CONFIRMATION OF PREVIOUS MINUTES

2.1 Minutes of previous meetings – for confirmation:

MOVED Mr Swan

That the Minutes of the Audit and Risk Committee held on Monday 11 May 2026 at 4:00 pm, as circulated, be confirmed as true and correct records of the proceedings of those meetings.

SECONDED Ms Haydon **CARRIED AC 2022-26/84**

2.2 Matters arising from previous minutes

2.2.1 COMMITTEE ACTION REGISTER
26/48935

Update of previous Audit and Risk Committee resolutions.

Meeting	Officer/Director	Section	Subject
11/05/2026	Wilksch, Kelly Brussow, Jo	Debate Report	2025-26 Local Government Advice from the Essential Services Commission of South Australia

MOVED Ms Haydon

That the Audit and Risk Committee notes the Barossa Council Local Government Advice provided by the Essential Services Commission of South Australia, as provided at Attachment 1.

SECONDED Mr Swan **CARRIED AC 2022-26/80**

21 Jul 2026 5:25pm Wilksch, Kelly - Completion
Completed by Wilksch, Kelly (action officer) on 21 July 2026 at 5:25:11 PM - Completed - no further action.

Meeting	Officer/Director	Section	Subject
11/05/2026	Steven, Andrew Brussow, Jo	Debate Report	Corporate Purchase Cards Statement Review

MOVED Ms Hahn

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

SECONDED Mr Swan **CARRIED AC 2022-26/79**

19 May 2026 1:57pm Steven, Andrew - Completion
Completed by Steven, Andrew (action officer) on 19 May 2026 at 1:57:26 PM - Complete

Meeting	Officer/Director	Section	Subject
11/05/2026	McCarthy, Martin McCarthy, Martin	Debate Report	Review of Procurement Thresholds

MOVED Mr Paprzycki

That Audit and Risk Committee support the rationale for the assessment of procurement thresholds pursuant to clause 3.2 of the Procurement Planning, Sourcing and Selection Process and endorse them for adoption of Council.

SECONDED Ms Haydon **CARRIED AC 2022-26/78**

24 Jun 2026 10:07am McCarthy, Martin - Completion
Completed by McCarthy, Martin (action officer) on 24 June 2026 at 10:07:34 AM - Jamie informed and asked to do necessary updates

Meeting	Officer/Director	Section	Subject
11/05/2026	McCarthy, Martin McCarthy, Martin	Debate Report	Chief Executive Officer Verbal Briefing on Topical Matters

MOVED Mr Swan

That Audit and Risk Committee receive and note the briefing.

SECONDED Ms Hahn **CARRIED AC 2022-26/83**

24 Jun 2026 10:06am McCarthy, Martin - Completion
Completed by McCarthy, Martin (action officer) on 24 June 2026 at 10:06:01 AM - There are no actions on this one was briefing only

Meeting	Officer/Director	Section	Subject
11/05/2026	Wilksch, Kelly Brussow, Jo	Debate Report	Draft 2026-27 Annual Business Plan and Budget Incorporating the Long Term Financial Plan Review 2026-2027 to 2036-2037 For Review

MOVED Mr Paprzycki

That the Audit and Risk Committee:

(1) Having reviewed the information and settings provide the following comments for Council consideration:

- All key performance indicator targets are forecast to be achieved;
- Budget is consistent with the Long Term Financial Plan and differences have been explained;
- Inflationary pressures due to Middle East conflict have been considered and can be managed internally;
- Acknowledges the considerations of general uncertainty of the current global climate.

(2) Support the general settings of the Corporate Plan 2026-27 update and the 2026-27 Annual Business Plan and Budget incorporating the Long-Term Financial Plan 2026-2027 to 2035-2036 for the undertaking of statutory consultation on the Annual Business Plan and Budget incorporating the Long-Term Financial Plan.

SECONDED Ms Hahn **CARRIED AC 2022-26/82**

21 Jul 2026 5:27pm Wilksch, Kelly - Completion
Completed by Wilksch, Kelly (action officer) on 21 July 2026 at 5:27:25 PM - Completed with the audit and risk committee comments provided to Council for their noting.

Meeting	Officer/Director	Section	Subject
11/05/2026	Wilksch, Kelly Brussow, Jo	Debate Report	2025-26 Quarter 2 Budget Update - as at 31 December 2026

MOVED Ms Haydon

That the Audit and Risk Committee notes the Q2 budget update for 2025-26 (as at 31 December 2025) at Attachment 1.

SECONDED Mr Paprzycki **CARRIED AC 2022-26/81**

21 Jul 2026 5:25pm Wilksch, Kelly - Completion
Completed by Wilksch, Kelly (action officer) on 21 July 2026 at 5:25:32 PM - Completed - no further action required.

Meeting	Officer/Director	Section	Subject
11/05/2026	Brussow, Jo Brussow, Jo	Debate Report	Operational Risk Register

MOVED Mr Swan

That the Audit and Risk Committee notes The Barossa Council Operational Risk Register Executive Summary Report, as provided at Attachment 1, for information and that regular updates are provided on the progress of operational risk register improvements.

SECONDED Ms Haydon **CARRIED AC 2022-26/74**

21 May 2026 11:23am Brussow, Jo - Completion
Completed by Brussow, Jo (action officer) on 21 May 2026 at 11:23:25 AM - Update scheduled for late 2026

Meeting	Officer/Director	Section	Subject
11/05/2026	McCarthy, Martin McCarthy, Martin	Debate Report	Update on End of Financial Year Improvement Process for Asset Management

MOVED Mr Paprzycki

That Audit and Risk Committee receive and note the update and progress made and timetables set for the 2025-2026 financial year production of the financial statements.

SECONDED Ms Hahn **CARRIED AC 2022-26/73**

24 Jun 2026 10:08am McCarthy, Martin - Completion
Completed by McCarthy, Martin (action officer) on 24 June 2026 at 10:08:02 AM - Was a briefing no further actions on this one

Meeting	Officer/Director	Section	Subject
11/05/2026	Wilksch, Kelly Brussow, Jo	Motion	Galpins Audit Plan

MOVED Ms Hahn

The Committee note the audit plan provided by Galpins and provide feedback on the following points:

- Calendar year date updates.
- Inclusion on Nuriootpa Centennial Park Authority Workplan/Schedule.
- Audit and Risk Committee legislative updates be incorporated into the document, including correct name of committee
- Suggest Enterprise Resource Planning review in Galpins audit and bring revised version back for ratification at a future Audit and Risk Committee meeting.

SECONDED Mr Swan **CARRIED AC 2022-26/72**

21 Jul 2026 5:24pm Wilksch, Kelly - Completion
Completed by Wilksch, Kelly (action officer) on 21 July 2026 at 5:24:49 PM - Updated audit plan provided by Galpins and will be tabled at August 2026 audit and risk committee meeting.

Meeting	Officer/Director	Section	Subject
11/05/2026	McCarthy, Martin McCarthy, Martin	Debate Report	Strategic Risk Register Presentation - Office of the Mayor and Chief Executive Officer

MOVED Ms Haydon

That Audit and Risk Committee receive and note the presentation and the current status of the strategic risks outlined and the identified future improvements and review mechanisms.

SECONDED Mr Swan **CARRIED AC 2022-26/77**

24 Jun 2026 10:07am McCarthy, Martin - Completion
Completed by McCarthy, Martin (action officer) on 24 June 2026 at 10:07:46 AM - No actions from this was a briefing

Meeting	Officer/Director	Section	Subject
11/05/2026	Clark, Ben Clark, Ben	Debate Report	Strategic Risk Register Presentation - Directorate of Infrastructure and Environmental Services

MOVED Ms Hahn

That Audit and Risk Committee receive and note the presentation and the current status of the strategic risks outlined and the identified future improvements and review mechanisms.

SECONDED Mr Paprzycki **CARRIED AC 2022-26/76**

15 Jul 2026 2:56pm Clark, Ben - Completion
Completed by Clark, Ben (action officer) on 15 July 2026 at 2:56:45 PM - Completed. No action required.

Meeting	Officer/Director	Section	Subject
11/05/2026	Brussow, Jo Brussow, Jo	Debate Report	Draft Work Health Safety Strategy - 2026-2028

MOVED Mr Paprzycki

That the Audit and Risk Committee, having reviewed the Draft Work Health and Safety Strategy 2026-2028 presented at Attachment 1, endorse the document for presentation to Council for consideration and approval, with the following change:

- Amend *assurance* to *advice* within the Audit and Risk Committee responsibilities.

SECONDED Mr Swan **CARRIED AC 2022-26/75**

21 May 2026 11:22am Brussow, Jo - Completion
Completed by Brussow, Jo (action officer) on 21 May 2026 at 11:22:56 AM - Document updated in accordance with Audit Committee feedback and forwarded to Council for approval.

SUPPORTING REFERENCES

Nil

3. MATTERS FOR INFORMATION

3.1 Governance Update
3.2 Results of the Annual Committee Self Assessment

The Committee held a discussion on the outcomes of the self-assessment.

The Chief Executive Officer will research other committee minute models and report back to the next meeting of the Committee.

3.3 Knowledge Management Policy

The Committee discussed the alignment of the Policy with the recently endorsed Artificial Intelligence Policy.

It explored the types of policy and processes that would be of value for the Committee. The Chief Executive Officer will bring back a table of policy and processes and recommendations to the next meeting of the Committee,

3.4 Privacy Policy
3.5 Risk Management Report - Quarter 4 - 2025-26
3.6 Committee Work Plan

4. DEBATE REPORT

4.1 UPDATED 2025-26 EXTERNAL AUDIT PLAN FROM AUDITORS
26/51188

MOVED Mr Paprzycki

That the Audit and Risk Committee note the updated 2025-26 External Audit Plan for the consolidated Barossa Council entity, incorporating the Nuriootpa Centennial Park Authority, as provided by our external auditors, Galpins Accountants, Auditors and Business Consultants.

SECONDED Ms Hahn **CARRIED AC 2022-26/85**

PURPOSE

To provide the Audit and Risk Committee with an updated 2025-26 External Audit Plan for the consolidated Barossa Council entity, incorporating the Nuriootpa Centennial Park Authority, which incorporates those changes requested by the committee at its 11 May 2026 meeting.

REPORT

Discussion

At its 11 May 2026 meeting the Audit and Risk Committee was presented with a 2025-26 External Audit Plan from our external auditors Galpins Accountants, Auditors and Business Consultants. The committee provided feedback on a number of areas where it considered the External Audit Plan could be updated to reflect the specific circumstances and risk profile of the Barossa Council consolidated entity, including:

- Timeframes for when the work will be performed by Galpins
- Inclusion of the Nuriootpa Centennial Park Authority, a subsidiary of the Barossa Council, in the plan
- Identification of key audit risks specific to the audit of the Barossa Council consolidated entity, for example the Enterprise Resource Planning solution project
- Up-to-date references to legislation, including use of the correct name for the Audit and Risk Committee.

This feedback was provided to Galpins and an updated plan was provided, as shown at Attachment 1.

Summary and Conclusion

An updated 2025-26 External Audit Plan for the consolidated Barossa Council entity incorporating the Nuriootpa Centennial Park Authority, has been provided by our external auditors and is shown at Attachment 1 for committee review and noting.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Updated 2025-26 External Audit Plan from Galpins - incorporating NCPA - to Audit and Risk Committee

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

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

Local Government Act 1999 – section 126 Audit and Risk Committee
Local Government Act 1999 – section 128 Auditor and 129 Conduct of Auditor
Local Government (Financial Management) Regulations 2026

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.

The Barossa Council is required to be externally audited in accordance with the *Local Government Act 1999* and associated regulations and there would be reputational risks to council if this did not occur.

COMMUNITY ENGAGEMENT

Not applicable.

4.2 FINDINGS FROM 2025-26 INTERIM FINANCIAL CONTROLS REVIEW BY EXTERNAL AUDITORS
26/51250

Members explored with the External Auditor and Staff the reports. It is noted the initial and draft interim audit report has been altered to remove one of the identified matters (contractual matter pertaining to CWMS infrastructure build), the revised report has been attached to the minutes. Other matters contained in the report specifically the management of administrator password management and plans/policy updates of disaster and recovery management were discussed.

MOVED Ms Haydon

That the Audit and Risk Committee note the 2025-26 Interim Financial Controls Review from our external auditors Galpins Accountants, Auditors and Business Consultants, as tabled, along with our responses to the findings, responsible officers and estimated timeframes for completion, as shown at Attachment 2.

At the next meeting receive an update on the progress of the audit action items from the interim report.

SECONDED Ms Hahn **CARRIED AC 2022-26/86**

PURPOSE

To provide the 2025-26 Interim Financial Controls Review from our external auditors, Galpins Accountants, Auditors and Business Consultants, for review and noting.

REPORT

Discussion

The 2025-26 Interim Financial Controls Review was finalised by our external auditors, Galpins Accountants, Auditors and Business Consultants, in late May 2026. Refer to Attachment 1 for a copy of the draft report.

Six findings were identified by Galpins in 2025-26 (2024-25: seven) following their interim visit, with the following risk rating attached to those findings:

High – two (2024-25: one)
Moderate – four (2024-25: five)
Low – nil (2024-25: one)

Refer to Attachment 2 for our responses to the findings, including the manager and member of ELT responsible for actioning the finding and our estimated timeframes for completion.

Per Attachment 2, we disagree with finding 2.1.1 'An instance where a procurement arrangement continued beyond its original contract term without a pre-approved extension in place' and the associated 'high' risk rating. Refer to Attachment 2 for our rationale for not accepting this finding.

Summary and Conclusion

The 2025-26 Interim Financial Controls Review from our external auditors Galpins Accountants, Auditors and Business Consultants, as shown at Attachment 1, along with our responses to the findings, responsible officers and estimated timeframes for completion, as shown at Attachment 2, are provided to the committee for review and noting.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Draft 2025-26 Interim Financial Controls Review - from Galpins
Attachment 2	Responses to 2025-26 Interim Financial Controls Review - to Galpins

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

Local Government Act 1999 – Division 4 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.

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.

There are financial risks associated with a number of the findings identified at Attachment 1 by our external auditors, Galpins Accountants, Auditors and Business Consultants. Refer to Attachment 2 for how these risks will be addressed.

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.

There are reputational risks associated with a number of the findings identified at Attachment 1 by our external auditors, Galpins Accountants, Auditors and Business Consultants. Refer to Attachment 2 for how these risks will be addressed.

COMMUNITY ENGAGEMENT

Not applicable.

4.3 QUARTERLY ENTERPRISE RESOURCE PLANNING PROJECT PROGRESS REPORT - 30 JUNE 2026
26/51110

Mr Swan left the meeting at 5:02 pm.
Mr Swan returned to the meeting at 5:05 pm.

A general update was provided on data management, general risk and updated governance arrangements for the next phase of the project. The Chief Executive Officer will bring a report to the Committee on phase 1 outcomes and governance updates.

MOVED Mr Paprzycki

That Audit and Risk Committee receive and note the Quarterly Enterprise Resource Planning Project Progress Report as at 30 June 2026.

SECONDED Ms Haydon **CARRIED AC 2022-26/87**

PURPOSE

The Quarterly Enterprise Resource Planning Project Progress Report as at 30 June 2026 is provided for information and noting.

REPORT

Background
In May 2025, Council approved a Business Case for the implementation of TechnologyOne as a full Enterprise Resourcing Planning solution. Project implementation was scheduled to occur across a phased approach spanning three years from July 2005 to June 2028.

Discussion
Quarterly progress reports are presented to Council's Executive Leadership Team, Audit and Risk Committee and Council to monitor project risks and implementation progress. The Quarter 4 Report for 2025/26 is provided at Attachment 1.

Summary and Conclusion
The Quarterly Enterprise Resource Planning Project Progress Report as at 30 June 2026 is provided for information and noting.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Quarterly - Enterprise Resource Planning - Project Progress Report - 30 June 2026

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS2 Business Improvement - Growing the efficiency of the processes and systems we use to deliver services and outcomes through innovation and continuous improvement

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.

   Risk assessment information is provided at Attachment 1.

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.

   Risk assessment information is provided at Attachment 1.

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.

Risk assessment information is provided at Attachment 1.

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.

Risk assessment information is provided at Attachment 1.

COMMUNITY ENGAGEMENT

The investment required to support the ongoing implementation of the Enterprise Resource Planning Solution is subject to community consultation as part of Council's Annual Business Plan and Budget process.

4.4 CORPORATE PURCHASE CARDS STATEMENT REVIEW

26/50705

MOVED Ms Hahn

That the Audit and Risk Committee, having reviewed the transactions, note the corporate purchase card transactions that have been incurred by the Mayor and CEO during the period 29 April 2026 to 29 July 2026.

SECONDED Ms Haydon **CARRIED AC 2022-26/88**

PURPOSE

To review and note the corporate purchase card transactions that have been incurred by the Mayor and Chief Executive Officer (CEO) during the period 29 April 2026 to 29 July 2026.

REPORT

Background

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

Attachment 1 details the transactions that were incurred and acquitted during the period 29 April 2026 to 29 July 2026.

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

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Credit Card Transactions 29 April to 29 July 2026

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 purchase card transactions ensures processes are adhered to, enabling the continued effective use of corporate purchase cards 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 purchase 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 purchase card transactions of the Mayor and CEO.

COMMUNITY ENGAGEMENT

Expenditure incurred on corporate purchase cards is in accordance with adopted budgets, which were subject to public consultation prior to being approved and adopted by Council.

4.5 UPDATE ON END OF FINANCIAL YEAR IMPROVEMENT PROCESS FOR ASSET MANAGEMENT
26/51249

MOVED Mr Swan

That Audit and Risk Committee receive and note the update and progress made and timetables set for the 2025-2026 financial year production of the financial statements.

SECONDED Mr Paprzycki **CARRIED AC 2022-26/89**

PURPOSE

To update the Committee on progress of improvement leading into the production of the 2025-2026 financial year accounting statements.

REPORT

Background
As reported to the Committee on 9 February 2026 a process to address challenges and improvements to asset management account were tabled. An update was provided on 11 May 2026 to the Committee.

Discussion
The group has now reached a point at which I have transitioned out of the processes and reestablished it as a business-as-usual activity with it being coordinated through the Manager Financial Services and the Manager Assets.

The relevant and last notes from the meeting of 4 June 2026 are attached at Attachment 1 and this is the conclusion of the formal meeting and improvement process.

After receiving updates recently all revaluation work is complete for bridges and annual CPI updates and is with the contractor for data input and reconciliation. The preparation of internal capitalisation is well advanced and data entry and reconciliation is underway and on track to provide to the contractor for final entry.

Other annual financial statement work is on track with accruals underway and on target for completion as per the target timeframes.

Summary and Conclusion
The progress is advancing well and preparations for the 2025-2026 financial year accounting statements is tracking to, and in some respects ahead of plan.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Meeting notes of meeting of 4 June 2026 (rescheduled from 27 May 2026) - Final Formal Meeting

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
Division 3 Financial Statements Section 127 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.

   Delivery of the statements within the prescribed legislative timeframe is a requirement of the performance service standards of Council.

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.

Delivery of the statements within the prescribed legislative timeframe is a requirement of the performance service standards of Council.

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.

Delivery of the statements within the prescribed legislative timeframe is a requirement of the performance service standards of Council.

COMMUNITY ENGAGEMENT

No required or recommended.

4.6 STRATEGIC RISK REGISTER PRESENTATION - DIRECTORATE OF DEVELOPMENT AND COMMUNITY SERVICES
26/51327

MOVED Ms Haydon

That Audit and Risk Committee receive and note the presentation and the current status of the strategic risks outlined and the identified future improvements and review mechanisms.

SECONDED Mr Paprzycki **CARRIED AC 2022-26/90**

PURPOSE

To present to the Audit and Risk Committee assessment and current status of strategic risks managed and owned by the Directorate of Development and Community Services.

REPORT

Background
The committee has requested a rolling presentation as part of its work plan on strategic risk management.

Introduction
The management of risk in the organisation is governed by the Enterprise Risk Management Framework and strategic risks have and continue to be reviewed and managed.

As part of the workplan for the Committee each Executive Leadership Team member will on a rolling basis present to the Committee on the strategic risks within the responsibility of their Directorate.

Discussion
The relevant presentation is tabled at Attachment 1 and will be discussed at the meeting.

Summary and Conclusion
The presentation has been prepared and concludes that the risks remain controlled and acceptable, further it identifies work planned or being undertaken that will continue to address the strategic risks and strengthen our management processes.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Strategic Risk Presentation

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

Legislative Requirements
Sections 125, 126, 132A and 134 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.

Sound practice is to review strategic risks regularly, and this aids the management of service delivery and continue to keep our service levels, processes and programs under review.

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.

Sound practice is to review strategic risks regularly, and this aids the management of service delivery and continue to keep our service levels, processes and programs under review and achieve financially sustainable practices.

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.

Sound practice is to review strategic risks regularly, and this aids the management of our reputation.

COMMUNITY ENGAGEMENT

No consultation required or recommended.

4.7 2025-26 QUARTER 3 BUDGET UPDATE - AS AT 31 MARCH 2026
26/51187

In response to question the issue of worldwide impacts from the middle east situation on pricing was outlined.

MOVED Ms Hahn

That the Audit and Risk Committee notes the Q3 budget update for 2025-26 (as at 31 March 2026) at Attachment 1.

SECONDED Mr Swan **CARRIED AC 2022-26/91**

PURPOSE

The quarter 3 (Q3) budget update for 2025-26 (as at 31 March 2026), which was approved by Council at its 19 May 2026 meeting, is attached for noting.

REPORT

Background

On a quarterly basis the budgets of Council are reviewed in accordance with the *Local Government Act 1999* and 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. The quarterly budget review process also captures prior decisions of Council involving funding changes so these are reflected in the updated budget forecasts for the year.

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 1 as a proposed budget adjustment for Council approval.

Discussion

A detailed list of all Q3 budget adjustments, and updated financial reports to reflect those adjustments, is included at Attachment 1. This was approved by Council at its 19 May 2026 meeting.

Proposed Q3 operating budget adjustments result in Council's consolidated operating deficit increasing by $552,000, from $1.530 million to $2.082 million. This is due to a $36,000 reduction in budgeted income along with $516,000 in additional budgeted expenses. Refer to page 2 of Attachment 1 for the significant adjustments to the budget contributing to this and pages 6-13 for a detailed summary of all proposed operating budget adjustments.

Proposed Q3 capital budget adjustments result in a decrease of $4.414 million in budgeted capital expenditure. Refer to pages 2-3 of Attachment 1 for the significant capital adjustments to the budget contributing to this and pages 14-16 for a detailed summary of all proposed capital budget adjustments.

Summary and Conclusion

The Q3 budget update for 2025-26 as at 31 March 2026 has been completed and was approved by Council at its 19 May 2026 meeting. It is provided here for noting by the Audit and Risk Committee.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 2025-26 Quarter 3 (Q3) Budget Update - as at 31 March 2026 - To Council

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

Section 122 and 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 undertaken as part of the original 2025-26 budget adoption process in June 2025.

4.8 ADOPTION OF ANNUAL BUSINESS PLAN AND BUDGET 2026-27 INCORPORATING THE LONG TERM FINANCIAL PLAN 2026-27 TO 2036-37

26/51164

In response to questions the general changes were explained as a result of final calculations and public consultation. It is noted that one of the key performance indicators in the report for Asset Renewal Funding Ratio should read between 80% and 100% and not (2%) to 10%.

MOVED Ms Haydon

That Audit and Risk Committee, receive and note the updated 2026-2027 Annual Business Plan and Budget incorporating the annual review of the Long-Term Financial Plan 2026-2027 to 2036-2037, results of the consultation and final amendments and the Long-Term Financial Plan key financial indicators continue to be within target limits.

SECONDED Ms Hahn **CARRIED AC 2022-26/92**

PURPOSE

To provide the final updated and adopted Annual Business Plan and Budget (ABPB) 2026-2027, incorporating the annual review of the Long-Term Financial Plan 2026-2027 to 2036-2037 (LTFP) for the Committees information and noting.

REPORT

Background

Council approved a draft ABPB and annual update to the LTFP for consultation at a special meeting of Council held on 13 May 2026. Council has also considered responses from the public consultation process and final recommended amendments from new and revised budget information at its meeting of 16 June 2026.

The ABPB was developed through a rigorous process of consultation and review with Council Officers and Elected Members and engagement with the community.

The draft pre consultation plan and updated Long-Term Financial Plan was reviewed by the Audit and Risk Committee at its May 2026 meeting.

This report provides a summary of the final adopted proposed ABPB and annual update to the LTFP.

Discussion

Revised Information
Valuation, General Rating, Service Changes – Analysis

Valuation

Valuation data, as provided by the Valuer-General, has been received and updated in Council's modelling tools, using the draft rating model as included within the Draft ABPB for 2026-2027 with minor amendments due to valuation changes as outlined in the table under General Rate Revenue below. Updates have been made to the property valuation for the further data received on 13 June 2026 due to material changes in the valuations that would have resulted in significant additional and over collection of rates from the target budget set in the draft budget plus amendments approved by Council at its meeting of the 16 June 2026. There has been an increase of $1,037,688,324 in total rateable property valuations from last years' property valuations, an increase of 11.24%. There has been a total of 276 new assessments, and the net change is 193 properties with a growth rate of 1.42%.

Total rateable valuations as at 13 June 2026 is $10,272,066,804.

There has been an increase of $1,056,342,900 in total property valuations from last years' property valuations, an increase of 11.20%. Total valuations as at 13 June 2026 is $10,488,015,200.

General Rate Revenue

The overall increase to general rate revenue from last year has changed from the draft projection of 4.3% down to 3.43% based on the average valuation. This is due to higher valuation increases from the consultation rating valuations and the significant growth in valuations for new rateable assessment being greater than budgeted at 2.02%, with actual property assessment growth being 1.42%. Where there has been growth in valuations from revisions since the draft budget, rates in the dollar have been reduced to counter the increases and align the rates collected to the target budget value.

The latest valuation data saw significant increased valuations and property movement for residential land use and commercial – other with a drop in vacant land. This necessitated a reduction to the rates in the dollar for commercial from that consulted upon, and minor increase to residential to ensure the same target is achieved and relative consulted upon rate burden was maintained as best it can be in the model; otherwise it would have raised an additional $110,000 in rate revenue over that set by Council in the draft policy settings with it all coming from commercial – other land uses. Council can elect to take that revenue and maintain the rates in the dollar however that is not recommended, as that additional revenue will increase the net rate increase but reduce Council's short term operating deficits. Please see the following table that highlights the recommended changes.

		Recommended Final		Consulted On		Change	
Local Government Categories	**Land Use Code**	**Rate in the $**	**No. of assessments**	**Rate in the $**	**No. of assessments**	**Rate in the $**	**No. of assessments**
Residential	1	0.0023638	10192	0.0023630	10144	0.0000008	48
Commercial - Shop	2	0.0042810	256	0.0044885	254	-0.0002075	2
Commercial - Office	3	0.0042810	71	0.0044885	71	-0.0002075	0
Commercial - Other	4	0.0042810	360	0.0044885	356	-0.0002075	4
Industry - Light	5	0.0049700	45	0.0049700	45	0.0000000	0
Industry - Other	6	0.0169000	93	0.0169000	94	0.0000000	-1
Primary Production	7	0.0024350	2158	0.0024350	2164	0.0000000	-6
Vacant Land	8	0.0055810	515	0.0055810	531	0.0000000	-16
Other	9	0.0047650	142	0.0047650	141	0.0000000	1
			13832		13800		32

Service Charges - Community Wastewater Management System (CWMS)

The CWMS service charge for residential customers is proposed to be set at $413.25 per annum, a reduction of $4.00 against the draft plan due to greater connections than modelled from growth; last year this was $403.40 per annum representing a 2.44% increase. For non-residential customers the rate in the dollar for their valuation increased to $0.000957 cents from $0.0009445 cents reflecting valuation changes. Vacant land charges are proposed to increase from $129 to $135.

Service Charges - Waste Services

Overall, the refuse, recycling and green organics collection service charge has been increased from last year at $284.30 to $290.80; a small increase of $2.80 to the draft budget amount due to final service numbers, reflecting an overall increase of 2.29% compared to 2025-26. The 140L Refuse Bin has increased from last year from $137.20 to $142.70, recycling has increased from last year from $72.70 to $73.50 and Green Organics increased from $74.40 to $74.60. The refuse collection service rate for 240L bins, available to commercial premises to upsize, has increased from last year at $178 to $185.

The service charges are based on cost increases for collection and disposal.

Operating and Capital Budget Amendments

<u>Revised budget outcomes since commencement of consultation</u>

As part of continually refining the budget with new and updated information there are various changes necessary and recommended. These are provided at <u>Attachment 3</u>, which includes responses to and assessment of public submissions.

In summary the amendments are:

Operating Adjustments

1. Recognition of operating program carry-overs with an overall impact to the budget of $73,593 deficit already approved at Council meeting of 19 May 2026 as part of the Quarter 3 budget review for the 2025-26 financial year.
2. Inclusion of funds to undertake Stockwell Recreation Park masterplan review and design elements matching the associations offer $10,000 deficit.
3. Rate revenue changes mainly as a result of additional property growth $74,679.95 surplus impact. This also has the effect of further lowering the

average base general rate increase to 3.47% from 3.60% from that which was consulted on.

4. Landscape Levy, minor correction $201.02 deficit.
5. Increase Sister City budget by $25,000 as it is a host year to support costs.
6. Rolling forward the Kegel club funding to 2027-28 as it is pending the generation of a grant/third party contributions of $150,000. If this cannot be achieved, this project will be reassessed. The grant target has also been moved to 2027-28 meaning a $150,000 deficit impact in 2026-27.
7. Recalculation of depreciation based on the estimated final capital program and carry-forwards $92,866.51 surplus impact.
8. There are operating carry-overs for grants to be completed in 2026-27 for the Tanunda heritage trail markers, Hoffnungsthal sign replacement, Inspiring SA Library Grant, works Grow Minds Library Grant and Preventative Health Grant all which are cost neutral.

The net result of the proposed adjustments is a net deficit to the budget of $33,703.07 with a projected 'above the line' operating deficit of $742,391.

Please note the Federal Government budget papers indicated that the 2026-27 financial assistance grants will be forward paid in June at the rate of 80%. The amount received post adoption was $2.395M, once again causing distortion to the budget outcome. The Q1 budget review for the 2026-27 year. The above deficit truly reflects the operating position estimates, however these paid in advance grants, it will result in a budget deficit in the order of $3.1M.

Further, as the Committee is aware, with the implementation of our digital transformation program, called the Enterprise Resourcing Planning (ERP) solution project, the 2026-27 year will incur $969,652 of project expenses which are short term (over three years only and are non-standard once-off costs not ongoing or continuous operating expenses). When adjusting for these payments the underling operating position of the budget is a surplus of approximately $200K.

Capital Adjustments

1. Bringing to account expected capital carry-forwards for the 2026-27 financial year totalling $2,778,039, which is cash neutral. Noting $673,616 was already approved for carry-over and included in the draft budget estimates.
2. Funding transfer to replace Barossa Bushgardens nursery polytunnels at a cost of $20,000 which have reached useful life and require urgent replacement. This cost is offset through a reallocation of capital funds from unallocated recreation budget.
3. Inclusion of Tanunda Bowling Club car park sealing $100,000.
4. Rolling forward the Kegel club funding of $277,000 to 2027-28 as it is pending the generation of a grant/third party contributions of $150,000. If this cannot be achieved, the project will be reassessed. The $150,000 grant target has also been moved to the 2027-28 operating budget.

Reserve Transfers

Service areas for CWMS and Waste, which have separate service charges and rates, are reconciled to the net operating result at the end of the financial year. Movements within these budgets are adjusted to/from the relevant reserve at the end of 2026-2027 and a report provided to Council in due course as is standard end of financial year practices. This is undertaken to ensure compliance with the rating provisions of the Act where service areas that are subject to a service charge or rate are over the long-term covering the cost of the service.

Annual Budget and Business Plan

As required under Section 123 of the Act, the draft Business Plan has been prepared and is contained within the first section of the draft ABPB 2026-2027.

The consolidated budgeted financial statements are included in the Annual Budget section of the ABPB.

Pursuant to Section 123 (7) of the Act, Council must adopt its Annual Business Plan with or without amendment before the adoption of its Annual Budget, as per the following excerpt:

(7) Each budget of a council must-
- (a) be considered in conjunction with the council's annual business plan (and must be consistent with that plan, as adopted); and
- (b) be adopted by the council after the council has adopted its annual business plan.

Pursuant to Section 153(5)(a) of the Act, Council must adopt its ABPB prior to adopting rates for the financial year.

Long-Term Financial Plan

As required by Section 122 of the Act, Council must undertake a review of its LTFP as soon as practical after adopting the Council's Annual Business Plan.

The annual review of the LTFP is included as a section within the ABPB document. It is noted that following the inclusion of the submissions and revised information above, the LTFP has been updated from the draft consultation document.

The LTFP sub-plans are prepared for Waste Services, CWMS Services, NCPA, all other Council services and consolidated to form Council's summary LTFP - this summary annual review is reported within the consolidated financial estimates in the ABPB.
The LTFP includes known operational and capital expenditure programs to maintain, renew and implement assets and services as required for Council services over the ten years.

The plan has been updated for recent changes approved by Council, which has resulted in minor improvements to all indicators and operating budget outcomes.

Funding Plan

As required by Section 122 (1e) of the Act, to meet future service provisions, Council uses a mix of revenue sources including general rates, service charges, user and statutory charges, grants and contributions, commercial and other income along with loan financing as a means of funding both operating and capital expenditure.

Refer to the LTFP for Council's funding of operating and capital programs and requirements, indexation, financial assumptions and estimates, loan financing and financial indicators.

Revenue and Financing over the Forward Estimates

To deliver current service levels and forecast growth needs, Council plans to generate general rates income and predicts the following increases over the ten-year plan:

- For year 2026-27 as outlined in the ABPB attached.
- For the years 2027-28 and 2028-29 at 4.25%.
- For the years 2029-30 and 2030-31 at 3.00%.
- For the remainder of the plan 2.5%, which is in line with the Reserve Bank of Australia trimmed mean consumer price index forecast from July 2028.
- The above estimates do not include new properties - the growth estimates for additional income range between 0.50% and 1.5%.

Selected service areas use services charges and service rates to recover the cost. Increases to costs for waste services, being a three-bin system for refuse, recycling and green organics, range in future years from 3.5% to 4.0%; and Wastewater Management (CWMS) increases in future years range from 2.75% to 3.5%.

Other income changes funding the expenditure of Council are:

- General income from commercial activities and user charges such as caravan park, development fees and the like are estimated to increase at an average of 2.56% over the funding plan.
- Recurrent grants are based on known factors - where the grant is subject to indexation, 2.56% has been applied.

Expenditure

Operating expenditure is indexed within a range outlined in the LTFP, as a base the current RBA Trimmed Mean CPI forecast is 3.1% for 2027-28 budget reducing to 2.5% for the remainder of the 10-year funding plan. Further and full details are provided in the LTFP and there are no significant deviations in the settings from that which was adopted for consultation other than those already explained in this report.

Review of the Audit and Risk Committee

As part of the annual process, the Audit and Risk Committee at its meeting of 11 May 2026 reviewed the draft Corporate Plan 2026-27 and draft 2026-27 ABPB and annual update to the LTFP 2026-27 to 2036-37 and resolved the following:

4.10 DRAFT 2026-27 ANNUAL BUSINESS PLAN AND BUDGET INCORPORATING THE LONG *TERM FINANCIAL PLAN REVIEW 2026-2027 TO 2036-2037 FOR REVIEW* 26/36479

MOVED *Mr Paprzycki*

That the Audit and Risk Committee:

(1) Having reviewed the information and settings provide the following comments for Council consideration:

- *All key performance indicator targets are forecast to be achieved;*
- *Budget is consistent with the Long Term Financial Plan and differences have been explained;*
- *Inflationary pressures due to Middle East conflict have been considered and can be managed internally;*
- *Acknowledges the considerations of general uncertainty of the current global climate.*

(2) Support the general settings of the Corporate Plan 2026-27 update and the 2026-27 Annual Business Plan and Budget incorporating the Long-Term Financial Plan 2026-2027 to 2035-2036 for the undertaking of statutory consultation on the Annual Business Plan and Budget incorporating the Long-Term Financial Plan.

SECONDED *Ms Hahn* ***CARRIED AC 2022-26/82***

Summary and Conclusion

As required by Section 122 of the Act, the Council's Chief Executive Officer (CEO) is to prepare a report on the Council's long term financial performance and position, considering the provisions of Council's annual business plan and strategic management plans.

Council's Financial Sustainability Principles play an important part in the preparation of the LTFP and are included in the document. Council has adopted the Local Government sector key financial indicators to assess Council's long-term financial sustainability. The CEO report uses the Key Performance Indicators (KPIs) as a tool to analyse and measure forecasts to targets.

The measurement of Council's performance includes both financial and non-financial KPIs. These are reported within the document in detail for the budget year and in summary for the 10-year plan. An explanation of the variances for the LTFP KPIs are recorded in the document.

A Financial Sustainability Performance Report is included in the final ABPB in the LTFP. The amendments to the budget and LTFP see all key performance indicators meeting target settings based on the current elected body policy, service levels and investment settings.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Annual Business Plan and Budget for the 2026-2027 Financial Year incorporating the Long Term Financial Plan 2026-2027 to 2036-2037
Attachment 2	Consultation Submissions and Public Meeting Notes
Attachment 3	Summary of Changes - Responses to Public Submissions - Other Amendments

<u>*Supporting references*</u>

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

<u>Legislative Requirements</u>

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.

   No additional or changed considerations that were not already known are raised through the report.

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.

   No additional or changed considerations that were not already known are raised through the report.

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.

Annual Business Plan and Budget 2026-27 Key Financial Performance Indicator Estimates

Financial Indicator	Annual Target	2023-24 Actual	2024-25 Actual	2025-26 Forecast	2026-27 Forecast
Operating Surplus	Target (4.0%) to 10.0%	(1,139)	493	(2,081)	(742)
Indicator					
Adjusted Operating	Target (4.0%) to 10.0%	947	(1,279)	(709)	N/a
Indicator					N/a
Operating Surplus Ratio	Target (2.0%) to 10.0%	(2.5%)	0.9%	(3.9%)	(1.3%)
Indicator					
Adjusted Operating Surplus Ratio	Target (2.0%) to 10.0%	2.0%	(2.50%)	(1.30%)	N/a
Indicator					N/a
Net Financial Liabilities ($,000)	Not greater than operating revenue	17,169	37,385	35,986	49,791
Indicator					
Adjusted Net Financial Liabilities ($,000)	Not greater than operating revenue	16,705	40,916	34,614	N/a
Indicator					N/a
Net Financial Liabilities Ratio	Not greater than 100%	37%	71%	68%	87%
Indicator					
Adjusted Net Financial Liabilities Ratio	Not greater than 100%	36.0%	76.0%	63.8%	N/a
Indicator					N/a
Asset Renewal Funding Ratio	Target (2.0%) to 10.0%	123.0%	84.0%	97.0%	138.5%
Indicator					

Long Term Financial Indicators Summary

Consolidated Results: Key Performance Indicators and Financial Parameters		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
		Budget $'000 or %	LTFP $'000 or %	LTFP $'000 or %	LTFP $'000 or %	LTFP $'000 or %	LTFP $'000 or %
Key Performance Indicators (KPI's) - Summary	Adopted target						
KPI 1 - Operating Surplus cumulative forward 10 year period	Surplus year 10	(742)	(908)	(870)	(13)	1,225	2,887
KPI 1 - Operating Surplus cumulative forward 10 year period - removing unawarded capital grants to be applied to renewal of assets	Surplus year 10	(2,449)	(4,053)	(4,023)	(3,174)	(1,937)	(274)
KPI 2 - Operating Surplus Ratio - Rolling 3 year - retrospective average	(2%) to 10%	(1.4%)	(1.8%)	(0.5%)	0.4%	1.0%	1.8%
KPI 2 - Operating Surplus Ratio - Rolling 5 year - retrospective average	(2%) to 10%	(0.9%)	(1.4%)	(0.9%)	(0.8%)	0.3%	1.0%
KPI 2 - Operating Surplus Ratio - Annual	(4%) to 10%	(1.3%)	(0.3%)	0.1%	1.3%	1.8%	2.3%
KPI 3 - Net Financial Liabilities ratio	0-100%	86.7%	83.4%	83.7%	74.7%	75.6%	76.0%
KPI 4 - Asset Renewal Funding Ratio - Annual - Using Asset Management Plan Forecast	80% to 110%	138.5%	136.8%	113.3%	127.8%	131.8%	120.3%

Consolidated Results: Key Performance Indicators and Financial Parameters		2032-33	2033-34	2034-35	2035-36	2036-37
		LTFP	LTFP	LTFP	LTFP	LTFP
		$'000 or %	$'000 or %	$'000 or %	$'000 or %	$'000 or %
Key Performance Indicators (KPI's) - Summary	Adopted target					
KPI 1 - Operating Surplus cumulative forward 10 year period	**Surplus year 10**	4,489	6,611	8,792	11,959	15,483
KPI 1 - Operating Surplus cumulative forward 10 year period - removing unawarded capital grants to be applied to renewal of assets	**Surplus year 10**	1,328	3,450	5,631	8,798	12,322
KPI 2 - Operating Surplus Ratio - Rolling 3 year - retrospective average	**(2%) to 10%**	2.1%	2.4%	2.5%	3.0%	3.4%
KPI 2 - Operating Surplus Ratio - Rolling 5 year - retrospective average	**(2%) to 10%**	1.5%	2.0%	2.3%	2.7%	3.0%
KPI 2 - Operating Surplus Ratio - Annual	**(4%) to 10%**	2.1%	2.7%	2.6%	3.7%	3.9%
KPI 3 - Net Financial Liabilities ratio	**0-100%**	72.3%	65.5%	61.7%	52.9%	52.1%
KPI 4 - Asset Renewal Funding Ratio - Annual - Using Asset Management Plan Forecast	**80% to 110%**	93.8%	96.7%	89.1%	86.0%	98.8%

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.

No additional or changed considerations that were not already known are raised through the report.

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.

No additional or changed considerations not already known are raised through the report.

COMMUNITY ENGAGEMENT

Community consultation was undertaken in accordance with Council's instructions at its meeting on 13 May 2026.

4.9 AUDIT AND RISK COMMITTEE ANNUAL REPORT 2025/2026
26/47855

MOVED Ms Hahn

That Audit and Risk Committee endorse the Audit and Risk Committee Annual Report 2025/2026 as at Attachment 1 for inclusion in The Barossa Council Annual Report.

SECONDED Mr Paprzycki **CARRIED AC 2022-26/93**

PURPOSE

To present the Audit and Risk Committee its annual report for endorsement and submission to The Barossa Council 2025/2026 Annual Report.

REPORT

Background
Pursuant to 126(9) of the Local Government Act 1999, 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 the financial year 2025/2026 is included at 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 Annual Report 2025/2026

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

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 126(9) 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.

   This matter maintains Council's compliance with legislation.

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.

This matter has no impact on this risk measure.

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.

This matter maintains Council's compliance with legislation.

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.

This matter has no impact on this risk measure.

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.

This matter maintains Council's compliance with legislation.

COMMUNITY ENGAGEMENT

There is no requirement to consult with the community on this prescribed matter.

4.10 CHIEF EXECUTIVE OFFICER VERBAL BRIEFING ON TOPICAL MATTERS
26/51163

In addition to the general items list the Committee sought an update on matters pertaining to the behaviour matters of Cr Preece, that was recent in The Advertiser.

MOVED Ms Hahn

That Audit and Risk Committee receive and note the briefing

.SECONDED Ms Haydon **CARRIED AC 2022-26/94**

PURPOSE

To provide a verbal briefing as a standing item on topical or emerging matters.

REPORT

Discussion on emerging matters within Council:

a. Concordia update – status of social infrastructure deed, land deed, transfer of role, development activity.
b. Barossa Creative Industry Centre update.
c. Election Changes

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

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

5. CONFIDENTIAL AGENDA

Nil

6. URGENT OTHER BUSINESS

Nil

7. NEXT MEETING

Monday 9 November 2026 at 4:00 pm

8. CLOSURE

Mr Brass declared the meeting closed at 5:49pm.

Confirmed at Audit and Risk Committee Meeting on 9 November 2026

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

Financial Controls Review

Barossa Council

2025/26 Interim Management Letter

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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.

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.

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 2025/26 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.

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 (60 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				2026 Findings			
		2026	2025	2024	2023	H	M	L	BP
Purchasing & Procurement/Contracting	7	5	6	6	6	-	2	-	-
Fixed Assets	8	8	8	7	7	-	-	-	-
General Ledger	8	6	6	5	6	1	1	-	-
Accounts Payable	8	8	8	7	8	-	-	-	-
Payroll	11	11	10	11	11	-	-	-	-
Rates / Rates Rebates	8	7	7	7	6	-	1	-	-
Credit Cards	5	5	5	5	5	-	-	-	-
Debtors	3	3	3	3	3	-	-	-	-
Banking	5	5	4	3	4	-	-	-	-
Receipting	2	2	2	2	2	-	-	-	-
Total	**65**	**60**	**59**	**56**	**58**	**1**	**4**	**-**	**-**

We recommend that Council prioritises 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.

1.5 Summary of findings

Business Cycle	Findings	Risk
Purchase & Procurement / Contracting	2.1.1 An instance was identified where the procurement process did not comply with established procurement policy requirement	M
	2.1.2 Council's purchasing, contractor management and procurement planning processes (policies) are due for review	M
Fixed Assets	*Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act*	**N/A**
General Ledger	2.2.1 Improvements needed in the management of user access to key finance modules	H
	2.2.2 Some key IT policies / procedures are not up to date	M
Accounts Payable	*Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act*	**N/A**
Rates	2.3.1 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	*Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act*	**N/A**
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 An instance was identified where the procurement process did not comply with established procurement policy requirements.	Moderate
Control	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.
Risk	Council does not obtain value for money in its purchasing and procurement.

Finding	Recommendations	Management Response
Audit selected a sample of seven suppliers based on cumulative spend to review the procurement procedures that were undertaken by Council. Audit identified one supplier for whom the procurement process undertaken was not aligned with Policy as follows: • Supplier #1 – installation of two playgrounds: Cumulative spend $208,019. A quote was received for each of the two playgrounds, and a direct purchase recommendation signed. Per Council's 'Procurement Planning, Sourcing and Selection Process', expenditure between $100,001 - $250,000 requires an "*Open Tender or Select Tender (minimum 3 tenderers) where justification exists or 3 written quotations from Panel*". As a tender was not undertaken, the Process requires a waiver approved by the Council, CEO or relevant Departmental Director in accordance with Council's delegation framework. No such waiver was obtained.	Any departures from the procurement methods required by the 'Procurement Planning, Sourcing and Selection Process' are treated as waivers, with rationale documented and approved by the Council, CEO or relevant Departmental Director in accordance with Council's delegation framework. Further, there is scope to consider updating the Policy to strengthen the use of waivers. This may include, for example: • Listing examples of circumstances where a waiver may be considered appropriate *(see appendix 2 for examples)* • Requiring a periodic (e.g. annual) report to Council and/or the Audit and Risk Committee with a summary of all waivers authorised for the period.	We accept this audit finding and agree that a waiver should have been completed in this instance given the value of the spend. New Supply Chain modules (Contracts, Sourcing and Reviews) went live in TechnologyOne from 30 April 2026. Although use of these modules is not currently mandatory, they are being progressively rolled-out across council, with initial focus on roll-out to those areas of the business with high-value and high-risk procurements (for example, capital works etc). When fully implemented, TechnologyOne will require all staff undertaking procurement to comply with council's procurement policies and processes, given the system will block staff from proceeding until correct policy or process has been complied with as it will be inbuilt into the workflows established in the system. As part of the implementation of the Supply Chain modules in TechnologyOne, all staff will

		also be required to complete procurement training which is scheduled to be delivered by an external local government procurement consulting firm. The Procurement Lead will also continue to work closely with staff with high-value and high-risk procurements to educate on council policy and correct processes to follow. **Responsible Officer:** Procurement Lead **Responsible members of ELT:** Director, Infrastructure and Environmental Services and Deputy CEO & Director, Corporate Services, Strategy and Innovation **Date for completion:** Ongoing

2.1.2 Council's purchasing, contractor management and procurement planning processes (policies) are due for review	Moderate
Control	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.
Risk	Council does not obtain value for money in its purchasing and procurement.

Finding	Recommendations	Management Response
Audit identified that the purchasing, contractor management and procurement planning processes are due for review. Council maintains a Policy review schedule detailing review dates for all policies. The schedule does not include details of associated documented processes. The purchasing process and the procurement planning process were due for review by the 1st April 2025. The contractor management process was due for review by 26th August 2024. Audit has been advised that Council plans to update these processes following the accounts payable and procurement modules being properly implemented into TechOne to ensure the processes align with the new capabilities of the system. Audit notes that Council has a procurement policy currently in place that has been updated more recently. The policy was reviewed on 21st November 2023, with a scheduled next review date of 21st November 2027.	The purchasing, contractor management and procurement planning Processes are updated as soon as practical, with consideration to the progress of relevant TechOne module implementation. Align future review dates for the purchasing, contractor management and procurement planning Processes with the review date of the related procurement Policy to ensure that are updated concurrently and remain consistent with each other. As a matter of better practice, Council considers updating the Policy review schedule to include associated processes and their review dates.	We accept this audit finding. These procurement processes are currently being updated by the Procurement Lead and incorporate changes to procurement processes brought about by the introduction of new Supply Chain modules (Contracts, Sourcing and Reviews) in TechnologyOne from 30 April 2026. Updates to council's procurement thresholds were also endorsed for adoption at the 11 May 2026 Audit and Risk Committee meeting and approved for adoption at the 16 June 2026 Council meeting. These updates to the thresholds were deemed necessary given this had not occurred for some time and limits were becoming unnecessarily restrictive and misaligned with council's risk profile. These updated thresholds will be reflected in the Procurement Planning, Sourcing and Selection Process when finalised. **Responsible Officer:** Procurement Lead **Responsible member of ELT:** Deputy CEO & Director, Corporate Services, Strategy and Innovation **Date for completion:** 31 December 2026

2.2 GENERAL LEDGER

2.2.1 Improvements needed in the management of user access to key finance modules	High
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
Since 2022-23, Audit has made recommendations regarding improvements required for ongoing access rights management and review. Progress in addressing these recommendations has been delayed, in part due to IT Manager turnover and resourcing issues. In 2025-26 a new IT Management Team (IT Team) was put in place. Work has commenced to establish appropriate access rights for new modules in TechOne, in conjunction with the ERP update in April 2026. TechOne access is provided by the IT Team following HR & Manager approval through the onboarding and change of conditions workflows. Approvals are also matched to delegations before IT provides / changes access for a user. The IT Team understands the need to also address existing issues with legacy access. To this end, the IT Team has developed an action plan exploring the current state and key risks of access management. The team have noted that access management is currently characterised by a combination of user-based and profile-based assignments, with profiles evolving over time through system enhancements, role changes and manual adjustments. Specific observations from the IT Team include:	Audit supports the IT team's plans to improve the management of access rights to key finance modules, including the development of reporting to enable a periodic review by Finance Management to confirm adequate segregation of duties and appropriate allocations of access 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. As identified by Galpins in its finding, a significant amount of work was performed by the Information Services and Technology team in 2025-26 on access management in TechnologyOne, necessitated by council's significant investment in additional TechnologyOne modules in recent years and into the coming years. This involved bringing in a dedicated resource to review current access and access management arrangements and obtaining guidance from TechnologyOne consultants on best practice. This work resulted in the identification of key risks with access management in TechnologyOne and an action plan for improvements required to current state. Items from this action plan are currently being prioritised and a plan being developed for how these priorities will be resourced and delivered. Once access management issues have been cleaned up and streamlined, a user access report will be developed to enable a review to be performed periodically to ensure all access to TechnologyOne is current and appropriate.

• **Access creep and legacy profiles**, where users may retain access beyond current role requirements, leading to duplication, inconsistency, and reduced visibility over access structures • **Segregation of duties risks**, including the potential for users to initiate and approve the same transactions, due to limited separation between operational and approval functions • **Inconsistent delegation and approval structures**, not always aligned to formal delegation authority or organisational hierarchy • **Lack of a standardised access framework**, with no consistent model for role definition, profile structure, or access provisioning • **Reliance on manual processes**, increasing the risk of error, delays, and inconsistent application of access, particularly for acting roles and secondments. The IT team has advised Audit that the next steps to strengthen access security include: • cleaning up known legacy access issues • undertaking a cyber security audit, including development of a remediation strategy and action plan, and • performing migration of remaining legacy system data (including Pathway) in preparation for the discontinuation of legacy systems by 30 June 2028. Upon completion of these tasks, the IT Team plans to strengthen user access management by developing a user access report to enable effective review of access levels in the finance system on a regular basis.		**Responsible Officer:** Manager Information Services and Technology **Responsible member of ELT:** Deputy CEO & Director, Corporate Services, Strategy and Innovation **Date for completion:** 31March 2027

2.2.2 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	Recommendations	Management Response
The following Council documents are overdue for review, though currently under development: - IT Disaster Recovery Plan - Back-up Policy Additionally, Council's 'Business Continuity Plan', 'IT Security Policy Manual' and 'End User Security Policy' are also due to be reviewed. During 2024-25, workshops were held by consultants from Marsh and key Council staff associated with functions identified (by the Executive Leadership Team in September 2024) to be critical as part of this review. The new IT manager who commenced in 2025-26 is planning to review and adopt all these plans and policies (customised to the Council's context) by the end of the 2026 calendar year. Audit notes that these documents have not been updated in recent years in part due to IT Manager turnover and resourcing issues.	The following policies and plans are updated and formally approved for adoption: - IT Disaster Recovery Plan - Back-up Policy - Business Continuity Plan - IT Security Policy Manual - End User Security Policy.	We accept this audit finding. There have been delays in reviewing and approving these IT policies and procedures due to resourcing issues in the Information Services and Technology team. Work on the IT Disaster Recovery Plan is a priority and the Information Services and Technology team is currently working on finalising this plan with council's managed service provider, InterIntra. A significant amount of work has also already been performed on council's Business Continuity Plan and associated sub-plans for each of the identified critical service areas, however further refinement of the plan is required. This work is currently being undertaken by the Manager Information Services and Technology in conjunction with the Deputy CEO & Director, Corporate Services, Strategy and Innovation. **Responsible Officer:** Manager Information Services and Technology **Responsible member of ELT:** Deputy CEO & Director, Corporate Services, Strategy and Innovation **Date for completion:** 31 March 2027

2.3 RATES

2.3.1 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 the Internal Financial Control Self-Assessment report in prior years. 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 assess the appropriateness of staff access within Pathway. There are approximately 30 users 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. Audit were informed by Finance staff that the Pathway system will be discontinued on the 30th of June 2028.	In the context of the future discontinuation of Pathway, there may not be merit in investing in a periodic formal review of Pathway access rights. However, the priority of reviewing and removing excessive Administrator users is still necessary and an important control to mitigate potential risk exposure, which may include fraud and/or cyber security risks.	We accept this audit finding and agree that a review should be performed over which staff have administrator access in Pathway and to remove any staff not requiring this access. Some preliminary work has been performed by the Information Services and Technology team around administrator access in Pathway and this identified that a deeper review is required given the large number of Pathway modules in use across council (for example, property and rating, infringements, applications, licensing, customer service etc) and the different teams involved in the administration of those modules. Although we are currently estimating go-live for the TechnologyOne modules which will replace Pathway to be around 1 July 2028, it is anticipated that we will run both systems concurrently for a period to ensure TechnologyOne is operating as intended prior to the decommissioning of Pathway. **Responsible Manager:** Manager Information Services and Technology

		Responsible member of ELT: Deputy CEO & Director, Corporate Services, Strategy and Innovation **Date for completion:** 31 December 2026

APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

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

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

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

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

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

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

APPENDIX 2 - PROCUREMENT WAIVER EXAMPLES

The following is a list of examples of circumstances where a procurement policy waiver may be considered appropriate:

1. There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and/or property.
2. There may be a significant risk to Council's operations.
3. The pressures of time are such that completing required is not feasible, such as where there has been an unanticipated Council or Government policy decision, or restrictive deadlines enforced under grant agreements.
4. Council purchases assets or goods at an auction up to $XXX,000.
5. Council purchases second hand assets or goods up to $XXX,000.
6. A supplier or contractor is evidenced to be a "sole supplier or contractor" in the market and effectively a niche specialist or monopoly, rendering the required tender / multiple quotation process redundant.
7. There is a limited number of identifiable suppliers with suitable qualifications / capability / availability to undertake the proposed scope of works, such that the required procurement process per policy is not feasible.
8. A supplier or contractor who has considerable background knowledge and experience, or specialist expertise on that particular Council project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to the project. This could include engaging the supplier or contractor on a retainer basis for a specified period of time.
9. Continuation of services under an existing purchasing arrangement (i.e. variations/ extensions to existing purchase orders or agreements).
10. Goods or services are being provided under an existing purchasing arrangement (i.e. warranty, servicing, maintenance or defects liability).
11. Where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g. time, objective, financially) if subjected to a further competitive engagement process.
12. Council has entered into a strategic alliance procurement process.
13. Council has made a genuine attempt to follow the policy, but has had insufficient market response (e.g. insufficient number of quotes or tender responses).