

#### **AUDIT COMMITTEE**

#### **NOTICE OF MEETING**

To: Presiding Member Cr Malcolm Herrmann

**Members** 

David Moffatt Peter Brass Paula Davies Cr Leith Mudge

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the Audit Committee will be held on:

Monday 16 November 2020 6.00pm 63 Mt Barker Road, Stirling

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend. Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

Andrew Aitken
Chief Executive Officer



#### **AUDIT COMMITTEE**

AGENDA FOR MEETING
Monday 16 November 2020
6.00pm
63 Mt Barker Road, Stirling

#### **ORDER OF BUSINESS**

#### 2. APOLOGIES/LEAVE OF ABSENCE

- 2.1. Apology
- 2.2. Leave of Absence
- 2.3. Absent

#### 3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit Committee Minutes – 19 October 2020

#### Recommendation

That the minutes of the Audit Committee meeting held on 19 October 2020, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

#### 4. DELEGATION OF AUTHORITY

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

#### 5. DECLARATION OF INTEREST BY MEMBERS OF THE COMMITTEE

#### 6. OFFICER REPORTS



- 6.1. Draft 2019 2020 Annual Report
  - 1. That the report be received and noted
  - 2. To advise Council that the Committee has reviewed the Draft 2019-20 Annual Report, as contained in Appendix 1, in terms of the reports adequacy in meeting its legislative requirements.
  - 3. That, on the basis of the Committee's review, to recommend the Annual Report to Council for adoption.
- 6.2. End of Year Financial Report
  - That the report be received and noted
  - 2. To recommend to Council that the Audited 2019-20 Financial Results compared to Budget contained within this report have been appropriately considered
- 6.3. Audit Committee Self-Assessment Report 2020

  The Audit Committee resolves that the report be received and noted.
- 6.4. Budget Review 1
  - 1. That the report be received and noted.
  - 2. To recommend to Council the proposed budget adjustments presented in Budget Review 1 which result in:
    - a. An increase in the Operating Surplus from \$808k to \$2.343m for the 2020-21 financial year.
    - b. Changes to Capital Works, increasing capital income by \$50k and capital expenditure by \$219k for the 2020-21 financial year resulting in a revised capital expenditure budget for 2020-21 of \$21.487m.
    - c. A decrease in Council's current Net Borrowing Result from \$6.350m to \$4.984m for the 2020-21 financial year as a result of the proposed operating and capital adjustments.
- 6.5. Council Quarterly Performance Report

  The Audit Committee resolves that the report be received and noted.
- 6.6. Action Report & Work Plan Update
  - 1. That the report be received and noted.
  - 2. That the status of the Action Report and Work Plan be noted.
  - 3. That the Proposed 2021 Audit Committee Work Plan be adopted
- 6.7. Risk Management Plan Update

  The Audit Committee resolves that the report be received and noted.
- 6.8. LGRS Risk Evaluation 2019 Action Plan Review

  The Audit Committee resolves that the report be received and noted.



- 6.9. Policy Review Treasury Policy
  - 1. That the report be received and noted
  - 2. To recommend to Council the adoption of the Treasury Policy as detailed at Appendix 1.
- 6.10. Policy Review Grant & External Funding Acceptance
  - 1. That the report be received and noted
  - 2. To recommend to Council the adoption of the Acceptance of External Funding Policy as detailed at Appendix 1.
- 6.11. Policy Review Debt Recovery Policy
  - 1. That the report be received and noted
  - 2. To recommend to Council the adoption of the Debt Recovery Policy as detailed at Appendix 1.
- 6.12. Audit Committee Meeting Dates 2021 2022
  - 1. That the report be received and noted.
  - 2. To approve the Audit Committee meeting schedule, timings and locations for 2021 as follows (refer to agenda)
- 6.13. Internal Audit Quarterly Update
  - 1. That the report be received and noted
  - 2. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.6a as contained in Appendix 1.

#### 7. CONFIDENTIAL ITEMS

7.1. External Audit Contract

#### 8. NEXT MEETING

The next Audit Committee meeting will be held at a date to be determined in 2021 at 63 Mount Barker Road, Stirling.

#### 9. CLOSE MEETING

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.1

Responsible Officer: Kira-marie Laverty

**Corporate Planning & Performance Coordinator** 

Office of the Chief Executive

Subject: Draft 2019-20 Annual Report

For: Decision

#### **SUMMARY**

Section 131 of the *Local Government Act 1999* (the Act) requires councils to prepare and adopt an Annual Report by 30 November. The Annual Report is the primary mechanism for summarising the 2019-20 financial year achievements against Council's *Your Adelaide Hills* Strategic Plan (2016-20), Corporate Plan and 2019-20 Annual Business Plan and Budget.

The purpose of this report is to provide the draft 2019-20 Annual Report (Appendix 1) to Audit Committee for review in its capacity as advisors to Council on the report's adequacy of meeting its legislative requirements.

#### **RECOMMENDATION**

#### The Audit Committee resolves:

- 1. That the report be received and noted
- 2. To advise Council that the Committee has reviewed the Draft 2019-20 Annual Report, as contained in Appendix 1, in terms of the reports adequacy in meeting its legislative requirements.
- 3. That, on the basis of the Committee's review, to recommend the Annual Report to Council for adoption.

#### 1. GOVERNANCE

#### > Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal A progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority 05.3 Demonstrate accountability through robust corporate planning and

reporting that enhances performance, is relevant and easily accessible

by the community

The production of the Annual Report is fundamental to demonstrating the transparency and accountability of local government.

#### Legal Implications

Section 131 of the *Local Government Act 1999* (the Act) requires councils to produce Annual Reports. It must be prepared and adopted by the Council by 30 November.

Schedule 4 of the Act and associated Regulations set out the material that must be contained in the Annual Report. An extract of schedule 4 has been included in *Appendix 2* to highlight the alignment to the sections of the draft 2019-20 Annual Report.

Regulation 35 of the *Local Government (General) Regulations 2013* (the Regulations) sets out the required elements needed for the report on confidentiality orders under Section 90(2) and 91(7) of the Act. These requirements have been addressed with a report included within the "Our Governance" section of the draft Annual Report.

#### **Risk Management Implications**

The review of the draft Annual Report will assist in mitigating the risk of non-compliance with statutory requirements leading to a loss of confidence in the Council.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium

#### Financial and Resource Implications

There are no financial implications arising from considering the draft Annual Report.

Production of the annual report has involved mainly existing staff resources and the printing of a small number of hard copies. Small external costs are associated with design of the final copy.

#### Customer Service and Community/Cultural Implications

The Annual Report contains information of the provision of services and facilities to the Adelaide Hills community in the financial year. It also provides an overview of performance against targets including for Council's Customer Service Standards. It highlights potential areas for improvement in addition to those performing well.

#### Sustainability Implications

The Council's sustainability (financial, social and environmental) is reflected within the statistics and results discussed within the Annual Report.

#### > Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Audit Committee were presented with the Audited Financial

Statements which are included as Appendix 1 of the Annual Report,

at their October 2020 Meeting.

Council Workshops: Not applicable

Advisory Groups: Not applicable

Administration: Council's Executive Leadership Team, relevant Managers, and

Officers were consulted during preparation of the draft Annual

Report.

External Agencies: Annual reports were supplied by all Council Subsidiaries: Adelaide

Hills Region Waste Management Authority; East Waste

Management Authority; Gawler River Floodplain Management Authority; and Southern & Hills Local Government Association

Community: Engagement with the community is not applicable for the

development of the Annual Report. However, the Annual Report itself, once finalised, is one way of communicating key

achievements and Council performance to the community.

#### 2. BACKGROUND

The draft Annual Report has been prepared with an emphasis on reporting achievements against the Council's *Your Adelaide Hills* Strategic Plan (2016-20), Corporate Plan and 2019-20 Annual Business Plan and Budget. The financial statements are also included as Appendix 1 of the 2019-20 Annual Report.

The role of the Audit Committee, pursuant to its Terms of Reference, is to:

- 3.1.1 (part) Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council
- 3.1.2 The committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.

Audit Committee considered the draft financial statements per their terms of reference at its meeting on 19 October 2020.

Moved Paula Davies S/- Cr Leith Mudge

45/AC20

The Audit Committee resolves:

- 1. That the report be received and noted.
- That in accordance with Section 126(4)(a) of the Local Government (Financial Management) Regulations 1999, the Audit Committee advises Council that it has reviewed:
  - the General Purpose Financial Statements of the Council for the financial year ended 30 June 2020 as contained in Appendix 1, and
  - the External Auditor Galpins' Audit Clearance Report as contained in Appendix 2,
  - and is satisfied that the 2019-20 financial statements present fairly the state of affairs of the Council.
- 3. Considers that the Adelaide Hills Council 2019-20 General Purpose Financial Statements, contained in Appendix 1, may be certified by the Chief Executive Officer and the Mayor.
- 4. That it notes the confirmation of Galpins Auditor Independence Statement provided as Appendix 3 and considers that the Certification of Auditor Independence statement contained in Appendix 4 can be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee in accordance with the requirements of Regulation 22(3) of the Local Government (Financial Management) Regulations 2011.

**Carried Unanimously** 

#### 3. ANALYSIS

The draft Annual Report, contained in *Appendix 1*, provides an overview of Council's achievements and activities during the reporting year.

The Report provides a summary of achievements against commitments made in the 2019-20 Annual Business Plan and Budget. It also contains highlights of other activities of note.

Much of the additional content in the Annual Report addresses statutory requirements, particularly those set out in Section 131 and Schedule 4 of the Act and Regulation 35 of the

Regulations. *Appendix 2* provides an extract of Schedule 4 and highlights what sections of the draft Annual Report address the requirements.

The financial statements previously reviewed by Audit Committee are included as Appendix 1 within the draft Annual Report for reference.

Council's regional subsidiaries Annual Reports are available upon request and will be included as Appendix 2 within the final 2019-20 Annual Report.

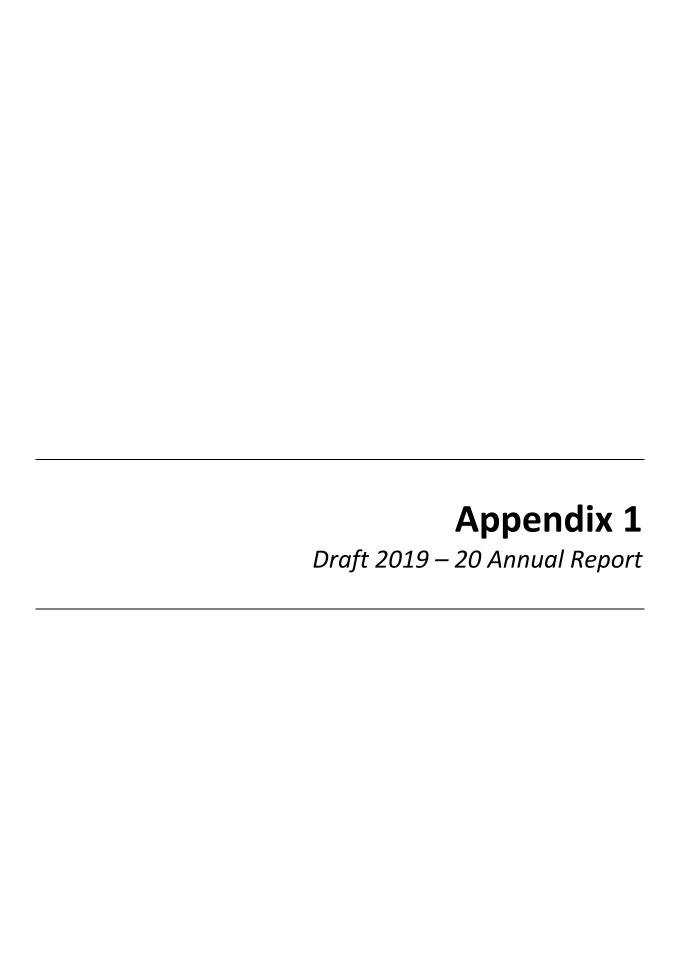
#### 4. OPTIONS

The Committee has the following options:

- I. To advise Council that the Committee has reviewed the draft 2019-20 Annual Report, as contained in **Appendix 1**, in terms of the reports adequacy in meeting its legislative requirements and recommend it for adoption. (Recommended)
- II. To recommend amendments to any/all of the draft 2019-20 Annual Report to Council prior to adoption.
- III. To not recommend the Draft 2019-20 Annual Report to Council for adoption. (Not Recommended)

#### 5. APPENDICES

- (1) Draft 2019-20 Annual Report
- (2) General Purpose Financial Statements
- (3) Schedule 4 of Local Government Act 1999





## Welcome

This is our Annual Report for 2019-20 which provides an account of our performance over the financial year 1 July 2019 to 30 June 2020 and highlights our achievements against the goals we set in Your Adelaide Hills Strategic Plan and Annual Business Plan 2019-20.

The Annual Report meets the requirements of the Local Government Act 1999, and is provided for our ratepayers, residents, business operators, visitors, government agencies and other interested parties.

ISSN 0000-0000

Cover photo: Peramangk Shield carving, Woorabinda Bushland Reserves. Credit: Lynne Griffiths.

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	Financial Performance Highlights
	2019-20 Capital Works Program
	Customer Service Standards

Our Events

Delivering on our Plans

Goal 1: People and business prosper

Goal 2: Activities and opportunities to connect

Goal 3: Places for people and nature

Goal 4: Explore ideas and work with others

Organisational sustainability

Our focus in 2020-21

Our Governance

Appendix 1: Financial Statements

Appendix 2: Subsidiary Annual Reports

Adelaide Hills Region Waste Management Authority

Easte Waste Management Authority

Gawler River Floodplain Management Authority

Southern and Hills Local Government Association

Council acknowledges that we undertake our business on the traditional lands and waters of the Peramangk and Kaurna people.

We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land.

> An online version of this Annual Report can be downloaded at ahc.sa.gov.au or request a copy by contacting us:

(08) 8408 0400 mail@ahc.sa.gov.au PO Box 44. Woodside SA 5244

We welcome your feedback on this Report or any other Council matter.



## From the Mayor

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From the CEO

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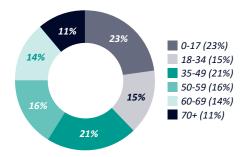
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### Our District

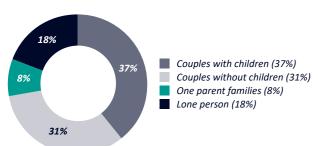
#### Number of registered businesses by Industry



#### Age Profile of Adelaide Hills Council



#### **Household Types**





83%

own or are buying a home

Households

*15,478* 

Median

Age

3%

need help

at home



**District Area** 

795km<sup>2</sup>

**Total Population** 

222

Townships & Localities 57

39,793



















**29%** have a university education

**19%** have a trade qualification



There are 4058 businesses in total and 98% of them have less than 20 employees

Data source: ABS Quarterly Population Estimates 2019

### Our Council Members

Council elections were held in November 2018 with a popularly-elected Mayor and 12 Councillors elected under two wards: the Valleys Ward and the Ranges Ward.

#### Mayor

Dr Jan-Claire Wisdom

#### Ranges ward

Councillor Ian Bailey Councillor Kirrilee Boyd Councillor Nathan Daniell Councillor John Kemp Councillor Leith Mudge Councillor Mark Osterstock Councillor Kirsty Parkin

#### Valleys ward

Councillor Pauline Gill Councillor Chris Grant Councillor Linda Green Councillor Malcolm Herrmann Councillor Andrew Stratford

Image (from left to right): Cr Malcolm Herrmann, Cr Andrew Stratford, Cr Ian Bailey, Cr Leith Mudge, Cr Pauline Gill, Cr Mark Osterstock, Mayor Jan-Claire Wisdom, Cr Nathan Daniell (Deputy Mayor), Cr Kirsty Parkin, Cr Kirrilee Boyd, Cr John Kemp, Cr Chris Grant, Cr Linda Green



## Our Organisation

#### **Elected Council**

Mayor + 12 Councillors

#### Regional Subsidarie

SHLGA East Waste AHRWMA GRFMA

#### Council Committees

Audit Committee SPDPC

#### **Chief Executive** ••• Officer

Andrew Aitken

#### Governance and Performance

Lachlan Miller

- · Governance, Risk and Audit Public Integrity

.

- - Positive Ageing Services and Programs (Home Support)
  - Service Strategy and Innovation
  - The Summit Community Centre Torrens Valley Community Centre
  - Volunteering
  - Youth Development

#### nfrastructure and •••• Operations

Peter Bice

- Civil Services
- Community Wastewater Management System (CWMS)
- · Emergency Management
- Open Space Biodiversity
- Open Space Sport and Recreation Planning
- Sustainability
- Waste

#### Community Capacity

#### David Waters

- Arts and Heritage
- Communications and Events
- Community Consultation
- Community Development
- Cultural Development Customer Service
- Economic Development
- Grants and Partnerships Hills Connected Community Program
- Library Services
- Positive Ageing (Collaborative)

- Open Space Operations
- Sustainable Assets

#### Development and Regulatory Services

Marc Salver

- Animal Management
- Fire Prevention
- Mount Lofty Waste Control Project
- Parking and Bv-laws
- · Planning and Development
- Policy Planning
- Public Health

#### Corporate Services

#### Terry Crackett

- · Adelaide Hills Business and Tourism Centre (AHBTC)
- Cemeteries

• • • •

- Corporate Planning
- · Financial Services
- General Property
- Information and Communications Technology
- Information Systems
- Performance Reporting
- Rating
- Retirement Villages

#### Organisational Development

Megan Sutherland

- · Organisational Development
- · Work Health and Safety

## Our Organisation

#### **Council and Committees**

The Elected Council's role is to provide for the governance and management of the Council area. It does this through:

- representing the interests of the community
- providing and coordinating public services and facilities
- encouraging and developing initiatives to improve the community's quality of life, and
- undertaking its responsibilities and functions as prescribed in legislation and strategic management plans.

A number of committees have been established in accordance with legislation to assist the Council to discharge its responsibilities in specific areas. These are the Strategic Planning & Development Policy Committee (SPDPC), the Audit Committee, the Chief Executive Officer Performance Review Panel (CEOPRP), the Council Assessment Panel (CAP), the Building Fire Safety Committee and the Health & Safety Committee.

#### **Regional Subsidiaries**

CCouncil is a member of four regional subsidiaries which are responsible for certain functions and duties assigned to them through their charters. The subsidiaries are the:

- Southern and Hills Local Government Association (SHLGA)
- Eastern Waste Management Authority (East Waste)
- Adelaide Hills Region Waste Management Authority (AHRWMA), and
- Gawler River Floodplain Management Authority (GRFMA).

#### Administration

The Council's Administration is led by a Chief Executive Officer appointed by the Council.

The Chief Executive Officer appoints staff to carry out the functions and duties delegated to them and to implement Council decisions. The Administration is organised into directorates with specific areas of focus (see diagram, page 6), that are led by an executive leadership team consisting of four directors and two executive managers. The arrangement of the directorates provides for the separation of the regulatory activities (into the Development and Regulatory Services Directorate) from the other activities of the Council.

## Our 2019-20 Performance Highlights

## Helping our community

135 priority development applications approved for bushfire affected residents



300+ check-in calls made to vulnerable clients following the Cudlee Creek Bushfire

18 Community and recreation facility grants were awarded totalling



Aged home support







6,188 hours of support

11,406 social support

1,392 transport trips

## **Community programs**

attendees a



attendees at Fabrik and workshops

12,321

## **Community Online Engagement**



Library program participants

3 times higher since



93% growth in Social media followers

1,073 people participant in online campaigns 34,385 project page views

## Economy O

1.19m day trips taken



\$170m spent by visitors

# Average of 194 volunteers across the year



volunteer hours provided across libraries,

### **Arts activities and events**



**10** 





performances

and activities

## Our 2019-20 Performance Highlights

## Library



229,649

Physical loans 542,383



**Digital loans** 230,472



98.2% of all Council Decisions were made in meetings

open to the public



Dog registrations 8,658





Cat registrations

(8.6% increase since 2018-19) (59.6% increase from 2018-19)

## Biodiversity, environment and sustainability

31ML 🐃

**Volume of** recycled water

Replaced 900 public street lights with LED reducing emissions by 98 tonnes of CO2 per year

Partnered with local schools and kindies to plant **2,682** plants and trees at 10 restoration sites



**28** Bush for life sites (95.3 ha) where volunteers have contributed over **2,000** hours of work



Inspected almost **7.500** private properties as part of the annual bushfire prevention activities



Collected **107kg** of Mobile phone components at our recycling depot and drop off points. Received the "Top Recycler Award for South Australia in MobileMuster's Local Government Awards 2020"



## Customer Service Standards













387 European

wasp reports

99% investigated

and actioned

within 7 days

23 Dog attack reports 91% responded to within 24 hours











25 new event applications 84% acknowledged within 5 days of receipt



955 development

applications received

Average consent time 13.9

weeks. 73 Fast track

development application

received 100% fast track

applications approved within 28 days



40 illegal burning complaints 95% investigated within 24 hours



2480 bin repair

or replacement

95% actioned

within 7 days



7 public health complaints 86% investigated and responded within 24 hours



1 missed bin

complaint

100% collected

within 2 days









63 Library purchase requests 100% responses provided within 10 days







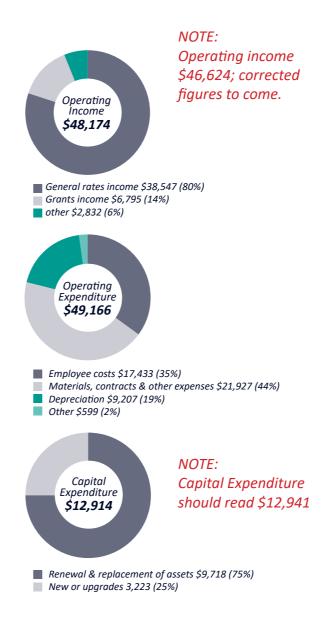




2.064 Tree and environment requests 284 Hazardous trees reported 94% hazardous tree reports made safe within 24 hours



## Financial Performance Highlights



### **Expenditure Highlights**



## 2019-20 Capital Works Program



- project completed

  26 unsealed roads re-sheeted 20.5km



- completed at Woodside • 6 new footpaths – 704m
- 14 footpaths renewed 2.9km



Storm Water \$717,000

- Project at the Junction Rd Balhannah and Kiln Ct Woodforde completed
   529m of new stormwater

#### Buildings \$1,067,000



- Pedestrian crossing added to Milan Terrace
- 6 new or upgraded bus stops



Birdwood and Stirling.

 2 playspaces upgraded at Birdwood and Paracombe



## Our Major Events and Awards

The Adelaide Hills remains a destination of choice for arts and community events. In 2019-20 we supported 104 community events including music festivals, markets, Stirling Fringe, and the Santos Tour Down Under, and supported even more through the challenges of responding to the Cudlee Creek Bushfire and COVID-19 pandemic.



## **Down Under Series**

Paracombe, Stirling, Woodside 19-26 January 2020

The 2020 Women's race returned to excitement, colour and even bigger crowds in Birdwood and Stirling. The Men's race featured more of the Adelaide Hills than ever before, with a Woodside start, and finishes in Stirling and Paracombe. The district showed its true colours winning ten Best Dressed Awards.



Stirling 2-12 March 2020

> Kicking off with a massive opening night full of free family entertainment, the fourth Stirling Fringe featured 60 shows across ten days.



Council supported the establishment of a new community market featuring unique handcrafted goods.

BMX. Skate and Scooter Series Woodside, Gumeracha, Stirling 3, 10, 24 November 2019

This three-part event saw Adelaide Hills children out on all kinds of wheels with workshops demonstrations, and free rides alongside food and music.



## Delivering on our plans

Our strategic plan, *Your Adelaide Hills*, was formally adopted in October 2016 with the vision of making the Adelaide Hills "a place for everyone".

Your Adelaide Hills is supported by the Long Term Financial Plan, Infrastructure and Asset Management Plan, and Corporate Plan, all of which are critical to ensuring Council's long-term sustainability. The following performance information in this Annual Report is aligned with the Strategic Plan and the 2019-20 Annual Business Plan (ABP) strategy and goals.

Goal 1
People and
business prosper

Outcome: Thriving businesses that uniquely say 'Adelaide Hills'. Healthy and happy people.

Goal 2
Activities and opportunities to connect

Goal 3
Places for people and nature

Outcome: A welcoming and inclusive community where people support, respect and celebrate each other for their differences as much as for their shared values.

Outcome: Vibrant places which contribute to increased wellbeing. Thriving ecosystems. Goal 4
Explore ideas and work with others

with our community and others to pursue new ideas and address emerging needs.

Outcome: Council working

Goal 5
Open, transparent and responsive

Outcome: We strive for accountable and strategic decision-making and pursue excellence and equity in service delivery.

## Prosper

Goal 1
People and
business prosper

#### What success looks like

Thriving businesses that uniquely say "Adelaide Hills". Healthy and happy people.

#### What we have achieved

Strategy 1.1 We will pursue World Heritage Listing for the Mount Lofty Ranges as a working agricultural landscape.

- Completed the Digital Knowledge Bank Project and associated website in December 2019.
- Conducted an Expert review which concluded we have a case for World Heritage Listing and provided a road map for additional research to be undertaken.
- Explored the opportunity to collaborate with the City of Adelaide on a joint hid

Strategy 1.2 We will work with Governments and industry to achieve Pest Free Area Status for the Adelaide Hills' primary production area.

 Consulted with the Apple and Pear Growers Association of South Australia who advised that no action was required at this stage as pest free status within the region has not yet been achieved.

Strategy 1.3 We will work towards making the Adelaide Hills the favoured tourism destination in the state.

- Worked with operators to build their digital capacity:
- 120 operators involved in training resulting from online digital assessments

- 20 operators involved in digital audits and mentoring.
- 6 bushfire recovery workshops and mentoring for operators.
- 50 digital audits of wineries, 35 one-on-one Adelaide Hills Tourism visits to wineries, experience development workshops and mentoring.
- Developed a mobile-first regional tourism website (www.visitadelaidehills.com.au) that is fully integrated with the Australian Tourism Data Warehouse, and that aligns motivational content with interactive maps.
- Engaged with more people online with more than:
- 15,100 total fans/page likes on Facebook reaching more than 1.4 million people.
   An increase of 34% in fans/page likes and 16% in reach over the previous financial year.
- 28,500 followers on Instagram reaching more than 2.1 million people. An increase of 44% in followers and 120% in reach over the previous financial year.

Strategy 1.5 We recognise that small and micro business is the backbone of our regional economy and will work with stakeholders to make it easier to do business in the Hills.

• May Business Month 2020 was cancelled due to COVID restrictions.

Strategy 1.6 We will work with other levels of government to address transport needs for business.

• Continued to advocate and promote the transport needs of the region to all levels of government.

Strategy 1.7 We will connect key walking trails and cycling routes to make it easier for people to keep active in the Hills.

- Undertook an audit of all existing and proposed walking and cycling routes throughout the region to inform future trails and cycling policy, service levels, and help us understand maintenance requirements.
- Developed an "assessment tool" that will allow staff to assess and respond to trail and cycling enquiries better.
- Completed the connection of the Amy Gillett Bikeway in Woodside.

Strategy 1.8 We will amend the Development Plan to make farming in the Hills easier.

 Made a submission to the State Government on the draft Planning and Design Code to advocate for changes which would provide value adding opportunities for primary producers in the district.

Strategy 1.9 We will work to make the district more age-friendly.

- Continued to provide a range of services and opportunities including home support, shopping access, social events, advocacy and information.
- Increased basic home maintenance Home support services in line with additional government funding.
- Improved our website presence and developed a bi-monthly digital newsletter.
- Ran classes and groups focussed on memory loss and brain health.
- Adjusted our services during the bushfires and COVID-19 disruptions to provide support, contact and information to vulnerable residents.
- Delivered wellbeing and reablement training to aged care service providers across the region through our funded sector support program.

Strategy 1.10 We will use the amended Development Plan to encourage more housing opportunities for first home buyers and those wishing to age in our community.

 Approved developments which will see increased provision of housing opportunities in the district, and commented on the State Government's proposed zoning changes as part of the roll out of the new Planning and Design Code.

Strategy 1.11 We will embrace nature play concepts in play space developments.

 Upgraded play spaces at Birdwood and Paracombe to include equipment that complements that natural environment and surroundings, as well as providing opportunities for open ended and unstructured play on elements like rocks, logs, walls and in trees.

Strategy 1.12 We will seek opportunities to increase the wellbeing and resilience of our community to withstand, recover and grow in the face of challenges.

- Facilitated more than 300 check-in calls to vulnerable clients living in the bushfire area following the Cudlee Creek Bushfire.
- Adjusted Council services to ensure accessibility and support to our community through the Cudlee Creek Bushfire and COVID-19 pandemic.
- Secured a \$50,000 grant to progress the development of community wellbeing indicators.
- Progressed the Community Wellbeing Alliance Pilot to provide a regional approach to wellbeing initiatives and opportunities.
- Commenced the incorporation of new public health data into our public health planning.
- Undertook food safety training with local businesses to ensure compliance.
- Supported the establishment of the Bushfire Recovery Centre at Fabrik
  in Lobethal, and continued to identify and progress key bushfire recovery
  initiatives in collaboration with federal and state governments.
- Established development application priority processing for bushfire-affected residents rebuilding homes and damaged structures.

- Reviewed how Council provides support to the community and emergency services during natural disasters such as bushfires. As a result, Council adopted an 'Incident Operations Manual' in October 2019. The manual was utilised for the first time to guide the response activities undertaken by Council for the Cudlee Creek Bushfire and later the COVID-19 pandemic.
- Modified our service provision six times in response to forecasts of extreme and catastrophic fire danger days to ensure the safety of our community and staff.
- Engaged 200 registered AHC volunteers in more than 13,000 hours of community support.
- Undertook a targeted approach to inspecting on-site waste water systems to ensure that they are not polluting the environment and water catchment.

Strategy 1.13 We will work with other levels of government to improve safety for road users (including pedestrians and cyclists).

- Obtained funding under the State Road Black Spot Program for Morgan Road and Paracombe Road. Morgan Road shoulder sealing and delineation improvement were completed while Paracombe Road widening and reconstruction commenced in June.
- Completed an assessment of the current road rent arrangements and, where applicable, entered into new agreements.

#### **Performance Measures**

MEASURE	TARGET	ACTUAL
Percentage of businesses in the Adelaide Hills supported	Baseline to be established from first quarter 2019-20 onwards	No data is currently available
Growth in attendees at May Business Month	12.5%	May Business Month cancelled
Percentage rating of applicants of the overall level of service received for the development application process.	85% excellent or good	80%
Adelaide Hills self- reported wellbeing	Measure to be developed (community perception survey dependent)	Measure to be developed
Positive ageing wellbeing score	Average of at least 7 across the client group	6.09*

<sup>\*</sup>COVID-19 has had a severe impact on the average level of self-determined wellbeing (on a scale of 1-10).



#### **Other Highlights**

- Supported the establishment of the Bushfire Recovery Centre at Fabrik in Lobethal and continued to identify and progress key bushfire recovery initiatives.
- Facilitated over 300 check-in calls to vulnerable clients living in the bushfire area following the Cudlee Creek Bushfire.
- Delivered wellbeing and re-ablement training to aged care service providers across the region through our funded sector support program.
- Set up an online development application payment portal.
- Secured a \$50,000 grant to progress the development of community wellbeing indicators.
- Established development application priority processing for bushfireaffected residents rebuilding homes and damaged structures.
- Undertook food safety training with local businesses to ensure compliance.
- Prepared for the 2020-21 implementation of the State's new Planning System.

Pictured: our Positive Ageing Team delivered over 400 "Sunshine Packs" to clients during COVID-19 lockdown.



## Connect

Goal 2
Activities and opportunities to connect

#### What success looks like

A welcoming and inclusive community where people support, respect and celebrate each other for their differences as much as for their shared values.

#### What we have achieved

Strategy 2.1 We recognise and respect Aboriginal culture and the descendants of our First Nations People. We will implement a Reconciliation Action Plan.

- Established the Adelaide Hills Reconciliation Working Group in partnership with Mount Barker District Council to provide support and advise as we work towards the development of an Innovate Reconciliation Action Plan.
- Offered activities celebrating Aboriginal culture, and recognising National Reconciliation Week in a way that also responded to the changing needs of the pandemic. These included online workshops, Indigenous radio programs and online art exhibitions and public art projects.

Strategy 2.2 We recognise diversity in the community is one of our greatest strengths and we will support and promote opportunities for social inclusion.

- Offered activities and workshops at libraries and community centres to encourage learning and social inclusion. These events were impacted by the COVID-19 restrictions in limiting face-to-face interactions, however, where possible, the events continued by utilising online options instead.
- Commenced the development of the Library Services Strategic Plan, which is considering how learning and community engagement can be incorporated into future planning.



- Undertook a volunteer engagement survey, which showed high levels of satisfaction from volunteers across council and has assisted in making improvements to our volunteer management systems.
- Collaborated with Mount Barker District Council to progress the volunteer connect platform, which is in place to support groups, organisations and volunteers to connect in the hills.

Strategy 2.3 We will establish a community leadership program to help unlock the potential of people in the community to improve the community.

- Provided a series of Community Leadership workshops and seminars as well as the Youth Leadership Program.
- Incorporated community leadership programs into community centre
  offerings in line with community feedback, and developed a webpage
  to support community groups in obtaining information to run a group
  effectively.

Strategy 2.4 We will implement the Adelaide Hills Business and Tourism Centre (Old Woollen Mill) Masterplan to stimulate local job creation, boost tourism and create a vibrant cultural hub.

- Presented a wide range of programs throughout the Fabrik site, welcoming more than 12,000 visitors to exhibitions, workshops, markets and events. More than 300 artists exhibited, offered work for sale or participated in business development opportunities.
- Supported bushfire-affected community by offering space to the Bushfire Recovery Centre within Fabrik and expanding activities to include Creative Recovery activities.
- Produced a Facilities Development Plan to create a vision for the physical redevelopment of the site.

Strategy 2.5 We will support opportunities for learning in our community to increase the confidence, wellbeing and health of our citizens.

- Increased our digital content of eAudio and eBook loans, film streaming downloads and language learning logins through increased donations.
- Moved children's programs and school holiday activities online to allow continued access during the COVID restrictions.
- Increased local history content online through the continued digitisation by the Mount Lofty Districts Historical Society of their collection.
- Introduced 'click and collect', and increased home services to ensure safe access to our physical collection for those with less access to technology.

Strategy 2.6 We will seek to bring events to our district that have social, cultural, environmental and economic benefits.

• Supported 104 community events to promote arts, heritage and culture including music festivals, markets, Stirling Fringe and the Santos Tour Down Under.

Strategy 2.7 We will seek opportunities to improve transport options for those who need it most.

- Worked with neighbouring councils to maintain the provision of transport assistance through the Hills Community Transport program.
- Obtained State Government funding to review our social support transport
  offerings with a view to increasing availability and achieving best practice for driver
  and vehicle accreditation.

Strategy 2.8 We will improve the engagement and participation of younger people in our district.

- Celebrated the graduation of youth leaders from the inaugural Youth Leadership Program. Young people reported a high level of satisfaction with the learning and development they gained, with some showing interest in becoming program mentors for the next group who commenced in June 2020.
- Provided a modified suite of youth opportunities via an increase in our online offerings.
- Undertook a range of youth engagement activities to help us develop future offerings.

#### **Performance Measures**

MEASURE	TARGET	ACTUAL
Percentage of staff training participants who have increased appreciation of Aboriginal heritage and culture	Baseline to be established during 2019-20	No staff training completed
Percentage of residents who view the Adelaide Hills as a welcoming and inclusive community	Measure to be developed (community perception survey dependent)	Measure to be developed
Library service visits per captia compared with the state average	30% above	No data available yet, state statistics come out in March
Library loans per capita (state average for 2017-18 was 8.41%)	Above 13% per year	No data available yet, state statistics come out in March
Overall satisfaction with library service	90% satisfied or very satisfied	95%
Community Program attendance (including Library, Community Development/Youth)	Baseline to be established	28,499
Percentage of participants who agree that Council's community development programs/events have increased their feeling of community connection	80%	88%
Attendance at programs, events, and workshops at Fabrik Arts + Heritage (target increases over first six years of establishment)	50%	80%

#### Other Highlights

- Supported multiple events to promote arts, heritage, and culture including the Fabrik Music Festival, SALA Festival, and Bay to Birdwood Classic.
- Established a Reconciliation Working Group with Mount Barker District Council to help progress the development of our Reconciliation Action Plan.
- Engaged 200 registered AHC volunteers in over 13,000 hours of community support.
- Engaged over 8,000 participants in community programs.
- Welcomed people in over 200,000 visits to our libraries.



## Place

Goal 3
Places for people and nature

#### What success looks like

Vibrant places which contribute to increased wellbeing. Thriving ecosystems.

#### What we have acheived

Strategy 3.1 We will work with our community to encourage sustainable living and commercial practices.

- Conducted workshops to explore approaches to sustainable living.
- Continued to explore water reuse for irrigation at Woodside Recreation Ground.
- Inspected almost 7500 private properties as part of the annual bushfire prevention activities.

SP3.2 We will strive for carbon neutrality as an organisation and encourage our community to do likewise.

- Adopted the Corporate Carbon Management Plan which includes the goals of Council using 100% renewable energy by 2024 and continuing to strive toward carbon neutrality.
- Installed solar PV panels on the Summit Community Centre as part of the ongoing energy efficient program.
- Replaced vehicles in Council's fleet with hybrid vehicles that were 5-star safety rated to maximise fuel efficiency.

SP3.3 We will complete the road reserves and reserve assessments Native Vegetation Marker System (NVMS), leading the nation in conservation and biodiversity management practices.

- Completed 363 baseline surveys (Bushrat surveys) out of a total of 461 NVMS sites as part of the ongoing program which aims to survey 75 sites per year.
- Monitored approximately 10 reserves through environmental consultants as part of our ongoing Reserve Monitoring Assessment Program.



• Adopted the Biodiversity Strategy to help secure improved outcomes for the community.

SP3.4 We will work with State Government to complete the Amy Gillett Bikeway.

 Completed the connection of the Amy Gillett Bike track in Woodside to provide walkers and cyclists with a safer journey. The new track runs between Onkaparinga Valley Road and Tiers Road along the old rail corridor.

SP3.5 We will take a proactive approach, and a long-term view, to infrastructure maintenance and renewal.

- Continued to develop the Enterprise Asset Management System which provides better understanding of the asset condition, and plans for future maintenance and renewal.
- Expanded the Kersbrook Cemetery to ensure certainty for the community regarding burial capacity.
- Secured grant funding of approximately \$1 million for projects such as the Heathfield Oval change room and Cricket Net Project to enable upgrades to facilities.
- Adopted a Community Land Register and new Community Land Management Plan.

 Undertook initial stages of community consultation on the Community and Recreation Facility Framework. Results are being analysed and draft service levels developed for consideration.

SP3.6 We will reduce the impact of cats on native flora and fauna.

- Prepared community education and awareness material regarding cat confinement.
- Engaged a consultant to design cat cages at the Heathfield Depot with expected completion in late 2020.
- Commenced planning for feral cat study anticipated to be undertaken in late 2020.

SP3.7 We will drive further reduction in waste consigned to landfill.

- Procured a polystyrene recycling machine for Heathfield Resource Recovery Centre to fill the gap identified via a reassessment of soft plastic recycling services.
- · Completed four kerbside bin audits.
- Undertook public place recycling trials to explore additional recycling opportunities. Results considered alongside information from industry partners have led to no further action at this time.
- Opened the free Household Chemical and Paint Drop-off Facility at the Heathfield Resource Recovery Centre.

SP3.9 We will encourage community-led place making approaches to enhance townships and public spaces.

- Finalised the detailed design for the streetscape upgrade in close consultation
  with the Gumeracha Main Street Group. Undergrounding of power lines design
  was finalised and SAPN engaged local contractor Schwarz Excavations for major
  works. Due to COVID-19 restrictions, construction commenced in June.
- Completed the Stirling Village Mainstreet Design Guidelines.



#### **Performance Measures**

MEASURE	TARGET	ACTUAL
Energy usage: decrease Council's kilowatt hour use and increase solar PV generation	Kilowatt hour use - 5% below the 2010 baseline	39.5%
Diversion rate of recyclable material away from landfill	>48%	51%
Percentage delivery of Arboriculture (Tree) Zone Maintenance Program	90%	64% Southern Program* 67.9% Northern Program*
Availability of Council-owned sports grounds (condition assessment)	95%	100%
Percentage delivery of civil capital works program	90%	77%
Percentage operational tasks completed within the Civil Zone Maintenance Program	80%	52.5%

<sup>\*</sup>Delivery impacted by Cudlee Creek Bushfire and COVID-19 restrictions.

#### Other Highlights

- Adopted a Corporate Carbon Management Plan and Biodiversity Strategy to help secure improved outcomes for our community.
- Adopted a Community Land Register and new Community Land Management Plan.
   Completed the connection of the Amy Gillett Bikeway in Woodside.
- Inspected almost 7,500 private properties as part of the annual bushfire prevention activities.
- Completed the Stirling Village Mainstreet Design Guidelines.
- Rolled out an updated Geographical Information System (GIS) platform for field and planning staff to access more real time Council data.
- Undertook a targeted approach to inspecting on-site waste water systems to ensure that they are not polluting the environment and water catchment.

# Explore

Goal 4
Explore ideas and work with others

#### What success looks like

Council working with our community and others to pursue new ideas and address emerging needs.

#### What we have achieved

Strategy 4.1 We will embrace contemporary methods of engagement so it's easy for everyone to have their say.

- Increased our social media audience by 93%, which included the addition of several Facebook and Instagram platforms, and YouTube for Council and Libraries.
- Increased subscribers to e-communications by 83%, bringing the total increase in our digital community to 87%.
- Updated the Public Consultation Policy and planning commenced to produce a Community Engagement Framework.
- Utilised video throughout the year as an effective and integral part of Council communications.

Strategy 4.2 We will explore the opportunities that emerging technologies present to people living, working, visiting or doing business in our district.

Progressed with procurement of 'Internet of Things' gateways and undertook location assessments in key areas of the district to maximise network coverage.

Prepared for the 2020-21 implementation of the state's new Planning System.

Rolled out an updated Geographical Information System (GIS) platform for field and planning staff to access more real-time Council data.



Strategy 4.3 We will offer greater access to services and realise business efficiencies through online services.

- Continued integration of the Customer Relationship Management
   System with our Enterprise Asset Management System to improve how we are interacting with customers.
- Improved the task management and responses to customers through the progressive roll-out of devices to field teams.
- Developed an end-to-end electronic development assessment process incorporating the online payment portal. This provides the ability to lodge development applications, pay associated application fees and search through applications quickly and easily.
- Provided Food Safety Training program using an online platform through Council's website, enabling owners of food businesses to learn about best practice food handling and preparation.

Strategy 4.4 We will foster creativity in the community and embrace it as an organisation.

 Offered a wide range of Arts activities including online and COVID-safe alternatives to support creative recovery in relation to the Cudlee Creek bushfires at Fabrik, Community Centres and Libraries.

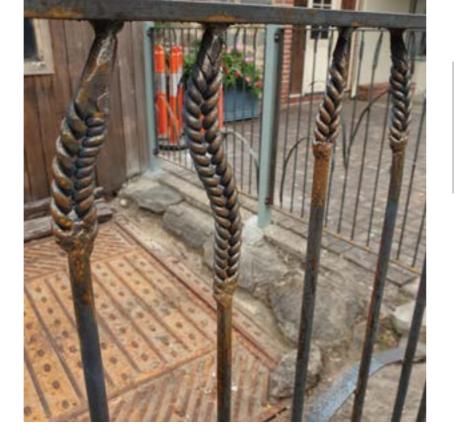
- Adopted an Arts and Heritage Collection Policy.
- Completed the Birdwood Weighbridge project, which included the creation of a handcrafted art barrier.
- Undertook a significant public art project in Gumeracha recognising the Aboriginal heritage of our area.
- Delivered Raining Poetry in the Hills in partnership with Adelaide University.

Strategy 4.5 We will work with neighbouring councils and stakeholders to ensure Council boundaries best serve our communities.

- Completed a Council Boundary Change Proposal Survey of residents and ratepayers in Rostrevor (AHC) and Woodforde.
- Engaged a consultant to undertake a high-level review of Council's boundaries to identify boundary reform options. The final report is anticipated to be presented in late 2020.
- Developed a draft Strategic Boundary Review Report which was workshopped with Council
  and discussed with neighbouring councils to review the suggested outcomes. The final
  report is anticipated to be presented in late 2020.

#### **Performance Measures**

MEASURE	TARGET	ACTUAL
Percentage satisfaction with Council's consultation and engagement efforts	Measure to be developed (community perception survey dependent)	Dependent on the community perception survey, which has been deferred to 2020-21
Percentage growth in Council's social media community	20%	93%



#### **Other Highlights**

- Supported large events including the Santos Tour Down Under,
   Lights of Lobethal Festival and Stirling Fringe.
- Opened the free Household Chemical and Paint Drop off Facility at the Heathfield Resource Recovery Centre.
- Grew our social media audience by over 32%
- Completed a Council Boundary Change Proposal Survey of residents and ratepayers in Rostrevor (AHC) and Woodforde.
- Improved our management of field maintenance programs through the roll out of infield devices.

## Organisational Sustainability

Goal 5
Open, transparent and responsive

#### What success looks like

We strive for accountable and strategic decision-making and pursue excellence and equity in service delivery.

#### What we have achieved

#### Leadership

Provided training to further develop People Leaders' Work Health and Safety knowledge.

#### People

- Implemented a work from home strategy that allowed 140 staff to continue working, while
  creating a safe environment for those remaining on site, including field teams, in response
  to COVID-19 restrictions. This incorporated the development and implementation of a
  working from home e-learning resource.
- Reviewed Performance Management process incorporating internal and external feedback.
   Results and improvements are being considered for implementation in 2020-21 financial year.

#### Strategy and Policy

- Adopted our Strategic Plan 2020-24: A brighter future and Long Term Financial Plan (2020-2030) to shape our future direction.
- Developed and implemented an Incident Operations Manual, which drove Council's
  response to the Cudlee Creek Bushfire and supported our COVID-19 response. This manual
  has been used as a leading example by other councils and states.
- Implemented a Procurement Framework and associated procedures which was delivered to staff through group and targeted training sessions.
- Developed a draft Project Management Framework in readiness for consultation and progression in the 2020-21 financial year.



#### Partnerships and Resources

- Utilised electronic solutions such as Skytrust for storing and managing Work Health and Safety procedures and documents, and providing better access across the organisation.
- Migrated data from retired systems into the Organisational Information Management System, known internally as Records Hub, in a phased approach, with further work continuing in the 2020-21 financial year.
- Obtained a new Legislative Delegations Management System to improve record keeping and user experience in the delegation management process.

#### Processes, systems and customer service

- Improved our internal systems for better integration of customer requests and actions.
- Implemented customer experience surveys at first point of contact and after enquiry. resolution to assess customer sentiment and level of satisfaction. Survey response has been positive with an average response rate of 15%.

#### Results

 Developed and implemented quarterly performance reporting aligned with Strategic and Annual Business Plans to ensure improved transparency and accountability to the community.

#### **Performance Measures**

MEASURE	TARGET	ACTUAL
Employee turnover	7-15%	8.29%
Number of Lost Time Injuries	0	2
Operating Surplus Ratio	0-10%	-5.5%
Net Financial Liabilities Ratio	0-100%	43%
Asset Renewal Funding Ratio	90-110%	106%
Technology: serviceability rating (performance against response service standards)	90%	85.7%
Overall Customer Satisfaction	75%	74%
Overall Net Ease Score	50	No data - every two years
Percentage of decisions considered in open session by Council	95%	97.4%
Percentage of attendance of Council Members at Ordinary Meetings	95%	91%

#### Other Highlights

- Developed and implemented an Incident Operations Manual, which drove Council's response to the Cudlee Creek Bushfire and supported our COVID-19 response. This manual has been used as a leading example by other councils and states.
- Improved our internal systems for better integration of customer requests and actions.
- Implemented a work from home strategy that allowed 140 staff to continue working, whilst creating a safe environment for those remaining on site, including field teams, in response to COVID-19 restrictions.
- Adopted our Strategic Plan 2020-24: A brighter future and Long Term Financial Plan to shape our future direction.

### Our Focus in 2020-21

In addition to continuing our day to day services and programs, we are implementing strategic initiatives to further develop and support our region to recover and grow. Some highlights are included under each of the following long-term goals.

## A functional Built Environment

We aim for all decisions regarding the built environment to recognise our unique character and natural environment, to maintain and enhance liveability for our community. This includes:

- Continuing to implement our Corporate Carbon Management Plan
- Implementing the state's new Planning Code
- Implementing a new Cemetery Management System
- Delivering our road safety program, including addressing known problem areas via the Australian Government Black Spot funding program, and
- Preparing revised Asset Management Plans.



We want to build an inclusive and prosperous community with the capacity to flourish and fulfil their potential through opportunities to engage, connect, participate and enhance wellbeing. This includes:

- Implementing the Bushfire Recovery Action Plan
- Providing support for community events related to both the Cudlee Creek Bushfire and COVID-19 recovery efforts
- Implementation of the Multicultural Action Plan
- Development of a Disability Access and Inclusion Plan, and
- Progressing the Community and Recreation Facilities Framework.



Our goal is for our region's economy to be diverse and sustainable with a reputation for quality, niche products, services and experiences underpinned by a culture of creativity and innovation. This includes:

- Funding and supporting preparation for tourism restart across the region
- Financial support to assist the business and community to recover from bushfires and/or COVID-19
- Updating the Economic Development Plan, and
- Progressing our World Heritage Bid.

### A valued Natural Environment

Our plan is to continue to shape and support our natural environment which contributes significantly to the character of the region and is greatly valued by our local community and visitors. This includes:

- Developing a masterplan for Lobethal Bushland Park
- Continuing the review of our Roadside Marker Program
- Conducting a Feral Cat Study and implementation of an action plan
- Continuing our focus on property inspections and education as part of bushfire prevention strategies, and
- Further enhancing our emergency management response.

### A progressive Organisation

We want Council to be recognised for its skilled and agile workforce, for its representative and accountable governance, its commitment to cost effectiveness and efficient service delivery. This includes:

- Undertaking a cyber security audit to assess whether the necessary systems and strategies are in place to mitigate the threat of cyber attacks
- Broadcasting Council meetings and exploring additional opportunities for community access
- Undertaking a review of the Corporate Plan, and
- Changing our services and the way we do things to accommodate COVID-19 impacts.

### Our Governance

Governance refers to the rules, practices and processes by which Council is directed and controlled. Adelaide Hills Council continuously strives for best practice in Governance by being:

- Accountable, transparent and responsive
- Effective and efficient
- Participatory, equitable and responsible, and
- By meeting legislative obligations.

The following information reports on our governance activity during 2019-20.

Good Governance is accountable, transparent and responsive

#### **Council Meetings**

Council is the ultimate decision-making body of the organisation; it consists of the Mayor and 12 Council Members. Council meetings were held on the fourth Tuesday of every month. All Council and Council Committee meetings are open to the public unless specific provisions in the Local Government Act 1999 are satisfied to require the closing of the meeting under a confidentiality order.

Council meetings held in 2019-20:

- 12 ordinary meetings
- Three special meetings

Council Committee meetings held in 2019-20:

- Four Special SPDPC meetings
- Five Audit Committee meetings
- Six Council Assessment Panel meetings
- Five CEO Performance Review Panel meetings

The attendance of the Mayor and Councillors at 2019-20 Council and Committee meetings is detailed in the table, pictured right.

Council Meeting Type		nary		cial incil		cial OPC		dit nittee	САР		CEO PRP	
Takal Maraka and an Halid	1	2	3		4		5		6		5	
Total Meetings Held	Р	А	Р	А	Р	А	Р	А	Р	А	Р	А
Mayor Jan-Claire Wisdom	10	2	3	0	1	3	-	1	1	-	4	1
Cr Nathan Daniell	12	0	3	0	4	0	-	-	-	-	3	2
Cr Ian Bailey	11	1	3	0	4	0	-	-	-	-	-	-
Cr Kirrilee Boyd	8	4	3	0	2	2	-	-	-	-	-	-
Cr Pauline Gill	12	0	3	0	4	0	-	-	-	-	-	-
Cr Chris Grant	11	1	3	0	3	0	-	-	-	-	-	-
Cr Linda Green	12	0	3	0	4	0	-	-	5	0	-	-
Cr Malcolm Herrmann	11	1	3	0	4	0	5	0	-	-	-	-
Cr John Kemp	9	3	3	0	4	0	-	-	1	0	-	-
Cr Leith Mudge	12	0	3	0	4	0	5	0	-	-	-	-
Cr Mark Osterstock	11	1	3	0	3	1	-	-	-	-	4	1
Cr Kirsty Parkin	12	0	3	0	2	2	-	-	-	-	4	1
Cr Andrew Stratford	11	1	3	0	3	1	-	-	-	-	-	-

P = Present (number of meetings attended)
A = Apology (number of meetings not attended)
CAP = Council Assessment Panel
SPDPC = Strategic Planning & Development Policy Committee
CEO PRP = CEO Performance Review Panel

#### Good Governance is effective and efficient

#### **Council Member training and development**

Council is committed to providing training and development activities for Council Members and recognises the responsibility to develop and adopt a policy for this purpose under Section 80A of the Local Government Act 1999.

Professional development training sessions have been held periodically for Council Members. Professional development sessions conducted in-house are Closed Informal Gatherings for the purposes of the Informal Gatherings and Discussions Policy. The dates and venues for these sessions are publicly documented in agendas for Ordinary Council meetings. Some Council Members also attended sessions held by the LGA. Training topics available included:

- Duties of Public Officers for the Public Interest Disclosures Act 2018
- Fabrik Overview and Tour
- Public Interest Disclosure Act 2018
- Asset Management, and
- Local Government Risk Services Due Diligence Training.

Good Governance is participatory, equitable and responsible

#### **Allowance paid to Council Members**

Council Members are entitled to receive an annual allowance, as determined by the Remuneration Tribunal pursuant to Section 76 of the Local Government Act 1999 (the Act) for performing and discharging their official functions and duties.

Pursuant to the Remuneration Tribunal's determination, the following amounts were prescribed for Council Members for 2019-20.

Period	01/07/2019 - 08/11/2020	09/11/2020 - 30/06/2020		
Mayor/Principal Member	\$69,080	\$71,768		
Deputy Mayor/Presiding Member of a Prescibed Committee*	\$21,587	\$22,390		
Other Council Members	\$17,270	\$17,912		

<sup>\*</sup>Council's Prescribed Committees are the Strategic Planning and Development Policy Committee, Audit Committee, and the CEO Performance Review Panel.

In addition to the allowance paid under section 76 of the Local Government Act 1999, Council Members were entitled to receive the following under the Council Member Allowances and Benefit Policy.

- Reimbursement for travelling within/outside the area of Council and child/ dependent care expenses associated with attendance at a Prescribed Meeting or undertaking a function or activity on the business of Council.
- Provision of an annual Travel Time Payment for Members residing greater than 30km from the Principal Office.
- Reimbursement of other expenses including:
- Phone costs (call charges only), and
- Conference, seminar and training course fees and associated travel expenses.
- Provision of the following to assist Members in performing their official functions:
- An iPad (or similar tablet computer), associated software and 4G connection for document management (including Council Agenda and Minutes), communication and research (both Council workspace and internet)
- A Council email address
- Provide reimbursement for mobile phone costs
- Reams of paper for printing
- Stationery (such as pads, pens, diaries, etc.), and
- Meals and beverages provided in association with attendance at prescribed meetings.

In addition to these, Council resolved to make available to the Mayor (or Deputy Mayor during the Mayor's absence) the following additional facilities and support to assist them in performing and discharging their official functions and duties:

- Laptop computer with appropriate software
- Supply and maintenance of a motor vehicle
- Mayoral Office accessible 24/7 providing desk and meeting facilities
- Provision of media and communications support, and
- Access to administrative officer services.

The Chief Executive Officer maintains a Register of Allowances and Benefits provided to Council Members which is available to the public online or in our service centres.

#### **Local Government Act 1999 Section 41 Committees**

The Adelaide Hills Council has three Section 41 (Council) Committees which operate under Terms of Reference determined by Council.

- 1. The Strategic Planning and Development Policy Committee.
- 2. The Audit Committee.
- 3. The CEO Performance Review Panel.

#### Audit Committee

The Audit Committee was established by Council in 2005 in accordance with Section 126 of the Local Government Act 1999 (the Act).

The Audit Committee's role is to assist Council in the discharge of its responsibilities for financial reporting, maintain a reliable system of internal controls, risk management and asset management, liaise with the external auditor, and foster the Organisation's ethical development.

There are five members of the Audit Committee, three independent members and two Council Members. Membership at 30 June 2020 was:

- Cr Malcolm Herrmann (Presiding Member)
- Cr Leith Mudge
- Peter Brass (Independent member)
- Paula Davies (Independent member)
- David Moffatt (Independent member)

Five ordinary meetings were held during 2019-20. The Presiding Member receives an allowance equivalent to that received by Presiding Members of Prescribed Committees in accordance with the Remuneration Tribunal's determination. Sitting fees were paid to independent members of the Audit Committee at \$400 per meeting.

#### Strategic Planning and Development Policy Committee

The Strategic Planning and Development Policy Committee (SPDPC), formed pursuant to Section 101A of the Development Act 1993, includes all Council Members.

The legislated role of the SPDPC is to develop land-use planning policies and initiate projects for the orderly and sustainable development of the district.

No ordinary meetings of the SPDPC were held in 2019-20, but four special meetings were. There are no sitting fees payable to members of the Strategic Planning and Development Policy Committee.

#### Chief Executive Officer Performance Review Panel

The Chief Executive Officer Performance Review Panel (CEOPRP) was established to provide advice to Council on matters related to the Chief Executive Officer (CEO) and their performance.

In 2019-20 an internal process was undertaken to review the CEO's performance against the position description requirements and the agreed set of key performance indicators for the year. External advice was also received on the remuneration package payable.

Membership of the CEOPRP at 30 June 2020:

- Cr Mark Osterstock (Presiding Member)
- Mayor Jan-Claire Wisdom
- Cr Nathan Daniell
- Cr Kirsty Parkin
- Ms Paula Davies (Independent Member)

Five ordinary meetings were held in 2019-20. The Presiding Member receives an allowance equivalent to that received by Presiding Members of Prescribed Committees in accordance with the Remuneration Tribunal's determination.

Sitting fees were paid to the Independent Member of the CEOPRP at \$400 per meeting.

#### Council's Assessment Panel (CAP)

As a result of the State Government's rollout of the Planning Reform for South Australia, Adelaide Hills Council established a Council Assessment Panel (CAP) as required by Sections 82 and 83 of the Planning, Development and Infrastructure Act 2016 (PDI Act). This CAP replaced the former Council Development Assessment Panel and membership comprises one Council Member, four Independent Members (which includes an Independent Presiding Member) and a Specialist Independent Member.

Members at 30 June 2020 were:

- Geoff Parsons (Independent Presiding Member)
- Ross Bateup (Independent Member)
- David Brown (Independent Member)
- Piers Brissenden (Independent Member)
- Karla Billington (Specialist Independent Member)
- Cr John Kemp

The Panel considers certain development applications (i.e. requests from people wishing to construct buildings or undertake other developments in the area) which cannot be decided upon by staff under delegation. It also hears submissions lodged in relation to publicly notified development applications. CAP meetings are generally held in Stirling on the second Wednesday of each month from 6:30pm. In 2019-20, six meetings of the Panel were held.

Sitting fees paid to independent members of the CAP were:

- Independent Presiding Member: \$500 per meeting
- Independent Ordinary Member: \$380 per meeting.
- Council Member: \$190 per meeting

#### **Council's Advisory Groups**

Advisory Groups, operating under their own terms of reference, provide advice and support to Council's Administration.

Adelaide Hills Council's Advisory Groups are:

- Biodiversity
- Bushfire
- Cemetery Advisory Group
- Property Advisory Group
- Rural Land Management
- Stirling Linear Park
- Sustainability
- Community and Recreation Facility Framework Internal Working Group
- AHR Reconciliation Working Group

These Groups do not report directly to Council.

#### **Building Fire Safety Committee**

Council's Building Fire Safety Committee is comprised of the following members:

- Peter Harmer (Building Surveyor)
- Julian Aggiss, (CFS Representative)
- Jeff Grinnell, Council staff
- Deryn Atkinson, Council staff
- Darren Chapman (Deputy CFS Representative)

The Committee held five (5) meetings during the year to review the adequacy of fire safety for large buildings in the district.

The Committee conducted 11 inspections and considered 18 buildings during the year, working with building owners to improve their buildings in relation to fire exits, emergency lighting, fire-fighting equipment, water supply, hydrant coverage, access for fire services, and bushfire survival plans. Three Notices of Fire Safety Required Works were issued.

#### **Informal Gatherings**

Informal Gatherings (workshops, briefings, and professional development sessions) are held with Council Members twice a month and provide a valuable opportunity to enhance the decision-making process. Council and Committee Members use the gatherings to become better informed on issues, seek further clarification, or explore a topic further in an informal environment. Informal Gatherings are not used to make decisions; all decision-making is conducted at Council and Section 41 Committee Meetings.

A 'designated' Informal Gathering is one that involves the discussion of a matter that is, or is intended to be, part of a formal agenda of a Council or Council Committee Meeting. These gatherings are open to the public and are advertised on Council's website.

#### Informal Gatherings held in 2019-20

CDIG = Closed Designated Informal Gathering
ODIG = Open Designated Informal Gathering
CIG = Closed Information Gathering
OIG = Open Information Gathering
CF = Community Forum

Date	Торіс	Туре
	Department for Infrastructure and Transport (DPTI) Planning Reforms Overview and Update	ODIG
	Customer Relationship Manager (CRM) Integration	ODIG
09/07/2019	CEO Update and LED Street Lighting	CDIG
	CEO Briefing on CEO Performance including Targets for July 2019 - June 2020	ODIG
	Duties of Public Officers for the Public Interest Disclosures Act 2018	CDIG
16/07/2010	Festivals and Events Policy	ODIG
16/07/2019	Unreasonable Complaints	ODIG
	CEO Update	CDIG
13/08/2019	Community Energy Program	ODIG
	Heathfield Oval Masterplan	ODIG
	Overview of the Planning Reforms	ODIG
	CEO Update	CDIG
	Fabrik Overview and Tour	CDIG
20/08/2019	Old Stirling School	CDIG
	Asset Management	ODIG
	Fabrik Development Proposal	CDIG
	CEO Update	CDIG

Date	Торіс	Туре
03/09/2019	Community Forum - Boundary Reform Process	ODIG
	Catch-up Training Session - Public Interest Disclosure Act 2018	
	Public Forum	OIG
	AHC submission to Bird in Hand mining lease application	ODIG
10/09/2019	Stirling Urban Design and Development Guidelines	ODIG
	Information session on EPA Minor Review of the Local Nuisance & Litter Control Act	ODIG
	Circular Procurement Pilot Project	ODIG
	CEO Update	CDIG
	Reforming Local Government submission	ODIG
17/09/2019	Strategic Plan – Status Update	
	Boundary Reform	
	Asset Management	ODIG
	CEO Update	CDIG
	Crafers Urban Design Framework and Key Site Feasibility Analysis	ODIG
02/40/2040	CEO Update	CDIG
02/10/2019	The Hut - Presentation	ODIG
	Stirling Library Lawn Rotunda Replacement	ODIG
	Council Borrowings to assist capital renewal escalation	ODIG
00/40/2040	Public Forum	OIG
08/10/2019	Wine Capital Cycle Trail Project	ODIG
	Draft Local Heritage Grant Fund	ODIG

Date	Торіс	Туре
08/10/2019	Stage 2 Local Heritage Development Planning A	CDIG
	CEO Update	CDIG
	Asset Management	ODIG
	Trails Strategy Review - Update	ODIG
15/10/2019	Local Government Risk Services Due Diligence Training	CDIG
	CEO Update	CDIG
	Strategic Plan - Priorities Development	CDIG
12/11/2019	Strategic Asset Management Update	CDIG
	CEO Update	CDIG
19/11/2019	Code of Practice for Meeting Procedures Review	ODIG
	Crafers Main Street Urban Design Framework and Key Site Feasibility Analysis	ODIG
	Planning and Design Code - Briefing (1/3)	ODIG
	CEO Update	CDIG
	Youth Action Plan	ODIG
10/12/2019	Planning and Design Code Briefing (2/3)	ODIG
	CEO Update	CDIG
14/01/2020	Cudlee Creek Bushfire - briefing on AHC response efforts	CDIG
	Red Cross Disaster Recovery Training	CIG
	Cudlee Creek Bushfire - community recovery efforts	CDIG
11/02/2020	Planning and Design Code - Briefing (3/3)	ODIG
	Strategic Plan Consultation Feedback and Budget Development Options	ODIG

Date	Торіс	Туре		
11/02/2020	CEO Update			
18/02/2020	Emergency Resilience Partnership Program	OIG		
	CEO Update	CDIG		
	Art and Heritage Collection Report	ODIG		
	Community Perception Survey	ODIG		
10/03/2020	Stirling Cemetery	ODIG		
	SA 2019/2020 Bushfire Review	ODIG		
	CEO Update	CDIG		
	Strategic Boundary Review - draft proposals	ODIG		
	Cudlee Creek Bushfire(CCBF) Community Recovery Update			
17/03/2020	COVID-19 Update			
	CEO Update	CDIG		
	AHRWMA 2020/2021 Annual Plan and Budget	ODIG		
21/04/2020	East Waste 2020/2021 Annual Plan and Budget	ODIG		
	CEO Update	CDIG		
42/05/2020	Annual Business Plan Development	CDIG		
12/05/2020	CEO Update	CDIG		
	Acknowledgement of Country	ODIG		
19/05/2020	COVID-19 Economic and Community Recovery	CDIG		
	CEO Update	CDIG		
09/06/2020	Local Roads and Community Infrastructure Program	CDIG		

Date	Торіс		
09/06/2020	Discuss proposed 2020-2021 CEO Performance Targets	CDIG	
	Crafers Village Mainstreet Design Guidelines	CDIG	
	CEO Update	CDIG	
16/06/2020	AHRWMA Charter Review	ODIG	
	Financial support to assist business and community recover from bushfires and COVID-19	CDIG	
	ABP Feedback (received to date)	CDIG	
	Corporate Performance Indicators	CDIG	
	CEO Update	CDIG	

Ordinary Council Meeting agendas publicly document the dates and venues of regular workshops and professional development sessions. The professional development sessions are reported under Council Member Training and Development and are run as Closed Informal Gatherings.

#### **Agendas and Minutes**

All Council, Committee and CAP meeting agendas are placed on public display at least three days prior to the holding of these meetings.

Minutes are placed on display within five days of meetings. Copies of agendas and minutes are available at Council's service centres and libraries, and can be downloaded from Council's website.

#### Section 90(2) and 91(7) Requirements - confidentiality orders

During 2019-20, 24 items were considered in closed session in accordance with Section 90(2) of the Local Government Act 1999. Of these, 13 items were released in full and 11 remained in confidence, in accordance with Section 91(7) of the Act. Details below and overleaf.

Date	Council/Committee	Item No.	Title	LGA 1999 Section	New confidentiality recommendation/ Date released	Status as at 30 June 2020
23/06/2020	Council	18.1.1	Event Opportunity	90(3)(j)		Retained in confidence
28/01/2020	Council	19.1.1	Open Office Pty Ltd Contract Navation Deed	90(3)(d)		Retained in confidence
07/05/2019	Special Council	19.1	Unsolicited Approach to Purchase Community Land	90(3)(d)		Retained in confidence
01/08/2018	Special Council	7.2.1	Retirement Village Review	90(3)(b)		Retained in confidence
19/06/2018	Special Council	6.1.1	Community Wastewater Management Systems (CWMS) Expression of Interest Outcomes	90(3)(b)	Partially released 5 July 2018	Partially released; partially retained in confidence
27/02/2018	Council	19.2	Adelaide Hills Swimming Centre Shade Sail	90(3)(i)		Retained in confidence
26/09/2017	Council	19.2	Community Wastewaater Management Systems Review	90(3)(b)	Partially released 13 February 2017	Partially released; partially retained in confidence
22/08/2017	Council	19.1	Adelaide Hills Region Waste Management Authority Tender Landfill Compactor	90(3)(d)		Retained in confidence
28/02/2017	Council	19.1	Community Wastewater Management Systems Review	90(2)(b)		Retained in confidence
25/10/2016	Council	19.1	CWMS Expression of Interest	90(3)(d)		Retained in confidence
22/04/2014	Council	18.2.1	AHRWMA	90(3)(b,d,i)		Retained in confidence
22/09/2020	Council	18.1.1	2020 CEO Performance and Remuneration Reviews	90(3)(a)	Released 16 October 2020	Released

Date	Council/Committee	Item No.	Title	LGA 1999 Section	New confidentiality recommendation/ Date released	Status as at 30 June 2020
03/09/2020	CEO Performance Review Panel	10.1.2	CEO Performance Review and Remuneration Review - Confidential	90(3)(a)	Released 16 October 2020	Released
28/07/2020	Council	18.2	Appointment of Independent Member to Council Assessment Panel	90(3)(a)	Released 7 September 2020	Released
30/06/2020	Special Council	8.1.1	Sealed Roads Renewal Contract	90(3)(k)	Released 7 September 2020	Released
04/06/2020	CEO Performance Review Panel	10.1.1	Advice on preferred Consultant to undertake CEO Performance and Remuneration Review	90(3)(d)	Released 4 June 2020	Released
17/12/2019	Council	19.2.3	Appointment of East Wast Chair	90(3)(a)	Released 19 February 2020	Released
17/12/2019	Council	331/19	Citizen of the Year Award 2020	90(3)(a)	Released 19 February 2020	Released
26/11/2019	Council	302/19	Appointment of Audit Committee Independent Members	90(3)	Released 19 February 2020	Released
22/10/2019	Council	19.1	19.1.2 Electricity Procurement Contract Post 31 December 2019 for below 160 MWh sites	90(3)(d)	Released 10 January 2020	Released
27/08/2019	Council	19.2	Roundabout Landscaping Upgrade	90(3)(d)	Released 22 October 2019	Released
27/08/2019	Council	19.1	CEO Performance and Remuneration Review	90(3)(a)	Released 16 September 2019	Released
08/08/2019	CEO Performance Review Panel	10.2	2019 CEO Remuneration Review	90(3)(a)	Released 16 September 2019	Released
08/08/2019	CEO Performance Review Panel	10.1	2018-2019 CEO Performance Review	90(3)(a)	Released 16 September 2019	Released

#### **Council's Representation Quota**

The Adelaide Hills Council's total representation quota (the number of electors for each Council Member including Mayor) in 2019-20 is 1 for every 2294 electors. The total number of electors is 29.807.

The Adelaide Hills Council's representation quota is comparable with councils of similar populations (albeit different numbers of Council Members).

- City of Holdfast Bay (electors 27,899) = 1:2,2146
- City of Norwood Payneham and St Peters (electors 25,344) = 1:1810
- Burnside (electors 31,624) = 1:2432
- City of Unley (electors 27,247) = 1:2095.

Information provided by the Electoral Commission of SA, current as at February 2020

The next representation review is scheduled to commence April 2024, at which time electors will be advised of the process to make submissions on representation under the Local Government Act 1999.

#### **Public involvement in Council business**

Members of the public may put forward their views to Council in a number of ways.

#### **Public Forum**

A 10-minute segment at each Council and SPDPC meeting is allocated to enable members of the public to address the Members with comments or questions.

#### **Deputations**

With the permission of the Mayor or Committee Presiding Member, a member of the public can address a Committee or the Council personally or on behalf of a group of residents as a deputation. Each deputation is usually limited to a maximum of 10 minutes. People wishing to access this opportunity should make prior arrangements through the Mayor's Office on (08) 8408 0438.

#### Petitions

Written petitions can be addressed to Council on any issue within the Council's jurisdiction and these are presented at the next meeting of Council following receipt. Petitions must be in the format set out in legislation; Council's Petitions Policy provides guidelines on these requirements as well as on submission.

#### Written Requests

A member of the public can write to the Council about any Council service, activity or policy via post or email.

Chief Executive Officer
Adelaide Hills Council
PO Box 44, Woodside, SA 5244
mail@ahc.sa.gov.au

#### **Community Engagement**

The Adelaide Hills Council engages with local residents about many issues that may affect their neighbourhoods. Formal consultations are guided by Council's Public Consultation Policy which was renewed and adopted on 10 February 2020. Anyone can have their say using the Your Say website at engage.ahc.sa.gov.au, by emailing engage@ahc.sa.gov.au, post, calling 8400 0400 or attending online or face-to-face drop in sessions. Over the last financial year there were 11,600 visits to the Your Say website and 41 community engagement projects for contributions.

#### **Community Forums**

Local community members and groups are invited to attend Community Forums across the district and to address Council on new initiatives or topics of concern. Holding the forums in different townships in the Council area is an important method of providing residents with opportunities to speak in person with Council Members and senior staff.

Three Community Forums were held in 2019-20 (separate from Ordinary Council Meetings):

- 3 September 2019 at Rostrevor
- 29 October 2019 in Norton Summit
- 30 July 2019 in Gumeracha

Forums scheduled for early 2020 were cancelled due to COVID-19 and will be re-scheduled for 2021.

#### **Internal review of Council decisions**

At the beginning of 2019-20 Council had four applications in progress for internal review of a Council decision. These were in relation to road closures, roadside rubbish collection, removal of a street tree, and relocation of stormwater pipes. The review regarding road closures was paused pending the outcome of a Freedom of Information application and has been carried forward to the 2020-21 financial year. The review regarding roadside rubbish collection was completed during the year. The decision was not upheld and several recommendations were identified and agreed to through the review process. The request for tree removal review was completed during the year and the decision was upheld. The review regarding the relocation of stormwater pipes was carried forward to the 2020-21 year.

Council received three applications during the year. Applications regarding the contents of an officer's report to the Council Assessment Panel and the issuing of a permit for a community event were refused as they were deemed frivolous and/or vexatious. A request for review of a decision that a certain activity did not require development approval was withdrawn by the applicant and was not proceeded with following requests by Council for further information.

At the conclusion of the financial year, two applications remained in progress relating to road closures and the relocation of stormwater pipes.

Internal Review of Council Decisions	Number
Outstanding from previous period	4
New applications	3
Reviews completed	2
Refused	2
Withdrawn	1
In progress	2

#### Freedom of Information requests

Seventeen requests for information were made under the Freedom of Information Act 1991 in 2019-20; a decrease from 21 received in the previous year.

Freedom of Information (FOI) applications can be submitted using an FOI Application form, available from the State Records website, Council's website, or any of Council's Service Centres. An application fee (in accordance with Council's Fees and Charges Policy) must accompany the application.

The State Records website provides detailed information on the FOI process or you can contact Council's FOI Officer. Requests should be forwarded to:

Freedom of Information Officer Adelaide Hills Council PO Box 44 WOODSIDE SA 5244

The Freedom of Information Statement is reviewed and published annually on our website in accordance with the requirements of the Freedom of Information Act 1991.

FOI Requests	Number
Outstanding from previous period	2
New applications	17
Total to be processed	19
Transferred in full	0
Determined - Full release	11
Determined - Partial release	6
Determined - Refused	0
Outstanding at the end of the period	2
External review pending	2
·	

#### **Amendment to Council Records**

Any member of the public may inspect Council documents relating to their personal affairs with a request under Part 4 Division 2 of the Freedom of Information Act 1991. Access to the records is possible through the completion of a Freedom of Information Request Form.

A member of the public may then request a correction to any information about themselves that is incomplete, incorrect, misleading or out-of-date. Amendments to Council records must be requested using a Freedom of Information Amendment of Records Form.

#### Fraud and corruption prevention

Council recognises that fraud and corruption have the potential to cause significant financial and non-financial harm, and that the prevention and control of fraud and corruption should feature predominantly within the systems and procedures of a responsible council.

Council is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency; the key components of good governance. A Fraud and Corruption Prevention Policy has been adopted by Council to provide guidance in managing these risks.

Council adopted a Public Interest Disclosure Policy to facilitate the disclosure of public interest information and provide guidance on the management and investigation of disclosures. This Policy and associated procedures have been developed in accordance with the Public Interest Disclosures Act 2018 which replaced the Whistleblowers Protection Act 1993 from 1 July 2019.

#### **Delegations and sub-delegations**

The Chief Executive Officer and other officers have the delegated authority from Council (in accordance with Section 44 and 101 of the Local Government Act 1999) to make decisions on a number of specified administrative and operational matters.

The Register of Delegations reflects the delegated authority from Council to the Chief Executive Officer (and subsequently any sub-delegations) and this is visible on Council's website. Delegations are reviewed in accordance with the legislative requirements being within 12 months of a general election.

#### Good Governance involves meeting our legislative obligations

#### Registers, codes and policies

Documents available for public inspection are as follows.

#### Registers

- LG Act Section 63 | Gifts and Benefits Register Council Members and Staff
- LG Act Section 68 | Members' Register of Interests
- LG Act Section 79 | Members' Register of Allowances and Benefits
- LG Act Section 90 | Confidential Items
- LG Act Section 105 | Officers' Register of Salaries
- LG Act Section 188 | Fees and Charges
- LG Act Section 196 | Community Management Plans
- LG Act Section 207 | Community Land
- LG Act Section 231 | Public Roads
- LG Act Section 252 | By-laws
- Development Regulations 2008 Section 98 | Development Applications Register

#### **Codes and Policies**

#### Administration

 Mandatory Code of Conduct for Council Employees (LG Act section 110)

#### Community

- Arts and Heritage Collection
- Cemetery Operating
- Burials Outside Cemeteries
- Community Group Use of Photocopiers
- Community Information Display
- Community Loans

- Festivals and Events
- Flags
- Grant Giving
- Liquor Licensing
- Outdoor Dining
- Play Space
- Public Consultation (LG Act section 50)
- Public Transport
- Roadside Trading
- Safe Environments
- School Parking and Associated Facilities
- Sport and Recreation

- Tributes for Commemorative Services Petitions
- Volunteer Engagement
- Wastewater System Application Fee Refunds

#### Corporate Governance

- Advisory Group Operation and Conduct
- · Caretaker (LG Election Act section 91A(1))
- Code of Practice for Access to Council and Council Committee Meetings and Documents (LG Act section 92)
- Code of Practice for Meeting Procedures (LG Act Regulation 6)
- Complaint Handling (LG Act section 270(a1)(b))
- Enforcement
- Freedom of Information Statement (LG Act Schedule 4, 1(gb)
- Fraud Corruption Misconduct and Maladministration
- Informal Council and Committee Gatherings and Discussions (LG Act section 90(8a))
- Internal Audit (LG Act section 125)
- Internal Review of Council Decisions (LG Act section 270(1))
- Order Making (LG Act section 259)

- Public Interest Disclosure (Public Interest Disclosure Act section 12(4), LG Act section 50)
- Public Interest Disclosure Procedure
- Procurement (LG Act section 49)
- Prudential Management (LG Act section
- Records and Information Management
- Request for Services (LG Act section 270 (a1) (a))
- Risk Management
- Unreasonable Complainant Conduct

#### Council Member

- Council Member Conduct (LG Act section
- Council Member Training and Development (LG Act section 80A)
- Council Member Allowances and Support (LG Act section 77(1) (b))
- Mayor Seeking Legal Advice
- One Team Communication Protocols

#### **Development and Engineering**

- Accredited Professionals
- Buffers
- Building and Swimming Pool Inspection (Development Act section 71A(1))

- Delegations Policy for the **Determination of Development** Applications by CAP
- Development Application Fee Refunds • Development Application Fee Waiver
- Development Applications Involving
- Regulated Tree(s) • Development Application Document

Reproduction

- Management of Built Heritage
- Public Place and Road Naming (LG Act section 219(5))
- Privately Funded Development Plan Amendments
- Provision of Physical Models for Major **Development Proposals**
- Unsealed Roads

#### **Environment and Open Space**

- Directional Signage
- Burning Permit
- Genetically Modified Crops
- Telecommunications Installation Small Cell Stobie Pole Mounted Antennae
- Tree Management
- Waste and Resource Recovery Service

#### Finance

- Acceptance of External Funding Policy
- Debt Recovery (inc. CWMS Customer Hardship Policy) (LG Act section 144)
- Disposal of Assets (LG Act section 49(1d))
- Rating
- Treasury

#### Infrastructure and Assets

- Asset Management
- Occasional Hiring of Council Meeting Rooms
- Road Rents
- Street Lighting

The policies, codes and registers detailed are available at Council's Service Centres for inspection and/or purchase by members of the public for a fee as set out in Council's Fees and Charges Policy.

Many of these documents can be accessed on Council's website for no charge.

#### **Community Land Management Plans**

A new Community Land Management Plan was adopted by Council on 24 September 2019. The plan has been prepared for each category of community land, defining ownership details, location, area, principal usage and user groups.

Data verification of community land has been completed with all community land assigned to the appropriate category in the new Community Lands Register. The register will be reviewed on an annual basis. It lists community lands and does not include any lands revoked or excluded under the Local Government Act 1999.

#### **Competitive tendering**

In 2019-20 Council determined that a number of services it provides could be more efficiently provided by external contractors. Where services are outsourced a tender process is used to achieve best value for Council.

Details of the tendering process can be found in Council's Procurement and Purchasing Policy. In 2019-20, 63 services were subjected to a competitive bidding process.

#### Purchase of local goods and services

When goods and services are required by Council, local suppliers are invited to tender.

All tenders are considered on an equal basis in accordance with the principles of fair trading and the requirements of National Competition Policy and the Competition and Consumer Act 2010.

#### National Competition Policy

Principles of competitive neutrality are designed to neutralise any net competitive advantage that a government or local government agency engaged in significant business activities would otherwise have, by virtue of its control by the government or local government, over private businesses operating in the same market.

Council has a complaints mechanism in place and in 2019-20 no complaints were received with regard to competitive neutrality.

#### Our people

Council's success relies on the experience and skills of staff to provide services to the community. As at 30 June, Council's workforce consisted of 194.04 FTE (full-time equivalent) people managing a diverse range of services and programs.

Employee turnover levels remain within a healthy range between 7-15 percent, with a turnover during 2019-20 of 8.3 percent.

Employees continue to focus on customer experience and service improvement across the organisation and continually review and refine processes to enable a better experience for our community.

#### Employee Performance

By enabling our people to be skilled, knowledgeable and capable, we empower them to undertake their roles effectively. Support and guidance is offered by People Leaders, helping employees manage the requirements of their role through sixmonthly performance discussions where conversations are held with each staff member to:

- Identify priority goals
- Improve personal performance
- Take responsibility for improving their work health and safety, and
- Undertake development opportunities, either through on-the-job activities working with others or attending formal training.

#### Leadership Development

Leadership Development sessions are provided to our People Leaders who is anyone who manages employees as part of their role.

Over the past year, with many COVID restrictions reducing the ability to run live training sessions, the focus has been on working with People Leaders on different ways to engage with their people, how they provide support with people they're in limited physical contact with, and how to care for their people working outside of their normal environment. Supporting People Leaders in managing a more flexible workforce as an ongoing practice has been undertaken as more people returned to an AHC site.

#### **Diversity and inclusion**

Council has continued its journey towards being a diverse and inclusive organisation. Processes continue to be reviewed with the aim of improving our ability to be responsive to individual needs while managing expectations and successful outcomes for each role.

#### Our Recruitment Processes

Council facilitates merit-based selection processes to ensure that it provides equal opportunity for people to be employed. This includes ensuring that our positions are advertised through Disability Employment Service providers to enable better access to those people living with a disability.

Council recognises that selecting the right person for each role has a significant impact on their team, the effectiveness of work undertaken, and services provided to our community. Effective and fair recruitment is critically important.

#### Work Health and Safety and Injury Management

Work Health and Safety (WHS) and Injury Management (IM) will always be of high importance and therefore many activities and improvements are undertaken regularly to ensure Council is managing its due diligence requirements and maintaining safe systems of work.

The Executive Leadership Team, with the Health and Safety Committee, promotes safe work practices that focus on delivering and maintaining a work environment that is safe, risk-averse and injury free.

Council's safety management system performance is monitored by the Local Government Association Workers Compensation Scheme through regular audit processes. These audits allow for the development of action plans and organisational improvement, and are managed through the Organisational Development Team. An annual rebate is available for assessed completion of activities through the Action Plan.

#### **Executive Leadership Team Arrangements**

Council has an Executive Leadership Team that operates under the direction of the Chief Executive Officer.

The Chief Executive Officer, four Directors, and two Executive Managers have salary packages that incorporate compulsory superannuation and may include the provision of a motor vehicle for business and private use. Other benefits may include the provision of ICT equipment (a mobile telephone and tablet) and paid memberships for up to two professional bodies. No other bonuses or allowances are paid to the Chief Executive Officer, Directors, or Executive Managers.

The Salary Register is available at Council's Service Centres and on our website.

#### Remuneration payable to Council's auditor

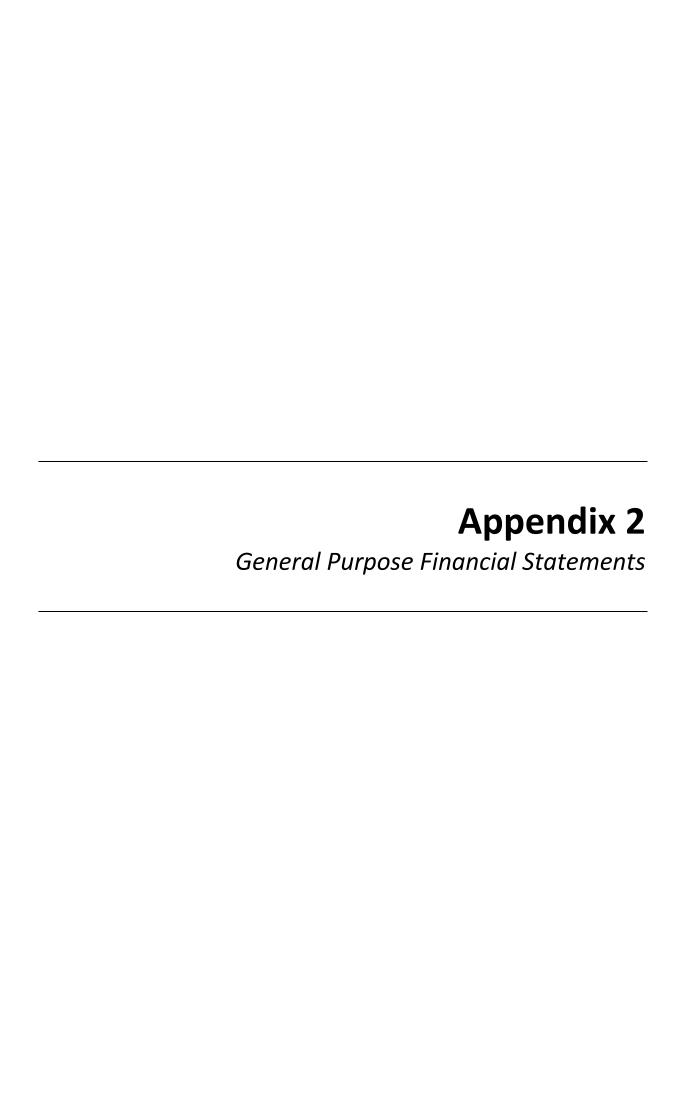
Remuneration payable for the annual audit of the Adelaide Hills Council Annual Financial Statements, the Internal Financial Controls for 2019-20, and a number of grant acquittals and declarations was \$23,930.

# Appendix One

Financial Statements

# Appendix Two

Subsidiary Annual Reports



## Adelaide Hills Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2020



# General Purpose Financial Statements for the year ended 30 June 2020

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# General Purpose Financial Statements

for the year ended 30 June 2020

### Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

#### In our opinion:

- the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2020 and the results
  of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Andrew Aitken

**Chief Executive Officer** 

Date 27/10/2020

Nathan Daniell Acting Mayor

# Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Income			
Rates	2a	38,547	36,915
Statutory Charges	2b	1,180	1,172
User Charges	2c	704	1,007
Grants, Subsidies and Contributions	2g	5,245	5,123
Investment Income	2d	42	41
Reimbursements	2e	228	516
Other income	2f	605	648
Net Gain - Equity Accounted Council Businesses	19	73	138
Total Income		46,624	45,560
Expenses			
Employee costs	3a	17,433	15,923
Materials, Contracts and Other Expenses	3b	21,927	19,231
Depreciation, Amortisation and Impairment	3c	9,207	8,826
Finance Costs	3d	589	623
Net loss - Equity Accounted Council Businesses	19	10	6
Total Expenses		49,166	44,609
Operating Surplus / (Deficit)		(2,542)	951
Physical Resources Received Free of Charge	2h	970	1,982
Asset Disposal & Fair Value Adjustments	4	(1,757)	(95)
Amounts Received Specifically for New or Upgraded Assets	2g	556	425
Net Surplus / (Deficit)		(2,773)	3,263
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	(4,485)	59,526
Share of Other Comprehensive Income - Equity Accounted Council	19	( 1, 100)	240
Businesses	9a		(404)
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	70	(184)
Other Equity Adjustments - Equity Accounted Council Businesses		78_	139
Total Amounts which will not be reclassified subsequently to operating result		(4,407)	59,721
Total Other Comprehensive Income		(4,407)	59,721
Total Comprehensive Income		(7,180)	62,984

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	518	2,025
Trade & Other Receivables	5b	2,761	2,541
Inventories	5c	18	19
Non-Current Assets Held for Sale	20b(ii)		1,530
Total current assets		3,297_	6,115
Non-current assets			
Equity Accounted Investments in Council Businesses	6	1,491	1,350
Infrastructure, Property, Plant & Equipment	7a	422,745	424,101
Total non-current assets		424,236	425,451
TOTAL ASSETS		427,533	431,566
LIABILITIES Current Liabilities Trade & Other Payables Borrowings Provisions	8a 8b 8c	5,254 7,285 3,588	5,446 62 3,048
Total Current Liabilities		16,127	8,556
Non-Current Liabilities			
Borrowings	8b	5,446	10,000
Provisions	8c	1,528	1,398
Total Non-Current Liabilities		6,974	11,398
TOTAL LIABILITIES		23,101	19,954
Net Assets		404,432	411,612
EQUITY			
Accumulated surplus		138,645	141,348
Asset revaluation reserves	9a	265,206	269,691
Other reserves	9b	581	573
Total Equity		404,432	411,612
<del></del>		101,102	111,012

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2020					
Balance at the end of previous reporting period		141,348	269,691	573	411,612
Net Surplus / (Deficit) for Year		(2,773)	_	_	(2,773)
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	_	(4,485)	_	(4,485)
- IPP&E Impairment (Expense) / Recoupments			(1,100)		(1,100)
Offset to ARR	7a	_	_	_	_
- Share of OCI - Equity Accounted Council					
Businesses	19	_	_	_	_
- Other Equity Adjustments - Equity Accounted					
Council Businesses	19	78		_	78
Other comprehensive income		78	(4,485)		(4,407)
Total comprehensive income		(2,695)	(4,485)	_	(7,180)
Transfers between Reserves		(8)	_	8	_
Balance at the end of period		138,645	265,206	581	404,432
<b>2019</b> Balance at the end of previous reporting period		127.004	240 424	1.426	240 620
balance at the end of previous reporting period		137,081	210,121	1,426	348,628
Net Surplus / (Deficit) for Year		3,263	_	_	3,263
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	_	59,526	_	59,526
- IPP&E Impairment (Expense) / Recoupments					
Offset to ARR	7a	_	(184)	_	(184)
- Share of OCI - Equity Accounted Council					
Businesses	19	12	228	_	240
- Other Equity Adjustments - Equity Accounted Council Businesses	10	120			120
Other comprehensive income	19	139 151		<del>_</del>	139 50 721
Calci completionally mounts		101	58,570		59,721
Total comprehensive income		3,414	59,570	_	62,984
Total comprehensive income		٠,٠١٦	00,010		02,001
Transfers between Reserves		853	_	(853)	-

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

for the year ended 30 June 2020

Receipts           Rates Receipts         38,288         37,094           Statutory Charges         1,180         1,172           User Charges         704         1,007           Grants, Subsidies and Contributions (operating purpose)         5,121         5,183           Investment Receipts         42         41           Reimbursements         228         516           Other Receipts         929         622           Payments         (16,703)         (15,723)           Finance Payments         (689)         (623)           Payments to Employees         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         56         425           Amounts Received Specifically for New/Upgraded Assets         56         425           Sale of Replaced Assets         56         425           Sale of Investment Property         1,50         1,204           Expenditure on New/Upgraded Assets         (9,7	\$ '000	Notes	2020	2019
Rates Receipts         38.288         37,094           Statutory Charges         1,180         1,172           User Charges         704         1,007           Grants, Subsidies and Contributions (operating purpose)         5,121         5,183           Investment Receipts         42         41           Reimbursements         228         516           Other Receipts         929         622           Payments         (16,703)         (15,723)           Payments to Employees         (16,703)         (15,723)           Payments to Malerials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Surplus Assets         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (9,718)         (10,090)           Expenditure on New/Up	Cash flows from operating activities			
Statutory Charges         1.180         1.172           User Charges         704         1,007           Grants, Subsidies and Contributions (operating purpose)         5,121         5,182           Grants, Subsidies and Contributions (operating purpose)         42         41           Reimbursements         228         516           Other Receipts         929         622           Payments         (589)         (623)           Payments for Materials, Contracts & Other Expenses         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         556         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         556         425           Sale of Supplus Assets         117         7,942           Sale of Supplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         (9,718)         (10,004)           Expenditure on Renewal/Replacement of Assets	Receipts			
Crants, Subsidies and Contributions (operating purpose)         704         1,007           Grants, Subsidies and Contributions (operating purpose)         5,121         5,183           Investment Receipts         42         44           Reimbursements         228         516           Other Receipts         929         622           Payments         (6589)         (623)           Payments to Employees         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         556         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         714         497           Sale of Surplus Assets         9,718         1,500           Sale of Replaced Assets         9,718         1,009           Expenditure on Renewal/Replacement of Assets         9,718         (10,090           Expenditure on New/Upgraded Assets         (9,718)         (10,090           Expenditure on New/Upgraded Assets         (9,7			38,288	37,094
Grants, Subsidies and Contributions (operating purpose)         5,121         5,183           Investment Receipts         42         41           Reimbursements         228         516           Other Receipts         929         622           Payments         (589)         (623)           Payments to Employees         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         156         425         586         425           Sale of Replaced Assets         714         497         586         586         425           Sale of Surplus Assets         714         497         586         586         425         586         588         586 <td></td> <td></td> <td>1,180</td> <td>,</td>			1,180	,
New State of Receipts   42				
Reimbursements         228         518           Other Receipts         929         622           Payments         (589)         623           Finance Payments         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         556         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         556         425           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         7         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (20,225)         (77)           Repayments         (62)         (77)           Repayment of Borrowings         (62)         (77)			5,121	5,183
Other Receipts         929         622           Payments         (589)         (623)           Finance Payments         (589)         (623)           Payments for Materials, Contracts & Other Expenses         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         1b         6,790         10,339           Cash flows from investing activities         556         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         714         497           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (9,718)         (10,094)         (3,827)           Repayments of Borrowings         (62)         (77         (20,004)         (20,0	·		42	41
Payments         (589)         (623)           Finance Payments of Employees         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         11b         6,790         10,339           Cash flows from investing activities         556         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (9,718)         (10,090)           Expenditure on Senewal/Replacement of Assets         (9,718)         (10,024)         (3,827)           Net cash provided (or used in) investing activities			228	516
Finance Payments	Other Receipts		929	622
Payments to Employees         (16,703)         (15,723)           Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         \$\$\$\$         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         (62)         (77           Repayments of Borrowings         (62)         (77           Repayment of Lease Liabilities         (211)         -           Repayment of Bonds & Deposits         (205         (4,409)           Net Inc				
Payments for Materials, Contracts & Other Expenses         (22,410)         (18,950)           Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         556         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         (62)         (77)           Repayments of Borrowings         (62)         (77)           Repayment of Lease Liabilities         (211)         -           Repayment of Bonds & Deposits         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434           <	•			
Net cash provided by (or used in) Operating Activities         11b         6,790         10,339           Cash flows from investing activities         3         425           Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         - 72         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         (62)         (77)           Repayments of Borrowings         (62)         (77)           Repayment of Lease Liabilities         (211)         -           Repayment of Bonds & Deposits         (273)         (78)           Net Cash provided by (or used in) Financing Activities         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434 <td< td=""><td></td><td></td><td>(16,703)</td><td>(15,723)</td></td<>			(16,703)	(15,723)
Cash flows from investing activities Amounts Received Specifically for New/Upgraded Assets Sale of Replaced Assets Sale of Replaced Assets Sale of Surplus Assets Sale of Investment Property Sale of Surplus Assets Sale of Investment Property Sale of Surplus Assets Sale of Investment Property Sale of Surplus Assets Sale of Replaced Assets Sale of Replace A	Payments for Materials, Contracts & Other Expenses		(22,410)	(18,950)
Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (3,223)         (3,877)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         (62)         (77)           Repayments         (62)         (77)           Repayment of Borrowings         (62)         (77)           Repayment of Bonds & Deposits         -         (1)           Net Cash provided by (or used in) Financing Activities         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434           plus: Cash & Cash Equivalents at beginning of period         2,025         (4,409)           Cash and cash equivalents held at end of period         11a         (1,482)         2,025           Additiona	Net cash provided by (or used in) Operating Activities	11b	6,790	10,339
Amounts Received Specifically for New/Upgraded Assets         556         425           Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (3,223)         (3,877)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         (62)         (77)           Repayments         (62)         (77)           Repayment of Borrowings         (62)         (77)           Repayment of Bonds & Deposits         -         (1)           Net Cash provided by (or used in) Financing Activities         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434           plus: Cash & Cash Equivalents at beginning of period         2,025         (4,409)           Cash and cash equivalents held at end of period         11a         (1,482)         2,025           Additiona	Cash flows from investing activities			
Sale of Replaced Assets         714         497           Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         (9,718)         (10,090)           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         (210,024)         (3,827)           Repayments         (62)         (77)           Repayment of Borrowings         (62)         (77)           Repayment of Bonds & Deposits         -         (1)           Net Cash provided by (or used in) Financing Activities         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434           plus: Cash & Cash Equivalents at beginning of period         2,025         (4,409)           Cash and cash equivalents held at end of period         11a         (1,482)         2,025			556	425
Sale of Surplus Assets         117         7,942           Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         -         72           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities           Payments         (62)         (77)           Repayments of Borrowings         (62)         (77)           Repayment of Lease Liabilities         (211)         -           Repayment of Bonds & Deposits         -         (1)           Net Cash provided by (or used in) Financing Activities         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434           plus: Cash & Cash Equivalents at beginning of period         2,025         (4,409)           Cash and cash equivalents held at end of period         11a         (1,482)         2,025           Additional Information:         11a         (1,482)         2,025				
Sale of Investment Property         1,530         1,204           Repayments of Loans by Community Groups         -         72           Payments         ****         ****         72           Expenditure on Renewal/Replacement of Assets         (9,718)         (10,090)           Expenditure on New/Upgraded Assets         (3,223)         (3,877)           Net cash provided (or used in) investing activities         (10,024)         (3,827)           Cash flows from financing activities         ***         ***           Payments         (62)         (77)           Repayments of Borrowings         (62)         (77)           Repayment of Lease Liabilities         (211)         -           Repayment of Bonds & Deposits         (211)         -           Net Cash provided by (or used in) Financing Activities         (273)         (78)           Net Increase (Decrease) in Cash Held         (3,507)         6,434           plus: Cash & Cash Equivalents at beginning of period         2,025         (4,409)           Cash and cash equivalents held at end of period         11a         (1,482)         2,025    Additional Information:  plus: Investments on hand – end of year				
Repayments of Loans by Community Groups Payments Expenditure on Renewal/Replacement of Assets Expenditure on New/Upgraded Assets Net cash provided (or used in) investing activities  Cash flows from financing activities Payments Repayments of Borrowings Repayment of Lease Liabilities Repayment of Bonds & Deposits Net Cash provided by (or used in) Financing Activities  Net Cash provided by (or used in) Financing Activities  Net Increase (Decrease) in Cash Held  Cash and cash equivalents at beginning of period Cash and cash equivalents held at end of period  Additional Information: plus: Investments on hand – end of year  72 72 72 72 72 72 72 72 72 73 74 74 75 75 76 77 77 78 77 78 78 78 78 79 79 79 79 79 79 79 79 79 79 79 79 79				,
Expenditure on Renewal/Replacement of Assets   (9,718) (10,090)			-	
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The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2020

# Contents of the Notes accompanying the General Purpose Financial Statements

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### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (1) Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

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

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

#### 1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

#### 1.3 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

#### (2) The Local Government Reporting Entity

Adelaide Hills Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 63 Mount Barker Road, Stirling. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

#### (3) Income Recognition

Income Recognition

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

The Council recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual	Difference
2017/18	\$1,597,298	\$1,520,627	+ \$76,671
2018/19	\$1,526,078	\$1,537,852	- \$11,774
2019/20	\$1,640,046	\$1,564,152	+\$75,894

In addition, the 2019/20 and 2020/21 Supplementary Local Road Grants of \$690,138 was paid in advance in June 2019.

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

#### **Construction Contracts**

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### (4) Cash, Cash Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

#### (5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

#### **5.1 Real Estate Assets Developments**

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 1. Summary of Significant Accounting Policies (continued)

#### 5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

#### (6) Infrastructure, Property, Plant & Equipment

#### 6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

#### **6.2 Materiality**

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

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Park & Playground Furniture & Equipment	\$2,000
Buildings - new construction/extension	\$5,000
CWMS extensions & household connections	\$5,000
Paving & footpaths, Kerb & Gutter	\$5,000
Road construction & reconstruction	\$5,000
Stormwater, gravity mains and culverts	\$5,000

Artworks \$5,000

#### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

### 6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

continued on next page ...

### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 1. Summary of Significant Accounting Policies (continued)

#### Plant, Furniture & Equipment

Office Furniture and Equipment	5 to 10 years
Vehicles and Heavy Plant	5 to 10 years
Other Plant & Equipment	5 to 10 years

#### **Building & Other Structures**

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Benches, seats, etc	10 to 20 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years

#### Infrastructure

Bores	20 to 40 years
Bridges	80 to 100 years
Culverts	50 to 75 years
CWMS Pipes	70 to 80 years
Dams and Lagoons	80 to 100 years
Flood Detention Systems	80 to 100 years
Irrigation Pipes and Systems	25 to 75 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Pumps & Telemetry	15 to 25 years
Road Pavement	65 to 180 years
Sealed Roads – Surface	15 to 25 years
Stormwater and Gravity Mains	80 to 100 years
Unsealed Roads	10 to 20 years

#### Other Assets

Artworks indefinite Right-of-Use Assets 2 to 5 years

#### 6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

#### **6.6 Borrowing Costs**

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

### (7) Payables

#### 7.1 Goods & Services

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

### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 1. Summary of Significant Accounting Policies (continued)

#### 7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

#### (8) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables"

### (9) Employee Benefits

#### 9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

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

#### 9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

#### (10) Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

#### (11) Leases

#### Accounting policy applicable from 01 July 2019

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### 11.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the

### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 1. Summary of Significant Accounting Policies (continued)

leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Computers & IT Equipment 3 to 5 years
Building Occupancy Up to 3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

#### ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

#### iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### (12) Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

#### (13) GST Implications

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

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

#### (14) New accounting standards and UIG interpretations

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

Adelaide Hills Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

#### Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

Adelaide Hills Council early adopted AASB 15 and AASB 1058, from the year ended 30 June 2018 and as such the application of these are included in the preparation of this financial report as well as that for the previous year.

#### **AASB 16 Leases**

The Council applied AASB 16 Leases, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Council has no leases to which this treatment will need to be applied."

#### Adoption of AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The

### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

Council has lease contracts for various items of plant, equipment, and computers. Before the adoption of AASB 16, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as at 1 July 2019 and comparatives have not been restated.

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

	\$'000
Assets	
Infrastructure, Property, Plant and Equip.	
- Right-of-Use-Assets	239
Total Assets	239
Liabilities	
Interest-bearing loans and borrowings	239
- Other	239

#### Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

The Standards are not expected to have a material impact upon Council's future financial statements

#### Effective for NFP annual reporting periods beginning on or after 1 January 2020

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australia Accounting Standards Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards Definition of Material
- · AASB 2019-3 Amendments to Australian Accounting Standards Interest Rate Benchmark Reform

#### Effective for NFP annual reporting periods beginning on or after 1 January 2021

• AASB 17 Insurance Contracts

#### Effective for NFP annual reporting periods beginning on or after 1 January 2022

 AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 1. Summary of Significant Accounting Policies (continued)

#### (15) COVID-19 Pandemic

The COVID-19 pandemic has impacted the 2019-20 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Councils response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

#### This included:

- · Reduced revenue from Events and venue hire
- Waiving of outdoor dining fees
- · Business support in the form of temporary suspension of:
  - · Fines & Interest
  - Penalties
  - · Debt recovery actions
- · Additional costs for
  - Cleaning
  - Equipment hire to maintain social distancing
  - · Health and Safety initiatives
  - · Hibernation costs for Council Venues

COVID-19 is not expected to have a significant financial impact on Council. Council estimates that the reduction in revenue and the increase in expenditure resulted in a decrease of approximately \$112k in the 2019-20 net result. It is expected further financial impacts will flow into the 2020-21 financial year. However, Council had determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

#### (16) Cudlee Creek Bushfire Impact

The Cudlee Creek Bushfire recovery effort undertaken by Council also has impacted the 2019-20 financial statements with the fire directly impacting some 30 per cent of the Adelaide Hills Council district.

Council infrastructure has had minimal damage, with the most serious impact to land including Lobethal Bushland Park.

As a result, Council has spent nearly \$3.0m in roadside tree clean-up in the 2019-20 financial year as well as other costs including road repairs, fixing fences, repairing recreational trails, restoring fauna habitat and helping the community rebuild.

To offset this Council received \$1.225m in upfront Federal funding and has put in an application to State Government to claim an additional \$1.550m through the Local Government Disaster Recovery Assistance Arrangements. These financial statements do not recognise the \$1.550m of funding as State Government confirmation has yet to be received.

Council estimates that the net impact of the Cudlee Breek bushfire in terms of grants received and increase in expenditure resulted in a decrease of approximately \$2.150m in the 2019-20 net result but anticipates that the 2020-21 surplus will be increased by the National Disaster Assistance funding once received.

In addition there is likely to be further costs incurred in relation to:

- tree management and further road tree works and debris clean up
- additional resources to manage the development applications the Council expects to receive over the next 2-3 years for people rebuilding destroyed assets.
- biodiversity protection and regeneration work over the next 3 years including managing weed incursion in places that were completely burnt through such as Lobethal Bushland Park and more than 70 significant roadside vegetation sites.

It is therefore expected that further financial costs, in the order of \$400k, will also flow into the 2020-21 and future financial years. However, Council has considered the consequences of this and similar events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

### (17) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

#### (18) Disclaimer

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

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 2. Income

Caneral Rates	\$ '000	2020	2019
General Rates         35,942         34,523           Less: Mandatory Rebates         (275)         (241)           Total General Rates         35,533         34,035           Other Rates (Including Service Charges)         Separate Rates         90         975           Community Wastewater Management Levy         980         975         1,746           Separate & Special Rates         6         4         4           Separate & Special Rates         6         8         6         85           Total Other Rates (Including Service Charges)         2,811         2,710         2           Other Charges         2,811         2,710         2         2         85         6         6         4         4         2         10         1,760         106         8         6         6         4         4         2,710         2         85         6         6         8         6         6         8         6         6         8         6         6         8         6         6         8         6         6         8         6         6         8         6         6         8         6         6         8         6         6         8         9 <td>(a) Rates</td> <td></td> <td></td>	(a) Rates		
Less: Mandatory Rebates   275   (241)     Less: Discretionary Rebates, Remissions & Write Offs   (134)   (247)     Total General Rates   35,533   35,533   34,035     Other Rates (Including Service Charges)     Natural Resource Management Levy   980   975     Community Wastewater Management Leys   6   4     Stirling Business Association Separate Rate   95   85     Total Other Rates (Including Service Charges)   2,811   2,710     Other Charges   7   7   7     Total Rates   7   7   7   6     Emerse   7   7   6     Emerse   7   7   6     Emerse   7   7   6     Emerse   7   7   6     Emands   7   7   6     Emands	General Rates		
Less: Discretionary Rebates, Remissions & Write Offs         (194)         (247)           Total General Rates         35,533         34,035           Other Rates (Including Service Charges)         980         975           Natural Resource Management Levy         980         975           Community Wastewater Management Systems         1,730         1,646           Separate & Special Rates         95         85           Stirling Business Association Separate Rate         95         85           Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges         38,547         36,915           (b) Statutory Charges         28         38           Development Act Fees         559         526           Animal Registration Fees & Fines         559         526           Animal Registration Fees & Fines         105         112           Searches         28         38           Other Licences, Fees & Fines         31         37 <td>General Rates</td> <td>35,942</td> <td>34,523</td>	General Rates	35,942	34,523
Total General Rates         35,533         34,035           Other Rates (Including Service Charges)         Natural Resource Management Levy         980         975           Community Wastewater Management Systems         1,730         1,646           Separate & Special Rates         6         4           Stirling Business Association Separate Rate         95         85           Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges         2         811         2,710           Penalties for Late Payment         150         106		• •	
Natural Resource Management Levy	· · · · · · · · · · · · · · · · · · ·		
Natural Resource Management Levy         980         975           Community Wastewater Management Systems         1,730         1,646           Separate & Special Rates         95         85           Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges           Penalties for Late Payment         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Other Charges           Cby Statutory Charges         38,547         36,915           Other Charges           Cby Statutory Charges         28         36           Cby Statutory Charges         28         38           Cby Statutory Charges         28         38           Collegistration Fees & Fines         28         38           Other Licences, Fees & Fines         10         89           Total Statutory Charges         1,180         1,172           Cc) User Charges         334         278           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         22     <	Total General Rates	35,533	34,035
Community Wastewater Management Systems         1,730         1,646           Separate & Special Rates         6         4           Stiffing Business Association Separate Rate         95         85           Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges           Penalties for Late Payment         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Other Charges           Development Act Fees         559         526           Animal Registration Fees & Fines         428         407           Parking Fines   Expaidion Fees         28         33           Other Licences, Fees & Fines         105         112           Parking Fines   Expaidion Fees         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges           Cemelery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           <			
Separate & Special Rates         6         4           Stirting Business Association Separate Rate         95         85           Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges         150         106           Penalties for Late Payment         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Chill Rates         38,547         36,915           Chill Rates         559         526           Animal Registration Fees         150         14           Parking Fines / Expiation Fees Fines         28         38           Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges         334         278           Cemetery/Crematoria Fees         334         278           Sundry         73         82           Sundry         73         82           Sundry         73         82           Cemetery/Crematoria Fees         33         237           Sundry         73<	·		
Stirling Business Association Separate Rate         95         85           Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges         Penalties for Late Payment         150         106           Legal & Other Costs Recovered         553         64           Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges         559         526           Development Act Fees         559         526           Animal Registration Fees & Fines         428         407           Parking Fines / Expiation Fees         28         38           Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges         334         278           Cemetery/Crematoria Fees         334         278           Sundry         73         82           Community Centres         37         127           Cetirement Villages         37         127           Total User Charges         704         1,007           Interest on Investments         2			
Total Other Rates (Including Service Charges)         2,811         2,710           Other Charges         Penalties for Late Payment         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges         559         526           Animal Registration Fees & Fines         428         407           Parking Fines / Expitation Fees         28         38           Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges         334         278           Cemetery/Crematoria Fees         33         23           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income           Interest on Investments         2         35         33 <td></td> <td></td> <td></td>			
Other Charges           Penalties for Late Payment         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges           Development Act Fees         559         526           Animal Registration Fees & Fines         428         407           Parking Fines / Expitation Fees         28         38           Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         704         1,007           Total User Charges           (d) Investment Income           Interest on Investments           Local Government Finance Authority         7	·		
Penalties for Late Payment         150         106           Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges           Development Act Fees         559         526           Animal Registration Fees & Fines         428         407           Parking Fines / Expiation Fees         28         38           Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income           Interest on Investments         -         2           - Banks & Other         35         33           -			2,110
Legal & Other Costs Recovered         53         64           Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges         Season Seas		150	106
Total Other Charges         203         170           Total Rates         38,547         36,915           (b) Statutory Charges         Statutory Charges         38,547         36,915           Development Act Fees         559         526           Animal Registration Fees & Fines         428         407           Parking Fines / Explation Fees         28         38           Other Licences, Fees & Fines         60         88           Searches         60         88           Total Statutory Charges         1,180         1,172           (c) User Charges         334         278           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income         1         6           Interest on Investments         2         6           Local Government Finance Authority         7         6           Banks & Other         35         33			
(b) Statutory Charges         Development Act Fees       559       526         Animal Registration Fees & Fines       428       407         Parking Fines / Expiation Fees       28       38         Other Licences, Fees & Fines       105       112         Searches       60       89         Total Statutory Charges       1,180       1,172         (c) User Charges         Cemetery/Crematoria Fees       334       278         Community Centres       98       123         Sundry       73       82         Adelaide Hills Business and Tourism Centre (AHBTC)       162       397         Retirement Villages       37       127         Total User Charges       704       1,007         (d) Investment Income         Interest on Investments       -       -         Local Government Finance Authority       7       6         Banks & Other       35       33         Loans to Community Groups       -       2			
(b) Statutory Charges         Development Act Fees       559       526         Animal Registration Fees & Fines       428       407         Parking Fines / Expiation Fees       28       38         Other Licences, Fees & Fines       105       112         Searches       60       89         Total Statutory Charges       1,180       1,172         (c) User Charges         Cemetery/Crematoria Fees       334       278         Community Centres       98       123         Sundry       73       82         Adelaide Hills Business and Tourism Centre (AHBTC)       162       397         Retirement Villages       37       127         Total User Charges       704       1,007         (d) Investment Income         Interest on Investments       -       -         Local Government Finance Authority       7       6         Banks & Other       35       33         Loans to Community Groups       -       2	Total Rates	38.547	36.915
Development Act Fees         559         526           Animal Registration Fees & Fines         428         407           Parking Fines / Expiation Fees         28         38           Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income           Interest on Investments         -         -           - Local Government Finance Authority         7         6           - Banks & Other         35         33           - Loans to Community Groups         -         2			
Animal Registration Fees & Fines       428       407         Parking Fines / Expiation Fees       28       38         Other Licences, Fees & Fines       105       112         Searches       60       89         Total Statutory Charges       1,180       1,172         (c) User Charges         Cemetery/Crematoria Fees       334       278         Community Centres       98       123         Sundry       73       82         Adelaide Hills Business and Tourism Centre (AHBTC)       162       397         Retirement Villages       37       127         Total User Charges       704       1,007         (d) Investment Income         Interest on Investments       -       6         - Local Government Finance Authority       7       6         - Banks & Other       35       33         - Loans to Community Groups       -       2	(b) Statutory Charges		
Animal Registration Fees & Fines       428       407         Parking Fines / Expiation Fees       28       38         Other Licences, Fees & Fines       105       112         Searches       60       89         Total Statutory Charges       1,180       1,172         (c) User Charges         Cemetery/Crematoria Fees       334       278         Community Centres       98       123         Sundry       73       82         Adelaide Hills Business and Tourism Centre (AHBTC)       162       397         Retirement Villages       37       127         Total User Charges       704       1,007         (d) Investment Income         Interest on Investments       -       6         - Local Government Finance Authority       7       6         - Banks & Other       35       33         - Loans to Community Groups       -       2	Development Act Fees	559	526
Other Licences, Fees & Fines         105         112           Searches         60         89           Total Statutory Charges         1,180         1,172           (c) User Charges           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income           Interest on Investments         -         6           - Banks & Other         35         33           - Loans to Community Groups         -         2	·		
Searches         60         89           Total Statutory Charges         1,180         1,172           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income         Value of the companies of the c	Parking Fines / Expiation Fees	28	38
Total Statutory Charges         1,180         1,172           (c) User Charges         334         278           Cemetery/Crematoria Fees         334         278           Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income           Interest on Investments         5         4           Local Government Finance Authority         7         6           Banks & Other         35         33           Loans to Community Groups         -         2		105	112
(c) User Charges         Cemetery/Crematoria Fees       334       278         Community Centres       98       123         Sundry       73       82         Adelaide Hills Business and Tourism Centre (AHBTC)       162       397         Retirement Villages       37       127         Total User Charges       704       1,007         (d) Investment Income         Interest on Investments         - Local Government Finance Authority       7       6         - Banks & Other       35       33         - Loans to Community Groups       -       2			
Cemetery/Crematoria Fees       334       278         Community Centres       98       123         Sundry       73       82         Adelaide Hills Business and Tourism Centre (AHBTC)       162       397         Retirement Villages       37       127         Total User Charges       704       1,007         (d) Investment Income         Interest on Investments       -       6         - Banks & Other       35       33         - Loans to Community Groups       -       2	Total Statutory Charges	1,180	1,172
Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           Interest on Investments           - Local Government Finance Authority         7         6           - Banks & Other         35         33           - Loans to Community Groups         -         2	(c) User Charges		
Community Centres         98         123           Sundry         73         82           Adelaide Hills Business and Tourism Centre (AHBTC)         162         397           Retirement Villages         37         127           Total User Charges         704         1,007           Interest on Investments           - Local Government Finance Authority         7         6           - Banks & Other         35         33           - Loans to Community Groups         -         2	Cemetery/Crematoria Fees	334	278
Adelaide Hills Business and Tourism Centre (AHBTC) Retirement Villages 37 127  Total User Charges 704 1,007  (d) Investment Income  Interest on Investments - Local Government Finance Authority - Banks & Other - Banks & Other - Loans to Community Groups - 2	Community Centres		
Retirement Villages         37         127           Total User Charges         704         1,007           (d) Investment Income           Interest on Investments         -         6           - Local Government Finance Authority         7         6           - Banks & Other         35         33           - Loans to Community Groups         -         2	Sundry	73	82
Total User Charges 704 1,007  (d) Investment Income  Interest on Investments - Local Government Finance Authority 7 6 - Banks & Other 35 33 - Loans to Community Groups - 2	•		
(d) Investment Income  Interest on Investments - Local Government Finance Authority - Banks & Other - Local Sovernment Finance Authority - Local Sovernment Finance Authority - 2	· · · · · · · · · · · · · · · · · · ·		
Interest on Investments       7       6         - Local Government Finance Authority       7       6         - Banks & Other       35       33         - Loans to Community Groups       -       2	<u>Total User Charges</u>	704	1,007
- Local Government Finance Authority       7       6         - Banks & Other       35       33         - Loans to Community Groups       -       2	(d) Investment Income		
- Banks & Other       35       33         - Loans to Community Groups       -       2	Interest on Investments		
- Loans to Community Groups 2	- Local Government Finance Authority	7	6
		35	33
<u>I otal Investment Income</u> <u>42</u> <u>41</u>			
	<u>I otal Investment Income</u>	42	41

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 2. Income (continued)

\$ '000	2020	2019
(e) Reimbursements		
AHBTC	193	413
Other Properties	10	11
Private Works	10	15
Other	15	77
<u>Total Reimbursements</u>	228	516
(f) Other income		
Incurance 9 Other Recoupments Infrastructure IDD9E	400	004
Insurance & Other Recoupments - Infrastructure, IPP&E Public Lighting SLUOS Refund	162	284
Sundry	97 346	364
Total Other income	605	648
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	556	425
Total Amounts Received Specifically for New or Upgraded Assets	556	425
Community Wastewater Management Systems Contributions	86	24
Home and Community Care Grant	942	948
Library and Communications	292	283
Natural Disaster Recovery Funding	1,225	393
Roads to Recovery Sundry	699	368
Supplementary Local Roads Funding	361	546 1,035
Untied - Financial Assistance Grant	_ 1,640	1,526
Total Other Grants, Subsidies and Contributions	5,245	5,123
Total Grants, Subsidies, Contributions	5,801	5,548
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	4,488	3,483
State Government Other	964	1,724
Total	349 5,801	341 5,548
(ii) Individually Significant Items		
Grant Commission (FAG) Grant Recognised as Income	912	836
Supplementary Local Roads Grants in Advance Recognised as Income	_	690
(h) Physical Resources Received Free of Charge		
Land & Improvements	970	1,982
Total Physical Resources Received Free of Charge	970	1,982
Total 1 Hydrodi 1000di 1000 1100 or Orldigo		1,302

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 3. Expenses

\$ '000	Notes	2020	2019
(a) Employee costs			
Salaries and Wages		14,537	13,409
Employee Leave Expense		2,048	1,848
Superannuation - Defined Contribution Plan Contributions	18	1,244	1,156
Superannuation - Defined Benefit Plan Contributions	18	284	232
Workers' Compensation Insurance		405	374
Personal Income Protection Insurance		262	242
Other		69	112
Less: Capitalised and Distributed Costs		(1,416)	(1,450)
Total Operating Employee Costs		17,433	15,923
Total Number of Employees (full time equivalent at end of reporting period)		194	183
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		24	25
- Other Auditors		13	_
Elected Members' Expenses		421	417
Election Expenses		13	59
Lease Expense - Low Value Assets / Short Term Leases	_	308	299
Subtotal - Prescribed Expenses	_	779	800
(ii) Other Materials, Contracts and Expenses			
Bank Fees		88	84
Contractors		5,047	5,648
Contractors - Bushfire Recovery		3,038	_
Contract Labour		556	982
Contributions & Donations		1,211	710
Energy		554	710
Insurance		605	580
Landfill Remediation		442	170
Legal Expenses		198	278
Levies - Other		579	559
Levies Paid to Government - NRM levy		972	966
Licencing - ICT		100	108
Parts, Accessories & Consumables		2,605	2,737
Professional Services		60	106
Sundry Telephone (incl. data)		544	424
Telephone (incl data) Waste		266	228
Work-in-Progress Write-off		4,283	4,076
Subtotal - Other Material, Contracts & Expenses	_		65 18,431
Total Materials, Contracts and Other Expenses	_		19,231
Total Materials, Contracts and Other Expenses	_	21,927	13,231

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 3. Expenses (continued)

\$ '000	2020	2019
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings	1,148	1,242
Infrastructure		
- Stormwater	454	482
- Community Wastewater Management Systems	413	398
- Roads	4,197	3,803
- Bridges	291	284
- Footpaths	312	403
- Retaining Walls	169	146
- Guardrails	146	140
- Kerb & Gutter	327	396
- Traffic Controls	25	41
- Street Furniture	71	83
- Sport & Recreation	326	337
- Playgrounds	69	83
- Cemeteries	31	35
Right-of-use Assets	214	_
Plant & Equipment	943	870
Furniture & Fittings	71_	83
Subtotal	9,207	8,826
Total Depreciation, Amortisation and Impairment	9,207	8,826
(d) Finance Costs		
Interest on Overdraft and Short-Term Drawdown	10	50
Interest on Loans	568	573
Charges on Finance Leases	11	_
Total Finance Costs	589	623

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2020	2019
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	714	497
Less: Carrying Amount of Assets Sold	(2,380)	(1,719)
Gain (Loss) on Disposal	(1,666)	(1,222)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	117	11,235
Less: Carrying Amount of Assets Sold	(138)	(7,994)
Less: Other Amounts Relating to the Sale of Surplus Assets	(70)	(2,059)
Gain (Loss) on Disposal	(91)	1,182
Non-Current Assets Held for Sale		
Proceeds from Disposal	1,530	1,204
Less: Carrying Amount of Assets Sold	(1,530)	(1,259)
Gain (Loss) on Disposal		(55)
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,757)	(95)

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 5. Current Assets

\$ '000		2020	2019
(a) Cash & Cash Equivalent Assets			
Cash on Hand at Bank		143	1,651
Short Term Deposits & Bills, etc.		375	374
Total Cash & Cash Equivalent Assets	_	518	2,025
(b) Trade & Other Receivables			
Rates - General & Other		1,503	1,278
Council Rates Postponement Scheme		129	95
Accrued Revenues		540	577
Debtors - General		253	363
Other Levels of Government		196	72
Prepayments		140	156
Subtotal	_	2,761	2,541
Total Trade & Other Receivables	_	2,761	2,541
(c) Inventories			
Stores & Materials		18	19
Total Inventories	_	18	19
	_		
Note 6. Non-Current Assets			
\$ '000	Notes	2020	2019
Equity Accounted Investments in Council Businesses			
Gawler River Floodplain Management Authority (GRFMA)	19i	937	878
Eastern Waste Management Authority (EWMA)	19i	138	101
Adelaide Hills Regional Waste Management Authority (AHRWMA)	19i	416	371
Total Equity Accounted Investments in Council			
Businesses		1,491	1,350
<del></del>	_		

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 7. Infrastructure, Property, Plant & Equipment (continued)

# (a) Infrastructure, Property, Plant & Equipment

			as at 3	0/06/19							Asset moveme	nts during the	reporting period						as at 30/06/20			
\$ '000	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	WIP Transfers	Adjustments & Transfers	Other Physical Resources Free of Charge	RoU Additions	Tfrs from/(to) "Held for Sale" category	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital Work in Progress		_	2,997	_	2,997	_	3,223	9,718	_	_	_	(12,389)	_	_	_	_	_	_	_	3,550	_	3,550
Land - Community		88,615	_	_	88,615	_	_	_	(138)	_	_	_	_	_	_	_	(1,386)	_	87,091	_	_	87,091
Buildings	3	65,282	_	(24,777)	40,505	_	-	_	(198)	(1,148)	_	224	_	_	-	_	_	223	65,187	_	(25,581)	39,606
Infrastructure										, ,												
- Stormwater	3	39,600	_	(11,348)	28,252	_	-	_	_	(454)	_	901	_	285	-	_	(359)	_	40,097	_	(11,472)	28,625
- Community Wastewater Management	3																					
Systems		20,253	-	(6,298)	13,955	_	-	-	(28)	(413)	-	166	-	-	-	-	(139)	-	20,191	-	(6,650)	13,541
- Roads	3	285,788	-	(103,271)	182,517	_	-	_	(1,170)	(4,197)	-	4,773	-	267	-	-	(3,701)	-	264,156	-	(85,667)	178,489
- Bridges	3	18,210	_	(8,320)	9,890	_	_	_	(4)	(291)	_	255	_	_	_	_	(101)	_	18,239	_	(8,490)	9,749
- Footpaths	3	14,828	_	(6,794)	8,034	_	_	_	(41)	(312)	_	934	_	127	_	-	_	91	15,131	-	(6,298)	8,833
- Retaining Walls	3	11,275	_	(3,588)	7,687	_	_	_	(120)	(169)	_	175	_	_	_	_	_	259	11,421	_	(3,589)	7,832
- Guardrails	3	6,564	_	(1,339)	5,225	_	_	_	(30)	(146)	_	164	_	_	_	-	(1,770)	_	4,316	_	(873)	3,443
- Kerb & Gutter	3	32,728	_	(17,472)	15,256	_	_	_	(19)	(327)	_	534	_	291	_	-	_	2,344	40,381	_	(22,302)	18,079
- Traffic Controls	3	2,124	_	(806)	1,318	_	_	_	(63)	(25)	_	54	_	_	_	_	_	7	1,848	_	(557)	1,291
- Street Furniture	3	2,446	_	(956)	1,490	_	_	_	(8)	(71)	_	618	_	_	_	_	_	5	3,026	_	(992)	2,034
- Sport & Recreation	3	17,496	_	(9,911)	7,585	_	-	_	(26)	(326)	_	417	_	_	-	_	_	28	16,597	_	(8,919)	7,678
- Playgrounds	3	1,753	_	(683)	1,070	_	_	_	_	(69)	_	467	_	_	_	_	_	5	2,229	_	(756)	1,473
- Cemeteries	3	2.041	_	(1,306)	735	_	_	_	_	(31)	_	95	_	_	_	_	_	9	1,699	_	(891)	808
- Other Infrastructure	3	_	2,196	(628)	1,568	_	_	_	_	_	_	_	_	_	_	_	_	_		2,196	(628)	1,568
Right-of-Use Assets		_	_	_	_	239	_	_	_	(214)	_	_	_	_	703	_	_	_	_	942	(214)	728
Plant & Equipment		_	12,543	(5,556)	6,987	_	_	_	(673)	(943)	_	2,508	_	_	_	_	_	_	_	13,700	(5,821)	7,879
Furniture & Fittings		_	2.748	(2.333)	415	_	_	_	_	(71)	_	104	_	_	_	_	_	_	_	2.851	(2.403)	448
Total Infrastructure, Property, Plant & Equipment		609,003	20,484	(205,386)	424,101	239	3,223	9,718	(2,518)	(9,207)	_	-	-	970	703	-	(7,456)	2,971	591,609	23,239	(192,103)	422,745
Comparatives		532,392	18,288	(179,865)	370,815	_	3,877	10,090	(11,772)	(8,826)	(184)	_	123	1,982	_	(1,530)	(419)	59,945	609,003	20,484	(205,386)	424,101

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### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

### (b) Valuation of Infrastructure, Property, Plant & Equipment

#### **Valuation of Assets**

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

#### **Information on Valuations**

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

#### **Other Information**

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

#### Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

#### **Land & Land Improvements**

Council being of the opinion that it is not possible to attribute value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports.

Land - Level 2: The majority of land is based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset. Land assets revaluation was undertaken by Council officers based on the Valuer General's site values as at 1 January 2018.

Land - Level 3: Crown Land which is subject to restriction for its use or sale has been valued by Council officers based on the Valuer General's site values as at 1 January 2018 less allowances for the restriction on sale (requiring Ministerial consent) which are unobservable inputs that have a significant effect on valuation.

#### **Buildings & Other Structures**

- Basis of valuation: Fair ValueDate of valuation: 1 July 2017.
- Valuer: APV Valuers & Asset Management
- Council discloses Buildings as a class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement, and
  the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.
- There were no Assets Valued where it was considered that the highest and best use was other than its current use.
- Since the detailed valuation undertaken at 1 July 2017, valuations have been updated annually by Council Officers at depreciated current replacement cost based on Australia Bureau of Statistics Time Series data, Tables 17 (Construction Industries) movements specific to Adelaide for the period since valuation to June 2020

#### Infrastructure

- Council discloses each of the above as an individual class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement, and the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.
- There were no Assets Valued where it was considered that the highest and best use was other than its current use.

#### **Roads**

- Valuations were derived as at June 2019 referencing individual rates in Rawlinsons and Council Contracts to determine
  an overall rate for Council assets including road seal and road pavement by Steve Walker, Principal, Asset Engineering.
- Road Seals rates were established by using Council's recent contract rates for resealing which includes profiling, raising
  top stones, supply and laying of asphaltic concrete and supply and laying of spray seal
- Road Pavement rates were established by using rates from Rawlinsons applicable to the reconstruction of road pavements and compared against Council's actual costs
- During 2019-20 Council undertook a review of its sealed road components following an external review by Jeff Roorda, TechnologyOne, regarding components for road pavements. The assessment resulted in road pavement being componentised into a pavement base-course (layer immediately under the seal component) and a sub-base (bottom layer of road pavement). The base course layer retained the same useful life and the sub-base useful life was increased based on industry knowledge and standards. Given this useful life change, the sub-base was subsequently revalued from the asset construction date and hence the written down value of the assets adjusted downwards. As part of this process, the overall unit rate was also reallocated between the base-course and sub-base components.
- Since the detailed valuation using unit rates undertaken at June 2019, valuations have been updated by Council Officers
  at depreciated current replacement cost based on Australia Bureau of Statistics Time Series data, Tables 17
  (Construction Industries) movements specific to Adelaide for the period since valuation to June 2020

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### **Footpaths & Retaining Walls**

- Valuations were derived as at June 2019 referencing individual rates in Rawlinsons and Council Contracts to determine
  an overall rate for Council assets including footpaths and retaining walls by Steve Walker, Principal, Asset Engineering.
- Footpath rates were established by using rates from Council's schedule of rates contract to establish rates for brick paved, asphaltic concrete and concrete.
- Retaining Wall rates were established by using rates from Rawlinsons for retaining walls on a square metre basis for differing heights and referenced against Council's actual constructions in previous years
- Since the detailed valuation undertaken at June 2019, valuations have been updated by Council Officers at depreciated current replacement cost based on Australia Bureau of Statistics Time Series data, Tables 17 (Construction Industries) movements specific to Adelaide for the period since valuation to June 2020

#### Kerb & Gutter and Guardrails (safety barriers)

- Valuations were derived as at June 2020 referencing individual rates in Rawlinsons and Council Contracts to determine
  an overall rate for Council assets for kerb & gutter and safety barriers including guard rails by Steve Walker, Principal,
  Asset Engineering.
- Rates from Councils 2018 schedule of rates contract have been used to establish rates for barrier kerb, semi mountable, pinned semi mountable mountable kerb with stone inlay. A BPI rate of 1.06 has been used to adjust rates from 2018 to 2020.
- Rates from Rawlinsons (2020), have been used to establish rates for safety barriers and terminal treatments. These
  estimated rates have been adjusted and checked against Councils recent actual costs and relate well.

# Stormwater, Bridges, Traffic Controls, Street Furniture, Sport and Recreation Facilities (S&R), Playgrounds and Cemeteries

 Valuations were performed by Council Officers at depreciated current replacement cost at at 30 June 2020 based on Australia Bureau of Statistics Time Series data, Tables 17 (Construction Industries) specific to Adelaide for June 2020.

#### **Community Wastewater Management Systems (CWMS)**

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2017 noting that effective date of valuation as per APV Valuers is 30 June 2017
- Valuer: APV Valuers & Asset Management
- Since the detailed valuation undertaken at 1 July 2017, valuations have been updated annually by Council Officers at depreciated current replacement cost based on Australia Bureau of Statistics Time Series data, Tables 17 (Construction Industries) movements specific to Adelaide for the period since valuation to June 2020

### **Plant & Equipment**

· Basis of valuation: Historic Cost

#### **Furniture & Fittings**

· Basis of valuation: Historic Cost

#### **All Other Assets**

Basis of valuation: Deemed Cost

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 8. Liabilities

	2020	2020	2019	2019
\$ '000	Current	Non Current	Current	Non Current
(a) Trade and Other Payables				
Goods & Services	2,624	_	3,351	_
Payments Received in Advance	799	_	622	_
Accrued Expenses - Employee Entitlements	711	_	425	_
Accrued Expenses - Other	331	_	197	_
Aged Care Facility Deposits	782	_	782	_
Deposits, Retentions & Bonds	4	_	4	_
Other	3		65	_
TOTAL Trade and Other Payables	5,254	_	5,446	_
	2020	2020	2019	2019
<b>\$ '000</b> Notes	Current	Non Current	Current	Non Current
(b) Borrowings				
Bank Overdraft	2,000	_	_	_
Loans	5,000	5,000	62	10,000
Lease Liabilities 17	285	446	_	_
TOTAL Borrowings	7,285	5,446	62	10,000
All interest bearing liabilities are secured over the future revenues of the Council				
(c) Provisions				
Employee Entitlements (including oncosts)	3,338	129	2,843	109
Future Reinstatement / Restoration, etc	250	1,399	205	1,289
TOTAL Provisions	3,588	1,528	3,048	1,398
		.,020		.,00

# Notes to the Financial Statements

for the year ended 30 June 2020

### Note 9. Reserves

\$ '000	as at 30/06/19 Opening Balance	Increments (Decrements)	Transfers	Impairments	as at 30/06/20 Closing Balance
(a) Asset Revaluation Reserve					
Land - Community	61,264	(1,386)	_	_	59,878
Buildings Infrastructure	32,055	223	_	_	32,278
- Stormwater	19,476	(359)	_	_	19,117
- Community Wastewater Management Systems	5,626	(139)	_	_	5,487
- Roads	117,794	(3,701)	_	_	114,093
- Bridges	4,393	(101)	_	_	4,292
- Footpaths	114	91	_	_	205
- Retaining Walls	4,511	259	_	_	4,770
- Guardrails	3,105	(1,770)	_	_	1,335
- Kerb & Gutter	14,044	2,344	_	_	16,388
- Traffic Controls	564	7	_	_	571
- Street Furniture	1,235	5	_	_	1,240
- Sport & Recreation	2,941	28	_	_	2,969
- Playgrounds	108	5	_	_	113
- Cemeteries	2,233	9	_	_	2,242
JV's / Associates - Other Comprehensive Income	228	_	_	_	228
Total Asset Revaluation Reserve	269,691	(4,485)	_	_	265,206
Comparatives	210,121	59,754	_	(184)	269,691

	as at 30/06/19				as at 30/06/20
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Community Wastewater Management Systems	188	107	_	_	295
Torrens Valley Community Centre	137	_	(36)	_	101
Library	1	_	_	_	1
Scott Creek Progress Association	6	_	_	_	6
Environmental Fund Reserve	232	_	(54)	_	178
Significant Trees Reserve	9	_	(9)		
Total Other Reserves	573	107	(99)		581
Comparatives	1,426	2	(200)	(655)	573

### **PURPOSES OF RESERVES**

# **Asset Revaluation Reserves**

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 10. Assets Subject to Restrictions

\$ '000		2020	2019
The uses of the following assets are restricted, wholly or partially, by lead the other externally imposed requirements. The assets are required to be upurposes for which control was transferred to Council, or for which the originally obtained.	itilised for the		
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
Community Wastewater Management Systems Investigations		354	351
Total Cash & Financial Assets	_	354	351
			351
Total Assets Subject to Externally Imposed Restrictio	<u>ns</u>	354	331
Note 11. Reconciliation to Statement of Cash Flo	_	2020	2019
Note 11. Reconciliation to Statement of Cash Flo	ws		
Note 11. Reconciliation to Statement of Cash Flo	ws		
Note 11. Reconciliation to Statement of Cash Flo	WS  Notes		
Note 11. Reconciliation to Statement of Cash Flo  \$ '000  (a) Reconciliation of Cash  Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the enthe reporting period as shown in the Statement of Cash Flows is reconciliation.	WS  Notes		
Note 11. Reconciliation to Statement of Cash Flows 1000  (a) Reconciliation of Cash  Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the enthe reporting period as shown in the Statement of Cash Flows is reconciliation to the related items in the Balance Sheet as follows:	Notes  Notes	2020	2019

# Notes to the Financial Statements

for the year ended 30 June 2020

bank without notice.

# Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000		2020	2019
(b) Reconciliation of Change in Net Assets to Cash from			
Operating Activities			
Net Surplus/(Deficit)		(2,773)	3,263
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		9,207	8,826
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(63)	(132)
Non-Cash Asset Acquisitions		(970)	(1,982)
Grants for capital acquisitions treated as Investing Activity		(556)	(425)
Net (Gain) Loss on Disposals		1,757	95
Other		(71)	_
		6,531	9,645
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(220)	292
Net (Increase)/Decrease in Inventories		1	(6)
Net (Increase)/Decrease in Other Assets			(2)
Net Increase/(Decrease) in Trade & Other Payables		(192)	96
Net Increase/(Decrease) in Unpaid Employee Benefits		515	168
Net Increase/(Decrease) in Other Provisions		155	149
Net Increase/(Decrease) in Other Liabilities		133	(3)
Net Cash provided by (or used in) operations		6,790	10,339
¢ 1000	Nata	2020	2040
\$ '000	Notes	2020	2019
(c) Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2h	970	1,982
Amounts recognised in Income Statement		970	1,982
Total Non-Cash Financing and Investing Activities		970	1,982
			1,002
(d) Financing Arrangements			
Unrestricted access was available at balance date to the following line	s of		
credit:	3 01		
Bank Overdrafts		200	200
Corporate Credit Cards		180	180
Asset Finance - Leasing		750	750
LGFA Cash Advance Debenture Facility		10,200	10,200
·		•	,
The bank overdraft facilities may be drawn at any time and may be terminat	ed by the		

Adelaide Hills Council

Financial Statements 2020

### Notes to the Financial Statements

for the year ended 30 June 2020

Note 12a. Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.

Details of these Functions/Activities are provided in Note 12b.

		INCOME		EXPENSES	-	PERATING S (DEFICIT)		INCLUDED IN INCOME	(	SSETS HELD CURRENT & I-CURRENT)
\$ '000	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions/Activities										
Business Undertakings	_	_	_	_	_	_	_	_	427,533	431,566
Community Capacity	1,768	1,727	6,851	6,755	(5,083)	(5,028)	1,472	1,440	_	_
Corporate Services	40,155	38,089	12,153	9,664	28,002	28,425	839	817	_	_
Infrastructure & Operations	3,453	4,537	26,608	24,712	(23,155)	(20,175)	2,850	2,783	_	_
Development & Regulatory Services	1,248	1,207	3,554	3,478	(2,306)	(2,271)	84	83	_	_
Total Functions/Activities	46,624	45,560	49,166	44,609	(2,542)	951	5,245	5,123	427,533	431,566

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 12b. Components of Functions

#### The activities relating to Council functions are as follows:

#### **COMMUNITY CAPACITY**

Communications, Engagement & Events, Community Capacity Director's Office, Community Development (Management & Partnerships), Community Grants, Community Programs, Cultural Development, Customer Service, Economic Development, FABRIK Arts and Heritage Hub, Library Services, Positive Ageing (Home and Social Support), Positive Ageing Project (Collaborative), Service Strategy & Innovation, The Summit Community Centre, Torrens Valley Community Centre, Volunteering and Youth Development.

#### **CORPORATE SERVICES**

Adelaide Hills Business Tourism Centre, Cemeteries, Corporate Services Director's Office, Financial Services, Governance & CEO Office, ICT, Information Management, Organisational Development & Work Health & Safety, Property Management and Retirement Villages.

#### **INFRASTRUCTURE & OPERATIONS**

Civil Services, Community Wastewater Management System (CWMS), Emergency Management, Infrastructure & Operations Director's Office, Open Space Biodiversity, Open Space Operations, Open Space - Sport & Recreation Planning, Sustainability, Sustainable Assets and Waste.

#### **DEVELOPMENT & REGULATORY SERVICES**

Animal Management, Development & Regulatory Services Director's Office, Fire Prevention, Mt Lofty Waste Control Project, Parking and By-Laws, Planning & Development, Policy Planning and Public Health.

### Notes to the Financial Statements

for the year ended 30 June 2020

#### Note 13. Financial Instruments

#### **Recognised Financial Instruments**

#### Bank, Deposits at Call, Short Term Deposits

#### **Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

#### **Terms & Conditions:**

Deposits are returning fixed interest rates between 0.45% and 0.75% (2019: 1.25% and 1.75%).

#### **Carrying Amount:**

Approximates fair value due to the short term to maturity.

#### **Receivables - Rates & Associated Charges**

#### **Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

#### **Terms & Conditions:**

Secured over the subject land, arrears attract interest of 5.2% (2019: 6.6%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

#### **Carrying Amount:**

Approximates fair value (after deduction of any allowance).

### **Receivables - Fees & Other Charges**

#### **Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

#### **Terms & Conditions:**

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

#### **Carrying Amount:**

Approximates fair value (after deduction of any allowance).

### **Receivables - Other Levels of Government**

#### **Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

#### **Terms & Conditions:**

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

#### **Carrying Amount:**

Approximates fair value.

### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Financial Instruments (continued)

#### **Receivables - Retirement Home Contributions**

#### **Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

#### **Terms & Conditions:**

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

#### **Carrying Amount:**

Approximates fair value (after deduction of any allowance).

#### **Liabilities - Creditors and Accruals**

#### **Accounting Policy:**

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

#### **Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

#### **Carrying Amount:**

Approximates fair value.

#### **Liabilities - Retirement Home Contributions**

#### **Accounting Policy:**

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

#### **Terms & Conditions:**

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

#### **Carrying Amount:**

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

#### **Liabilities - Interest Bearing Borrowings**

### **Accounting Policy:**

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

#### **Terms & Conditions:**

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between **4.6**% and **6.75**% (2019: **4.6**% and **6.75**%).

#### **Carrying Amount:**

Approximates fair value.

#### **Liabilities - Leases**

#### **Accounting Policy:**

Accounted for in accordance with AASB 16 as stated in Note 17.

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 13. Financial Instruments (continued)

		Due > 1 year		Total Contractual	Carrying	
\$ '000	Due < 1 year	& ≤ 5 years	Due > 5 years	Cash Flows	Values	
2020						
Financial Assets						
Cash & Equivalents	518	_	_	518	518	
Receivables	2,621	_	_	2,621	2,621	
Total Financial Assets	3,139	_	_	3,139	3,139	
Financial Liabilities						
Payables	3,744	_	_	3,744	3,744	
Current Borrowings	7,636	_	_	7,636	7,285	
Non-Current Borrowings	230	6,380	_	6,610	5,446	
Total Financial Liabilities	11,610	6,380	_	17,990	16,475	
2019						
Cash & Equivalents	2,024	_	_	2,024	2,025	
Receivables	2,385	_	_	2,385	2,385	
Total Financial Assets	4,409	_	_	4,409	4,410	
Financial Liabilities						
Payables	4,401	_	_	4,401	4,399	
Current Borrowings	65	_	_	65	62	
Non-Current Borrowings	568	6,257	5,230	12,055	10,000	
Total Financial Liabilities	5,034	6,257	5,230	16,521	14,461	

The following interest rates were applicable to Council's Borrowings at balance date:	2020		2019	
\$ '000	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	2.20%	(2,000)	3.35%	_
Fixed Interest Rates	5.68%	12,731 10,731	5.68%	10,062 10,062

#### **Net Fair Value**

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

continued on next page ... Page 34 of 51

### Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Financial Instruments (continued)

### Risk Exposures

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

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

<u>Liquidity Risk</u> is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

<u>Interest Rate Risk</u> is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2020	2019
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	1,900	1,750
Plant & Equipment	94	304
	1,994	2,054
These expenditures are payable:		
Not later than one year	1,994	2,054
	1,994	2,054
(b) Other Expenditure Commitments		
Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	_	24
		24
These expenditures are payable:		
Not later than one year	_	24
	_	24
-		

# Notes to the Financial Statements

for the year ended 30 June 2020

additional assets.

# Note 15. Financial Indicators

	Amounts	Indicator	Prior p	eriods
'000	2020	2020	2019	2018
hese Financial Indicators have been calculated in accordance ith Information paper 9 - Local Government Financial edicators prepared as part of the LGA Financial Sustainability rogram for the Local Government Association of South ustralia.				
Operating Surplus Ratio				
perating Surplus	(2,542)	(5.5)%	2.1%	1.0%
otal Operating Income	46,624	(610)/6		
his ratio expresses the operating surplus as a percentage of tall operating revenue.				
. Net Financial Liabilities Ratio				
et Financial Liabilities	19,822	43%	34%	55%
otal Operating Income	46,624	/ •	2.70	2270
let Financial Liabilities are defined as total liabilities less nancial assets (excluding equity accounted investments in council businesses). These are expressed as a percentage of otal operating revenue.				
djustments to Ratios  recent years the Federal Government has made advance ayments prior to 30th June from future year allocations of mancial assistance grants, as explained in Note 1. These djusted Ratios correct for the resulting distortion in key ratios or each year and provide a more accurate basis for comparison.				
djusted Operating Surplus Ratio				
perating Surplus	(2,273)	(4.8)%	0.6%	1.0%
otal Operating Income	46,893	(4.0) /0	0.070	1.07
djusted Net Financial Liabilities Ratio				
et Financial Liabilities	19,553	400/	0.40/	==0/
otal Operating Income	46,893	42%	34%	55%
Asset Renewal Funding Ratio				
et Asset Renewals	9,718	106%	93%	128%
frastructure & Asset Management Plan required expenditure	9,207		30.0	.207
Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of productional assets.				

# Notes to the Financial Statements

for the year ended 30 June 2020

#### Note 16. Uniform Presentation of Finances

\$ '000	2020	2019

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

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

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

Income less Expenses	46,624 (49,166)	45,560 (44,609)
Operating Surplus / (Deficit)	(2,542)	951
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,718)	(10,090)
add back Depreciation, Amortisation and Impairment	9,207	8,826
add back Proceeds from Sale of Replaced Assets	714	497
	203	(767)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property &		
Real Estate Developments)	(3,223)	(3,877)
add back Amounts Received Specifically for New and Upgraded Assets	556	425
add back Proceeds from Sale of Surplus Assets (including investment property, real		
estate developments & non-current assets held for resale)	1,647	9,146
-	(1,020)	5,694
Net Lending / (Borrowing) for Financial Year	(3,359)	5,878

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 17. Leases

# (i) Council as a lessee

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

# Right of use assets

\$ '000	Right of Use	Total	
2020			
Adoption of AASB 16 at 1 July 2019	239	239	
Additions to right-of-use assets	703	703	
Depreciation charge	(214)	(214)	
Balance at 30 June 2020	728	728	

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2020	2019
Balance at 1 July	239	_
Additions	703	_
Accretion of interest	11	_
Payments	(221)	
Balance at 30 June	732	
Classified as:		
Current	286	_
Non Current	446	_
The maturity analysis of lease liabilities is included in Note 13.		
Council had total cash outflows for leases of \$529k.		
The following are the amounts recognised in profit or loss:		
Depreciation expense of Right-of-Use Assets	214	_
Interest expense on lease liabilities	11	_
Expense relating to short term leases	308	
Total amount recognised in profit or loss	533	

#### Notes to the Financial Statements

for the year ended 30 June 2020

## Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019/20; 9.50% in 2018/19). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### **Contributions to Other Superannuation Schemes**

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

#### Notes to the Financial Statements

for the year ended 30 June 2020

#### Note 19. Interests in Other Entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of N	let Income	Council's Share of Net Assets	
\$ '000	2020	2019	2020	2019
Council's Share of Net Income				
Joint Ventures	63	132	1,491	1,350
Total Council's Share of Net Income	63	132	1.491	1,350

#### (i) Joint Ventures, Associates and Joint Operations

#### (a) Carrying Amounts

\$ '000	Principal Activity	2020	2019
Eastern Waste Management Authority	Waste		
	Management	138	101
Gawler River Floodplain Management Authority	Floodplain		
	Management	937	878
Adelaide Hills Regional Waste Management Authority	Waste		
	Management	416	371
<b>Total Carrying Amounts - Joint Ventures &amp; Associa</b>	tes	1,491	1,350

#### Eastern Waste Management Authority

Eastern Waste is a regional subsidiary pursuant to S.43 of the Local Government Act 1999. Council has an interest in the assets and liabilities of Eastern Waste. The other member Councils are Norwood, Payneham & St. Peters, Burnside, Mitcham, Campbelltown and Walkerville.

#### Gawler River Floodplain Management Authority

Gawler River Floodplain Management Authority is a regional subsidiary pursuant to S.43 of the Local Government Act 1999. Council has an interest in the assets and liabilities of Gawler River Floodplain Management Authority. Other members are Barossa, Gawler, Light, Adelaide Plains and Playford Councils.

#### Adelaide Hills Regional Waste Management Authority

Adelaide Hills Regional Waste Management Authority is a regional subsidiary pursuant to S.43 of the Local Government Act 1999. Council has an interest in the assets and liabilities of Adelaide Hills Regional Waste Management Authority. Other members are Alexandrina, Mt. Barker and Murray Bridge Councils.

#### (b) Relevant Interests

			Shai	Ownership Share of Equity		Proportion of Voting Power	
\$ '000	2020	2019	2020	2019	2020	2019	
Eastern Waste Management Authority	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	
Gawler River Floodplain Management Authority	4.23%	3.92%	4.23%	3.92%	16.67%	16.67%	
Adelaide Hills Regional Waste Management Authority	34.40%	33.10%	40.52%	41.41%	25.00%	25.00%	

# Notes to the Financial Statements

for the year ended 30 June 2020

# Note 19. Interests in Other Entities (continued)

#### (c) Movement in Investment in Joint Venture or Associate

<b>\$</b> '000	Eastern Waste Mar Authority	•	Gawler River Floodplain Management Authority		Adelaide Hills Regional Waste Management Authority	
	2020	2019	2020	2019	2020	2019
Opening Balance	101	69	878	600	371	169
Share in Operating Result	28	19	(10)	(6)	45	119
Share in Other Comprehensive Income	_	5	_	229	_	7
Adjustments to Equity  Council's Equity Share in the Joint Venture or	9	8	69	55		76
Associate	138	101	937	878	416	371

# Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$ '000	2020	2019
Carrying Amounts of Assets and Liabilities		
Assets Infrastructure, Property, Plant & Equipment (Northern side of AHBTC) Total Assets		1,530 1,530
Net Assets		1,530

#### Notes to the Financial Statements

for the year ended 30 June 2020

# Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### 1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

#### 2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductable "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

#### 3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

#### Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2020, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2020/21 financial year will not be significant. We refer to Note 1.15 providing details of the financial impacts caused by COVID-19 during the 2019/20 financial year.

Council is aware of the following "non adjusting event" that merit disclosure;

#### **Retirement Villages**

In August 2018, Council resolved to sell its Retirement Village portfolio to Clayton Church Homes (CCH). As a result of contract negotiations and due diligence it was discovered that a portion of the Bridgewater Village is the subject of an unregistered charitable trust and is Community Land. As such, it was necessary to excise the Bridgewater village from the transaction at that time. However, Council has provided CCH with a first right of refusal to purchase the Bridgewater Village if the Trust is able to be varied and the community land classification revoked.

As a result, there is a number of contractual conditions precedent still to be fulfilled prior to the sale of Bridgewater Village being unconditional. Given the highly restrictive definition of a non-current assets held for resale these assets have remained within the land and buildings categories under Infrastructure, Property Plant & Equipment in the Statement for Financial Position.

#### Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Related Party Transactions

#### **Key Management Personnel**

#### **Transactions with Key Management Personel**

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 20 persons were paid the following total compensation.

\$ '000	2020	2019
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,590	1,544
Long-Term Benefits	116	112
Total	1,706	1,656

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

#### Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and Building Application Fees	1	_
Total	1	_

Five Key Management Personnel are a Board Members/Deputy Board Members of entities, namely the State Libraries Board, Local Government Association of SA, Local Government Professionals SA, Adelaide Hills Regional Waste Management Authority and The Hutt Community Centre respectively, which have had some dealings with Council but it is not considered that those members control or jointly control those organisations.

During the financial year the Adelaide Hills Council:

- received grants for materials of \$159,756 and operating \$131,827 from Arts SA for a Public Libraries Grant and paid \$13,830 for library management software
- paid to LGA of SA an amount of \$56,928 for Membership and \$21,132 for Training, Seminar/Forum and Tenders & Contracts
- paid an amount of \$5,254 to LG Professionals SA for bronze memberships and \$8,716 for conferences and training
- · paid to AHRWMA \$1.3m for collection and disposal of waste and associated services

One Key Management Person received salary and wages from the Hut Community Centre Inc. During the 2019-20 financial year, Council paid \$186,055 to The Hut Community Centre relating to the following:

- · Funding for Provision of Community Home Support Program of \$12,650
- Funding \$167,890
- Reimbursement of volunteer expenses of \$ 4,823
- Reimbursement of 80% electricity \$692

Five Key Management Personnel received income from five entities, namely Summit Health, University of SA, Ecodynamics, Electoral Commission and Gawler River Flood Plain Management during the 2019-20 financial year.

During the financial year Council paid:

- \$1,100 in a Grant contribution to Summit Health
- \$2,200 for Library review to University of SA
- \$314 to Ecodynamics for the supply of plants
- \$14,331 to the Electoral Commission for Roll maintenance costs
- \$28,206 to the Gawler River Flood Plain Management Authority, being a Council subsidiary for 19/20 Subscription

## Notes to the Financial Statements

for the year ended 30 June 2020

# Note 23. Related Party Transactions (continued)

Five Key Management Personnel are members on six management committees of groups that received contributions from Adelaide Hills Council. Details of those contributions are as follows:

- · Birdwood High School, \$150 donation
- · Kersbrook Public Hall Inc, who received:
  - \$6,551 relating to a contribution for public toilet maintenance
  - \$1,382 as a rate rebate
  - \$992 Community Development Grant
- RSL Gumeracha Sub branch who received a minor grant of \$300
- Woodside Hall who received \$1,905 for reimbursement of insurance
- Old School Community Garden who received a \$2,500 grant
- · Adelaide Hills (War Memorial) Swimming Centre Inc who received a Maintenance Grant of \$93,404

# Galpins

Accountants, Auditors & Business Consultants

David Chant CA. FCPA Simon Smith CA. FCPA David Sullivan CA. CPA Jason Seidel CA Renae Nicholson CA Tim Muhlhausler CA Aaron Coonan CA Luke Williams CA. CPA Daniel Moon CA



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Liability limited by a scheme approved

#### INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

#### To the members of Adelaide Hills Council

#### **Opinion**

We have audited the accompanying financial report of Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Adelaide Hills Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Council's Responsibility for the Financial Report**

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud
  or error, design and perform audit procedures responsive to those risks, and obtain audit evidence
  that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a
  material misstatement resulting from fraud is higher than for one resulting from error, as fraud
  may involve collusion, forgery, intentional omissions, misrepresentations, or the override of
  internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to
  design audit procedures that are appropriate in the circumstances, but not for the purpose of
  expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the
  disclosures, and whether the financial report represents the underlying transactions and events in a
  manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS** 

Tim Muhlhausler CA Registered Company Auditor

Partner

29 October 2020

# Galpins

Accountants, Auditors & Business Consultants

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#### INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

#### To the members of Adelaide Hills Council

#### Independent Assurance Report on the Internal Controls of Adelaide Hills Council

#### **Opinion**

We have audited the compliance of Adelaide Hills Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2019 to 30 June 2020 have been conducted properly and in accordance with law.

In our opinion, Adelaide Hills Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020.

#### **Basis for Opinion**

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagements on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### The Council's Responsibility for Internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

#### **Our Independence and Quality Control**

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.

#### Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagements on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

#### **Limitations of Controls**

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

#### **Limitation of Use**

This report has been prepared for the members of the Council in Accordance with Section 129 of the *Local Government Act 1999* in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared.

### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

Tim Muhlhausler CA Registered Company Auditor

Partner

29 October 2020

# General Purpose Financial Statements

for the year ended 30 June 2020

# Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Council for the year ended 30 June 2020, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Andrew Aitken

**Chief Executive Officer** 

Date: 20 OCTOBER 2020

Malcolm Herrmann

**Presiding Member, Audit Committee** 

# **Galpins**

Accountants, Auditors & Business Consultants

David Chant CA, FCPA Simon Smith CA, FCPA David Sullivan CA, CPA Jason Seidel ca Renae Nicholson ca Tim Muhlhausler ca Aaron Coonan ca Luke Williams CA, CPA Daniel Moon ca



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#### ADELAIDE HILLS COUNCIL

**GENERAL PURPOSE FINANCIAL STATEMENTS** For the year ended 30 June 2020

#### Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Hills Council for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants (including Independence Standards), Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

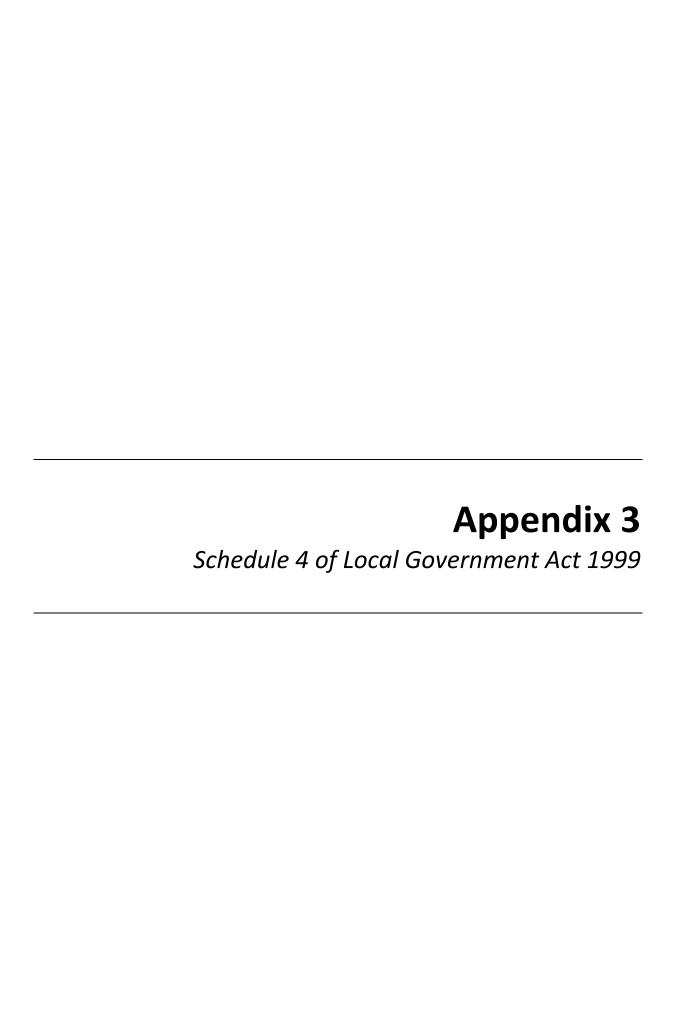
This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulation 2011.

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS** 

Tim Muhlhausler CA, Registered Company Auditor

Partner

14 October 2020



Schedule 4—Material to be included in the annual report of a council	Related section of 2019-20 Annual Report
1. The following material must be included in the annual report of a council:	
(a) a copy of the audited financial statements of the council for the relevant financial year;	Appendix 1: Financial Statements
(b) a list of the registers that are required to be kept under this Act or the <i>Local Government (Elections) Act 1999</i> ;	Our Governance
(c) a list of the codes of conduct or practice required under this Act or the <i>Local Government (Elections) Act 1999</i> ;	
<ul><li>(f) information on allowances paid to members of the council or a council committee;</li></ul>	
(g) information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package;	
(ga) a report on the use of sections 90(2) and 91(7) by the council and its council committees containing the information required by the regulations;	
(gb) a report on the applications made to the council under the <i>Freedom of Information Act 1991</i> during the relevant financial year containing the information required by the regulations;	
(h) a statement of—	
(i) the council's representation quota; and	
<ul><li>(ii) the average representation quota for councils of a similar size and type (taking into account various factors prescribed by the regulations); and</li></ul>	
(iii) when the council next intends to conduct a review under Chapter 3 Part 1 Division 2; and	
(iv) the procedures that are available under Chapter 3 for electors to make submissions on representation under this Act;	
(ha) the annual report of any subsidiary received by the council under Schedule 2 for the relevant financial year;	Appendix 2: Subsidiary Annual Reports
(i) other material prescribed by the regulations;	Our Governance
(j) other information to be included in the annual report under this or another Act.	
2. The following matters must be reported on in the annual report of a council:	
(a) the council's performance in implementing its strategic management plans during the relevant financial year,	Our 2019-20 Performance Highlights
and the council's projections and targets under its plans for the next financial year;	Delivering on our plans
(ab) the council's performance against its annual business plan for the relevant financial year;	Our focus in 2020-21
(b) the extent to which activities of the council have been	Our Governance

Schedule 4—Material to be included in the annual report of a council	Related section of 2019-20 Annual Report
subjected to competitive tender or other measures to ensure services are delivered cost-effectively, and the extent (if any) to which the council has pursued policies for purchasing local goods and services;	
(c) the decision-making structure of the council;	Our Council
	Our Organisation
	Our Governance
(ca) the training and development activities for members of the council during the relevant financial year;	Our Governance
(d) the implementation of equal employment opportunity programs, and other human resource management or development programs, during the relevant financial year;	
(e) the progress of the council in preparing or finalising any management plans for community land required under the Chapter 11;	
(f) other matters prescribed by the regulations.	
3 In this Schedule— <i>representation quota</i> for a council is an amount ascertained by dividing the number of electors for the area of the council (as at the last closing date under the <i>Local Government (Elections) Act 1999</i> ) by the number of members who constitute the council (ignoring any fractions resulting from the division and expressed as a quota).	Our Governance

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.2

Responsible Officer: Mike Carey

**Manager Financial Services** 

**Corporate Services** 

Subject: 2019-20 End of Year Financial Report

For: Decision

#### **SUMMARY**

Council is required, pursuant to Regulation 10 of the *Local Government (Financial Management) Regulations 2011* to consider a report showing the audited financial results of the Council for the Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

This report meets those legislative requirements in relation to Council's financial performance to budget for the 2019-20 financial year.

#### RECOMMENDATION

#### The Audit Committee resolves:

- That the report be received and noted
- 2. To recommend to Council that the Audited 2019-20 Financial Results compared to Budget contained within this report have been appropriately considered

#### 1. GOVERNANCE

#### Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future

generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst

meeting endorsed long term targets for a sustainable operating surplus

and level of debt

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority O5.1	Enhance governance structures and systems to prudently adapt to
	changing circumstances and meet our legislative obligations
Priority O5.3	Demonstrate accountability through robust corporate planning and
	reporting that enhances performance, is relevant and easily accessible
	by the community

The Council is committed to open, participative and transparent decision making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability and exceed those requirements where possible.

Legislation requires Council to review and monitor Council's Annual Budget with reference to actual results and its overall financial position to ensure Council continues to be financially sustainable.

#### > Legal Implications

Sections 124-130 of the *Local Government Act 1999* covering Accounts, financial statements and audit.

Section 140 of the *Local Government Act 1999* - Review of Investments requires Council to at least once in each year, review the performance of its investments.

Regulation 10 of the *Local Government (Financial Management) Regulations 2011* requires that a Council must by no later than 31 December in each year, prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the council for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

#### Risk Management Implications

Monitoring and reporting on Council's financial results will assist in mitigating the risk of:

Inaccurate budgets, unforecasted deficits and inadequate resourcing for current and future activities.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

Monitoring and reporting on Council's financial results ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's Long Term Financial Plan.

#### Financial and Resource Implications

In terms of the financial result, once the one off expenditure including the Cudlee Creek bushfire, additional provisioning of remediation and post closure costs for landfill sites and the undergrounding of power lines expenditure is taken into account the numbers reflect an underlying financially sustainable surplus into the future and strong alignment to the current LTFP. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

#### Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate financial governance processes in place including the review of actual results to budget for a corresponding period.

#### Sustainability Implications

Not applicable.

#### > Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Not Applicable
Council Workshops: Not Applicable
Advisory Groups: Not Applicable
Administration: Not Applicable
External Agencies: Not Applicable
Community: Not Applicable

#### 2. BACKGROUND

This report provides details of Council's financial performance to budget for the year ended 30 June 2020.

The Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators and associated commentary for 2019-20, are shown as *Appendix 1* to this Report. As the Statement of Comprehensive Income largely focuses on Council's Operating Income and Expenditure, discussion on these items is included in *Appendices 2 & 3* of this report.

In addition, in accordance with Council's *Treasury Policy* and Section 140 of the *Local Government Act 1999*, a council must review the performance of its investments at least annually. Given the timing of this report covering financial performance, it is considered that it is appropriate to also consider annual investment performance at this time.

A 2019-20 End of Financial Year Update Report was presented to the Audit Committee on 17 August 2020 and resulted in a Preliminary End of Year Financial Results and Carry Forwards report being subsequently presented to Council on 25 August 2020. Council's preliminary Operating Deficit before Capital referenced in those reports was \$941k. The financial statements were subsequently adjusted prior to adoption by a reduction in revenue of \$1.55m for Disaster Recovery funding after discussion with Galpins, Council's Auditors, resulting in a revised deficit of \$2.542m. This grant income will now be reflected in the 2020-21 financial year.

#### 3. ANALYSIS

#### **Summary of Financial Performance**

\$000's	2019-20	2019-20	YTD Variance
	Actuals	Budget	Fav/(Unfav)

Operating income	46,624	48,000	(1,376)
Operating expenditure	49,166	48,013	(1,153)
Operating Surplus/(Deficit) before Capital	(2,542)	(13)	(2,529)
Capital Income	2,917	3,199	(282)
Capital Expenditure	12,941	16,526	3,585
Net expenditure - Capital projects	(10,024)	(13,327)	3,303
Depreciation	9,207	8,945	262
Net Lending / (Borrowing) for Financial Year	(3,359)	(4,395)	1,036

In terms of Council's operating result, Council's Operating Deficit before Capital is \$2.542m which is \$2.529m unfavourable to budget. As previously advised, from a budget comparison perspective, the variance largely consists of the following:

- Transfer of \$1.550m in funding through the Local Government Disaster Recovery Assistance Arrangements to the 2020-21 financial year as mentioned above
- An adjustment of \$487k for PLEC relating to the undergrounding of power lines for the Gumeracha main street, which was budgeted under capital.
- The additional provisioning of remediation and post closure costs of \$400k relating to closed landfills within the Council area.
- An increase in leave provisions of over \$500k, largely as a result of a reduction of leave taken in the period March to June 2020 due to the impact of Covid-19, work from home arrangements and closure of borders as well as the increase in the length of service profile of staff for long service leave.
- As a result of the focus on the Cudlee Creek bushfire recovery, some contractor expenditure was reduced in Council's normal operations and redirected towards the recovery effort resulting in a reduction in that expenditure line from the previous year.

Further discussion on these items is included in *Appendices 1-3* of the report.

#### **Overall Capital Result**

\$000's	2019-20 Actuals \$'000s	2019-20 Budget \$'000s	Variance Fav/(Unfav) \$'000s	Carry Forwards \$'000s	Variance Adjusted for Carry Forwards \$'000s
Capital Income	2,917	3,199	(282)	367	85
Capital Expenditure	12,941	16,026 *	3,085	2,729	356
Net expenditure - Capital projects	(10,024)	(12,827)	2,803	(2,362)	441

<sup>\*</sup> adjustment to account for PLEC accounting treatment

Council's final results show a capital spend of \$12.941m against an adjusted budget of \$16.026m after taken into account the PLEC reallocation of \$500k to Operating as discussed above and carry forwards. This results in an overall favourable result to budget.

#### **Statement of Financial Position**

\$000s	2019-20 Actuals	2019-20 Budget	Movement
Assets	427,533	440,250	(12,717)
Liabilities - Borrowings	(12,000)	(13,000)	1,000
Other Liabilities	(11,101)	(9,692)	(1,409)
Net Assets (Liabilities)	404,432	417,558	(13,126)

The Statement of Financial Position shows the total assets and total liabilities held by Council. As at 30 June 2020, the overall net assets (total assets less total liabilities) held by Council was \$404.4m compared with \$417.6m budgeted, representing a difference of \$13.1m. The decrease in equity for 2019-20 is represented by a reduction in asset valuation of \$4.5m together with the Net Deficit of \$2.8m compared to a budgeted revaluation increase of \$5.0m and a Net Surplus of \$946k.

Excluding lease liabilities, borrowings at 30 June 2020 were \$12m, represented by two fixed term interest only loans of \$5m each and a short term drawdown facility drawn down to \$2m at year end. This compares with Council's budgeted borrowings at 30 June 2020 of \$13.0m which was based on borrowings at the end of the previous year of \$10.0m and the budgeted borrowings for the 2019-20 financial year of \$3m.

#### **Cash Flow Position**

\$000s	2019-20 Actuals	2019-20 Budget	Movement
Net Flows from Operating	6,790	8,632	(1,842)
Net Flows from Investing Activities	(10,024)	(13,327)	3,303
New Flows from Financing Activities	(273)	2,938	(3,211)
Net Change in Cash Position	(3,507)	(1,757)	(1,750)
Cash & Investments	518	268	250
CAD Drawdown	(2,000)	-	(2,000)
Net Cash Position	(1,482)	268	(1,750)
Fixed Term Borrowings	(10,000)	(13,000)	3,000
Net Borrowings	(11,482)	(12,732)	1,250

Council generated \$6.8m from its Operating Activities during the financial year compared to a budget of \$8.6m with the variance relating largely to the \$1.55m of the Disaster Recovery funding from the State Government now to be received in 2020-21 and the one off treatment of the SAPN contribution of \$487k to SAPN for the undergrounding of power lines for the Gumeracha main street under operating.

#### **Annual Investment Performance**

In accordance with Council's *Treasury Policy* and Section 140 of the *Local Government Act* 1999, a council must review the performance of its investments at least annually.

Given that Council is utilising its short term drawdown facility throughout the period, Council's investments are kept at a minimum during the year. As such the focus of Treasury Management has been on minimising interest expense and maintaining appropriate working capital rather than investment return.

As a result, interest earnings largely relate to:

- cash balances being transferred to an overnight investment account from Council's general bank account with NAB, and
- where grants and other funds are placed directly with the Local Government Finance Authority (LGFA).

Both the NAB and LGFA investments are in accordance with Council's Treasury Policy.

Year	RBA cash rate for June	LGFA Weighted Average Return	NAB Weighted Average Return	Overall Weighted Average Return	Actuals Investment Earnings	Annual Budget
2015-16	1.75%	1.88%	2.38%	2.00%	\$58k	\$56k
2016-17	1.50%	1.52%	2.02%	1.77%	\$36k	\$81k
2017-18	1.50%	1.50%	2.00%	1.75%	\$30k	\$34k
2018-19	1.25%	1.48%	1.98%	1.73%	\$41k	\$38k
2019-20	0.25%	0.67%	1.17%	0.92%	\$42k	\$42k

As shown in the above table, revenue from investments was in line with the budget for the 2019-20 financial year.

The fixed and variable interest rate borrowings as at 30 June 2020 totalled \$10m and \$2m respectively resulting in the fixed and variable rate portions of total borrowings at 83% and 17% respectively. The fixed rate borrowings consist of two \$5m loans borrowed for ten years which has reduced Council's capacity to maintain a balance of fixed and variable loans. One of the \$5m fixed term loans matures in June 2021 and as such will provide increased flexibility to consider the appropriate balance between variable and fixed term borrowings in the future.

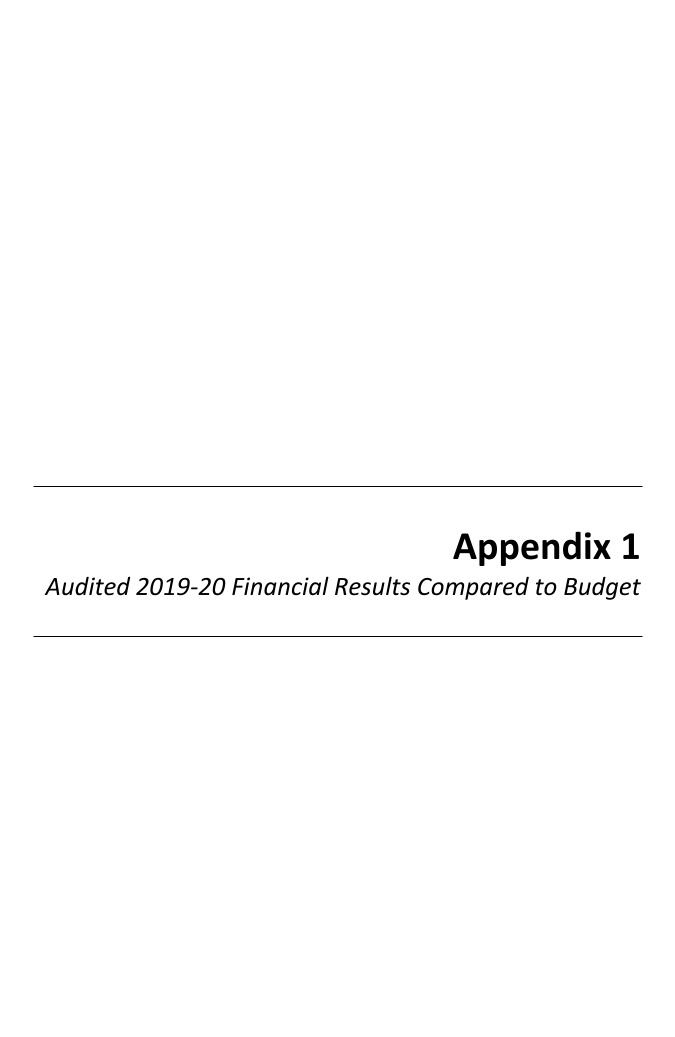
#### 4. OPTIONS

The Committee has the following options:

- I. To receive and note this report and recommend to Council that the Audited 2019-20 Financial Results compared to Budget have been appropriately considered (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to presenting the Audited 2019-20 Financial Results compared to Budget to Council.

#### 5. APPENDICES

- (1) Audited 2019-20 Financial Results Compared to Budget
- (2) Operating Income
- (3) Operating Expenditure



# Statement of Comprehensive Income for the year ended 30 June 2020

\$ '000	2019-20 Actuals	2019-20 Budget	Variance	N
Income				
Rates Revenues	38,547	38,675	(128)	
Statutory Charges	1,180	1,143	37	
User Charges	704	621	83	
Grants, Subsidies and Contributions	5,245	6,695	(1,450)	
nvestment Income	42	42	1	
Reimbursements	228	212	16	
Other Income	605	512	93	
Net Gain - Equity Accounted Council Businesses	73	100	(27)	
Total Income	46,624	48,000	(1,376)	
Expenses				
Employee Costs	17,433	17,342	(91)	
Materials, Contracts & Other Expenses	21,927	21,122	(805)	
Depreciation, Amortisation & Impairment	9,207	8,945	(262)	
Finance Costs	589	604	15	
Net loss - Equity Accounted Council Businesses	10	-	(10)	
Total Expenses	49,166	48,013	(1,153)	
Operating Surplus / (Deficit)	(2,542)	(13)	(2,529)	
Asset Disposal & Fair Value Adjustments	(1,757)	-	(1,757)	
Amounts Received Specifically for New or Upgraded Assets	556	959	(403)	
Physical Resources Received Free of Charge	970	-	970	
Net Surplus / (Deficit) <sup>1</sup>	(2,773)	945	(3,719)	
Other Comprehensive Income				
Amounts which will not be reclassified subsequently to operating result				
Changes in Revaluation Surplus - I,PP&E	(4,485)	5,000	(9,485)	
Other Equity Adjustments - Equity Accounted Council Businesses	78	-	78	
Total Other Comprehensive Income	(4,407)	5,000	(9,407)	
Total Comprehensive Income	(7,180)	5,945	(13,126)	

Note	Comments - Statement of Comprehensive Income
Α	Refer to Attachment 2 - Operating Income
В	Refer to Attachment 3 - Operating Expenditure
С	Council does not budget for the impairment of assets or write-down of asset values relating to the capitalisation of assets and subsequent disposal of the renewed asset.
D	Variance largely relates to the carry forward of \$719k of 2019-20 budgeted Capital Grants to 2020-21 in line with Accounting Standards
Е	Council received contributed assets in relation to infrastructure assets from the Inverbrackie Development.  These contributions are not budgeted for.
F	There was a reduction in cost indices for some infrastructure assets classes revalued in 2019-20 as well as a decrease of \$3.7m in Road assets as a result of reassessment of useful lives. A nominal amount of \$5m was budgeted for revaluations.
G	These relate to end of year adjustments. Council does not budget for these amounts

# Statement of Financial Position

as at 30 June 2020

S '000 ASSETS Current Assets	Actuals	Rudgot		
		Budget		
Current Assets				
	540	222	050	
Cash and Cash Equivalents	518	268	250	
Frade & Other Receivables	2,761	2,541	220	
nventories	18	19	(1)	
Total Current Assets	3,297	2,828	469	
Non-Current Assets				
Equity Accounted Investments in Council Businesses	1,491	1,450	41	
nfrastructure, Property, Plant & Equipment	422,745	435,972	(13,227)	
Fotal Non-Current Assets	424,236	437,422	(13,186)	
TOTAL ASSETS	427,533	440,250	(12,717)	
LIABILITIES				
Current Liabilities				
Frade & Other Payables	5,254	5,446	192	
Borrowings	7,285	3,000	(4,285)	
Provisions	3,588	2,848	(740)	
Total Current Liabilities	16,127	11,294	(4,833)	
Non-Current Liabilities				
Borrowings	5,446	10,000	4,554	
Provisions	1,528	1,398	(130)	(
Fotal Non-Current Liabilities	6,974	11,398	4,424	
TOTAL LIABILITIES	23,101	22,692	(409)	
Net Assets	404,432	417,558	(13,126)	
COLUTY				
EQUITY	138,645	142,540	(3,895)	
Accumulated Surplus Asset Revaluation Reserves	265,206	274,691	(9,485)	ı
	203,200 581	327	(9,463)	
Other Reserves				
Total Council Equity	404,432	417,558	(13,126)	
Note Comment - Statement of Financial Position				
A Overall, Council's net borrowing result was favourable to budget for	r the year resulting	in an overall i	mprovement in	Net

Note	Comment - Statement of Financial Position
A	Overall, Council's net borrowing result was favourable to budget for the year resulting in an overall improvement in Net Borrowings (represented by Total Borrowings offset by Cash and Cash Equivalents) compared to budget.
В	The overall balance is less than budgeted as a result of annual revaluation of Infrastructure Assets decreasing by \$9m more than budgeted as well as number of projects not being completed by year end and requiring carry forward to the 2020-21 financial year.
С	Provisions have increased by \$870k overall. Of this Employee Entitlements increased by over \$500k and and there was an increase of \$400k in provisioning of remediation and post closure costs relating to closed landfills within the Council area. Movement in provisions are not budgeted for.

#### **Financial Indicators**

as at 30 June 2020

Α

В

C

Ratio compared to Budget

\$ '000	Amounts	Actuals	Budget	variance	14016
These Financial Indicators have been calculated in accordance with <i>Information pa</i> part of the LGA Financial Sustainability Program for the Local Government Associat		ent Financial Ir	ndicators p	repared as	
1. Operating Surplus Ratio Operating Surplus Total Operating Revenue	(2,542) 46,624	(5.5%)	0.0%	(5.5%)	A
This ratio expresses the operating surplus as a percentage of total operating revenue.					
1a. Adjusted Operating Surplus Ratio In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	(2,273) 46,893	(4.8%)	0.0%	(4.8%)	Α
2. Net Financial Liabilities Ratio Net Financial Liabilities Total Operating Revenue		42.5%	41.4%	(1.1%)	В
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.					
3. Asset Renewal Funding Ratio Net Asset Renewals Infrastructure & Asset Management Plan required expenditure	9,718 9,207	105.6%	115.3%	(9.7%)	С
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.					
Note Comment - Financial Indicators					
There are a number of one off items including the Cudlee Creek bushf	ire, additional provisio	ning of remed	iation and p	ost closure	

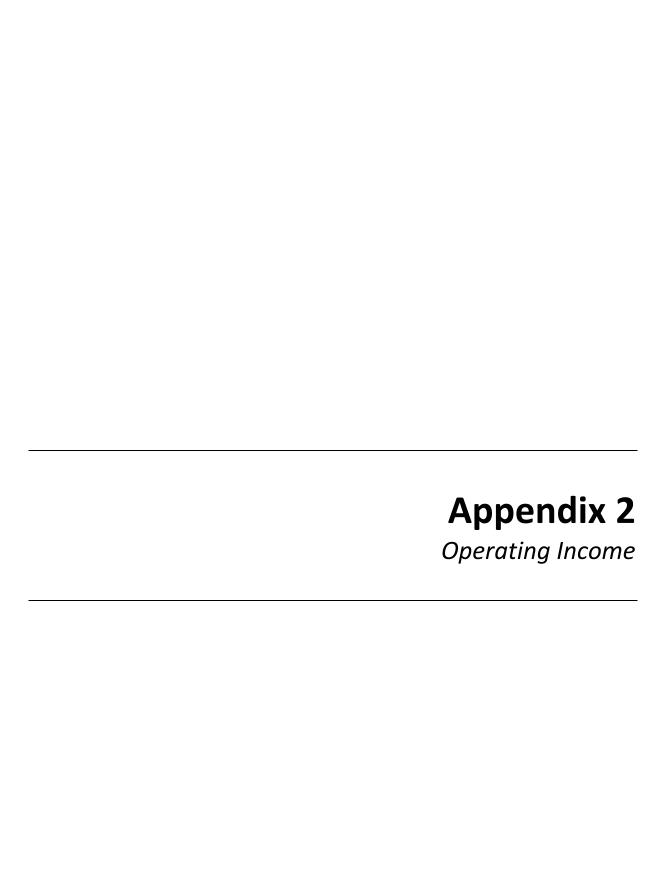
costs and the undergrounding of power lines expenditure that have had a financial impact on the ratio for 2019-20. This has resulted in the ratio showing as negative for the 2019-20 financial year and hence outside Council's target range of 0% - 10% Although Council's net financial liabilities were less than budget, the reduction in the denominator Total Operating Revenue as a

result of the Disaster Recovery funding being transferred to 2020-21 has had impact on the year end ratio when comparing it to

The carry forward of renewal expenditure to the 2020-21 financial year had an impact on the Asset Renewal Funding

2019-20

2019-20 2019-20 Variance Note



Operating Income compared to Budget - Unfavourable to Budget			
	2019-20	2019-20	Variance
\$ '000	Actuals	Budget	Fav/(Unfav)
Income			
Rates Revenues	38,547	38,675	(128)
Statutory Charges	1,180	1,143	37
User Charges	704	621	83
Grants, Subsidies and Contributions	5,245	6,695	(1,450)
Investment Income	42	42	-
Reimbursements	228	212	16
Other Income	605	512	93
Net Gain - Equity Accounted Council Businesses	73	100	(27)
Total Income	46,624	48,000	(1,376)

Income is unfavourable by \$1.376m (2.9%) compared to budget.

Rate Income was less than budgeted, largely as a result of providing for amounts outstanding in the order of \$120k in relation to properties where rate notices had been unable to be delivered for many years. A number of these have been determined to be roads or property proposed to be vested to Council with the remainder likely to be transferred to Council under Section 185 of the Local Government Act.

For Statutory Income, favourable variances related to Development Act fees of \$56k and Animal Management Fees of \$26k offset unfavourable variances in Parking Fines/Expiations of \$32k and Search Fees of \$10k.

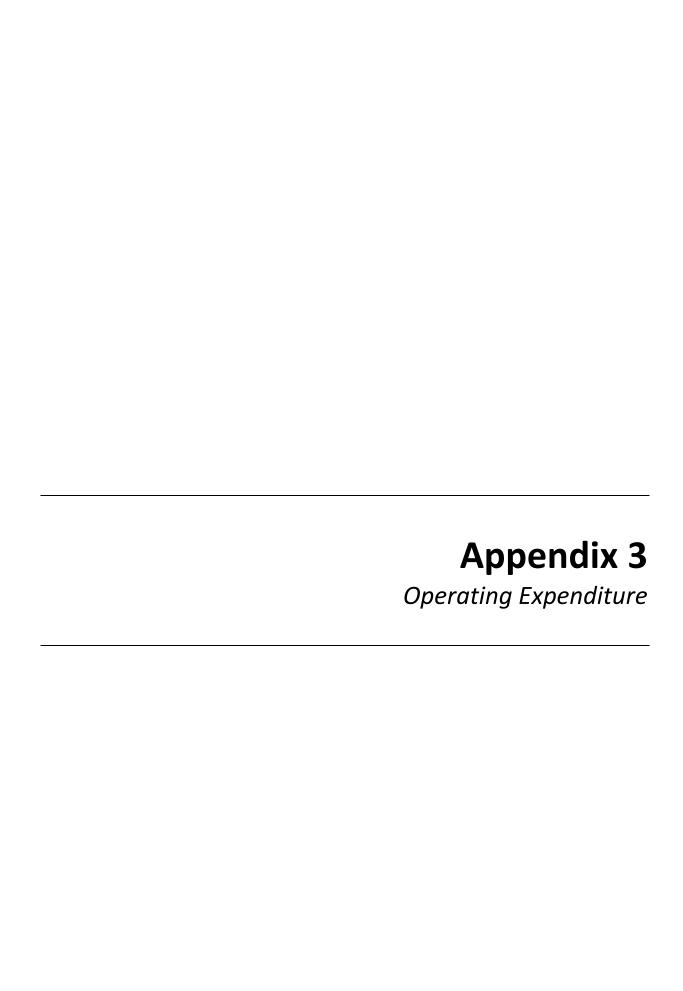
The favourable variance for User Charges largely relates to favourable Cemeteries Income to budget in the order of \$124k for the year offsetting an unfavourable variance in Community Centre User Charges of \$20k as a result of Programs being impacted by COVID-19 restrictions.

For Grants & Contributions the unfavourable variance of \$1.450m largely relates to the transfer of \$1.550m in funding through the Local Government Disaster Recovery Assistance Arrangements to the 2020-21 financial year, offsetting some additional Federal Assistance Grant funding relating to 2020-21 received in June 2020.

The favourable variance in Reimbursement Income largely relates to unbudgeted Property Management reimbursements relating to the AHBTC properties.

Other income was favourable to budget in relation to an unbudgeted insurance recoveries as well as the receipt of risk incentive program funding in June 2020.

The Equity Accounted Council Businesses were largely in line with budget.



# Operating Expenditure compared to Budget - Unfavourable to Budget

	2019-20 Actuals	2019-20 Budget	Variance Fav/(Unfav)
Expenses			
Employee Costs	17,433	17,342	(91)
Materials, Contracts & Other Expenses	21,927	21,122	(805)
Depreciation, Amortisation & Impairment	9,207	8,945	(262)
Finance Costs	589	604	15
Net loss - Equity Accounted Council Businesses	10	-	(10)
Total Expenses	49,166	48,013	(1,153)

An unfavourable expenditure variance of \$1.153m (2.4%) has occurred for the year.

For employee costs, the unfavourable variance as a result of the increase in leave provisions of over \$500k was offset by a number of favourable variances realised as a result of a vacancies across the organisation.

The unfavourable variance from budget within Materials, Contracts & Other Expenses was largely as a result of:

- additional provisioning of remediation and post closure costs of \$400k relating to closed landfills within the Council area
- the adjustment of \$487k for PLEC relating to the undergrounding of power lines for the Gumeracha main street, which was budgeted under capital

In relation to depreciation, actual expenditure included unbudgeted depreciation of right of use assets of \$213k and higher than anticipated depreciation in relation to plant and equipment.

The interest rate on Councils cash advance debenture was less than anticipated resulting in a small favourable variance to budget for the financial year.

The loss of \$10k from Council's Equity Accounted Council Businesses resulted from Gawler River Floodplain Management Authority, as depreciation is not cash funded. Adelaide Hill's share of this subsidiary's operating result is 4.2% for the year ended 30 June 2020.

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.3

Responsible Officer: Steven Watson

Governance & Risk Coordinator Office of the Chief Executive

Subject: Audit Committee Self-Assessment 2020

For: Information

#### **SUMMARY**

To provide the Audit Committee with the results of the 2020 self- assessment review.

#### **RECOMMENDATION**

The Audit Committee resolves that the report be received and noted.

#### 1. GOVERNANCE

#### > Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future
Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

#### Legal Implications

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

#### Risk Management Implications

Facilitating and well-functioning committee with a clear terms of reference will assist in mitigating the risk of

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

#### Financial and Resource Implications

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

#### Customer Service and Community/Cultural Implications

The community could reasonably expect that the Committee evaluates its effectiveness in discharging its functions as set out in the Terms of Reference on the regular basis.

#### Environmental Implications

Not applicable.

# Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community

Council Committees: Audit Committee Members

Advisory Groups: Not Applicable

Administration: Director Corporate Services

**Executive Manager Governance and Performance** 

Community: Not Applicable

#### 2. BACKGROUND

In adopting its Work Plan for 2020 the Audit Committee identified the prudence of periodically conducting an assessment of the Committee's performance with a view to identifying improvements in governance practices and performance. A summary report in relation to the responses received has been provided at **Appendix 1**.

#### 3. ANALYSIS

Four (4) of the five (5) members of the Audit Committee provided responses to the self-assessment. A consolidation of responses received has been provided as *Appendix 1* for review by the Committee.

As can be seen within the self-assessment **Appendix 1**, the scoring was generally very positive across all areas, and a number of comments were made by members of the Committee that are shown on the report.

The Administration will consider the feedback and determine a range of actions to address concerns raised as relevant. Where significant changes are required these will be further explored with the Committee (and Council if necessary) prior to implementation.

A number of the suggestions have been noted and are being actioned, including:

- Q2 Functions of Audit Committee The Administration is closely monitoring the LG Reform Bill and will bring an amended Terms of Reference to the Audit Committee and then Council, when appropriate.
- Q16 Cyber Security The matter is being progressed as per the confidential minute from the 19 October 2020 Audit Committee meeting.
- Q19 Engagement of the External Auditors Consideration is being given to the External Auditor contract.
- Q20 Presiding Member Currently that is a matter for Council to appoint, although the LG Reform Bill may require Councils to appoint Independent Members as Presiding Members of their Audit Committee.

#### 4. OPTIONS

The Committee has the following options:

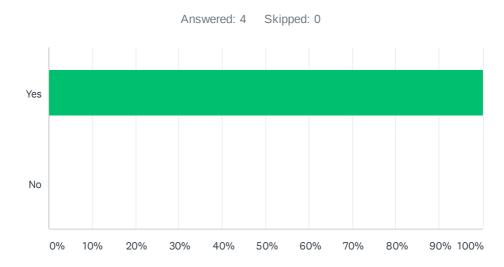
- I. To note the outcomes of the Self-Assessment.
- II. To determine areas of improvement by way of resolution.

#### 5. APPENDIX

(1) Audit Committee Self-Assessment Report 2020



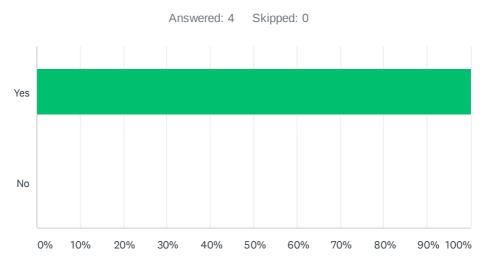
### Q2 Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference?



ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

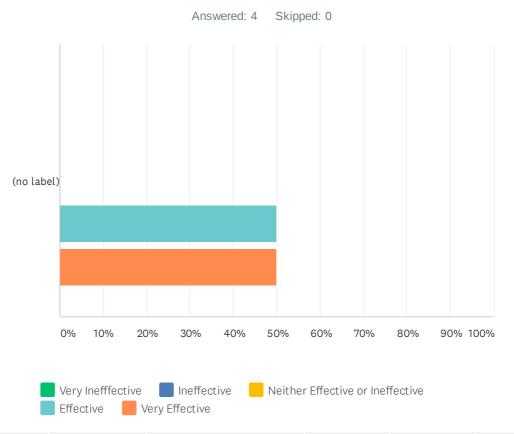
#	IF NO, WHY?	DATE
1	But may need review after the LG Reform Bill passes	10/28/2020 6:42 PM

### Q3 Does the Committee collectively have sufficient skills, experience, time and resources to undertake its duties?



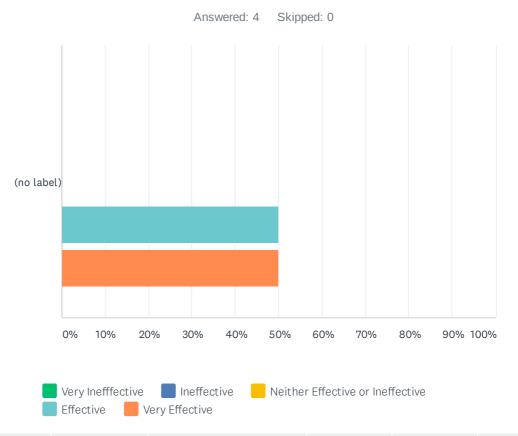
ANSWER C	HOICES	RESPONSES		
Yes		100.00%		4
No		0.00%		0
TOTAL				4
#	IF NO, WHY?		DATE	
	There are no responses.			

### Q4 Does the Committee work constructively as a team and work well with others attending the meetings?



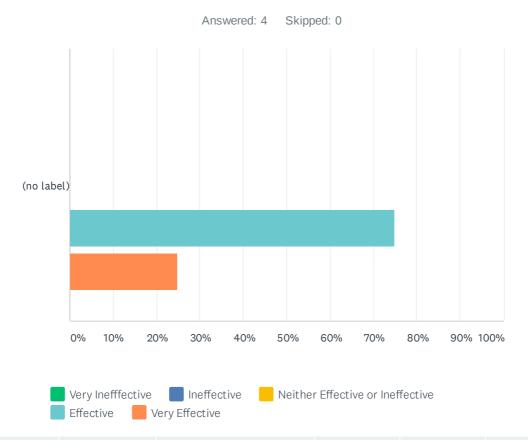
	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	50.00%	50.00%		
label)	0	0	0	2	2	4	4.50

### Q5 Does the relationship between Committee members strike the right balance between challenge and mutuality?



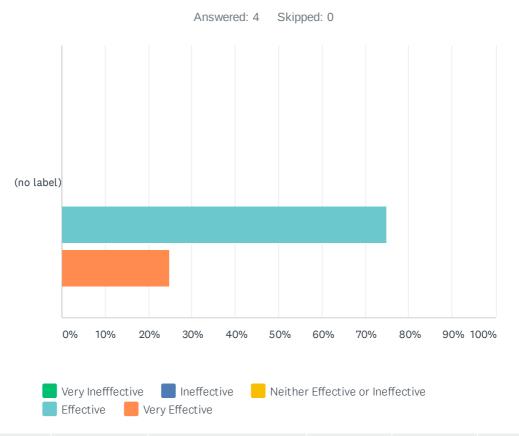
	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	50.00%	50.00%		
label)	0	0	0	2	2	4	4.50

## Q6 Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?



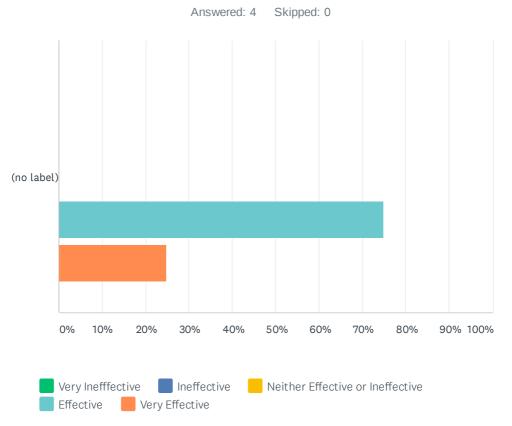
	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	75.00%	25.00%		
label)	0	0	0	3	1	4	4.25

### Q7 Are the reports for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?



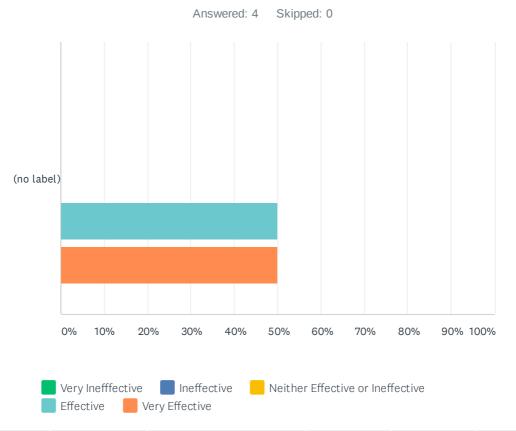
	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	75.00%	25.00%		
label)	0	0	0	3	1	4	4.25

### Q8 Are the presentations an interesting and helpful way of informing members about various issues?



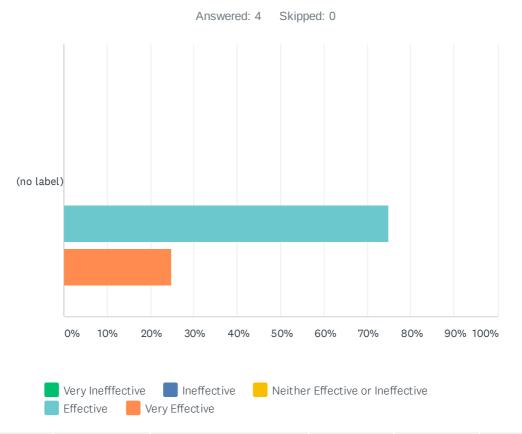
	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	75.00% 3	25.00% 1	4	4.25

#### Q9 Are effective minutes prepared, distributed and followed up?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	50.00%	50.00%		
label)	0	0	0	2	2	4	4.50

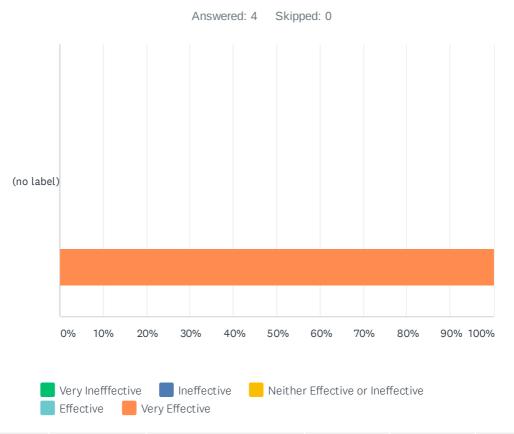
### Q10 How do you rate the overall efficiency and effectiveness of the Committee?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	75.00%	25.00%		
label)	0	0	0	3	1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Committee works as a team Members appear to have a good understanding of the papers presented.	10/28/2020 6:42 PM
2	I have joined the Audit Committee early this year and have been impressed with the professionalism of the conduct of the meeting, the quality of the presentations made at the meeting and the detail in the papers provided to the Committee	10/27/2020 1:16 PM

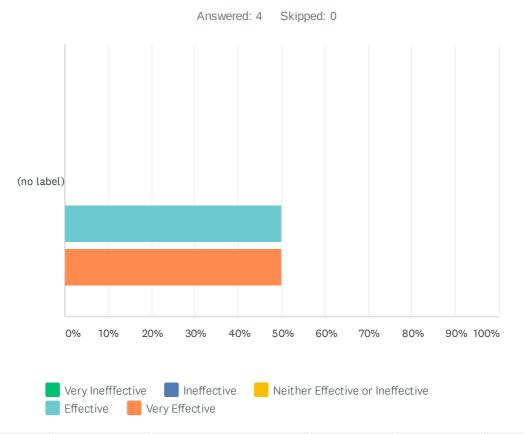
### Q11 Do staff and members conduct themselves in accordance with high standards of behaviour?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	0.00%	100.00%		
label)	0	0	0	0	4	4	5.00

#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	The nature of the discussions are not personal and every committee member is provided an opportunity to contribute to each agenda item.	10/27/2020 1:16 PM

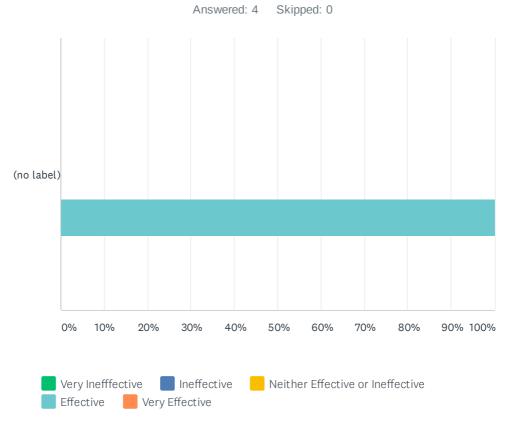
### Q12 How do you rate the performance of the Presiding Member in preparing for and conducting the meetings?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	50.00%	50.00%		
label)	0	0	0	2	2	4	4.50

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	A bit Biased!, but I endeavor to involved all members of the Committee, while trying to limit meetings to two hours. Have not received any adverse feedback. I thoroughly read my papers	10/28/2020 6:42 PM
2	The Presiding Member provides opportunities for each member to speak and consider their points of view.	10/27/2020 1:16 PM

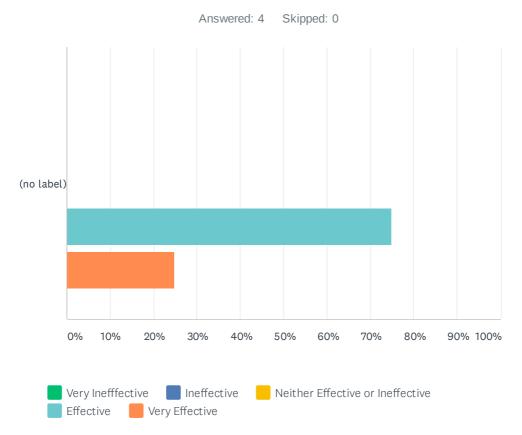
#### Q13 How do you rate your performance as a member of the Committee?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	100.00%	0.00%		
label)	0	0	0	4	0	4	4.00

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	see above	10/28/2020 6:42 PM
2	This my first year on the Committee but I feel I have been able to make a contribution through sharing insights from my previous experience as an Audit Committee member at the City of Prospect.	10/27/2020 1:16 PM

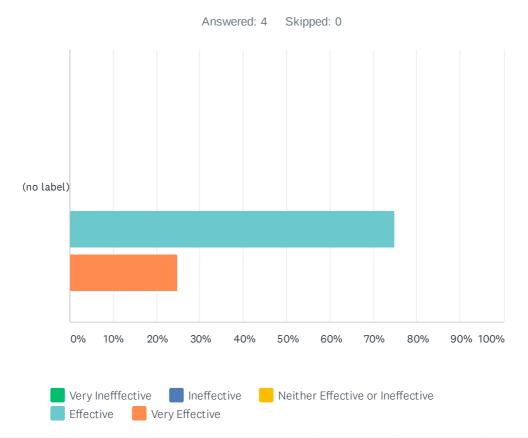
# Q14 Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	75.00% 3	25.00% 1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Grading based on the information reports the committee receives.	10/28/2020 6:44 PM
2	Risk Management has been a regular agenda item at the meetings I have attended. Teams from the Council are also providing a presentation to the Audit Committee about their functions and associated risk issues.	10/27/2020 1:28 PM

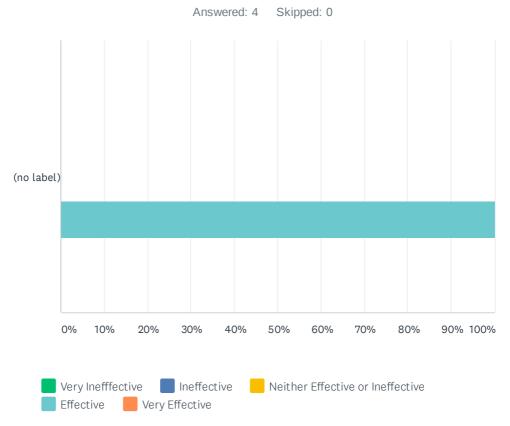
## Q15 Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no	0.00%	0.00%	0.00%	75.00%	25.00%		
label)	0	0	0	3	1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	There are regular reports outlining progress being made on Auditor's recommendations.	10/28/2020 6:44 PM
2	The Audit Committee has received an overall presentation about the Council's risk profile and now individual teams are presenting their issues to the Committee.	10/27/2020 1:28 PM

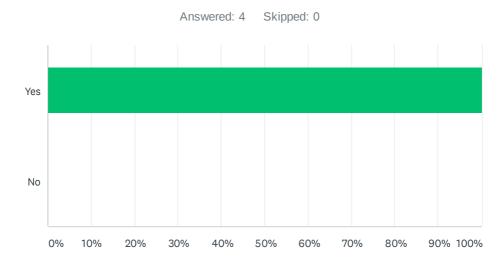
### Q16 Are internal audit findings and recommendations responded to in a timely and appropriate manner?



	VERY INEFFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	100.00% 4	0.00%	4	4.00

#	IF INEFFECTIVE HOW COULD THIS BE IMPROVED?	DATE
1	AS far as I am aware	10/28/2020 6:44 PM
2	Since my time on the Committee, the Committee has received one Internal Report in respect to Cyber Security. I was impressed with the selection process of the auditor and the auditor had an opportunity to present their finding to the Committee. I can not comment at this stage as to whether Council have responded in a timely and appropriate manner as Council has just received the findings and recommendations.	10/27/2020 1:28 PM

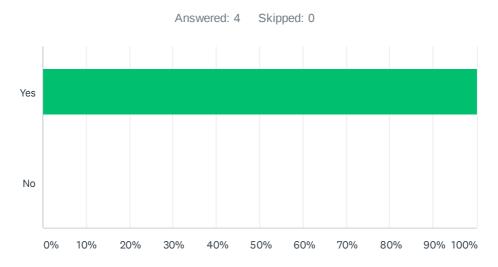
#### Q17 Does the Committee review the work of the external auditor?



ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

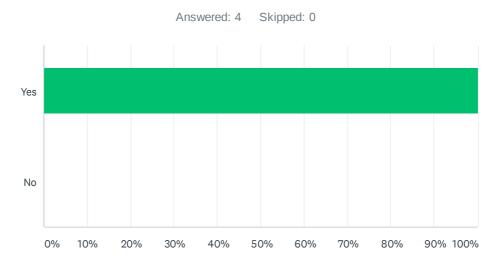
#	COMMENTS (IF ANY)?	DATE
1	The External Audit partner attended the previous meeting.	10/27/2020 1:34 PM

### Q18 Does the Committee review and discuss the external auditor's management letter?



ANSWER	CHOICES	RESPONSES		
ANOTIE	01101020			
Yes		100.00%		4
No		0.00%		0
TOTAL				4
#	COMMENTS (IF ANY)?		DATE	
	There are no responses.			

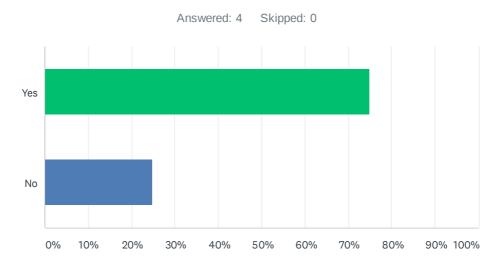
### Q19 Is the Committee effective in managing and monitoring the relationship with the external auditor?



ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

#	COMMENTS (IF ANY)?	DATE
1	I'm not sure that "managing" is the right word	10/28/2020 6:46 PM
2	One of the Committee members did raise the issue of the status of the engagement of external auditor and that this matter needs to be resolved promptly.	10/27/2020 1:34 PM

### Q20 Do you have any other suggestions for improving any aspect of the Committee's performance, role or functions?



ANSWER CHOICES	RESPONSES	
Yes	75.00%	3
No	25.00%	1
TOTAL		4

#	COMMENTS (IF ANY)?	DATE
1	Consideration for Presiding Member to be rotated between Independent Members and Council Members on the Audit Committee.	11/3/2020 2:50 PM
2	Will await outcome of the LG Act Reform Bill	10/28/2020 6:46 PM
3	When I was on the City of Prospect Committee, the Committee their received periodic reports on Council's Economic Development strategies. I would like to see a similar report from Adelaide Hills Council.	10/27/2020 1:34 PM
4	I firmly believe, having sat on several audit committees now with a variety of permutations of Presiding Member (some IM some EM), and the AHC Audit Committee for the past 6+ years, that they function best when they are chaired by an Independent Member. This is not a reflection on the current PM. It is about enhancing the effectiveness of the AC and endeavouring to ensure the AC remains non-political (and the EMs are best able to contribute in the AC particularly as they are often outnumbered by the IMs).	10/18/2020 8:37 PM

## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.4

Originating Officer: Mike Carey

**Manager Financial Services** 

**Corporate Services** 

Subject: Budget Review 1

For: Decision

#### **SUMMARY**

The Local Government (Financial Management) Regulations 2011 (the Regulations) requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for changes to the budget during the year.

This report presents the first Budget Review (BR1) of the 2020-21 financial year to the Audit Committee for review. BR1 will be submitted to Council for consideration on 24 November 2020.

Largely as a result of accounting for additional Cudlee Creek bushfire funding in 2020-21, the proposed budget changes increase Council's Operating Surplus by \$1.535m from \$808k to \$2.343m. BR1 also proposes increases of \$50k to Capital Income and \$219k to Capital expenditure.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is reduced from \$6.350m to \$4.984m.

#### RECOMMENDATION

#### The Audit Committee resolves:

- 1. That the report be received and noted.
- 2. To recommend to Council the proposed budget adjustments presented in Budget Review 1 which result in:
  - a. An increase in the Operating Surplus from \$808k to \$2.343m for the 2020-21 financial year.
  - b. Changes to Capital Works, increasing capital income by \$50k and capital expenditure by \$219k for the 2020-21 financial year resulting in a revised capital expenditure budget for 2020-21 of \$21.487m.
  - c. A decrease in Council's current Net Borrowing Result from \$6.350m to \$4.984m for the 2020-21 financial year as a result of the proposed operating and capital adjustments.

#### 1. GOVERNANCE

#### Strategic Management Plan/Council Policy

Strategic Plan 2020	-24 – A brighter future
Goal 5	A Progressive Organisation
Objective O3	Our organisation is financially sustainable for both current and future generations
Priority O3.1	Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

A key aspect of Council's formal budget reviews is to review and monitor Council's Annual Budget with reference to its overall financial position and its *Long Term Financial Plan* (LTFP) to ensure Council continues to be financially sustainable.

#### Legal Implications

The undertaking of formal budget reviews is a requirement of the *Local Government Act* 1999, and the *Local Government (Financial Management) Regulations 2011*.

#### Risk Management Implications

Conducting the budget review process as required by Regulations will assist in mitigating the risk of:

Failure to conduct the budget review process as required by Regulations results in inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's *Long Term Financial Plan*.

#### Financial and Resource Implications

Largely as a result of accounting for additional Cudlee Creek bushfire funding in 2020-21, the proposed BR1 budget changes increase Council's Operating Surplus by \$1.535m from \$808k to \$2.343m.

In terms of capital, it is proposed to increase Capital Income by \$50k and \$219k to Capital expenditure.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is reduced from \$6.350m to \$4.984m.

It should be noted that the figures in this report and supporting appendices have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

#### Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate financial governance processes in place including the review of the budget periodically.

#### Sustainability Implications

Not applicable.

#### **Engagement/Consultation conducted in the development of the report**

Council Committees: Not Applicable
Council Workshops: Not Applicable
Advisory Groups: Not Applicable

Administration: The budget review was prepared in consultation with Directors and

Managers to obtain detailed information for each budget area

External Agencies: Not Applicable Community: Not Applicable

#### 2. BACKGROUND

At the Council meeting held on the 30 June 2020, Council adopted the original 2020-21 Annual Business Plan and Budget, reflecting a Budgeted Operating Deficit before Capital Revenue of \$109k and an estimated Net Borrowing for the financial year of \$4.095m.

Subsequent to that meeting, Council, in consideration of agenda reports during meetings, has approved a number of the 2020-21 Budget changes as detailed in the budget reconciliation included as part of this report as **Appendix 3**.

As a result of these changes endorsed by Council prior to the first formal budget review, Council's budgeted Operating Result was adjusted to an Operating Surplus of \$808k and the Net Borrowing Result has increased to \$6.350m.

The Regulations require Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for changes to, the budget during the year. This report presents the first Budget Review (BR1) of the 2020-21 financial year.

Where possible Council's customary practice is to include Budget Reviews as an agenda item at Audit Committee meetings prior to consideration of Council.

#### **Budget Review Presentation**

As a result of changes to the Regulations, the Budget Review Presentation has been simplified for the First and Third Budget Review for the year whereby it is now required to produce under Section 9(1)(a):

"a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances"

In accordance with the Regulations the Uniform Presentation of Finances showing the movements in the current and proposed budgets is provided as *Appendix 2* to this report.

#### 3. ANALYSIS

Given the timing of BR1, the focus of this first budget review for the year was largely on obtaining expenditure approval for any significant items and projects related to grant funded opportunities.

#### **Budget Review 1 Proposed Adjustments**

\$000s	2020-21 Current Budget	Proposed BR1 Adjustments	Proposed Operating Initiative Adjustments	Revised Budget after BR1
Operating Income	48,474	426	1,550	50,450
Operating Expenditure	47,666	426	15	48,107
Operating Surplus	808	-	1,535	2,343
Depreciation	9,237	-		9,237
Capital income	4,873	50		4,923
Capital Expenditure	(21,268)	(219)		(21,487)
Net Borrowing Position	(6,350)	(169)	1,535	(4,984)

#### **Operating:**

#### Operating Income - \$426k increase

- Rates revenue has exceeded forecasts by \$50k as a result of growth from new developments across the council area
- \$233k unbudgeted Grants received in 2020-21 for Aged Friendly, Active Neighbourhood, Community Recovery and Home Assistance Programs requiring associated expenditure commitments
- \$70k unbudgeted Bushfire Recovery Grants received in 2020-21 for Flocking Together and Bushland Park also requiring associated expenditure commitments
- \$2k reduction in User Charges as Council is no longer administrating a church carpark
- \$59k increase in CWMS connection fee contributions for Birdwood/Mt Torrens system above budget
- Increase of \$16k in Property Services' Other Income to reflect unbudgeted telecommunication tower lease income

#### Operating Expenditure - \$426k increase

- Increase in expenditure of \$233k relating to the increase in grants for community programs as discussed above
- Increase in expenditure of \$70k relating to bushfire recovery grants as discussed above
- Increase of \$97k in expenditure relating to legislative pump out requirements carried over from the previous year, partly as a result of COVID-19 restrictions offset by savings of \$17k in waste water monitoring costs
- Increase of \$93k in employee costs relating to a reduction in unallocated vacancy management savings included in Council's original budget
- Reduction of \$50k in interest expense as a result of falling interest rates and use of the new discounted Convertible Cash Advance Facility
- offsetting waste, kerbside audit and recycling budget adjustments.

There is no CEO contingency currently available.

#### Operating Initiatives - increase to Operating Surplus of \$1.535m

For Operating Initiatives, an appropriate dollar amount has been determined to achieve specified outcomes. As these Operating Initiatives have been developed in consultation with Council, it is considered appropriate that Council approval will be required where a change in timing or individual project expenditure is required.

The proposed changes in operating initiatives projects result in an increase in Council's Operating Surplus by \$1.535m as summarised below:

- Increase of \$1.550m in grant funding relating to the Cudlee Creek Bushfire
  Disaster Recovery Assistance Arrangements transferred from the 2019-20
  financial year after discussion with Council's auditors at year end
- An amount of \$15k expenditure, being for a 0.2 FTE has been included for a cadet engineer within Civil Services to assist the team by undertaking site inspections, engineering investigations and other technical activities. This role will also support the close out of a large number on ongoing customer requests that require technical engineering support and be an investment in the development of municipal engineering practices within the local government sector. It is proposed that this role will be renewed on a regular basis and as a result factored into Council's future budgets as ongoing. As such it has been highlighted as an operating initiative separate from business as usual expenditure

In terms of reporting, operating initiatives expenditure forms part of operating expenditure for statutory reporting purposes, and as such have been included under that category in the financial tables within this report and the Uniform Presentation of Finances.

#### **Capital Items:**

\$000s	2020-21 Current Budget	Proposed BR1 Adjustments	Proposed BR1 Budget
Capital income	4,873	50	5,973
Capital - Renewal Expenditure	(10,737)	60	(10,677)
Capital - New Capital Expenditure	(10,532)	(279)	(10,811)
Total Capital Expenditure	(21,268)	(219)	(21,487)
Net Capital Position	(16,395)	(169)	(16,564)

For BR1 there are a number of variations in the capital budget spread across asset categories. Proposed changes in the capital works program increase capital income by \$50k and capital expenditure by \$219k with specific details including the budgetary impact by project provided as per *Appendix* 1.

In terms of specific projects, two of these projects requiring additional expenditure were well advanced. Rather than delay the completion of the projects until additional funding could be considered through the budget review process, the CEO (under delegation) approved the expenditure for the following:

- Lower Hermitage Stormwater Project \$65k
- PLEC extension at Gumeracha \$65k

Whilst the proposed changes to the capital expenditure budget show an increase of \$219k on a large capital spend for this financial year, it is anticipated that the total 2020-21 capital expenditure budget will be reduced by a reasonable amount by year-end due to savings, deferrals and carry forwards. However, at the time of this report relatively few projects had advanced significantly enough to readily identify the specific projects where budgets would be reduced for the year. As such, this will be revisited in Budget Review 2 and 3 once further progression of the overall capital expenditure has occurred.

#### Other points of note:

#### Stormwater Capital Projects

It was noted that the majority of items requiring an increase in capital budget were in the Stormwater Asset Category which is more susceptible to the identification of latent conditions, service clashes and design changes after preliminary designs have been scoped and costed. With an overall budget close to \$900k, this category will be monitored closely to ensure that budgets are realistic and allow the appropriate amount for contingencies that arise in project delivery.

#### Adelaide Wine Capital Cycle Trail

The Adelaide Wine Capital Cycle Trail Project aims to create a world-renowned cycle tourism pilgrimage through South Australia linking the food and wine tourism regions of Clare, Barossa and the Adelaide Hills to McLaren Vale.

Each Local Government Partner (6 in total) has previously equally contributed funding with a current balance that the Barossa Council is holding on behalf of the group of \$36k.

In addition, Council committed a further \$10k in 2019-20 which was not drawn upon.

The project group is now seeking \$5k per council for an overall total of \$66k to support direct funding of strategic document development to avoid the need for further grant applications and accelerate shovel readiness. This proposed \$5k replaces and is not in addition to the \$10k Council committed to in 2019-20.

It is proposed to source Council's funding of \$5k from existing allocations in the 2020-21 Budget and therefore there is no budget impact for this commitment.

#### Council Covid-19 Budgets

For the 2020-21 financial year, two separate amounts were budgeted to manage costs associated with COVID-19 with:

- \$50k budgeted for services changes to accommodate COVID-19 impacts and
- \$120k relating to financial support to assist business and the community recover from bushfires and COVID-19

At this time costs associated with addressing service changes including additional cleaning and equipment hire total \$120k and are currently well in excess of the annual budget. However, this is offset by limited use of the financial support for business and the community recovery budget at this time. It is therefore proposed that both budgets will be reviewed as part of future budget reviews when a clearer picture of total costs can be determined.

#### **Movements in Budgeted Borrowings**

As a result of proposed BR1 changes there will be a reduction of \$1.300m to borrowings resulting in a forecast of \$18m at 30 June 2021 with the borrowing movements for the year shown below.

Borrowings excluding Leases \$000s	Opening July 2020	New Borrowings	Repayments	Forecast June 2021
CAD (Short Term Drawdown)	2,000	-	-	2,000
Current Other Borrowings	-	11,000	-	11,000
Fixed Term Borrowings	10,000		(5,000)	5,000
Total Borrowings	\$12,000	\$11,000	(5,000)	\$18,000

This is reflected in the Financing transaction detail as shown at the bottom of Council's *Uniform Presentation of Finance Appendix 2*.

The financing result for the financial year also includes budgeted payments relating to the landfill remediation provision.

#### **Summary**

Largely as a result of accounting for Cudlee Creek bushfire funding in 2020-21, the proposed budget changes increase Council's Operating Surplus by \$1.535m from \$808k to \$2.343m. BR1 also proposes increases of \$50k to Capital Income and \$219k to Capital Expenditure.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is reduced from \$6.350m to \$4.984m as shown below.

\$000s	\$
BR2 Adopted Budget Net Lending (Borrowings) Result	(6,350)
Impact of Operating Budget Adjustments for BR3	-
Impact of Operating Initiatives Adjustments for BR1	1,535
Impact of Capital income and Expenditure Adjustments for BR1	(169)
BR2 Revised Net Lending (Borrowing) Result	(\$4,984)

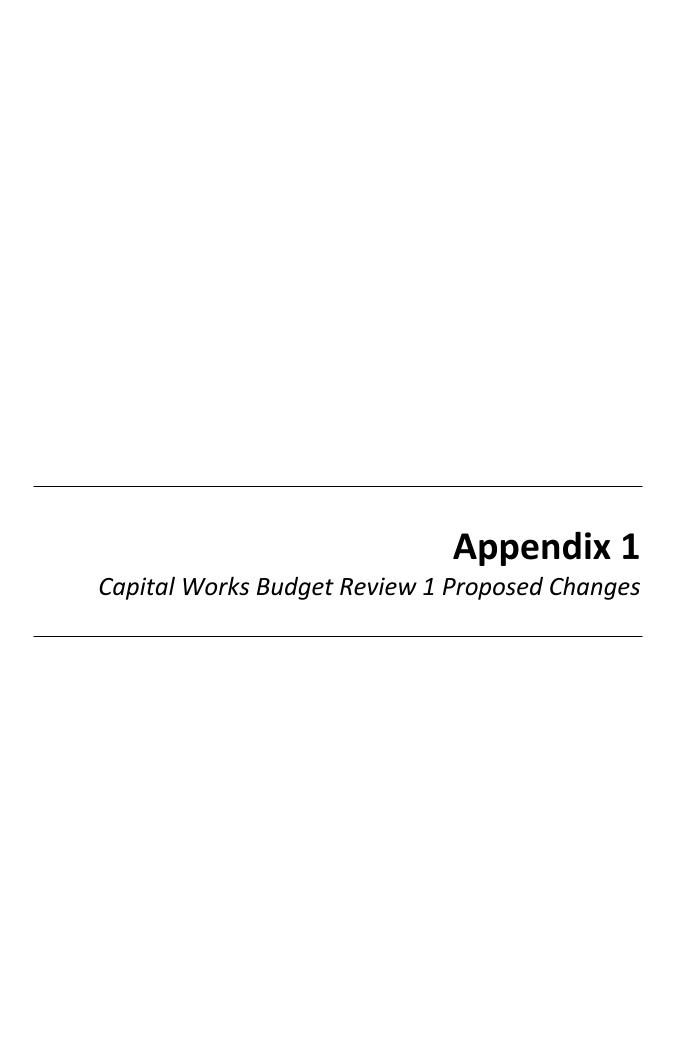
#### 4. OPTIONS

The Committee has the following options:

- I. To receive and note this report and recommend to Council the proposed budget adjustments presented in Budget Review 1 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising Budget Review 1.

#### 5. APPENDICES

- (1) Capital Works Budget Review 1 Proposed Changes
- (2) 2020-21 Budgeted Uniform Presentation of Finances
- (3) 2020-21 Budget Adjustments subsequent to Original Budget Adoption



DRAFT 2020	)-21 CAPITAL BUDGET REVII	EW 1						
Proj #	Project Name		Suburb	Туре	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
CAPITAL EXP	ENDITURE							
3874	Expansion of Kersbrook Cemetery	Expansion of the Kersbrook Cemetery to provide additional lawn burial plots, in line with the site's master plan.	KERSBROOK	New	\$18,000	(59,000)	\$77,000 wi	ne Kersbrook Cemetery project was approved and funded in the 2019-20 financial year. Works were in progress as of 30 June 2020 ith the balance of uncommitted funds (\$18,000) carried forward to the 2020/21 budget. Several significant invoices for works ompleted in June 2020 were not received until August 2020, and the required accrual (\$59,000) was missed.
CWMS								
3815	Woodside Gravity Main	Capacity replacement - Woodside Rec Ground to Nairne Road	WOODSIDE	Renewal	\$306,000	(24,000)	\$330,000 Ad	dditional expenditure associated with latent conditions during construction.
		to Naime Road		Total	\$306,000	(24,000)	\$330,000	
Other			I					
3627	3627 : Green bins for town areas - Council wide	Replace bin surrounds for green coloured general waste bins within townships.	REGIONWIDE	Renewal	\$20,000	10,000	\$10,000 AII	I replacement bin surrounds have been delivered, hence any uncommitted funds are not required.
3848	PLEC Contribution Gumeracha	Undergrounding of power lines along the main street of Gumeracha.	GUMERACHA	New	\$560,000	(65,000)	\$625,000 pro bu	the original scope of this project saw the undergrounding of power lines stopping at Victoria St, however it has been determined that stending the scope to include the Gumeracha District Soldiers Memorial Hospital would greatly enhance the project outcomes. As the oject was well progressed, rather than delay completion of the projects until additional funding could be considered through the adget review process the CEO, under delegation, approved the expenditure. The additional costs is offset in this budget review gainst other capital works projects that are progressing under budget.
				Total	\$580,000	(55,000)	\$635,000	
Roads - Pave	ments							
3851	Newman Road Pavement Renewal	Renewal and upgrade of Newman Rd Charleston, including new kerb, stormwater, parking, as well as renewed pavement and seal.	CHARLESTON	Renewal	\$970,000	130,000	\$840,000 Sa	vings associated with favourable market response.
Stormwater								
3612	Junction Road Balhannah - stormwater upgrade	Renewal and upgrade of stormwater infrastructure at a key intersection along Junction Rd Balhannah.	BALHANNAH	Renewal	\$137,300	(56,000)	\$193,300 fur	nis project was approved as part of the 2019-20 ABP and Budget, and was works in progress as of 30 June 2020. Whilst balance of nds were carried forward, this project has been subject to a number of cost pressures such as; higher than expected market response, gnificant services clashes including with the SA Water trunk main, and the disposal of old asbestos pipes found during excavation.
3619	Stormwater Master Planning Aldgate	Develop a Stormwater Management Plan for the catchment of Aldgate, Bridgewater, Crafers and Stirling.	ALDGATE	New	\$23,000	(50,000)	\$73,000 Sto	riginally envisaged as a stormwater master plan for Aldgate, this project was found to overlap with priority areas for the Stormwater anagement Authority, which considered the Aldgate, Bridgewater, Crafers and Stirling catchments a priority for preparation of a ormwater Management Plan (SMP). The SMP focuses on both flood mitigation and stormwater quality improvements, and is a prequisite for attracting future state funding to stormwater projects within the study area. Council were successful in attracting a grant \$100,000 over two years for development of the SMP, with more details to be provided at a future Council workshop.
3862	Lower Hermitage Road Stormwater	Increase stormwater capacity under Lower Hermitage Rd in the vicinity of #375.	LOWER HERMITAGE	New	\$130,000	(65,000)	\$195,000 Lit bu red thi	his project aims to increase the capacity of an existing stormwater crossing under Lower Hermitage Rd for a significant tributary to the title Para River. This lack of capacity has resulted in flooding previously, with the residence at #375 particularly affected. The original addet was based on a preliminary concept design, however detailed design and modelling has indicated an even larger culvert is quired. As the project was well progressed, rather than delay completion of the projects until additional funding could be considered rough the budget review process the CEO, under delegation, approved the expenditure. The additional costs is offset in this budget view against other capital works projects that are progressing under budget.
ТВА	Town Stormwater - Lobethal	Formalisation of existing stormwater discharge into an easement at Lot 703 Lobethal Road Lobethal.	LOBETHAL	New	\$0	(40,000)	\$40,000 ea	s part of the AHBTC divestment project, it has been discovered that an existing stormwater discharge is not contained within agreed is sement boundaries, but rather is encroaching on private property. This new project will allow Council to formalise drainage within e easement.
			Total Expendit	Total	\$290,300	(211,000) (219,000)	\$501,300	
			Total Expendit	ure Change		(213,000)		
CAPITAL INC	_							
149182164	FINANCIAL MANGT: Capital: Grant - Capital		REGIONWIDE	New	(584,390)	50,000	(634,390) Gr	rant revenue from the SMA for development of the Aldgate, Bridgewater, Crafers and Stirling SMP (year 1).

**Capital Expenditure** 

Split as follows:

Renewal New

Total Income Change (584,390)

60,000 (279,000)

50,000

(634,390)

(219,000)

Appendi
020-21 Budget Review 1 – Uniform Presentatio
Find

### Adelaide Hills Council BUDGETED UNIFORM PRESENTATION OF FINANCES 2020-21 Proposed Budget

NICOME   Rates		2020-21 Original Budget	Total Budget Movement since Adoption	BR1	2020-21 Revised Budget
Rates         40,181         -         50         40,231           Statutory charges         1,173         -         -         1,173           User charges         712         -         (2)         710           Grants, subsidies and contributions         4,768         1,031         1,912         7,711           Investment income         232         -         -         232           Reimbursements         232         -         -         232           Other income         249         -         16         265           Net gain - equity accounted Council businesses         100         -         -         100           Total Income         47,442         1,031         1,976         50,450           EXPENSES         Employee costs         18,067         -         186         18,253           Materials, contracts & other expenses         19,512         115         305         19,932           Depreciation, amortisation & impairment         9,237         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -		\$'000	\$'000		\$'000
Statutory charges	INCOME				
User charges	Rates	40,181	-	50	40,231
Grants, subsidies and contributions         4,768         1,031         1,912         7,711           Investment Income         27         -         -         27           Reimbursements         232         -         -         265           Net gain - equity accounted Council businesses         100         -         -         100           Total Income         47,442         1,031         1,976         50,450           EXPENSES         -         -         180         18,253           Materials, contracts & other expenses         18,067         -         186         18,253           Materials, contracts & other expenses         19,512         115         305         19,932           Depreciation, amortisation & impairment         9,237         -         -         9,237           Finance costs         736         -         (50)         686           Net loss - equity accounted Council businesses         -         -         -         -           Total Expenses         47,551         115         441         48,107           NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS         (109)         916         1,535         2,343           Net Outlays on Existing Assets         646	Statutory charges	1,173	-	-	1,173
Investment income	User charges	712	-	(2)	710
Reimbursements         232         -         -         232           Other income         249         -         16         265           Net gain - equity accounted Council businesses         100         -         -         100           Total Income         47,442         1,031         1,976         50,450           EXPENSES         The properties of the expenses         18,067         -         186         18,253           Materials, contracts & other expenses         19,512         115         305         19,332           Depreciation, amortisation & impairment         9,237         -         -         9,237           Finance costs         736         -         -         -         -         -           Net loss - equity accounted Council businesses         - <td< td=""><td>Grants, subsidies and contributions</td><td>4,768</td><td>1,031</td><td>1,912</td><td>7,711</td></td<>	Grants, subsidies and contributions	4,768	1,031	1,912	7,711
Other income         249         -         16         265           Net gain - equity accounted Council businesses         100         -         -         100           Total Income         47,442         1,031         1,976         50,450           EXPENSES         -         -         186         18,253           Materials, contracts & other expenses         19,512         115         305         19,932           Depreciation, amortisation & impairment         9,237         -         -         9,237           Finance costs         736         -	Investment income	27	-	-	27
Net gain - equity accounted Council businesses   100   -   -   100   1	Reimbursements	232	-	-	232
Total Income	Other income	249	-	16	265
EXPENSES   Employee costs   18,067   - 186   18,253   Materials, contracts & other expenses   19,512   115   305   19,932   Depreciation, amortisation & impairment   9,237   9,237   Finance costs   736   -   (50)   686   Net loss - equity accounted Council businesses       Total Expenses   47,551   115   441   48,107   NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS   (109)   916   1,535   2,343	Net gain - equity accounted Council businesses		-	-	100
Employee costs   18,067   - 186   18,253	Total Income	47,442	1,031	1,976	50,450
Materials, contracts & other expenses         19,512         115         305         19,932           Depreciation, amortisation & impairment         9,237         -         -         9,237           Finance costs         736         -         (50)         686           Net loss - equity accounted Council businesses         -	EXPENSES				
Depreciation, amortisation & impairment         9,237         -         5,237           Finance costs         736         -         (50)         686           Net loss - equity accounted Council businesses         -	Employee costs	18,067	-	186	
Prinance costs   736   -   (50)   686     Net loss - equity accounted Council businesses   -   -   -     -       Total Expenses   47,551   115   441   48,107     NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS   (109)   916   1,535   2,343     Net Outlays on Existing Assets   Capital Expenditure on Renewal and Replacement of Existing Assets   646   -     -   646     Depreciation   9,237   -   9,237     NET OUTLAYS ON EXISTING ASSETS   671   (1,525)   60   (794)     Net Outlays on new and Upgraded Assets   Capital Expenditure on New and Upgraded Assets   Capital Grants & Monetary Contributions - New & Upgraded Assets   64   1,422   -   1,486     NET OUTLAYS ON NEW AND UPGRADED ASSETS   (4,657)   (1,647)   (229)   (6,533)     Net Lending / (Borrowing) Result for Financial Year   (4,095)   (2,255)   1,366   (4,984)     Net Financial Liabilities at Beginning of Year   (19,883)   61   -   (19,822)     Decrease / (increase) in Other   -   -   -   -   -     Non Cash Equity Movement   (100)   -   (100)	,	,	115	305	
Net loss - equity accounted Council businesses	•	,	-	-	,
Total Expenses         47,551         115         441         48,107           NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS         (109)         916         1,535         2,343           Net Outlays on Existing Assets         (9,212)         (1,525)         60         (10,677)           Proceeds from Sale of Replaced Assets         646         -         -         646           Depreciation         9,237         -         -         9,237           NET OUTLAYS ON EXISTING ASSETS         671         (1,525)         60         (794)           Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets         232         2,509         50         2,791           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)	Finance costs	736	-	(50)	686
NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS         (109)         916         1,535         2,343           Net Outlays on Existing Assets         Capital Expenditure on Renewal and Replacement of Existing Assets         (9,212)         (1,525)         60         (10,677)           Proceeds from Sale of Replaced Assets         646         -         -         646           Depreciation         9,237         -         -         9,237           NET OUTLAYS ON EXISTING ASSETS         671         (1,525)         60         (794)           Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets         (4,953)         (5,579)         (279)         (10,811)           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other	Net loss - equity accounted Council businesses		-	-	
Net Outlays on Existing Assets         Capital Expenditure on Renewal and Replacement of Existing Assets         (9,212)         (1,525)         60         (10,677)           Proceeds from Sale of Replaced Assets         646         -         -         646           Depreciation         9,237         -         -         9,237           NET OUTLAYS ON EXISTING ASSETS         671         (1,525)         60         (794)           Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets         (4,953)         (5,579)         (279)         (10,811)           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -         -           Non Cash Equity Movement         (100)	Total Expenses	47,551	115	441	48,107
Capital Expenditure on Renewal and Replacement of Existing Assets       (9,212)       (1,525)       60       (10,677)         Proceeds from Sale of Replaced Assets       646       -       -       646         Depreciation       9,237       -       -       9,237         NET OUTLAYS ON EXISTING ASSETS       671       (1,525)       60       (794)         Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets & Remediation costs       (4,953)       (5,579)       (279)       (10,811)         Capital Grants & Monetary Contributions - New & Upgraded Assets       232       2,509       50       2,791         Proceeds from Sale of Surplus Assets       64       1,422       -       1,486         NET OUTLAYS ON NEW AND UPGRADED ASSETS       (4,657)       (1,647)       (229)       (6,533)         Net Lending/ (Borrowing) Result for Financial Year       (4,095)       (2,255)       1,366       (4,984)         Net Financial Liabilities at Beginning of Year       (19,883)       61       -       (19,822)         Decrease / (increase) in Other       -       -       -       -       -         Non Cash Equity Movement       (100)       -       -       (100)	NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	(109)	916	1,535	2,343
Proceeds from Sale of Replaced Assets         646         -         -         646           Depreciation         9,237         -         -         9,237           NET OUTLAYS ON EXISTING ASSETS         671         (1,525)         60         (794)           Net Outlays on new and Upgraded Assets         Separate Capital Expenditure on New and Upgraded Assets         8         (5,579)         (279)         (10,811)           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -         -           Non Cash Equity Movement         (100)         -         -         (100)	Net Outlays on Existing Assets				
Depreciation NET OUTLAYS ON EXISTING ASSETS         9,237         -         -         9,237           Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets & Remediation costs         (4,953)         (5,579)         (279)         (10,811)           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -         -           Non Cash Equity Movement         (100)         -         -         (100)	Capital Expenditure on Renewal and Replacement of Existing Assets	(9,212)	(1,525)	60	(10,677)
NET OUTLAYS ON EXISTING ASSETS         671         (1,525)         60         (794)           Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets & Remediation costs         (4,953)         (5,579)         (279)         (10,811)           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -         -           Non Cash Equity Movement         (100)         -         -         (100)	Proceeds from Sale of Replaced Assets	646	-	-	646
NET OUTLAYS ON EXISTING ASSETS         671         (1,525)         60         (794)           Net Outlays on new and Upgraded Assets         Capital Expenditure on New and Upgraded Assets & Remediation costs         (4,953)         (5,579)         (279)         (10,811)           Capital Grants & Monetary Contributions - New & Upgraded Assets         232         2,509         50         2,791           Proceeds from Sale of Surplus Assets         64         1,422         -         1,486           NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -         -           Non Cash Equity Movement         (100)         -         -         (100)	Depreciation	9,237	-	-	9,237
Capital Expenditure on New and Upgraded Assets & Remediation costs       (4,953)       (5,579)       (279)       (10,811)         Capital Grants & Monetary Contributions - New & Upgraded Assets       232       2,509       50       2,791         Proceeds from Sale of Surplus Assets       64       1,422       -       1,486         NET OUTLAYS ON NEW AND UPGRADED ASSETS       (4,657)       (1,647)       (229)       (6,533)         Net Lending/ (Borrowing) Result for Financial Year       (4,095)       (2,255)       1,366       (4,984)         Net Financial Liabilities at Beginning of Year       (19,883)       61       -       (19,822)         Decrease / (increase) in Other       -       -       -       -         Non Cash Equity Movement       (100)       -       -       (100)	NET OUTLAYS ON EXISTING ASSETS		(1,525)	60	(794)
Capital Grants & Monetary Contributions - New & Upgraded Assets       232       2,509       50       2,791         Proceeds from Sale of Surplus Assets       64       1,422       -       1,486         NET OUTLAYS ON NEW AND UPGRADED ASSETS       (4,657)       (1,647)       (229)       (6,533)         Net Lending/ (Borrowing) Result for Financial Year       (4,095)       (2,255)       1,366       (4,984)         Net Financial Liabilities at Beginning of Year       (19,883)       61       -       (19,822)         Decrease / (increase) in Other       -       -       -       -         Non Cash Equity Movement       (100)       -       -       (100)	Net Outlays on new and Upgraded Assets				
Net Financial Liabilities at Beginning of Year   Continue of Con	Capital Expenditure on New and Upgraded Assets & Remediation costs	(4,953)	(5,579)	(279)	(10,811)
NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -           Non Cash Equity Movement         (100)         -         -         (100)	Capital Grants & Monetary Contributions - New & Upgraded Assets	232	2,509		
NET OUTLAYS ON NEW AND UPGRADED ASSETS         (4,657)         (1,647)         (229)         (6,533)           Net Lending/ (Borrowing) Result for Financial Year         (4,095)         (2,255)         1,366         (4,984)           Net Financial Liabilities at Beginning of Year         (19,883)         61         -         (19,822)           Decrease / (increase) in Other         -         -         -         -           Non Cash Equity Movement         (100)         -         -         (100)	Proceeds from Sale of Surplus Assets	64	1,422	_	1,486
Net Financial Liabilities at Beginning of Year(19,883)61- (19,822)Decrease / (increase) in OtherNon Cash Equity Movement(100)(100)	·	(4,657)		(229)	
Decrease / (increase) in Other       -       -       -       -         Non Cash Equity Movement       (100)       -       -       (100)	Net Lending/ (Borrowing) Result for Financial Year	(4,095)	(2,255)	1,366	(4,984)
Non Cash Equity Movement (100) (100)		(19,883)	61	-	(19,822)
		-	-	-	-
Net Financial Liabilities at End of Year (24,078) (2,194) 1,366 (24,906)	Non Cash Equity Movement	(100)			(100)
	Net Financial Liabilities at End of Year	(24,078)	(2,194)	1,366	(24,906)

In a year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

#### **Financing Transactions**

i manomy manoactione				
New Borrowings	10,000	2,300	(1,300)	11,000
Increase/(Decrease) in Short Term Draw Down	70	(70)	-	-
(Increase)/Decrease in Cash & Investments	168	(38)	(66)	64
(Increase)/Decrease in Working Capital	-	-	-	-
Principal Repayments on Borrowings	(5,263)	263	-	(5,000)
Reinstatement/Restoration Provision Payment	(780)	580	-	(200)
Debenture Payment	-	(780)	-	(780)
Non Cash Equity Movement	(100)	-	-	(100)
	4,095	2,255	(1,366)	4,984

It should be noted that the figures in this appendix have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

	endix
2020-21 Budget Adjustments subsequent Budg	t to Origino et Adoptio

### ADELAIDE HILLS COUNCIL 2020-21 BUDGET ADJUSTMENTS SUBSEQUENT TO BUDGET ADOPTION

Description	Operating Income	Operating Expenses	Net Operating Result	Capital Expenditure	Capital Income	Net Borrowing Result Impact
Original Budget Council Meeting 30 June 2020 CR124/20 Part 1.2	47,442	47,551	(109)	14,165	942	(4,095)
BR3 Carry Forwards Council Meeting 30 June 2020 CR124/20 Part 1.13				1,454	1,774	320
Community Strength and Resilence Initiatives Replacement and Upgrade of play space at Lobethal Bushland Park Council Meeting 30 June 2020 CR 124/20 Part 3				300	150	(150)
Local Roads and Community Infrastructure Program Projects Council Meeting 23 June 2020 CR						
106/20 Part 3	781		781	781		0
Federal Black Spot Program Funding Deed Kersbrook, Mylor, Ironbank & Forreston Council Meeting 28 July 2020 CR 140/20 Part 4				369	551	182
Road Widening Netherhill Road Kenton Valley Council Meeting 28 July 2020 CR 149/20 Part 6				10		(10)
Gumeracha Court Resurfacing Project Council Meeting 25 August 2020 CR 168/20 Part 2	220		220	220		0
Gumeracha Court Resurfacing Project Council Meeting 25 August 2020 CR 168/20 Part 3				150		(150)
Gumeracha Court Resurfacing Project Council Meeting 25 August 2020 CR 168/20 Part 4				50		(50)
Heathfield Oval Change Room & Cricket Net Project Project Council Meeting 25 August 2020 CR						Ì
169/20 Part 2 (Sport Australia component) Part 2				524	524	0
Heathfield Oval Change Room & Cricket Net Project Project Council Meeting 25 August 2020 CR						
169/20 Part 2 (Office of Recreation, Sport & Racing component)				565	565	0
2019-20 Carry Forwards from Council Meeting 25 August 2020 CR 170/20 Part 2		64	(64)			(64)
2019-20 Carry Forwards from Council Meeting 25 August 2020 CR 170/20 Part 3			, ,	2,679	367	(2,312)
2020-21 Additional Budget Request from Council Meeting 25 August 2020 CR 170/20 Part 4	30	30	0			0
2020-21 Additional Budget Request from Council Meeting 27 October 2020 CR 227/20		6	(6)			(6)
2020-21 Additional Budget Request from Council Meeting 27 October 2020 CR 229/20		15	(15)			(15)
Sub total Budget Adjustments approved prior to 24 November 2020 Council Meeting	1.031	115	917	7,103	3,931	(2,255)
AHC Current Budget prior to Council Meeting 24 Nov 2020	48,473	47,666	808	21,268	4.873	(6,350)
A TO CALLOTT BANGST PROFITE COMMON INCOMING LT NOT 2020	40,470	41,000	300	21,200	-1,010	(0,000)
2020-21 Budget Review 1	1,976	441	1,535	219	50	1,366
AHC Proposed Budget for Council Meeting 24 Nov 2020	50,450	48,107	2,343	21,487	4,923	(4,984)

## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.5

Responsible Officer: Kira-marie Laverty

**Corporate Planning & Performance Coordinator** 

Office of the Chief Executive

Subject: Quarterly Council Performance Report – Q1

For: Information

#### **SUMMARY**

As a local government entity, Council has a number of legislative obligations regarding the preparation and distribution of corporate planning and reporting information to the elected body and the community. In addition, to these mandated requirements, Council has over time created a number of additional elements to improve the integration, transparency and accountability of its activities.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the 2020-21 Annual Business Plan process. These were aligned to the new Strategic Plan 2020-24 – A brighter future adopted in April 2020.

The Quarterly Council Performance Report for Q1 (Appendix 1) covers the period 1 July 2020 to 30 September 2020, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic plan.

The purpose of this report is to inform the Audit Committee of Council's performance against the 2020-21 Annual Business Plan targets in order to assist in their role as advisors to Council on the adequacy and effectiveness of processes involving financial management, reporting, risk and governance.

#### RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

#### 1. GOVERNANCE

#### Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal A progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority O5.3 Demonstrate accountability through robust corporate planning and

reporting that enhances performance, is relevant and easily accessible

by the community

The Quarterly Council Performance Report is part of the performance reporting suite contained in the *Corporate Planning & Performance Framework*.

#### > Legal Implications

Chapter 8 - Administrative and financial accountability of the *Local Government Act 1999* sets out the key legislative obligations regarding corporate planning and reporting obligations, as follows:

- S122 Strategic management plans development, content requirements, consultation, review and availability of strategic plan, asset management plan and long-term financial plan;
- S123 Annual business plans and budgets development, content requirements, consultation, review and availability of annual business plan and budget
- S127 Financial statements preparation, content, auditing and availability of the financial statements;
- S131 Annual reports preparation, content, distribution and availability of the annual report

Additional requirements are contained in the *Local Government (General) Regulations 2013* and the *Local Government (Financial Management) Regulations*.

#### Risk Management Implications

Quarterly Council Performance Reporting will assist in mitigating the risk of:

Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence

Inherent Risk	Residual Risk	Target Risk		
Extreme (4B)	Low (2D)	Low (2D)		

Note that there are many other controls that assist in mitigating this risk. The quarterly performance reports are part of the current control suite and therefore there is no additional mitigating impact of this report.

#### Financial and Resource Implications

The Corporate Planning & Performance Coordinator role, which coordinates the performance reporting function, is funded in the Governance & Performance Department budget.

Quarterly Council Performance Reporting assists in showing the financial and resource performance to plan as per the targets, initiatives and activities outlined in the 2020-21 Annual Business Plan.

#### Customer Service and Community/Cultural Implications

Providing integrated, consultative corporate planning and effective and transparent performance reporting to the Council and community has the potential to increase the level of trust and confidence in Council.

#### Sustainability Implications

Quarterly Council Performance Reporting assists in demonstrating the outcomes related to Council's economic, social and environmental initiative

#### Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Not applicable
Council Workshops: Not applicable
Advisory Groups: Not applicable

Administration: Council's Executive Leadership Team, relevant Managers, and

Officers were consulted during preparation of the quarterly

performance report.

External Agencies: Not applicable Community: Not applicable

#### 2. BACKGROUND

At its 19 June 2018 meeting, Council adopted (Res 128/18) the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

Over the 2019-20 financial year, Quarterly Council Performance Reports were drafted showing the performance against the Corporate Performance indicators, strategic initiatives and key activities of the 2019-20 Annual Business Plan.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the 2020-21 Annual Business Plan process. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020.

#### 3. ANALYSIS

To reflect the alignment to the *Strategic Plan 2020-24 – A brighter future* the format of the Quarterly Council Performance Report has been adjusted to show Council's performance against the 5 strategic goals:

- Built Environment
- Community Wellbeing
- Economy
- Natural Environment
- Organisation

The report will still include the Customer Service Standards, Capital works performance, and Quarterly Financial Performance in a similar way to the 2019-20 FY reports.

Overall, performance for Quarter 1 has been generally positive with:

- 84% of Strategic initiatives on track or completed, and 11% not started
- 10 of the 17 corporate performance indicators met or exceeded, and
- 11 of the 17 customer service standards met or exceeded.

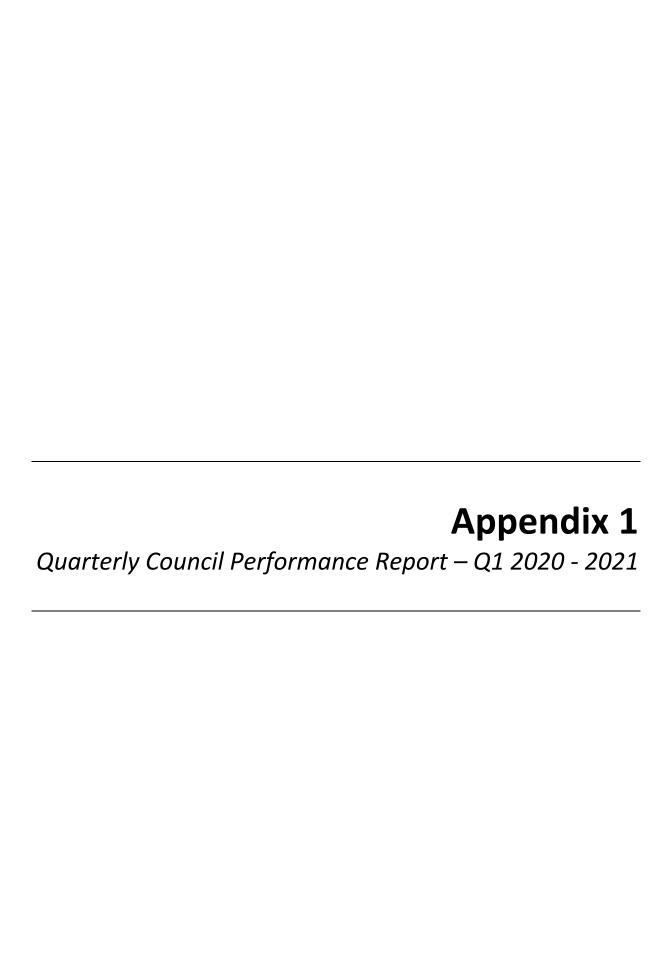
See the attached Quarterly Council Performance Report – Quarter 1 (Appendix 1) for details.

#### 4. OPTIONS

As this is an information report, the Audit Committee is limited to receiving and noting the report but may choose to provide commentary to the Administration for consideration to enhance the reports into the future.

#### 5. APPENDIX

(1) Quarterly Council Performance Report – Quarter 1 2020-21



# **Quarterly Council Performance Report**



Quarter 1 – 1 July to 31 September 2020



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## 1. Executive Summary



#### **Customer Service Standards**

Targets met or exceeded

N/A: No Incidents reported

Target not met

#### **Capital Performance**

- \$1.3m of infrastructure delivered
- \$3.3m of works in progress
- Focus has been on scoping new projects, as well and commencing construction on projects that were designed in 2019-20 Financial Year.



#### **Highlights**

- The capital works projects, such as the footpath renewal program, is currently ahead of schedule due to early contractor availability.
- Works are progressing well on the undergrounding of power lines in the Gumeracha Main street project.
   Conduits have been installed from top of Albert St and into Victoria and John Fisher Streets.
- The initial Kerbside Waste Audit (3-Stream) has been undertaken in Woodside
- Negotiated additional funding from State Government for post-bushfire roadside tree management.
- Conducted first round of community support workshops to help community groups and clubs navigate their recovery from bushfire and COVID-19.

#### **Risk and Challenges**

- While the Cuddlee Creek Bushfire and COVID-19 are still having an impact on some of our services and projects, we have continued to implement innovative solutions and are starting to see projects coming back on track for delivery over the coming quarters.
- COVID-19 continues to present a challenge in planning for major events such as Tour Down Under and Christmas parades.

## 2. Performance by Strategic Goal



## A functional Built Environment

#### **Highlights**

#### **Gumeracha Main Street Project**

- The detailed design and irrigation design have been completed ready for construction tender.
- A contractor engaged for storm water installation with construction to start in late October 2020.
- Works are progressing on the undergrounding of power lines with conduits installed from top of Albert St and into Victoria and John Fisher Streets.

#### **Upgrading of Woodside Library & Service Centres**

 Quotes being sought for layout change and furnishings.

#### Play space upgrades

- Play space upgrade projects at Charleston, Mount Torrens & Kersbrook have undergone tender assessment with successful contractors appointed.
- Draft designs are currently out for community consultation.

#### **Council Fire Prevention & Mitigation Activities**

- The new local government Code of Practice for issuing 105F notices is being prepared and will be ready for 2021 fire danger season.
- New community education materials are on order from the CFS and we are awaiting delivery of these.

#### Infrastructure Assets Climate change adaption

Various climate change adaptation technologies are being investigated, including scoping a potential 'cool roads' trial.

#### **Community Wastewater Management Systems**

Engagement with Cleanaway on contract communication and reporting improvements for annual Septic Tank Pump Out Program.

#### **Property Services**

Refurbishment of public toilets at Stonehenge Reserve and Bridgewater Hall (playground) completed.

#### **Carbon Inventory**

- Draft report on the collection of data for carbon reporting has been completed.
- Consultant has been engaged to prepare a template suitable for the collection of Scope 3 carbon emissions.
- Staff commuting survey has been launched to determine total kms travelled by staff to and from work.

#### **Program Management Framework**

First draft of the framework has been reviewed by the project team and is now in trial phase. Post testing, a second draft will be produced for broad consultation in the second quarter.

#### **Energy upgrades, Battery & Efficiency Actions**

New air-conditioning system at the Coventry Library and Stirling Office is under investigation as a result of the recent air-conditioning audit.

#### **Fleet Management**

Two hybrid vehicles purchased in Quarter 1.

#### **Cemeteries**

 Survey and mapping of Stirling Catholic and Mt Lofty Cemeteries has been completed.

#### **Community & Recreation Facilities Framework**

Consultation findings has been shared with the working group and results incorporated into development.

#### **Strategic Assets**

 Customised financial report developed and implemented in the Enterprise Confirm Asset Management System.

#### **Policy Planning**

- A second round of public consultation on the Draft Crafers Village Design Guidelines has been completed
- Community & stakeholder consultation on the State Government's lifting of the Genetically Modified Crops Moratorium was undertaken and Council resolved to lodge an application with the Minister Primary Industries and Regional Development to be designated a GM free area on 25 September 2020. The Minister's decision in this regard will be known on 15 November 2020
- Continued to work with the State Planning Commission on finalising the proposed planning policy and zoning changes for our Council area which will form part of the Planning & Design Code.



#### **Risks & Challenges**

#### **Stirling Cemetery Review**

 Development of masterplan delayed as options are considered for alternative spaces for burials following the decision of the Native Vegetation Council to refuse clearance of vegetation to enable cemetery expansion.

#### **Septic Tank Desludge Program**

 Septic tank compulsory pump out is slightly behind schedule due to delays caused by COVID-19. However, all septic tanks in nominated pump out townships will be completed by the end of the financial year.

#### **Performance Indicators**

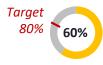
#### **Delivery of capital works program**

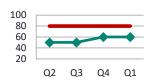




Expenditure is well ahead of forecast budget year-to-date. This is due to early contractor availability allowing projects, such as the footpath renewal program, to proceed ahead of schedule. This result is expected to trend back towards 90% over the next two quarters.

## Operational tasks completed within the Civil Zone Maintenance Program





The result above indicates that 60% of operational activities are planned, compared to the remaining 40% being reactive. Current results are estimated from the limited available information, however accuracy will improve with the broader rollout of confirm asset management software and in field devices.

## Compliance inspections completed within 5 business days of development completion notification





Compliance Inspections focused on swimming pools and spas this quarter. Other developments were required to supply statements of compliance, complete essential safety requirements and obtain a certificates of occupancy.

## Compliance inspections completed within 5 business days of notification of alleged unlawful development





For the 14 compliance inspections related to alleged unlawful development undertaken in this quarter 13 were completed within the 5 business days of receipt of the notification.



### **Progress on Strategic Initiatives from the Annual Business Plan**

Project ID	Strategic Initiatives	Status			
B1003	New Bus Shelter Installation Program - Birdwood, Lobethal & Stirling Yr 1				
B1004	New and Upgrade Footpath Program				
B1005	Newman Road Reconstruction (Kerb/Pavement & Storm water)				
B2002	Gumeracha Main street project - stage 2				
B2003	Gumeracha undergrounding of powerlines (PLEC)				
B2004	Gumeracha Main Street Stormwater				
B2005	Transition to the Planning, Development & Infrastructure Act (PDI Act)				
B2006	Local Heritage Fund	•			
B2007	Integration of Development Assessment Systems				
B3001	Water reuse for Woodside recreation ground irrigation - investigation yr 1				
B3002	Implement irrigation systems (renewal / Upgrades)- yr 1 Birdwood play space	•			
B3005	Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan	<b>Ø</b>			
B3006	LED Public Lighting Installation - investigate transition of main road street lighting	×			
B3007	Carbon Inventory				
B3010	Fleet Transition Plan				
B4001	Lower Hermitage Road storm water capacity upgrade				
B4003	Grevillea Way Woodside Drainage Infrastructure to reduce flooding				
B4004	Woodland Way Teringie Drainage Infrastructure to reduce flooding				
B4005	Aldgate Terrace Bridgewater Drainage Infrastructure to reduce flooding				
B4006	Asset management - Confirm Web and Connect Licenses and Field Devices				
B4007	Asset Management Plans for Buildings				
B4008	Combined maintenance team for playgrounds/park furniture/cemeteries	<b>Ø</b>			
B4009	Building Upgrades - minor	<b>⊘</b>			
B4010	Cemeteries Upgrades	<b>Ø</b>			
B4011	CWMS Capacity Upgrades (Birdwood & Woodside gravity mains)				
B4012	Stirling library lawns - Rotunda Replacement				
B4013	Upgrading of Woodside Library/Service Centre				
B4014	Road Safety Program including co-contribution to Road Blackspot	<b>⊘</b>			
B4015	Installation of further EV charging stations	<b>Ø</b>			
B4016	Purchase of EV cars for fleet	<b>Ø</b>			
B4017	WSUD implementation for Woodside Rec Ground				
B4018	Infrastructure assets Climate Change Adaption				







#### **Highlights**

#### **Bushfire Recovery Action Plan**

 Recovery activities continue with a key focus this quarter on priority processing for rebuilding development applications, negotiating with State Government for funding for tree clearance work, and biodiversity recovery work.

#### **Sport & Recreation Master planning projects**

- Staff have met with stakeholders of the Heathfield, Woodside & Bridgewater sites to review and updated the actions included in the plans.
- Tendering and construction to commence on elements of the Heathfield & Gumeracha projects in the coming months.

#### **Support for small Events**

 Commenced a program on 24 September to support event organisers to recover and cope with the new health restrictions and to run successful and safe events. 18 key community event organisers attended the workshop.

#### **Customer Service**

 Continued flexible working arrangements for contact centre staff to maintain distancing requirements. This includes rotational rostering, working from home arrangements and an additional contact centre station set up in Gumeracha.

#### Libraries

 Easing of restrictions has resulted in a gradual increase in physical library visits. Compared with Q1 in 2019-20, physical visits are 38% less and physical borrowing is 11% less. Conversely, Digital loans are 4,500 higher than last year (38%).

#### **Digital Learning**

- 42 online preschool programs were conducted with 1,682 viewings
- 11 online STEM programs were run with 121 participants

#### **Positive Ageing**

- Sector updates provided regarding the Royal Commission
- Webinars provided to age care provided regarding wellbeing and re-ablement
- Online workshop provided on Living with Dementia

#### Volunteering

- Training conducted for Volunteer leaders in new volunteer onboarding processes.
- Six month training calendar released with opportunities for volunteer skill development
- Community volunteer support survey launched on our strategies for supporting volunteering groups and organisations across the Adelaide Hills and Mount Barker regions.

#### **Youth Development**

- Participants of the Youth Leadership Program have delivered the 2020 Year 12 Support Program
- The Xith (video gaming events) committee have added online gaming competitions to increase opportunities for local community connections

#### **Community Centres**

- Video entry of the four community sheds associated with the Hills Connected Communities Project has made it to Semi-finals in the Loneliness Cure Award.
- Three workshops were organised by Hills Connected Communities collaborative program for NAIDOC week.

#### **Disability Access and Inclusion**

- The draft Disability Access and Inclusion Plan has been developed with consultation anticipated to commence in Ω2.
- Collaboration with Mount Barker District Council and the NDIS Local Area Coordinator to run a disability reference group.

#### **Arts & Heritage**

- The Arts & Heritage Collection policy was adopted.
- The public art project in Gumeracha was completed

#### **Fabrik**

- Fabrik reopened in August with a SALA exhibition connecting to bushfire themes.
- Country Arts SA launched their touring exhibition "Domestic Arts", with associated workshops booked out.
- · Facilities Development Plan was endorsed.
- The change of use application is progressing and final designs for installation of lift and stairs in Building 20 and toilets in Building 21 are also underway.

#### **Risks & Challenges**

#### **Events**

 Given the current health restrictions, no events were supported in Quarter 1. However, the team has been busy providing COVID Safe advice and working towards solutions for future events.

#### Women's Tour Down Under

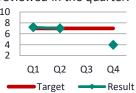
 Announcement on the 2021 event has been delayed while event organisers consult with SA Health and the international teams on how the event can be run under current COVID-19 restrictions.

#### **Performance Indicators**

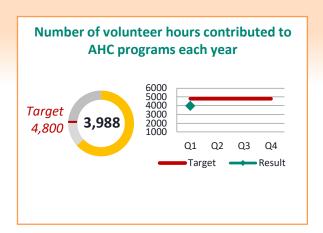
#### Positive ageing wellbeing score

Average level of self-determined wellbeing of program participants reviewed in the quarter.





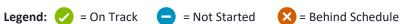
The wellbeing score has been impacted by two significant, stressful events in the lives of our clients/community - The Cudlee Creek Bushfires and The COVID-19 Pandemic (which required the suspension of all social programs). Social events have resumed (in a scaled down, COVID safe manner) and its hoped this resumption will see an improvement in the score for the next quarter.



#### **Progress on Strategic Initiatives from the Annual Business Plan**

Project ID	Strategic Initiatives	Status
C1001	Disability Planning - Staffing	<b>Ø</b>
C1002	Disability Planning materials	
C2001	Norton Summit Community Centre Facility Upgrades	
C4001	Community Wellbeing Indicators - staffing	
C4002	Regional Health Planning Initiatives - Staffing	
C4003	Court Resurfacing – Office for Recreation, Sport & Racing Grant Funding	
C4004	Gumeracha Court Resurfacing – Federal Government Community Development Grant Funding	<b>Ø</b>
C4005	Heathfield Oval Changeroom Upgrade – Sport Australia Grant Funding	
C4006	Play Space Upgrades – Mount Torrens, Charleston, Kersbrook (linked to renewal)	<b>Ø</b>
C4007	Heathfield Oval - Masterplan Implementation	
C4008	Woodside Recreation Ground - Masterplan Implementation	
C4009	Heathfield Oval - Masterplan Implementation – AHC Grant Funding Contribution	
C4010	Play Space - Asset Audit	
C4011	Adelaide Hills (War Memorial) Swimming Centre – Asset Audit	
C4015	Emergency Management Bushfire Preparedness Consultancy	<b>Ø</b>
C4016	Implement the Bushfire Recovery Action Plan	
C5001	Reconciliation Action Plan (RAP)	
C5002	Support for Aboriginal Cultural Centre	
C6001	Fabrik Arts & Heritage Hub Activation - Capital	
C6003	Capital Divestment - Capital Cost	
C6004	Activation Arts & Heritage Hub - Operating (Income)	
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	
C6006	Women's Tour Down Under	
C6007	Support for Small Events	
C6008	Support for high profile regional event	
C6009	Public Art Acquisition	







#### **Highlights**

#### Review and upgrade Council signage and branding

- New vehicle branding was rolled out on a Council works ute and the Hut Community bus.
- Work is continuing on the Council signage master list with design in progress for Fabrik, Woodside and Stirling offices.

#### **Economic Development Officer**

 Recruitment and interviews undertaken over August September. Successful candidate to commence in Q2.

#### **UNESCO World Heritage Bid**

 Met with City of Adelaide staff in August to discuss their Expert Review report and map a work plan for a joint bid.

#### **Risks & Challenges**

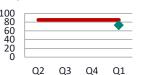
#### Tree safety work to support Tour Down Under (TDU)

 Notice of TDU event status and locations delayed until mid-October due to COVID. As result Open Space have been unable to assess trees and implement required work within first quarter.

#### **Performance Indicators**

## Percentage of planning consents completed within statutory timeframes

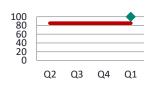
Target **73%** 



A delayed assessment on one non-complying development impacted on the achievement of the target this quarter

## Percentage of new development application decisions upheld in Council/CAPs favour under appeal

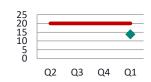
Target 85% 100%



There was one matter where the Court upheld the decision of the Council Assessment Panel (CAP). Another two matters have no determination in this quarter and one matter was withdrawn by the appellant.

## Average number of days for applications to be approved - building consent

Outbuilding & Pool Target 20 Days



Currently this indicator is only able to be reported upon for Building Rules Consent Only applications for Pools and Outbuildings, and not all building applications assessed by Council. Based upon the 29 Applications in this category there was 100% achievement of the target. A system enhancement has been requested from our software provider to allow wider data capture.

### **Progress on Strategic Initiatives from the Annual Business Plan**

Project ID	Strategic Initiatives			
E1001	Economic Development Officer	•		
E1002	Financial support to assist the business & community to recover from fires and COVID-19 (including rates)			
E2001	Review and upgrade Council signage and branding			
E2002	Place making Coordinator to shape, activate and coordinate place making at a community level			
E2003	Upgrades of remaining 2 DPTI roundabouts Crafers on Ramp and Piccadilly			
E4001	Additional Tree safety work that is required to support the TDU			
E4002	UNESCO World Heritage Bid			

#### **Highlights**

#### Social, Economic and Environmental recovery

 Staff have established a staff Reference Group for the Lobethal Bushland Park project. The group will review the project plan and engagement plan at their October meeting. Community engagement is due to begin in late November 2020.

#### **Kerbside Waste Audit and Education Program**

 Initial three stream waste kerbside bin audit has been undertaken in Woodside. Results to be provided.

#### Heritage Agreements for land under Council's care

 Agreements registered for Kiley Reserve; Shanks Reserve; Kyle Road Nature Reserve; Leslie Creek Reserve; Aldgate Valley 2 Reserve; and Doris Coulls Reserve.

#### Dog and Cat Animal Management plan

- Community education campaign commenced via social media regarding cat confinement by-law awareness.
- Plans for cat holding facility completed.

## Develop and review Council Management plan for high value reserves

 Four management plans currently being reviewed for Aldgate Valley Reserve; Bradwood Park; Heathfield Stone Reserve; and Lobethal Bushland Park. One new plan being created for Heron Reserve.

## Management and monitoring of prescribed burn sites

- Bird Surveys underway at all sites for Spring 2020
- Weed management activities currently being undertaken and on track to be completed as planned.

#### Risks & Challenges

#### **Tree Population Data Collection**

- No data collection undertaken in first quarter.
- Significant pressure already placed upon Arboriculture consultancy budget to manage operational issues.

#### **Wastewater Aerobic Irrigation Inspections**

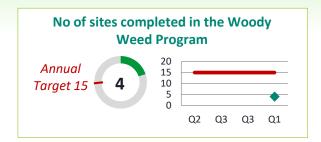
 Program placed on hold due to COVID-19, however has now resumed with a replacement officer engaged to continue the work

## Investigate impact of wastewater system on catchment

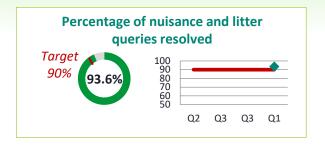
 Project on hold due to COVID-19. Discussions in progress with SA water to resume project in January 2021.

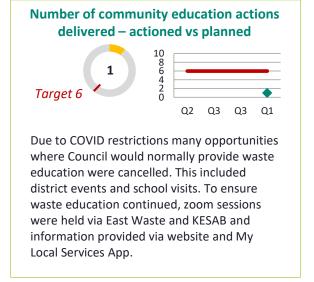


#### **Performance Indicators**









#### **Progress on Strategic Initiatives from the Annual Business Plan**

Project ID	Strategic Initiatives	Status
N1001	Tree Population Data Collection	
N1002	Social, Economic and Environmental Recovery	
N2002	Heritage Agreements for land under Council's care and control	
N2003	Roadside Marker Program to protect and manage roadside vegetation	
N2006	Develop and review Council Management Plans for high value reserves	
N2008	Develop informative and attractive signage in Council reserves/playgrounds	
N2009	Feral cat study and implementation of an action plan	
N2011	Wastewater Aerobic Irrigation Inspections - Compliance staff	
N3001	Local Climate Adaptations for landscape conservation	
N5001	Kerbside Waste Audit and Education Program	

#### **Highlights**

#### Information & Communications Technology (ICT)

- After a formal restructure of the Information Service Department a recruitment process was completed to fill two vacant Team Leader Positions where new staff have now commenced.
- In the ICT Team a Cyber Security Audit was undertaken with input from staff completing the process. This will assist with the development of a Cyber Security Plan for Council.

## Review the Community Engagement Framework and supporting tools

 The Local Government Association has announced they are proposing a bill to parliament to develop a local council wide Community Engagement Charter and Framework. This requires AHC to consider how we will reframe our project to get the best outcomes for our community and staff. A decision on the bill is expected early 2021.

#### **Equipment to broadcast Council Meetings**

- Survey of users (Council Members and Officers)
  has been completed and these are being collated
  for a workshop/report to Council Members to
  confirm project scope.
- An interim broadcasting solution has been put in place and is operating well

## Implementation of Organisational Information Management System

 Migration of departments into Records Hub is progressing well in a phased approach. Quotes have also been received for assistance with the record migration work and a vendor selected to commence shortly.

#### Internet of Things (IoT) Project

 Quoting for installation of Gateway devices has been completed for the Woodside township. Cost analysis being undertaken to consider alternative locations.

#### **Risks & Challenges**

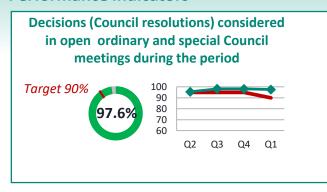
#### **Bushfire Recovery**

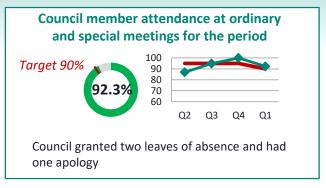
 Negotiations with the State Government over an alternative funding approach to contribute to essential tree clearance work have been ongoing, which has led to changes in the way the income will be recognized in the Council's accounts. In-principle terms have been agreed and the matter will be finalised in November 2020.

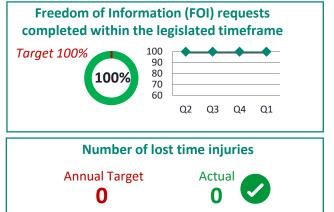
#### Digitisation and destruction of hard copy records

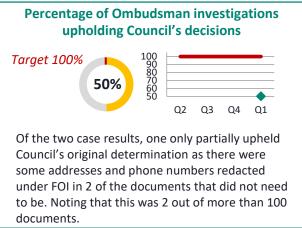
 Due to staff vacancies, recruitment activities and general workload this activity is behind schedule, however this will re-commence once new team members have started.

#### **Performance Indicators**







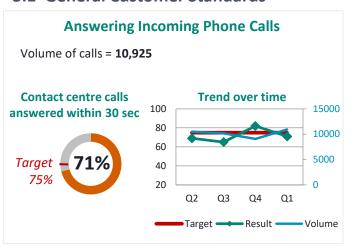


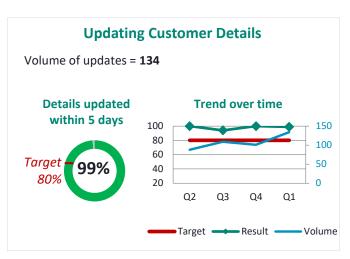
#### **Progress on Strategic Initiatives from the Annual Business Plan**

Project ID	Strategic Initiatives	Status
01001	Resource to manage Skytrust (WHS system) implementation	<b>Ø</b>
O1002	Update of Business Continuity Plan and implementation	×
O2001	New council website and e-services	
O2004	Customer Experience Training	
O2005	Service Changes to Accommodate COVID-19 Impacts	
O3001	Service Review Framework Development	
O4003	Develop or respond to Boundary Reform Proposals	<b>⊘</b>
O5002	Equipment to broadcast Council Meetings	
O5003	Corporate Plan Review	
O5005	Resource to manage building & swimming pool inspections to ensure legislative compliance	<b>Ø</b>
O6002	Information System Cyber Security Plan	
O6003	Two Factor Authentication - Software Subscription	
O6004	Application Whitelisting - Software Subscription	

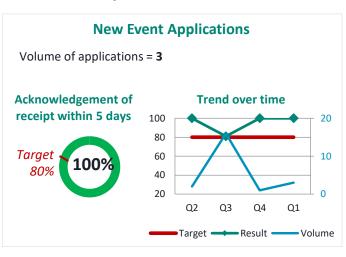
## 3. Customer service standards

#### 5.1 General Customer Standards

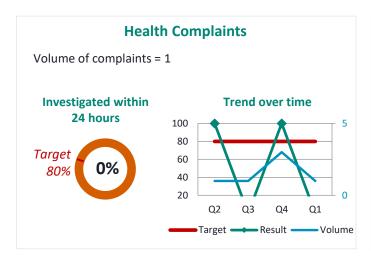




#### 5.2 Service Specific Standards – Time Based Indicators

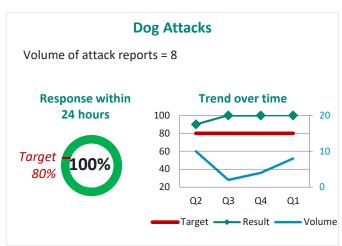




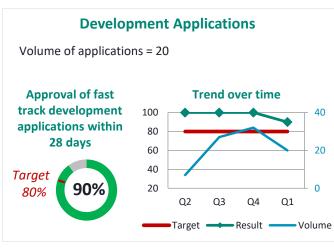


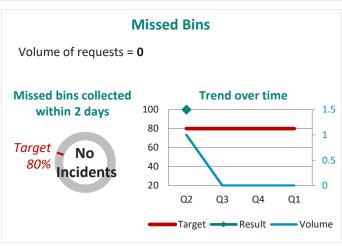


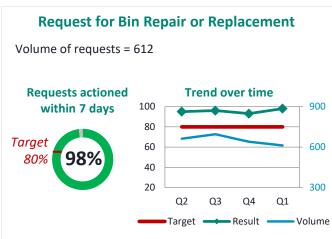
#### **Library Services** Volume of requests = 6 Response to requests to Trend over time purchase materials 100 20 within 10 days 80 60 10 Target 40 80% 20 Q4 Q1 Target Result -Volume





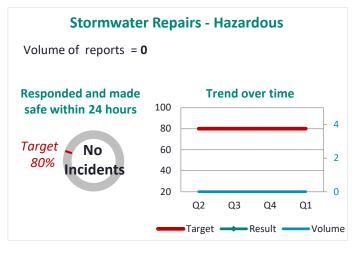


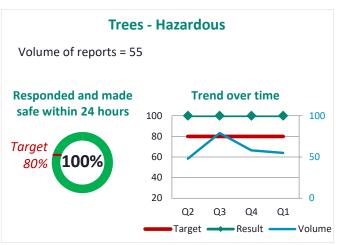




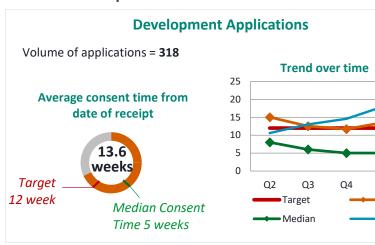




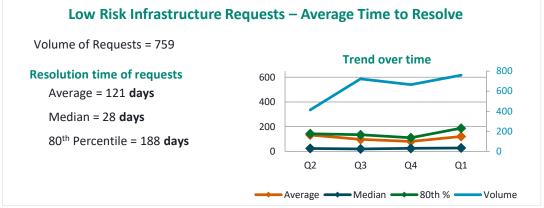




#### **5.3** Service Specific Standards – Other Indicators







400

300

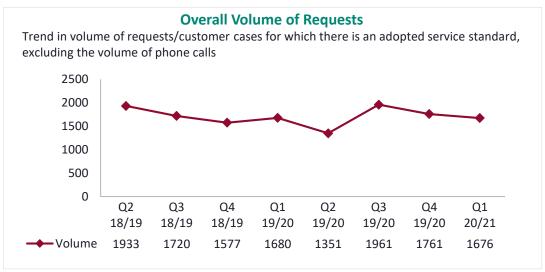
200

100

Q1

Average

Volume



## 3. Capital Works Program

Quarter 1 of 2020-21 FY represents the commencement of the 2020-21 Capital Works Program, with \$1.3M of infrastructure delivered during this period and another \$3.3M of works ordered. The primary focus of this quarter has been on scoping new projects, as well and commencing construction on projects that were designed in 2019-20 Financial Year.

#### **Highlights**

- The Paracombe Rd Blackspot project was completed.
- The Newman Rd renewal and upgrade project was commenced.
- Construction of West St Mylor was completed.

#### What's Next

• The roundabout landscaping project is due to be completed in early Q2.

#### **Financial Performance by Asset Category**

Asset Category	YTD Actuals \$'000	YTD Budget \$'000	YTD Var Fav / (unfav) \$'000	Annual Budget \$'000
Bridges	4	10	6	155
Buildings	267	200	(47)	2,661
Cemeteries	74	20	(54)	120
CWMS	72	200	128	414
Footpaths	90	36	(54)	870
Kerbing	30	-	(30)	266
Local Roads & Community Infrastructure Program (LRCIP)	2	85	83	843
Other - Ret Walls, Str Furniture & Bus Stops	202	230	8	2,300
Roads - Pavements	483	499	16	2,770
Roads - Seals	138	-	(138)	1,182
Roads - Shoulders	-	50	50	270
Roads - Unsealed	163	140	(22)	1,341
Sport & Recreation	38	-	(38)	4,081
Stormwater	191	175	(17)	927
Fleet	54	305	251	2,188
ICT	4	148	144	743
Library	-	7	7	68
Plant & Equipment	7	5	(2)	60
	1,820	2,110	290	21,269

## 4. Financial Performance

### Overall Funding Statement as at 30 Sept 2020

	YTD	YTD	YTD	Revised
	Actual	Budget	Variance	Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	42,421	42,019	402	48,443
Total Operating Expenditure	9,216	9,234	18	47,615
Funding surplus before Capital	33,205	32,785	420	829
Capital Expenditure	1,820	2,110	<b>290</b>	21,269
Capital Income	653	503	<b>150</b>	4,873
Net expenditure - Capital projects	1,167	1,607	440	16,396
Net Lending / (Borrowing) Result for Year	32,038	31,177	860	(6,331)

Adelaide Hills Council Operating Summary						
By Directorate						
as at September 2020						
	YTD	YTD	YTD Var	Revised		
	Actuals	Budget	fav / (unfav)	Budget		
	\$'000s	\$'000s	\$'000s	\$'000s		
Income						
Community Capacity	581	393	<b>187</b>	2,679		
Corporate Services	38,600	38,494	<b>1</b> 06	40,189		
Development & Regulatory Services	554	525	30	1,254		
Infrastructure & Operations	2,686	2,607	79	4,322		
Income Total	42,421	42,019	402	48,443		
Expenditure						
Community Capacity	1,734	1,819	85	8,584		
Corporate Services	2,559	2,535	(24)	8,158		
Development & Regulatory Services	977	942	(34)	3,715		
Infrastructure & Operations	3,946	3,939	(8)	27,157		
Expenditure Total	9,216	9,234	18	47,615		
Operating Surplus (Deficit)	33,205	32,785	420	829		

### Operating summary by Function (Income)

as at September 2020		Income	by Function	
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Annual Revised Budget \$'000s
Duchfine December		7 0003		
Bushfire Recovery	13	-	13	980
CC Director's Office	-	-	-	-
Communications, Engagement & Events	-	-	-	3
Economic Development	125	95	30	95
FABRIK Arts and Heritage Hub	55	10	45	47
Community Development (Management)	-	-	-	-
Cultural Development	-	-	-	-
Grants & Partnerships	-	-	-	-
Hills Connected Communities Projects	28	16	12	64
Positive Ageing (Home and Social Support)	271	235	_	1,014
Positive Ageing Project (Collaborative)	66	18	49	80
Service Strategy & Innovation	-	-	-	-
The Summit Community Centre	3	2	2	15
Torrens Valley Community Centre	7	9	(1)	36
Volunteering	-	-		-
Youth Development	-	-	-	2
Library Services	12	9	3	344
Customer Service	-	-	-	-
Community Capacity	581	393	<b>187</b>	2,679
AHBTC	61	85	(24)	366
Cemeteries	59	54	6	215
CS Director's Office	1	1		3
COVID 19	-	-	-	-
Financial Services	38,398	38,334	63	39,441
Governance & CEO Office	-	-	_	75
Information Services	-	-	_	-
OD & WHS	-	-	_	-
Property Management	70	11	59	52
Retirement Villages	10	9	1	37
Corporate Services	38,600	38,494	<b>106</b>	40,189
Animal Management	322	338	(17)	416
DRS Director's Office	-	-	<u> </u>	-
Fire Prevention		-		14
Mt Lofty Waste Control Project		-		50
Parking and By-Laws	9	13	(4)	48
Planning & Development	187	146	42	561
Policy Planning	-	-	_	-
Public Health	36	28	8	166
Development & Regulatory Services	554	525	30	1,254
Civil Services	760	773	(14)	2,225
Community Wastewater Management System	1,842	1,773	69	1,795
Depreciation	-	-	<u> </u>	-
Emergency Management	-	-		-
IO Director's Office	-	-		-
Open Space - Biodiversity	15	-	<b>1</b> 5	-
Open Space Operations	7	-	7	-
Open Space - Sport & Rec Planning	-	-		230
Sustainability	-	-	<u> </u>	-
Strategic Assets	_	_	<u> </u>	_
Waste	62	61	1	72
Infrastructure & Operations	2,686	2,607	79	4,322
Total	42,421	42,019	402	48,443

## Operating summary by Function (Expenditure & Net Position)

as at September 2020	Expenditure by Function					Net sition	
as at September 2020		Annual				FO	SICIOII
	YTD	YTD	Ι,	YTD Var	Revised		
	Actuals	Budget		/ (unfav)	Budget	Vai	riance
	\$'000s	\$'000s		\$'000s	\$'000s		000s
Bushfire Recovery	111	51		(60)	1,410		(47)
CC Director's Office	78	80		2	301		2
Communications, Engagement & Events	138	133		(5)	665		(5)
Economic Development	79	190		111	502		141
FABRIK Arts and Heritage Hub	105	80		(25)	340		20
Community Development (Management)	82	86		5	361		5
Cultural Development	29	32		2	149		2
Grants & Partnerships	40	40		1	237		1
Hills Connected Communities Projects	16	16		()	68		12
Positive Ageing (Home and Social Support)	222	249		27	1,051		63
Positive Ageing Project (Collaborative)	29	20		(8)	80		40
Service Strategy & Innovation	49	54		5	171		5
The Summit Community Centre	37	41		4	175		5
Torrens Valley Community Centre	45	44		(1)	173		(2)
Volunteering	19	18		(1)	84		(1)
Youth Development	37	37		(1)	158		(1)
Library Services	392 227	397 250		5 23	1,536		8 23
Customer Service Community Capacity	1,734	1,819		85	1,123 <b>8,584</b>		272
AHBTC	47	61		14	253		(10)
Cemeteries	57	77		20	210		26
CS Director's Office	84	85		20	322	ŏ	20
COVID 19	100	50		(50)	50		(50)
Financial Services	315	280	ă	(35)	372		29
Governance & CEO Office	567	588		21	2,001		21
Information Services	740	761	Ŏ	21	2,560	Ŏ	21
OD & WHS	152	138		(14)	597		(14)
Property Management	484	488	Ŏ	4	1,766		62
Retirement Villages	13	6	Ŏ	(7)	25		(6)
Corporate Services	2,559	2,535		(24)	8,158		81
Animal Management	135	122		(13)	414		(29)
DRS Director's Office	85	81		(3)	328		(3)
Fire Prevention	18	18		()	99		()
Mt Lofty Waste Control Project		-		()	51		()
Parking and By-Laws	59	51		(8)	193		(12)
Planning & Development	521	499		(22)	1,949		20
Policy Planning	40	42		1	173		1
Public Health	118	128		11	508		19
Development & Regulatory Services	977	942		(34)	3,715	0	(5)
Civil Services	1,249	1,334		85 (47)	5,408		72 53
Community Wastewater Management System Depreciation	141	124		(17)	839 9,089		52
Emergency Management	16	11		(5)	92		(5)
IO Director's Office	85	75	Ĭ	(10)	326		(10)
Open Space - Biodiversity	164	162		(2)	539		13
Open Space Operations	923	881		(43)	4,581	ă	(35)
Open Space - Sport & Rec Planning	187	172	ă	(14)	562	ă	(14)
Sustainability	34	47		13	268		13
Strategic Assets	128	137	Ŏ	8	548	Ŏ	8
Waste	1,020	996	Ŏ	(24)	4,905	Ŏ	(23)
Infrastructure & Operations	3,946	3,939		(8)	27,157		71
Total	9,216	9,234		18	47,615		420



# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.6

Responsible Officer: Steven Watson

Governance & Risk Coordinator Office of the Chief Executive

Subject: Action Report & Work Plan Update

For: Information

#### **SUMMARY**

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings.

The Audit Committee Work Plan assists the Committee members and staff in scheduling both discussion and reports to ensure appropriate coverage of the Committee functions over the 12 month period.

The Audit Committee 2020 Work Plan has Nil (0) suggested amendments for this meeting.

The Audit Committee is to consider the Proposed 2021 Audit Committee Work Plan.

#### RECOMMENDATION

#### The Audit Committee resolves:

- 1. That the report be received and noted.
- 2. That the status of the Action Report and Work Plan be noted.
- 3. That the Proposed 2021 Audit Committee Work Plan be adopted

#### 1. GOVERNANCE

#### Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future
Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

#### > Legal Implications

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

#### Risk Management Implications

The management of action items and the work plan will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

#### Financial and Resource Implications

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

#### Customer Service and Community/Cultural Implications

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

With the current COVID-19 social distancing requirements, Audit Committee meetings are continuing to be held in the advertised venue with Committee Members participating by following COVID safe practices.

#### Sustainability Implications

There are no direct sustainability implications arising from this report.

#### Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Advisory Groups: Not Applicable

Administration: Chief Executive Officer

**Director Community Capacity** 

**Executive Manager Governance & Performance** 

Manager Financial Services Manager Strategic Assets Sustainability Coordinator

**Executive Assistant Corporate Services** 

Community: Not Applicable

#### 2. BACKGROUND

#### **Action Report**

The Action List tracks the implementation of resolutions of the Audit Committee.

#### Work Plan

The functions of the Audit Committee are set out in part 7 (Role) of the Committee Terms of Reference.

#### **Work Plan Amendment**

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12 month period. The Audit Committee adopted an Updated Work Plan at its 17 August 2020 meeting.

#### 3. ANALYSIS

#### **Action Report**

There is Nil (0) completed items and two (2) outstanding item on the Audit Committee Action Report (*Appendix 1*) arising from the October 2020 Committee meeting. Commentary against the item is provided for the Committee's information.

#### Work Plan and Reporting Schedule

As per the 2020 Audit Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items are detailed below are included in the August 2020 (this) meeting:

Item	Commentary	Month Scheduled
Financial Reporting		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1	Included in this meeting	November
Budget Review 2		February
Budget Review 3		May
End of Year Financial Report	Included in this meeting	November
End of financial year reporting timetable		May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)		October

Internal Control and Risk Management		
Placement of Council's insurance		August
portfolio (for noting)		August
Internal Financial Controls update		May
Risk Management Plan update	Included in this meeting	February/May/ August/November
Results of LGRS Risk Management Review		February
LGRS Risk Evaluation - Action Plan Review	Included in this meeting	May/November
Internal Audit		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report		February/August
Internal Audit Plan review		May
External Audit		
External audit interim letter		April
Implementation of external audit actions progress report		February/August
External Audit Plan review		February
Meeting attendance by external auditors		February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/Novembe r
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2021
Other Business		
Audit Committee self-assessment review	Included in this meeting	November
Presiding Member's Report	To be tabled at the meeting	November
Work Plan and Reporting Schedule	Included in this meeting	November
Audit Committee Meeting Dates	Included in this meeting	November
Debtors Report		February/August
Annual Report	Included in this meeting	November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference		February
Directors Presentation	Included in this meeting	February/April/
Directors Presentation	meraded in this meeting	August/November

#### 2021 Work Plan

A proposed 2021 Audit Committee Work Plan is attached (*Appendix 3*) for the Audit Committee's consideration and adoption.

#### 4. OPTIONS

The Committee has the following options:

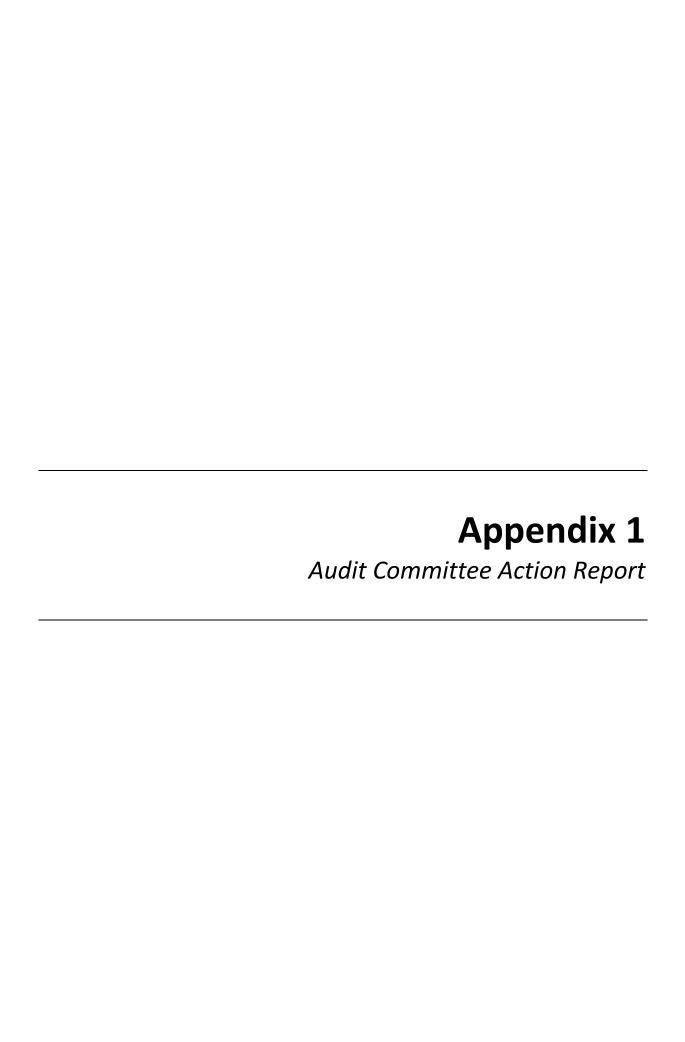
- I. To note the status of the Action Report at **Appendix 1** (recommended).
- II. To alter or substitute elements of the Action Report and/or Work Plan/s (not recommended).

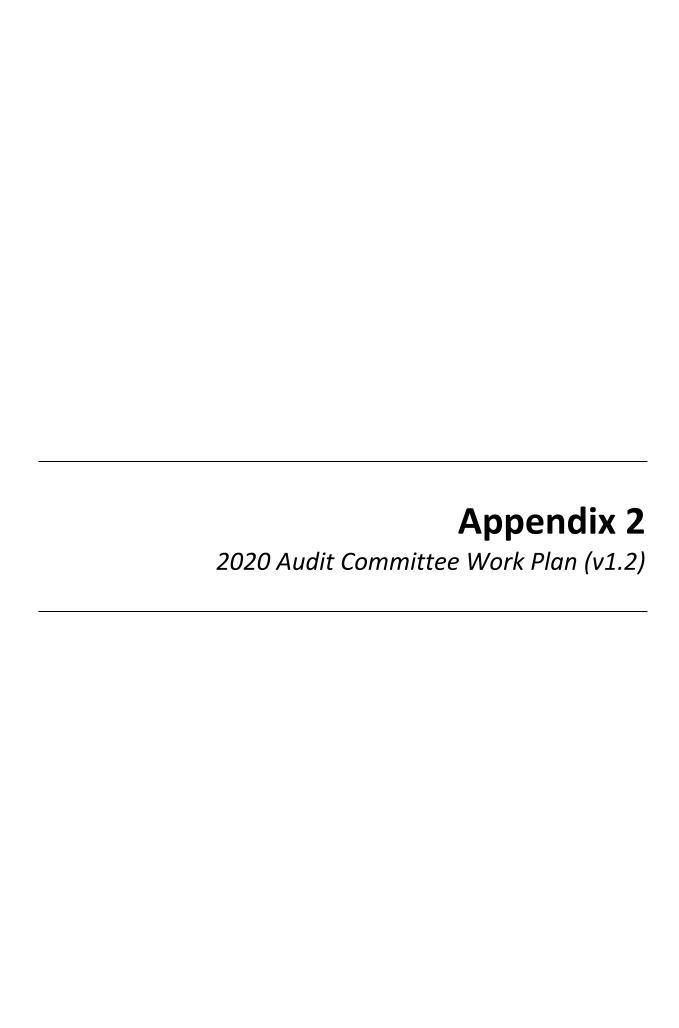
In relation to the proposed 2021 Work Plan:

- I. To adopt the proposed 2021 Work Plan at *Appendix 3* (recommended).
- II. To alter or substitute elements of the proposed Work Plan (not recommended).

#### 5. APPENDICES

- (1) Audit Committee Action Report
- (2) 2020 Audit Committee Work Plan (v1.2)
- (3) Proposed 2021 Audit Committee Work Plan

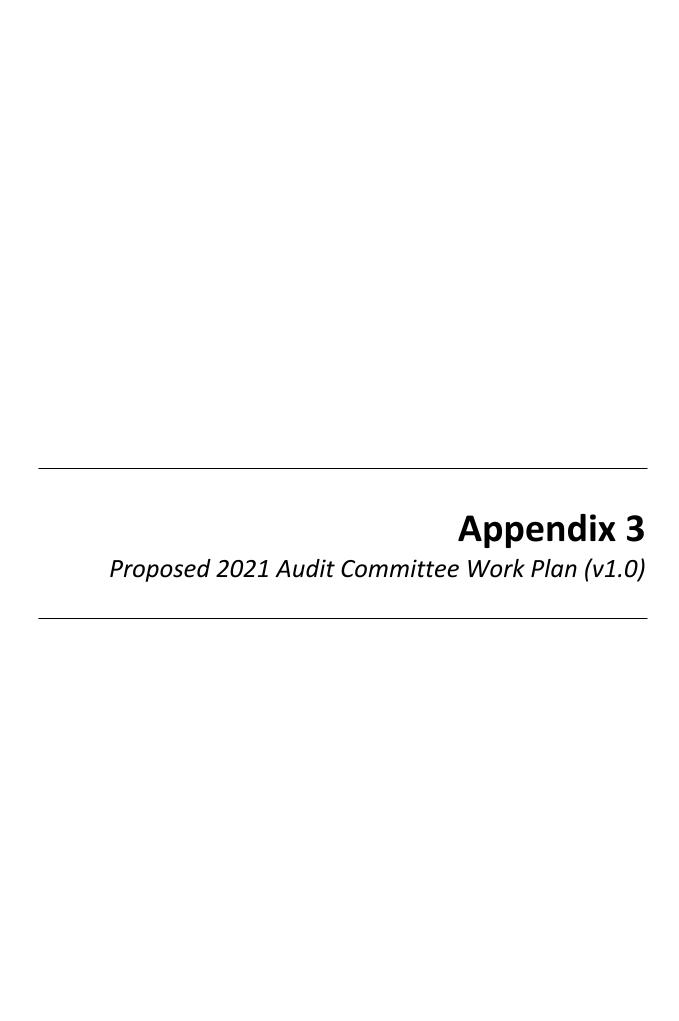




## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE 2020 Work Plan and Reporting Schedule

Terms of Reference		
Financial Reporting &	Long Term Financial Plan (LTFP)	Annual
Prudential Requirements	Annual Business Plan	Annual
. rademai nequi ements	Budget Review 1	Annual
	Budget Review 2	Annual
	Budget Review 3	Annual
	End of Year Financial Report	Annual
	End of financial year reporting timetable	Annual
	End of financial year update	Annual
	Final Annual Financial Statements (incl management representation letter)	Annual
Internal Control and Risk	Placement of Council's insurance portfolio (for noting)	Annual
Management	Internal Financial Controls update	Annual
	Risk Management Plan Update	Quarterly
	LGRS Risk Evaluation - Results	Biennial
	LGRS Risk Evaluation - Action Plan Review	Bi-annual
nternal Audit	Internal Audit quarterly update	Quarterly
internal Auult	Internal audit quarterly update	As required
	Implementation of internal audit actions progress report	Bi-annual
	Internal Audit Plan review	Annual
	internal Addit Hall Teview	7 tilliaui
External Audit	External audit interim letter	Bi-annual
	Implementation of external audit actions progress report	Bi-annual
	External Audit Plan review	Annual
	Meeting attendance by external auditors	Annual
	Review of auditor independence and legislative compliance	Annual
	Audit Completion Report	Annual
	Tarana a sana	
Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistleblowers)	Triennial
Other Business	Audit Committee self assessment review	Annual
Other Business	Presiding Member's Report	Annual
	Work Plan and Reporting Schedule	Annual
	Audit Committee Meeting Dates	Annual
	Debtors Report	Bi-annual
	Council's Annual Report	Annual
	Action Report & Work Plan Update	All Mtgs
	Audit Committee's Terms of Reference	Annual
		Bi-annual
	Climate Change Adaptation Governance Assessment Report - July 2019	pi-annual
	Directorate Risk Profile Presentation	Quarterly
	Other Reports	As required
	Other Reports	As rec
Version Control:	V1.2 - Adopted 17 August 2020	
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		verbal	letter		final
Director Development &	next review 2021  Director Corporate	verbal		draft	Director
Director Development & Regulatory Services as required	next review 2021  Director Corporate Sonitor	verbal as required	Office of the CEO	draft	



## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE 2021 Work Plan and Reporting Schedule

Financial Reporting &	Long Term Financial Plan (LTFP)	Annual
Prudential Requirements	Annual Business Plan	Annual
	Budget Review 1	Annual
	Budget Review 2	Annual
	Budget Review 3	Annual
	End of Year Financial Report	Annual
	End of financial year reporting timetable	Annual
	End of financial year update	Annual
	Final Annual Financial Statements (incl management representation letter)	Annual
nternal Control and Risk	Placement of Council's insurance portfolio (for noting)	Annual
Management	Internal Financial Controls update	Annual
G	Risk Management Plan Update	Quarterly
	LGRS Risk Evaluation - Results	Biennial
	LGRS Risk Evaluation - Action Plan Review	Bi-annual
nternal Audit	Internal Audit quarterly update	Quarterly
	Internal audit reports	As required
	Implementation of internal audit actions progress report	Bi-annual
	Internal Audit Plan review	Annual
External Audit	External audit interim letter	Bi-annual
	Implementation of external audit actions progress report	Bi-annual
	External Audit Plan review	Annual
	Meeting attendance by external auditors	Annual
	Review of auditor independence and legislative compliance	Annual
	Audit Completion Report	Annual
Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistleblowers)	Triennial
Other Business	Audit Committee self assessment review	Annual
	Presiding Member's Report	Annual
	Work Plan and Reporting Schedule	Annual
	Audit Committee Meeting Dates	Annual
	Debtors Report	Bi-annual
	Council's Annual Report	Annual
	Action Report & Work Plan Update	All Mtgs
	Audit Committee's Terms of Reference	Annual
	Climate Change Adaptation Governance Assessment Report - July 2019	Bi-annual
	Directorate Risk Profile Presentation	Quarterly

		2	.020		
Feb	April	May	Aug	Oct	Nov
	Draft				
2019 Results				Next Eval 2021	
	verbal	verbal	letter		
				in camera	
				draft	final
	next review 2021			draft	final
	next review 2021			draft	final
	next review 2021			draft	final
	next review 2021			draft	final
	next review 2021			draft	final
	next review 2021			draft	final
Director Development & Regulatory Services	Director Corporate		Office of the CEO	Director Community Capacity	Director Infrastructure & Operations

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.7

Responsible Officer: Lachlan Miller

**Executive Manager Governance & Performance** 

Office of the Chief Executive

Subject: Risk Management Plan Update

For: Information

#### **SUMMARY**

This report provides the Audit Committee with an update on Risk Management activities including the current status of the Strategic Risk Profile and Management Plan.

In relation to the Strategic Risk assessments, there has been no change to the Inherent, Residual or Target risk ratings for the quarter.

In relation to the implementation of Mitigation Actions to manage the Strategic Risks, the following results have been achieved since the last reporting period:

New Mitigation(s): No new mitigations

• Completed: 73% (60) is increased with one (1) completed actions

• In Progress: Decrease from 26% to 24%(20)

Not Commenced: Steady at 3%

## RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

## 1. GOVERNANCE

## Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

Priority O5.2 Make evidence-based decisions and prudently assess the risks and

opportunities to our community before taking action.

A number of actions contained in the 2020-21 Annual Business Plan have been added as mitigations against the applicable strategic risk

## Legal Implications

A number of sections of the *Local Government Act 1999* require councils to identify and manage the risks associated with its functions and activities. Further, s125 requires council to have appropriate internal controls.

Similarly the Work Health & Safety Act 2012 is structured around the protection of workers and others against harm to their health, safety and welfare through the elimination or minimisation of risk arising from work or specified substances or plant.

## Risk Management Implications

Improvements in the implementation of the risk management framework will assist in mitigating the risk of:

A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

## Financial and Resource Implications

While there are no direct financial or resource implications from this report, a number of Strategic Risk Profile and Management Plan treatments are impacted by funding limitations or have been accommodated in the 2020-21 Annual Business Plan and Budget.

## Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

## Sustainability Implications

There are no direct sustainability implications arising from this report.

## Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Chief Executive Officer

Director Corporate Services
Director Community Capacity

**Director Development & Regulatory Services** 

Director Infrastructure & Operations

**Executive Manager Organisational Development** 

External Agencies: Not Applicable

Community: Not Applicable

#### 2. BACKGROUND

Council's Strategic Risk Profile monitoring and reporting process has been in place since 2014 based on the, then, current Risk Management Policy and the Risk Management Framework.

The allocation of risk owners has been reviewed over time due to changes in the portfolio allocation within the Administration. The current allocations have been in place since May 2017.

Reports on the Strategic Risk Profile have been provided to the Audit Committee and subsequently Council on a quarterly basis since February 2016.

At its 13 May 2019 meeting, the Committee reviewed the Risk Management Policy and noted that only minor nomenclature changes were required, prior to recommending it for Council's consideration.

Council adopted the revised Policy at its 28 May 2019 meeting.

Additionally an extract of the Strategic Risk Register is usually provided to the Committee and Council, at its 13 May 2019 meeting the Committee requested that the full Register be provided for the Committee's review. As was noted at the time, the full Register is quite large and therefore difficult to produce in a comprehensible form, nevertheless it is at *Appendix 1*.

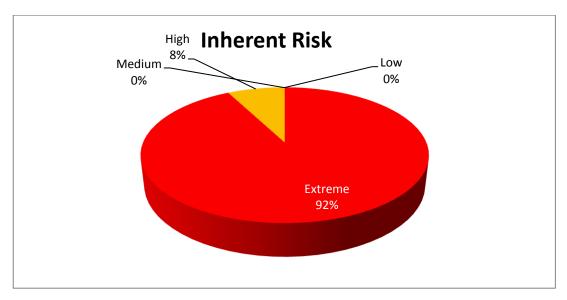
### 3. ANALYSIS

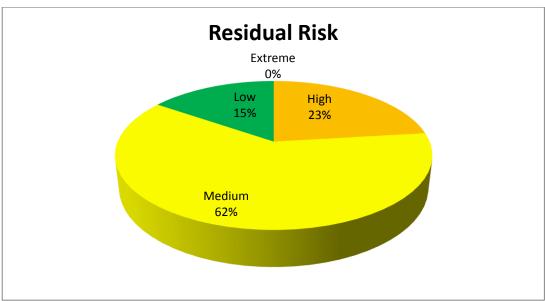
### Strategic Risk Profile

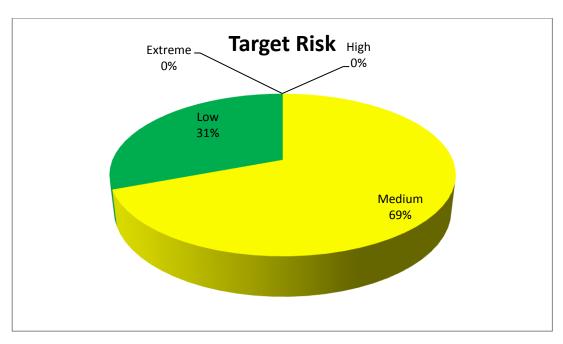
The Strategic Risks are regularly reviewed by the risk owners responding to triggers in the risk environment, changes in causation or impact, changes in the control environment and on the completion of mitigation actions (which then form part of the control environment) which collectively can impact the likelihood and/or consequence of the risk.

The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings. There has been no change to the Inherent or Target risk ratings from the August 2020 assessment.

There has been no change in the Residual Risk rating for the reporting period. Whilst this may be problematic if the risk were not being reviewed, officers regularly review their risks and mitigations, although the Residual Risk rating identifies no change for the reporting period.



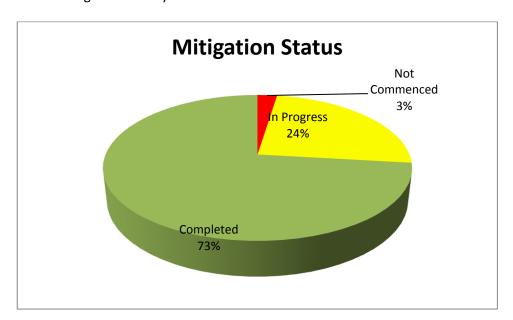




The implementation of Mitigation Actions has been progressing steadily. The current status is:

Status	February 2020	May 2020	August 2020	November 2020
Completed	64%	70%	72%	73%
Completed	(50 actions)	(55 actions)	(59 actions)	(60 actions)
In Drograss	32%	27%	26%	24%
In Progress	(25 actions)	(21 actions)	(21 actions)	(20 actions)
Not	4%	3%	2%	3%
Commenced	(3 actions)	(2 actions)	(2 actions)	(2 actions)
New Initiatives	Nil actions	1 New	5 New	Nilastions
(in above totals)	INII actions	Mitigation	Mitigations	Nil actions

This is shown diagrammatically below:



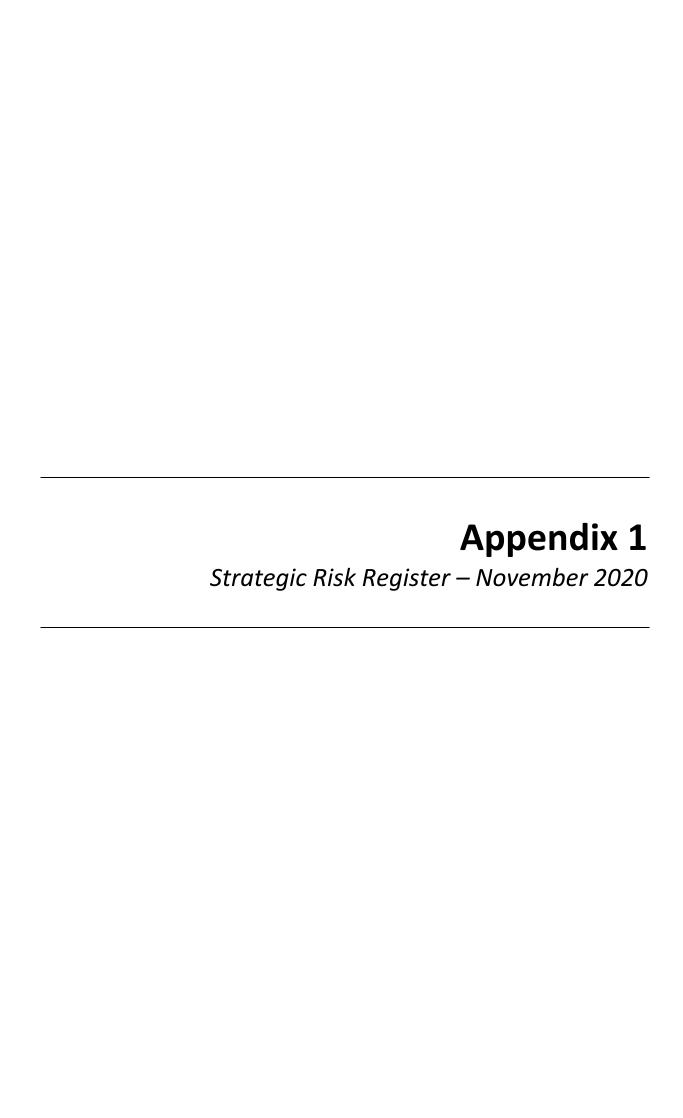
## 4. OPTIONS

The Audit Committee has the following options:

- I. To note the update on the Strategic Risk Profile as presented (recommended).
- II. To determine not to note either or both updates and/or identify additional actions to be undertaken.

## 5. APPENDIX

(1) Strategic Risk Register – November 2020



	sment for the Adelaide Hills Council focusing on the	e function of t	he Council	under the	Local Gov		А		ent conduct	Ī				Assessment date: 13/5/20							
Se Risk Statement	ection 1: Risk identification		Section 2	n 2: Inhere	nt Risk	Section 3: Controls	ness	Sec	ction 4: Res		Section 5: Risk Evalua  Mitigation actions required						Section	6: Risk Mitigation			
No (use the situation-consequent technique)	ce Causes & Impact	Risk Owner	Catego	Conseque	Risk Rat	Details	Effective	Consequ	Likeliho Risk Rat	Date of assessm	(According to Rick Management		Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
IT server failure leading to inability to provide service to customers	Cause: Power surge, virus, malfunction Impact: Inability to access corporate information or undertake processing	Manager ICT	Service Continuit	Moderat e Likelv	High (3B)	Virus scanning, surge protectors	Good	Moderat	Possible Medium	1/03/1	4 Minimum biannual assessment of residual risk required or when causes or controls change or	28/08/14		Install parallel servers	Manager ICT	30/04/14					Low
	Cause: - Poor understanding of development, infrastructure, population, transport, demographics and trends - Ineffective liaison with state and federal planning and development agencies.					- Development Policy Planning function in place to monitor, analyse and advise - Program of conversion of Development Plan into							1	Rollout of Precinct Planning methodologies as projects are identified	Director I&O	Ongoing	COMPLETE	COMPLETED. Rolled out Uraidla & Gumeracha project. Place Making Group established to identify and roll out future projects	Y	N/A	
	- Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes.  - Ineffective strategies to enhance and conserve character areas and iconic sites.  - Poor place making strategies.  - Deficient planning and building rules					the Planning & Design Code established  - Up to date Development Plan in place - Privately - Funded DPA and other development- related policies in place - Participation in relevant forums with State & Federal Govt and other stakeholder groups regarding any changes to development policy - Undertake responsibilities outlined in the								Progression of outstanding DPA: Local Heritage (Stage 1 DPA) to be lodged with the Minister for approval in May 2018	Senior Strategic & Policy Planner	28/2/16	COMPLETE	COMPLETED. DPA approved by SPDPC on 14 August 2018 and subsequently by the Minister for Planning on 8 August 2019.	Y	N/A	
Failure to plan at the local and regional level for the future		Director Development		ajor elv	re (4B)	Collaborative Work Plan between DPTI and Council regarding transitioning to the new Planning, Development & Infrastructure (PDI) Act 2016 - Transition the and amend where required the Council's Development Plan to the Planning & Design Code over the next 3 years in accordance with the PDI Act - Precinct Planning Framework and expertise in place	poc	inor	ikely r (2D)	10/11/	Minimum annual assessment of residual risk required or when causes or controls change or	10/11/21	3	Implementation of Planning, Development & Infrastructure Act reforms	Manager Development Services Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: The PDI Act still being rolled out in stages and to be fully operational sometime in early 2021. Staff have prepared all the delegations, policies and procedures currently provided by the State Planning Commission in order to be able to go live. However, further policies and procedures, and changes to the delegations are expected from the State Planning Commission in the coming months.	N	30/03/21	Low
development and future requirements of the area. (F)	Impact: - Poor planning & development outcomes, adhoc & reactionary planning, unresponsive approaches to addressing community needs and trends - Uncoordinated approaches to infrastructure provision, lack of partnership & funding arrangements, lack of collaborative & mutually beneficial outcomes for community, Council and State Govt, duplication of	& Regulatory Services	Corporate	Σ	Extr	- Skilled and experienced planning, building, infrastructure, sport & recreation planning, community development and economic development teams in place - Community engagement and consultation methodologies in place to accord with the Community Engagement Charter - Relevant development assessment staff and CAP members accredited in accordance with the State's Accreditation Scheme	99	Σ	Low		mitigations are implemented. Risk mitigation (treatment) plan optional.		4	Transition of Development Plan into the new Planning & Design Code	Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: Changes to the Rural Planning Policy to be incorporated into development of Planning & Design Code. Entire Development Plan to be transitioned into the aforementioned Code when it is implemented in early 2021. Phase 3 of the Code is currently out for a second round of public consultation until 18 December 2020. A workshop with Council Members is to occur on 17 November 2020.	N	30/03/21	
	services & resources  - Disempowered community with poor and inefficient use of public spaces  - Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change					- 4x8 processes identifying training and development needs - Development and PDI Act delegations and sub-delegations - CAP in place and functioning - Adopted District Master Plan in place - Regional Climate Change Adaptation Plan - Resilient Hills and Coast							5	Asset Management Planning - renewal and future requirements	Director I&O	30/06/16	IN PROGRESS	IN PROGRESS. Asset Management Plan reviews underway, and ongoing. Jeff Roorda Review findings and reasinable assumptions being considered and incorporated where appropriate.	Y	Ongoing	
	Non-compliant with legislative responsibilities resulting in considerable liability exposure     Inconsistent and misdirected operations and service provision					- Completion of outstanding Development Plan Amendment (i.e. the Local Heritage DPA)							6	Regional Climate Change Adaptation Plan - Resilient Hills and Coast	Director I&O	31/12/21	COMPLETE	COMPLETED. Plan endorsed by Council 27/09/16	Y	NA	
													1	Project Management a) Implementation of Project management framework. A trial with Built and Natural Assets is underway since 1/7/15. A review was undertaken in 2016 to assess and refine framework. Further review required now that Manager Civil Services appointed b) Process to audit and check project management. c) Implementation of scheduled program maintenance,	Director I&O	30/06/16	IN PROGRESS	IN PROGRESS. Project Management Documentation now being developed in partnership with external expertise.	Y	30/07/21	
													2	Refine the budget bid process to ensure that sufficient time is allocated to cost budget submissions and also timing recognising that some projects will need to span across multiple years due to lead times associated with planning, consultation and approvals. Action: develop a budget bid database with a two stage process by 30/3/2016		30/01/16	COMPLETE	COMPLETED. Initial 3 year program developed for 2017/18 ABP.	Y	N/A	
Failure to deliver projects, programs and services in	Causes: - Ineffective Budget Bid process (ineffective cost estimates preparation; possible lack of understanding of budget and budget process; - Unrealistic timeframes e.g. 12 months for design, consultation and delivery; Change or poorly defined scope; Inadequate specifications and documentation and design; Lack of stakeholder engagement Lack of effective consistent project management methodologies - Unforeseen weather and climate conditions, - Lack of appropriate plant and equipment, - Poor contractor management,	Director	& Assets	jor iv	e (4B)	- Monthly capital reports from finance - Reporting of The Quarter to Council - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy	çinal	srate	ible n (3C)		Minimum biannual assessment or residual risk required or when causes or controls change or		3	Start to promote multiple year project planning in line with Asset Management Planning	Director I&O	30/06/16	COMPLETE	COMPLETED. 3 Year Capital Program has been established, which help to achieve this goal.	Y	N/A	
2 accordance with plans (time, budget, quality)	- Lack of resources (Lack of adequate skilled resources; Loss of key staff.) - Change in government legislation or policy, - Reduction in grant funding, - Lack of scheduled maintenance - Unclear Service ranges and levels  Impact: - Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects - Damage to Council reputation - Outcomes of the project delivered fails to meet community's expectations	Infrastructure & Ops	Finance 8	Ma,	Extrem	- Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting	Marg	Modé	Poss	12/11/	mitigations are implemented. Risk mitigation (treatment) plan optional.	11/05/21	4	Develop process in conjunction with Organisational Development to transfer knowledge once an employee has notified intent to leave the organisation (i.e. to capture staff knowledge with consideration of succession planning and transition to retirement)	Director I&O	30/09/16	IN PROGRESS	IN PROGRESS. Process development underway, however progress has stalled due to other delivery priorities. Looking to reinvest in this process development over the coming months. Suggest this be transferred to Executive Manager Organisational Development.	N	30/12/20	Medium

	Secti	on 1: Risk identification		Secti	ion 2: Inheren	t Risk	Section 3: Controls		S	ection 4: Re	sidual Risk	Section 5: Risk Evalua	tion					Section	6: Risk Mitigation			
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Risk Rating	Details	Effectiveness	Consequence	Likelihood Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assess- ment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
		increased maintenance												5	Amend LTFP and budget processes to capture all Strategic and Functional Strategy funding requirements.	Manager Financial Services	30/06/18	COMPLETE	COMPLETED: 2018/19 & 2019/20 Budgets adopted based on a revised LTFP that captured all Strategic and Functional Strategies.	Y	N/A	
														6 (new)	Develop Quarterly Report of all key projects to Council that provides a status and financial information	Exec Mgr Governance & Performance	30/09/19	COMPLETE	COMPLETED: The Quarter now implemented and being reported to Council and Audit Committee	Y	N/A	
		Cause: - Ineffective public health programs (food, immunisation, waste water) - Ineffective community development programs - Failure to identify and respond to key community issues - Poor understanding of cultural and diversity					- Well resourced department, with qualified staff making informed and evidence based decisions.  - Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment.  - Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015.  - Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community.  - Community engagement policy and other relevant policies							1	Community Cultural Development Officer to develop Cultural Development principles and framework	Manager Community Development	31/12/16	COMPLETE	The latest risk review has concluded that this action is not necessary to achieve the target risk.	N		
3	Failure to provide for the welfare, well-being and interests of the community (F)	Including management of odgs, noise, parking)  - Poor facilities  Impact:  - Food poisoning, insanitary conditions, etc.  - Decreased wellbeing and an over-reliance on social support  - Loss of faith in Council's ability to meet community needs  - Inability for people from diverse	Director Community Capacity	Community, Social & reputational	Major Likely	Extreme (5B)	- Regular satisfaction surveys and program evaluations Communicate with empathy, regular informal contact with the community Local engagement via Community Centres is occurring with cultural groups Ad-hoc engagement on an as-needs basis Development of the Reconciliation Action Plan (2015) Disability Action Plan (2011), Age Friendly Community Plan (2017) - Staff cultural awareness training Recreation and Open Space Planner position created in early 2016 New Sport & Recreation Strategy was developed and adopted in Oct 2016 Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy.	Marginal	Moderate	Unikely Medium (3D)	12/11/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	11/05/21	3	Review Disability Action Plan and inform budget accordingly.	Manager Community Development	31/12/16	IN PROGRESS	IN PROGRESS. Provisional DIAP has been approved by Council for public consultation.	N	31/10/20	Medium
		backgrounds to live/participate in the community  - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - cultural disrespect					- Codes of conduct in place in some programs/services.  - LTFP with sustainable and reasonable rates growth profile. Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. Internal efficiency improvement program aims to keep costs down. Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding.  Safe Environments Policy has been adopted. AHC is now registered on the DCSI system for suitability for work screening and all existing staff in prescribed positions have now been checked.							6	Review facility management arrangements. Develop a more consistent approach to community facility users conduct across the various program areas.	Manager Property	31/12/16	IN PROGRESS	IN PROGRESS. Action Plan endorsed by Council for review of facilities under a Community and Recreational Facilities Framework. Revised due date established. A number of workshops held with Council and Framework endorsed. Action plan now being progressed. Workshop held with Council in Feb '19, followed by the establishment of a working group to further progress the matter. Working group have commenced review of Framework. Community engagement is now underway in line witht eh endorsed community engagement plan.	N	30/06/21	
							- Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re							1	Development of new Emergency Management Plan.	Mgr Waste & EM	31/12/17	IN PROGRESS	EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure & Operations, Project timeframes to be reviewed. Update 02/10/19 - Draft Emergency Management Plan completed. Draft Incident Operations Manual (formerly within the Emergency Management Plan) to be considered for endorsement by ELT 3 October 2019. Council to participate in LGA Council Ready Program to complete Emergency Management Plan by September 2020 based on a risk assessment process. Update 07/11/19 - ELT formally resolved to commit to LGA Council Ready Program, scheduling of initial risk assessment workshop set for 9/12/19. Incident Operations Manual adopted by ELT 3 October and is currently being implemented. Update 29/01/20 Lessons learnt from Cudlec Creek fire were identified in an After Action Review in February 2020 and now being incorporated into the Incident Operations Manual. Emergency Management Plan development timeframes may need to be reviewed as priority is on updating the Incident Operations Manual.		31/08/21	

#### AUDIT COMMITTEE NOVEMBER 2020

	Section	on 1: Risk identification		Sect	tion 2: Inhere	nt Risk	Section 3: Controls		Se	ection 4: Re	sidual Risk	Section 5: Risk Evalua	tion					Section	n 6: Risk Mitigation			
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Risk Rating	Details	Effectiveness	Conseduence	Likelihood Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assess- ment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
		Cause:  - Poor fire prevention initiatives - Poor flood protection initiatives - Poor wind protection initiatives					- Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies Contribute to, support and participate in community education programs including the SES							2	Commit to I Responda emergency response framework.	Ex Mgr Gov Perf	19/01/16	COMPLETE	Council is now part of this program . Its plan to be transferred to contemporary standard. Anticipated to be complete by 31/12/19.	Done	N/A	
4	Failure to take measures to protect the community from natural and other hazards (F)	-rour wind protection intuitative ineffective emergency management regimes - Ineffective asset maintenance and replacement plans and programs - Lack of participation in regional emergency management arrangements - Noncompliance with legislation - Insufficient budget - Ineffective planning and preparations	Director Infrastructure & Ops	Social & reputational	tastrophic Likely	treme (58)	Flood Safe Program, Red Cross REDiPlan program and CFS Community Fire Safety Meetings Ongoing replacement and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program Ongoing fuel reduction programs on high risk Council owned land including woody weed control, owned land including woody weed control,	Good	Major	Unlikely edium (4D)	15/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented.	11/11/20	3	Develop Emergency Management Team for ongoing development and review of Council's EM processes relating to emergencies that occur external to the organisation (not WHS emergency management)	Mgr Waste & EM	31/12/16	COMPLETE	To be developed under EM Framework. Update 05/08/19 - Draft Incident Operations Manual 95% complete. This document will be used with the draft Emergency Management Plan to plan, prepare, respond and recover from emergency events. Anticipated to be completed by 30 November 2019. Update 02/10/19 - Draft Incident Operations Manual to be considered by ELT for endorsement on 3 October 2019. Update 07/11/19 - Incident Operations Manual adopted by ELT 3 October 2019 including establishment of an Incident Management Team completing this action.	N	N/A	Medium
		Impact: - Significant property loss and damage - Loss of life, injury - Reputational damage - Exposure to liability and penalty - Loss of community normality - Council services stretched and some services may not be fully operational - Loss or damage of public and private infrastructure		Community,	8	Ex	slashing and maintenance of asset protection zones.  Ensure ongoing compliance with the F&ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire			N		Risk mitigation (treatment) plan optional.		4	Research the establishment of a dedicated EM role (temporary/permanent)	Exec Mgr Gov & Risk	31/03/16	COMPLETE		Done	N/A	
		- Environmental and biodiversity impacts					prevention and mitigation.  Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Commencement of Zone-based Preventative Maintenance Program. Bushifer Mitigation Operational Committee  - i-Responda process and trained staff - Establishment of EM function in Infrastructure &							5	Establish Zone-based Preventative Maintenance Program	Mgs Open Space & Civil Works	1/02/16	COMPLETE	Zone program established	Done	N/A	
							Operations Directorate							6	Review bushfire prevention and mitigation arrangements	Mgs Open Space and Team Leader Regulatory Service	30/06/17	COMPLETE	Structure in place	Done	N/A	
														7 (new)	Review insurance option related to loss of rate revenue following significant loss of property assciated with bushfire	Exec Mgr Gov & Perform	30/11/20	IN PROGRESS	Intitial meeting held with Mutual Liability Scheme to discuss options	N	30/11/20	
		Cause:												1	Water Resources strategy to be developed	Sustainability Officer		COMPLETE	Water Management Plan endorsed by Council 13 December 2016.	Y	N/A	
		- Lack of understanding of biodiversity Inadequate planning controls, - Lack of specific skill and knowledge of natural environment, - Insufficient budget, - Lack of internal coordination in project delivery, - Inadequate emergency response to					- Biodiversity Strategy,							2	Project Management framework (see action above)	Director I&O		IN PROGRESS	Expected Delivery 31 December 2020	N	31/07/21	
	Failure to manage, develop, protect, restore , enhance and conserve the environment in an	environmental hazard, - Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation, - Ineffective natural resource management strategies and processes.	Director	nment	rophic	ie (5C)	- Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained & qualified staff - Safe working procedures - Blue Marker sites - Spill kits - Spill kits	ро	jor	Rare dium (4E)	12/11/20	Minimum biannual assessment of residual risk required or when causes or controls change or	11/05/21	3	Implementation plan for the Biodiversity Strategy to be developed; Interim review of Strategy	Biodiversity Officer		COMPLETE	Biodiversity Strategy endorsed by Council on 24/9/2019. Implementation plan for the Biodiversity Strategy complete.	Y	N/A	Medium
	cologically sustainable manner and to improve amenity. (F)	- Poor environmental management practices Illegal dumping  Impact: - Damage to local environment - Financial - restoration of failure to act (fines plus the works to restore)	Infrastructure & Ops	Enviro	Catast	Extrem	- SDS - Customer request system for reporting to us - Machinery hygiene - Development Plan - Strategic Plan Reviewed with Goal area for Natural Environment established (including	99	Ma	Ra	12/11/20	mitigations are implemented. Risk mitigation (treatment) plan optional.	11/03/21	4	Ensure adequate budget and human resources are allocated to the priority strategies articulated in the Biodiversity Strategy's Implementation Plan	Director I&O		COMPLETE	Implementation plan for the Biodiversity Strategy complete. The plan informs Annual Programming and LTFP.	Y	N/A	Wedulii
		Reputational damage Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature Local amenity not maximised Health and economic impacts due to					priorities)							5	Establish a program to review the safe operating procedures to ensure that they incorporate contemporary management techniques to minimise environmental impacts	Manager Open Space		COMPLETE	Budget Bids to support this years program were included in the 2018- 19 Annual Business Plan and Budget Process.	N	N/A	
		climate change - Failure to meet stakeholder expectation												6	Expansion of Blue Marker Sites	Manager Open Space	30/10/16	COMPLETE		Y	N/A	
														1	Update asset management plans as per cycle (and LTFP)	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	31/12/16	IN PROGRESS	Footpaths, Kerbs and Roads AMP currently undergoing public consultation. AMPS for other classes in development.	N	Ongoing	
		Cause:  - Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation  - Poor asset management regimes (data,					- Current Asset Management Plans for key asset categories - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans							2	Preventative Maintenance regime developed	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/01/17	COMPLETE		Y	N/A	

Sect	tion 1: Risk identification		Section	2: Inherent R	Section 3: Controls	9	Section 4: Re	esidual Risk	Section 5: Risk Evaluation				Section	on 6: Risk Mitigation			
Risk Statement  No (use the situation-consequence technique)		Risk Owner	Category	Consequence	Between Ration Betwee	Consequence	Likelihood Risk Rating	Date of assessment	Mitigation actions required  (According to Risk Management   ment no later	Mitigation Number	Mitigation Action Respo			Status Comment	Move to contro (Y/N)	Revised Due Date	Target Rating
Failure to provide appropriate	- Ineffective maintenance regimes - Leaseholders conducting works outside of contractual/legislative obligations Duplication or gaps in infrastructure provision to communities. / - Lack of understanding community needs	Director Infrastructure	Objectives	ajor cely	- Endorsed annual budget for maintenance program (all asset categories) - Annual Business Plan & Budget consultation undertaken - Customer Survey undertaken - Asset condition audits undertaken cyclically	erate	sible	12/11/20	Minimum biannual assessment of residual risk required or when causes or controls change or 11/05/21	3	Mgr Susta Assets for Establish service levels in consultation with community Strategic i Officer for and Buildin	ture and 1/03/16 Property Land	IN PROGRESS	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews.	N	31/12/20	Medium
(F)	and trends  Impact: - Increased cost to maintain infrastructure - Reduced confidence in Council by the community	& Ops	Corporate	LI. M	Building inspections (last done 2013)  - Building inspections (last done 2013)  - Compilance audits for buildings as per legislation  - Customer request system captures community concerns/issues  - Sport and Recreation Strategy	Mod	Pos	12,11,12	mitigations are implemented. Risk mitigation (treatment) plan optional.	4	Mgr Susta Assets for Establish cycle for condition audits and monitor (incl buildings)  Strategic i Officer for and Buildi	ture and 31/12/1 Property Land	6 IN PROGRESS	Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing. Limited progress, though strategic property review commenced	N	30/06/21	-
	Increased risks to staff and community when utilising facilities     Disadvantage to AHC community over that of other areas     Negative impact on community wellbeing				Bike Strategy     Preventative Maintenance regime     Strategic Plan Reviewed with Goal area for Built     Environment established (including priorities)					5	Mgr Susta Assets for Develop Bike Strategy to identify infrastructure requirements Strategic f Officer fo and Buildi	ture and 1/01/17 Property Land	COMPLETE	To Council Oct 16 - completed	Y	N/A	
										6	Mgr Susta Assets for Revise Sport and Recreation Strategy to identify infrastructure requirements Strategic t Officer for and Buildi	ture and 1/03/16 Property	COMPLETE	Strategy completed and infrastructure requirements linked to Strateg Property Review. LTFP now capturing ongoing investment.	gic Y	N/A	
										1	Implementation Plan for EDS finalised and approved Mar 2016  Director Communit Capacity	ty 31/12/1	6 COMPLETE	COMPLETED: The EDS as approved in March 2016 was completed in 2019	Y	N/A	
										2	Identify significant economic infrastructure issues and opportunities  Director Developm Regulator Services		6 COMPLETE	COMPLETED: Manager ED worked with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northe Freight Train Bypass. The B-double access project was completed in 2019. However, the State Government announced they would not be progressing the Northern Freight Train Bypass.	rn Y	N/A	
	Cause: - Dysfunctional local economy, loss of jobs, loss of basic retail and service functions									3	Assess effectiveness of key points of AHC engagement with community  Director Developm Regulator Services		COMPLETE	Ongoing through role of Community Engagement Coordinator, through the introduction of online engagement tool	gh Y	N/A	-
	<ul> <li>Poor engagement with business community leading to relative disadvantage for business community</li> <li>Lack of understanding of economic drivers, leading to potential wasted allocation of</li> </ul>	5			Economic Development Strategy (EDS); Economic Development Officer appointed Dec 2015; implementation plan approved Mar 2016; active					4	Active and positive engagement with local business communities Developm		COMPLETE	Ongoing role of MED	Y	N/A	
	effort, stagnation of effort, and/or perceptio of Council being out of touch with business community.  - Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts.				and positive engagement with local business communities, integrated approach to creating a diverse and sustainable economy across the District, resources to provide required implementation of the EDS.  EDS addresses need to work actively with business					5	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the Developm District		COMPLETE	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies	Y	N/A	
Failure to promote the Council area and provide an attractive climate and locations for the development of business,	<ul> <li>- Lack of understanding of tourism demand, leading to potential wasted effort, stagnatior of effort, and/or perception that the Council is unable/willing to support the tourism sector.</li> <li>- Poor support of tourism and business</li> </ul>	Director Community	Jouc	oderate .ikely	groups and associations, resources (such a business contact database) provided to interact and network on a consistent basis. Consistent farmework for effective interaction.  Ad-hoc engagement on an as-needs basis. Advisory Group exists for Primary Production. Higher level	oderate	ikely zh (3B)	12/11/20	Minimum quarterly assessment of residual risk required or when causes or controls change or mitigations are implemented.	6	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO		5 COMPLETE	The Manager ED is actively building relationships with existing busine associations and working with communities that currently do not hav business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits	e v	N/A	Low
commerce, industry and tourism (F)		Capacity	B	MC	engagement occurs with one business association. Some engagement has occurred with industry reps and DPTI regarding specific transport issues. Council partners with DC Mt Barker, RDA and SATC to run Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism	. W	- I		Risk mitigation (treatment) plan required.	7	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services		5 IN PROGRESS	Quarterly e-newsletters distributed to more than 6,000 registered ABNs in the region. Mostly achieving above industry standards with a least 30% open rate and over 10% click rate.	t N	30/12/20	-
	Impact:  - Loss of local jobs - Loss of basic local retail and service businesses				neip providers understand and leverage tourism opportunities.  Support for AHT is high, but support for business associations is low.  Adelaide Hills Council Economic Profile Sept 2014.  Annual subscription to economy id.					8	Develop business contact database Manager I Developm		6 COMPLETE		Y	N/A	_
	Devaluation of local residential and commercial property     Rise in social problems deriving from a declining economy     The community procures goods outside of				Business contact database Involvement in place making initiatives					9	Identify significant organisations, roles and skillsets within region Sevelopm		6 COMPLETE	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED	Y	N/A	
	the area as business not vibrant and meeting local requirements	ь,								10	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities  Manager I Developm		5 COMPLETE	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group	Y	N/A	
										11	Improve engagement with local business Manager associations Developm		6 COMPLETE	Regular communication established with SBA and WCA	Y	N/A	
										12	Undertake precinct planning/placemaking, with consideration of triple bottom line (As appropriate)  Manager I Developm		6 COMPLETE	The MED is a member of Council's Placemaking group to ensure a coordinated approach	Y	N/A	
					-Community Land Management Plans updated					1	Update Community Land Management Plans Manager I	Property 31/12/0	6 COMPLETE	Action Plan endorsed by Council that included a review of the Community Land Mgt Plans. Review commenced and workshop presented to Council in Jan 2019. Draft Plans presented to Council 27 July 2019 and endorsed for Community Consultation. Consultation subsequently completed and updated CLMPOs adopted.	Y	N/A	

#### AUDIT COMMITTEE NOVEMBER 2020

Se	ction 1: Risk identification		Section	on 2: Inherer	t Risk	Section 3: Controls		Section 4:	: Residual Risk	Section 5: Risk Evaluation					Section	6: Risk Mitigation			
Risk Statement No (use the situation-consequen technique)	ce Causes & Impact	Risk Owner	Category	Consequence Likelihood	Risk Rating	Details Effectiveness	Consequence	Likelihood	Risk Rating Date of assessmen	Mitigation actions required (According to Risk Management Framework)  Next assessment no later than	Mitigation Number		tesponsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
Failure to manage and develop public areas vested in, or occupied by the Council (F)	Cause: - Lack of strategic and operational processes to manage Council's property portfolio Poor sports, recreation and open space management practices Physical hazards to users (trips, slips, debris falling items) - Poor climate adaptation regimes Impact: - Increased cost to maintain infrastructure - Reduced confidence in Council by the community - Increased risks to staff and community when utilising facilities - Disadvantage to AHC community over that of other areas - Negative impact on community wellbeing	Director Corporate Services	Community, Social & reputational	Major Almost Certain	Extreme (4A)	- Asset Management Plans developed for property assets - Annual budget developed to include mtce funding - Strategic Plan that captures community facilities and open space - Recreation and Open Space Plan adopted by Council - High risk / high use assets (e.g., playground equipment) inspected as per established relighing the readily language of council facilities - Lease and licence arrangements in place for occupiers of council facilities - Maintenance regime in place for all reserves and buildings - Customer request system in place - Rec and Open space planner employed - Reviewed Property Function and Manager Property employed - Sport and Recreation Strategy endorsed by Council - Community Facilities and Recreation Framework	Moderate	Possible	(VE) Employ 12/11/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	2	developed (land and buildings) Mgr O	Civil Services Open Space/ Property	31/12/16	IN PROGRESS	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as part of Facility Framework, service standards to be developed	N	31/12/21	Medium
						- Community Facilities and Recreation Framework Working Group established.					3	Review of Crown Land under care and control of Council	ager Property	31/12/19	IN PROGRESS	Detailed assessment of all land parcels undertaken and workshop and report provided to Council. Preliminary consultation completed in relation to potential land parcels to hand back to the Crown. Revocation of community land classification commenced and final community consultation to be undertaken in 2020.	N	31/12/20	
	Cause: - Poor IR practices - Ineffective attraction and retention initiatives - Lack of workforce planning and development Deficient equity and diversity programs - Poor leadership - Failure to ensure appropriate WH&S for employees and volunteers Volunteers deterred by training/inductions requirements - Ageing population impacting on volunteer participation - Failure to engage young population as volunteers Impact: - Increased financial cost;					- Volunteer Coordinator, volunteer management project and practices - Provide leadership training and development/coaching, - OD Team -trained and experienced; - Policy and procedures that include screening, police and health checks; - Postition descriptions for every position,					1	Equity and diversity plan is being developed Organi	Manager inisational elopment	30/07/19	IN PROGRESS	Further development of the plan is being undertken through the Diversity and Inclusion Team. Some initial ideas for the plan have been researched. Further work to be progressed in 2020 and into 2021.	N	31/03/21	
Failure to manage, improve and develop the human resources available to the Council. (F)		Director Corporate Services	Staff Welfare & Engagement	Major Likely	Extre	- WHS & OD policies and procedures; - Trained leaders and employees; executive team trained and engaged in management of WH8S; - Active H8S Committee; WHS Advisor-expertise in organisation; - Well maintained plant and equipment; - Regular reporting in teams and across the organisation; - Annual audits by external party; - Access to LGAWCS/risk services for advice; - Proven track record of high achievement; - WHS improvement plan; WHS KPI action plan (annual); annual WHS KPI Audit (external party) - Fair Treatment, Workplace Bullying Procedures implemented and training provided - Grievance Procedures implemented	Moderate	Possible	7/08/20 7/08/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	2	Procedures, and Grievance Resolution Organi	Manager inisational elopment		COMPLETE	Fair Treatment, Workplace Bullying Procedures and Grievance Procedures implemented and published on Workspace	Done	N/A	Medium
	unable to attract employees and volunteers; lack of handover and transfer of valuable knowledge; challenges about fair and equitable process; higher turnover costs and negative affect on work culture; potentially losing good candidates.										3	Undertake Fair Treatment and Bullying training Organi	Manager Inisational Plopment	30/04/16	COMPLETE	HR delivered training to all employees and People Leaders in March 2016. A network of Equity and Diversity Contact Officers established and trained in March 2016. Training will be undertaken annually for new employees.	Done	N/A	
Failure to manage, improve and develop the information	brand & reputation, decreased stair morale,	Director	al & reputational	lor ely	(48)	Communications and branding team, corporate policies/procedures around media contact, brand style guide for consistency; records department; EDRMS - Records Policy Updated and endorsed by Council; range of internal communication system-emails, meetings, internet, Lync, CRM; business systems are reviewed and upgraded; employees are trained in basic system use; security access relevant to job requirements are provided; restricting permissions control; rightly backups;	ıor	ldle	m (2C)	Minimum biannual assessment of residual risk required or when causes or controls change or	1	Implement Asset Management System Manag Sustain	ager ainable Assets	30/06/18	IN PROGRESS	90% of Council assets transitioned into final Production version of Asset Management Enterprise system. Stormwater and Kerb in Valuation Instance.	N	N/A	
9b resources available to the Council. (F)	potential for increased turnover of staff; lack of consistency; increased cost in undertaking work; systems cannot be upgraded due to inadequate hardware layer; inability to test updates before being implemented; lack of information sharing, working in information silos, failure to capture corporate knowledge effectively, misinformation that leads to negative or undesired outcomes, residents being misinformed or mislead, potential leg or financial implications, poor uptake of services; customer confusion regarding branding of council programs and services	Services	Community, Sodi	Like	Extrem	Workspace (intranet) - Website Champions in place; emails; corporate systems; security groups and access ICT Business Continuity Plan established Tender for new Asset Management System completed - System acquired New information management system acquired - rollout currently underway New data centre built in City and BCP in place for rollower Restructure of Information Services undertaken and recruitment of Manager completed.	Mir	Poss	12/11/20	mitigations are implemented. Risk mitigation (treatment) plan optional.	2	Implement new records management system in conjunction with SharePoint upgrade	ager IS	30/06/17	IN PROGRESS	New SharePoint environment implemented, Record Point software acquired to replace TRIM and installed, project plan established for EDRMS and architecture completed. Build of Fest Environment completed and software integration with line of business systems being undertaken. Live environment built and configured and staged rollout commenced in July 2019 with three pilot areas. New project manager appointed December 2019.	N	31/12/20	· Medium

#### AUDIT COMMITTEE NOVEMBER 2020

		Sectio	n 1: Risk identification		Section	on 2: Inherent	Risk Section 3: Controls			Section 4: Re	sidual Risk	Section 5: Risk Evalua	tion					Section	n 6: Risk Mitigation			
N	o (us	Risk Statement e the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Details	Effectiveness	Consequence	Likelihood Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assess- ment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
							Internal audit and annual review of internal							1	Review positions across council that require criminal history checks, including financial role	EMOD	30/06/16	COMPLETE	Updated Policy and Procedure covering the relevant criminal history check requirements have been adopted and training completed. Identified positions requiring checks are being updated or undertaken currently.	Y	N/A	
			Cause: - Poor internal control environment				controls; system security and configuration; induction procedures; recruitment and selection processes; financial delegations; an informed level of insurance cover through LGAMLS, rating policy, process and timeframes asset management register and program; Manager Governance and Risk in organisation; qualified employees; trained in policies;							2	Recruit Procurement Coordinator Role	Manager Financial Services	30/09/17	COMPLETE	Recruitment completed in June 2018	Y	N/A	
g		lure to manage, improve and	- Poor procurement planning and processes Ineffective insurance arrangements Poor financial management processes (treasury, AP, AR) - Poor contract management  Impact: Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative	Director Corporate	kegulatory	trophic cely	conflict of interest declaration (Directors/CEO); WHS procedures on plant purchasing, consultat and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy; insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year; wage declaration which affects the insurance calculation annually;		erate	ikely im (3D)	12/11/20	Minimum biannual assessment of residual risk required or when causes or controls change or	10/02/21	3	Review of Procurement Policy and procedures (Stage 1)	Procurement Coordinator	1/10/16	COMPLETE	Updated Policy and Procedure endorsed by Council in August 2019	Y	N/A	- Medium
		available to the Council. (F)	impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk of litigation; inappropriate assets with short medium and long term financial impacts; potential inability to pay, negative impact on ability to service the community; poor customer relations; poor supplier relationships; potential impact on income from rates, fees	Services	Legal & F	Catas	quality accredited insurance company-LG Risk Services; insurer processes claims; professional internal advice; financial management system; Updated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council		Moc	Un		mitigations are implemented. Risk mitigation (treatment) plan optional.		4	Review the process map of the insurance claim procedure to enable consistency of application	EMOD	30/06/16	COMPLETE		Done	NA	
			and charges; increased risk of litigation leading to financial instability				Members; discipline processes; ongoing training and development; internal controls framework; debt recovery; Debt Recovery Policy and Accou Reconciliation Policies updated and adopted External Fund Funding Policy adopted by Counc (2017) Implementation of ContolTrack to monitor financial controls environment							5	Explore Grant funding opportunities	All budget owners	1/07/16	COMPLETE	A Grant Funding Policy endorsed by Council. Savings Strategy endorsed by ELT.	Y	N/A	
							Tresury Policy established							6	Develop a Treasury Management Policy	Mgr Financial Services	30/11/18	COMPLETE	Prolicy endorsed by Council October 2017	Y	N/A	
														1	Governance Framework Review	Exec Manager Governance & Performance	30/09/16	COMPLETE		Υ	N/A	
														2	Review of s41 Committee and Advisory Group Terms of Reference	Exec Manager Governance & Performance	30/0916	COMPLETE		Y	N/A	
							Legal considerations considered in agenda reportemplates, Governance Manager advises counc functioning Audit Committee, flyers and update	il,						3	Rollout of ContolTrack (Internal control module)	Manager Financial Services	30/12/15	COMPLETE	Endorsed and implemented for Financial Controls	Y	N/A	
			Cause: - Poor governance practices (CR22) - Poor risk management practices (CR21)				from LGA, legal providers and professional associations. Professional and experienced management team. Policies (conduct, COPMP, allowances, caretaker,IG, COPAMD, PID), delegations, agendas, minutes, training &							4	Review of Risk Management Framework	Governance & Risk Coordinator	30/09/19	IN PROGRESS	will form part of RM review	N	31/10/20	
1	0		<ul> <li>Poor representation arrangements (CR92)</li> <li>Poor representation of the community by Council Members (CR62)</li> <li>Lack of effective strategic planning and resource allocation processes. (CR63)</li> </ul>		lar		development. Review of s41 Committee, Adviso Groups, s43 subsidiary and external group fiduciary arrangements. Council Resolution Upo report shows COIs declared. CRM Policy adopted, CRMF adopted, training	1						5	Mandated representation review project	Exec Manager Governance & Performance	30/04/17	COMPLETE		Y	N/A	
		ure to act as a representative, informed and responsible	Lack of effective financial sustainability processes. (SR9c)     Ineffective performance management and reporting processes. (CR64)     Poor working relationship between Council	Exec Manager Governance &		trophic	provided to senior staff, RM considerations included in agenda report templates. General awareness of risk management principles and considerations. MLS Risk Reviews and advisory Provisions of Chpt 3 of the LG Act regarding		derate	are v (3E)	12/11/20	Minimum annual assessment of residual risk required or when causes or controls change or	12/11/21	6	Participation in boundary reform initiatives	Exec Manager Governance & Performance	As Required	COMPLETE		Y	N/A	Low
	dec	ision-maker in the interests of the community. (PR)	and Administration. (CR65)  Impact:  - Decisions are not representative of community sentiment or made in the community's interest	Performance	Community, So	Catas	composition of councils and wards, mandated representation reviews. Scheduled review completed in 2017. Strategic Plan, strategic, business and project planning and budgeting processes, trained and		Mo	Lo <sub>2</sub>		mitigations are implemented. Risk mitigation (treatment) plan optional.		7	Review of s43 and external group fiduciary duties where Council members or staff are on Boards	Exec Manager Governance & Performance	31/12/16	COMPLETE		Υ	N/A	
			- Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation. - Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/				experienced staff.  Budget review processes, provisions of LG Act regarding budget reviews and annual reporting trained and experienced staff. Corporate Plann & Performance Reporting Framework, Quarterl	g, iing						8	Election induction training	Exec Manager Governance & Performance	As Required	COMPLETE		Y	N/A	
			additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction.				Council Performance Report Council Member and Administration training in respective roles, team building and relationship development, performance reporting, One Tea	n the						9	Implementation of Corporate Planning & Performance Reporting Framework	Exec Manager Governance & Performance	30/06/19	COMPLETE		Y	N/A	
							Communication Protocols Governance & Risk Coordinator and Corporate Planning & Performance Coordinator roles							10	Strategic Boundary Review project	Exec Manager Governance & Performance	30/06/20	COMPLETE	Final report adopted by Council in September 2020	N	30/09/20	
														11 (new)	Implementation of LG Reform legislative changes.	Exec Manager Governance & Performance	30/06/21	NOT COMMENCE	D Draft legislation forecast in Q4 2020/21	N		

	Sec	tion 1: Risk identification		Sectio	n 2: Inheren	t Risk	Section 3: Controls		Se	ection 4: Re	esidual	al Risk	Section 5: Risk Evalua	tion					Section	6: Risk Mitigation			
N	Risk Statement o (use the situation-consequence technique)	: Causes & Impact	Risk Owner	Category	Consequence	Risk Rating	Details	Effectiveness	Consequence	Likelihood Risk Rating		Date of assessment	Mitigation actions required (According to Risk Management Framework)		Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
															12 (new)	Service Review Framework development	Corporate Planning & Performance Coordinator		NOT COMMENCED		N		
		Cause: - Lack of awareness of legislative/contractual/lease/policy requirements - Lack of standardised lease terms and													1	Legislative compliance audit	Exec Manager Governance & Performance	30/06/16	COMPLETE		Y	N/A	
		Lack of standardised lease terms and conditions.     Ineffective delegation and authorisation mechanisms.     Poor procurmeent and contract management practices     Ineffective compliance management		۸.			Legal considerations considered in agenda report templates, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Register of leases and licences. Legislative delegations register regularly reviewed,						Minimum annual assessment of		2	Development of contract management system, subject to funding	Manager Financial Services	31/12/16	COMPLETE		Y	N/A	
1	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PF	systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully	Exec Manager Governance & Performance	D0	Major Likely	Extreme (4B)	role specific training & development. Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program Governance Legal Compliance Audit Full review of Subdelegations and authorisations	Marginal	Moderate	Rare Low (3E)	(20)	12/11/20	residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	12/11/21	4	Implementation of new delegations and authorisations management system and associated training.	Governance & Risk Coordinator	29/06/20	COMPLETE	Software has been implemented and is now being updated as delegation changes occur.	Y	N/A	Low
		obligations are not discharged leading to breaches of legislation and/ or contractual arrangements  - Failure to effectively undertake the functions of a council  - Contractual penalties and liabilities.  - Inefficient systems that lead to loss of resources  - Scrutiny and sanctions by integrity agencies					completed 2017. Employment of Procurement Coordinator Procurment Franework implemented. Experienced property team.								5 (new)	Community & Recreation Facilities Framework will provide for greater standardisation in leasing terms and conditions	Manager Property Services	31/12/16	IN PROGRESS	Action Plan endorsed by Council for review of facilities under a Community and Recreational Facilities Framework. Revised due date established. A number of workshops held with Council and Framework endorsed. Action plan now being progressed. Workshop held with Council in Feb. 19, followed by the establishment of a working group to further progress the matter. Working group have commenced review of Framework. Consideration to be given to a revised timeline to reflect level of complexity identified.	N	30/06/21	

## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.8

Responsible Officer: Steven Watson

Governance & Risk Coordinator Office of the Chief Executive

Subject: LGRS Risk Evaluation 2019 - Action Plan Review

For: Decision

#### **SUMMARY**

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline. An evaluation was undertaken in late October 2019 with receipt of the final *LGRS Risk Evaluation Summary Report* occurring 17 December 2019.

The LGRS Evaluation Summary Report was presented to the Audit Committee at its 17 February 2020 Meeting. The LGRS Risk Evaluation Action Plan as per **Appendix 2** has been developed to address the findings from the LGRS Evaluation and was initially presented to the Audit Committee at its 25 May 2020 meeting with a further review included in this report.

## RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

## 1. GOVERNANCE

## > Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O4 We actively represent our community

Priority O4.2 Attract and develop a diverse and capable elected body that

represents, promotes and reflects the composition of the community

Priority O4.3 Advocate to, and exert influence with, our stakeholders on behalf of

our community to promote the needs and ambitions of the region

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

## > Legal Implications

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

## Risk Management Implications

The LGRS Evaluation provides an external assessment of aspects of Council's current risk management framework and status. Actively responding to this external assessment with actions addressing identified areas for improvement will assist in mitigating the risk of:

A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

## Financial and Resource Implications

There are no direct financial implications in undertaking the review itself.

The Local Government Association Mutual Liability Scheme (LGAMLS), which comes under the LGRS banner, provides Local Government Members with a fully integrated Risk, Claims and Legal services for the management of civil liabilities. All South Australian Councils are Members of LGAMLS.

LGAMLS Members participate in the self-managed concept enabling greater control over their financial viability relating to civil liability risks. The application of a risk management framework allows a Member to measure and monitor business improvement while reducing civil liability risk associated with its business profile risks.

The results of the LGRS Evaluation are considered by the LGAMLS, together with Council's claim record, in setting our contribution and in calculating the potential amount that may be available as a special distribution. A special distribution is not available every year. The amount is based on funds remaining after all claims across the State have been paid.

Some actions included in the *LGRS Risk Evaluation Action Plan* as per *Appendix 2* may have costs related to them; however, these are considered in the Annual Business Plan and Budget process or incldued as part of a budget review process.

## Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system that is applied to minimise the impact of potential risk events and manage financials efficiently.

## > Sustainability Implications

There are no direct sustainability implications arising from this report.

## > Engagement/Consultation conducted in the development of the report

Engagement with relevant participants commenced well prior to the LGRS Evaluation occurring. Engagement included the gathering of evidence based materials and statements in preparedness for the Evaluation.

Post LGRS Evaluation further engagement has occurred in order to prepare the relevant Action Plans.

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Chief Executive Officer

Director Corporate Services
Director Community Capacity

**Director Development & Regulatory Services** 

Director Infrastructure & Operations

**Manager Financial Services** 

**Executive Manager Governance & Performance** 

Manager Civil Services
Manager Open Space
Manager Sustainable Assets
Coordinator Civil Operations
Procurement Coordinator
Horticultural Officer

Events Officer Project Officer

External Agencies: Local Government Risk Services (LGRS)

Community: Not Applicable

#### 2. BACKGROUND

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline, including the application of a Risk Management Framework and related processes, organisational systems that influence council's risk profile and specific high risk activities and assets.

The previous Risk Evaluation occurred in 2017, with a report being presented to the Audit Committee. An *Action Plan* was prepared to respond to the findings of the Evaluation and update reports were presented to the Audit Committee indicating progress on implementation of the agreed actions.

The latest *LGRS Risk Evaluation Summary Report* was presented to the Audit Committee at its 17 February 2020 meeting. The LGRS Evaluation Action Plan has been developed to respond to the *LGRS Risk Evaluation Summary Report* findings.

The LGRS Evaluation process also included evaluating the Work Health and Safety and Incident Management functions of council but as these are not within the Terms of Reference of the Audit Committee, so these sections of the Summary Report have not been included.

#### 3. ANALYSIS

The 2019 LGRS Risk Evaluation covered a range of areas, with three compulsory areas and two elective areas.

The compulsory areas were:

- Risk Management Systems
- Procurement and Contracts
- Roads and Footpaths.

The elective areas were:

- Event Management
- Tree Management
- Playgrounds
- Volunteers
- Customer Request and Complaints
- Emergency Management

The Executive Leadership Team was consulted on the elective areas and determined that Tree Management and Event Management warranted a review.

The Governance and Risk Coordinator has been working with the relevant staff following the results in order to produce the Action Plan.

Any of the proposed actions that cannot be accommodated within existing budgets will be provided to Council in Budget Review processes.

Participating in this external evaluation of Council's Risk Management systems, processes and potential liabilities provides Council with a sound basis on which to continually improve the strength of the organisations risk management.

## 4. OPTIONS

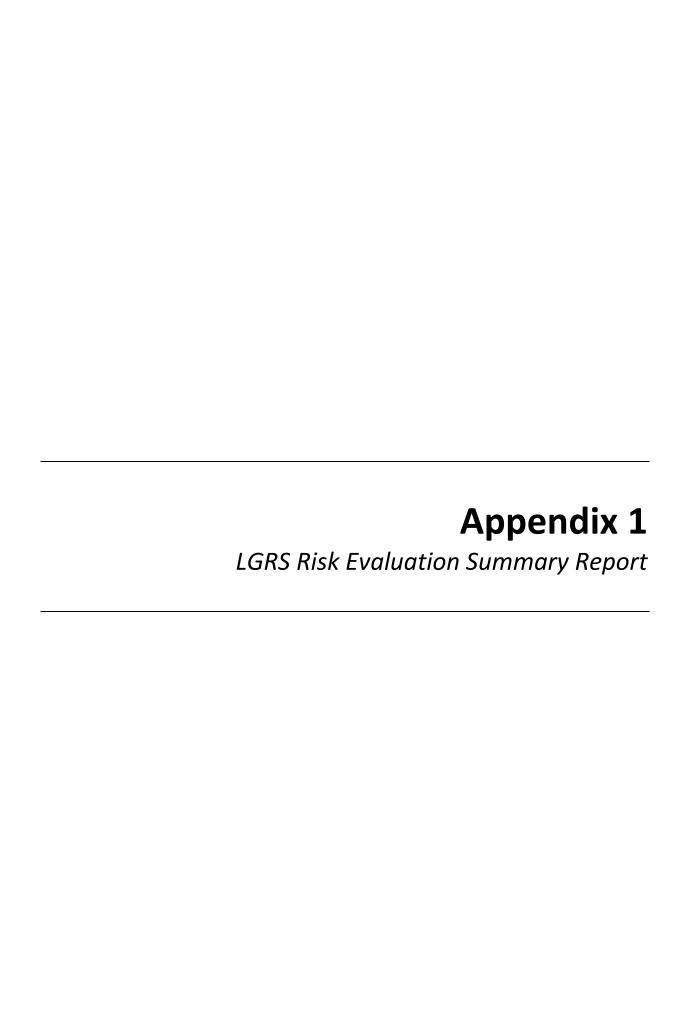
The Committee has the following options:

- I. To resolve to receive and note the report including the LGRS Risk Evaluation Action Plan as per Appendix 2 (Recommended.)
- II. To determine an alternate course of action (Not Recommended).

Should the Audit Committee wish to make amendments or resolve an alternative course of action, it is recommended that the matter be referred back to the Administration for further review.

## 5. APPENDICES

- (1) LGRS Risk Evaluation Summary Report
- (2) LGRS Risk Evaluation Action Plan





## 2019 Risk Evaluation Summary Report

**Adelaide Hills Council** 

Date of Evaluation: 29-31 /10/2019

Date Report Issued: 17/12/2019

**EDITED VERSION – RISK ONLY** 

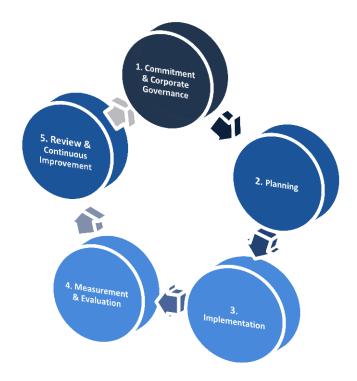
Name of Evaluators:

Lead Evaluator: Melissa Cox

Co- Evaluator: Sandy Voumard



## 1. Risk Evaluation Overview



The LGAWCS and LGAMLS provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including WHS and IM) against both LG Industry agreed Sector Baselines and other external requirements (e.g. RTWSA Performance Standards for Self Insurer requirements and relevant legislation). The objective of the evaluation is to assist Members to recognise and share LG risk management excellence, identify where opportunities for system improvements exist and to work in partnership with them to implement identified improvements.

The Risk Evaluation in its current format was introduced in 2017. More information is available on the Members Centre regarding the structure and process.

## This summary report is structured as follows:

- An Executive Summary, which is completed by the Lead Evaluator, for both Risk and WHS/IM system aspects and briefly
  outlines the overall results of the evaluation and potential focus areas and recommended actions. This includes a Results
  Table, which summarises the results for both Risk Management (RM) and Work, Health and Safety (WHS) and Injury
  Management (IM) components.
- The RM Evaluation Report, which includes the chosen evaluation scope, names of evaluators, summary of findings and specific recommendations for each evaluated question within the identified evaluation scope.
- The WHS and IM Evaluation Report, which includes the evaluation scope, names of evaluators, summary of findings and specific recommendations for each sub-element within the evaluation scope.
- A conclusion, which is completed by the Lead Evaluator. This aims to identify where overall system trends and issues are
  occurring and what may be of assistance to the Member to progress them forward.

NOTE: This report has been edited to remove the WHS& IM findings for the purposes of reporting the outcomes of the risk components to the Adelaide Hills Audit Committee. For the full FINAL version of this report please see the Governance & Performance team.



## 2. Executive Summary

## **Overview and Objective:**

Every two years, the Local Government Mutual Liability and Workers Compensation Schemes conduct an evaluation of each Scheme Member's Risk Management, Work Health and Safety and Injury Management systems. The purpose of these evaluations are to test (within the scope of the evaluation):

- a) How well the organisation's Risk Management systems meet Local Government sector established baselines and
- b) The organisation's level of conformance with ReturnToWork SA's Performance Standards for Self-Insurers for Work Health and Safety and Injury Management systems.

Members should use this information in their management planning and review systems to drive further improvement to their Risk, Safety and Injury Management systems.

In addition to this, the evaluations allow for sector-wide results to be collated and analysed to enable the Schemes to further assist the Local Government industry, either via sector wide programs or individual programs of targeted support.

This executive summary provides a brief overview of the results of the risk evaluation of Adelaide Hills Council on 29,30 and 31 October 2019]. The participation of Member representatives in the evaluation is a critical part of the evaluation process, is integral to the quality of the evaluation and is always greatly appreciated.

Executive management are encouraged to review the evaluation summary report in its entirety for further detail and recommendations.

The completed risk evaluation, WHS and IM tools that support these findings are available from your allocated Risk Consultant, RRC or WHSC. The tools and reports are also available in your Member documents on the Members Centre.

## 2.1 SUMMARY OF FINDINGS:

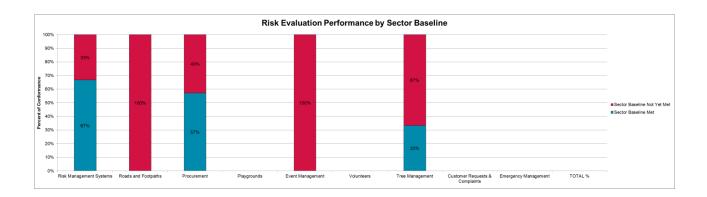
## 2.1.1 Risk Management

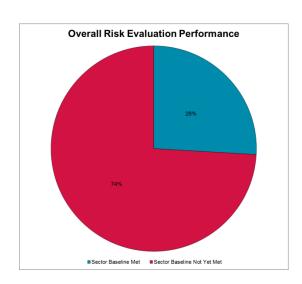
Within the risk management systems, there are three mandatory areas and five electives of which Scheme Members are required to choose two to be evaluated.

In evaluating the organisation's Risk Management systems, reference was made to sector baselines, being a minimum standard expected to be in place. Sector baselines were established by a consultative group that included membership from both metropolitan and regional Scheme Members. It is to be noted that the baselines are not all legislative requirements, but a set of minimum requirements that is expected within the Local Government sector. All the criteria within the defined sector baseline must be met in order for the sector baseline to be deemed as being met.

Adelaide Hills Council results against the mandatory and elective question sets are as follows:

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1
Roads and Footpaths	8	0	8
Procurement	7	4	3
ELECTIVES			
Playgrounds	0	0	0
Event Management	6	0	6
Volunteers	0	0	0
Tree Management	3	1	2
Customer Requests & Complaints	0	0	0
Emergency Management	0	0	0
TOTALS	27	7	20
TOTAL %		26%	74%







## 2.1.1.1 Risk Management Systems

## **Overview of Results - Mandatory Areas - Risk Management Systems**

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1

## **Specific Results and Improvement areas – Risk Management Systems**

Q #	Risk Management Systems	Summary of Sector Baselines not met and any improvement required	Recommendation
1a	What does Council's Risk Management (RM) approach consist of?	Sector Baseline Met  Adelaide Hills Council has an adopted Risk Management Policy, Corporate Risk Management Guide, a Corporate risk register (which captures operational risk) and a Strategic Risk Register. The Council is currently consulting on the development of a Risk Management Framework to complement the risk management activities.	N/A
1b	Does Council have a risk register or a tool/repository where risks are actively monitored and maintained on a periodic basis as per their documented approach?	Sector Baseline Met  The AHC Council has a Strategic Risk Register, as viewed last updated 29 August 2019, by ELT and a Corporate Risk Register as viewed, which identifies a large number of operational risks.  Both risk registers are evidenced as being internally adopted and maintained by the organisation and easily accessible to all staff via.	N/A
1c	Is Council's above risk management approach implemented and operational?	Sector Baseline Not Yet Met  The Council has some great processes around the reporting of its Strategic Risk as identified within the register. The opportunity for improvement is with the monitoring and reporting of the Councils operational risks. The newly drafted framework when implemented should give the foundations to support this reporting. It is also acknowledged that the Council has great WHS training needs identification processes that could be expanded across the organisation to include risk management training needs and alike.	It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs.  It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it across the organisation.



## 2.1.1.2 Roads and Footpaths

## **Overview of Results - Mandatory Areas - Roads and Footpaths**

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met	
MANDATORY AREAS				
Roads and Footpaths	8	0	8	

## Specific Results and Improvement areas – Roads and Footpaths

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2a	Does Council have systems in place to authorise or permit 3rd party alterations to a public road (non-business purposes) in relation to S221 of the LG Act?	Sector Baseline Not Yet Met  The Adelaide Hills Council does not have defined and documented systems in place for the authorisation of 3 <sup>rd</sup> party alterations to a public road.( S221 permits).  There is a permit that outlines the criteria in which a person may apply and this is available on the Councils webpage.	It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have
		There are however no documented protocols about how the Council receives these applications, how they are assessed or any dispute resolution processes around the process.	delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.
		The assessment process does not appear to be consistently applied, covering the same agreed criteria each time.	
2b	Does the authorisation process or permit consider structures and installations for their safety and suitability?	Sector Baseline Not Yet Met  The Council were unable to demonstrate that the authorisation process or permit consider structures and installations for their safety and suitability	It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.

Q#	South Australia Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2c	Does the authorisation or permit include an indemnity from the applicant to the Council?	Sector Baseline Not Yet Met  The permit identifies the appropriate Indemnity clause: "that the applicant will indemnify the Council, its employees and/or agents against all actions, costs, claims and demands for injury, loss or damage arising out of any negligent act or omission of the Applicant in relation to any activities under the Authorisation or arising out of breach of any condition attaching to the Authorisation"  However, the permit as viewed does not ask the applicant to take out and keep current Public Liability Insurance to the value of at least \$10 million for the duration of the works.	It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.
2d	Does Council have an Infrastructure and Asset Management Plan that covers the management and maintenance of roads and footpaths?	Sector Baseline Not Yet Met  It appears that the Council is in a transitional phase with its asset management, in particular for roads and footpath assets.  During the evidence collected no data was supplied for the questions that relate to Asset Management, Roads and Footpaths. During the course of the evaluation it came to light that the Council did have an Asset Management Plan dated 2012 and was currently working on a new draft plan.  It became quite clear that the 2012 plan was not in use and the draft while close had not been adopted by Council or its processes implemented across operations.  It is further recognised that the operational assessment tools for inspection and maintenance activities for both roads and footpaths are still in the development stages.	It is recommended that the Council adopt and implement an Asset management Plan for the management and maintenance of its road and footpath assets.  Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria.  It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.
2e	Does Council have an inspection and maintenance regime (or schedule) to inspect roads and footpaths?	Sector Baseline Not Yet Met Council was unable to demonstrate that they have a current and implemented inspection or maintenance regime in place for its road and footpath assets.	As per 2d

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2f	How does Council prioritise roads during scheduling of maintenance/repair?	Sector Baseline Not Yet Met It appears that the Council currently prioritises roads reactively, based on receipt of customer complaints and requests.	As per 2d
2g	How does Council prioritise footpaths during scheduling of maintenance/repair?	Sector Baseline Not Yet Met It appears that the Council currently prioritises footpaths reactively, based on receipt of customer complaints and requests.	As per 2d
2h	If Council has Railway Interface/s, does Council fulfil its duties as a Road Manager?	Sector Baseline Not Yet Met  Council have a Railway Interface agreement in place with the relevant rail infrastructure manager (ARTC). However it was evidenced that the documented risk assessments for each interface has still not occurred in line with National Rail Safety Act 2012 S 109)	It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner:  a) by itself identifying and assessing those risks;(independently) or  (b) by identifying and assessing those risks jointly with the other person; or  (c) by adopting the identification and assessment of those risks carried out by the other person.

## 2.1.1.3 Procurement and Contracts

## **Overview of Results - Procurement and Contracts**

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met	
MANDATORY AREAS				
Procurement and Contracts	7	4	3	

## **Specific Results and Improvement areas – Procurement and Contracts**

Q#	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
3a	Are there policies, and procedures prepared and adopted for the procurement process, including approach to the market, evaluation of responses and selection of providers?	Sector Baseline Not Yet Met  The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market,	It is recommended that the Council ensure the implementation of the revised documents, forms and templates to ensure that there are defined processes for the recording of reasons for entering into contracts other than those resulting from a tender.

Q #	Procurement and Contracts	Sector Baseline and Summary of any	Recommendation
		evaluation of responses and selection of providers.	
		The current Framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender.	
		It is acknowledged however that the newly revised framework and subsequent guidance materials require that an <i>Recommendation Report</i> must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.	
3b	Are there systems in place	Sector Baseline Met	N/A
	to identify risks as part of the procurement/ purchasing process?	There are some robust systems in place to identify risk as part of the procurement and purchasing process.	
		The Procurement Framework identifies 3.2.3 - that outlines a Risk Assessment must be prepared to assess the supply risk, business risk, management risks, prohibit risk.	
		The Council should be commended on the introduction of new tools and processes outlined within its Procurement Framework.	
3c	Is there evidence that the	Sector Baseline Met	N/A
	procurement process is transparent and in accordance with applicable organisation's procurement policy/operational guidance/procedures	There was evidence to demonstrate that the Council procurement processes are clear and transparent process and align with the documented systems.	
3d	Have staff who have	Sector Baseline Met	Whilst the sector baseline has
	delegated roles and/or are responsible for procurement and/or contracts been provided with appropriate training?	Those with delegated procurement roles are appropriately trained. It was also evidenced that as a result of the newly developed Procurement Framework, training needs and a training program is in its development stages.	been deemed met in this instance there is an opportunity to further improve these systems by ensuring that training needs for personnel in relation to procurement are mapped on a Corporate training needs analysis.
3e	Does Council have a	Sector Baseline Met	N/A
	process in place to justify the rationale behind, and approval of, variations from standard indemnity, insurance, legal liability and contractor incident notification clauses?	The Council has documented processes in place should they need to apply variations from standard indemnity, insurance, legal liability and contractor incident notification clauses in contractual	

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		documentation.	
3f	Is there evidence of the rationale in 3e being applied during the procurement process including when calling for tenders and developing/writing contracts?	Sector Baseline Not Yet Met The Council is using standard contract clauses and can demonstrate application of these as described above for purchases where a purchase order is not being applied.	It is recommended that the Council update its Purchase Order terms and conditions to reflect the following:  • The requirement for the supplier to comply with all legislative requirements
	contracto.	However, the Councils Purchase	Indemnity/liability provisions
		Orders issued (as viewed) does not document the appropriate terms and conditions.	Insurance (minimum public liability indemnity)
		and containents.	Warranty (goods and services)
			Any sub-contractor prohibition (no engagement without prior approval of Council)
3g	Are there processes in place to administer the contract and manage supplier performance during and after the contract?  Note: The criteria in this section are checking to see that there is evidence that these things are actually occurring	Sector Baseline Not Yet Met There are documented processes in place to administer the contract and manage supplier performance during and after the contract, however this could not be evidenced as being applied	It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.

## 2.1.1.4 Elective Topics

## 3 Overview of Results – Elective Areas – E2 Event Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met	
ELECTIVE AREAS				
Event Management	6	0	6	

## 4 Specific Results and Improvement areas – E2 Event Management

Q #	Event Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E2a	Does Council have systems in place for the management of Council organised events?	Sector Baseline Not Yet Met The Council does not have systems in place for management of Council organised events. There is a Policy and a Toolkit in place that is more focussed on Council permitted	It is recommended that the Council undertake a review of its current processes in place for Council organised events and consider the application of the Events Toolkit and its elements being applied for Council

of	South Australia		
		events. Whilst it is appreciated that some components may be applied to Council organised events this was evidenced as not being applied in a consistent manner.	organised events.  It is further suggested that the Council review its current "events" and determine what constitutes an event, if they are Council permitted or Council organised. By doing this it will assist in the direction of what risk management activities should be in place and by whom.
E2b	Do these systems ensure consistent risk management, and compliance with legislative requirements, of <i>Council organised</i> events across all areas of Council?	As identified in E2a the Councils documented systems are focussed on Council permitted events.  Appreciating this, it was evidenced that there are not processes being applied that ensure a consistent approach to risk management for Council organised events to ensure and compliance with legislative requirements.	It is recommended that the Council consider the application of the Events Toolkit and elements being applied for Council organised events.  It is also further suggested that the Council look to develop a simple checklist to support the key risk management activities for Council organised events to ensure that each event manager has the tools to ensure the consistent application.
E2c	As part of the risk management process, are all arrangements with other parties documented, including suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage?	Sector Baseline Not Yet Met  The Council was unable to demonstrate that a risk management approach is applied consistently across Council organised events to ensure there is a process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	As above
E2d	Has Council assessed the number of, and skills required for, Council staff and Volunteers working at the event?	Sector Baseline Not Yet Met The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	As above
E2e	Has Council considered Emergency Management provisions for events?	Sector Baseline Not Yet Met The Council was unable to demonstrate the consideration and provision of emergency management provision for events consistently.	As above
E2f	Do Council's systems ensure consistent permitting of events by Council?	Sector Baseline Not Yet Met  The Council has some great processes in place for the permitting of events and have developed an Events Toolkit. The toolkit in principle provides good guidance, however it was unclear if there is a consistency to how Council is assessing and permitting these events.	It is recommended that the Council develop a checklist or like that can be used to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licences) that should be supplied and reviewed during the permitted process.



## Overview of Results - Elective Areas - E4 Tree Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met		
ELECTIVE AREAS					
Tree Management	3	1	2		

## Specific Results and Improvement areas – E4 Tree Management

Q #	Tree Management	Summary of Sector Baselines not met and any improvement required	Recommendation	
E4a	Does Council have systems in place to manage existing and new trees?	Sector Baseline Not Yet Met The Council has a high level policy in place in regards to trees, the Policy does refer to a number of operation processes that do not appear to be yet in place (inspection, maintenance schedules and registers) It is for this reason that the Sector Baseline has not yet been met.	It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations	
E4b	Does the system provide a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance?	Sector Baseline Not Yet Met  The Council was unable to demonstrate that its tree management system provides a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance	As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.	
E4c	Has Council taken "reasonable action" in response to all tree requests regarding street trees in the last 24 months?	Sector Baseline Met  The Council was able to demonstrate that they are taking 'reasonable action" in relation to request in relation to street trees through the development of the CRM process, mapping of trees (new), service levels and the documented case management approach.	Whilst it is noted that the Sector Baseline has been met for this question there is opportunity to bring together the process of responding to tree request into a documented process (flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process.	



## 2.2 EXECUTIVE SUMMARY: CONCLUSION

In relation to the risk elements tested, the Council should be commended on the work conducted to date in with the development and implementation of its Risk Management Framework and Procurement processes. It was evident that there has been significant focus in this space and the outcomes of this evaluation is a representation of that. In regards to procurement the development of a guideline, associated tools and process flow together with a planned training program will see the Council in a good space moving forward.

In regards to roads and footpaths, the Council needs to ensure there is a consistent approach to the receipt, assessment and approval of its Section 221 permits. There is also some work to be done in relation to adoption and subsequent implementation of an asset management plan for Road and Footpath assets; and then the application of assessment, inspection and maintenance programs to ensure ongoing management of these assets.

In relation to trees, the documented approach to tree protocols could be developed to provide some clear and consistent guidance in relation to the management of trees from planting, removal, inspection and managing tree requests, it is recognised that there has been some great work conducted to date in the development of CRM process and a tree register and mapping of assets, its now about further developing these processes to ensure a consistent approach.

In regards to event management there has been some great work in the development of an Events and Festivals Toolkit for Council permitted events, this toolkit and the application of it could be also utilised for Council organised events and if applied in a consistent manner would address the risk management approach for Council organised events.

Whilst it may appear that there are a number of areas to follow up on particularly with Roads and Footpaths, Events and Trees. It is recognised that significant system build and improvement is occurring, and providing that Adelaide Hills Council continue to work on the building of these system and making improvements, the system should mature and progress to a compliant level. A system to be effective, needs to be documented, communicated and applied across all of the organisation in a consistent manner, the opportunity for the Council is to start the documenting some of these systems.

The Adelaide Hills Council has undertaken a considerable body of work in the development of their safety systems. It should be recognised that the measures of conformance/observation are based upon all of the necessary components being in place and applied. So, whilst Council has not yet reached this level in many of the areas evaluated, it is recognised that they have made significant progress in many aspects and topic areas and the staff involved are diligently working towards improving their systems and processes.

We would like to thank all those that were involved in the evaluation for their time and honest responses. It is clear that management and workers within the Adelaide Hills Council are keen to move forward on the development of their Risk and WHSMS and are applying resources to make this happen.

With the current WHS and IM Plan (Improvement Plan) due for review in early 2020, it is recommended that management conduct a system review, to identify priorities and programs with safety objectives, targets, measures and supporting actions that will drive the system forward in a way that enables outcomes to be measured and recognised not just in terms of progress but whether the objectives are being met.

The organisation should also focus on a structured and prioritised implementation program for their risk management system that enables integration with the organisation's other planning processes e.g. procurement, project management, strategic and operational planning.

Your allocated LGAWCS/MLS RRC (Mel Cox) can assist you with the system review and action/-implementation plan development.

Management will need to monitor, review and apply accountability for the completion of the planned actions and outcomes from the measures, to make sure that the WHS and risk systems continue to develop and improve in a way that is of the greatest benefit to the organisation.

Please note that action plans for monitoring by the LGAWCS/MLS need to be submitted for review by the end of January 2020 and it is expected that these will extend for a period of two years (until your next risk evaluation).

WHS and risk action plan close out is determined at the end of September each year. These percentages are included in 50% of the WCS rebate calculations. The other 50% is based on IM claims performance

## 3. Risk Management Report

The evaluation of the Adelaide Hills Council risk management (RM) system included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

## 3.1 Summary of the evaluation scope

The Risk Management Evaluation considered the presence and degree of implementation of systems relating to:

- Risk Management Systems
- · Roads and Footpaths
- · Procurement, Tenders and Contracts
- Tree Management
- Event Management

## 3.2 Employees and other workers involved in the evaluation process included:

- Steven Watson, Governance and Risk Coordinator
- James Greenfield, Procurement Project Officer
- · Anisa Cadd, Events Officer
- Damian Brennan, Horticultural Officer
- Joel Eckerman, Coordinator Civil Operations
- · Kylie Caruso, Roads Officer
- John Davey, Projects Officer
- Craig Marshall, Senior Infrastructure Planning Engineer
- David Collins, Manager Sustainable Assets

#### 3.3 Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, and supporting organisational systems, as provided by the Auditee prior to and during the evaluation.

Additional evidence provided after the evaluation will only be accepted as evidence for this evaluation if agreed by the evaluator or the Client (i.e. LGAWCS and LGAMLS management).

## 3.4 Physical Verification

The Risk Management section of this evaluation was conducted in its entirety at the Adelaide Hills Council Administration Building in Stirling. It involved demonstration and interrogation of the live systems to support the desktop evidence supplied.

## 3.5 Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit reports and tool (in more depth).

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings and recommendations of this report should be used for:

• Planning and continuous improvement by Council of their RM Systems

## 3.6 Risk Evaluation Tool and Findings

Risk Evaluation Tool can be found at:

https://www.lgrs.com.au/documentlibrary/documentnew/index?documentId=6257&fileName=2019-20 Risk Evaluation Tool V1.0 Issued 17-12-2019 Evaluator Comments.pdf&library=59



## **Contact**

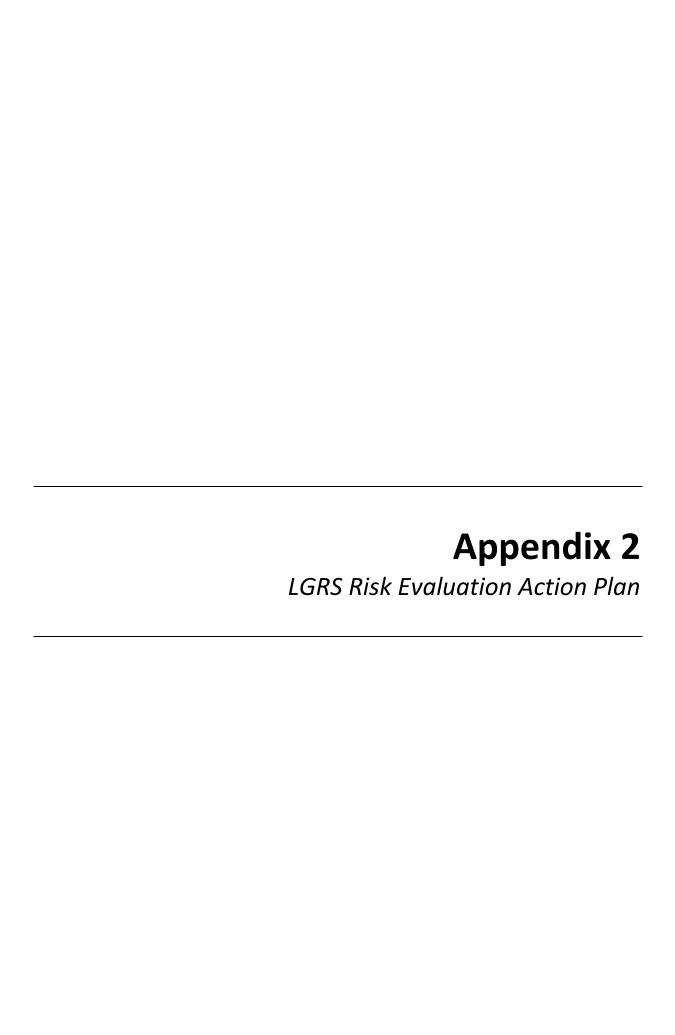
## Stevie Sanders

WHS & Risk Manager T: +61 (0)8 8235 6485 M: +61 (0) 429 904 262 Stevie.Sanders@jlta.com.au

LGRS a division of Jardine Lloyd Thompson Pty Ltd ABN 69 009 098 864 AFS Licence 226827. The JLT Group is a part of the Marsh & McLennan Companies (MMC) group of companies.

This information is not intended to be detailed advice on the operations of the Schemes. Each Scheme is covered by a set of Rules and Guidelines, which are available on the LGRS Member Centre.

If you have any questions on the operation of the Schemes please contact your LGRS client services manager. <a href="https://www.lgrs.com.au">www.lgrs.com.au</a>





Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Rep

Versi

Issued:

Dated	Council			Monitoring Report for the month of:	Name, Date and Version No of Council approved Plan		Oct-19	Nov-19	Dec-19	Jan-20	Feb-20 Mar	20 Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21 /	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Total
11/11/2020	Adelaide Hills	Council		1 November 2020																											
Please note: The ci	ose out date for th	e completion of e provided to ti	2019- 2020 actions is 30th September 2020. he LGAWCS WHS and Risk Manager, outlining why sp	pecial consideration should be given.		Proposed Actual Proposed YTD	0 0 0	0 0 0	0 0 0	2 2 2	1 1 1 1 3 4	2 3 6 7	0 0 6	4 5 10 12	2 7 12	4 5 16	0 6 16		0 8 17	3	4 1 25 48	4 0 29		0 48	3 0 51	6 0 57	6 0 63 48	2 0 65	1 0 66	1 0 67	67 48 16
				_		Actual YTD	0	0	0	2	3 4 100% 100	7 % 117%	7 117%	12 120%	19 158%	24 150%				21 47 224%	48 192%	48 166%	48	48	48 94%	48 84%	48 76%	48 74%	48 73%	48 72%	30
Evaluation Score	Risk Evaluation Q D or Source	ue	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20 Mar	-20 Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21 /	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	
Report			LGRS Evalauation and Report	N/A	Complete	Regional Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received																						
kisk management			It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a	Provide details and advice arising from the Risk Evaltion to the Organstional Development team for consderation and incorpation into the Training Needs Analisys register.		Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received					с																	
Sector Baseline Not Yet Met	1c		Corporate Training needs process that expands upon the current WHS needs.  It is also recommended that the Council review its current	Undertake review and implimanetation of robust risk management reporting utilising SkyTrust software.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received								0									Р				-	
			reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it	Progress the Draft Rik Management Framework to implimatation and montioring across the organstion.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received									o								Р					
Roads & Footpths				Review Information available	Completed 13/2/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received		с																				
				Bring Stakeholders together to map process and document current process     Document Desired Process	Completed 16/3/2020  Completed 9/4/2020	Ashley Curtis Ashley Curtis	Evaluation Undertaken Evaluation Undertaken	Draft Report  Draft Report	Final Report Received Final Report Received		C	С		Р															-+		
				Prepare assessment checklist	Completed 22/6/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received					Р	С																-
			It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who	5. Update application forms	Completed 6/8/2020  Completed 21/8/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received							с															
Sector Baseline Not Yet Met	2a		may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also	6. Update Permit document	This item has been deleted	Ashley Curtis	Evaluation Undertaken Evaluation	Draft Report	Final Report Received							С															
			recommended that the personnel who have delegated authority to sign permits have the training need for the	7. Run a test scenarios (ie. one or each type)	This item has been deleted  This item has been deleted	Ashley Curtis	Undertaken Evaluation	Draft Report	Final Report Received Final Report					-			0						Р							$\longrightarrow$	
			processes mapped on a Corporate Training Needs Analysis.	8. Rectify any deficiencies	This is a NEW Item	Ashley Curtis	Undertaken Evaluation	Draft Report	Received Final Report								О	0					Р	Р						+	
				8a Consultatation (NEW Item) 9. Document workflow for process	Completed 29/10/2020	Ashley Curtis	Undertaken Evaluation	Draft Report  Draft Report	Received Final Report			-		1	1		+	С	0						Р				-+	$\longrightarrow$	
				Document worknow for process     Train all relevant staff	http://teams.ahc.sa.gov.au/engineering/Shared%20D cuments/Forms/Allitems.aspx	Ashley Curtis	Undertaken Evaluation Undertaken	Draft Report	Received Final Report Received										О	P									-+	$\rightarrow$	
				11. Implement - web? Sharepoint? Continuous Improvement strategy	cuments/Forms/Autems.aspx	Ashley Curtis Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received										0		Р								-+	$\rightarrow$	
						y caras	Z. Z																						-+	$\overline{}$	
Sector Baseline Not Yet Met	2b		It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.	As per 2a		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received					0							P										
Sector Baseline Not Yet Met	2c		It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.	As per 2a	Draft Plan completed and external review of plan undertaken. Elemant review to be incorporated into updated draft plan.	Abbo Cutic	Evaluation Undertaken	Draft Report	Final Report Received					o							P										
			It is recommended that the Council adopt and implement an Asset management Plan for the management and	Finalise draft Transport Asset Management Plan	Community Consultation underway	David Collins	Evaluation Undertaken	Draft Report	Final Report Received									0	0	Р											-
			maintenance of its road and footpath assets.  Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets	Council adoption of Transport Asset Management Plan     Implement Transport Asset Mnagement Plan	Proposed for December 2020 Council meeting  Condition survey being developed for Connect	David Collins	Evaluation Undertaken Evaluation Undertaken	Draft Report	Final Report Received Final Report Received										0	Р	Р										
Sector Baseline Not Yet Met	2d		and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria. It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by the praintenance.	Utilise ConfirmConnect to audit a sample size of footpath network to determine process and resource requirements for inspection of full network.	Condition survey that is developed will be customised to include route with high priority footpaths.	d d	Evaluation Undertaken	Draft Report	Final Report Received						0					Р											
			communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.	Utilise High priority Zone mapping to undertake yearly inspection of footpath condition.	Condition are that is developed will be a set only	David Collins	Evaluation Undertaken	Draft Report	Final Report Received														Р	Р					$\overline{}$	$\overline{}$	
Sector Baseline Not	2e				Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation	Draft Report	Final Report						0								Р	Р					-	$\overline{}$	
Yet Met Sector Baseline Not	2f		As per 2d		Condition survey that is developed will be customised	David Collins	Undertaken Evaluation		Received Final Report						0								P	P							
Yet Met Sector Baseline Not	21		As per 2d		to include route with high priority footpaths.  Condition survey that is developed will be customiser	David Collins	Undertaken Evaluation	Draft Report	Received Final Report															r							
Yet Met	2g		As per 2d	1 Undertake an in-house risk assessment of each rail	to include route with high priority footpaths.	David Collins	Undertaken	Draft Report	Received						0								Р	Р							
			It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner:	interface,		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received				<u>l</u>	<u>L</u>			o									P					
Sector Baseline Not Yet Met	2h		a) by itself identifying and assessing those risks;(independently) or     (b) by identifying and assessing those risks jointly with the	Contact rail authority and ask to review their risk assessment of each rail interface within the Council area.			Evaluation Undertaken	Draft Report	Final Report Received									0									Р				
			other person; or	Ammend the Council risk assessment with reference to the rail authority's, adopt, record, and provide a copy to the	e	Ashley Curtis	Evaluation	Draft Report	Final Report					1			<b>†</b>		0									P	$\rightarrow$	$\rightarrow$	
Procurement			risks carried out by the other person.	rail authority.		Ashley Curtis	Undertaken		Received																						
Sector Baseline not achieved	3a		The Council has a Procurement Policy revised and effective from 1 October 2013. There is also a Procurement Transevort adopted by CLT and has an issue date of October 2013. The documented system provides often processes for selection of provides. The current Framework as viewed does not identify a process for the current Framework as viewed does not identify a process for the recording of resounts for entering into contracts other than those resulting from a tender. It is acknowledged however that the newly revised framework and subsequent guidance materials require that an Recommendation Report must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the resson why a supplier was utilised.	Framework to be reviewed and updated.	Framework reviewed Clause 3.2.5. Acquisition Plan. Current requirement for AQ plan required for all contracts. Recommendation report required for all contracts.	James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received	c																					
Sector Baseline not achieved	3e		It is recommended that the Council update its Purchase Order terms and conditions to reflect the following:  * The requirement for the supplier to comply with all legislative requirements  * Indeminify/liability provisions  * Avaryation quited prohibilition (no engagement without prior approval of Council)		Purchase Order conditions changed	lames Greenfield	Evaluation Undertaken	Draft Report	Final Report Received	c																					
Sector Baseline not	3g		It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review	will be in conjunction and built into the Procuremnt processes.		James Greenfield & Lee Merrow	Evaluation Undertaken	Draft Report	Final Report Received									O (Interim)		o							P				
achieved			are documented processes in place and applied to review contractor performance post works.	An interm step will be to investigated whether the the Contract Register can be updated to capture some of the required data to record some of the required data.,		James Greefield	Evaluation Undertaken	Draft Report	Final Report Received									O (Interim)		o							Р				-

valuation Score	Risk Evaluation Q Due or Source	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20 Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21 Aug-	1 Sep-21	Oct-21	
vent Management																													
ector Baseline not chieved	ALL		Council to engage LGRS to review current processes via a 'gap analysis' and work with Council to develop a 'Tailored Implementation Plan' (TIP) to meet sector baselines.	COMPLETED	LGRS Consultant	Evaluation Undertaken	Draft Report	Final Report Received				c					Team Not Avaba Major Events	le Team Not Avabal Major Events	le Team Not Avabale Major Events	e Team Not Avabal Major Events	e Team Not Avabale Major Events								
	E2a & E2b	management of Council organised events being applied in	Review current "events" and determine what constitutes a event, if they are Council permitted or Council organised. T assist in the direction of what risk management activities should be in place and by whom. (Use Definitions as per	on Fo																									
ector Baseline not schieved	INTERNAL EVENT MANAGEMEN T & RISK	E2b - As identified in E2a the Councils documented systems are focussed on Council permitted events(need) consisten approach to risk management for Council organised events.	incorporates an Event Hazard Assessment (Matrix of	Spreadsheet and hazard assessment created	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received				0		С			Team Not Avaba Major Events	lle Team Not Avabal Major Events	e Team Not Avabale Major Events	Major Events	e Team Not Avabale Major Events								
			hazards to determine treatment)  Develop an internal Event Management Procedure	To be drafted. LGRS to assist. Will sit between Festival and Events Policy and admin/functional documents	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received						o			Team Not Avaba Major Events	le Team Not Avabal Major Events	le Team Not Avabale Major Events	e Team Not Avabal Major Events	e Team Not Avabale Major Events		P						+
			Develop an Event Risk Mangement Plan template	Spreadsheet created_	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received							С				le Team Not Avabale Major Events				P						+
			Develop an Event Risk Register template	Created - within Risk Management Plan (above)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received						c			Team Not Avaba Major Events	le Team Not Avabal Major Events	le Team Not Avabale Major Events	Team Not Avabal Major Events	e Team Not Avabale Major Events								
			Develop an Internal Events Toolkit incorporating:																										
	E2a & E2b & E2c	EZb  EZc - (Need) process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks the manage.	<ul> <li>a) an Internal Event Application Processing checklist to tract the key risk management activities (review of risk management plans, emergency management plans, insurances and licenses)</li> </ul>	ck Council datiliting internal Events Trolditi based on adding toolst for enternal events (Pushed into 2021 to align with Internal Events Management Procedure)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received						o			Team Not Avaba Major Events	ile Team Not Avabal Major Events	le Team Not Avabale Major Events		e Team Not Avabale Major Events					P			
	E2d  EVENT  RESOURCES  AND SKILLS	E2d - The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	Develop an Event Staff Resources and Skills Matrix to ensure there are sufficient Council staff and volunteers working at an event and that they posess the skills needed to complete their roles.	To be drafted (similar to WHS task risk assessments which already exist)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received								o		le Team Not Avabal Major Events	le Team Not Avabale Major Events		e Team Not Avabale Major Events				P				
	E2e EMERGENCY MANAGEMEN T PLAN	EZe - (Need consistent) emergency management provision for events.	Develop an Event Emergency Management/Response Plan template	Basic draft exists	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											le Team Not Avabale Major Events					P					
	E2f																												+-
	EXTERNAL EVENT MANAGEMEN T	E2f - (Need) a consistency to how Council is assessing and permitting events.	Develop an External Event Application Processing checklist for Council internal use	To be drafted (Moved up from 2021 to fill gap made by pushing Internal Events Toolkit)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received									Team Not Avaba Major Events	lle Team Not Avabal Major Events	le Team Not Avabale Major Events	Team Not Avabal Major Events	e Team Not Avabale Major Events	Р							
			Develop an Event Evaluation and De-Brief Form	Form created(Moved up from 2021 to fill gap made b	ov gEvents Officer	Evaluation Undertaken	Draft Report	Final Report Received							c		Team Not Avaba Major Events	le Team Not Avabal Major Events	le Team Not Avabale Major Events	e Team Not Avabal Major Events	e Team Not Avabale Major Events					Р			
			Develop a Pre – Event / Site Inspections Checklist template	to be drafted	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received									Team Not Avaba Major Events	le Team Not Avabal Major Events	Team Not Avabale Major Events	Team Not Avabal Major Events	e Team Not Avabale Major Events				Р				
ree Management						Evaluation		Final Report																					_
			Create overarching operational process document     Create detailed operational Arboriculture Standards	To be started  Have basic list of standards relating to enquiries, needs more detail and cover off upon all requested	Damian Brennan  Damian Brennan	Undertaken Evaluation	Draft Report  Draft Report	Received Final Report							0	0	0	0			P	P P							+
			(what we will and will not do)  3. Create assessment process based upon enquiry type definition (which staff inspect what type of enquiries)	actions  Existing job allocation currently in place. Process an standard of assessment to be written		Undertaken  Evaluation Undertaken	Draft Report	Received Final Report Received											0	o	P	P							+
ector Baseline Not et Met	E4a	It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of tree and will assist in ensuring consistent and risk based	4. Document job priority definitions (service standards)	Existing framework present including enquiry categories and enquiry response timeframes current in operation and tabled. Needs to be workshopped ar cleates to KPPs and resourcing. Need to create definitions around service standards around assesse workflow.	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received													P	P	Р	P					
		determinations	5. Create an Arboriculture team skills register to establish current staff technical knowledge / ability base. Including practical skills, Council processes and tree management knowledge. To look for opportunities for knowledge sharing, covering skill shortages	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																	Р				
			Create Arboriculture specific team training / industry licencing register	Open space existing licencing register present, need Arboriculture specific skills and training not just licences	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																		Р			
			Classify Urban tree population in into SSA categories P1 P4	map Urban tree population. No data imputed as yet	Daillian Breinan	Evaluation Undertaken	Draft Report	Final Report Received																		Р			
			Create periodical tree inspection program based upon categories P1 - P4	irequericy riceus to be document	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																			Р		
			3. Document collection process around data collection	Have some existing Confirm process maps, need to document how collection is to be undertaken and interpretation as to field attributes.	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																				P	<u> </u>
ector Baseline Not et Met	E4b	As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.	4. Document tree risk assessment process	TRAQ risk assessment methodology to be documented regarding how AHC records and stores assessment data	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
		management or trees.	Document AHC assessment of new tree planting locations, genius /spices selection and planning process	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
			Document Open Spaces DA internal referral assessment processes in line with AS4970-2009	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
			Document VTA standards based upon TRAQ levels 1 - 3 and in what circumstances we will implement.	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
			Improve workload distribution, individual workload volumes, spread of departmental knowledge, create contingency plan for staff absents. Various 270 reviews have identified extended response times need to be improved to customer requests. Current enquiry response times do not meet existing desirable targets.	To be started a	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					P
		Whilst it is noted that the Sector Baseline has been met for	Document CRM Tree enquiry triaging and officer allocation into Confirm	Have tabled process needs to be documented	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
ector Baseline Not	E4c	this question there is opportunity to bring together the	Document processing of Confirm enquiries, note taking email storage     Document customer interaction / communication	correspondence process needs to be tabled	en Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received												1		-							Р
er mer		process of responding to the request into a documented process (flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process	<ol> <li>Document customer interaction / communication processes. (when we will and will not contact customers / method of contact).</li> </ol>	/ To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received												1									Р
			notify and to whom)	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
	1 1		6. Document job creation process, assigning job priority	Have tabled process needs to be documented	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					Р
			levels, assigning workflow through Confirm	1																									
			Document job progression / job estimation / commitment processes to internal and external contactors	.  Have tabled process needs to be documented	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received																					

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.9

Responsible Officer: Mike Carey

**Manager Financial Services** 

**Corporate Services** 

Subject: Policy Review – Treasury Policy

For: Decision

## **SUMMARY**

The purpose of this report is to provide the Audit Committee with the opportunity to consider a review of the *Treasury Policy* (the Policy) prior to being presented to Council in accordance with its Policy Review Schedule.

The objectives of this policy are to provide direction to management, staff and Council in relation to the treasury function and establishes a decision framework that:

- Ensures funds are available as required to support strategic objectives and approved expenditure.
- Ensures that relevant risk exposures are acknowledged and responsibly managed.
- Is reasonably likely to minimise on average over the longer term, the net interest costs associated with borrowing and investing.
- Ensures that outstanding debt is repaid as quickly as possible and therefore that the gross level of debt held by Council is minimised, and
- Ensures that medium to longer term objectives of the Long Term Financial Plan are not compromised.

As part of this review, consideration was given to the LGA Information Paper 15, Treasury Management and a number of other SA Council's Treasury Management Policies.

The Policy has been reviewed (Appendix 1) and is recommended to be adopted with minor changes.

## RECOMMENDATION

- 1. That the report be received and noted
- 2. To recommend to Council the adoption of the *Treasury Policy* as detailed at Appendix 1.

## 1. GOVERNANCE

## Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority O3.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

Priority 05.1 Enhance governance structure and systems to prudently adapt to

changing circumstances and meet our legislative obligations

The Council is committed to open, participative and transparent decision-making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability and exceed those requirements where possible.

# Legal Implications

Section 134 (Borrowing and related financial arrangements) and Section 139 (Investment Powers) of the *Local Government Act 1999* set out Council's powers in respect of treasury management.

The attached Policy (Appendix 1) is consistent with these provisions.

## > Risk Management Implications

The adoption of the updated Policy will continue to assist in mitigating the risk of:

Council incurring greater than necessary interest costs averaged over the medium to long term period, or investing money in a speculative or hazardous manner.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3D)

## Financial and Resource Implications

There are no financial or resource implications associated with the implementation of this Policy. It dictates the principles which guide borrowing and investment arrangements to minimise financial risk and underpin the *Long Term Financial Plan*.

# Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective suit of policies.

This Policy explains to the community why it is appropriate for Council to maintain borrowings as part of its *Long Term Financial Plan*, balancing infrastructure demands against current income generating capacity.

## Sustainability Implications

Not applicable.

# Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Executive Leadership Team

**Procurement Coordinator** 

Governance & Risk Coordinator

Finance Officer - Accounts Receivable & Treasury

External Agencies: Not Applicable

Community: Not Applicable

## 2. BACKGROUND

Council first adopted the Policy in April 2008. Given the current version of the Policy was adopted in September 2017 is now due for revision.

As part of this review, consideration was given to the LGA Information Paper 15, Treasury Management and a number of other SA Council's Treasury Management Policies.

# 3. ANALYSIS

The *Treasury Policy* underpins Council's decision making in the funding of Council's operations in the context of cash flow, budgeting, borrowings and investments.

The administration has reviewed the Policy and its application within the organisation and has identified a small number of changes as highlighted in **Appendix 1**.

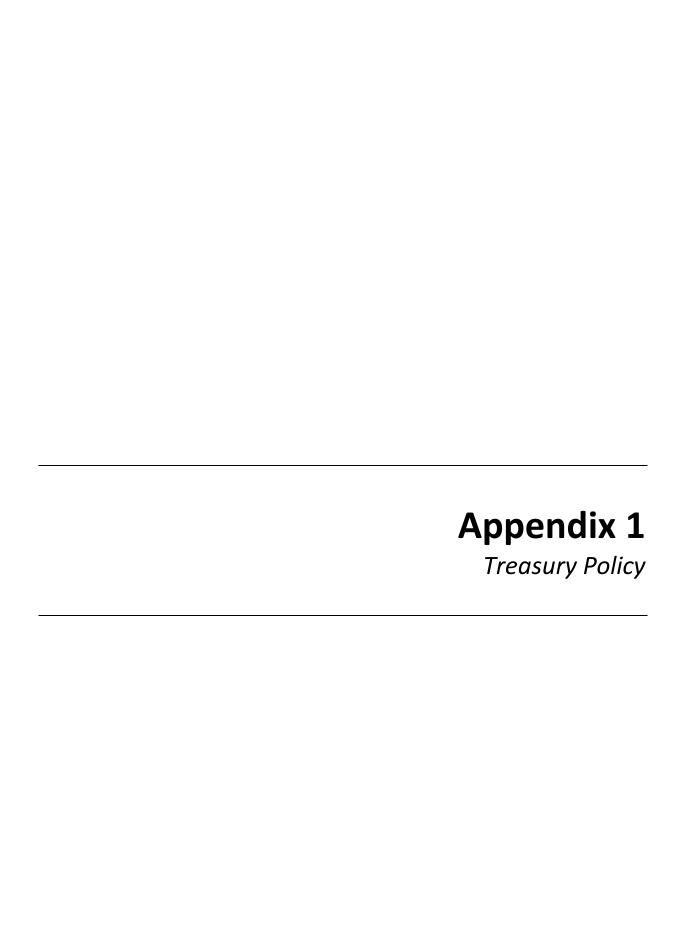
# 4. OPTIONS

The Committee has the following options:

- I. To review and recommend to Council as prepared.
- II. To make additional comments or suggestions for financial staff to include prior to the Policy being presented to Council for adoption.

# 5. APPENDIX

(1) Treasury Policy



# **COUNCIL POLICY**



# **TREASURY**

Policy Number:	FIN-03
Responsible Department(s):	Finance
Relevant Delegations:	As per the delegations schedule and as included in this Policy
Other Relevant Policies:	None
Relevant Procedure(s):	None
Relevant Legislation:	Local Government Act 1999.
Policies and Procedures Superseded by this policy on its Adoption:	Treasury, 10/06/14, Item 12.3, 36 <u>Treasury, 26/09/17, Item 12.3, 208/17</u>
Adoption Authority:	Council
Date of Adoption:	To be added administratively
Effective From:	To be added administratively
Minute Reference for Adoption:	
Next Review:	No later than November 2023 or as required by legislation or changed circumstances

# **Version Control**

\_\_\_\_

Version No.	Date of Effect	Description of Change(s)	<u>Approval</u>

## TREASURY POLICY

## 1. INTRODUCTION

1.1 This policy underpins Council's decision-making in the financing of its operations in the context of its annual business plan & budget and long-term financial plan and associated projected and actual cash flow receipts and expenditure.

1.2 Council has developed a Long Term Financial Plan and is committed to operating in a financially sustainable manner.

## 2. POLICY OBJECTIVES

- 2.1 This Treasury Policy provides direction to management, staff and Council in relation to the treasury function and establishes a decision framework that:
  - ensures funds are available as required to support strategic objectives and approved expenditure.
  - ensures that <u>relevant risk exposures</u>interest rate and other risks (<u>including credit</u> risk, market risk, liquidity risk and interest rate riske.g. liquidity risks and investment credit risks) are acknowledged and responsibly managed.
  - is reasonably likely to minimise on average over the longer term, the net interest costs associated with borrowing and investing.
  - ensures that outstanding debt is repaid as quickly as possible and therefore that the gross level of debt held by Council is minimised, and
  - ensures that medium to longer term objectives of the Long Term Financial Plan are not compromised.

## 3. **DEFINITIONS**

- 3.1 **"Annual Business Plan"** In accordance with s123 of the *Local Government Act 1999*Council must have for each financial year a plan and budget that outlines annual and long term objectives, annual activities and measures of performance.
- 3.2 **"Financial Sustainability"** A Council's long term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.
- 3.3 **"Intergenerational Equity"** Intergenerational equity (or fairness) involves the costs associated with expenditure being spread over time in accordance with the distribution of the benefits that are generated from that expenditure. It is commensurate with spreading costs in relation to the pattern of benefits over time so that one generation is not excessively subsiding another generation.
- 3.4 **"LGFA Local Government Financing Authority"** A Government guaranteed statutory authority established to develop and implement borrowing and investment programs for the benefit of Councils and prescribed local government bodies within the State.

3.5 **"Long Term Financial Plan"** In accordance with s122 of the Local Government Act 1999 Council must develop and adopt a long term financial plan for a period of at least 10 years.

- 3.6 "Net Financial Liabilities (NFL)" NFL equals total liabilities less financial assets, where financial assets for this purpose include cash, investments, receivables and prepayments, but exclude equity held in a Council subsidiary, inventories and assets held for sale. The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of the year as a percentage of total operating revenue for the year.
- 3.7 **"Surplus Funds"** Funds over and above a level which is required to meet Council's immediate working capital requirements
- 3.8 **"Treasury Management"** Refers to those activities which are related to the funding of Council operations. This includes funds management, cash flow budgeting, investment of surplus funds and borrowings

## 4. TREASURY MANAGEMENT STRATEGY

- 4.1 Operating and capital expenditure decisions are made based on:
  - community need and benefit relative to other expenditure options.
  - cost effectiveness of the proposed means of service delivery.
  - affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities), and
  - whether a borrowing needs to be raised and if so the nature of it is a separate
    decision to the expenditure one and it is made in accordance with the criteria
    specified in this policy.
- 4.2 Council manages its treasury functions borrowings, investments and associated cash flow holistically in accordance with its overall financial sustainability strategies and targets.

This means Council will:

- maintain a target range for its Net Financial Liabilities ratio
- generally only borrow funds to support cash flow and not specifically for particular Council projects
- only retain or quarantine money for a particular future purpose when required by legislation or part of an agreement
- apply where cost effective any funds that are not immediately required to meet approved expenditure, to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.
- 4.3 Council recognises that on average the rate of return that can be received from investing money is less than the interest rate charged on borrowed funds. As such, cash inflows that are surplus to short or medium term needs can be applied in the first instance to reduce the level of borrowings that would otherwise be necessary. This is more readily and effectively achievable with variable interest rate borrowings.

4.4 Community self-funding loans borrowed on behalf of community groups fall outside this definition, having no net impact on Council's cash position.

## 5. POLICY

## 5.1 Intergenerational Equity Funding

Council shall strive to achieve equity between generations of ratepayers (intergenerational equity) whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore on a user pay basis, who should pay for the costs associated with such expenditure.

## 5.2 **Borrowings**

The level of borrowings shall be considered in the context of Council's strategic priorities within the adopted Net Financial liabilities ratio and in conjunction with Council's Long Term Financial Plan to ensure the long-term sustainability of Council.

## 5.2.1 Short Term Cash Flow Management

Short term cash advances may be used to sustain the cash flows of Council having regard to anticipated receipts and expenditures and the annual cash flow budget. For this purpose Council may operate a cash advance facility from a financial institution and/or an overdraft on its bank account.

## 5.2.2 Interest Rate Risk Exposures

Council recognises that future movements in interest rates are uncertain in direction, timing and magnitude. Council considers that a mixture of both fixed and variable interest rate borrowings will assist in meeting Council's policy objective of minimizing net interest costs on average over the longer term and at the same time managing interest rate movement risks.

Management shall not speculate on interest rate movements.

## 5.2.3 Fixed and Variable Interest Rate Borrowings

Having regard to cost effectiveness, risk management criteria and flexibility, Council has restructured its portfolio of borrowings as old borrowings mature and new ones are raised to progressively achieve and thereafter strive to maintain a mixture of fixed and variable loans.

In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the practically available maturity spectrum.

# 5.2.4 Risk Minimisation

To reduce the level of risk, which includes but is not limited to credit risk, market risk, liquidity risk and interest rate risk:

- Council approval is required for all new loans
- Loans are to be provided by institutions with long term credit ratings in line with the four major Australian banks
- All new loans are to be tendered to at least three wo lending institutions.

## 5.2.5 Borrowing Redemption

When surplus funds exist, the decision to repay borrowings shall be made based on the facts available at the time giving due regard to minimising the overall cost to Council.

## 5.3 **Investments**

Any funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that doesn't generate investment returns shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Any funds invested will be lodged at call or, having regard to differences in interest rates for fixed term investments of varying maturity rates, may be invested for a fixed term. The maturity date for a fixed term investment would not exceed a point in time where the funds otherwise could have been applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

When investing funds within the above criteria the investment which delivers the best value to Council is to be selected having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Investments are limited to the following (unless as specifically endorsed by Council):

- Deposits with the Local Government Finance Authority
- Bank interest bearing deposits or investment accounts with Council's current banking service provider
- Bank accepted/ endorsed bank bills, and
- State / Commonwealth Government Bonds.

To manage the level of risk Council will limit its investments to secure organisations. The following investment types are prohibited under this policy:

- Derivative based instruments
- Principal only investments or securities that provide potentially nil or negative cash flow
- Stand alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind, and
- Leveraging (borrowing to invest).

In addition, Council is prohibited from directly acquiring shares in a company.

## 5.4 **Reporting**

On or before 30 November, Council shall receive a specific report regarding treasury management performance of the previous financial year relative to this policy document.

This report shall highlight:

• For each Council borrowing and investment - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report

- The portion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period, and
- <u>Confirmation of compliance with Full details and explanation of any instances of deviations</u> from this policy during the year.

## 6. DELEGATION

Section 44 Part 1c of the Act provides that a council must approve all loans and clearly states that the power to borrow money cannot be delegated from the Council itself.

In terms of Investments, there is no restriction upon the delegation of the powers at Section 139 or the duty at Section 140 of the Act.

Investment/Loan Transactions within **new** facilities which must be within the debt levels approved by Council have been delegated to two of the following to authorise:

- CEO
- Directors
- Manager Financial Services

Investment/Loan Transactions within **existing** approved facilities are delegated to one of the following to authorise:

- CEO
- Directors
- Manager Financial Services
- Management Accountant

In relation to the above delegations, the officer initiating the transaction must be separate from the officer authorising the transaction.

The Chief Executive Officer, or delegate, is authorised to make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

In addition, the Chief Executive Officer has the delegation to approve, amend and review any procedures that shall be consistent with this Policy.

## 6.2 The Chief Executive Officer has the delegation to:

- 6.2.1 Approve, amend and review any procedures that shall be consistent with this policy; and
- 6.2.2 Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

# 7. AVAILABILITY OF THE POLICY

This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.ahc.sa.gov.au. Copies will also be provided to the public upon

request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.10

Responsible Officer: Mike Carey

**Manager Financial Services** 

**Corporate Services** 

Subject: Policy Review – Grant & External Funding (Acceptance)

For: Decision

## **SUMMARY**

The purpose of this report is to provide the Audit Committee with the opportunity to consider a review of the *Grant & External Funding (Acceptance) Policy, (*the Policy) which was formerly titled the *Acceptance of External Funding Policy* prior to being presented to Council in accordance with its Policy Review Schedule.

The objectives of this policy are:

- To provide a framework for Council to review and evaluate whether to accept Grant and External Funding opportunities as they arise
- To ensure that Grant and External Funding opportunities are assessed fairly and equitably across Council
- To ensure Council is not placed at risk by accepting funding that is not suitable for Council
- To ensure that ongoing expenses beyond the term of the funding are transparent, agreed upon and are not burdensome on Council

The Policy has been reviewed (Appendix 1) and is recommended to be adopted with minor changes.

# **RECOMMENDATION**

- 1. That the report be received and noted
- 2. To recommend to Council the adoption of the *Acceptance of External Funding Policy* as detailed at Appendix 1.

## 1. GOVERNANCE

# > Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 - A brighter future Goal 5 A Progressive Organisation Objective 03 Our organisation is financially sustainable for both current and future generations Priority 03.1 O3.3 - Actively pursue alternative funding opportunities to reduce reliance on rates income We are accountable, informed, and make decisions in the best Objective O5 interests of the whole community Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations Priority 05.2 Make evidence-based decisions and prudently assess the risks and

# Legal Implications

Section 125 of the *Local Government Act 1999* establishes requirements in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects.

opportunities to our community before taking action.

# Risk Management Implications

The adoption and implementation of this Policy will assist in mitigating the risk of:

Council accepting funding that does not align to Council's strategic direction or commits Council to increased costs without associated benefits to the Community.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3D)

## Financial and Resource Implications

There are no immediate financial or resource implications associated with the implementation of this Policy.

# Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective suit of policies.

## Sustainability Implications

Not applicable.

# > Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Executive Leadership Team

Manager Financial Services

Manager Community Development

Manager Strategic Assets Sport & Recreation Planner Sport & Recreation Officer Governance & Risk Coordinator

External Agencies: Not Applicable

Community: Not Applicable

## 2. BACKGROUND

The Policy was originally developed in 2017 in response to External Audit findings that identified a potential risk as a result of Adelaide Hills Council not having a clear policy position in relation to the management of grant funding requests that are made by Council:

It was recognised that whilst there were processes in place in relation to the application for grants by Council, they were not supported by a funding policy.

A draft Policy considered by the Audit Committee in February 2017 prior to being endorsed by the Strategic Planning and Policy Committee in March 2017.

The objectives of the policy were to:

- To provide a framework for Council to review and evaluate grant and external funding opportunities as they arise
- To ensure that grant and external funding opportunities are assessed fairly and equitably across Council
- To ensure Council is not placed at risk by accepting funding that is not suitable for Council
- To ensure that ongoing expenses beyond the term of the funding are transparent, agreed upon and are not burdensome on Council.

The Policy is now due for review as foreshadowed in the Policy Review Schedule.

## 3. ANALYSIS

The administration have reviewed the Policy and its application within the organisation and have identified a small number of changes as identified using track changes in *Appendix 1*.

The minor changes proposed largely related to some improvements in the administration of Grants & External Funding opportunities including the documentation of proposed grant in the Grants Register to provide a more up to date status of these opportunities for various stakeholders within Council.

There was also discussion at the Administration level that the existing title of *Acceptance of External Funding Policy* has resulted in a lower profile, adherence and understanding of Council's policy position given the lack of reference to grants which is a significant area covered by the policy objectives. Consideration of a revised title was also cognisant that the title had been revised prior to adoption in March 2017 upon advice from the Audit Committee to ensure that it was clearly understood that the intent of the policy related to external funding that was being <u>sought</u> as opposed to grants that are <u>provided</u> by Council.

It is therefore considered that the revised policy name of *Grant & External Funding* (Acceptance) Policy will best meet the needs of Council in achieving the policy objectives outlined.

## 4. OPTIONS

The Committee has the following options:

- I. To review and recommend to Council as prepared.
- II. To make additional comments or suggestions for financial staff to include prior to the Policy being presented to Council for adoption.

## 5. APPENDIX

(1) Grant & External Funding (Acceptance) Policy



# **COUNCIL POLICY**



# ACCEPTANCE OF GRANT & EXTERNAL FUNDING ACCEPTANCE

Policy Number:	GOV-07
Responsible Department(s):	Corporate-Financial Services
Relevant Delegations:	Nil
Other Relevant Policies:	Nil
Relevant Procedure(s):	Nil
Relevant Legislation:	Nil
Policies and Procedures Superseded by this policy on its Adoption:	Acceptance of External Funding, 14/03/17, Item 12.1, SP8/17Nii
Adoption Authority:	CouncilStrategic Planning & Development Policy Committee
Date of Adoption:	To be updated administratively 14 March 2017
Effective From:	To be updated administratively 28 March 2017
Minute Reference for Adoption:	To be updated administratively Item 12.1, SP8/17

Next Review:	No later than November 2023 or as required earlier by legislation or changed circumstances. November 2023 March 2020

# **Version Control**

Version No.	Date of Effect	Description of Change(s)	Approval

## **ACCEPTANCE OF GRANT & EXTERNAL FUNDING ACCEPTANCE**

## 1. INTRODUCTION

Adelaide Hills Council is often eligible to receive funds for programs and projects through a variety of grants, philanthropic bequests, support groups and formal government programs. This can include specific bequests of funds from local community based groups such as Friends Groups, special interest and sporting groups.

The obligations of these funds can vary greatly, from funding to deliver an outcome to very prescriptive funding with very specific expectations. The funding can also come with an expectation of being matched by Council or Council providing additional funds, resources or expecting Council to fund the service ongoing.

Each of thesegrant and funding opportunities needs to be assessed on strict and fair criteria to determine if Council should pursue the funding opportunity by due consideration of having regard to the following:

- Council's ability to deliver the outcome within the agreed parameters required by the relevant funding body
- the outcome to be achieved and the alignment to Council's adopted strategic plans and directions
- the resourcing impact, both in implementation and ongoing
- the value achieved in terms of Council's financial and resourcing commitment against other competing priorities

is prepared to contribute additional funds; resourcing impacts and fit to Council's strategic plans and directions.

This policy provides Council and its administration with principles and guidelines to underpin decision making in relation to consideration and acceptance of grant and funding opportunities available to Council.

## 2. OBJECTIVES

The objectives of this policy are:

- To provide a framework for Council to review and evaluate whether to <u>pursue and</u> accept Grant and External Funding opportunities as they arise
- To ensure that Grant and External Funding opportunities are assessed fairly and equitably across Council
- To ensure Council is not placed at risk by accepting funding that is not suitable for Council
- To ensure that ongoing expenses beyond the term of the funding are transparent, agreed upon and are not burdensome on Council

## 3. DEFINITIONS

 External Funding refers to funds offered to Council from external bodies, both government and non-government • **Grant Funding** refers to funds available for council to apply for, in either a competitive or non-competitive process, from external bodies, both government and non-government

## 4. SCOPE

This policy applies to all grants, whether match funded or not, that require applications to be made. The policy also applies:

- Where Council is one of a number of partners in a joint external funding application
- Where Council auspices an external grant on behalf of another organisation/s
- Where an application is being made for renewal of a currently held grant
- Where a funding provider approves a grant application with variations to the original proposal

## 4.5. POLICY STATEMENT

Council provides a diverse range of programs and projects to meet the needs of the community and internal stakeholders. To meet these needs, Council must balance cost pressures with community and internal stakeholder expectations.

External Funding and Grants can assist Council to meet the needs of the community through the funding of capital or operating projects that align with Council's corporate objectives. However, they also have resource implications for Council that must be taken into consideration before applying for a Grant or accepting External Funding.

These implications include not only financial and in-kind contributions (such as resource contributions, project management costs and administration costs) during the funding period, but also any potential ongoing liabilities beyond the funding period. For example, an operational Grant or External Funding that enables Council to offer a service may create expectations in the community or with internal stakeholders that Council will continue to deliver that service beyond the funding period. For such reasons, it is essential that projects and programmes funded by External Funding or Grants align with Council's strategic objectives.

To ensure that all implications are fully considered, any application and /or acceptance of External Funding or Grant should only occur after a grant/funding assessment process has been undertaken by management. The grant/funding assessment process should be reflective of the level of funding on offer, as well as any potential impact on Council's capacity to manage the funded programme and any ongoing liabilities.

<u>In undertaking the assessment w</u>\text{\psi}hen applying for and managing External Funding or Grants, the 'Principles for Effective Grant Management', as outlined in this policy below, should be followed.

## **Principles for Effective Grant Management**

- Ensure that the funded project or programme aligns with Council corporate/strategic objectives
- Ensure all financial and operational implications have been considered, both short and long term
- Manage community and internal stakeholder expectations for service continuation
- Practice effective project management techniques
- Establish and adhere to clear project goals and objectives
- Encourage the active involvement of the funding body in all funded services/ projects
- Ensure all variations to the contractual agreement are formally agreed to by the funding body
- Undertake planning with stakeholders prior to the implementation of the funded project, service or activity
- <u>Clear articulation to all stakeholders of council's role, requirements and due processes in</u>
   <u>terms of project delivery including adherence to other Council policies and procedures-such</u>
   <u>as procurement, contract management and WHS</u>
- Maintain sound administrative practices including:
  - obtaining formal funding commitments where a number of stakeholders are involved in the overall funding of a project
  - prompt invoicing of other stakeholders funding commitment
  - clear understanding of, and compliance with grant/funding conditions
  - o completion of acquital requirements within agreed timeframes

## **Governance**

All Grant funding applications must be approved by the Executive Leadership Team (ELT), or referred to Council (at the discretion of the ELT), prior to submission.

Where External Funding (i.e. non-Grant) opportunities are raised with Councilidentified, at the earliest opportunity these must be approved by the Executive Leadership Team (ELT), or referred to Council (at the discretion of the ELT), prior to proceeding with the opportunity.

Comment [DW1]: Considered by?

## **Communication**

Knowledge of External Funding and Grant opportunities should be communicated to the relevant business area to ensure that any interested and relevant officers are aware of the opportunity and have sufficient time to consider applying.

In addition, any proposed grant needs to be captured in the Grants Register maintained on Councils internal Financial Services Sharepoint site detailing relevant information. The register will also need to be updated to reflect the status of any grant application and associated documentation as it changes.

# 5-6. DELEGATION

The Chief Executive Officer has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and
- Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency

The Chief Executive Officer has the delegation to approve, amend and review any procedures that shall be consistent with this Policy.

## 6-7. AVAILABILITY OF THE POLICY

This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website <a href="www.ahc.sa.gov.au">www.ahc.sa.gov.au</a>. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.11

Responsible Officer: Mike Carey

**Manager Financial Services** 

**Corporate Services** 

Subject: Policy Review – Debt Recovery Policy

For: Decision

## **SUMMARY**

The purpose of this report is to provide the Audit Committee with the opportunity to consider a review of the *Debt Recovery Policy* (the Policy) prior to being presented to Council in accordance with its Policy Review Schedule.

The objectives of this policy are:

- to provide guidance for Council to recover unpaid rates and sundry debtors.
- to ensure the fair, equitable and consistent collection of rates and sundry debtors in an effective and timely manner while recognising the need to identify and consider individual cases of genuine hardship

The Policy has been reviewed (*Appendix 1*) and there are no significant changes proposed to Council's current debt recovery and hardship position as articulated in Council's 2020-21 *Rating Policy*. However, the updated draft policy does reflect a number of changes from the 2017 *Debt Recovery Policy* given that Council's policy position has evolved over that period.

# **RECOMMENDATION**

- 1. That the report be received and noted
- To recommend to Council the adoption of the Debt Recovery Policy as detailed at Appendix
   1.

## 1. GOVERNANCE

## Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O2 Our customers find it easier to interact and do business with Council

and have an improved customer experience

Priority 02.4 Continuously strive to measure and improve performance and service

delivery across all functions

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

## Legal Implications

Section 125 Local Government Act 1999 (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls 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 Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

# **Risk Management Implications**

The adoption and implementation of the *Debt Recovery Policy* will assist in mitigating the risk of:

The absence of formal policies and procedures may lead to inconsistent or inappropriate practices resulting in errors. Formal and effective controls are particularly important where high volumes of transactions or where the total dollar value is significant.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

## > Financial and Resource Implications

There are no financial or resource implications associated with the implementation of this Policy.

## Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective suit of policies.

## Sustainability Implications

Not applicable.

## Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Executive Leadership Team

Strategic Leadership Team Manager Property Services Manager Strategic Assets CWMS Technical Officer

Finance Officer – Accounts Receivable & Treasury

Governance & Risk Coordinator

**Senior Rates Officer** 

Team Leader Environmental Health

External Agencies: Not Applicable

Community: Not Applicable

## 2. BACKGROUND

Council has developed a range of policies over a number of years that are periodically reviewed to ensure they remain compliant and contemporary.

This report seeks a review of the *Debtor Recovery Policy* that was last adopted by Council in November 2017.

# 3. ANALYSIS

In reviewing the Policy consideration has been given to Council's 2020-21 Rating Policy, the LGA Guidelines - Rates Hardship Policy released in May 2020 and other SA Council's Hardship and Debt Recovery Policies that have been adopted in recent years.

This review has identified that there are no significant changes proposed to Council's current debt recovery and hardship position as articulated in Council's 2020-21 *Rating Policy*. However, the updated draft policy does reflect a number of changes from the 2017 *Debt Recovery Policy* given that Council's policy position has evolved over that period.

The proposed changes that have been highlighted using track changes in **Appendix 1**.

## 4. OPTIONS

The Committee has the following options:

- I. To review and recommend to Council as prepared.
- II. To make additional comments or suggestions for financial staff to include prior to the Policy being presented to Council for adoption.

# 5. APPENDIX

(1) Debt Recovery Policy



# **COUNCIL POLICY**



# **DEBT RECOVERY**

Policy Number:	FIN-04
Responsible Department(s):	Corporate Financial Services
Relevant Delegations:	As per the delegations schedule and as included in this PolicyNil
Other Relevant Policies:	Community Loans Policy Internal Review of Council Decisions Rating Policy
Relevant Procedure(s):	Nil
Relevant Legislation:	Local Government Act 1999 Water Industry Act 2012
Policies and Procedures Superseded by this policy on its Adoption:	Debt Recovery, 15/12/15 Item 14.2, 209 <u>Debt Recovery, 28/11/17, Item 12.13, 287/17</u>
Adoption Authority:	Council
Date of Adoption:	To be updated administratively
Effective From:	To be updated administratively
Minute Reference for Adoption:	To be updated administratively
Next Review:	No later than November <del>2020</del> -2023 or as required by legislation or changed circumstances

# **Version Control**

Version No.	Date of Effect	Description of Change(s)	<u>Approval</u>

Debt Recovery Policy Page 3

## **DEBT RECOVERY POLICY**

## 1. INTRODUCTION

1.1 The purpose of this policy is to set out Council's principles in regard to the management of debt and to ensure that money owed to Council is collected as soon as possible through efficient and effective debt recovery practices.

1.2 This policy will assist to ensure a strategic, equitable, accountable, consistent and transparent approach to Council's debt management, collection decisions and practices <u>but also retain the flexibility to respond to the unique circumstances of individual customers.</u>

## 2. OBJECTIVES

- 2.1 Council depends on incomes from rates and sundry debtors to fund services and facilities for the community. This policy provides the practice for Council to recover unpaid rates and sundry debtors.
- 2.2 Council undertakes recovery action for overdue rates and sundry debtors to ensure the fair, equitable and consistent collection of rates and sundry debtors in an effective and timely manner. Council will attempt to recover all costs, interest and expenses incurred by Council while recognising the need to identify and consider individual cases of genuine hardship.

## 3. **DEFINITIONS**

- 3.1 "Council" is the Adelaide Hills Council.
- 3.2 "Council Debtor" includes both rate debtors (including CWMS) and all other debtor types
- 3.23.3 "Debt" is the amount (of money) owed to Council.
- 3.4 **"Financial Counsellor" -** Means accredited financial counsellor.
- 3.5 "Financial Hardship" Means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.
- 3.6 **"Hardship Customer" -** Means a customer who has been identified under, accepted into, or is eligible for assistance under Council's hardship program.
- 3.7 "Payment Arrangement for Hardship" Means anyone who meets the definition of Hardship Customer and has entered into an arrangement to pay their rates beyond the due date.
- 3.33.8 "the Act" is the Local Government Act 1999.

Debt Recovery Policy Page 4

## 4. PRINCIPLES

## 4.1 Customers' Rights and Responsibilities

## 4.1.1 Rights:

- Be treated respectfully, sensitively and non-judgementally
- Have their cases individually considered and their circumstances kept confidential
- Receive prompt information on alternative payment arrangements
- Negotiate the amount they can afford and the frequency of instalments of their preferred payment plan
- Re-negotiate the amount of their instalment if there is change in their circumstances
- Receive information about free independent and accredited financial counselling services
- Receive a language interpreter service free
- Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed schedule, or an agreed altered schedule of payments
- Where possible speak with a person at Council (or their agent) who is familiar with their situation in order to re-negotiate their payment arrangement if a payment has been missed or is likely to be missed.

# 4.1.2 Responsibilities:

- Advise Council (or <u>Council'stheir</u> agent) of their financial difficulties as soon as practicable
- Treat council employees respectfully
- Be reasonable in their negotiations with Council staff employees (or their agent) in pursuit of a mutually acceptable outcome
- Be honest and realistic in their assessment of their capacity to pay
- Seek independent financial advice or representation where appropriate
- Maintain any arranged payment plan and advise Council (or their agent) if they are unable to meet a scheduled payment
- Advise Council (or their agent) if their circumstances change as soon as practicable
- Maintain contact by phone, email or correspondence with Council (or their agent)
- <u>Update Council on any changes to contact information including correct</u> postal address, phone numbers and email address

## 4.2 **Debtor Types**

Given the diversity of services provided by Council there are a number of circumstances that will result in money being owed to Council. The following sections provide an outline of each key area, the process by which a debt is raised and the recovery process that will be followed for Council to recover any debt owed.

# 4.2.1 Rates Debtors (including CWMS)

Adelaide Hills Council operates a computerised rates billing system which records financial information on a transactional basis and maintains debtor

information in accordance with established principles of rating in local government.

Annual rate notices are issued not less than one month prior to the due date of the first instalment. Subsequent instalment rate notices are issued not less than one month before the due date of payment.

All notices will be clear, concise and provide sufficient information to enable the debtor to be aware of their obligations.

Council rates become overdue when not paid in accordance with a Rate Notice that is issued pursuant to S180 of the Act and will be recovered in accordance with Section 5.3 of this Policy.

The Local Government Act provides for the raising of interest and penalties for overdue rates that are recognised as a charge against the property in accordance with Sections 177, 178 and 181.

Payment plans and flexible payment arrangements will be made available to ratepayers upon application for overdue amounts.

#### **Recovery Process**

Debtors considered overdue will be issued with a Reminder Notice which contains sufficient information regarding the original debt, any interest penalties imposed and proposed action to be taken by the Council should the account remain unpaid after a further 7 business days.

The debtor will be given the opportunity to dispute the amount owing or make alternative arrangements for payments within that 14 day period. Payment plans and flexible payment arrangements will be made available to ratepayers and sundry debtors upon application for overdue amounts.

Those accounts still outstanding after the 14 day final notice period maywil be referred to a debt collection agency chosen by Council. The collection agency will issue a final demand that includes costs of recovery. All accounts outstanding after the expiry of the final demand letter, for which an arrangement has not been made, will be recovered through court proceedings.

#### Sale Of Land To Recover Debt

Section 184 of the Local Government Act provides for the sale of land for non-payment of rates where the amount payable has been in arrears for three or more years.

Preparation for sale of properties will commence in accordance with the process prescribed within the Act as soon as practical after the three years rates have become due and no arrangements for payment have been agreed.

#### 4.2.2 Other Debtors (including CWMS)

Council operates a computerised debtor accounts system which records financial information on a transactional basis and maintains debtor information in accordance with the established principles of a commercial business.

There are various debtor types that are recorded within the debtors system including the following:

- Additional Bins
- Age Units
- Burial Fees
- Fire Hazard Reduction
- Food Premises Inspection
- Grants Receivable-
- Legal costs awarded to Council
- Rents and Miscellaneous (includes Adelaide Hills Business and Tourism Centre)
- Private Works
- Road Rents

Council issues tax invoices for money owing at the end of each month or on a time basis applicable to each debtor class (eg. Aged Care invoices are issued on a 4 week cycle from the date of occupancy, seasonal users of Council facilities receive an invoice at the start of its season).

The tax invoice issued contains sufficient information so that the debtor can recognise the transactions included on the invoice and reconcile the debt if required.

The invoice issued is due and payable within 14 days of its date and invoices not paid by the due date are considered overdue and will be recovered in accordance with Section 4.3 5.3 of this Policy.

Council may apply an administration charge to sundry debtors that are overdue as specified in Council's Fees & Charges register.

Whilst recovery of debt will proceed in accordance with this Policy, rights and responsibilities established under the Retail and Commercial Leases Act are not affected.

#### **Recovery Process**

<u>Sundry Debtors with overdue balances will be issued with a monthly statement which essentially serves as a reminder that the debt is overdue.</u>

Debtors are given the opportunity to dispute the amount owing or make alternative arrangements for payments. Payment plans and flexible payment arrangements will be made available to sundry debtors upon application for overdue amounts.

Debtors who have not disputed the amount owing, made alternative payment arrangements or made any contact with Council in relation to the debt will be referred to a debt collection agency chosen by Council.

The collection agency will issue a final demand and debts outstanding after the expiry of the final demand, for which an arrangement has not been made, may be recovered through legal proceedings. Any costs of recovery of the debt can be added to the debt outstanding.

Writing off paid debts will only be considered when all reasonable attempts have been made to recover the outstanding amount.

#### 4.3 Financial Hardship Assistance

For the purposes of this policy "financial hardship" means-<u>a circumstance of</u>
experiencing a lack of financial means, which may be either ongoing or temporary, but
does not include circumstances where a person chooses not to meet a liability for an
<u>unpaid debt.</u> a situation where a ratepayer is unable, reasonably, because of prolonged
illness or unemployment, or other reasonable cause, to discharge their financial
obligations to the Council and the ratepayer reasonably expects to be able to discharge
those obligations if payment arrangements were changed.

Financial Hardship does not include circumstances where a person is simply unwilling to make payment.

Cases of financial hardship will be considered by application on an individual basis and always with a view to the <u>council debtor ratepayer</u> re-establishing financial capability and, wherever possible, meeting their financial obligations.

If a Council Debtor is suffering financial hardship, they should contact Council as soon as possible to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on its merits.

Options to address financial hardship include:

#### 4.3.1 Referral to an accredited financial counsellor

#### 4.3.2 Flexible Payment Arrangements (s181 (4))

If a ratepayer is experiencing financial hardship and anticipates difficulty paying the next rate instalment notice, Council will work with that ratepayer to make alternative arrangements.

In terms of rate debtors, in addition to quarterly instalments, ratepayers can arrange with Council to pay their rates weekly, fortnightly or monthly to provide for a smaller, more regular payment option via BPAY, phone or internet. In addition, Council offers the availability of Centrelink's Centrepay service

Ratepayers should liaise directly with the Rates Team to complete an assessment process to ensure staff are able to determine the assistance required. Payment arrangements are to:

be based on capacity to pay

include the arrears and ongoing council rates where possible

- be fair and reasonable timeframes to pay the debt
- be mutually negotiated and agreed

#### 4.3.3 Waiving of Fines and Interest

Council can consider the waiving of fines and interest as part of addressing financial hardship. When a ratepayer has committed to a payment plan and adheres to a regular payment, Council will consider the waiving of fines and interest to assist the ratepayer.

#### 4.3.4 Postponement of Rates

A ratepayer may apply to Council to postpone payment of rates in whole or in part for a period of due to hardship. Any such application must be made in writing and outline the reasons why postponement is requested.

<u>If postponement is granted then Council will consider the waiving of fines and interest for the same period to assist the ratepayer.</u>

In accordance with legislation, a postponement may, if Council thinks fit, be granted on condition that the ratepayer pays interest on the amount affected by the postponement at a rate fixed by the council (but not exceeding the cash advance debenture rate as defined in the Local Government Act).

As postponement may only delay financial hardship for a period of time, options involving flexible payment arrangements and plans are more likely to be beneficial for ratepayers to assist in reducing rates balances outstanding over time.

All postponement will be subject to a timetable for periodic review

The ratepayer must be able to demonstrate financial hardship. As such, depending on the extent of the ratepayer's financial circumstances, Council may request that the ratepayer attend an appointment with an accredited financial counsellor through the South Australian Financial Counsellors Association

Applications for financial hardship assistance may be made by:

- the ratepayer direct with the rates team
- an accredited financial counsellor on behalf of the ratepayer

  In relation to property based debts such as rates and private works Council will
  consider an application for postponement of an outstanding amount. Council
  will not take any action against a debtor if postponement has been approved.

  All postponements will be subject to a timetable for periodic review.

<u>Postponement will only be granted to individuals experiencing hardship with regard to amounts outstanding on their primary residence.</u>

Ratepayers may apply to the Senior Rates Officer to have rates, interest and charges postponed, in whole or part, subject to the following conditions:

for a debt exceeding \$500 the ratepayer will be expected to provide a

confidential statement from a recognised financial counsellor, or
similarly qualified person, in support of the application for relief;
the ratepayer must enter into an alternative arrangement with Council
to pay the debt and meet the terms of such an arrangement; and
if interest has been waived and the ratepayer defaults on the agreed
terms for repayment, the interest waiver may be withdrawn and interest
will then accrue under normal payment arrangements.

#### If postponement is approved the following will occur:

- a) the property will be flagged as a postponed property;
- b) rates and interest will still accrue (although fines and interest may be waived); and
- c) no debt recovery action will be taken while the terms for payment are met.

#### Postponement will be withdrawn if:

- a) the ratepayer advises financial hardship no longer exists; or
- the ratepayer ceases to own or occupy the property; or

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#### 4.3.5 Removal of financial hardship assistance

Council will ensure that a debtor is aware that they will be removed from financial hardship assistance, and be returned to Council's standard collection cycles, including debt recovery:

- should they cease to make payments according to the agreed payment arrangement
- fail to contact, or respond to, Council for a period of greater than 60 days
- provide false or misleading information in support of the application for hardship.

Council will advise the debtor that they have been removed from receiving hardship assistance for not meeting their obligations, and that Council will commence debt recovery, which may include legal action.

#### 4.3.6 Remission of rates

The Council has a discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship.

Council has a charge over the land under Section 177 of the Act and therefore is likely to be able to recover rates outstanding upon sale. The granting of a remission forgoes this right and therefore is only considered as an option in circumstances where the ratepayer has demonstrated serious and long term hardship and where there is no chance of improvement in the ratepayer's financial circumstances.

<u>Consideration must also be given to the tax burden redistribution effect on</u> other rate-payers of any remission.

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For these reasons, and given the importance of ensuring fairness to other ratepayers, remission will only be considered as a last resort and only where there is no chance of improvement in the ratepayer's financial circumstances. As such, it is likely that postponement of payment of rates due to hardship has been occurring for some period to confirm the permanency of the ratepayer's situation.

#### 4.4 Community Wastewater Management Systems Customer Hardship Policy

It should be noted that Council holds a licence for the provision of CWMS that is issued by the Essential Services Commission of South Australia under the *Water Industry Act* 2012. This licence requires specific provisions in relation to hardship that are specified in Appendix 1 to this Policy.

#### 4.5 Seniors Postponement (under s182A of the Act)

It should be noted that there are special provisions included within Section 182A of the Local Government Act 1999 relating to the postponement of rates for holders of a State Government Seniors Card. Ratepayers seeking postponement should contact the Senior Rates Officer for these provisions if they are eligible.

The Seniors Postponement scheme under Section 182A of the Act simply provides an option for seniors to choose to free up money by postponing a portion of their rates until the property is sold or any other time of their choosing. It is emphasised that the scheme is non-concessional and interest is charged by a council on the accumulating postponed amount.

The provisions of s182A are made available to seniors as a 'right' under the Act. There is no requirement for the senior to demonstrate financial hardship in order to access this scheme.

As such, any senior who is experiencing genuine financial hardship will have access to options under Section 4.4. as s182A of the Act is not intended to cater for seniors facing financial hardship.

When considering financial hardship for seniors, each situation should be assessed on its merits to determine whether the senior has the means available to substantially or permanently improve their financial position by disposing of any assets.

#### 4.6 Right to seek review

If an application for relief is refused, the applicant may seek a review of the decision by a more senior officer or the CEO.

An Internal review of a Council decision is also available under section 270 of the *Local Government Act 1999*. This is a process established by legislation that enables a Council to reconsider all the evidence relied on to make a decision, including new evidence if relevant. This process is generally a last resort in the complaint handling process, but may also be used in situations which are not able to be resolved by other means.

In relation to property based debts such as rates and private works Council will consider an application for postponement of an outstanding amount. Council will not take any action against a debtor if postponement has been approved. All postponements will be subject to a timetable for periodic review.

Postponement will only be granted to individuals experiencing hardship with regard to amounts outstanding on their primary residence.

Ratepayers may apply to the Senior Rates Officer to have rates, interest and charges postponed, in whole or part, subject to the following conditions:

- a) the ratepayer must be able to demonstrate financial hardship. For example, a statutory declaration from a person familiar with the applicant's circumstances (family doctor, bank officer, financial counsellor);
- b)a)—for a debt exceeding \$500 the ratepayer will be expected to provide a confidential statement from a recognised financial counsellor, or similarly qualified person, in support of the application for relief;
- c)a) the ratepayer must enter into an alternative arrangement with Council to pay the debt and meet the terms of such an arrangement; and
- d)a)—if interest has been waived and the ratepayer defaults on the agreed terms for repayment, the interest waiver may be withdrawn and interest will then accrue under normal payment arrangements.

If postponement is approved the following will occur:

- a) the property will be flagged as a postponed property;
- b)a) rates and interest will still accrue (although interest may be waived); and
- c)a) no debt recovery action will be taken while the terms for payment are met.

Postponement will be withdrawn if:

- a) the ratepayer advises financial hardship no longer exists; or
- b)a)—the ratepayer ceases to own or occupy the property; or
- c)a)—the ratepayer has defaulted in meeting the agreed terms for payment of the debt;
- d)a)—the ratepayer has provided false or misleading information in support of the application for relief.

#### 4.44.7 Reporting

The summary of all overdue debts will be prepared on a monthly basis for review by the Manager Financial Services.

A <u>biannual quarterly aged</u> debtors report (including rates) will be prepared and reported to the Council Executive Leadership Team for subsequent presentation to the Audit Committee and Council.

#### 5. **DELEGATION**

- 5.1 The Chief Executive Officer has the delegation to:
  - 5.1.1 Approve, amend and review any procedures that shall be consistent with this policy; and
  - 5.1.2 Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

#### 6. AVAILABILITY OF THE POLICY

This Policy is available for inspection at the Council's Offices during ordinary business hours and via the Council's website <a href="www.ahc.sa.gov.au">www.ahc.sa.gov.au</a>. Copies will be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

# **Appendix 1** Community Wastewater Management Systems Customer Hardship Policy

## COMMUNITY WASTEWATER MANAGEMENT SYSTEM CUSTOMER HARDSHIP POLICY

#### 1. PURPOSE

Adelaide Hills Council is committed to assisting residential customers of recycled water and sewage (CWMS) services, who are experiencing financial hardship, to manage their payments in a manner that best suits the customer and ensuring they remain connected to a retail service.

The purpose of this policy is to identify residential customers who are experiencing payment difficulties due to hardship and assist those customers to better manage their bills on an ongoing basis.

This policy sets out:

- 1.1 Processes to identify residential customers experiencing payment difficulties due to:
  - Hardship
  - Identification by Council
  - Self-identification by a residential customer
  - Identification by an accredited financial counsellor
  - Welfare agency
- 1.2 An outline of a range of processes or programs that Council will use, or apply, to assist Council's customers who have been identified as experiencing payment difficulties.

#### 2. LEGISLATIVE FRAMEWORK AND OTHER REFERENCES

The following legislation applies to this Policy:

#### 2.1 South Australia Water Industry Act 2012

Under section 37(3) of this Act, a water industry entity must adopt a customer hardship policy published by the Minister under this section; or with the approval of the Commission, adopt such a policy with modifications.

#### 2.2 Other references

#### Council's documents including:

- Fees and Charges Register
- Customer Service Charter for Recycled Water & Sewage (CWMS) Services
- Sale of Land for Non-payment of Council Rates as per Section 184 of the *Local Government Act 1999*
- Sec 182 of the Local Government Act 1999 Remission and postponement of payment
- Sec 182A of the *Local Government Act 1999* Postponement of Rates Seniors
- Complaints Policy

• Internal Review of Council Decisions Policy

#### **External documents including:**

- South Australia Water Industry Regulations 2012
- Water Retail Code Minor and Intermediate Retailers
- Essential Services Commission Act 2002

This Policy is based on the Customer Hardship Policy, made by the Minister for Communities and Social Inclusion, pursuant to Section 37 of the *Water Industry Act* 2012, under a delegation by the Minister for Water and the River Murray.

#### 3. **DEFINITIONS**

For the purposes of this Policy the following definitions apply:

- 3.1 "Accredited Financial Counsellor" In South Australia, means a person who holds a Diploma of Community Services (Financial Counselling), and who has worked at least 12 months as a financial counsellor under the supervision of the South Australian Financial Counsellors Association.
- **"Consumer"** As defined in the *Water Industry Act 2012*, means a person supplied with retail services as a consumer or user of those services.
- **"Customer"** As defined in the *Water Industry Act 2012* means a person who owns land in relation to which a retail service is provided and includes:
  - Where the context requires, a person seeking the provision of a retail service, and
  - In prescribed circumstances, a person supplied with retail services as a consumer or user of those services (without limiting the application of this definition to owners of land) and
  - A person of a class declared by the regulations to be customers.
- 3.4 **"CWMS"** Community Wastewater Management System.
- 3.5 **"Financial Counsellor"** Means accredited financial counsellor.
- 3.6 **"Financial Hardship"** Means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.
- 3.7 **"Hardship Customer"** Means a residential customer who has been identified under, accepted into, or is eligible for assistance under Council's hardship program.
- 3.8 **"Payment Arrangement <u>f</u>For Hardship"** Means anyone who meets the definition of Hardship Customer and has entered into an arrangement to pay their rates beyond the due date.
- 3.9 "Regulations" Means regulations under the Water Industry Act 2012.

- 3.10 **"Residential Customer"** As defined in the *Water Industry Act 2012* means a customer or consumer who is supplied with retail services for use at residential premises.
- 3.11 **"Retail Service"** As defined in the *Water Industry Act 2012* means a service constituted by:
  - The sale and supply of recycled water to a person for use (and not for resale other than in prescribed circumstances (if any)) where the recycled water is to be conveyed by a reticulated system, or
  - The sale and supply of sewage (CWMS) services for the removal of sewage.

(even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition.

- **"Sewage"** As defined in the *Water Industry Act 2012* includes any form of waste that may be appropriately removed or dealt with through the use of a sewerage service.
- 3.13 **"Sewerage Service"** As defined in the *Water Industry Act 2012* means:
  - A service constituted by the collection, storage, treatment or conveyance of sewage through the use of a reticulated system, or
  - Any other service, or any service of a class, brought within the ambit of this
    definition by the regulations.
- **"Water"** As defined in the *Water Industry Act 2012, i*ncludes rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include sewage.
- 3.15 "Water Service" As defined in the Water Industry Act 2012 means:
  - A service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water, or
  - Any other service, or any service of a class, brought within the ambit of this definition by the regulations.

#### 4. POLICY

#### 4.1 Identifying residential customers experiencing financial hardship

A residential customer experiencing financial hardship is someone who is identified by themselves, by Council, by an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with Council's payment terms.

There are two types of financial hardship: ongoing and temporary. Depending on the type of hardship being experienced, hardship customers will have different needs and will require different solutions.

Residential customers that are identified as experiencing ongoing hardship are generally those on low or fixed incomes. These customers may require ongoing assistance.

Residential customers that may be identified as experiencing temporary hardship are those that have experienced a short-term change in circumstances, such as:

- Serious illness
- Disability or death in the family
- Loss or change in income
- Separation
- Divorce or other family crisis
- A loss arising from an accident
- Or some other temporary financial difficulty
- These customers generally require flexibility and temporary assistance, such as an extension of time to pay or an alternative payment arrangement.

The extent of hardship will be determined by either Council's assessment process or by an external body, such as an accredited financial counsellor.

Where Council assesses a residential customer's eligibility for hardship assistance, Council will consider indicators including (but not limited to) whether:

- The customer is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card
- The customer is eligible for a South Australian Government concession
- The customer has been referred by an Accredited Financial Counsellor or welfare agency
- The customer has previously applied for emergency relief (irrespective of whether or not their application was successful)
- The customer's payment history indicates that they have had difficulty meeting their retail services bills in the past
- The customer, through self-assessment, has identified their position regarding their ability to pay.

#### 4.2 Assisting residential customers who are experiencing financial hardship

Council will inform a residential customer of this Policy where:

- It appears to Council that non-payment of a bill for retail services is due to the customer experiencing payment difficulties due to hardship, or
- Council is proposing to install a flow restriction device.

Where a residential customer has been identified as experiencing financial hardship, we will offer the customer, as soon as is reasonably practicable, flexible and frequent payment options that have regard to the hardship customer's usage, capacity to pay and current financial situation. This is to be considered as a Payment Plan for Hardship. These options will include:

- An interest and fee free payment plan
- Centrelink's Centrepay Service
- Other arrangement, under which the customer is given more time to pay a bill or to pay in arrears (including any disconnection or restriction of charges)

Where a residential customer has been identified as experiencing financial hardship, Council will offer the customer, as soon as is reasonably practicable, flexible and

frequent payment options that have regard to the hardship customer's usage, capacity to pay and current financial situation. Options may include:

- BPAY
- Councils online service
- Centrelink's Centrepay service, or
- Other arrangement, under which the customer is given more time to pay a bill or to pay in arrears (including any disconnection or restriction charges).

Recognising that some residential customers have a short-term financial hardship issue which may be resolved in the near to medium-term, where others may require a different type of assistance for ongoing financial issues.

Council will not charge a residential customer a reconnection charge where that customer is experiencing financial hardship and should have been identified as eligible for this Policy, so long as the customer agrees to participate in Council's hardship program, upon reconnection.

Council will engage in discussion with the hardship customer to determine a realistic payment option in line with the customer's capacity to pay.

Council will work with a hardship customer's financial counsellor to determine the Payment Arrangement for Hardship and instalment amount that best suits the customer and their individual circumstances.

Where a hardship customer's circumstances change, Council will work with the customer, and their financial counsellor, to re-negotiate their payment arrangement.

Council will not require a hardship customer to provide a security deposit.

Council will not restrict a hardship customer's retail services if:

- The customer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
- Council has failed to comply with the requirements of this Policy.

Council will also offer the hardship customer:

- Where appropriate, information about the right to have a bill redirected to a third person, as long as that third person consents in writing to that redirection
- Information about, and referral to, Commonwealth and South Australian Government concessions, rebates, grants and assistance programs
- Information about, and referral to, accredited financial and other relevant counselling and support services, particularly where a customer that is identified as experiencing ongoing financial hardship.

Where hardship customer requests information or a redirection of their bills, Council will provide that information or redirection free of charge.

Council will provide information to the hardship customer on how to reduce usage and improve water efficiency, which may include referral to relevant government water efficiency programs. This will be provided at no charge to the customer.

Council will explain to the hardship customer how and when the customer will be returned to regular billing cycles (and collection), after they have successfully completed the hardship program.

Council will also explain to the hardship customer that they will be removed from Council's hardship program, and be returned to Council's standard collection cycles, including debt recovery, should they cease to make payments according to the agreed payment arrangement or fail to contact Council for a period of greater than 90 days.

Council will not take any action to remove a customer from Council's hardship program until Council has sent the customer a written notice, allowing them 10 working days from the date of the notice to contact Council to re-negotiate their re-entry into the program.

#### 4.3 Payment plans

Council's Payment Plan for Hardship customer will be established having regard to:

- The customer's capacity to pay and current financial situation
- Any arrears owing by the customer, and
- The customer's expected usage needs over the following 12 month period.
- Subject to a hardship customer meeting their obligations interest and fines will be waived when on a payment plan.

The payment plan will also include an offer for the hardship customer to pay for their retail services in advance or in arrears by instalment payments at a frequency agreed with the customer (e.g. weekly, fortnightly, monthly or as otherwise agreed with the customer).

Where a payment plan is offered to a hardship customer, Council will inform the customer within 10 business days of an agreement being reached, of:

- The duration of the plan
- The amount of each instalment payable under the plan, the frequency of instalments and the date by which each instalment must be paid
- If the customer is in arrears, the number of instalments to pay the arrears, and
- If the customer is to pay in advance, the basis on which instalments are calculated.

Where a hardship customer is seeking assistance in accordance with this Policy, but has failed to fulfil their obligations under an existing hardship arrangement, Council will require them to sign up for Centrepay or direct debit deductions.

#### 4.4 Debt recovery

Council will suspend debt recovery processes while negotiating a suitable payment arrangement with a hardship customer.

Council will not engage in legal action or commence proceedings for the recovery of a debt relating to a retail service for a hardship customer if:

- The customer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
- Council has failed to comply with the requirements of this Policy.

#### 4.5 Rights of residential customers experiencing financial hardship

Every residential customer experiencing financial hardship has the right to:

- Be treated respectfully on a case-by-case basis, and have their circumstances kept confidential
- Receive information about alternative payment arrangements, this Policy, and government concessions, rebates, grants and assistance programs
- Negotiate an amount they can afford to pay on a payment plan or other payment arrangement
- Consider various payment methods and receive written confirmation of the agreed payment arrangement within 10 business days
- Renegotiate their payment arrangement if there is a change in their circumstances
- Receive information about free and independent, accredited financial counselling services
- Receive a language interpreter service at no cost to the customer
- Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed payment arrangement
- Not have retail services restricted or disconnected as long as they have agreed to a payment arrangement and continue to make payments according to an agreed plan.

#### 4.6 General provisions

Council will ensure residential customers have equitable access to this Policy, and that this Policy is applied consistently. A copy of the documentation will be available at no charge to customers.

Council will ensure appropriate training of employees dealing with residential customers in hardship to enable them to treat customers with respect and without making value judgements. Training will also assist employees in the early identification of hardship customers, with establishing payment plans based on a hardship customer's capacity to pay, and include processes for referral to an Accredited Financial Counsellor or welfare agency for assistance.

Council will also make a copy of this policy available free of charge to a customer upon request as soon as practicable following a request to do so.

#### 4.7 Confidentiality

Any information disclosed by a customer is confidential and will not be used for any purpose other than the assessment of an application for assistance.

#### 4.8 Complaints handling

Council's General Complaints Policy detailing Council's customer complaints and dispute resolution process is available, upon request.

A residential customer experiencing hardship has a right to have any complaint heard and addressed by Council, and in the event that their complaint cannot be resolved, the right to escalate their complaint to the Ombudsman SA as outlined in Council's Internal Review of Council Decisions Policy.

#### 5. DELEGATION

- 5.2 The Chief Executive Officer has the delegation to:
  - 5.2.1 Approve, amend and review any procedures that shall be consistent with this policy; and
  - 5.2.2 Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

#### 6. AVAILABILITY OF THE POLICY

This Policy is available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.ahc.sa.gov.au. Copies will be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.12

Responsible Officer: Steven Watson

Governance & Risk Coordinator Office of the Chief Executive

Subject: Audit Committee Meeting Dates 2021 and 2022

For: Decision

#### **SUMMARY**

One of the fundamental principles of local government is that council and council committee, wherever possible, should be open to the public and document documents made available.

The setting and publication of the meeting times and locations of Audit Committee meetings is required to enable public notices to be given under the *Local Government Act 1999*. The report contains the proposed Audit Committee 2021 and 2022 meeting schedule for approval.

#### **RECOMMENDATION**

#### The Audit Committee resolves:

- 1. That the report be received and noted.
- 2. To approve the Audit Committee meeting schedule, timings and locations for 2021 as follows:

Commencement	6.30pm		
	Monday 22 February 2021, 63 Mt Barker Road, Stirling		
Meeting Dates and Locations	Monday 19 April 2021, 36 Nairne Road, Woodside		
	Monday 24 May 2021, 63 Mt Barker Road, Stirling		
	Monday 16 August 2021, 63 Mt Barker Road, Stirling		
	Monday 18 October 2021, 63 Mt Barker Road, Stirling		
	Monday 15 November 2021, 63 Mt Barker Road, Stirling		

### 3. To approve the Audit Committee meeting schedule, timings and locations for 2022 as follows:

Commencement	6.30pm		
Meeting Dates and Locations	Monday 21 February 2022, 63 Mt Barker Road, Stirling		
	Monday 18 April 2022, 36 Nairne Road, Woodside		
	Monday 23 May 2022, 63 Mt Barker Road, Stirling		
	Monday 15 August 2022, 63 Mt Barker Road, Stirling		
	Monday 19 October 2020, 63 Mt Barker Road, Stirling		
	No meeting scheduled (Council General Elections Nov 2022)		

#### 1. GOVERNANCE

#### > Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future
Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

#### > Legal Implications

Section 87(8) of the *Local Government Act 1999* requires that the notice an ordinary meeting of the committee must be given to members at least three (3) clear days before the date of the meeting.

Section 88(2) states that notice must be given a soon as practicable after the time that notice is given to the members of the committee

#### Risk Management Implications

The setting of a schedule of ordinary meetings for the Audit Committee will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

#### Financial and Resource Implications

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

#### Customer Service and Community/Cultural Implications

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

With the current COVID-19 social distancing requirements, Audit Committee meetings are continuing to be held in the advertised venue with Committee Members participating by following COVID safe practices.

#### > Sustainability Implications

There are no direct sustainability implications arising from this report.

#### > Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: Audit Committee Members

Advisory Groups: Not Applicable

Administration: Director Corporate Services

Executive Manager Governance & Performance

Manager Financial Services Management Accountant

Corporate Planning & Performance Coordinator

**Executive Assistant Corporate Services** 

Community: Not Applicable

#### 2. BACKGROUND

Council, at its 22 October 2019 meeting, set the meeting schedule for Council meetings for the balance of the Council term with Council meetings being held on the 4<sup>th</sup> Tuesday of each month.

The Audit Committee, at its 18 November 2019 meeting, resolved to meet on a Monday of the nominated months as follows:

#### 7.11. 2020 Audit Committee Meeting Dates

Moved Geoff Purdie S/- Paula Davies

49/AC19

The Audit Committee resolves:

- That the report be received and noted.
- To approve the Audit Committee meeting schedule, timings and locations for 2020 as follows:

Commencement	6.00pm
	17 February 2020, 63 Mt Barker Road, Stirling
	20 April 2020, 36 Nairne Road Woodside
Meeting Dates and	18 May 2020, 63 Mt Barker Road, Stirling
Locations	17 August 2020, 63 Mt Barker Road, Stirling
	19 October 2020, 63 Mt Barker Road, Stirling
	16 November 2020, 63 Mt Barker Road, Stirling

Carried

Clause 11.1 of the *Audit Committee Terms of Reference* provides that the Committee shall meet at least four times a year at appropriate times and places as determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.

#### 3. ANALYSIS

Consistent with the Council's resolution to set the meeting dates for the balance of the Council term, the following schedule is proposed for the Audit Committee in 2021 & 2022 which will allow recommendations from the Audit Committee where possible to be considered by the Council in that same month. Further it is proposed to change the meeting commencement time to 6.30pm to accommodate the other commitments of Committee members.

- Monday 22 February 2021, 6.30pm 63 Mt Barker Road, Stirling
- Monday 19 April 2021, 6.30pm 36 Nairne Road, Woodside
- Monday 24 May 2021, 6.30pm 63 Mt Barker Road, Stirling
- Monday 16 August 2021, 6.30pm 63 Mt Barker Road, Stirling
- Monday 18 October 2021, 6.30pm 63 Mt Barker Road, Stirling
- Monday 15 November 2021, 6.30pm 63 Mt Barker Road, Stirling
- Monday 21 February 2022, 6.30pm 63 Mt Barker Road, Stirling
- Monday 18 April 2022, 6.30pm 36 Nairne Road, Woodside
- Monday 23 May 2022, 6.30pm 63 Mt Barker Road, Stirling
- Monday 15 August 2022, 6.30pm 63 Mt Barker Road, Stirling
- Monday 17 October 2022, 6.30pm 63 Mt Barker Road, Stirling
- No meeting scheduled (Council General Elections Nov 2022)

#### 4. OPTIONS

The Committee has the following options:

- I. To resolve to adopt the recommendations regarding the schedule, timing and locations of Audit Committee meetings; or
- II. To amend an/all aspect(s) of the recommendations regarding the schedule, timing and locations of Audit Committee meetings.

#### 5. APPENDIX

(1) Nil

# ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 AGENDA BUSINESS ITEM

Item: 6.13

Responsible Officer: Lachlan Miller

**Executive Manager Governance & Performance** 

Office of the Chief Executive

Subject: Internal Audit Quarterly Update

For: Decision

#### **SUMMARY**

This report provides the Audit Committee with an update on progress of internal audits nominated in the 2018/19-22/23 Strategic Internal Audit Plan (the SIAP) and seeks a recommendation to Council to revise the SIAP on the basis of scheduling and status updates.

#### RECOMMENDATION

#### The Audit Committee resolves:

- 1. That the report be received and noted
- 2. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.6a as contained in Appendix 1.

#### 1. GOVERNANCE

#### Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 - A brighter future

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best

interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to

changing circumstances and meet our legislative obligations

#### Legal Implications

Section 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls 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 Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

#### Risk Management Implications

The implementation of the internal audit program will assist in mitigating the risk of:

Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Low (2E)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from audits and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

#### Financial and Resource Implications

The Internal Audit budget for the 2020-21 financial year will not be sufficient to conduct all of the audits currently scheduled. As such, a Budget review will be sought later in the year depending on the scheduled of future audits.

The proposed audits are planned to be outsourced under the oversight of the Executive Manager Governance and Performance. Given the range of demands on this role, and the specialised nature of a number of the audits, it is not possible to undertake audits internally and while not necessary, it does promote the objectivity of the audit process.

#### Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

#### Sustainability Implications

Not applicable

#### Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

Council Committees: The timing of the 2019-20 internal audits scheduled was discussed

at the 17 August 2020 Audit Committee meeting.

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Executive Manager Organisational Development

Governance & Risk Coordinator

External Agencies: Internal audit firms invited to submit quotations for current

projects.

Community: Not Applicable

#### 2. BACKGROUND

At its 17 August 2020 meeting, the Audit Committee considered an amended SIAP and resolved as follows:

#### 7.5. Internal Audit Quarterly Update

Moved David Moffatt S/- Paula Davies

40/AC20

The Audit Committee resolves:

- 1. That the report be received and noted
- To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.5a as contained in Appendix 1 with minor timing amendments as suggested.

**Carried Unanimously** 

Council considered the Audit Committee's resolution at its 22 September 2020 meeting and resolved as follows:

#### 12.7 Strategic Internal Audit Plan Revision

Moved Cr Leith Mudge S/- Cr Malcolm Herrmann

211/20

#### Council resolves:

- 1. That the report be received and noted.
- 2. That Council adopt the revised Strategic Internal Audit Plan (v1.5b) as contained in Appendix 1.

**Carried Unanimously** 

#### 3. ANALYSIS

Since the Committee considered the SIAP in August, the Cyber Security Audit has been completed and the report presented to the Committee's October meeting.

The Payroll Administration Audit has needed to be re-tendered after the original consultant had to withdraw from the project due to winding up the business. As such it is anticipated that the audit will take place in early December 2020.

Progress on the other three scheduled audits (i.e. Budgetary Management, Recruitment & retention and Payroll Administration) has progressed to the procurement phase.

A revised SIAP v1.6a (*Appendix 1*) has been attached for the Audit Committee's consideration to reflect the current status of the Plan. If the Audit Committee supports the proposed changes (or alternative versions) a recommendation will need to be made to Council to adopt the revised SIAP.

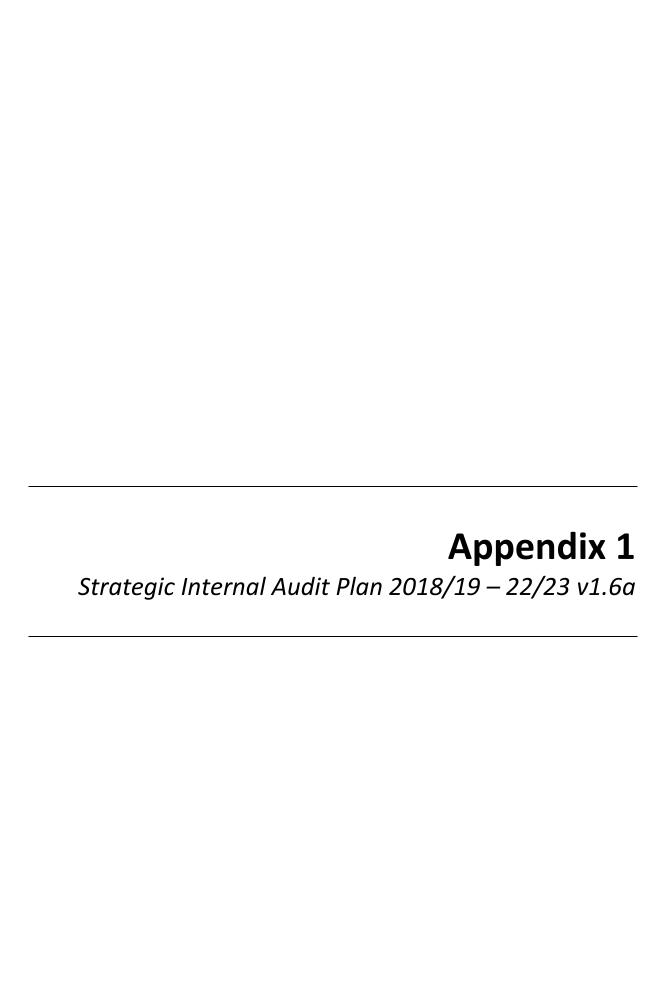
#### 4. OPTIONS

The Committee has the following options:

- I. To recommend to Council to adopt the revised SIAP v1.6a as contained in Appendix 1; or
- II. To identify an alternative course of action.

#### 5. APPENDIX

(1) Strategic Internal Audit Plan 2018/19 – 22/23 v1.6a



#### Strategic Internal Audit Plan 2018/19 - 22/23

Audit Engagement	Scope	Strategic/Corporate Risk Linkage	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23
Recruitment & Retention Practices	Focusing on the role analysis, authorisation, recruitment process, remuneration determination, reward and recognition processes.	SR9a - Failure to manage, improve and develop the human resources available to the Council.	2010/13	2013, 20	Q2 (Project Brief agreed)	2023/22	2022, 23
Budgetary Management	Focussing on financial planning, control and reporting. Relationship of budget with LTFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q2 (Project Brief agreed. To be procured with Treasury Mgt)		
Payroll Function	Focussing on the payroll operation, including a review of the processes, systems, activities, controls and risks. The extent to the audit engagement will consider aspects from commencement of employment to termination of individuals, including payment of wages, leave, changes to position security, administration and payroll reporting. Including PIR from 2014 audit.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q1 (delayed due to retendering)		
Major Projects Review	Focussing on processes, activities associated with the project, including scoping, planning, implementation, monitoring, post project review, risk management, development of maintenance program and operations.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality).		Q4 (AHBTC Divestment) - not scoped due to COVID	Q4 (nominally Fabrik)	Q2	Q2
Use of Purchase Cards	Focussing on the systems, processes and documentation for the issuing, custody, use, transaction approval and oversight of Purchase Cards	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Completed				
Capital Works Programming & Delivery	Focussing on the planning, scheduling, approval, monitoring, and reporting processes and practices regarding the Capital Works Program. The procurement and contract management processes will be out of scope due to other scheduled audits on these subjects.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR4 - Failure to take measures to protect the community from natural and other hazards			Q3 (Project brief in development)		
Treasury Management	Focusing on the processes, practices and policies regarding Treasury Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q2 (to be procured with Budgetary Mgt)		
Cyber Security	Focusing on the cyber security risks to the Council, undertake an assessment of the adequacy of the control framework including an assessment against the maturity levels of the Australian Cyber Security Centre's Essential Eight Model.	SR9b - Failure to manage, improve and develop the information resources available to the Council.			Completed		
Emergency Management	Focussing on Emergency Management Plans, identification of risks associated with various types of disasters and the controls and processes to mitigate those risks, status of preparedness in the event of an emergency, recovery process and association with the Community and other Emergency Services.	SR4 - Failure to take measures to protect the community from natural and other hazards				Q3	
Business Continuity Plan	Focussing on the review of Business Continuity Plan (Disaster Recovery and Disruption) to key activities of Council including the identification, development, implementation of recovery plans and testing of conditions in the event of a disaster.	SR4 - Failure to take measures to protect the community from natural and other hazards					Q1
Economic Development Strategy Implementation	Focusing on the strategy development and revisions processes, determination of actions and initiatives, funding of strategy implementation and evaluation of outcomes against strategy objectives.	SR7 - Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism.				Q1	
Debt Management	Focusing on the processes, practices and policies regarding Debt Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q1	
Procurement	Focussing on processes, activities, controls, risk, compliance through stages of the function, including planning, assessment, selection, and contract execution. Including the use of payment methods such as credit cards and petty cash. Including PIR from 2014 & 2015 audits. The contract management processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q4	
Training & Development Practices	Focusing of the identification of training and development (T&D needs, sourcing of T&D options, scheduling and support of activities, assessment of transfer into workplace and evaluation of T&D initiatives. This will include development activities such as coaching & mentoring.	SR9a - Failure to manage, improve and develop the human resources available to the Council.					Q1
Asset Operation	Focussing on Asset operation, processes, activities, controls, risk, service levels, planned work, maintenance programs, monitoring performance, asset registers and reporting. Including PIR from 2016 audit.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR8 - Failure to manage and develop public areas vested in, or occupied by the Council.					Q2
Contract Management	Focussing on the post-procurement processes, activities, controls, risk, compliance through stages of the function, including induction, payment approval, monitoring, superintending, reporting, contractual close and evaluation. The procurement processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR11 - Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies.					Q4
	Number of Audits		<u> </u>	1	I	<u>I</u>	1

#### Version Control

Date Adopted	e Adopted Version Comments		
30/04/2018	04/2018 Initial plan considered by Audit Committee		
22/05/2018	Adopted by Council		
26/02/2019	Amended plan adopted by Council (Purchase Card audit added)	1.1	
17/12/2019	Amended plan adopted by Council (Plan extended for a year, projects rescheduled)	1.2	
25/02/2020	Amended plan adopted by Council (Changes to the timing and scope of the cyber security audit)	1.3	
25/07/2020	5/07/2020 Proposed amendments (Changes in timing for Recruitment & Retention, Budgetary Mgt, Treasury Mgt, Emergency Mgt & BCP)		
22/09/2020	Amended plan adopted by Council (Changes to the timing of audits)	1.5	
12/11/2020	Proposed amendments (completion of cyber, changes to other timings)	1.6a	

## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 16 November 2020 CONFIDENTIAL AGENDA BUSINESS ITEM

Item: 7.1

Responsible Officer: Lachlan Miller

**Executive Manager Governance & Performance** 

Office of the Chief Executive

Subject: External Audit Contract

For: Decision

1. External Audit Contract – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

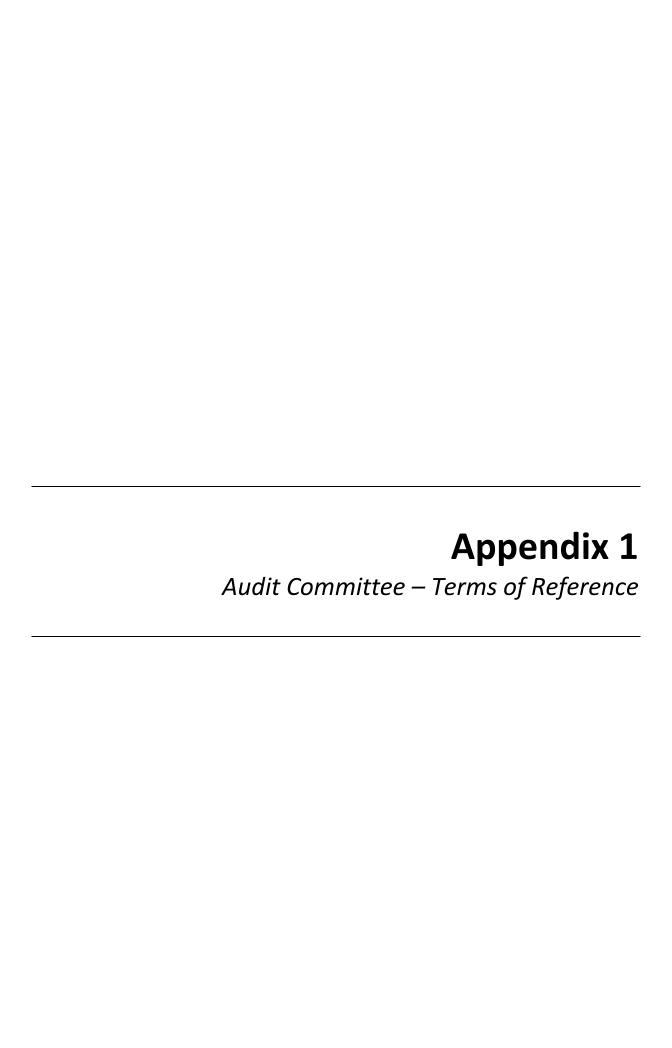
- CEO, Andrew Aitken
- Director Corporate Services, Terry Crackett
- Executive Manager Governance & Risk, Lachlan Miller
- Manager Financial Services, Mike Carey
- Governance & Risk Coordinator, Steven Watson

be excluded from attendance at the meeting for Agenda Item 7.1: (External Audit Contract) in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) that would, on balance, be contrary to the public interest, the disclosure of which could reasonably be expected to prejudice the commercial position of the business which supplied the information and confer a commercial advantage on a third party.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.



## ADELAIDE HILLS COUNCIL Audit Committee



#### **TERMS OF REFERENCE**

#### 1. ESTABLISHMENT

- 1.1 The Audit Committee (the Committee) of Council is established under Section 41 of the *Local Government Act 1999* (the Act), for the purposes of Section 126 of the Act and in compliance with regulation 17 of the *Local Government (Financial Management) Regulations 2011*.
- 1.2 The Audit Committee does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent from management.

#### 2. ROLE

2.1 The overall role of the Audit Committee will be to assist Council to accomplish its objectives by monitoring and providing advice on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance functions through the following functions:

#### 3. SPECIFIC FUNCTIONS

3.1 Financial Reporting and Prudential Requirements

- 3.1.1 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability;
- 3.1.2 Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council;
- 3.1.3 Monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.;
- 3.1.4 Review and challenge where necessary:
  - 3.1.4.1 The consistency of, and/or any changes to, accounting policies;
  - 3.1.4.2 The methods used to account for significant or unusual transactions where different approaches are possible;
  - 3.1.4.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

- 3.1.4.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
- 3.1.4.5 All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- 3.1.5 Review prudential reports prepared under Section 48(1) of the Act and provide advice to Council, upon request, on other prudential matters.
- 3.2 Internal Controls and Risk Management Systems

The Committee shall:

- 3.2.1 Ensure that appropriate policies, practices and procedures of internal control (and other financial and risk management systems) are implemented, reviewed and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives;
- 3.2.2 Review Council's risk management framework and monitor the performance of Council's risk management program;
- 3.2.3 Monitor the corporate risk profile and significant risk exposures for the organisation to ensure that there are appropriate management plans to manage and mitigate this business risk; and
- 3.2.4 Ensure an appropriate legislative compliance framework exists to identify risks and controls over compliance with applicable legislation and regulations.
- 3.3 Public Interest Disclosures

The Committee shall:

- 3.3.1 Review annually the Council's Public Interest Disclosure arrangements and compliance with the requirements of the *Public Interest Disclosure Act 2018*.
- 3.3.2 Provide recommendations to Council regarding Public Interest Disclosure Policy and resourcing required to comply with legislative requirements
  - 3.3.2.1 2013.
- 3.4 Internal Audit

- 3.4.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;
- 3.4.2 Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 3.4.3 Review all reports on the Council's operations from the internal auditors;

- 3.4.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 3.4.5 Where appropriate, meet the "head" of internal audit (internal or outsourced) at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Principal Member of the Council and to the Presiding Member of the committee.

#### 3.5 External audit

- 3.5.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 3.5.2 Oversee Council's relationship with the external auditor including, but not limited to:
  - 3.5.2.1 Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
  - 3.5.2.2 Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
  - 3.5.2.3 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
  - 3.5.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
  - 3.5.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
  - 3.5.2.6 Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);
- 3.5.3 Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;
- 3.5.4 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;

- 3.5.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;
  - 3.5.5.1 a discussion of any major issues which arose during the external audit;
  - 3.5.5.2 any accounting and audit judgements; and
  - 3.5.5.3 Levels of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.
- 3.5.6 Review any representation letter(s) requested by the external auditor before they are signed by management;
- 3.5.7 Review the management letter and management's response to the external auditor's findings and recommendations.
- 3.6 Economy and Efficiency Audits

The Committee shall:

3.6.1 Propose and review the exercise of powers under Section 130A of the Act; to examine and report on any matter relating to financial management, or the efficiency and economy with which the council manages or uses its resources to achieve its objectives,

#### 4. OTHER MATTERS

- 4.1 Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's Budget;
- 4.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 4.3 Give due consideration to laws and regulations of the Act;
- 4.4 Make recommendations on co-ordination of the internal and external auditors;
- 4.5 Oversee any investigation of activities which are within its terms of reference;
- 4.6 Oversee action to follow up on matters raised by the external and internal auditors;
- 4.7 Invite Council's external auditors and internal auditors to attend meetings of the Committee, as considered appropriate; and
- 4.8 At least once in its term, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

#### 5. MEMBERSHIP

- 5.1 The Committee will comprise 5 members as follows:
  - 5.1.1 Three (3) Independent Members; and
  - 5.1.2 Two (2) Council Members
- 5.2 All members of the Committee will be appointed by the Council.
- 5.3 Independent Member(s) of the Committee shall have recent and relevant skills and experience in professions such as, but not limited to accounting, financial management, risk management, law, compliance, internal audit and governance.
- 5.4 It is desirable for the Council Members to be appointed to the Committee to have a sound understanding of financial management, risk management and governance.
- In considering appointments to the Committee, Council should give consideration to the diversity of the membership.
- 5.6 Appointments to the Committee shall be for a period of up to three (3) years.
- 5.7 Members of the Committee are eligible for reappointment at the expiration of their term of office.
- 5.8 The terms of appointment of the Independent Members should be arranged to ensure the orderly rotation and continuity of membership despite changes to the composition of the Council.

#### 6. SITTING FEES

- 6.1 The applicable Remuneration Tribunal (or its successor) Determination outlines the applicable allowance for Council Members on the Committee.
- 6.2 The Independent Members are to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

#### 7. PRESIDING MEMBER

- 7.1 The Council will appoint the Presiding Member of the Committee.
- 7.2 The Council authorises the Committee to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Committee to make the appointment to that position for a term determined by the Committee.
- 7.3 If the Presiding Member of the Committee is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Committee are absent from a meeting of the Committee, then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.

- 7.4 The role of the Presiding Member includes:
  - 7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the Local Government (Procedures at Meetings) Regulations 2013 (the Regulations); and
  - 7.4.2 Ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

#### 8. REPORTING RESPONSIBILITIES

- 8.1 For the purposes of Section 41(8) of the Act, the Committee's reporting and accountability requirements are:
  - 8.1.1 The minutes of each Committee meeting will be included in the agenda papers of the next ordinary meeting of the Council;
  - 8.1.2 The Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Committee;
  - 8.1.3 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and
  - 8.1.4 The Presiding Member may attend a Council meeting at any time that the Presiding Member sees fit to discuss any issue or concern relating to the Committee's functions. Depending on the nature of the matter, this may be held in confidence in accordance with Section 90 of the Act and staff may be requested to withdraw from the meeting.

#### 9. MEETING PROCEDURE

- 9.1 Meeting procedure for the Committee is as set out in the Act, Parts 1, 3 and 4 of the Regulations. Insofar as the Act, the Regulations, or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.
- 9.2 In accordance with Section 90(7a), one or more Committee members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Committee members.
- 9.3 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.
- 9.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the committee.

#### 10. SECRETARIAL RESOURCES

10.1 The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

#### 11. FREQUENCY OF MEETINGS

- 11.1 The Committee shall meet at least four times a year at appropriate times and places as determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.
- 11.2 If after considering advice from the CEO or delegate, the Presiding Member of the Committee is authorised to cancel the respective Committee meeting, if it is clear that there is no business to transact for that designated meeting.

#### 12. NOTICE OF MEETINGS

- 12.1 Notice of the meetings of the Committee will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:
  - 12.1.1 To members of the Committee by email or as otherwise agreed by Committee members at least 3 clear days before the date of the meeting; and
  - 12.1.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

#### 12.2 PUBLIC ACCESS TO MEETINGS & DOCUMENTS

- 12.3 Members of the public are able to attend all meetings of the Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 of the Act.
- 12.4 Members of the public have access to all documents relating to the Committee unless prohibited by resolution of the Committee under the confidentiality provisions of Section 91 of the Act.

#### 13. MINUTES OF MEETINGS

- 13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.
- 13.2 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and will (in accordance with legislative requirements) be available to the public.

#### 3. External Audit Contract – Period of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 7.1 in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the report, related attachments and the minutes of Council and the discussion and considerations of the subject matter be retained in confidence until Council has determined it position in relation to the exercise of the two-year option under the Professional Services Agreement.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.