



## **AUDIT COMMITTEE**

### **NOTICE OF MEETING**

To: **Presiding Member** Cr Malcolm Herrmann

#### **Members**

David Moffatt  
Peter Brass  
Natalie Johnston  
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 15 February 2021**  
**6.30pm**  
**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 15 February 2021**  
**6.30pm**  
**63 Mt Barker Road, Stirling**

### **ORDER OF BUSINESS**

**1. COMMENCEMENT**

**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 – 16 November 2020

***Recommendation***

*That the minutes of the Audit Committee meeting held on 16 November 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. PRESENTATION**

- 6.1. Development & Regulatory Services Risk Presentation

**7. OFFICER REPORTS**

- 7.1. Audit Work Plan

1. *That the report be received and noted.*
2. *That the status of the Action Report and Work Plan be noted.*

- 7.2. Quarterly Council Performance Q2

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

- 7.3. 2020 – 2021 Budget Review 2

1. *That the report be received and noted.*
2. *To recommend to Council the proposed budget adjustments presented in Budget Review 2 which result in:*
  - a. *A reduction in the Operating Surplus from \$2.343m to \$1.883m for the 2020-21 financial year.*
  - b. *Changes to Capital Works, increasing capital income by \$175k and reducing capital expenditure by \$1.404m for the 2020-21 financial year resulting in a revised capital expenditure budget for 2020-21 of \$20.083m.*
  - c. *A decrease in Council's current Net Borrowing Result from \$4.984m to \$3.865m for the 2020-21 financial year as a result of the proposed operating and capital adjustments.*

- 7.4. Debtors Report

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

- 7.5. Risk Management Plan Update

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

- 7.6. 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.*

- 7.7. Audit Actions Implementation Update

1. *To receive and note the report.*
2. *To note the implementation status of Internal and External Audit actions.*

7.8. 2020 – 21 External Audit Plan

1. *That the report be received and noted*
2. *To recommend to Council the approval of the 2020-21 External Audit Plan by Galpins Accountants, Auditors and Business Consultants as contained in Appendix 1.*

7.9. Long Term Financial Plan Review

1. *Receives and notes the report.*
2. *Notes the updated Long Term Financial Plan.*
3. *Recommends Council approve the Long Term Financial Plan 2021-22, as contained in Appendix 1 for community consultation in accordance with Section 122 of the Local Government Act 1999.*

**8. NEXT MEETING**

The next Audit Committee meeting will be held at 6.30pm on Monday 19 April 2021 at 63 Mount Barker Road, Stirling.

**9. CLOSE MEETING**



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.1

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** Action Report and Work Plan Update

**For:** Information

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**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 2021 Work Plan has Nil (0) suggested amendments for this meeting.

**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.**
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**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 16 November 2020 meeting.

## 3. ANALYSIS

### Action Report

There is ten (10) completed items and one (1) outstanding item on the Audit Committee Action Report (**Appendix 1**) arising from the November 2020 Committee meeting. Commentary against the item is provided for the Committee's information.

### Work Plan and Reporting Schedule

As per the *2021 Audit Committee Work Plan and Reporting Schedule* (**Appendix 2**), the following items are detailed below are included in the February 2021 (this) meeting:

Item	Commentary	Month Scheduled
<b>Financial Reporting</b>		
Long Term Financial Plan (LTFP)	Included in this meeting	February
Annual Business Plan		April
Budget Review 1		November
Budget Review 2	Included in this meeting	February
Budget Review 3		May
End of Year Financial Report		November
End of financial year reporting timetable		May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)		October

<b>Internal Control and Risk Management</b>		
Placement of Council's insurance 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 (Biennial)
LGRS Risk Evaluation - Action Plan Review		May/November
<b>Internal Audit</b>		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report	Included in this meeting	February/August
Internal Audit Plan review		May
<b>External Audit</b>		
External audit interim letter		April
Implementation of external audit actions progress report	Included in this meeting	February/August
External Audit Plan review		February
Meeting attendance by external auditors	see notes below	February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/November
<b>Public Interest Disclosure</b>		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2021
<b>Other Business</b>		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report	Included in this meeting	February/August
Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference	see notes below	February
Directors Presentation	Included in this meeting	February/April/ August/November

Other Reports	Included in meeting as required	As Required
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The Work Plan schedules the External Auditors to attend the Audit Committee in February to discuss the External Audit (Annual Financial Statement and Internal Financial Controls) Plan. The auditors have advised that they perceive greater value in attendance following the interim audit (Internal Financial Controls) in May or August and at audit completion (Annual Financial Statement and Internal Financial Controls) in October. There is a separate report in this agenda regarding the External Audit Plan.

The Audit Committee Terms of Reference (TOR) is scheduled in the Work Plan for review at the February meeting. As the Committee has previously been briefed, the *Statutes Amendment (Local Government Reform) Bill 2020* (the Bill) contains a number of proposed changes to the both the role of audit committees and the functions overseen by the committee.

The Bill is currently being considered by the Legislative Assembly (at the time of writing) and it is expected that it will be passed in these sittings. While a date of commencement is not known, it is proposed to defer the TOR review until the legislation is finalised to enable incorporation into a revised TOR for the Committee's consideration, nominally in April or June.

Further the *Internal Audit Policy* and the *Prudential Review Policy* are both due for review. Given the potential for the legislative requirements regarding these policies to be impacted by the Bill, they are also deferred until the legislation is finalised.

#### 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).

#### 5. APPENDICES

- (1) Audit Committee Action Report
- (2) 2021 Audit Committee Work Plan (v1.0)

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# **Appendix 1**

## *Audit Committee Action Report*

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Meeting Date	Meeting	Res No.	Item Name	Previously Declared COI	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
19/10/2020	Audit Committee	50/AC20	Cyber Security Audit	None declared	2. To note that the matters identified in the Cyber Security Audit report will be incorporated into the development of a Council Cyber Security Plan which will be brought to the May 2021 meeting of the Audit Committee. 3. Recommends that the Cyber Security Plan be presented to Council for approval no later than June 2021. 4. Recommends to Council that the report contemplated in part 2 will include a response to each of the recommendations in the Cyber Security Audit identifying how the matter will be mitigated	Andrew Aitken	James Sinden	Not Started	22/10/2020	30/11/2020	NOTE - DO NOT PUT IN PUBLIC - Confidential Minute
16/11/2020	Audit Committee	56/AC20	Draft 2019 - 2020 Annual Report	None declared	That the report be received and noted To advise Council that the Committee has reviewed the Draft <i>2019-20 Annual Report</i> , as contained in <i>Appendix 1</i> , in terms of the report's adequacy in meeting its legislative requirements. That, on the basis of the Committee's review and with minor suggested edits to recommend the Annual Report to Council for adoption.	Andrew Aitken	Lachlan Miller	Completed	8/02/2021	24/11/2020	Council adopted the revised Annual Report at its 24 November 2020 meeting.
16/11/2020	Audit Committee	57/AC20	End of Year Financial Report	None declared	That the report be received and noted To recommend to Council that the Audited 2019-20 Financial Results compared to Budget contained within this report have been appropriately considered	Terry Crackett	Mike Carey	Completed	8/12/2020	25/11/2020	Item tabled at Council Meeting 24 November 2020
16/11/2020	Audit Committee	56/AC20	Budget Review 1	None declared	That the report be received and noted. To recommend to Council the proposed budget adjustments presented in the 2020-21 Budget Review 1 be approved which result in: An increase in the Operating Surplus from \$808k to \$2.343m for the 2020-21 financial year.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.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.	Terry Crackett	Mike Carey	Completed	8/12/2020	25/11/2020	Item tabled at Council Meeting 24 November 2020
16/11/2020	Audit Committee	61/AC20	Action Report & Work Plan Update	None declared	That the report be received and noted. That the status of the Action Report and Work Plan be noted. That the Proposed 2021 Audit Committee Work Plan be adopted	Andrew Aitken	Steven Watson	Completed	18/11/2020	4/12/2020	AC 2021 Workplan updated to active.
16/11/2020	Audit Committee	64/AC20	Policy Review – Treasury Policy	None declared	That the report be received and noted To recommend to Council the adoption of the <i>Treasury Policy</i> as detailed at Appendix 1.	Terry Crackett	Mike Carey	Completed	8/12/2020	4/12/2020	Item tabled at Council Meeting 24 November 2020
16/11/2020	Audit Committee	65/AC20	Policy Review – Grant & External Funding Acceptance	None declared	That the report be received and noted To recommend to Council the adoption of the <i>Acceptance of External Funding Policy</i> as detailed at Appendix 1.	Terry Crackett	Mike Carey	Completed	8/12/2020	4/12/2020	Item tabled at Council Meeting 24 November 2020
16/11/2020	Audit Committee	66/AC20	Policy Review – Debt Recovery Policy	None declared	1. That the report be received and noted  2.To recommend to Council with minor suggested edits the adoption of the Debt Recovery Policy as detailed at Appendix 1.	Terry Crackett	Mike Carey	Completed	8/12/2020	4/12/2020	Item tabled at Council Meeting 24 November 2020 with policy updated for minor edits identified by Audit Committee
16/11/2020	Audit Committee	67/AC20	Audit Committee Meeting Dates 2021 – 2022	None declared	1. That the report be received and noted. 2. To approve the Audit Committee meeting schedule, timings and locations for 2021 as follows: Commencement6.30pmMeeting Dates and LocationsMonday 15 February 2021, 63 Mt Barker Road, StirlingMonday 19 April 2021, 36 Nairne Road, WoodsideMonday 24 May 2021, 63 Mt Barker Road, StirlingMonday 16 August 2021, 63 Mt Barker Road, StirlingMonday 18 October 2021, 63 Mt Barker Road, StirlingMonday 15 November 2021, 63 Mt Barker Road, Stirling 3. To approve the Audit Committee meeting schedule, timings and locations for 2022 as follows: Commencement6.30pmMeeting Dates and LocationsMonday 14 February 2022, 63 Mt Barker Road, StirlingMonday 18 April 2022, 36 Nairne Road, WoodsideMonday 23 May 2022, 63 Mt Barker Road, StirlingMonday 15 August 2022, 63 Mt Barker Road, StirlingMonday 17 October 2022, 63 Mt Barker Road, StirlingNo meeting scheduled (Council General Elections Nov 2022)	Andrew Aitken	Steven Watson	Completed	18/11/2020	4/12/2020	Items added to Council's website and appointments sent to Audit Committee Members.
16/11/2020	Audit Committee	68/AC20	Internal Audit Quarterly Update	None declared	That the report be received and noted To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.6a as contained in Appendix 1.	Andrew Aitken	Lachlan Miller	Completed	8/02/2021	15/12/2020	Council adopted SIAPv 1.6 at its 15 December 2020 meeting.
16/11/2020	Audit Committee	70/AC20	External Audit Contract - Confidential Item	None declared	See Confidential Minute	Andrew Aitken	Lachlan Miller	Completed	8/02/2021	15/12/2020	Council approved the engagement of Galpins for the conduct of the 2020-21 and 2021-22 Annual Financial Statement and Internal Financial Control audits at its 15 December 2020 meeting.

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## **Appendix 2**

*2021 Audit Committee Work Plan (v1.0)*

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## ADELAIDE HILLS COUNCIL AUDIT COMMITTEE

### 2021 Work Plan and Reporting Schedule

Terms of Reference		
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP)	Annual
	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
Internal Control and Risk Management	Placement of Council’s insurance portfolio (for noting)	Annual
	Internal Financial Controls update	Annual
	Risk Management Plan Update	Quarterly
	LGRS Risk Evaluation - Results	Biennial
	LGRS Risk Evaluation - Action Plan Review	Bi-annual
Internal 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
	Other Reports	As required
Version Control:	V1.0 - Adopted 16 November 2020	

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.2

**Responsible Officer:** Kira-marie Laverty  
Corporate Planning & Performance Coordinator  
Office of the Chief Executive

**Subject:** Quarterly Council Performance Report – Q2 2020-21

**For:** Information

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**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 Q2 (**Appendix 1**) covers the period 1 September 2020 to 31 December 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.~~

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## 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 is formatted to show Council's performance against the 5 strategic goals:

- Built Environment
- Community Wellbeing
- Economy
- Natural Environment
- Organisation

The report also includes the Customer Service Standards, Capital works performance, and Quarterly Financial Performance.

Overall performance results for Quarter 2 include:

- 87% of Strategic initiatives on track or completed, 4% behind schedule and 9% not started.
- 12 of the 19 corporate performance indicators were met or exceeded, 6 were not met and 1 could not be assessed this quarter.
- 10 of the 17 customer service standards were met or exceeded, 3 were not met and 4 had no instances reported.

See the attached Quarterly Council Performance Report – Quarter 2 (**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 2 2020-21

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# **Appendix 1**

*Quarterly Council Performance Report – Q2 2020 - 2021*

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# Quarterly Council Performance Report

Quarter 2 – 1 October to 31 December 2020

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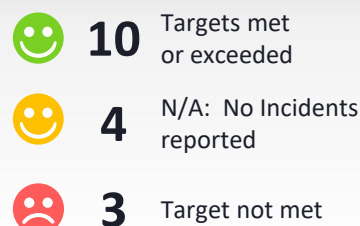
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# 1. Executive Summary



## Customer Service Standards



## Capital Performance

- \$4.1m of infrastructure delivered
- \$2.8m of works ordered
- Focus has been on commencing new projects, as well as continuing projects that were commenced in Q1.



## Highlights

- 552 responses were received in our Community Perception and Engagement Survey which closed in December 2020. The insights we gain from these responses will help us shape our Annual Business Plan for 2021-22 as well as how we deliver our services and programs over the coming year.
- The draft Disability Access and Inclusion Plan was endorsed and went out for community consultation. The Plan has been adjusted to include results from consultation including changing the name to "Access and Inclusion Plan" and will go back for final endorsement in January 2020.
- The social media education campaign on forthcoming Cat Confinement rules resulted in 3,695 clicks to go to our AHC Cat Webpage for further information, 278 comments and 126 shares.
- Priority processing of development applications for bushfire affected residents continues. We have received 278 development applications, 91% of which have now received either full development approval or Planning Consent.

## Risk and Challenges

- COVID-19 restrictions continued to provide challenges to programs and events over September to December 2020, particularly those that require gatherings of people. Despite this we are continuing to find alternative ways of delivering services and engaging with our residents.
- Civil contractors have been less available than in the past which has led to some capital projects being re-tendered. This may effect the deliverability of some projects over the year.
- Review of tree management risks have identified the need for additional ongoing resourcing that will be considered as part of the development of the Long Term Financial Plan.



## 2. Performance by Strategic Goal

### *A functional Built Environment*

#### Highlights

##### **Gumeracha Main Street Project**

- Art wall has been installed. Tender for streetscape design was called but no responses received. To be re-tendered in February 2021.

##### **Gumeracha undergrounding of power lines**

- All civil works have been completed by SA Power Network's contractor and cabling underway

##### **Review of Council Fire Prevention & Mitigation Activities**

- Meeting held with Council's Bushfire Advisory Group on 24 Sept 2020 to discuss:
  - Independent Review into South Australia's 2019-20;
  - Bushfire management area plan update;
  - 105F Code of Practice;
  - and Community Education.

##### **Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan**

- Investigations are complete on air-conditioning for the Stirling Library and the cost estimate is considerably higher than the available budget. This upgrade has been delayed until next financial year when additional funding may be available.
- Further investigations are being undertaken on the lighting within the Stirling Library.
- Energy efficiency work will be undertaken at the Summit Community Centre when the Post Office is relocated.

##### **Processing of Bushfire Development Applications**

- Council has now received 278 development applications, including 65 dwellings. This is approximately 55.7% of the anticipated 500 development applications for properties damaged or destroyed by the bushfire. Of the 278 development applications, 243 (or 91%) have now received either full Development Approval or Planning Consent.

##### **Crown Land Review**

- Report drafted containing all community consultation feedback to be considered by Council at the March 2021 meeting

##### **Installation of further EV charging stations**

- Currently waiting on a cost estimate for the location of charging station in Stirling.

##### **Transition to the Planning, Development & Infrastructure (PDI) Act**

- Second draft of *Planning and Design Code* released for consultation and a submission made on 18 December 2020.
- The designated date for implementation of the PDI Act has not yet been released, however it is anticipated to be in March 2021.
- Training of planning, building and support staff across council has commenced. Building Fire Safety Committee has been reappointed under the PDI Act in preparation for the go live date.

##### **LED Public Lighting Installation - investigate transition of main road street lighting**

- The Public Lighting Working Group has established a sub-group to specifically work with Dept of Infrastructure and Transport on the standards and change-over of Council owned lights requirements on the state maintained roads. Delivery timeline is unknown.

##### **Woodland Way Teringie Drainage Infrastructure to reduce flooding**

- Tendering was completed in Q2, have been ordered, and construction planned to commence in Q3.

##### **Cemeteries Upgrades**

- Project identified for an expansion of the lawn section at Houghton.

##### **Stirling library lawns – Rotunda Replacement**

- Scope of project has been increased to consider a statement construction rather than a like for like replacement. Cost estimates are being sought for consideration by Council.

##### **Road Safety Program including co-contribution to Road Blackspot**

- Construction of Checker Hill Rd, Martin Hill Rd have been completed.
- Ironbank Rd and Ridge Rd, Mylor have been scoped.

##### **Infrastructure assets Climate Change Adaption**

- Further scoping works are underway with consideration of climate change adaptation in respect to trees.

## Risks & Challenges

### Gumeracha Main Street Storm water

- As the storm water installation and the undergrounding of power lines can't be undertaken concurrently, works have been rescheduled to start March 2021.

### Integration of Development Assessment Systems

- State Planning Department removed the funding for this project due to the significant cost of quotes from the software providers. Alternative options to achieve functionality of the new system are being developed in the PlanSA Portal for all councils. Test release date of 29 January 2021. This functionality to be reviewed to determine if the integration tool is still required.

### Unmade Road Review

- Awaiting completion of the trails audit and strategy

### Project Management Framework

- Whilst broader consultation did not occur in Q2 as planned, the ongoing trial of the manual has resulted in valuable feedback and improvement, that will make it well positioned for broader consultation in Q3.

### Septic Tank De-sludge Program

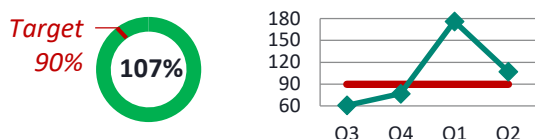
- Septic tank de-sludge program is still behind schedule. However, the contractor has advised that it will be completed on time at the end of 2020-21.

### Cemetery Review & Stirling Cemetery Masterplan

- Implementation of new cemetery management system has taken precedence over other objectives in Q2 & Q3.

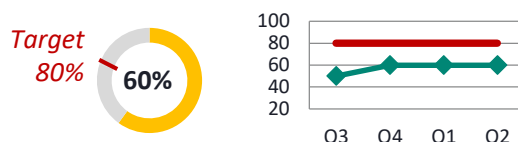
## Performance Indicators

### Delivery of capital works program



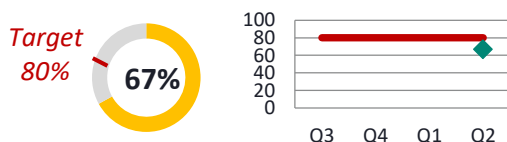
The quarter two result indicates that expenditure is slightly ahead of forecast budget year-to-date. This reflects that early forecasting has been accurate. This result is expected to trend back towards 90% over the next two quarters, as any unforeseen delays accumulate.

### Operational tasks completed within the Civil Zone Maintenance Program



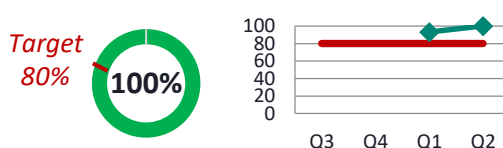
Results indicates that 60% of operational activities are planned, compared to 40% reactive. This result is considered a best estimate based on available information from Council's customer relations management system. Accuracy of result will improve with the broader rollout of confirm asset management software and in field devices.

### Compliance inspections completed within 5 business days of development completion notification



Of the 6 completion notifications received by Council in this quarter, 4 were completed within the 5 day timeframe. Review of the allocation of inspections is being undertaken to ensure compliance with the target.

### Compliance inspections completed within 5 business days of notification of alleged unlawful development



7 compliance inspections related to alleged unlawful development were undertaken in the quarter of which all were completed within the 5 business days target

## 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 power lines (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	✓
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	✓
B4009	Building Upgrades - minor	✓
B4010	Cemeteries Upgrades	✓
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	✓
B4015	Installation of further EV charging stations	✓
B4016	Purchase of EV cars for fleet	✓
B4017	WSUD implementation for Woodside Rec Ground	✓
B4018	Infrastructure assets Climate Change Adaption	✓

## Highlights

### Disability Planning

- The provisional Disability Access and Inclusion Plan has been endorsed and went out for community consultation.
- The Plan has been adjusted to include results from consultation including changing the name to “Access and Inclusion Plan”.
- The updated plan is scheduled to go to Council at the 27 Jan 2021 meeting
- Accessible Communications and Destinations projects are progressing.

### Community Perception and Engagement Survey

- The survey closed in December 2020 with 552 responses received. Survey results were presented to ELT and work has commenced on developing an action plan for a Council workshop in March 2021.

### Youth Action Plan

- Youth Action Plan adopted by Council in December 2020. Implementation to start in Q3.

### Youth Leadership Program (YLP)

- The 2020 YLP concluded mid-November 2020. Participant feedback on the program has been unanimously positive.

### Implement the Bushfire Recovery Action Plan

- Recovery activities continue in line with the endorsed Bushfire Recovery Action Plan. Key focus areas this quarter were continuing to expedite rebuilding development applications; completing tree clearance work; and supporting community initiatives to recognise the anniversary.

### Women’s Tour down Under

- The Santos Tour Down Under was cancelled due to COVID-19 and an alternative event replaced it in 2021 - The Santos Festival of Cycling. The domestic event includes a Women's race on Friday 22 January from Birdwood to Lobethal with Council providing support for the much smaller event.

### Events

- Upcoming planned event is the “Festival of the Hills” which is a weekend of fun, free, family-friendly events that celebrate and connect our communities - Friday 19 Feb to Sunday 21 Feb. It supports our performers, artists, community groups, and local businesses.

### Digital Learning

- Presentation of current digital learning provided at a Council workshop in Oct 2020.
- Future directions to be included in the Library Services Strategic Plan

### Positive Ageing Promotion

- Provided aged care sector updates on the Royal Commission interim report and COVID report.
- Developed and facilitated Living Well with Dementia workshop for aged care providers
- Co-facilitated Advanced Care Directives information session for community and aged care providers
- Provide sector updates on key issues relating to the Aged Care sector

### Establish an Arts and Heritage Hub

- Fabrik recommenced programs with three exhibitions and a range of workshops. Focus was on our creative recovery program which offers opportunities for bushfire effected community members to connect, gain respite, and express their recovery experiences creatively. This program culminated in our Regenerate exhibition in December where the artwork of over 100 artists (children and adults) was exhibited.

### Fabrik Arts and Heritage Hub

- Preparations for the installation of a lift in Building 20, toilets in Building 21, and other associated compliance upgrades have progressed, with a view to commencement in March 2021.

### Reconciliation Action Plan

- NAIDOC November/December workshop with Hills Christian Community School has culminated in a planned Art Exhibition at Top of the Torrens Gallery in February 2021.

### Support for Aboriginal Cultural Centre

- This Breath is Not Mine to Keep exhibition, highlighting Aboriginal and Torres Strait Islander deaths in custody, was held at Fabrik with a Welcome to Country by Kurna Elder Jack Buckskin and artist talk by Clyde Rigney Jr.
- Fabrik partnered with Country Arts SA to present Nunga Screen - 3 free Indigenous movies presented as part of NAIDOC week.

### Multicultural Action Plan

- Harmony Picnic 2020 cancelled due to COVID-19 restrictions however planning underway for Harmony Picnic 2021

## Risks & Challenges

### Mobile Library Project

- The procurement process for the mobile library was suspended pending a review of the effectiveness of alternative service delivery models resulting from the COVID-19 pandemic restrictions and higher than expected tender prices.
- Recommendations from review to be brought back to Council for consideration.

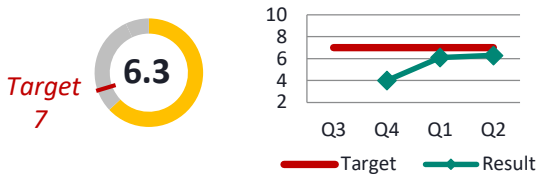
### Support for small events

- The Event Support Program is live and has assisted or has in train assistance for approximately 5 events. The uptake of the program has been impacted by the continuing Covid-19 restrictions and uncertainty, but we continue to work with a number of local groups about opportunities in the coming months.

## Performance Indicators

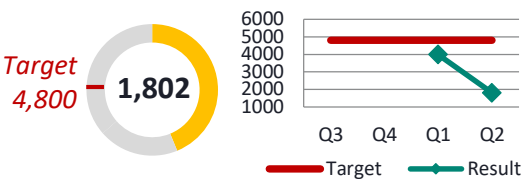
### Positive ageing wellbeing score

Average level of self-determined wellbeing of program participants reviewed in the quarter.



The wellbeing score has improved slightly, but it continues to be impacted by the past 12 months of stressful, significant life events: The Cudlee Creek Bushfires & The COVID-19 Pandemic. Social events continue to resume (in a scaled down, COVID safe manner) however it is important to note that in this quarter - SA had the "circuit breaker" shut down which required a full cease of programs and services.

### Number of volunteer hours contributed to AHC programs each year



Results appear lower than the quarterly target due to COVID-19 restrictions.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
C1001	Disability Planning - Staffing	✓
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	✓
C4005	Heathfield Oval Changeroom Upgrade – Sport Australia Grant Funding	✓
C4006	Play Space Upgrades – Mount Torrens, Charleston, Kersbrook (linked to renewal)	✓
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	😊
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

### Economic Development Officer

- Our new Economic Development Officer commenced on 19 October 2020.

### Review and upgrade Council signage and branding

- Fabrik signage is in production, designs are being finalised for service centre signage and we are currently running a social media campaign 'Spot the sign' to engage our community in finding signs with AHC logo on them. This will help inform our signage master register.

### UNESCO World Heritage Bid

- A meeting of the Project Steering Group and the Lord Mayor took place on 14 December 2020 where the Heritage Expert presented his findings on ours and the City of Adelaide's proposed Bids. Letters were subsequently sent to all Mayors of the collaborating councils to determine who wishes to continue to participate in the project. A further update to be provided next quarter.

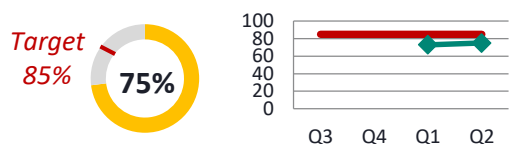
## Risks & Challenges

### Continued impacts to business community

- The demand for information and advice on a wide range of economic development issues in the region has escalated significantly and is expected to continue as all levels of Government look towards community-led recovery (from both bushfire events and COVID-19).

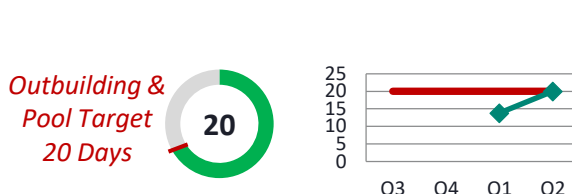
## Performance Indicators

### Percentage of planning consents completed within statutory timeframes



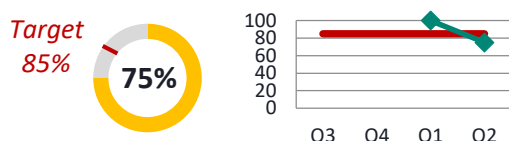
Of the 185 applications determined this quarter, 138 met the statutory timeframe. There was one 2016 non-complying development application that was determined in this quarter where there was a stop clock discrepancy that impacted on the achievement of the target this quarter.

### Average number of days for applications to be approved - building consent



Currently this indicator is only able to be reported upon for Building Rules Consent Only applications. In this instance 26 Applications were received and 100% were processed within the 20 day target

### Percentage of new development application decisions upheld in Council/CAPs favour under appeal



Of the four matters in the ERD Court this quarter, one decision by the Court upheld the decision of CAP. Two of the appeals (related to the same Development Application) were withdrawn, and the other appeal matter is ongoing.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
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	
N1002	Social, Economic and Environmental Recovery	



## Highlights

### **Dog and Cat Animal Management Plan (DCAMP) – Cat Confinement**

- Council's community education campaign concluded during the quarter with information posted on Council's website and social media feeds. Further, adverts were placed in the newspaper. In response there were many comments received.
- Social media engagement results are:
  - 3,695 link clicks to AHC Cats webpage
  - 501 reactions (422 likes, 58 loves, 2 wow, 15 angry, 3 sad, 1 caring)
  - 278 comments
  - 126 shares

### **Feral Cat study and implementation of action plan**

- Request for quote for the feral cat survey is out for tender. Once the tender process has been completed next quarter, Council will choose preferred tenderer and have the survey undertaken in the coming months.

### **Conversion of hard copy Wastewater files to electronic files**

- Conversion of approximately 12,000 hard copy wastewater files to electronic is ongoing. Currently 1,300 of these have been digitized.

### **Wastewater Aerobic Irrigation Inspections**

- Inspection Post COVID-19 inspection of aerobic systems resumed in October 2020 and is ongoing.

### **Native Vegetation Marker System Program**

- No Bushrat assessments undertaken this quarter. Will resume in Q3. 98 sites remaining for baseline surveying.

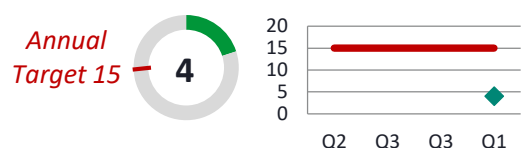
## Risks & Challenges

### **Investigate impact of wastewater system on catchment**

- Discussions with SA Water are continuing with the project unable to resume until agreement is reached regarding the continuation of the Project.

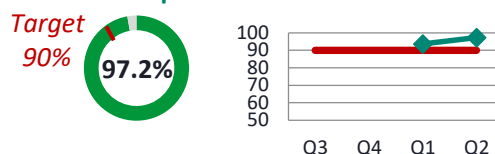
## Performance Indicators

### No of sites completed in the Woody Weed Program

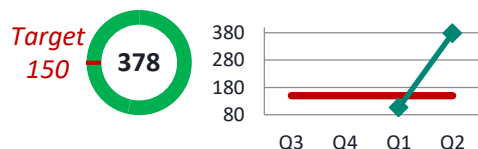


11 sites have been started and 4 sites completed

### Percentage of nuisance and litter queries resolved

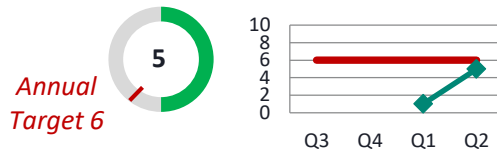


### Tonnes of green organics collected on Green organics days



Six free organic drop off days have been held collecting a total of 378 tonnes of organics.

### Number of community education actions delivered – actioned vs planned



Four Community Waste Education activities were undertaken including the waste education stall at the Gumeracha 5th Sunday Market, Stirling Market, Oakbank Fair and National Recycling Week stall in the Coventry Library. An additional community education stall was cancelled due to COVID-19 restrictions..

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
N1001	Tree Population Data Collection	–
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

### **Community Water Management System (CWMS) Review**

- Registration of Interest was tendered to market and evaluation of responses completed. Report to be provided to January 2021 meeting of Council.

### **Front line customer service delivery**

- Meetings being held with other departments to develop and further enhance knowledge articles.

### **Implementation of Organisational Information Management System**

- Contracts have now been established with a technical services provider after completion of a quoting process and activities in December. This consisted of project workshops to commence the migration of content between TRIM and Records Hub systems.

### **Resource to manage building & swimming pool inspections to ensure legislative compliance**

- The focus on this quarter was keeping up with inspections of buildings and swimming pools where Council received notification of commencement or completion. A large volume of non-compliance is being noted, and will require re-inspection.

### **Cemetery Management System**

- Implementation of data has been delayed slightly to enable some amendments to be made to the data which have now been completed. "Go-live" will occur in Q3.

### **New Council Website and e-services**

- A consultant has been appointed to assist with scoping deliverables, technical specifications and stakeholder drivers for the new website.

### **Hard copy records digitisation**

- Quote obtained for the outsourcing of a scan on demand service from our hard copy records storage provider. We are now considering the benefits of this approach which include reduced costs of digital storage and resource time.

### **Develop or respond to Boundary Reform Proposals**

- Campbelltown City Council's (CCC) Rostrevor/Woodforde proposal is still in Stage 2 development and there is no formal response required at this point in time. During the quarter CCC surveyed affected residents in relation to the proposal however the results were not published by the close of the quarter.
- In December, the City of Burnside resolved to write to AHC regarding the potential for a joint administrative proposal involving areas of Chambers Gully, Cleland and Waterfall Gully.

### **Information System Cyber Security Plan (ISMS)**

- Quotes obtained for implementation & support services to address items contained in the Cyber Security Audit.

### **Progression of alteration of existing trust arrangement and revocation of community land to enable a sale of the Bridgewater Village**

- Initial feedback received from Attorney-General. A landscape plan for Carripook Park is being developed for consideration by the Supreme Court.

## Risks & Challenges

### **Update of Business Continuity Plan and Implementation**

- Progress has been delayed due to impacts of COVID-19 restrictions

### **Digital and Social Media**

- We continue to grow our digital presence organically but further capacity/resources will be required if we want to take our digital presence to the next level.

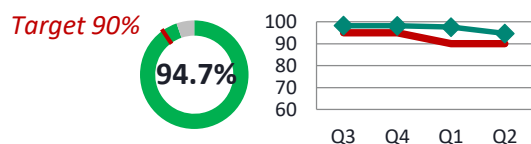
### **Internet of Things (IOT)**

- Costs and WHS issues with installation of a Gateway have impacted on the delivery timeframes for mounting the Gateway in the Woodside Township. Reassessment of alternative locations will need to be considered but this will impact on the coverage footprint.

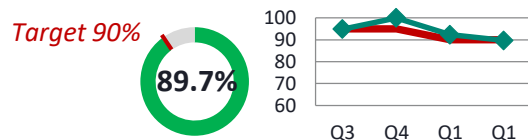


## Performance Indicators

**Decisions (Council resolutions) considered in open ordinary and special Council meetings during the period**

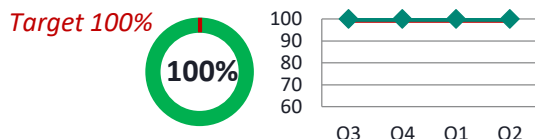


**Council member attendance at ordinary and special meetings for the period**

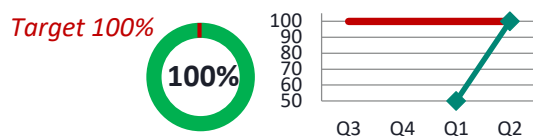


Council granted three leaves of absence and had one apology in Q2

**Freedom of Information (FOI) requests completed within the legislated timeframe**



**Percentage of Ombudsman investigations upholding Council's decisions**



Nil FOI Ombudsman Investigations occurred.

**Number of lost time injuries**

Annual Target **0** Actual **0** System access issues prevented confirmation of this figure.

**Employee Turnover**

Annual Target **7-15%** Actual **3.74**

The assessment against the target figure will only be realised at the end of financial year. Across the year a rolling update is provided.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
O1001	Resource to manage Skytrust (WHS system) implementation	✓
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	✓
O5002	Equipment to broadcast Council Meetings	✓
O5003	Corporate Plan Review	—
O5005	Resource to manage building & swimming pool inspections to ensure legislative compliance	✓
O6002	Information System Cyber Security Plan	✓
O6003	Two Factor Authentication - Software Subscription	✓
O6004	Application Whitelisting - Software Subscription	✓

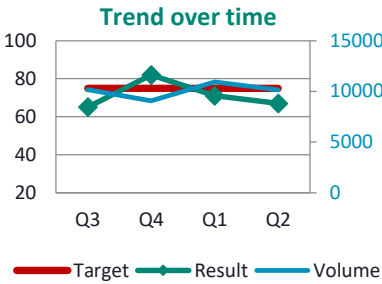
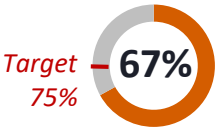
# 3. Customer service standards

## 5.1 General Customer Standards

### Answering Incoming Phone Calls

Volume of calls = 10,139

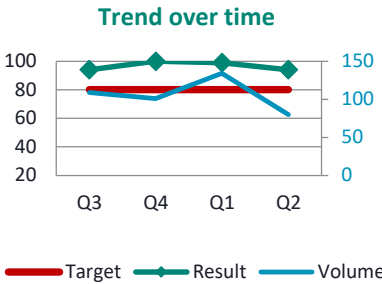
Contact centre calls answered within 30 sec



### Updating Customer Details

Volume of updates = 80

Details updated within 5 days

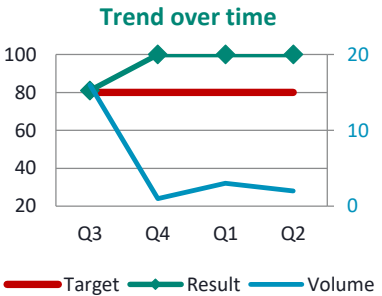


## 5.2 Service Specific Standards – Time Based Indicators

### New Event Applications

Volume of applications = 2

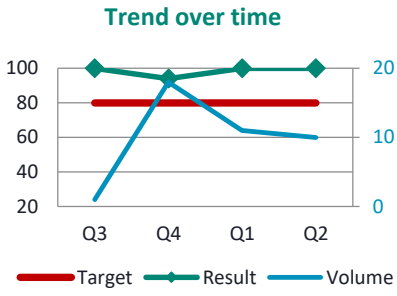
Acknowledgement of receipt within 5 days



### Illegal Burning Complaints

Volume of complaints = 10

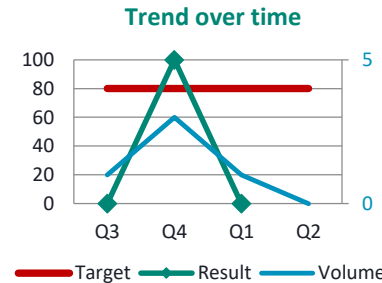
Investigated within 24 hours



### Health Complaints

Volume of complaints = 0

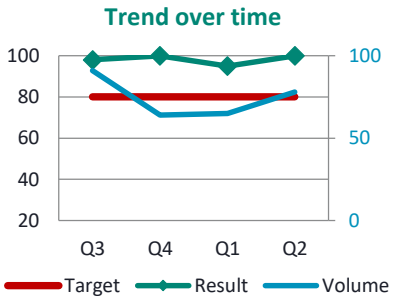
Investigated within 24 hours



### Illegally Dumped Rubbish

Volume of reports = 78

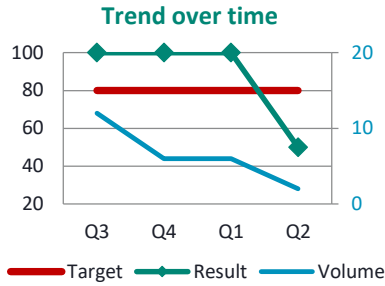
Rubbish removed within 3 days



## Library Services

Volume of requests = 2

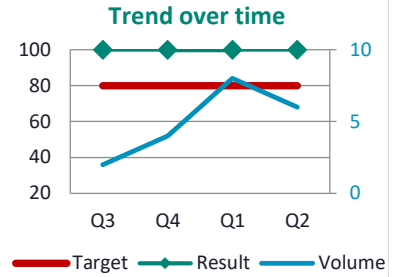
Response to requests to purchase materials within 10 days



## Dog Attacks

Volume of attack reports = 6

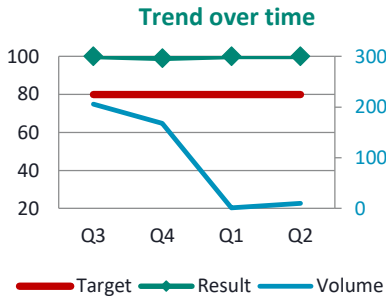
Response within 24 hours



## Wasps

Volume of reports = 10

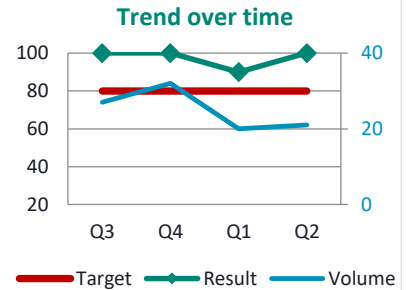
Investigate and action within 7 days



## Development Applications

Volume of applications = 21

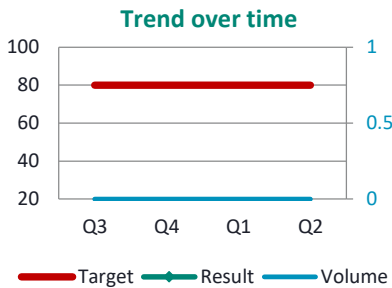
Approval of fast track development applications within 28 days



## Missed Bins

Volume of requests = 0

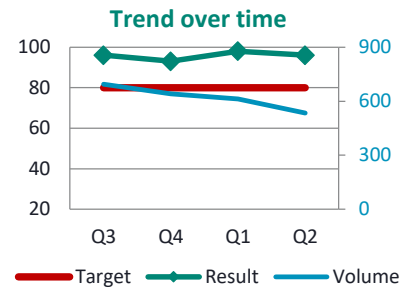
Missed bins collected within 2 days



## Request for Bin Repair or Replacement

Volume of requests = 535

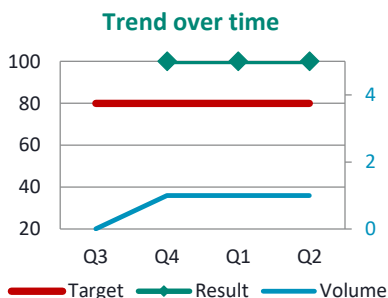
Requests actioned within 7 days



## Footpath Repairs - Hazardous

Volume of repairs = 1

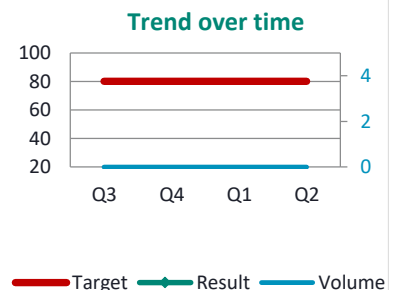
Responded and made safe within 24 hours



## Road Repairs - Hazardous

Volume of repairs = 0

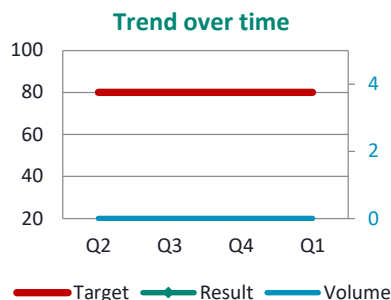
Responded and made safe within 24 hours



## Stormwater Repairs - Hazardous

Volume of reports = 0

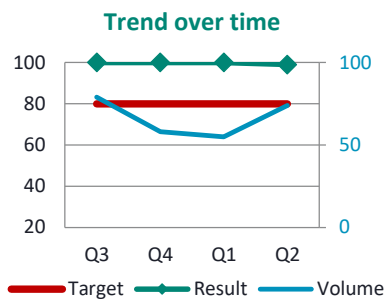
Responded and made safe within 24 hours



## Trees - Hazardous

Volume of reports = 74

Responded and made safe within 24 hours

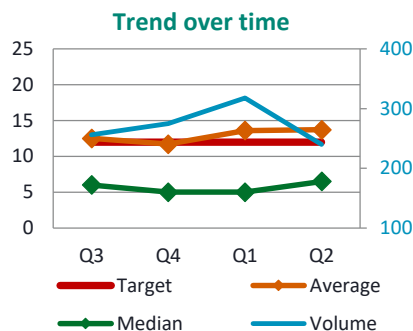
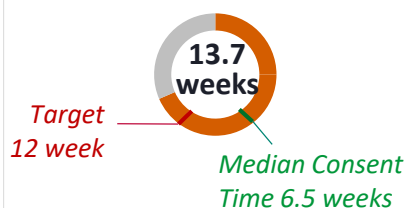


## 5.3 Service Specific Standards – Other Indicators

### Development Applications

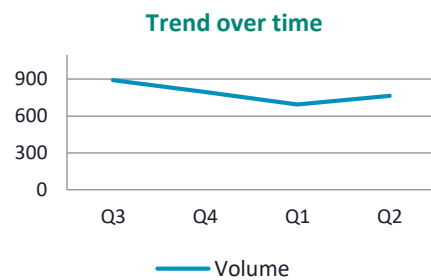
Volume of applications = 240

Average consent time from date of receipt



### Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 764



### Low Risk Infrastructure Requests – Average Time to Resolve

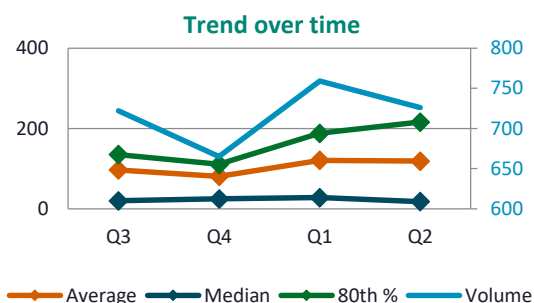
Volume of Requests = 726

Resolution time of requests

Average = 119 days

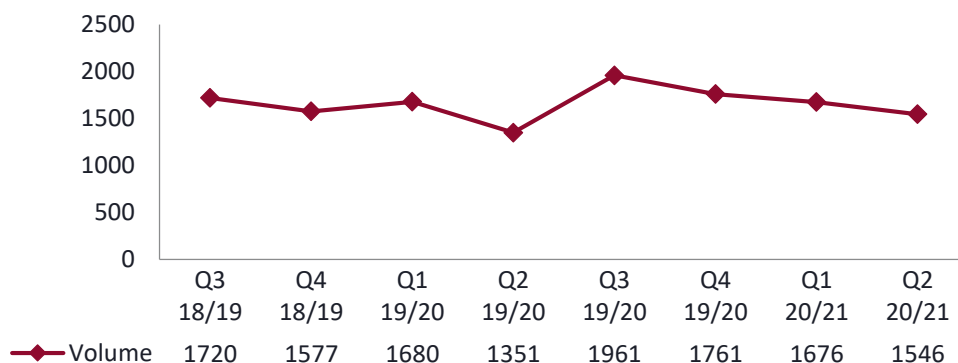
Median = 18 days

80th Percentile = 216 days



### Overall Volume of Requests

Trend in volume of requests/customer cases for which there is an adopted service standard, excluding the volume of phone calls



# 3. Capital Works Program

Quarter 2 of 2020-21 FY represents the continuation of the 2020-21 Capital Works Program, with \$4.1M of infrastructure delivered during this period and another \$2.8M of works ordered. The primary focus of this quarter has been on commencing new projects, as well as continuing construction of projects that were commenced in Q1.

## Highlights

- Landscaping and beautification works at Crafrers On Ramp and Piccadilly Rd roundabouts was completed.
- The Newman Rd renewal and upgrade project was completed.
- Renewal of the CWMS main in Woodside was completed.

## What's Next

- The construction of three nature play spaces, in Mt Torrens, Charleston, and Kersbrook, are due to commence in Q3.








## Financial Performance by Asset Category

Asset Category	YTD Actuals \$'000	YTD Budget \$'000	YTD Var Fav / (unfav) \$'000	Annual Budget \$'000
Bridges	9	140	131	167
Buildings	453	938	478	2,658
Cemeteries	93	119	25	184
CWMS	349	390	41	440
Footpaths	209	372	162	869
Kerbing	43	100	57	266
Local Roads & Community Infrastructure Program (LRCIP)	78	195	117	842
Other - Ret Walls, Str Furniture & Bus Stops	828	1,007	186	2,357
Roads - Pavements	1,586	1,565	(22)	2,627
Roads - Seals	455	450	(5)	1,181
Roads - Shoulders	256	150	(106)	269
Roads - Unsealed	321	510	189	1,339
Sport & Recreation	74	328	253	4,078
Stormwater	244	468	223	1,153
Fleet	374	393	19	2,188
ICT	52	434	382	743
Library	4	11	7	68
Plant & Equipment	17	26	9	60
	5,448	7,594	2,146	21,488














## 4. Financial Performance

### Overall Funding Statement as at 31 December 2020

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
<b>Total Operating Income</b>	<b>44,527</b>	<b>44,198</b>	 <b>329</b>	<b>50,455</b>
<b>Total Operating Expenditure</b>	<b>19,577</b>	<b>20,231</b>	 <b>653</b>	<b>48,324</b>
<b>Funding surplus before Capital</b>	<b>24,950</b>	<b>23,967</b>	 <b>983</b>	<b>2,131</b>
<b>Capital Expenditure</b>	4,495	6,191	 1,696	<b>21,488</b>
<b>Capital Income</b>	847	828	 20	<b>4,923</b>
<b>Net expenditure - Capital projects</b>	<b>3,648</b>	<b>5,363</b>	 <b>1,716</b>	<b>16,565</b>
<b>Net Lending / (Borrowing) Result for Year</b>	<b>21,302</b>	<b>18,604</b>	 <b>2,698</b>	<b>(5,197)</b>

### Adelaide Hills Council Operating Summary By Directorate as at December 2020

	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
<b>Income</b>				
Community Capacity	1,474	1,397	 77	4,537
Corporate Services	39,178	39,047	 131	40,255
Development & Regulatory Services	903	801	 101	1,252
Infrastructure & Operations	2,973	2,953	 20	4,411
<b>Income Total</b>	<b>44,527</b>	<b>44,198</b>	 <b>329</b>	<b>50,455</b>
<b>Expenditure</b>				
Community Capacity	4,416	4,610	 193	8,901
Corporate Services	4,941	5,014	 73	8,356
Development & Regulatory Services	1,831	1,860	 28	3,715
Infrastructure & Operations	8,388	8,748	 359	27,351
<b>Expenditure Total</b>	<b>19,577</b>	<b>20,231</b>	 <b>653</b>	<b>48,324</b>
<b>Operating Surplus (Deficit)</b>	<b>24,950</b>	<b>23,967</b>	 <b>983</b>	<b>2,131</b>

## Operating summary by Function (Income)

as at December 2020	Income by Function			Expenditure by Function			Net Position
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Variance \$'000s
Bushfire Recovery	127	127	●	984	1,045	● 61	● 61
CC Director's Office	-	-	●	153	151	● (2)	● (2)
Communications, Engagement & Events	21	-	● 21	266	279	● 13	● 34
Economic Development	160	125	● 35	307	326	● 19	● 55
FABRIK Arts and Heritage Hub	69	51	● 18	212	198	● (15)	● 3
Community Development (Management)	-	-	●	191	168	● (22)	● (22)
Cultural Development	-	-	●	59	72	● 13	● 13
Grants & Partnerships	-	-	●	149	141	● (8)	● (8)
Hills Connected Communities Projects	47	43	● 4	38	44	● 6	● 10
Positive Ageing (Home and Social Support)	764	759	● 5	462	520	● 59	● 64
Positive Ageing Project (Collaborative)	113	111	● 2	51	53	● 2	● 3
Service Strategy & Innovation	-	-	●	72	83	● 12	● 12
The Summit Community Centre	8	10	● (2)	78	86	● 8	● 6
Torrens Valley Community Centre	13	18	● (4)	87	86	● (1)	● (6)
Volunteering	-	-	●	39	41	● 2	● 2
Youth Development	1	1	●	75	76	●	● 1
Library Services	151	152	● (1)	780	817	● 37	● 36
Customer Service	-	-	●	415	424	● 8	● 8
<b>Community Capacity</b>	<b>1,474</b>	<b>1,397</b>	<b>● 77</b>	<b>4,416</b>	<b>4,610</b>	<b>● 193</b>	<b>● 270</b>
AHBTC	148	172	● (24)	101	121	● 20	● (4)
Cemeteries	193	144	● 50	95	141	● 46	● 96
CS Director's Office	2	2	●	157	162	● 5	● 5
COVID 19	-	-	●	156	150	● (6)	● (6)
Financial Services	38,576	38,595	● (19)	623	640	● 17	● (3)
Governance & CEO Office	69	68	● 1	1,041	1,066	● 26	● 26
Information Services	-	-	●	1,522	1,452	● (70)	● (70)
OD & WHS	-	-	●	274	286	● 12	● 12
Property Management	171	48	● 123	956	984	● 28	● 151
Retirement Villages	18	19	● 0	17	13	● (5)	● (5)
<b>Corporate Services</b>	<b>39,178</b>	<b>39,047</b>	<b>● 131</b>	<b>4,941</b>	<b>5,014</b>	<b>● 73</b>	<b>● 204</b>
Animal Management	412	399	● 13	229	227	● (1)	● 12
DRS Director's Office	-	-	●	160	165	● 5	● 5
Fire Prevention	2	-	● 2	36	49	● 12	● 14
Mt Lofty Waste Control Project	-	-	●	-	-	● 0	● 0
Parking and By-Laws	15	23	● (8)	108	97	● (11)	● (18)
Planning & Development	400	298	● 102	1,000	985	● (15)	● 88
Policy Planning	-	-	●	72	84	● 12	● 12
Public Health	73	81	● (8)	227	253	● 26	● 18
<b>Services</b>	<b>903</b>	<b>801</b>	<b>● 101</b>	<b>1,831</b>	<b>1,860</b>	<b>● 28</b>	<b>● 130</b>
Civil Services	1,031	1,031	● 1	2,473	2,764	● 291	● 292
Community Wastewater Management System	1,854	1,841	● 13	296	298	● 2	● 15
Depreciation	-	-	●	-	-	●	●
Emergency Management	-	-	●	27	40	● 12	● 12
IO Director's Office	-	-	●	171	164	● (7)	● (7)
Open Space - Biodiversity	15	15	●	276	262	● (14)	● (14)
Open Space Operations	7	-	● 7	2,146	2,208	● 62	● 70
Open Space - Sport & Rec Planning	-	-	●	385	367	● (18)	● (18)
Sustainability	-	-	●	74	103	● 29	● 29
Strategic Assets	-	-	●	251	263	● 12	● 12
Waste	65	67	● (1)	2,290	2,279	● (10)	● (12)
<b>Infrastructure &amp; Operations</b>	<b>2,973</b>	<b>2,953</b>	<b>● 20</b>	<b>8,388</b>	<b>8,748</b>	<b>● 359</b>	<b>● 379</b>
<b>Total</b>	<b>44,527</b>	<b>44,198</b>	<b>● 329</b>	<b>19,577</b>	<b>20,231</b>	<b>● 653</b>	<b>● 983</b>



**Adelaide Hills**  
COUNCIL

## MORE INFORMATION

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.3

**Originating Officer:** Mike Carey, Manager Financial Services

**Responsible Director:** Terry Crackett, Director Corporate Services

**Subject:** 2020-21 Budget Review 2

**For:** Decision

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**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 second Budget Review (BR2) of the 2020-21 financial year to the Audit Committee for review. BR2 will be submitted to Council for consideration on 23 February 2021.

The proposed budget changes reduce Council's Operating Surplus by \$459k from \$2.343m to \$1.883m. This budget review has been significantly impacted on by an increase in tree related expenditure associated with bushfire recovery works, identified risk related tree management expenditure and the tree safety work relating to Tour Down Under. A detailed report specifically relating to this expenditure will be provided to Council on 23 February 2021 to provide additional context for Council prior to the adoption of the BR2 report.

BR2 also proposes increases of \$175k to capital income and a reduction of \$1.404m to capital expenditure. The capital expenditure reduction largely relates to proposed carry forwards to 2021-22 of \$1.518m.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is reduced from \$4.984m to \$3.865m.

**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 2 which result in:
  - a. A reduction in the Operating Surplus from \$2.343m to \$1.883m for the 2020-21 financial year.

- b. Changes to Capital Works, increasing capital income by \$175k and reducing capital expenditure by \$1.404m for the 2020-21 financial year resulting in a revised capital expenditure budget for 2020-21 of \$20.083m.**
  - c. A decrease in Council's current Net Borrowing Result from \$4.984m to \$3.865m 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*, (the Act) and the *Local Government (Financial Management) Regulations 2011* (the Regulations). In particular:

Section 123(13) of the Act states that a council must, as required by the regulations, and may at any time, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.

Section 9 of the Regulations requires a council to prepare and consider the following reports:

- (a) at least twice, between 30 September and 31 May (both dates inclusive) 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; and

- (b) between 30 November and 15 March (both dates inclusive) a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.

➤ **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 LTFP.

➤ **Financial and Resource Implications**

The proposed operating variations of \$459k have reduced Council's budgeted Operating Surplus from \$2.343m to \$1.883m.

BR2 also proposes increases of \$175k to capital income and a reduction of \$1.404m to capital expenditure. The capital expenditure reduction largely relates to proposed carry forwards to 2021-22 of \$1.518m.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is reduced from \$4.984m to \$3.865m.

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**

Not applicable.

**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:* 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**

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 second Budget Review (BR2) of the 2020-21 financial year.

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 4**.

As a result of these changes endorsed by Council, including Budget Review 1 (BR1), Council's budgeted Operating Result was adjusted to an Operating Surplus of \$2.343m and the Net Borrowing Result has increased to \$4.984m.

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**

In accordance with the Regulations, the Budget Review presentation for BR2 for the year needs to include the full budgeted financial statements presented in a manner consistent with the Model Financial Statements.

In addition, a council must also include in this report revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators (**Appendix 3**).

### 3. ANALYSIS

BR2 has been prepared in consultation with Directors and Managers who have provided information for each budget area.

#### **Budget Review 2 Proposed Adjustments**

\$000s	2020-21 Current Budget	Proposed Bushfire Recovery Adjustments	Other Proposed Adjustments	Revised Budget after BR2
Operating Income	50,450	189	312	50,940
Operating Expenditure	(48,107)	(511)	(449)	(49,056)
<b>Operating Surplus</b>	<b>2,343</b>	<b>(322)</b>	<b>(137)</b>	<b>1,883</b>
Depreciation	9,237		-	9,237
Capital income	4,923		175	5,098
Capital Expenditure	(21,487)		1,404	(20,083)
<b>Net (Borrowing)/Lending Position</b>	<b>(4,984)</b>	<b>(459)</b>	<b>1,442</b>	<b>(3,865)</b>

#### **Operating:**

Key operating variations included in this review are as follows:

#### **Bushfire Recovery related - net expenditure increase in budget of \$322k**

##### **Income - \$189k increase**

- Increase of \$82k to account for unbudgeted insurance recoveries received in relation to the Cudlee Creek Bushfire impacted assets
- Increase of \$107k in planning and development application fees largely relating to bushfire impacted developments within the Cudlee Creek Bushfire zone offset by some related expenditure

##### **Expenditure \$511k increase**

- increase of \$440k to cover bushfire arboriculture and tree related expenditure relating to the Cudlee Creek Bushfire zone (including Bird in Hand)
- reduction of \$160k in non-tree related contractor costs relating to Cudlee Creek to help offset the significant increase in arboriculture and tree related expenditure
- increase of \$220k to cover bushfire arboriculture and tree related expenditure as well as emergency maintenance and other recovery costs for the recent Cherry Gardens Bushfire
- increase of \$11k in planning and development expenditure relating to increase in development applications

In summary, out of the net expenditure increase in budget of \$322k, \$102k relates to Cudlee Creek and \$220k to Cherry Gardens bushfire



*Other Proposed Operating Income changes \$301k increase*

- \$120k for one off unbudgeted building insurance recoveries that relates to expenditure incurred in previous years
- \$90k new funding for the Community Wellbeing and Participation Initiative received in 2020-21 that is offset by associated expenditure commitments
- \$21k unbudgeted income relating to Australian Day grant funding also requiring an associated expenditure commitment
- \$35k unbudgeted regional tourism bushfire recovery funding from Austrade also requiring an associated expenditure commitment
- additional \$30k income in relation to Houghton cemetery based on year to date income received
- additional \$15k income relating to an increase in Local Government risk incentive program funding offset by a reduction in annual surplus distributions
- reduction of \$10k in investment income offset by reduced interest expense due to changing interest rates
- reduction of \$4k in library miscellaneous and sundry income as a result of covid-19
- Reduction of \$3k in TDU income as a result of the cancellation of the event, noting that there is a much larger expenditure reduction

*Other Operating Expenditure \$438k increase*

Details of the other operating expenditure proposed budget requests, totalling \$438k are as follows:

- additional costs of \$340k required to mitigate risks associated with the management of trees following a recent review and audits
- an additional \$60k for tree safety work relating to the South Australian Tourism Commission cycling event (TDU)
- Net savings of \$52k in contract payments for the TDU event that was cancelled
- increase of \$90k in employee cost expenditure relating to the Community Wellbeing and Participation Initiative funding as discussed above
- increase of \$21k relating to the Australia Day event to cover increased costs relating to the implementation of COVID safe practices as discussed above
- increase of \$35k relating to the disbursement of expenditure relating to the regional tourism bushfire recovery funding from Austrade discussed above
- additional IT expenditure costs of \$18k in telephone related expenditure and \$15k in software licensing costs to reflect revised expenditure commitments for the year
- an increase of \$29k in governance costs largely to cover an increase in the audit costs to resource the internal audit plan requirement of four internal audits per year, public liability insurance and additional performance benchmarking costs
- a net increase of \$20k in planning and development advertising and court costs offset by other contractual savings including Policy and Planning
- a reduction of \$120k in domestic waste recycling costs as a result of improvement in commodity prices, a reduced contamination rate and operational changes leading to reduced charge per tonne. This was partly offset by a \$20k increase in domestic waste disposal charges due to greater disposal rate using the metropolitan waste transfer stations with higher costs

- a reduction of \$10k in finance costs as a result of reduction in current interest rates

As a result of the significant increase in tree related expenditure in this budget review spread across bushfire recovery related activities, risk related tree management expenditure and the tree safety work relating to the cycling event held in the Adelaide Hills a separate report will be tabled at Council's meeting on 23 February 2021 to provide more context for Council prior to the adoption of the BR2 Report.

As identified in Budget Review 1, 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

Costs associated with addressing service changes including additional cleaning and equipment hire total \$150k and as such 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 an amount of \$100k is transferred between these two strategic initiatives as part of BR2 to more appropriately align the budgets for these 2 projects.

It is noted that there is no CEO contingency currently available.

### **Capital**

\$000s	2020-21 Current Budget	Proposed BR2 Adjustments	Carry Forwards	Proposed BR2 Budget
<b>Capital income</b>	<b>4,923</b>	<b>175</b>	<b>-</b>	<b>5,098</b>
Capital - Renewal Expenditure	(10,677)	(89)	120	(10,646)
Capital - New Capital Expenditure	(10,811)	(25)	1,398	(9,438)
<b>Total Capital Expenditure</b>	<b>(21,487)</b>	<b>(114)</b>	<b>1,518</b>	<b>(20,083)</b>
<b>Net Capital Position</b>	<b>(16,564)</b>	<b>61</b>	<b>1,518</b>	<b>(14,985)</b>

The net impact resulting from proposed changes in the capital works program increases capital income by \$175k and reduces total capital expenditure by \$1.404m as summarised below:

#### **Proposed Adjustments to Capital Income \$175k increase**

Capital income is being increased by \$175k to account for funding due to be received for Local Economic Recovery and Black Sport Programs as detailed in **Appendix 1**.

#### **Proposed Adjustments to Capital Expenditure \$114k increase**

For Budget Review 2 there are a number of variations in the capital budget spread across asset categories.

Overall, as result of the increased funding discussed above, the associated capital expenditure budget has been increased by \$175k offset by identified net savings of \$61k across a number of projects. Specific details by project have been provided in **Appendix 1**.

### Carry Forwards Capital Expenditure reduction of \$1.518m

In addition, Budget Review 2 has identified proposed carry forwards in capital expenditure of \$1.518m which will not be able to completed this financial year and will be addressed separately as part of the 2021-22 budget preparation.

The carry forwards relate to AHBTC capital divestment, Stirling Rotunda replacement as well as the Heathfield Oval and change rooms projects. Details of the capital expenditure carry forwards have been provided in **Appendix 2**.

### Movements in Budgeted Borrowings

As a result of proposed BR2 changes, forecast borrowings including Council's short term drawdown have been revised downwards from \$18.0m to \$16.8m, as shown below.

<b>Borrowings \$000s</b>	<b>Opening July 2020</b>	<b>New Borrowings</b>	<b>Repayments</b>	<b>Forecast June 2021</b>
<b>CAD (Short Term Drawdown)</b>	2,000	-	(119)	1,881
<b>Current Other Borrowings</b>	-	10,000	-	10,000
<b>Fixed Term Borrowings</b>	10,000	-	(5,000)	5,000
<b>Total Borrowings</b>	<b>\$12,000</b>	<b>\$10,000</b>	<b>(\$5,119)</b>	<b>\$16,881</b>

### Other points of note:

### Financial Indicator Analysis

The BR2 Revised Budget Financial Indicators are shown with reference to both the 2020-21 Original Budget adopted in June 2020 and the Current Adopted Budget for 2020-21 BR1 adopted in November 2020.

<b>Financial Indicator</b>	<b>Target</b>	<b>Original Adopted Budget for 2020-21</b>	<b>Current Budget for 2020-21 (BR1 Nov 2020)</b>	<b>Proposed Revised Budget 2020-21</b>
<b>Operating Surplus Ratio</b>	0% to 10%	(0.2%)	4.6%	3.7%
<b>Net Financial Liabilities Ratio</b>	0% to 100%	51%	49%	47%
<b>Asset Renewal Funding Ratio</b>	90% to 110%	100%	116%	116%

Contributing factors that have impacted on the changes in ratios since they were last reported as per the table above are as follows:

### Operating Surplus Ratio

The significant increase in the Operating Surplus Ratio from the Original Budget is largely as a result of the transfer of \$1.550m Cudlee Creek Bushfire Disaster Recovery assistance funding to 2020-21 and accounting for additional grant funding for Local Roads and Community Infrastructure of \$781k after budget adoption.

The \$459k proposed reduction in the Operating Surplus discussed above has adjusted the Operating Surplus Ratio for BR2 from 4.6% to 3.7%.

### Net Financial Liabilities Ratio

The change in this ratio between the Original Budget and the Current Adopted Budget was as a result of an improved 20-21 Operating Surplus and the larger denominator resulting from increased 2020-21 Operating Revenue from grant income offsetting the worse than budgeted 30 June 2020 end of year position, and subsequent increase in liabilities from the amount forecast when the 2020-21 Budget was developed.

The reduction in Council's net borrowing position for BR2 largely as a result of a reduction in capital expenditure to account for proposed carry forwards has reduced Council's Net Financial Liabilities Ratio between BR1 and BR2 to 47%.

### Asset Renewal Funding Ratio

This ratio increased significantly from the Original Budget to BR1 as a result of accounting for the carry forwards from 2019-20 which included \$1.0m of renewals as well as additional net budget requests of \$460k since Council's 2020-21 capital budget was adopted.

The minor reduction in capital renewal expenditure as part of this budget review had only a minimal impact on this ratio between BR1 and BR2.

## **3.3 Summary**

The proposed operating variations of \$459k have reduced Council's budgeted Operating Surplus from \$2.343m to \$1.883m.

BR2 also proposes increases of \$175k to Capital Income and a reduction of \$1.404m to Capital Expenditure.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is reduced from \$4.984m to \$3.865m. A summary of the elements impacting on Council's Net Borrowing Position is shown below:

\$000s	\$
Current Adopted Budget Net Borrowings	(4,984)
Impact of Operating Budget Adjustments for BR2	(459)
Impact of Capital Budget Adjustments for BR2	\$1,578
<b>BR2 Revised Net Borrowing Position</b>	<b>(\$3,865)</b>

The Financing transaction detail as shown at the bottom of Council's *Uniform Presentation of Finance (Appendix 3)* highlights that in addition to Borrowings as discussed above, the financing result for the financial year also includes budgeted payments relating to the landfill remediation provision and the reduction in aged care debenture loans as part of Bridgewater Retirement Village sale.

As Council has approved a number of the 2020-21 Budget changes from Council's original adopted budget, a summary of those adjustments has been detailed in the budget reconciliation included as part of this report as **Appendix 4**.

#### **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 2 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising Budget Review 2.

#### **5. APPENDICES**

- (1) 2020-21 Capital Works Budget Review 2 Proposed Changes
- (2) 2020-21 Capital Works Budget Review 2 Carry Forwards
- (3) 2020-21 Budget Review 2 Statutory Financial Statements
- (4) 2020-21 Budget Adjustments subsequent to Original Budget Adoption

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# **Appendix 1**

## *2020-21 Capital Works Budget Review 2 Proposed Changes*

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PROPOSED 2020-21 CAPITAL BUDGET REVIEW 2 BUDGET REQUESTS

Proj #	Project Name	Project Description	Suburb	Type	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
CAPITAL EXPENDITURE								
Buildings								
3764	Crafers Hall Site Works	Construction works and acoustic treatment	Crafers	Renewal	\$0	(195,000)	\$195,000	Funding of \$100k received in May 2020 that was not reflected in adopted carry forward for the current year. Unanticipated underpinning works also identified that required completion as part of this project.
3806	Montacute Hall Remediation Works	Treat and repair salt damp affected walls	Montacute	Renewal	\$25,000	(32,000)	\$57,000	Carry forward amount from previous year was under estimated due to complexity and extent of salt damp
3911	Community Halls Compliance Works - Various	Upgrade electrical systems to ensure safety and compliance	Various	Renewal	\$100,000	40,000	\$60,000	Due to COVID and subsequent limited contractor availability means that it will not be possible to undertake all proposed sub-projects prior to year end
3912	Nairne Road Office Roof	Install solar and upgrade air-conditioning system	Woodside	Renewal	\$150,000	55,000	\$95,000	Solar to be installed and air-conditioning efficiencies to be achieved at a reduced cost
3909	Old Stirling School	Repair roof, fascias, gutters and inside ceiling and electrical	Stirling	Renewal	\$290,000	135,000	\$155,000	Detailed costings provided to enable project to be completed at a reduced cost
			Total		\$565,000	\$3,000	\$562,000	Net movement associated with proposed changes projected as favourable.
CWMS								
3918	Woodside Pumps	2 Pumps Across Woodside Network (Control Panel w shed)	Woodside	Renewal	\$18,000	(42,000)	\$60,000	As part of works to renew pumps at the main Woodside CWMS Pump Station a number of other deficiencies were identified with that site. It was found that the control panels and switch board did not meet moderns standards, nor could the existing shed footprint provide for sufficient circulation around the new pumps. The existing pumps can not be renewed without undertaking these other renewal works, and the essential nature of the CWMS service to Woodside is considered to warrant this additional investment at this time.
Roads - Pavements								
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	\$820,000	100,000	\$720,000	Savings associated with favourable market response.
3961	Blackspot Program 20/21	Road safety upgrades such as road widening, shoulder sealing, and guard rail.	Region wide	New	\$566,000	(25,000)	\$591,000	Ironbank Road is one of four roads to receive safety upgrades as part of this project. Whilst all other sites came within budget estimates, the final quote for Ironbank Rd exceeds the budget by \$24,000. Whilst the costs of the project has increased, the scope is considered necessary to deliver the safety benefits for this road section.
			Total		\$1,386,000	\$75,000	\$1,311,000	
SPORT & RECREATION								
3962	Placespace Lobethal Bushland Park		Lobethal	Renewal	\$300,000	(150,000)	\$450,000	To account for additional expenditure associated with the additional funding received from the Local Economic Recovery program from State and Federal Government

Total Expenditure Change (114,000)

Capital Expenditure Changes  
Split as follows:

Renewal (89,000)  
New (25,000)  
(114,000)

CAPITAL INCOME								
221276164	ROADS-SEALED: Blackspot Program: Grant - Capital	State Blackspot Funding	Region wide		(918,000)	25,000	(943,000)	A variation to the blackspot funding agreement has been submitted in response to the additional scope of works required at Ironbank Rd, and an increase in funding has been approved by the State Government.
264251164	SPORT & RECREATION: Bushland Park: Grant - Capital		Lobethal		(150,000)	150,000	(300,000)	To account for funding to be received from the Australian and South Australian governments Local Economic Recovery Program for the restoration of Lobethal Bushland Park
			Total Income Change		175,000			

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## **Appendix 2**

*2020-21 Capital Works Budget Review 2 Carry Forwards*

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PROPOSED 2020-21 CAPITAL BUDGET REVIEW 2 CARRY FORWARDS

Proj #	Project Name	Project Description	Suburb	Type	20/21 Budget	Revised 20/21 Budget	Carry Forward to 21/22 Budget	Comment
CAPITAL EXPENDITURE								
Buildings								
3742	AHBTC-Capital Divestment	Negotiate, design and implement required upgrades to obtain land division to enable sale of property	Lobethal	New	\$673,000	\$345,000	\$328,000	Negotiations with stakeholders and tenants delayed to ensure parties have undertaken appropriate due diligence to enable successful purchase and sale of property.
3903	Stirling Rotunda Replacement	Consult, design and install replacement Rotunda in Stirling	Stirling	Renewal	\$150,000	\$30,000	\$120,000	Due to COVID it has been difficult to obtain quotes for detailed design drawings. The request has been re-submitted to consultants and closes at the end of February 2021. Final designs to be approved before 30 June 2021, with construction in 2021/22.
			Total		\$823,000	\$375,000	\$448,000	
Sports and Recreation								
3937	Heathfield Oval Change Rooms - Sports Australia	Heathfield oval change rooms upgrade - Sports Australia grant funding.	Heathfield	New	\$584,750	\$0	\$584,750	Works are due to commence in May, with grant funding from the Office for Recreation, Sport and Racing to be utilised for initial costs, including design and preliminary construction works. Construction works will be in progress as of 30 June 2021, hence these funds, which represent a grant from Sports Australia, will be required in Q1 of the 2021/22 Financial Year.
3939	Heathfield Oval contribution	Heathfield Oval - masterplan implementation - AHC grant funding contribution.	Heathfield	New	\$485,000	\$0	\$485,000	Works are due to commence in May, with grant funding from the Office for Recreation, Sport and Racing to be utilised for initial costs, including design and preliminary construction works. Construction works will be in progress as of 30 June 2021, hence these funds, which represent Council's contribution to the project, will be required in Q1 of the 2021/22 Financial Year.
			Total		\$1,069,750	\$0	\$1,069,750	
			Total Carry Forward Change		\$1,517,750			

Capital Expenditure  
Split as follows:

Renewal	120,000
New	1,397,750
	1,517,750

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## **Appendix 3**

### *2020-21 Budget Review 2 – Statutory Financial Statements*

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**Adelaide Hills Council**  
**BUDGETED UNIFORM PRESENTATION OF FINANCES**  
**2020-21 Proposed Budget**

2019-20 Actuals	2020-21 Original Budget	Total Budget Movement since Adoption	BR2	2020-21 Revised Budget
\$'000	\$'000	\$'000		\$'000
<b>INCOME</b>				
38,547 Rates	40,181	50	-	40,231
1,180 Statutory charges	1,173	-	107	1,280
704 User charges	712	(2)	28	738
5,245 Grants, subsidies and contributions	4,768	2,943	149	7,860
42 Investment income	27	-	(10)	17
228 Reimbursements	232	-	5	237
605 Other income	249	16	211	476
73 Net gain - equity accounted Council businesses	100	-	-	100
<b>46,624 Total Income</b>	<b>47,442</b>	<b>3,008</b>	<b>490</b>	<b>50,940</b>
<b>EXPENSES</b>				
17,433 Employee costs	18,067	186	90	18,343
21,927 Materials, contracts & other expenses	19,512	420	869	20,801
9,207 Depreciation, amortisation & impairment	9,237	-	-	9,237
589 Finance costs	736	(50)	(10)	676
10 Net loss - equity accounted Council businesses	-	-	-	-
<b>49,166 Total Expenses</b>	<b>47,551</b>	<b>556</b>	<b>949</b>	<b>49,056</b>
<b>(2,542) NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(109)</b>	<b>2,451</b>	<b>(459)</b>	<b>1,883</b>
<b>Net Outlays on Existing Assets</b>				
(9,718) Capital Expenditure on Renewal and Replacement of Existing Assets	(9,212)	(1,465)	31	(10,646)
714 Proceeds from Sale of Replaced Assets	646	-	-	646
9,207 Depreciation	9,237	-	-	9,237
<b>203 NET OUTLAYS ON EXISTING ASSETS</b>	<b>671</b>	<b>(1,465)</b>	<b>31</b>	<b>(763)</b>
<b>Net Outlays on new and Upgraded Assets</b>				
(3,223) Capital Expenditure on New and Upgraded Assets & Remediation costs	(4,953)	(5,858)	1,373	(9,438)
556 Capital Grants & Monetary Contributions - New & Upgraded Assets	232	2,559	175	2,966
1,647 Proceeds from Sale of Surplus Assets	64	1,422	-	1,486
<b>(1,020) NET OUTLAYS ON NEW AND UPGRADED ASSETS</b>	<b>(4,657)</b>	<b>(1,876)</b>	<b>1,548</b>	<b>(4,985)</b>
<b>(3,359) Net Lending/ (Borrowing) Result for Financial Year</b>	<b>(4,095)</b>	<b>(889)</b>	<b>1,119</b>	<b>(3,865)</b>
<b>(15,388) Net Financial Liabilities at Beginning of Year</b>	<b>(19,883)</b>	<b>61</b>	<b>-</b>	<b>(19,822)</b>
(1,012) Decrease / (increase) in Other	-	-	-	-
(63) Non Cash Equity Movement	(100)	-	-	(100)
<b>(19,822) Net Financial Liabilities at End of Year</b>	<b>(24,078)</b>	<b>(828)</b>	<b>1,119</b>	<b>(23,787)</b>

In a year, the 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**

- New Borrowings	10,000	1,000	(1,000)	10,000
2,000 Increase/(Decrease) in Short Term Draw Down	70	(70)	(119)	(119)
1,507 (Increase)/Decrease in Cash & Investments	168	(104)	-	64
(23) (Increase)/Decrease in Working Capital	-	-	-	-
(62) Principal Repayments on Borrowings	(5,263)	263	-	(5,000)
- Reinstatement/Restoration Provision Payment	(780)	580	-	(200)
- Debenture Payment	-	(780)	-	(780)
(63) Non Cash Equity Movement	(100)	-	-	(100)
<b>3,359</b>	<b>4,095</b>	<b>889</b>	<b>(1,119)</b>	<b>3,865</b>

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.

# Adelaide Hills Council

## STATEMENT OF COMPREHENSIVE INCOME 2020-21 Proposed Budget

2019-20 Actuals		2020-21 Revised Budget
\$'000		\$'000
	<b>INCOME</b>	
38,547	Rates	40,231
1,180	Statutory charges	1,280
704	User charges	738
5,245	Grants, subsidies and contributions	7,860
42	Investment income	17
228	Reimbursements	237
605	Other income	476
73	Net gain - equity accounted Council businesses	100
<b>46,624</b>	<b>Total Income</b>	<b>50,940</b>
	<b>EXPENSES</b>	
17,433	Employee costs	18,343
21,927	Materials, contracts & other expenses	20,801
9,207	Depreciation, amortisation & impairment	9,237
589	Finance costs	676
10	Net loss - equity accounted Council businesses	-
<b>49,166</b>	<b>Total Expenses</b>	<b>49,056</b>
<b>(2,542)</b>	<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>1,883</b>
<b>(1,757)</b>	Asset disposal & fair value adjustments	780
556	Amounts received specifically for new or upgraded assets	2,966
970	Physical Resources Received Free of Charge	-
<b>(2,773)</b>	<b>NET SURPLUS / (DEFICIT)</b>	<b>5,630</b>
<b>(4,485)</b>	Changes in revaluation surplus - infrastructure, property, plant & equipment	5,130
-	- Other Comprehensive Income	-
78	Share of Other Comprehensive Income JV	-
<b>(4,407)</b>	<b>Total Other Comprehensive Income</b>	<b>5,130</b>
<b>(7,180)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>10,760</b>

**Adelaide Hills Council**  
**STATEMENT OF FINANCIAL POSITION**  
**2020-21 Proposed Budget**

2019-20 Actuals		2020-21 Revised Budget
\$'000	ASSETS	\$'000
	<b>Current Assets</b>	
	518 Cash and cash equivalents	454
	2,761 Trade & other receivables	2,761
	18 Inventories	18
<b>3,297</b>		<b>3,233</b>
	- Non-current Assets held for Sale	-
<b>3,297</b>	<b>Total Current Assets</b>	<b>3,233</b>
	<b>Non-current Assets</b>	
	- Financial assets	-
	1,491 Equity accounted investments in Council businesses	1,591
	422,745 Infrastructure, property, plant & equipment	437,370
<b>424,236</b>	<b>Total Non-current Assets</b>	<b>438,961</b>
<b>427,533</b>	<b>Total Assets</b>	<b>442,194</b>
	<b>LIABILITIES</b>	
	<b>Current Liabilities</b>	
	5,254 Trade & other payables	4,474
	2,000 Borrowings - Short Term Draw Down	1,881
	5,285 Borrowings - Other	285
	3,588 Provisions	3,388
<b>16,127</b>	<b>Total Current Liabilities</b>	<b>10,028</b>
	<b>Non-current Liabilities</b>	
	5,446 Borrowings	15,446
	1,528 Provisions	1,528
<b>6,974</b>	<b>Total Non-current Liabilities</b>	<b>16,974</b>
<b>23,101</b>	<b>Total Liabilities</b>	<b>27,002</b>
<b>404,432</b>	<b>NET ASSETS</b>	<b>415,192</b>
	<b>EQUITY</b>	
	138,645 Accumulated Surplus	144,275
	265,206 Asset Revaluation Reserves	270,336
	581 Other Reserves	581
<b>404,432</b>	<b>TOTAL EQUITY</b>	<b>415,192</b>
<b>19,822</b>	<b>NET FINANCIAL LIABILITIES</b>	<b>23,787</b>

# Adelaide Hills Council

## STATEMENT OF CHANGES IN EQUITY 2020-21 Proposed Budget

	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2020-21	\$'000	\$'000	\$'000	\$'000
Balance at end of previous reporting period	138,645	265,206	581	404,432
<b>Net Surplus / (Deficit) for Year</b>	5,630	-	-	5,630
<b>Other Comprehensive Income</b>				
Gain on revaluation of infrastructure, property, plant & equipment	-	5,130	-	5,130
Transfers between reserves	-	-	-	-
<b>Balance at end of period</b>	<b>144,275</b>	<b>270,336</b>	<b>581</b>	<b>415,192</b>

2019-20				
Balance at end of previous reporting period	141,348	269,691	573	411,612
Adjustment due to compliance with revised Accounting Standards				-
Adjustment to give effect to changed accounting policies				-
Restated opening balance				
<b>Net Surplus / (Deficit) for Year</b>	(2,773)			(2,773)
<b>Other Comprehensive Income</b>				-
Changes in revaluation surplus - infrastructure, property, plant & equipment		(4,485)		(4,485)
IPPE Impairment	-	-	-	-
Share of Other Comprehensive Income JV	78			78
Transfers between reserves	(8)	-	8	-
<b>Balance at end of period</b>	<b>138,645</b>	<b>265,206</b>	<b>581</b>	<b>404,432</b>

### FINANCIAL RATIOS

	2020-21 Proposed Budget
<b>Operating Surplus Ratio</b>	
<u>Operating Surplus</u>	3.7%
Total Operating Revenue	
<b>Net Financial Liabilities Ratio</b>	
<u>Net Financial Liabilities</u>	47%
Total Operating Revenue	
<b>Asset Sustainability Ratio</b>	
<u>Asset Renewals</u>	116%
Infrastructure & Asset Management Plan required expenditure	

# Adelaide Hills Council

## CASH FLOW STATEMENT 2020-21 Proposed Budget

2019-20 Actuals		2020-21 Revised Budget
\$'000		\$'000
	<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
	<u>Receipts</u>	
38,288	Rates - general & other	40,231
1,180	Fees & other charges	1,280
704	User charges	738
5,121	Grants	7,860
42	Investments	17
228	Reimbursements	237
929	Other revenues	476
	<u>Payments</u>	
(16,703)	Employee costs	(18,343)
(22,410)	Materials, contracts & other expenses	(21,001)
(589)	Finance payments	(676)
<b>6,790</b>	<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>10,820</b>
	<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	
	<u>Receipts</u>	
-	Proceeds from Borrowings	10,000
	<u>Payments</u>	
(62)	Repayment from Borrowings	(5,000)
(211)	Repayment of Lease Liabilities	
-	Repayments of Aged Care facility deposits	(780)
<b>(273)</b>	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>4,220</b>
	<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
	<u>Receipts</u>	
556	Grants for new or upgraded assets	2,966
714	Sale of replaced assets	646
1,647	Sale of surplus assets	1,486
-	Repayment of loans from Community Groups	-
-	Distributions received from Equity Accounted Businesses	-
	<u>Payments</u>	
(3,223)	Expenditure on new/ upgraded assets	(9,438)
(9,718)	Expenditure on renewal/ replacement of assets	(10,646)
-	Loans Made to Community Group loans	-
-	Capital Contributed to Equity Accounted Businesses	-
<b>(10,024)</b>	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(14,985)</b>
<b>(3,507)</b>	<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>55</b>
<b>2,025</b>	<b>CASH AT BEGINNING OF YEAR</b>	<b>(1,482)</b>
<b>(1,482)</b>	<b>CASH AT END OF YEAR</b>	<b>(1,427)</b>
518	Cash & Investments	454
(2,000)	Short Term Drawdown	(1,881)
<b>(1,482)</b>		<b>(1,427)</b>

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## **Appendix 4**

*2020-21 Budget Adjustments subsequent to Original  
Budget Adoption*

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**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
<b>Original Budget Council Meeting 30 June 2020 CR124/20 Part 1.2</b>	<b>47,442</b>	<b>47,551</b>	<b>(109)</b>	<b>14,165</b>	<b>942</b>	<b>(4,095)</b>
BR3 Carry Forwards Council Meeting 30 June 2020 CR124/20 Part 1.13				1,454	1,774	320
Community Strength and Resilience 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 Council Meeting 25 August 2020 CR 169/20 Part 2 (Sport Australia component) Part 2				524	524	0
Heathfield Oval Change Room & Cricket Net 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)
2020-21 Budget Review 1 Council Meeting 24 November 2020 CR 272/20	1,976	441	1,535	219	50	1,366
<b>Sub total Budget Adjustments approved prior to 23 February 2021 Council Meeting</b>	<b>3,008</b>	<b>556</b>	<b>2,452</b>	<b>7,322</b>	<b>3,981</b>	<b>(889)</b>
<b>AHC Current Budget prior to Council Meeting 23 February 2021</b>	<b>50,450</b>	<b>48,107</b>	<b>2,343</b>	<b>21,487</b>	<b>4,923</b>	<b>(4,984)</b>
2020-21 Budget Review 2	490	949	(459)	114	175	(398)
2020-21 Budget Review 2 Carry Forwards				(1,518)		1,518
<b>AHC Proposed Budget for Council Meeting 23 February 2021</b>	<b>50,940</b>	<b>49,056</b>	<b>1,883</b>	<b>20,083</b>	<b>5,098</b>	<b>(3,865)</b>

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.4

**Originating Officer:** Mike Carey, Manager Financial Services  
Manager Financial Services  
Corporate Services

**Subject:** Debtors Report

**For:** Information

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**SUMMARY**

In accord with the 2021 Work Plan this debtors report is now presented every six months given the steady improvement in outstanding sundry debtors that has occurred over a number of years.

This report covers the period ending 31 December 2020.

**RECOMMENDATION**

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

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**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

It is important that debt recovery practices are monitored on a regular basis to ensure that Council's cash flow is optimised and that the non-recovery of Council debts is minimised.

➤ **Legal Implications**

Council may obtain funds by recovering fees, charges, penalties or other money payable to it under S133 of the *Local Government Act 1999*.

Council also has obligations specified within the current Community Wastewater Management Scheme (CWMS) licence that require an endorsed hardship policy for customers. Failure to establish this policy will result in Council breaching current licence conditions.

➤ **Risk Management Implications**

Monitoring the balances of Debtors through regular reporting will assist in mitigating the risk of:

*Poor debt recovery practices which lead to increased levels of overdue debtors will negatively impact on Council's current cash flow as well as reduce the likelihood of future debt recovery.*

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Medium (3D)	Medium (3D)

➤ **Financial and Resource Implications**

Close monitoring of debt supported by an agreed Policy will ensure that any cash flow impact on Council is minimised.

➤ **Customer Service and Community/Cultural Implications**

Not applicable

➤ **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:* Operational areas have been involved in the development of this report to provide specific details, where necessary. Financial Services have overall responsibility for the Accounts Receivable function within Council, being involved in invoicing and follow up of amounts where they are not paid in a timely basis.

*External Agencies:* Not Applicable

*Community:* Not applicable

## 2. **BACKGROUND**

Council generates income from a variety of sources including rates, grants, fines (infringements), development applications and fees and charges for the provision of goods and services to individuals, businesses and other organisations in the community.

This income is managed using financial management systems that also enables recording of amounts owing to Council and information relating to amounts paid. Appropriate action can be taken to collect amounts owing where they are not paid in a timely manner.

The last Debtors report covering balances as at 30 June 2020 was presented to the Audit Committee on 17 August 2020.

In accord with the 2020 Work Plan, it has been agreed that the debtors report will now be presented every six months given that the amount of debtors outstanding has fallen significantly over a number of years.

Council's updated Debt Recovery Policy was considered by the Audit Committee on 16 November 2020 and subsequently endorsed by Council at its meeting on 15 December 2020 with an effective date for the revised policy of 18 January 2021. Although there were no significant changes proposed to Council's existing debt recovery and hardship position as articulated in Council's 2020-21 Rating Policy, the updated policy did reflect a number of changes from the 2017 Debt Recovery Policy given that Council's policy position has evolved over that period.

The updated policy reemphasised Council's options available to address financial hardship as also articulated in the 2020-21 *Rating Policy* presented as part of the 2020-21 *Annual Business Plan and Budget Adoption*. Specifically in relation to remission of rates the updated policy noted that remission of rates 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.

### 3. ANALYSIS

#### **Rates Debtors**

Council's rates debtor balances is dominated by rates that are struck in full in July, then quarterly fluctuations of receipts, which makes comparison of rates debtors within the year difficult to interpret. As such, these debtors are reported on an annual basis to the first Audit Committee after 30 June of each year and was last provided to the Audit Committee on 17 August 2020.

The August 2020 report highlighted that as a result of the significant impact of the Cudlee Creek Bushfires, subsequently followed by COVID-19, Council had reassessed its debt recovery practices to provide a number of alternative arrangements available to ratepayers. These included:

- Ratepayers arranging with Council to pay their rates weekly, fortnightly or monthly instead of quarterly instalments, to provide for a smaller, more regular payment option via BPAY, phone or internet.
- Postponement of payment of rates in whole or in part for an extended period due to hardship. If postponement is granted then fines and interest will be remitted automatically for the same period
- Postponement for seniors was highlighted as an available option for relevant ratepayers.
- Council will also accept a regular reduced payment toward council rates taking into consideration other financial commitments. In these circumstances where a ratepayer shows commitment by maintaining the payment arrangement, fines & interest will be considered for remission
- Ceasing any legal action or debt collection follow up by Credit Clear, our debt collection agency, until further notice. This included the next batch of nine rate debtors assessments identified for Section 184 sale of property for non-payment of rates, which received a pre-chapter 10 letter from Credit Clear in early March 2020.

- No interest on outstanding amounts was charged on rate balances for the months of April through to June 2020 for all ratepayers and no fines were applied for non-payment of the 4th quarter rates instalment due 1 June 2020.

As highlighted above, given that Council's rate debtor management practices over the last year had a very strong lens on supporting the community and businesses in these difficult times, this approach has had some impact on the ageing of Council's rate debtor balances over that time.

In summary, the following is noted:

- a. As at the end of November 2020, prior to the 2<sup>nd</sup> rates instalment being due on 1 December, 698 ratepayers had rate balances outstanding, significantly down on just over 2,900 outstanding when rate reminder letters were sent out in mid-September 2020. Of the 698, 77 had applied for hardship including those impacted by COVID-19 and the Cudlee Creek Bushfire and these ratepayer's interest continues to be waived. This number in arrears increased to 1,146 ratepayer as at the 31 December 2020, but this number is still a little below the number of arrears as at the end of December 2019 (prior to bushfires and COVID-19) of 1,179.
- b. The total amount of rates fines and interest remitted to 31 December 2020 totals \$12,707 of which over \$8,000 related to the decision to not charge any fines and interest for any ratepayer for the month of June 2020 (normally levied in July)

#### ***Sale of Land for Non-Payment of Rates Update***

There are approximately 14 properties that have progressed over the last 12 months to the point where recovery via sale of land for overdue rates under Section 184 is possible. Given the difficulties being experienced by a number of property owners as a result of the Cudlee Creek fires and COVID, and the additional workload required to manage payment arrangements, a Section 184 process is not proposed to be undertaken until February 2022.

#### ***Update on Review of Properties Identified for Section 185 or 210 Action***

As highlighted in the Debtors report to the Audit Committee in August 2020, Council identified 29 properties relating to either deceased estates or where rate notices had been unable to be delivered for many years, with action to be undertaken as follows:

- 9 assessments to be considered for conversion to public roads under Section 210 of the Local Government Act (LGA)
- a further two to be considered as to the feasibility of being vested in Council (the Houghton Common and the Norton Summit Cemetery).
- 14 properties should be investigated for application of Section 185 of the LGA where land may be transferred to Council under certain circumstances;
- 3 properties to be considered for undertaking a Section 184 sale for non-payment of rates once that process has recommenced, and
- 1 property relates to an old private road used for access to 2 or 3 properties requiring further work to determine the best course of action.

Due to balancing workload within the Property Services team, work has only progressed on those assessments being considered for conversion to public roads under Section 210 of the LGA with 6 properties recently gazetted to advise of Council's intention to declare these parcels of land as Public Roads. After the completion of a 3 month period these will then be brought to Council to confirm the official declaration. It is anticipated that this should occur prior to 30 June.

All other assessments including those properties identified for application of Section 185 have been put on hold until resources become available to progress the action required on these assessments.

### **Sundry Debtors**

A summary of the Aged Debtors as at 31 December 2020 has been provided below with the total Sundry debtors outstanding totalling \$229k.

As requested by the Audit Committee the Miscellaneous category has been broken down into subcategories to assist review and follow up.

In relation to overall sundry debtors management Council is undertaking a similar approach to rates, in terms of consideration of postponement and/or payment plans over extended periods in relation to any debtor that contacts Council. In addition, Council highlighted on both invoice and debtor statement communication that debtors experiencing financial hardship should contact Council directly to enter into extended payment arrangements as required.

Given that Council's debtor management practices over the last year have had a very strong lens on supporting the community and businesses in these difficult times, this approach has had some impact on the ageing of Council's debtor balances over that time.

### **Sundry Debtors**

***Table 1 – Aged Debtors Summary as at 31 December 2020***

<b>Description</b>	<b>TOTAL</b>	<b>&lt;30 Days</b>	<b>&lt;60 Days</b>	<b>&lt;90 Days</b>	<b>&lt;120 Days</b>	<b>&lt;150 Days</b>	<b>&gt;150 Days</b>
Additional Bins	1,437	0	0	0	0	0	1,437
Burial Fees	55,278	23,551	4,636	15,173	0	0	11,918
Fire Hazard Reduction	3,079	0	0	0	0	0	3,079
Food Premises Inspection	3,792	127	508	254	442	254	2,207
Grants Receivable	0	0	0	0	0	0	0
Private Works	0	0	0	0	0	0	0
Road Rent	2,765	0	0	0	2,602	0	163
AHBTC	64,123	63,273	0	0	0	0	850
Regulatory Services	20,264	0	0	0	0	0	20,264
Other Councils	9,197	0	9,197	0	0	0	0
Property	13,412	13,296	0	0	116	0	0
Miscellaneous (Other)	55,531	46,956	0	0	8,403	0	172
<b>TOTAL: 31/12/2020</b>	<b>228,878</b>	<b>147,203</b>	<b>14,341</b>	<b>15,427</b>	<b>11,563</b>	<b>254</b>	<b>40,090</b>

The comparison of Debtor movement for quarters presented to the Audit Committee is shown below.

Period Ended	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
TOTAL: 30/6/2020	348,203	263,176	30,351	18,535	3,803	381	31,957
TOTAL: 31/12/2019	143,073	36,890	57,411	13,746	2,287	1,022	31,717
TOTAL: 30/9/2019	198,845	75,795	39,486	27,305	42,916	302	13,041
TOTAL: 30/6/2019	367,439	177,658	160,835	12,981	4,765	812	10,388
TOTAL: 31/3/2019	452,552	364,616	30,542	19,440	29,720	0	8,235
TOTAL: 31/12/2018	205,377	158,755	18,470	10,239	180	3,721	14,012
TOTAL: 30/9/2018	148,342	106,593	10,608	13,594	593	1,398	15,556
TOTAL: 30/6/2018	422,464	324,485	27,931	0	3,003	22,558	44,488
TOTAL: 31/3/2018	432,477	249,847	60,051	26,493	13,385	3,698	79,003
TOTAL: 31/12/2017	346,257	129,349	30,041	27,212	6,593	62,701	90,361
TOTAL: 30/9/2017	1,376,429	1,184,457	72,348	42,496	1,131	12,962	63,035
TOTAL: 30/6/2017	620,677	479,988	35,699	2,966	1,045	252	100,727
TOTAL: 31/3/2017	235,285	98,615	608	2,612	1,282	5,880	126,288
TOTAL: 31/12/2016	264,684	88,943	11,508	3,221	22,118	8,226	130,668
TOTAL: 30/9/2016	295,149	121,555	9,053	69,335	6,290	13,671	75,245
TOTAL: 30/6/2016	369,569	160,809	63,538	36,181	7,055	20,976	81,011
TOTAL: 30/11/2015	481,456	131,857	181,985	27,707	(3,288)	1,434	141,761

In relation to the Aged Debtors as at 31 December 2020, the following points of clarification are provided:

- Additional Bins debtors relates to three old debtors that have all been sent to the debt collection agency and had their waste services stopped. One of these debtors has been written off subsequent to 31 December 2020 and the other two have been sent letters advising of Council's intentions to add these charges to their respective rates accounts.
- Fire Hazard Reduction debtors relates to 7 debtors. These are all in the process of being moved to the respective rates accounts.
- There is one Burial fees debtor >150 days. It relates to a \$25k invoice where it was agreed that \$13k was to be paid in July and the \$12k balance was to be paid before 31 October 2020. Council has been in contact with the debtor and they have recently paid another \$6k with the balance expected shortly.
- There were nine Food Premises Inspection debtors >150 days as at 31 December 2020. Of these:
  - Four debtors are with the debt collection agency;
  - One debtor has closed down and has recently been written off subsequent to 31 December 2020;
  - One debtor paid in early January 2021;
  - One debt was recently credited and sent to the updated address;

- for the largest (and oldest) debtor totalling \$1,200, the debt collection agency have advised that they have been unable to locate the debtor to serve the claim and Council is investigating whether the claim can be served another way.
- The final debtor with a balance of \$360 has four small amounts outstanding, three of which have been outstanding for 3 to 7 years. It is likely this debtor will be sent to the debt collection agency in the near future.
- There is now one AHBTC debtor >150 days. As previously advised a payment plan was agreed with the debtor. Since the last report, the debtor has adhered to the payment plan with the debt likely to be cleared by April 2021.
- The Regulatory Services >150 days balance relates to two debtors with larger balances.
  - The largest these debtors sitting in >150 days totalling \$16k has been discussed previously. Since the last report we attempted to proceed with a creditor's petition to declare the debtor bankrupt however due to COVID19 restrictions it was decided to pursue the debt via a warrant of sale. We have recently been advised that the debtor did not have anything of value at the property to satisfy the debt so the next step would be to arrange a sale of the real property which will require a Council resolution to proceed.
  - The other relates to the recovery of costs of over \$5k incurred by Council in relation to two seized dogs. Since the last report the debt collection agency has served a Minor Civil Action claim and as there has been no response the next steps are to proceed with Judgement and investigation summons which Council are considering the value of.

The CEO and delegated officers have not used their delegation in terms of writing off debts for the 6 months ending 31 December 2020.

#### **Community Loans**

The last remaining Community loan debt was paid off in April 2019. There are now no community loan debts outstanding.

#### **4. OPTIONS**

The Audit Committee is limited to receiving this report.



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.5

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** Risk Management Plan Update

**For:** Information

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**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:

- Residual Risk: Nil change
- New Mitigation(s): 4 new mitigations identified and Zero (0) mitigations removed
- Completed: 69% (83) is increased with two (2) completed actions
- In Progress: Increase from 26% to 30 (25)
- Not Commenced: Decrease from 2% to 1%

**RECOMMENDATION**

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

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## 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 05.2 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 Governance & Performance

*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 January 2020 with the transition of SR9a (human resources) to the Director Corporate Services as a result of a change in organisational structure.

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**.

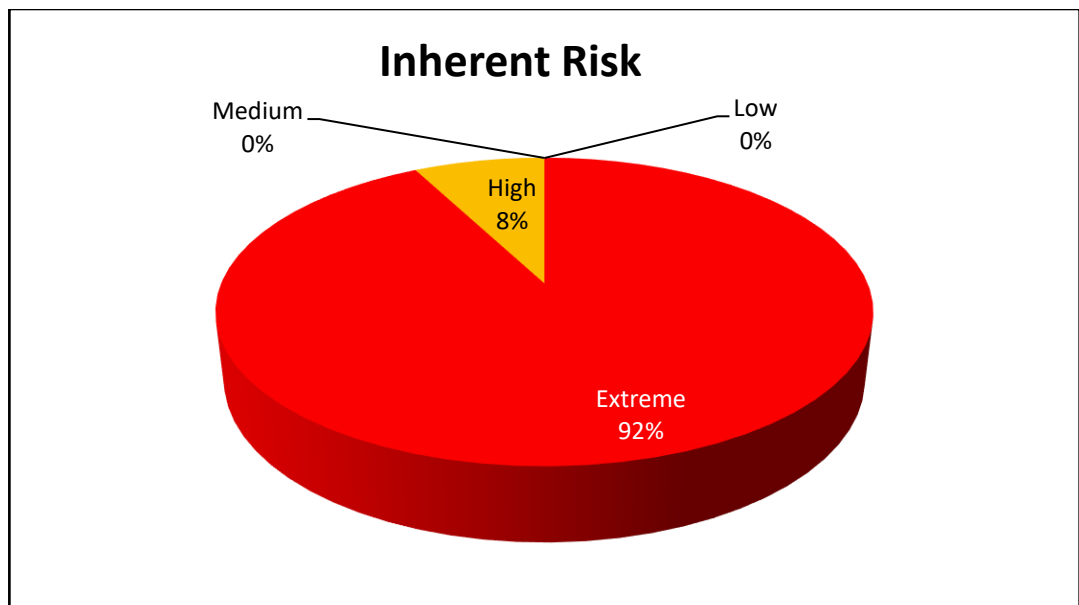
### 3. ANALYSIS

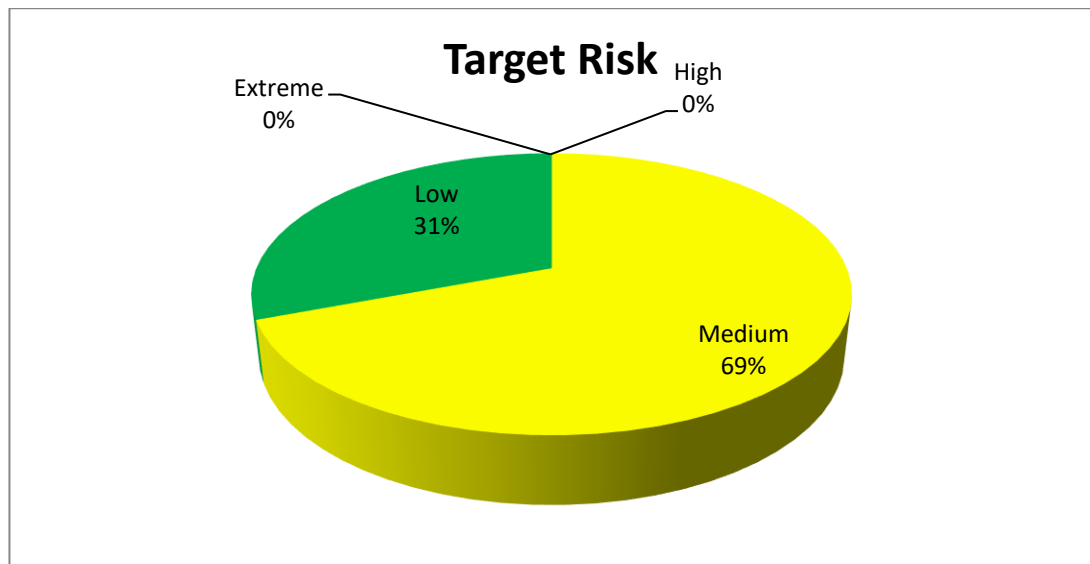
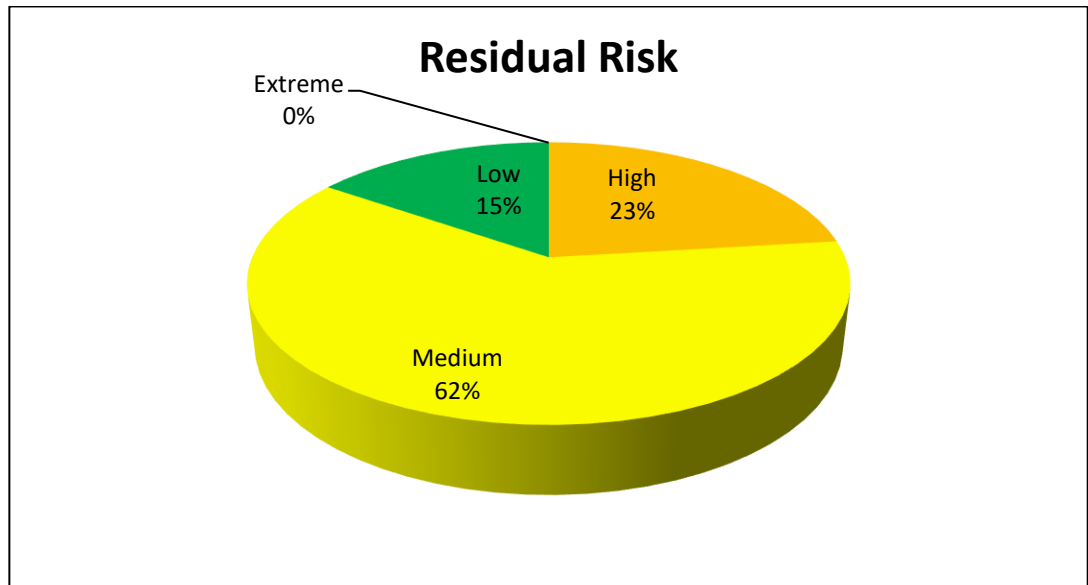
#### Strategic Risk Profile

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 November 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.

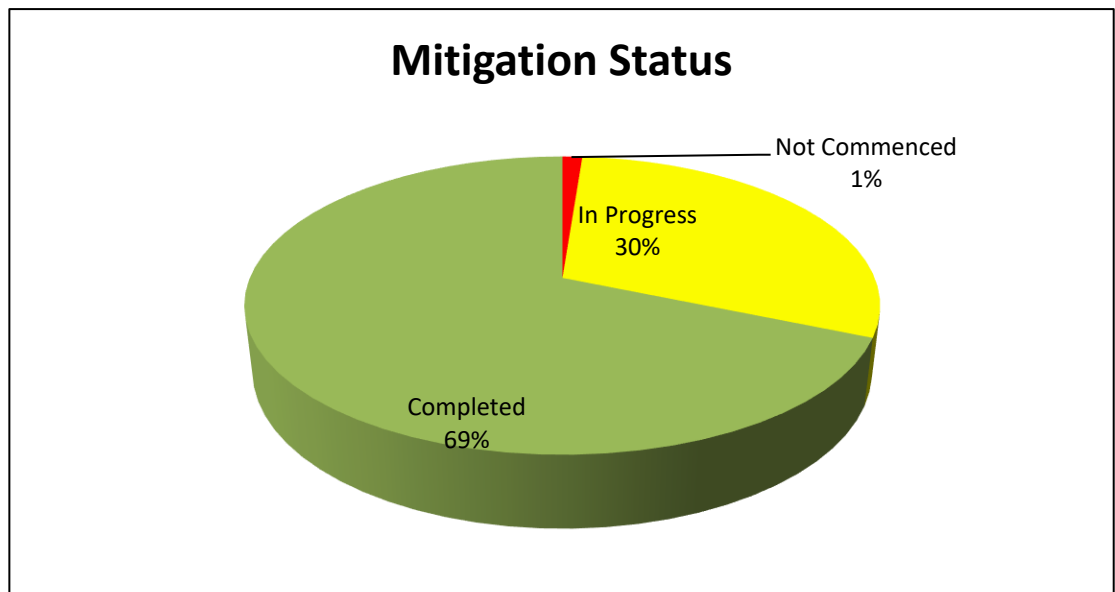




The implementation of Mitigation Actions has been progressing steadily. The current status is:

Status	May 2020	August 2020	November 2020	February 2021
<b>Completed</b>	70% (55 actions)	72% (59 actions)	73% (60 actions)	69% (57 actions)
<b>In Progress</b>	27% (21 actions)	26% (21 actions)	24% (20 actions)	30% (25 actions)
<b>Not Commenced</b>	3% (2 actions)	2% (2 actions)	3% (2 actions)	1% (1 action)
<b>New Initiatives (in above totals)</b>	1 New Mitigation	5 New Mitigations	Zero New Mitigations	2 New Mitigations

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

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# **Appendix 1**

## *Strategic Risk Register*

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**AUDIT COMMITTEE**  
**FEBRUARY 2021**

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls			Section 4: Residual Risk			Section 5: Risk Evaluation			Section 6: Risk Mitigation									
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment 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		
1	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)	<b>Cause:</b> <ul style="list-style-type: none"><li>- Poor understanding of development, infrastructure, population, transport, demographics and trends</li><li>- Ineffective liaison with state and federal planning and development agencies.</li><li>- Unresponsive Development Plan that inappropriately restricts development opportunities &amp; results in poor development outcomes.</li><li>- Ineffective strategies to enhance and conserve character areas and iconic sites.</li><li>- Poor place making strategies.</li><li>- Deficient planning and building rules consent practices.</li><li>- Ineffective infrastructure planning processes.</li><li>- Lack of appropriately trained and experienced staff.</li><li>- Poor business planning and budgeting processes to allocate sufficient resources to functions.</li></ul> <b>Impact:</b>	Director Development & Regulatory Services	Corporate Objectives	Major	Likely	Extreme (4B)	<ul style="list-style-type: none"><li>- Development Policy Planning function in place to monitor, analyse and advise</li><li>- Program of conversion of Development Plan into the Planning &amp; Design Code established</li><li>- Up to date Development Plan in place</li><li>- Privately -funded DPA and other development-related policies in place</li><li>- Participation in relevant forums with State &amp; Federal Govt and other stakeholder groups regarding any changes to development policy</li><li>- Undertake responsibilities outlined in the Collaborative Work Plan between DPTI and Council regarding transitioning to the new Planning, Development &amp; Infrastructure (PDI) Act 2016</li><li>- Transition the and amend where required the Council's Development Plan to the Planning &amp; Design Code over the next 3 years in accordance with the PDI Act</li><li>- Precinct Planning Framework and expertise in place</li><li>- Skilled and experienced planning, building, infrastructure, sport &amp; recreation planning, community development and economic</li></ul>	Good	Minor	Unlikely	Low (2D)	9/02/21	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	9/02/22	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	Low		
																2	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			
																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 will go live for our Council area on 19 March 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 by the aforementioned date. However, further policies and procedures, and changes to the delegations are still being worked on as part of our business readiness program.	N	30/03/21			
																4	Transition of Development Plan into the new Planning & Design Code	Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: This is almost complete as changes to the Rural Planning Policy are being incorporated into development of Planning & Design Code. The entire Development Plan will be transitioned into the aforementioned Code goes live on 19 March 2021.	N	30/03/21			
																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 reasonable assumptions being considered and incorporated where appropriate.	Y	Ongoing			
																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			
2	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	<b>Causes:</b> <ul style="list-style-type: none"><li>- Ineffective Budget Bid process ( ineffective cost estimates preparation; possible lack of understanding of budget and budget process;</li><li>- 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.</li><li>- Lack of effective consistent project management methodologies</li><li>- Unforeseen weather and climate conditions,</li><li>- Lack of appropriate plant and equipment,</li><li>- Poor contractor management,</li><li>- Lack of resources (Lack of adequate skilled resources; Loss of key staff,.)</li><li>- Change in government legislation or policy,</li><li>- Reduction in grant funding,</li><li>- Lack of scheduled maintenance</li><li>- Unclear Service ranges and levels</li></ul> <b>Impact:</b> <ul style="list-style-type: none"><li>- Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects</li><li>- Damage to Council reputation</li><li>- Outcomes of the project delivered fails to meet community's expectations</li><li>- Weaknesses in infrastructure necessitating increased maintenance</li></ul>	Director Infrastructure & Ops	Finance & Assets	Major	Likely	Extreme (4B)	<ul style="list-style-type: none"><li>- Monthly capital reports from finance</li><li>- Reporting of The Quarter to Council</li><li>- Regular team meetings with project updates</li><li>- Quarterly budget review process</li><li>- 3 Year Capital Program</li><li>- Procurement policy</li><li>- Process and qualified staff/teams</li><li>- Project reporting process</li><li>- Panel contractors</li><li>- Legislation and policy</li><li>- KPI monitoring and reporting</li><li>- Financial Reporting</li><li>- LTFP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plans) are captured as part of the LTFP review each year ahead of budget</li></ul>	Marginal	Moderate	Possible	Medium (3C)	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	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	Medium		
																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	Director I&O	30/01/16	COMPLETE	COMPLETED. Initial 3 year program developed for 2017/18 ABP.	Y	N/A			
																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			
																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			
																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)	Amend LTFP ratio ranges, as well as rates indice, to ensure growth in Operating Surplus to fund growth in operating expenditure	Manager Financial Services	30/06/21	IN PROGRESS	Budget workshop held on 30/1/2021 where proposed changes we considered appropriate to take to Audit Committee	N	N/A			
																7 (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			
3	Failure to provide for the welfare, well-being and interests of the community (F)	<b>Cause:</b> <ul style="list-style-type: none"><li>- Ineffective public health programs (food, immunisation, waste water)</li><li>- Ineffective community development programs</li><li>- Failure to identify and respond to key community issues</li><li>- Poor understanding of cultural and diversity issues in community.</li><li>- Lack of effective active and passive recreation participation strategies.</li><li>- Ineffective strategies to work with vulnerable members of the community.</li><li>- Inappropriate behaviour of community facility users.</li><li>- Unaffordable rates, fees and charges</li><li>- Ineffective regulatory services activities</li></ul>	Director Community Capacity	Community, Social & reputational	Major	Likely	Extreme (5B)	<ul style="list-style-type: none"><li>- Well resourced department, with qualified staff making informed and evidence based decisions.</li><li>- Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment.</li><li>- Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015.</li><li>- Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community.</li><li>- Community engagement policy and other relevant policies</li></ul>	Marginal	Moderate	Unlikely	Medium (3D)	9/02/21	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	8/08/21	1	Community Cultural Development Officer to develop Cultural Development principles and framework	Manager Community Development	31/12/16	COMPLETE	The previous risk review has concluded that this action is not necessary to achieve the target risk.	N		Medium		
																3	Implement the new Access and Inclusion Plan	Manager Community Development	31/12/16	IN PROGRESS	IN PROGRESS. Provisional DIAP was adopted by Council in November 2020, following by further engagement and final adoption of a revised Plan in January 2021.	N	31/10/20			
																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 with eh endorsed community engagement plan.	N	30/06/21			
4	Failure to take measures to protect the community from natural and other hazards (F)	<b>Cause:</b> <ul style="list-style-type: none"><li>- Poor fire prevention initiatives</li><li>- Poor flood protection initiatives</li><li>- Poor wind protection initiatives</li><li>- Ineffective emergency management regimes</li><li>- Ineffective asset maintenance and replacement plans and programs</li><li>- Lack of participation in regional emergency management arrangements</li><li>- Noncompliance with legislation</li><li>- Insufficient budget</li><li>- Ineffective planning and preparations</li></ul> <b>Impact:</b> <ul style="list-style-type: none"><li>- Significant property loss and damage</li><li>- Loss of life, injury</li><li>- Reputational damage</li><li>- Exposure to liability and penalty</li><li>- Loss of community normality</li><li>- Council services stretched and some services may not be fully operational</li></ul>	Director Infrastructure & Ops	Community, Social & reputational	Catastrophic	Likely	Extreme (5B)	<ul style="list-style-type: none"><li>- Regular satisfaction surveys and program participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM</li><li>- 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.</li><li>- Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies.</li><li>- Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDIplan program and CFS Community Fire Safety Meetings.</li><li>- 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.</li><li>- Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones.</li><li>- Ensure ongoing compliance with the F&amp;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</li></ul>	Good	Major	Unlikely	Medium (4D)	15/05/20	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	11/11/20	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 Cudlee 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.	N	31/08/21	Medium		
																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			
																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			



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Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls			Section 4: Residual Risk				Section 5: Risk Evaluation		Section 6: Risk Mitigation							
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment 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
		- Loss or damage of public and private infrastructure - Environmental and biodiversity impacts						Officers pursuant with requirements of the Act and provide advice to residents on bushfire 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. Bushfire Mitigation Operational Committee - I-Responda process and trained staff - Disaster contingency captured within the LTFP to								4	Research the establishment of a dedicated EM role (temporary/permanent)	Exec Mgr Gov & Risk	31/03/16	COMPLETE	Zone program established	Done	N/A	
																5	Establish Zone-based Preventative Maintenance Program	Mgs Open Space & Civil Works	1/02/16	COMPLETE		Done	N/A	
																6	Review bushfire prevention and mitigation arrangements	Mgs Open Space and Team Leader Regulatory Service	30/06/17	COMPLETE		Done	N/A	
																7 (new)	Review insurance option related to loss of rate revenue following significant loss of property associated with bushfire	Exec Mgr Gov & Perform	30/11/20	IN PROGRESS	Intital meeting held with Mutual Liability Scheme to discuss options	N	30/11/20	
5	Failure to manage, develop, protect, restore , enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	<b>Cause:</b> -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 environmental hazard, - Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation, - Ineffective natural resource management strategies and processes. - Poor environmental management practices. - Illegal dumping  <b>Impact:</b>	Director Infrastructure & Ops	Environment	Catastrophic	Possible	Extreme (5C)	- Biodiversity Strategy, - Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained & qualified staff - Safe working procedures - Blue Marker sites - Spill kits - SDS - Customer request system for reporting to us - Machinery hygiene - Development Plan - Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities)	Good	Major	Rare	Medium (4E)	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	1	Water Resources strategy to be developed	Sustainability Officer		COMPLETE	Water Management Plan endorsed by Council 13 December 2016.	Y	N/A	Medium
																2	Project Management framework (see action above)	Director I&O		IN PROGRESS	Expected Delivery 31 December 2020	N	31/07/21	
																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	
																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	
																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	
																6	Expansion of Blue Marker Sites	Manager Open Space	30/10/16	COMPLETE		Y	N/A	
6	Failure to provide appropriate infrastructure for the community (F)	<b>Cause:</b> - Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation - Poor asset management regimes (data, revels) - Ineffective maintenance regimes - Leaseholders conducting works outside of contractual/legislative obligations. - Duplication or gaps in infrastructure provision to communities. - Lack of understanding community needs and trends  <b>Impact:</b> - 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 Infrastructure & Ops	Corporate Objectives	Major	Likely	Extreme (4B)	- Current Asset Management Plans for key asset categories - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans - Endorsed annual budget for maintenance program (all asset categories) - Annual Business Plan & Budget consultation undertaken - Customer Survey undertaken - Asset condition audits undertaken cyclically - Asset management system in place (Conquest) - Building inspections (last done 2013) - Compliance audits for buildings as per legislation - Customer request system captures community concerns/issues - Sport and Recreation Strategy - Bike Strategy - Preventative Maintenance regime - Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)	Good	Moderate	Possible	Medium (3C)	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	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	Medium
																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	
																3	Establish service levels in consultation with community	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/03/16	IN PROGRESS	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews.	N	31/12/20	
																4	Establish cycle for condition audits and monitor (incl buildings)	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	31/12/16	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	
																5	Develop Bike Strategy to identify infrastructure requirements	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/01/17	COMPLETE	To Council Oct 16 - completed	Y	N/A	
																6	Revise Sport and Recreation Strategy to identify infrastructure requirements	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/03/16	COMPLETE	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTFP now capturing ongoing investment.	Y	N/A	
7	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)	<b>Cause:</b> - Dysfunctional local economy, loss of jobs, loss of basic retail and service functions - Poor engagement with business community, leading to relative disadvantage for business community -Lack of understanding of economic drivers, leading to potential wasted effort, stagnation of effort, and/or perception of Council being out of touch with business community. - Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts. - Lack of understanding of tourism demand, leading to potential wasted effort, stagnation of effort, and/or perception that the Council is unable/willing to support the tourism sector. - Poor support of tourism and business associations, leading to fragmentation of effort and cohesive strategies. - Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes.	Director Community Capacity	Economic	Moderate	Likely	High (4B)	Economic Development Strategy (EDS); Economic Development Officer appointed Dec 2015; implementation plan approved Mar 2016; active 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 groups and associations, resources (such a business contact database) provided to interact and network on a consistent basis. Consistent framework for effective interaction. Ad-hoc engagement on an as-needs basis. Advisory Group exists for Primary Production. Higher level 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 opportunities. Support for AHT is high, but support for business	Good	Moderate	Possible	Medium (3C)	9/02/21	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	8/08/21	1	Development of revised Economic Development Strategy Action Plan, involving engagement with key stakeholders to ensure Council's role is appropriately identified.	Manager Economic Development	31/03/21	IN PROGRESS	Workshop held with Council Members late 2020. Anticipated to come to Council in March 2021 for adoption. Implementation to follow in the ensuing years.	N	N/A	Medium
																2	Identify significant economic infrastructure issues and opportunities	Director Development & Regulatory Services	31/12/16	COMPLETE	COMPLETED: Manager ED worked with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern 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.	Y	N/A	
																3	Assess effectiveness of key points of AHC engagement with community	Director Development & Regulatory Services	1/07/16	COMPLETE	Ongoing through role of Community Engagement Coordinator, through the introduction of online engagement tool	Y	N/A	
																4	Active and positive engagement with local business communities	Manager Economic Development	1/07/16	COMPLETE	Ongoing role of MED	Y	N/A	
																5	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the District	Manager Economic Development	31/10/16	COMPLETE	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies	Y	N/A	
																6	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO	Manager Economic Development	31/12/16	COMPLETE	The Manager ED is actively building relationships with existing business associations and working with communities that currently do not have business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits	Y	N/A	
																7	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services	Manager Economic Development	31/12/16	COMPLETE	Quarterly e-newsletters distributed to more than 6,000 registered ABNs in the region. Mostly achieving above industry standards with at least 30% open rate and over 10% click rate.	Y	N/A	

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Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls			Section 4: Residual Risk			Section 5: Risk Evaluation		Section 6: Risk Mitigation									
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment 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	
		<b>Impact:</b> -- Loss of local jobs -- Loss of basic local retail and service businesses -- Devaluation of local residential and commercial property -- Rise in social problems deriving from a declining economy - The community procures goods outside of the area as business not vibrant and meeting local requirements						associations is low. Adelaide Hills Council Economic Profile Sept 2014. Annual subscription to economy id. Business contact database Involvement in place making initiatives. Quarterly business e-newsletter. Additional Economic Development Officer started in late 2020 to focus on delivery of EDS implementation plan.									8	Develop business contact database	Manager Economic Development	31/12/16	COMPLETE		Y	N/A	
																	9	Identify significant organisations, roles and skillsets within region	Manager Economic Development	31/12/16	COMPLETE	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED	Y	N/A	
																	10	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities	Manager Economic Development	31/12/16	COMPLETE	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group	Y	N/A	
																	11	Improve engagement with local business associations	Manager Economic Development	31/12/16	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 Economic Development	31/12/16	COMPLETE	The MED is a member of Council's Placemaking group to ensure a coordinated approach	Y	N/A	
8	Failure to manage and develop public areas vested in, or occupied by the Council (F)	- 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 <b>Impact:</b> - 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)	-Community Land Management Plans updated 2019 - 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 regime - High risk tree audit plan established - Lease and licence arrangements in place for occupiers of council facilities - Maintenance regime in place for all reserves and buildings	Marginal	Moderate	Possible	Medium (3C)	6/02/21	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	5/08/21		1	Update Community Land Management Plans	Manager Property	31/12/06	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	Medium
																	2	Programmed maintenance regime to be developed (land and buildings)	Mgr Civil Services Mgr Open Space/ Mgr 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	
																	3	Review of Crown Land under care and control of Council	Manager 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	
9a	Failure to manage, improve and develop the information resources available to the Council. (F)	<b>Cause:</b> - 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 <b>Impact:</b> - Increased financial cost; - potential litigation; decrease in morale;	Director Corporate Services	Staff Welfare & Engagement	Major	Likely	Extreme (4B)	- 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; - Position descriptions for every position, - WHS & OD policies and procedures; - Trained leaders and employees; executive team trained and engaged in management of WH&S; - Active H&S 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;	Marginal	Moderate	Possible	Medium (3C)	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.	3/02/21		1	Equity and diversity plan is being developed	Exec Manager Organisational Development	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 2021.	N	31/09/2021	Medium
																	2	Update Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Exec Manager Organisational Development		COMPLETE	Fair Treatment, Workplace Bullying Procedures and Grievance Procedures implemented and published on Workspace	Done	N/A	
																	4 (new)	Review Work From Home Policy & procedures to ensure that meet the changing needs of the workforce stemming from COVID and increased fire events.	Exec Manager Organisational Development	30/06/21	IN PROGRESS	Procedures updated to respond to events in 2020 and were implemented successfully. Review now required to ensure application to a more business as usual mode of operation is effective.	N	N/A	
																	5 (new)	Implement replacement OD / Payroll system to comply with legislative requirements that will not be possible with existing system on 1 July 2021.	Exec Manager Organisational Development	30/06/21	IN PROGRESS	Project team established and options for upgrade being considered. Advise received that critical deadline may move to 30 June 2022.	N	N/A	
																	3	Undertake Fair Treatment and Bullying training	Exec Manager Organisational Development	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	
9b	Failure to manage, improve and develop the information resources available to the Council. (F)	<b>Cause:</b> - Business systems do not effectively support organisational needs - Ineffective media and brand management strategies. - Poor information management practices (capture, use, storage, retrieval). <b>Impact:</b> - Inefficiency; increased risk of errors (from manual systems); negative impact on council brand & reputation; decreased staff morale; potential for increased turnover of staff; lack of consistency; increased cost in undertaking	Director Corporate Services	Community, Social & reputational	Major	Likely	Extreme (4B)	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; nightly backups;	Marginal	Minor	Possible	Medium (2C)	6/02/21	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	5/08/21		1	Implement Asset Management System	Manager Sustainable 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	Medium
																	3 (new)	Undertake Cyber Security Audit and develop implementation plan for identified actions	Manager IS	30/06/21	IN PROGRESS	Audit completed and implementation plan under development. Funding for implementation captured within the 2021 review of the Long Term Financial Plan.	N	N/A	
																	2	Implement new records management system in conjunction with SharePoint upgrade	Manager 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 Test 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	
9c	Failure to manage, improve and develop the financial resources available to the Council. (F)	<b>Cause:</b> - Poor internal control environment - Poor procurement planning and processes. - Ineffective insurance arrangements. - Poor financial management processes (treasury, AP, AR) - Poor contract management <b>Impact:</b> Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk	Director Corporate Services	Legal & Regulatory	Catastrophic	Likely	Extreme (5B)	Internal audit and annual review of internal 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; conflict of interest declaration (Directors/CEO); WHS procedures on plant purchasing, consultation and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy;	Marginal	Moderate	Unlikely	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		1	Review positions across council that require criminal history checks, including financial roles	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	Medium
																	2	Recruit Procurement Coordinator Role	Manager Financial Services	30/09/17	COMPLETE	Recruitment completed in June 2018	Y	N/A	
																	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	
																	4	Review the process map of the insurance claims procedure to enable consistency of application.	EMOD	30/06/16	COMPLETE		Done	NA	
																	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	
																	6	Develop a Treasury Management Policy	Mgr Financial Services	30/11/18	COMPLETE	Prolicy endorsed by Council October 2017	Y	N/A	
10	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	<b>Cause:</b> - Poor governance practices (CR22) - Poor risk management practices (CR21) - Poor representation arrangements (CR92) - Poor representation of the community by Council Members (CR62) - Lack of effective strategic planning and resource allocation processes. (CR63) - Lack of effective financial sustainability processes. (SR9c) - Ineffective performance management and reporting processes. (CR64) - Poor working relationship between Council and Administration. (CR65) <b>Impact:</b> - Decisions are not representative of community sentiment or made in the community's interest - 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/ additional risk to Council, stakeholder	Exec Manager Governance & Performance	Community, Social & reputational	Catastrophic	Possible	Extreme (5C)	Legal considerations considered in agenda report templates, Governance Manager advises council, functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (conduct, COPMP, allowances, caretaker,IG, COPAMD, PID), delegations, agendas, minutes, training & development. Review of s41 Committee, Advisory Groups ,s43 subsidiary and external group fiduciary arrangements. Council Resolution Update report shows COLs declared. CRM Policy adopted, CRMF adopted, training 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 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 experienced staff. Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff. Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report	Good	Moderate	Rare	Low (3E)	10/02/21	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	10/02/22		1	Governance Framework Review	Exec Manager Governance & Performance	30/09/16	COMPLETE		Y	N/A	Low
																	2	Review of s41 Committee and Advisory Group Terms of Reference	Exec Manager Governance & Performance	30/0916	COMPLETE		Y	N/A	
																	3	Rollout of ContoTrack (Internal control module)	Manager Financial Services	30/12/15	COMPLETE	Endorsed and implemented for Financial Controls	Y	N/A	
																	4	Review of Risk Management Framework	Governance & Risk Coordinator	30/09/19	IN PROGRESS	Will form part of RM review. Awaiting outcome of Skytrust reviewe incluing reporting updates.	N	30/06/21	
																	5	Mandated representation review project	Exec Manager Governance & Performance	30/04/17	COMPLETE		Y	N/A	
																	6	Participation in boundary reform initiatives	Exec Manager Governance & Performance	As Required	COMPLETE		Y	N/A	
																	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		Y	N/A	
																	8	Election induction training	Exec Manager Governance & Performance	As Required	COMPLETE		Y	N/A	
																	9	Implementation of Corporate Planning & Performance Reporting Framework	Exec Manager Governance & Performance	30/06/19	COMPLETE		Y	N/A	
																	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	

Section 1: Risk identification				Section 2: Inherent Risk				Section 3: Controls		Section 4: Residual Risk				Section 5: Risk Evaluation		Section 6: Risk Mitigation								
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment 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
		and/or regulator dissatisfaction and/or sanction.						Council Member and Administration training in the respective roles, team building and relationship development, performance reporting, One Team -Communication Protocols Governance & Risk Coordinator and Corporate Planning & Performance Coordinator roles								11	Implementation of LG Reform legislative changes.	Exec Manager Governance & Performance	30/06/21	NOT COMMENCED	Draft legislation forecast in Q4 2020/21	N		
																12	Service Review Framework development	Corporate Planning & Performance Coordinator	30/06/21	IN PROGRESS	Drafting of Framework has commenced	N		
11	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	<b>Cause:</b> - Lack of awareness of legislative/contractual/lease/policy requirements - Lack of standardised lease terms and conditions. - Ineffective delegation and authorisation mechanisms. - Poor procurement and contract management practices - Ineffective compliance management systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully understood <b>Impact:</b> - Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements	Exec Manager Governance & Performance	Legal & Regulatory	Major	Likely	Extreme (4B)	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, 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 completed 2017. Employment of Procurement Coordinator Procurement Framework implemented. Experienced property team.	Marginal	Moderate	Rare	Low (3E)	10/02/21	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	10/02/22	1	Legislative compliance audit	Exec Manager Governance & Performance	30/06/16	COMPLETE		Y	N/A	Low
																2	Development of contract management system, subject to funding	Manager Financial Services	31/12/16	COMPLETE		Y	N/A	
																3	Development of a legal opinions database	Exec Manager Governance & Performance	30/06/20	MITIGATION TO BE REMOVED	As all legal opinions are recorded and accessible in TRIM, a legal opinions database would be an inefficient use of resources.	N	31/12/19	
																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	
																5	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 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.6

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Internal Audit Quarterly Update

**For:** Decision

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**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, an increased budget is proposed in Budget Review 2.

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 16 November 2020 Audit Committee meeting.

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

<i>Administration:</i>	Executive Manager Organisational Development Governance & Risk Coordinator
<i>External Agencies:</i>	Internal audit firms invited to submit quotations for current projects. Procurement Services SA
<i>Community:</i>	Not Applicable

## 2. BACKGROUND

At its 16 November 2020 meeting, the Audit Committee considered an amended SIAP and resolved as follows:

### 6.13. Internal Audit Quarterly Update

Moved David Moffatt  
S/- Paula Davies

68/AC20

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.

Carried
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Council considered the Audit Committee's resolution at its 15 December 2020 meeting and resolved as follows:

### 12.9 Strategic Internal Audit Plan Update

Moved Cr Malcolm Herrmann  
S/- Cr Leith Mudge

303/20

Council resolves:

1. That the report be received and noted.
2. To adopt the revised Strategic Internal Audit Plan (v1.6a) as contained in Appendix 1.

Carried Unanimously
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### 3. ANALYSIS

Since the Committee considered the SIAP in November, the Payroll Administration Audit has commenced and a report should be ready for the 24 May 2021 Committee meeting.

Council's procurement function has obtained access to the State Government's Audit and Financial Advisory Services across Government Contract which should enable efficiencies in the audit procurement process and potentially fee savings. This contract will be utilised for the upcoming audit procurements.

A revised SIAP v1.7a (**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 v1.7a 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 v1.7a

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# **Appendix 1**

*Strategic Internal Audit Plan 2018/19 – 22/23 v1.7a*

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**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.			Q3 (Project Brief agreed)		
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.			Q3 (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.			In progress		
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			Q4 (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.			Q3 (to be procured with Budgetary Mgt)		
Cyber Security	<b>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.</b>	<b>SR9b - Failure to manage, improve and develop the information resources available to the Council.</b>			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
<b>Number of Audits</b>							

**Version Control**

Date Adopted	Version Comments	No.
30/04/2018	Initial plan considered by Audit Committee	1.0a
22/05/2018	Adopted by Council	1.0
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	Amended plan adopted by Council (Changes in timing for Recruitment & Retention, Budgetary Mgt, Treasury Mgt, Emergency Mgt & BCP)	1.4
22/09/2020	Amended plan adopted by Council (Changes to the timing of audits)	1.5
15/12/2020	Amended plan adopted by Council (completion of cyber, changes to other timings)	1.6
10/02/2021	Proposed amendments (changes to timings for 20/21 projects)	1.7a

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.7

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Audit Actions Implementation Update

**For:** Information

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**SUMMARY**

The implementation status of actions arising from previous Internal and External Audits is provided in ***Appendix 1***.

**RECOMMENDATION**

The Audit Committee resolves:

1. To receive and note the report.
  2. To note the implementation status of Internal and External Audit actions.
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**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 O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

Monitoring the implementation of internal and external audit actions facilitates the effective management of risk exposures and improves the overall governance environment.

➤ **Legal Implications**

Accounts, Financial Statement and Audit, *Local Government Act 1999*

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.

Testing of Council's transactions and internal controls by the external auditor coincides with Council's own Risk Management Framework. The External Auditor's annual inspection and certification of Council's financial position and performance provides the community with an assurance of Council's internal financial control environment in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of actions arising from internal and external audits will assist in mitigating the risk of:

*Internal control failures occur which lead to greater uncertainty in the achievement of objectives and/or negative outcomes.*

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

Note there are many other controls that contribute to managing this risk.

➤ **Financial and Resource Implications**

Actions arising from internal and external audits are generally accommodated in existing functional budgets. Where an agreed action requires unbudgeted funds, this will be managed through Council's budget review processes

➤ **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.

➤ **Environmental Implications**

Not applicable

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

Consultation on the implementation of actions to address the audit findings was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Managers and staff with actions allocated from completed audit reports.

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

The Audit Committee was last provided an update of outstanding actions at its 17 August 2020 meeting.

**3. ANALYSIS**

The status of the outstanding actions from Internal and External Audit is at **Appendix 1**.

**4. OPTIONS**

The Committee has the following options:

- I. To note the implementation status of the Internal and External Audit actions as presented; or
- II. To identify additional actions to be undertaken.

**5. APPENDIX**

- (1) Audit Actions Implementation Status – February 2021

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# **Appendix 1**

*Audit Actions Implementation Status – February 2021*

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Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est.	Comment
2019-20 Galpins Audit Completion Report	1 - Manual spreadsheets being used as asset registers	Finding - Financial Management uses manual spreadsheets as asset registers for plant and equipment. Risk - Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	Low	Management to consider inclusion of all classes of assets in Confirm or another electronic asset register.	Proposal for Confirm Asset Management and the inclusion of Plant and Fleet as a proof of concept work commenced.	David Collins	30/04/2021	In Progress	30/04/2021	
2019-20 Galpins Audit Completion Report	2 - Plant hire rates are not reviewed on a regular basis	Finding - Audit noted an absence of formal processes to ensure that plant hire rates (rates used to calculate the cost of usage of plant items) are reviewed on a regular basis. Risk - Risk of capitalised values in internal management reporting and external financial statements being misstated.	Low	Management determines an appropriate frequency for review of the plant hires rates, and conducts reviews in accordance with this determination.	Plant hire rates are reviewed on an annual basis in the last quarter of the financial year to determine ongoing appropriateness of rates	Mike Carey	5/02/2021	Completed	30/06/2021	
2019-20 Galpins Audit Completion Report	3 - Employees with excessive annual leave balances	Finding - Audit identified fourteen employees with annual leave balances in excess of 300 hours. Risk - Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.		Megan Sutherland	30/06/2021	In Progress	30/06/2021	A leave planning form has been implemented whereby the employee and their People Leader agree to reduce and manage their leave over a period of time. Employees with excess leave need to be taking a minimum of 6-8 weeks per year.
2020 Auditor-General's Recommendations on Credit Card Management and Use	1. Credit card payments for business expenses	Policy guidance for travel expenses could be improved · Timing of travel policy review could be improved · Travel expenses were not supported by adequate accounting records.	Not Rated	Council does not have a specific travel policy, rather references are contained in the <i>Council Member Allowances and Support Policy</i> (Elected Members) and <i>Training and Development Policy</i> (Staffing Policy) which requires interstate travel to be approved by the relevant Director.	It is proposed that a travel related expenditure guideline for staff will be prepared to address the Auditor-General recommendations this financial year.	Megan Sutherland	30/06/2021	Not Commenced	30/06/2021	A Policy/Procedure will be developed to provide guidance to staff.
2020 Auditor-General's Recommendations on Credit Card Management and Use	2. Credit card payments for Elected Members' benefits	Expenditure for alcohol not a proper use of public money · Expenditure for the Mayor's Christmas dinner not a proper use of public money · Gifts not always necessary or appropriate · Expenditure for elected members' lunch and gifts was not a proper use of public money	Not Rated	Elected Members Policy could be improved to clarify requirements: - revise mayor and elected member support policy guidelines to remove the provision of alcohol and special functions, establish expenditure limits for the provision of meals and consider whether Mayor's/annual elected member Christmas dinner and elected members' service recognition gifts are consistent with the expenditure principles - have audit committee regularly scrutinise sensitive expenditure that results in benefits to the elected members to determine whether it is a proper use of public money	These elements are covered by the <i>Council Member Allowances and Support Policy</i> which is reviewed every Council term. It is proposed that the specific recommendations made by the Auditor-General be reviewed to determine whether the items raised should necessitate an early review of the policy to address matters raised.	Lachlan Miller	30/10/2020	Completed		Council resolved 22/9/20 to amend the Council Member Allowance & Support Policy to clarify that public funds are not to be used for any Council Members expenses for alcoholic beverages.
2020 Auditor-General's Recommendations on Credit Card Management and Use	3. Credit card payments for reward and recognition expenses	Timing of policy review could be improved · Review of recognition of service policy needed to ensure proper use of public money · Policy guidance for staff recognition could be improved · Policy intent is not clearly aligned with business purpose · Gifts to staff were not always necessary or appropriate · The extent and value of loyalty of service rewards was considered unnecessary ·	Medium	Policy on funding functions needs to be reviewed including staff Christmas function · The Council did not clearly demonstrate the proper use of public money in recognising staff achievement.	The Bentley Internal Audit identified the need for Council's <i>Employee Recognition, Functions and Gifts Policy</i> to be reviewed to provide greater guidance on the required expenditure under this policy.	Megan Sutherland	31/03/2021	In Progress	31/03/2021	Draft Policy developed and is scheduled to be considered by ELT on 11 February 2021.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.1 - FIXED ASSETS	Asset management plans overdue for review	Medium	Management aims for asset management plans to be adopted by Council by October 2020.	Agree with the need adopt updated asset management plans and propose to ensure transportation asset management plans are completed by October 2020. These are our most significant group of assets by value and at the same time progress all other asset classes.	David Collins	30/10/2020	In Progress	30/10/2020	Community consultation completed Jan 2020 Asset Management Plan presented to audit in October 2020 and to Council in Oct 2020. Consultation stage.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.2 - FIXED ASSETS	Asset maintenance plans not aligned with asset management plans	Medium	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	It is agreed that the asset management plans will set targets to inform and drive maintenance schedules. It is agreed that ongoing development of processes towards proactive maintenance works through greater use of Confirm field devices; defect identification and job allocation will be continued and expanded.	David Collins	31/12/2020	In Progress	26/02/2021	AMP consultation completed Jan 2020
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.3 - FIXED ASSETS	The Capitalised Asset Procedure document is overdue for review	Low	The Capitalised Asset procedure document is reviewed and updated to reflect current and desired practice.	The procedure of the current process needs to be updated to reflect the use of Confirm Enterprise Asset Management and the new handover process of capital works between project/ contract managers and strategic assets team.	David Collins	30/10/2020	In Progress	30/10/2020	New handover form created and being utilised - procedure will include this process. Review of asset register Useful Lives has been undertaken and adopted UL's added to procedure.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est.	Comment
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.1 - GENERAL LEDGER	Our review of users' access rights identified potential excessive access rights provided to some users	Medium	Management proceeds with the six-month review of the lists of IT users' access rights, and considers the potential excessive access rights identified by the audit when next conducting this review.	Have included the Audit findings in the consideration of IT user rights currently being reviewed in May 2020.	Mike Carey	29/05/2020	Completed	31/10/2020	Both payroll and rate access rights have been included in the biannually review of IT user rights
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.2 - GENERAL LEDGER	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Council will be accessing the Local Government Risk Services to business continuity planning service.	Lachlan Miller	30/06/2021	In Progress	30/06/2021	Initial discussions have occurred with LGRS in relation to project scope and resourcing for the BCP development project.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 2	Attainment of statutory timelines	Medium	<p>We recommend management:</p> <p>Include the requirements of the statutory timelines into the Council's policies and procedures;</p> <p>Review the system Open Office to ensure the requirements of the statutory timelines are built in;</p> <p>Provide refresher training of the updated procedures and system functions to the relevant responsible officers and ensure they are capable to meet the statutory timeline requirements; and</p> <p>Set up relevant Key Performance Indicators (KPI) to monitor compliance of the statutory timeline requirements.</p>	2. Ensure the statutory timelines are operating in Open Office through enhanced functionality.	Deryn Atkinson	30/06/2020	Completed	31/03/2020	7/5/2020 New Account Manager at Open Office and E-development Officer worked through outstanding tickets to get Stop the Clock working. 15/7/2020 Open Office implemented system upgrade and Statutory Days are now working and reporting is reliable. 12/8/2020 All development staff advised statutory days are working and the importance of accurately recording actions close dates emphasized.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	Records Management	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Reinforce the record management policy requirements via induction and refresher training; and</li> <li>Strengthen the records management via performance review and regular independent quality review within Council.</li> </ul>	<p>Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5.</p> <p>1. Review the Land Management Register for accuracy of information and electronic register access rather than reliance on hardcopy information.</p>	Deryn Atkinson	30/06/2020	Completed	30/06/2020	Review of the LMA Register delayed with Bushfire and Covid-19. Commenced April 2020 and register required to be on-line to address Covid-19 Emergency Response Legislation Change 15/7/2020 LMA Register review completed. A few discrepancies were identified and these are being followed up. Register has been created electronically for access from Council administration.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	Records Management	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Reinforce the record management policy requirements via induction and refresher training; and</li> <li>Strengthen the records management via performance review and regular independent quality review within Council.</li> </ul>	<p>Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5.</p> <p>3. Undertake induction and refresher training on the Land Management Agreement Register procedure annually or as required.</p>	Deryn Atkinson	31/07/2020	Completed	31/07/2020	Commence refresher training on LMA procedure once review finalised. 15/10/19 LMA procedure needed to be revisited with the implementation of new SSA mapping. Review of LMA Register delayed with Bushfire and Covid-19 incidents. It will take place after completion of the review. 12/8/2020 LMA procedure updated and training of planning and development admin staff in new LMA procedure scheduled for 3/9/2020. Training on the revised procedure for LMAs undertaken 3/9/2020
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	Records Management	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>Reinforce the record management policy requirements via induction and refresher training; and</li> <li>Strengthen the records management via performance review and regular independent quality review within Council.</li> </ul>	<p>Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5.</p> <p>4. Implement annual internal review of the Land Management Agreement Register.</p>	Deryn Atkinson	30/06/2020	Completed	30/06/2020	11/3/2020 Commencement of annual internal review of the LMA register delayed due to resourcing focus on bushfire recovery. Anticipated to commence in May 2020 12/8/2020 Annual review of LMA Register to be undertaken by Team Leader Statutory Planning. Diarised for July 2021 and 2022

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est.	Comment
Galpins 2018-19 Audit Completion Report	1. Manual spreadsheets being used as asset registers	Financial Management uses manual spreadsheets as asset registers for plant and equipment. Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	Low	Management to consider include all classes of assets in Confirm or another electronic asset register.	Preliminary investigations have not provided a cost effective solution but further work is being undertaken to determine the ability of Confirm to handle Plant & Equipment	Mike Carey	12/02/2020	In Progress	30/06/2021	It has been agreed that the plant & equipment data currently held in spreadsheets will be transferred to Confirm and data migration is currently being undertaken in February 2021 with a view to reporting out of Confirm for the 2020-21 financial year
Galpins 2018-19 Audit Completion Report	3. Employees with excessive annual leave balances	Audit identified ten employees with annual leave balances in excess of 300 hours. Leave balances exceeding the allowable balances. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	Develop a procedure to enable more effective management of leave. Regular reporting of leave balances to the Executive Leadership Team for proactive follow up. Education across the organisation on expectations on taking leave and management of leave before it becomes excessive.	Megan Sutherland	19/12/2020	In Progress	30/06/2021	Have continued to work with People Leaders across the organisation to manage leave with their people and some reduction did take place. With the COVID situation, we continue to advise that leave must be taken (despite any travel restrictions in place). The progress on the procedure has been delayed due to other organisational processes that required OD resources. Currently discussing timing to recommence and complete this procedure.
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.2 Asset Management Plan	Fixed Assets	Medium	The Transport Asset Management plan is finalised and adopted by Council.  Asset Management Plans are prepared for other major asset classes.	As part of the migration of data into a new asset management system Council has undertaken extensive review of its data and in particular Transport Assets. Council has undertaken an internal review of the Transport Asset Class that has informed current long term planning. Council is currently in the process of formally updating the 2012 Transport Asset Management Plan by October 2020.	David Collins	27/01/2021	In Progress	18/12/2020	Consultation complete in Jan 2021 - report to Council in Feb 2021 for consideration to adopt. AMP endorsed for community consultation. Draft report will be provided to October 2020 audit committee meeting. Elected member engagement on Road, Footpath and Kerb AMP to commence in September. Peer review being considered in modification of draft transport asset management plan. Draft Transport updated plan proposed by end of October 2020, peer review has been undertaken by external consultant. Council is currently in the process of formally updating the 2012 Transport Asset Management Plan - the plan will be broken into asset classes such as Pavements, Seals, Unsealed, Shoulders
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.5 Asset Maintenance	Fixed Assets	Medium	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	Rollout of field devices to Civil Services proposed in 2020/21 to identify and track maintenance interventions on the road network.  The roll out will be targeted and progressively more work teams will move to the field devices.  Identify methods to better capture expenditure across road segments and work types required.  Council has approved additional resources to undertake planning of future maintenance works.  Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to ensure the required performance of those assets. The clarity regarding the agreed service level will allow better	David Collins	31/12/2019	In Progress	26/03/2021	Additional licences for field devices procured.  Bridge Audit underway that will identify future maintenance plans and expenditure for this asset class.  Footpath review of high priority zones will be undertaken in ConfirmConnect and associated defects will be identified for maintenance scheduling.  A review of road hierarchy for the unsealed road network has been completed and this will be reflected in the asset management plan. This will increase the extent of unsealed road graded per year and will be included in an update AMP.  This will increase the road network covered with patrol grading and reduce the unsealed road resheet.
Galpins Financial Controls Review Interim Management Letter August 2019	2.1.2	Suppliers included in the preferred supplier list have expired public liability insurances recorded	Not Rated	The listing of preferred suppliers is reviewed on a regular basis to identify and follow up any expired or outstanding documents.	As part of the Procurement Framework, we are repositioning the term preferred suppliers to 'prequalified suppliers' to more correctly reflect how Council is accessing these suppliers.  To ensure that relevant documentation including insurances is up-to-date Council is investigating the use of the SkyTrust software used for WHS purposes to better manage this process through automation	James Greenfield	21/05/2020	In Progress	21/05/2020	Current investigation of utilising Sky trust to manage this manual procedure. Re-establishing this list will be a joint project with OD. Currently collating data for upload to Sky trust.



Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est.	Comment
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.1	Asset management plans overdue for review	Not Rated	The Transport Asset Management plan is finalised and adopted by Council. Asset Management Plans are prepared for other major asset classes.	Updating of Transportation AMP underway and considering peer review and recent observations and analysis of road data from Confirm.  Draft Plan has been prepared and for presentation to Audit Committee in first half of 2020 and Council as a draft for community consultation. An external peer review is underway as part of the consultation process prior to final adoption.  Council officers have undertaken significant review of the asset registers and reviewed the programs delivered. This internal review has been included in the LTFP projections. The asset management plan templates are currently being populated utilising the IPWEA NAMS Plus process. The transport asset management	David Collins	28/02/2020	In Progress	18/12/2020	Consultation complete in Jan 2021 - report to Council in Feb 2021 for consideration to adopt. Draft AMP to be presented to audit committee in October 2020 and council in October 2020. Community consultation stage. Engagement with Elected Members proposed to commence in September. Draft Plan for Transport is under review and proposed to bring draft to audit committee in October 2020. An external peer review has been completed and modification to draft transport AMP being considered. Council is currently in the process of formally updating the 2012 Transport Asset Management Plan - the plan will be broken into asset classes such as Pavements, Seals, Unsealed, Shoulders
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.2	The Capitalised Asset (Accounting Policy) document is overdue for review	Not Rated	The Capitalised Asset (Accounting Policy) document is reviewed and updated to reflect current and desired practice.	The document is no longer a Council Policy and is now an operational procedure. The procedure is currently being reviewed to fit in line with the process to be undertaken that incorporates Confirm Enterprise Asset Management system.	David Collins	31/08/2019	In Progress	31/07/2020	New handover form created and being use to capture asset data and will be included in procedure. A review of existing Useful Life in the asset system has occurred and updated UL have been added to the capitalisation document. A document of the process using Confirm to update the asset register has been completed. useful lives reviewed. A review of the document has commenced in June 2019 and following completion of capitalisation for 2018/19 (September 2019) using confirm will be incorporated.
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.3	Asset maintenance plans not aligned with asset management plans	Not Rated	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	Rollout of field devices for Civil teams will continue during 2020/21 to assist with proactive maintenance.  A process is required to identify expenditure and maintenance types on road segments.  Stormwater service levels have been reviewed and documented and the hierarchy of unsealed roads has been reviewed. Service levels associated with grading have been realigned to this hierarchy.  Council has approved additional resources to undertake planning of future maintenance works. Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to ensure the required performance of those assets. The clarity regarding the agreed	David Collins	31/12/2019	In Progress	26/03/2021	Additional licences for ConfirmConnect procured.  Bridge audit underway that will provide a maintenance plan for this asset class.  A review of the document has commenced in June 2019 and following completion of capitalisation for 2018/19 using confirm will be incorporated. The will be updated following the completion of the capitalisation within the new asset management system. This procedure document has been discussed with Asset Management and it is agreed that the document will be updated as part of the Asset Management Planning update over the next six months.
ICT Security Risk Assessment - August 2015 - CQR	REC 4	Policy and Governance		Incident Management	ICT to action - create a security incident management procedure	James Sinden	29/12/2017	Completed	30/06/2020	A Data Breach Procedure has been finalised and adopted by the Executive Leadership Team that outlines the procedure to be followed for a cyber security incident.
Internal Audit - Asset Management - May 2014 - Creative Auditing	6.1.1.1	Policy	Not Rated	That a procedure be documented on how compliance with the policy is going to be monitored.	The set up and development of the Confirm Asset Management system will consider tracking of tasks and actions to align with Policy.	Craig Marshall	30/12/2017	In Progress	19/01/2021	significant data sets being finalised for import to asset system production including all transport and buildings - asset management plan review being undertaken by new Senior Infrastructure Planning Engineer transport data AMP currently being prepared for seals/ unsealed and footpaths. For draft review. Awaiting date for Audit Committee.
Montacute Road Project September 2017 - Ray Pincombe	REC 1	Emergency Projects Decision Making Process Rules	Medium	Consideration of developing some rules around the decision-making processes in emergency projects and provision of authority for staff and potential partners to act on Council's behalf	Development of mechanism to clarify rules and delegations in regards to Emergency Projects and situations.	Peter Bice	31/10/2020	Completed	31/10/2020	Aspects of the decision making process have been incorporated in the Incident Operations Manual and Procurement Policy. Also giving consideration of incorporation into the Project Management Framework Currently under development.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est.	Comment																																										
Montacute Road Project - September 2017 - Ray Pincombe	REC 3	Emergency Management Plan	Not Rated	The current review of the Strategic Management Risk Register has identified the need for an Emergency Management Plan and zone based preventative maintenance programs. This appears to cover the types of events that can impact upon Council assets and infrastructure, though perhaps more emphasis might be placed on flood events given the recent experience	Develop Emergency Management Plan based on LGA Template.	John McArthur	31/07/2019	In Progress	30/12/2020	ELT (3 October 2019) considered and committed to producing Emergency Management Plan through the Council Ready Program for completion by mid 2020 and endorsed the Incident Operations Manual for implementation. 10-02-20 Emergency Management Plan development timeframes may need to be reviewed given Cudlee Creek fire and priority to update the Incident Operations Manual with lessons learnt. 18-05-20 Emergency Management Plan development timeframes have been delayed as a result of the Cudlee Creek Fire response, a priority to complete an After Action Review (debrief) and prepare a report on the Cudlee Creek Fire and the Council Incident Management Team response to COVID-19. 02-07-20 Following discussion																																										
Montacute Road Project - September 2017 - Ray Pincombe	REC 5	Post Project Review	Medium	A review could provide good feedback on the beneficial elements of the project and the potential improvements that could be made. The outcome of the review could be used to better inform any potential emergency management planning	Review the learnings from the project to identify potential improvements.	Peter Bice	30/08/2019	Completed	30/06/2020	The formal post project review has been completed. A number of learnings helped to inform the development of the Project Management Framework, Incident Operations Manual, as well as Council's Revised Procurement Policy (FIN-01).																																										
Procurement Audit May 2014	4.3.2	Use of Preferred Contractors	Low	That a procedure be developed for the acceptance of new suppliers. Council should determine what supplier details are required and who signs off on the Credit Application, which is effectively a council guarantee.	This has ben included in the Procurement framework. Roll out and updating of the form is required	James Greenfield	30/09/2019	Completed	30/09/2019	To be developed in conjunction with 4.2.1. This forms part of the Procurement Framework which is proposed to be signed off by ELT in early 2019.. Framework and Procedures currently in consultation phase. Audit Committee 12 August 2019																																										
Use of Purchase Cards August 2019 Internal Audit	Improvement Opportunities - 5. Policy requirements of flower purchase limit	<b>Flower purchase limit</b> Sample testing found the following flower purchases. However, Council has not defined a limit for flower purchases in any policy. This may not provide cardholders sufficient guidance. <b>Employee ID</b> <table><tr><th>Transaction</th><th>Date</th><th>Supplier</th><th>Amount</th><th>Description</th><th>Approval</th><th>Date</th></tr><tr><td>19869</td><td>2019-02-11</td><td>Flowers To Please</td><td>\$ 80</td><td>library lovers day: flowers</td><td>2019-03-20</td><td>827</td></tr><tr><td>2019-05-01</td><td>Flowers To Please</td><td>\$ 88</td><td>Maternity Flowers</td><td>Not reconciled (Finding 1)</td><td>688</td><td>2019-06-11</td></tr><tr><td>Flowers To Please</td><td>\$ 88</td><td>Staff flowers</td><td>Not reconciled (Finding 1)</td><td>2017-18</td><td>1131</td><td>2018-01-29</td></tr><tr><td>Flowers by Definition</td><td>\$103.5</td><td>Flowers for Lee Mullins</td><td>2018-02-01</td><td>894</td><td>2018-02-28</td><td>Flowers To Please</td></tr><tr><td>\$144</td><td>Flowers</td><td>2018-02-28</td><td>Total</td><td>\$503.5</td><td></td><td></td></tr></table>	Transaction	Date	Supplier	Amount	Description	Approval	Date	19869	2019-02-11	Flowers To Please	\$ 80	library lovers day: flowers	2019-03-20	827	2019-05-01	Flowers To Please	\$ 88	Maternity Flowers	Not reconciled (Finding 1)	688	2019-06-11	Flowers To Please	\$ 88	Staff flowers	Not reconciled (Finding 1)	2017-18	1131	2018-01-29	Flowers by Definition	\$103.5	Flowers for Lee Mullins	2018-02-01	894	2018-02-28	Flowers To Please	\$144	Flowers	2018-02-28	Total	\$503.5			Low	We recommend management assess the necessity, possibility and feasibility to formalise the coffee/tea consumption outside of Council premises and flower purchase limit into the policy.	In addition, the procedures will be updated to make reference to Council's Employee Recognition, Functions and Gifts Policy. Council's Employee Recognition, Functions and Gifts Policy will be reviewed to provide greater guidance on the required limits on expenditure for items covered under this Policy, including flowers.	Megan Sutherland	20/12/2019	In Progress	19/12/2020	Currently discussing recommending the review and update of the Employee Recognition, Functions and Gifts Policy to provide greater clarity around expenditure. Draft Policy scheduled to be considered by ELT on 11 February 2021.
Transaction	Date	Supplier	Amount	Description	Approval	Date																																														
19869	2019-02-11	Flowers To Please	\$ 80	library lovers day: flowers	2019-03-20	827																																														
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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.8

**Originating Officer:** Lachlan Miller, Executive Manager Governance & Performance

**Responsible Director:** Andrew Aitken, Chief Executive Officer

**Subject:** 2020-21 External Audit Plan

**For:** Decision

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**SUMMARY**

At its 15 December 2020 meeting, Council (upon the Audit Committee's recommendation) resolved to exercise the two-year option under the Professional Services Agreement for External Audit with Galpins Accountants, Auditors and Business Consultants (Galpins) for the conduct of the 2020-21 and 2021-22 audits years of the audit contract.

With contractual relations now settled, Galpins have prepared a *2020-21 External Audit Plan (Appendix 1)* for the 2020-21 Annual Financial Statements Audit and Internal Financial Control Audit. In relation to the Internal Financial Controls Audit, Galpins are proposing to increase the depth and scope of IT control assessment. This will be accommodated within the contracted fee.

Under the Audit Committee's Terms of Reference, two of the key roles in relation to External Audit relate to recommending the approval of the auditor's terms of engagement and reviewing and making recommendations regarding the proposed external audit plan.

The purpose of this report is to provide the *2020-21 External Audit Plan* for the Committee's review and, if satisfied, to seek the Committee's recommendation to Council for approval.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
  - 2. To recommend to Council the approval of the *2020-21 External Audit Plan* by Galpins Accountants, Auditors and Business Consultants as contained in Appendix 1.**
-

## 1. GOVERNANCE

### ➤ Strategic Management Plan/Council Policy

Goal	Organisational Sustainability
Strategy	Risk and responsibility
Strategy	Governance

External audit is a key accountability function to the community regarding the financial governance of the organisation.

### ➤ Legal Implications

Chapter 8 – Administrative and financial accountability, Part 3 – Accounts, financial statements and audit, Division 4 – Audit of the *Local Government Act 1999* and Part 6 - Audit of the *Local Government (Financial Management) Regulations 2011* set out the requirements regarding the appointment of the external auditor and the conduct of the audit.

### ➤ Risk Management Implications

The appointment of the external auditor consistent with the requirements of legislation assists 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 makes a budget allocation each year for the expenses associated with the conduct of the external audit.

The external audit function is managed by the Governance & Performance Department although the Finance Services Department is most significantly impacted throughout the external audit process.

### ➤ Customer Service and Community/Cultural Implications

There is a high expectation that Council's accounts are audited by appropriately qualified and independent external auditors.

### ➤ Environmental Implications

Not applicable

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	Director Corporate Services Manager Financial Services
<i>External Agencies:</i>	Galpins Accountants, Auditors and Business Consultants
<i>Community:</i>	Not Applicable

## **2. BACKGROUND**

The Audit Committee's Terms of Reference set out a number of specific functions, one of which relates to External Audit and contains key roles for the Committee, relevant to the conduct of the 2020-21 Annual Financial Statement Audit and Internal Financial Control Audit, as follows:

1. 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 (clause 3.5.2.2);
2. 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 (clause 3.5.2.3)
3. 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) (clause 3.5.2.4); and
4. Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement (clause 3.5.4).

Roles 1 & 4 occur in the framing of the external audit plan and engagement letter and is traditionally considered by the Audit Committee at the February meeting. Roles 2 & 3 occur when considering the Audit Completion Report at the October meeting.

On 27 February 2018, Galpins were appointed by Council for the provision of external audit services for a three year period (with and option of a further period for up to two years) commencing with the audit of the financial year ending 30 June 2018.

On 15 December 2020, Council (upon the Audit Committee's recommendation) resolved to exercise the two-year option under the Professional Services Agreement for External Audit with Galpins Accountants, Auditors and Business Consultants (Galpins) for the conduct of the 2020-21 and 2021-22 audits years of the audit contract.

### 3. ANALYSIS

The *Audit Engagement Letter*, as approved by Council for the 2018-19 audit (**Appendix 2**), contains a clause that it remains effective for future years. Galpins have confirmed that there are no changes to the provisions of the letter (other than the obvious applicability to each successive year's audits)

In preparation for the 2020-21 External Audit, Galpins have prepared a *2020-21 External Audit Plan* (**Appendix 1**) for the Audit Committee's review and, if satisfied, recommendation to the Council for approval.

The External Audit Plan is similar to previous years with the exception that Galpins are proposing to increase the depth and scope of IT control assessment. This will be accommodated within the contracted fee.

The Administration has reviewed the Plan and is agreeable with the scope, methodology and timeframes set out in the Plan.

Tim Muhlhausler (Partner) and Juliano Freitas (Audit Manager) will not be able to attend the Audit Committee meeting on this occasion however any queries can be forward to them by the Administration and responses circulated by email.

Should the Audit Committee determine to recommend to Council to approve both documents, a report will be prepared for the Council's 23 February 2021 meeting.

### 4. OPTIONS

The Committee has the following options:

- I. To recommend to Council the scope of work and timing of the *2020-21 External Audit Plan* by Galpins Accountants, Auditors and Business Consultants as contained in **Appendix 1**. (Recommended)
- II. To seek amendments to the scope of work and timing of the *2020-21 External Audit Plan* by Galpins Accountants, Auditors and Business Consultants as contained in **Appendix 1**. Seeking amendment may impact on the timeliness and/or cost of External Audit service provision (Not Recommended)

### 5. APPENDICES

- (1) 2020-21 External Audit Plan
- (2) Audit Engagement Letter – Galpins

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# **Appendix 1**

*2020-21 External Audit Plan*

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# Galpins

Accountants, Auditors & Business Consultants

## 2020/21 External Audit Plan

### Adelaide Hills Council



#### Mount Gambier

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

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PO Box 727, Stirling SA 5152  
P: (08) 8339 1255  
F: (08) 8339 1266  
E: stirling@galpins.com.au

#### Norwood

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

[www.galpins.com.au](http://www.galpins.com.au)



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## 1. AUDIT SCOPE

### *Opinion on the Financial Report*

We are required to audit the financial report of Adelaide Hills Council, which comprises the statement of financial position as at 30 June 2021, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

We are to provide an audit opinion whether the financial report of Adelaide Hills Council, presents fairly, in all material respects, the Council's financial position as at 30 June 2021 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

### *Controls Opinion*

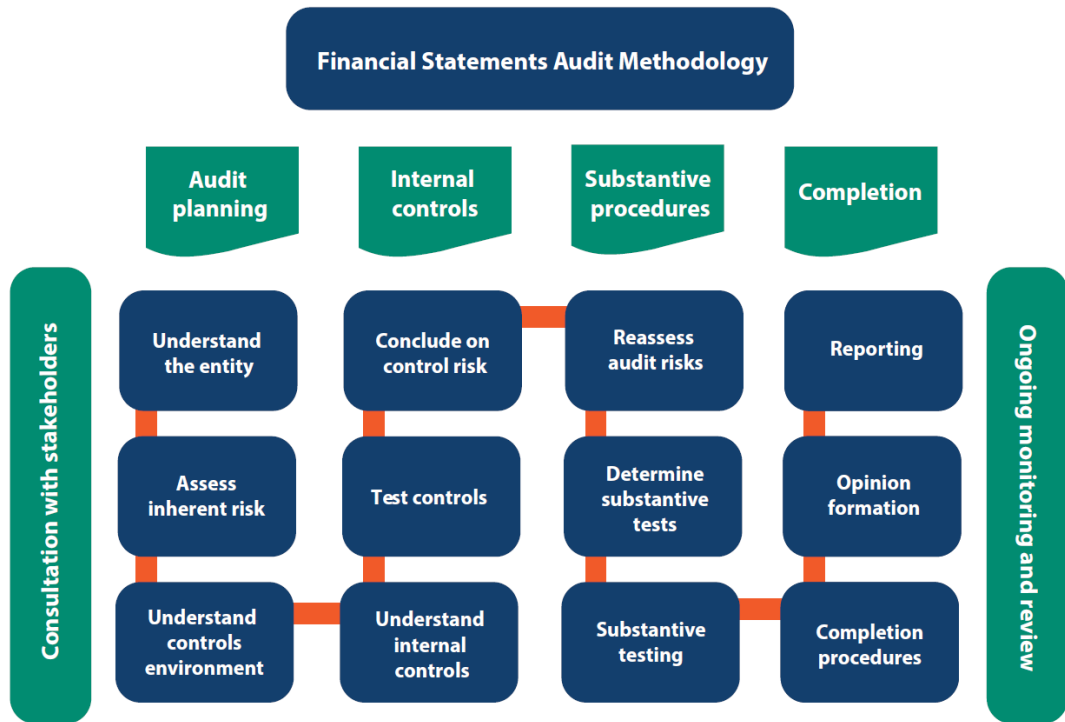
We are required to undertake a reasonable assurance engagement on the design and the operating effectiveness of controls established by Adelaide Hills Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2020 to 30 June 2021 relevant to ensuring such transactions have been conducted properly and in accordance with law.

We are to provide an opinion whether, in all material respects:

- the controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- the controls operated effectively as designed throughout the period from 1 July 2020 to 30 June 2021.

## 2. AUDIT METHODOLOGY

Our financial statements Audit Methodology is a risk based methodology consisting of four main stages – Audit Planning, Internal Controls, Substantive Procedures and Completion. The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.



We conduct our audits in accordance with the requirements of Australian Auditing Standards and Auditing Guidance Statements adopted from time to time by CPA Australia and The Institute of Chartered Accountants in Australia.

**Audit Planning Stage** - the objective of the audit planning stage is to develop a greater understanding of the entity. Based on our understanding of the entity, planning analytical review, structured interviews with management and walkthroughs we identify and rank the inherent risks.

**Internal Controls** - we obtain an understanding of the internal controls relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess controls risks and design further audit procedures.

**Substantive Procedures** - From our understanding of the entity, our risk analysis and results of control testing, we are able to design and refine appropriate substantive procedures, including analytical review and test of details. Testing methods include reconciliations, recalculations, 3rd party confirmations, observation and inspection.

**Completion** - We evaluate the results of the audit testing and determine whether adjustments to the financial statements are required and review the final financial statements to provide support regarding the best presentation of these reports.

### 3. AUDIT PLANNING STAGE

#### Understanding the Entity and Inherent Risks

We research and document the Council's nature of operations, industry, regulatory environment, legislative responsibilities, financial reporting environment, understanding of use of information technology, capital investment, critical accounting policies and process of reviewing the Council's financial performance. This understanding enables us to identify the initial inherent risks. Structured interviews with management will also be carried out to identify other inherent risks.

#### Planning Analytical Review

The planning analytical review will help us to identify the existence of unusual transactions or events that may represent a risk of material misstatement. Our planning analytical review will also assist us to understand the classes of transactions and account balances to be expected in the financial report that should be subject to a specific audit program.

#### Identification of business cycles and definition of audit approach

The procedures performed when obtaining an understanding of the entity and the planning analytical review will assist us to identify the main business cycles and the account balances expected to be in the financial report. Also, this knowledge will enable us to define our audit approach for each class of transactions or account balances being a controls approach, a substantive approach or a combination of both.

Once we have identified all inherent risks based on our understanding of the entity's business, planning analytical review and enquiries of management and have defined our audit approach for each class of transaction and account balances, we will be able to commence the next stage of our audit (Internal controls stage).

We designed a table containing our understanding of all classes of transactions, account balances and related business cycles together with our initial understanding of the audit approach to be undertaken based on our initial inherent risk assessment.

The results of our plan are included in the audit plan summary table containing our initial inherent risk assessment related to the account balances, classes of transactions and business cycles identified during our audit planning.

The inherent risks assessment is what drives our audit approach (being controls approach, substantive approach or a combination of both). We usually provide an internal controls approach together with a substantive approach to the areas with high and medium inherent risks.

See a summary of our inherent risk assessment and the audit approach to be provided for each business cycle in the audit plan summary table overpage:

A list of internal controls to be tested for each business with high and medium inherent risks is provided in Appendix 1 of this document.

### Audit Plan Summary Table – Statement of Comprehensive Income - Income

Area	2020	2019	Audit approach	Business cycle	Audit Response	Inherent Risk
Rates and charges	38,547,000	36,915,000	<b>Controls and Substantive</b>	Rates	Controls and substantive tests	<b>High</b>
Statutory charges	1,180,000	1,172,000	<b>Substantive</b>	User Pay Income	Substantive tests	<b>Moderate</b>
User charges	704,000	1,007,000	<b>Substantive</b>	User Pay Income	Substantive tests	<b>Moderate</b>
Grants	5,245,000	5,123,000	<b>Substantive</b>	Grants	Controls and substantive tests	<b>Moderate</b>
Investment Income	42,000	41,000	<b>Substantive</b>	Investment Income	Substantive tests	<b>Low</b>
Reimbursements	228,000	516,000	<b>Substantive</b>	Other Revenue	Substantive tests	<b>Low</b>
Other Income	605,000	648,000	<b>Substantive</b>	Other Revenue	Substantive tests	<b>Low</b>
Equity Accounted Businesses	73,000	138,000	<b>Substantive</b>	Other Revenue	Substantive tests	<b>Low</b>

### Audit Plan Summary Table – Statement of Comprehensive Income – Expenses

Area	2020	2019	Audit approach	Business cycle	Audit Response	Inherent Risk
Employee costs	17,433,000	15,923,000	<b>Controls and Substantive</b>	Payroll	Controls and substantive tests	<b>High</b>
Materials / Contracts / Other Expenses	21,927,000	19,231,000	<b>Controls and Substantive</b>	Purchasing, Procurement and Contracting	Controls and substantive tests	<b>High</b>
Depreciation and amortisation	9,207,000	8,826,000	<b>Controls and Substantive</b>	Fixed Assets	Controls and substantive tests	<b>High</b>
Finance Costs	589,000	623,000	<b>Substantive</b>	Other Expenses	Substantive tests	<b>Low</b>
Equity Accounted Businesses	10,000	6,000	<b>Substantive</b>	Other Expenses	Substantive tests	<b>Low</b>

### Audit Plan Summary Table – Statement of Comprehensive Income – Other Comprehensive Income

Area	2020	2019	Audit approach	Business cycle	Audit Response	Inherent Risk
Asset Disposals & Fair Value Adjustments	(1,757,000)	(95,000)	<b>Controls and Substantive</b>	Fixed Assets	Controls and substantive tests	<b>High</b>
Amounts Received Specifically for New or Upgrade Assets	556,000	425,000	<b>Controls and Substantive</b>	Grants	Controls and substantive tests	<b>Moderate</b>
Physical Resources Received Free of Charge	970,000	1,982,000	<b>Substantive</b>	Other Revenue	Substantive tests	<b>Moderate</b>

### Audit Plan Summary Table – Statement of Financial Position – Assets

Area	2020	2019	Audit approach	Business cycle	Audit Response	Inherent Risk
Cash and cash equivalents	518,000	2,025,000	<b>Controls and Substantive</b>	Banking	Controls and substantive tests	<b>High</b>
Trade and other receivables	2,761,000	2,541,000	<b>Controls and Substantive</b>	Debtors	Controls and substantive tests	<b>Moderate</b>
Inventories	18,000	19,000	<b>Substantive</b>	Inventory	Substantive tests	<b>Low</b>
Non-Current Assets Hold for Sale	-	1,530,000	<b>Controls and Substantive</b>	Fixed Assets	Controls and substantive tests	<b>High</b>
Financial Assets – NC	-	-	<b>Substantive</b>	Loans to Community Groups	Substantive tests	<b>Low</b>
Equity Accounted Businesses - NC	1,491,000	1,350,000	<b>Substantive</b>	Other Assets	Substantive tests	<b>Low</b>
IPPE	422,745,000	424,101,000	<b>Controls and Substantive</b>	Fixed Assets	Controls and substantive tests	<b>High</b>
Other Non Current Assets	-	-	<b>Controls and Substantive</b>	Fixed Assets	Controls and substantive tests	<b>High</b>

### Audit Plan Summary Table – Statement of Financial Position - Liabilities

Area	2020	2019	Audit approach	Business cycle	Audit Response	Inherent Risk
Trade and other payables	5,254,000	5,446,000	<b>Controls and Substantive</b>	Accounts Payable	Controls and substantive tests	<b>High</b>
Borrowings	7,285,000	62,000	<b>Substantive</b>	Borrowings	Substantive tests	<b>Low</b>
Provisions	3,588,000	3,048,000	<b>Substantive</b>	Provisions	Substantive tests	<b>Moderate</b>
Borrowings - NC	5,446,000	10,000,000	<b>Substantive</b>	Borrowings	Substantive tests	<b>Low</b>
Provisions - NC	1,528,000	1,398,000	<b>Substantive</b>	Provisions	Substantive tests	<b>Moderate</b>

### Audit Plan Summary Table – Statement of Financial Position - Equity

Area	2020	2019	Audit approach	Business cycle	Audit Response	Inherent Risk
Accumulated Surplus	138,645,000	141,348,000	<b>Substantive</b>	Other business cycles	Substantive tests	<b>Low</b>
Asset Revaluation Reserves	265,206,000	269,691,000	<b>Controls and Substantive</b>	Fixed Assets	Controls and substantive tests	<b>High</b>
Other Reserves	581,000	573,000	<b>Substantive</b>	Other business cycles	Substantive tests	<b>Low</b>

## 4. INTERNAL CONTROLS / CONTROLS OPINION

### 4.1. Controls Selected for Audit

We review the internal controls we consider as key controls to be in place for the purpose of issuing our control opinion. These key internal controls consist of a prioritised list of controls from the Better Practice Model – Internal Financial Controls 2017 (BPM). This list was based on the key business identified during our audit planning and from our planning analytical review and the internal controls listed in the BPM for these business cycles.

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

Business cycles	Account Balance	BPM controls	Inherent Risk
Purchasing and Procurement / Contracting	Materials / Contracts / Other Expenses	10	High
Fixed Assets	IPPE, Depreciation expense, Asset Disposals and FV adjustments, Revaluation Reserves	16	High
General Ledger	All accounts	11	Moderate
Accounts Payables	Accounts Payables	13	High
Rates / Rates Rebates	Rates charges	10	High
Payroll	Employee Costs	19	High
Receipting	Debtors	5	Moderate
Credit cards	Materials / Contracts / Other Expenses	5	High
Banking	Cash and cash equivalents	5	High
Debtors	Debtors	6	Moderate
<b>Total number of controls</b>		<b>100</b>	

A prioritised list of controls from the better practice model can be seen in Appendix 1. After completing our test of effectiveness of internal controls we perform a controls risk assessment for each account balance. The controls risks are combined with our initial inherent risk assessment performed during our audit planning for determining the risk of material misstatements for each account balance (see more details in item 5 of this document).

## 4.2. IT Audit

In addition to consideration of the Better Practice Model controls, our external audit for the 2020/21 financial year will include a review of the following IT controls:

### IT Entity Level Controls

- IT Governance
- IT Strategic Planning
- Adequate financial resources
- Adequate IT Personnel resources
- IT Risk Management

### Change Management

- Process for changes to software / programs
- Process for Changes to IT Infrastructure

### Information Security

- Physical access to the Data Centre including locks including alarms, fire protection, air conditioning
- Logical Access to the Network
- Remote Access to the Network
- Logical Access to the Financial System

### Backup and Recovery

- Backup process
- IT Disaster Recovery Plan
- Business Continuity Plan

### Third Party IT Providers

- Understanding Outsourced IT services
- Access of Third Parties to the Network



## 5. RISK OF MATERIAL MISSTATEMENTS

Risk of material misstatement consists of the following components:

Risks	Definition
<b>Inherent risks</b>	How susceptible to fraud or error the financial statements assertions are given the nature of the entity, considering external factors such as competency of staff, availability of information, prior period misstatements, accounting systems, level of supervision, etc before consideration of any related controls. The inherent risk assessment is performed during the planning stage when obtaining understanding of the entity's business (please refer to item 3 of this document).
<b>Controls risks</b>	Risk of a misstatement due to error or fraud that could occur and not be prevented or detected by Council's internal controls. The assessment of internal controls risks is performed during the internal controls stage after performing test of internal controls (please refer to item 4 of this document).

The risk of material misstatement will be based on the combination of inherent and controls risks as demonstrated in the table below:

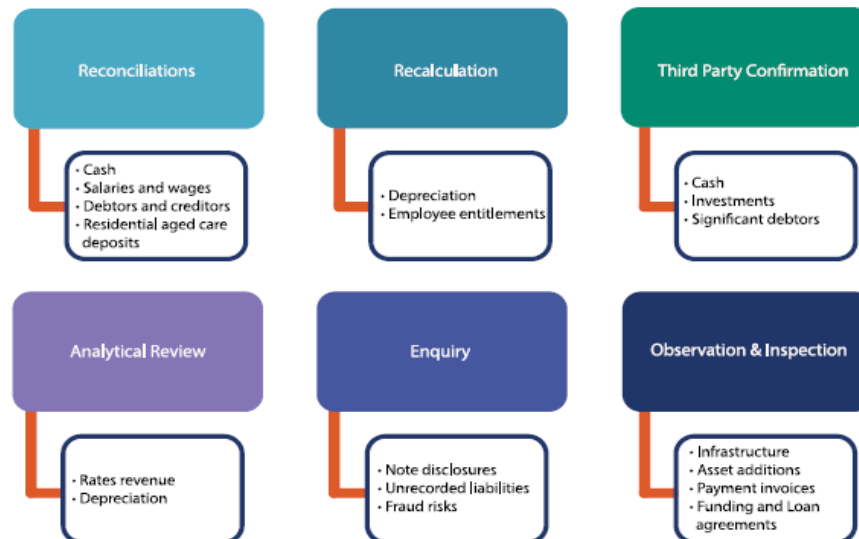
		Inherent Risks		
		HIGH	MEDIUM	LOW
Controls Risks	HIGH	H	H	M
	MEDIUM	H	M	L
	LOW	M	L	L

The risk of material misstatement will determine the nature and extent of our audit procedures and sample sizes to be utilised. Once we assess the risk of material misstatements (RoMM) we will be able to design our substantive audit procedures. Below, a summary of the impact of risk of material misstatements on our audit strategy:

Inherent Risk	Controls Risk	RoMM	Impact on audit strategy
Low	Low	Low	High reliance on controls/minimum level of substantive tests
	Medium	Low	Medium reliance on controls / low level of substantive tests
	High	Medium	No reliance on controls / medium level of substantive tests
Medium	Low	Low	High reliance on controls / low level of substantive tests
	Medium	Medium	Med. reliance on controls/medium level of substantive tests
	High	High	No reliance on controls / high level of substantive tests
High	Low	Medium	High reliance on controls / medium level of substantive tests
	Medium	High	No reliance on controls / high level of substantive tests
	High	High	No reliance on controls / high level of substantive tests

## 6. SUBSTANTIVE PROCEDURES STAGE

From our risk analysis (please refer to item 3 of this document), we are able to design and refine appropriate substantive procedures, including analytical review and test of details, to address identified risks of material misstatements of financial statements. Testing methods to be applied to account balances and transactions include:



Please refer to the audit timetable indicating the dates for our final visit to perform our final substantive procedures (please refer to the item 8 of this report).

Audit will request authorisation from Council to request an independent confirmation from banks of information such as Council's account balances, securities, treasury management instruments, documents and other related information held by banks on behalf of Council.

We will also require Council to request its lawyers to send a 'Legal Representation Letter' to us (a template of the letter will be provided by the auditors).

## 7. COMPLETION STAGE

This stage consolidates all the audit work performed during the previous stages. We perform a final risk of material misstatements assessment and conclude whether procedures performed were sufficient to reduce the audit risk to an acceptable level. We evaluate the results of audit testing and determine whether adjustments to the financial statements are required. We also review the final financial statements regarding the best presentation of these reports.

Key deliverables to complete the engagement include:

- Final Management Letter;
- Final report listing key matters addressed during the audit;
- Final auditor's report and controls opinion; and
- List of Immaterial Uncorrected Misstatements.

## 8. AUDIT TIMETABLE

The following is an indicative for the audit. Actual audit dates will be negotiated with the Council to ensure that dates are convenient.

Audit Activities	Indication of Dates
1. Initial Meeting with Finance Management and Key Staff Members	Late February
2. Detailed Audit Plan / Audit Program Development	8 February
3. Interim Site Visit	5-7 May
4. Interim Management Letter	Late May
5. Final Audit Visit	TBA
6. Final Auditor's Report	TBA
7. Final Management Letter	TBA

## 9. CONTACT DETAILS



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## **APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS**

## Purchasing and Procurement

## Risks

- |    |  |
|----|--|
| R1 | Council does not obtain value for money in its purchasing and procurement. |
| R2 | Purchases of goods and services are made from non-preferred suppliers.     |
| R3 | Purchase orders are either recorded inaccurately or not recorded at all.   |
| R4 | Purchase orders are made for unapproved goods and services.                |

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

## CONTRACTING

## Risks

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

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

## FIXED ASSETS

## Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core

RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

## GENERAL LEDGER

## Risks

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

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core



## ACCOUNTS PAYABLE

## Risks

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

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core

RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additional

## RATES / RATES REBATES

## Risks

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

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

## PAYROLL

## Risks

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

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination	Core

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

## CREDIT CARDS

## Risks

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

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

## BANKING

## Risks

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

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

## DEBTORS

## Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core	4
R1	Council maintains a Debt Collection Policy.	Core	5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core	5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core	4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core	5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core	4

## RECEIPTING

## Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times.	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional

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## **Appendix 2**

*Audit Engagement Letter – Galpins*

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David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
Renaë 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  
under Professional Standards Legislation

13 February 2019

Mr Andrew Aitken  
CEO  
Adelaide Hills Council  
PO Box 44  
Woodside SA 5244

Dear Andrew,

## AUDIT ENGAGEMENT LETTER

### Scope

You have requested that we audit the financial report of Adelaide Hills Council (the Council) which comprises the balance sheet as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and Council certificate. You have also requested that we provide an audit of the compliance of 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 2018 to 30 June 2019 have been conducted properly and in accordance with law. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of expressing an opinion on the financial report and financial controls in place.

### The responsibilities of the auditor

We will conduct our audit of the financial report of the Council in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We will conduct our audit of the compliance of the Council with the requirements of Section 125 of the *Local Government Act 1999* 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 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards

In making our risk assessments, we consider internal control relevant to the Council's preparation 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.

#### **The responsibilities of the Council and management**

Our audit will be conducted on the basis that the Council and management acknowledge and understand that they have responsibility:

- (a) for the preparation of the financial report that presents fairly in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards;
- (b) for such internal control as the Council and management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error;
- (c) for the identification of risks that threaten compliance with section 125 of the *Local Government Act 1999*;
- (d) for design of the system, comprising controls which will mitigate those risks so that those risks will not prevent achievement of compliance with section 125 of the *Local Government Act 1999*;
- (e) for ensuring that the financial controls established by the Council were suitably designed to ensure compliance with section 125 of the *Local Government Act 1999*;
- (f) for operation of the controls as designed throughout the period;
- (g) to provide us with:
  - (i) access to all information of which the Council and management are aware that is relevant to the preparation of the financial report and compliance with section 125 of the *Local Government Act 1999* such as records, documentation and other matters;

- (ii) additional information that we may request from the Council and management for the purpose of the audit of the financial report and the controls opinion;
- (iii) unrestricted access to persons within the Council from whom we determine it necessary to obtain audit evidence;
- (h) for adjusting the financial report to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial report as a whole;
- (i) for informing us of your knowledge of any allegations of fraud or suspected fraud affecting The Adelaide Hills Council received in communications from employees, former employees, regulators, or others;
- (j) for identifying and ensuring that the Council complies with applicable laws and regulations.

As part of our audit process, we will request from the Council and management written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

#### **Quality control**

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent.

Our audit files may, however, be subject to review as part of the quality control review program of CPA Australia and/or The Institute of Chartered Accountants in Australia which monitors compliance with professional standards by its members. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

#### **Independence**

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the Australian professional accounting bodies or any applicable code of professional conduct in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

To assist us in meeting the independence requirements, and to the extent permitted by law and regulation, we request you discuss with us:

- (a) the provision of services offered to you by us prior to engaging or accepting the service; and

- (b) the prospective employment opportunities of any current or former partner or professional employee of our firm prior to the commencement of formal employment discussions with the current or former partner or professional employee.

#### **Communication**

We may communicate with you or others via email transmission. Due to the nature of email transmission, we cannot guarantee that emails from us will be properly delivered and/or read only by the addressee. Therefore, we accept no liability or responsibility for any loss or damage to any person or entity resulting from the use of email transmissions in connection with this engagement.

#### **Limitation of liability**

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website:  
<http://www.professionalstandardscouncil.gov.au>.

#### **Paperless files**

We advise that our firm maintains paperless files. Necessary documents that we need will be retained as scanned copies only. We will not keep original documents belonging to you – these will be scanned and returned to you. If documents are required by you in future for any purpose, we will only be able to provide scanned copies.

#### **Presentation of audited financial report on the internet**

The Council may intend to publish a hard copy of the audited financial report and auditor's report for members, and to electronically present the audited financial report and auditor's report on its internet web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the Council to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the Council's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the Council's web site is that of the Council.

#### **Fees**

We look forward to full cooperation from your staff and we trust that they will make available to us whatever records, documentation and other information we request in connection with our audit. Audit fees are specified in our tender. Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. The audit fees will be due within 30 days from the end of the month in which the Council receives a correctly rendered tax invoice from Galpins.

Our fee assumes that unaudited data (including trial balance, financial statements and notes to the accounts) are presented for audit in a satisfactory, auditable and timely manner, with full supporting schedules and documentation. While we will use our best endeavours to work with the Council to achieve a positive outcome,

our fee does not allow for rework of the financial report after submission for audit, other than for minor audit adjustments. Where we consider that the quality of data presented will result in additional audit effort, we may need to negotiate an additional fee. In order to maintain audit independence, it is necessary that we avoid providing assistance to the Council to prepare the financial report.

Additional grant audits provided is charged on hourly basis, it depends on the number, size and nature of grants requiring acquittal.

#### **Ownership of documents**

All original documents obtained from the client arising from the engagement shall remain the property of the client. However, we reserve the right to make a reasonable number of copies of the original documents for our records. All other documents produced by us in respect of this engagement will remain the property of the firm.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.

#### **Other**

- This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Please sign and return this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial report including our respective responsibilities.

Yours sincerely,



**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

Acknowledged and agreed on behalf of Adelaide Hills Council by



**Mr Andrew Aitken**  
CEO

Date 5/8/2019

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 February 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.9

**Originating Officer:** Mike Carey, Manager Financial Services  
Manager Financial Services  
Corporate Services

**Subject:** Long Term Financial Plan Review

**For:** Decision

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**SUMMARY**

Prior to commencement of the budget process each year a review of the Long Term Financial Plan (LTFP) is undertaken. This review ensures that the LTFP is updated to reflect movements in key economic indicators as well as any revised strategies or plans considered by Council.

The LTFP was last considered by the Audit Committee on 17 February 2020 and was ultimately endorsed for public consultation by Council prior to the budget setting process and adopted by Council in April 2020.

Further, given the financial impact of two significant events, namely the Cudlee Creek Bushfire Recovery and the COVID-19 pandemic that occurred subsequent to the adoption of the 2020-21 LTFP, Council reviewed a summary of the proposed operating and capital investment activities of Council in the Uniform Presentation of Finances format (as required for the LTFP) for a period of three years as part of the 2020-21 Annual Business Plan and Budget adoption documentation.

As part of the development of the 2021-22 LTFP, a full day workshop of Council was held on 30 January 2021 to:

- provide an overview of the process undertaken to develop the LTFP;
- review the current sustainability ratios and consider proposed targets for future years,
- examine options to ensure Council can achieve those ratios, and
- review Council's strategic initiatives for the next 3 years having regard to proposed ratios.

Feedback from this workshop has resulted in changes to the draft LTFP to reflect a desire to:

- amend Council's current financial sustainability targets to narrow the range of each of the sustainability targets
- improve Council's Operating Surplus Ratio over the period of the LTFP to enable capacity to reduce debt whilst also funding a proportion of capital upgrade expenditure
- increase revenue through indexing rates relative to the Local Government Price Index as opposed to CPI

Importantly the draft LTFP demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the Strategic Plan.

The LTFP will be submitted to Council for consideration on 23 February 2021 prior to community consultation being undertaken.

## RECOMMENDATION

### The Audit Committee:

1. **Receives and notes the report.**
  2. **Notes the updated Long Term Financial Plan.**
  3. **Recommends Council approve the Long Term Financial Plan 2021-22, as contained in Appendix 1 for community consultation in accordance with *Section 122 of the Local Government Act 1999*.**
- 

## 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

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.

One key aspect of Council's legislative responsibilities is to develop and adopt a long-term financial plan for a period of at least 10 years to ensure Council continues to be financially sustainable.

The Audit Committee Terms of Reference out a number of specific functions. IN relation to the Long Term Financial Plan the Committee shall:

- 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;

### Legal Implications

The LTFP is prepared as a part of the suite of Strategic Management Plans and in accordance with Section 122(1)(a) of the *Local Government Act 1999* (the Act) and Regulation 5 of the *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

Preparing a LTFP as required by the Act and Regulations will assist in mitigating the risk of:

*Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (3D)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and supported within the Council's LTFP.

➤ **Financial and Resource Implications**

Robust internal financial controls provide the foundation for ensuring Council's ongoing financial sustainability. The LTFP is a financial model that aims to achieve long term financial sustainability, using the key financial indicators and benchmarks for guidance, projected over 10 years using inputs from the Strategic Management Plan, Asset Management Plan and other key Strategies.

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.

The LTFP is based on continuing existing service levels including infrastructure renewal and upgrade and is regularly updated to account for any changes.

➤ **Customer Service and Community/Cultural Implications**

There is an expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its *Strategic Plan*, *Corporate Plan* and Functional Strategies. Council has specific functional strategies that address environmental and economic sustainability goals, objectives and priorities. At the same time the LTFP ensures that there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.



➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* A Council Workshop was held on 30 January 2021 to provide an overview of the process undertaken to develop the LTFP; review the current sustainability ratios and consider proposed targets for future years, examine options to ensure Council can achieve those ratios and review Council's strategic initiatives for the next 3 years having regard to proposed ratios.

*Advisory Groups:* Not Applicable

*Administration:* The Executive Leadership Team (ELT) has reviewed the LTFP assumptions as part of the development of the updated LTFP. In addition, the functional leads across the organisation provided input on the funding requirements to be captured in the LTFP to support the implementation of the Strategic Plan / Functional Strategies.

*Community:* Not applicable at this stage however public consultation will be undertaken following consideration by Council on 23 February 2021.

## **2. BACKGROUND**

The Act requires Council to prepare a LTFP as part of its suite of Strategic Management Plans, and to update it on the same basis. Members of the public are to be given a reasonable opportunity to be involved in the development and review of the Council's plan.

Council considers that its LTFP is a fundamental instrument of accountability and provides projections for Council's planned activities over a ten year timeframe.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its *Strategic Plan* and *Corporate Plan*. At the same time the LTFP ensures that there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The purpose of this plan is not to provide specific detail about individual works or services. It does however provide a decision making tool that allows various assumptions and sensitivity analysis to be carried out that will indicate the ability of Council to deliver cost effective services to our community in the future in a financially sustainable manner.

A council's LTFP must contain a summary of the proposed operating and capital investment activities in the Uniform Presentation of Finance format for a period of at least ten years. It should include estimates of the key ratios, operating surplus, net financial liabilities and asset sustainability. This illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The model is a fluid document, continually reviewed, modified and refined as new information is discovered, usually at each Budget Review and during the construction and adoption of the annual budget.

The LTFP is prepared using a number of assumptions, with regard to projected rate income, projected fees, charges and grants and also includes assumptions about future operational and capital expenditure. Given that long term financial plans are derived from an estimate of future performance, it should be appreciated that actual results are likely to vary from the information contained in the LTFP.

The LTFP will regularly be amended to incorporate feedback from different sources (Management, Council Members, Public, new initiatives, new legislation and identified savings).

Further, given the financial impact of two significant events for Council, namely the Cudlee Creek Bushfire Recovery and the COVID-19 pandemic subsequent to the adoption of the 2020-21 LTFP, Council reviewed a summary of the proposed operating and capital investment activities of Council in the Uniform Presentation of Finances format (as required for the LTFP) for a period of three years as part of the 2020-21 Annual Business Plan and Budget adoption documentation.

This information was used to assess the financial impacts of the 2020-21 Budget on future years and showed that as a result of maintaining a modest rate increase for 2020-21 in line with LTFP parameters, the 2020-21 budget settings did not impact negatively on the long term financial performance of the Council, and it is considered that financial sustainability has been maintained.

### **3. ANALYSIS**

The draft LTFP is based upon 2020-21 adopted budget that has been revised for amendments adopted by Council including Budget Review 1 (BR1) considerations. Indices have been applied to categories within the LTFP to produce an uplifted 2021-22 LTFP budget that is capable of being used as a "target" for the 2021-22 budget setting process.

The LTFP starting point has also been updated to reflect the 30 June 2020 audited end of year financial position adopted by Council in October 2020.

In the development of the 2021-22 LTFP consideration has been given to Council's adopted *2020-24 Strategic Plan*. As such, the 'Summary of Strategic Initiatives Expenditure' in the LTFP has been grouped into the goal and objective structure of the Strategic Plan.

### **Key Considerations**

As part of the development of the 2021-22 LTFP, a workshop of Council was held on 30 January 2021 to:

- provide an overview of the process undertaken to develop the LTFP;
- review the current sustainability ratios and consider proposed targets for future years,
- examine options to ensure Council can achieve those ratios and
- review Council's strategic initiatives for the next 3 years having regard to proposed ratios.

In this process Council considered its alignment to Council's Strategic Plan, consistency with updated Asset Management Plans and the financial sustainability of Council.

Having regard to some emerging cost pressures relating to tree management, the financial impact to Council of recent events including bushfires and COVID-19 and with Council's relatively low operating surplus, detailed consideration was given to options that could assist Council's ability to absorb these type of events and the associated expenditure impacts without significantly impacting on the delivery of Council's Strategic Plan outcomes and full range of services and activities.

Feedback from this workshop has resulted in changes to the draft LTFP to reflect a desire to:

- amend Council's current financial sustainability targets to narrow the range of each of the sustainability targets
- improve Council's Operating Surplus Ratio over the period of the LTFP to enable capacity to reduce debt whilst also funding a proportion of capital upgrade expenditure
- increase revenue through indexing rates relative to the Local Government Price Index (LGPI) as opposed to CPI

### **Key Outcomes:**

Importantly the current LTFP demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the Strategic Plan.

This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- The appropriate use of debt as a means of funding asset renewal
- Ensuring the financial sustainability of Council's operations.

Financial sustainability has been demonstrated through adherence to the agreed target ranges in all of the following three key ratios:

- Operating Surplus Ratio, target range 1% to 5%
- Net Financial Liabilities Ratio, target range 25% to 75%
- Asset Renewal Funding Ratio, target range 95% to 105%

In achieving these targets, which are explained in more detail within the LTFP, there is a level of certainty provided to the community that financial sustainability will be maintained.

Importantly, as the draft LTFP demonstrates sustainability over a ten year period, and the 2021-22 LTFP target budget is embedded within the LTFP, then the subsequent development of a 2021-22 budget that aligns with the LTFP targets that have been set will also demonstrate that a financially sustainable position is being achieved.

#### **4. OPTIONS**

Audit Committee is limited to receiving and noting this report and providing any additional comments for consideration by Council.

#### **5. APPENDIX**

- (1) Draft Long Term Financial Plan February 2021

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# **Appendix 1**

*Draft Long Term Financial Plan  
February 2021*

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# Long Term Financial Plan 2021/2022

*Draft for Public Consultation*



**Adelaide Hills**  
COUNCIL

# Long Term Financial Plan

## February 2021

### Why does Council prepare a Long Term Financial Plan (LTFP)?

The *Local Government Act 1999* requires Council to prepare a Long Term Financial Plan (LTFP) as part of its Strategic Management Plans. Council considers that its Long Term Financial Plan (LTFP) is a fundamental instrument of accountability and provides projections for Council's planned activities over a ten year timeframe.

The LTFP provides Council with a decision making tool that ensures there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The LTFP contains estimated financials over a ten year period and includes estimates of the key ratios which are operating surplus, net financial liabilities and asset renewal funding ratios. This projection of estimates creates a model that illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The model is a complex and fluid document, continually reviewed, modified and refined as new information is discovered. This is usually at each quarterly Budget Review and during the construction and adoption of Council's Annual Budget.

The plan does not provide specific detail about individual works or services, as this level of detail is addressed in the Annual Business Plan and Budget.

*The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its Strategic Plan, Corporate Plans and Functional Strategies.*

## How does Council prepare the plan?

The 10 year LTFP is prepared using a number of assumptions about projected rate income, projected fees, charges and grants and also includes assumptions about future operational and capital expenditure. As the plans are derived from an estimate of future performance, the actual results are likely to vary from the information contained in this LTFP.

## Calculating a sustainable Long Term Financial Plan

The LTFP calculations are based on a complex model which is built on a very large range of variables applied to its performance in recent years. In order to use it to guide each year's budget setting process, the key variables have been divided into two groups:

- *Controllable variables* – items that Council can control such as service levels, capital expenditure, rate increases and wage increases
- *Non-controllable variables* – items outside Council's control, such as interest rates, inflation and economic growth (eg. residential development, new businesses, etc).

For controllable variables, Council is able to change different variables up or down to see what effect they have on financial performance. The long term effects of each decision can then be assessed.

For non-controllable variables, the plan uses reasonable long term estimates which do not change (except to update them at the beginning of each budget cycle). In this way the impact of different choices about the controllable variables can be better assessed.

For example: Inflation which is measured by CPI has fluctuated substantially in recent years. Because inflation works differently on different elements of Council's income and expense it can easily distort the LTFP, especially in later years. If the distortion negatively impacted the LTFP, Council could assess which controllable variables could be adjusted to keep the plan sustainable.



## Key considerations incorporated in the current LTFP review

As part of the development of the 2021-22 LTFP, a full day workshop of Council was held on 30 January 2021 to:

- review amended economic assumptions (in particular changes to CPI and interest rates that has occurred)
- review the current sustainability ratios and consider proposed targets for future years,
- examine options to ensure Council can achieve those ratios, and
- review Council's strategic initiatives for the next 3 years having regard to the proposed ratios.

Council also considered emerging cost pressures relating to tree management, and the financial impact from recent events including bushfires and COVID-19. Given the relatively low operating surplus that has previously been projected, detailed consideration was given to options that could assist Council's ability to absorb these type of events without significantly impacting on the delivery of Council's Strategic Plan outcomes and the full range of services and activities.

## Resulting changes

The draft LTFP has been amended to incorporate:

- [Tree management](#) – the additional costs required to mitigate the significant risks associated with the management of trees following a recent review
- [Sustainability target changes](#) - amendments to Council's financial sustainability targets to narrow the range of each target
- [Increase Operating Surplus](#) - an improvement to Council's Operating Surplus Ratio over the period of the LTFP to enable capacity to reduce debt whilst also funding a proportion of capital upgrade expenditure
- [Local Government Price Index \(LGPI\)](#) - An increase in rate revenue through indexing rates relative to the LGPI as opposed to CPI

## What key conclusions may be drawn from the plan?

The LTFP demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the Strategic Plan. This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- Enabling the delivery of strategies identified within the Strategic Plan as well as other endorsed Functional Strategies
- The appropriate use of debt as a means of funding new capital expenditure
- Ensuring the financial sustainability of Council's operations.

Financial sustainability has been demonstrated through adherence to the agreed target ranges in all of the following three key ratios:

- 1. Operating Surplus Ratio, target range 1% to 5%**
- 2. Net Financial Liabilities Ratio, target range 25% to 75%**
- 3. Asset Renewal Funding Ratio, target range 95% to 105%**

In achieving these targets, which are explained in more detail within this document, there is a level of certainty provided that financial sustainability will be maintained.

# Ratios

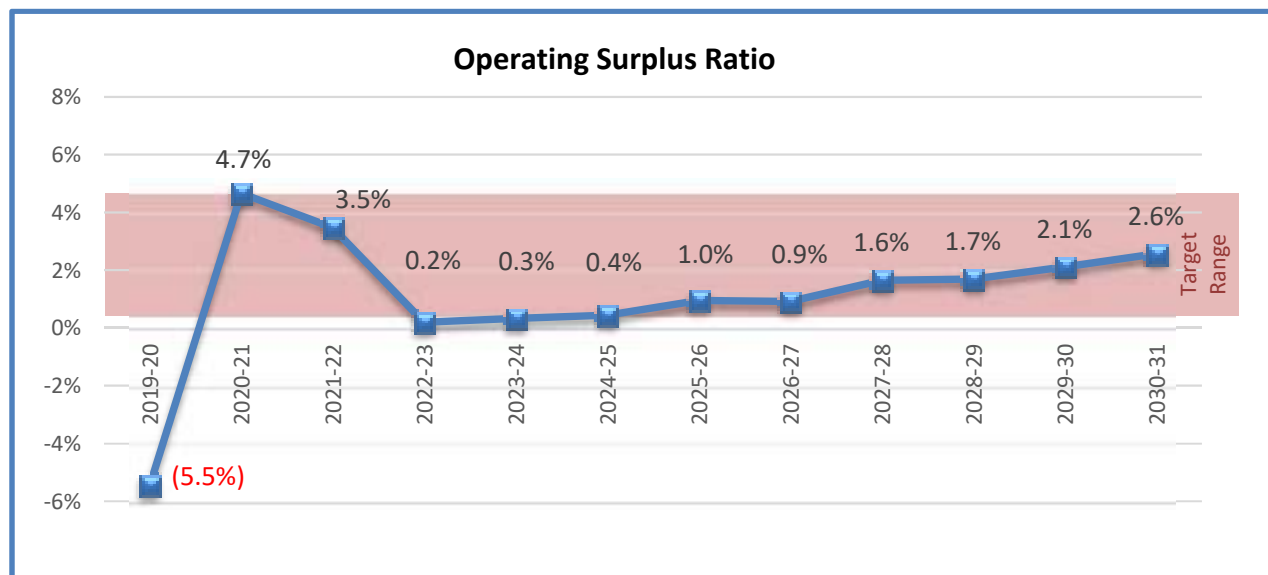
## Operating Surplus Ratio

The operating surplus ratio indicates whether operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources.

The Operating Surplus ratio expresses the operating surplus as a percentage of total operating income. A negative ratio indicates the percentage that the operating expenses outweigh the operating income. A positive ratio indicates the percentage that the operating revenue exceeds the operating expenses.

**Target Range:** 1% - 5%  
**10 Year Result Range** 0.2% - 3.5%

The ratio above indicates that the cost of services provided to ratepayers is being met from operating revenues with surplus's being used to fund new infrastructure works in line with our LTFP projections.



## Net Financial Liabilities Ratio

Net Financial Liabilities is an indicator of the Council's total indebtedness and includes all Council's obligations including provisions for employee entitlements and creditors.

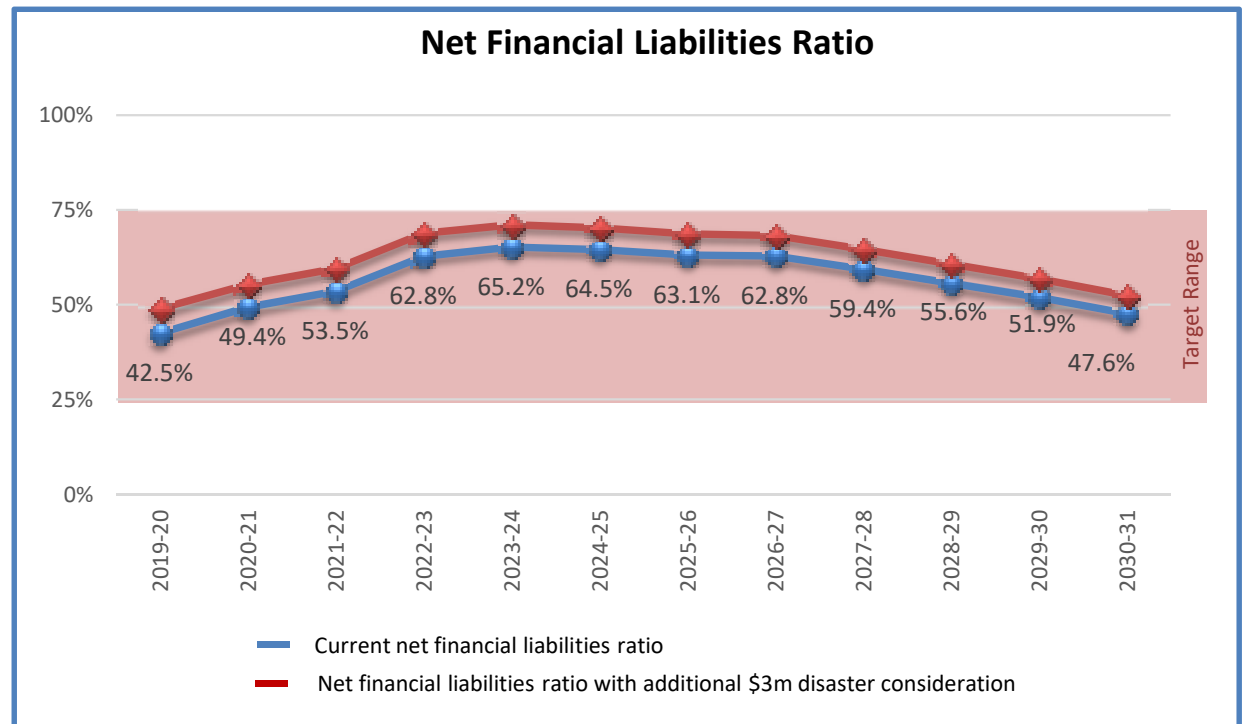
This ratio indicates whether the net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling, it indicates that the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing, it indicates that a greater amount of Council's operating revenues is required to service its financial obligations.

Council has considered the financial impact of significant events such as disasters including bushfire or storm as these type of events have occurred more regularly in recent years. As a result, Council has also assessed its Net Financial Liability ratio with an additional \$3m of borrowings represented by the red line in the graph below. The resultant ratio shows that even with the additional \$3m, Council still maintains this ratio within a sustainable target range.

The \$3m represents the likely Council net contribution to a very significant disaster in the order of \$10m taking into account financial assistance from State and Federal Governments. This assumption is also based on Council's strong preference to borrow if such a major event did occur rather than requiring an increase in rates to fund any financial impact.

**Target Range:** 25% - 75%

**10 Year Result Range** 48% - 65%



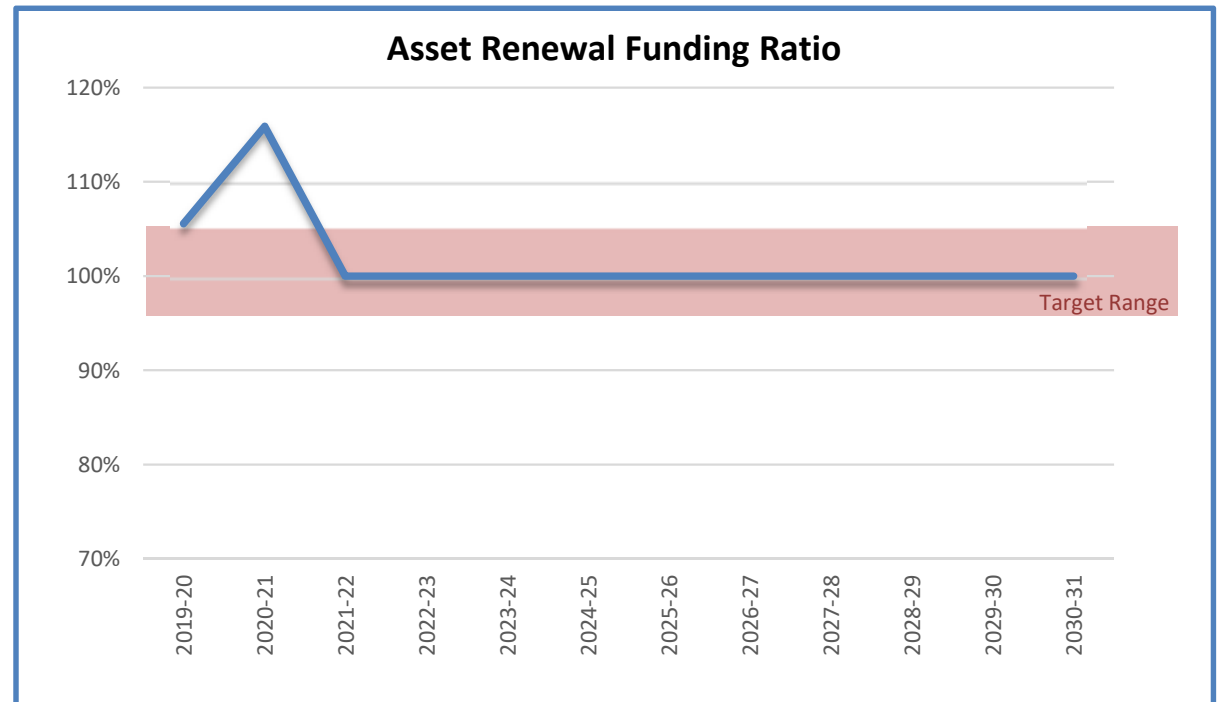
## Asset Renewal Funding Ratio

This ratio indicates whether a Council is renewing or replacing existing infrastructure assets at the same rate that its asset management plan requires.

The target for this ratio is to be between 95% and 105% in any given year, with 100% on average over five years. This would mean that Council is replacing 100% (or all) of the assets that require renewal.

**Target:** 95 - 105%  
**10 Year Result Range** 100%

The result achieved for this measure is the same throughout the 10 year horizon of the LTFP as the amount of future renewal expenditure is based on the required asset management expenditure.



## Key sections explained.....

### Uniform Presentation of Finances (including assumptions and key financial indicators)

In accordance with the requirements of *Local Government (Financial Management) Regulations 2011* this section of the LTFP presents the financial position of Council for the next 10 years in the mandated format consistent across the Local Government sector.

This section of the LTFP is broken into the following key elements:

- A summary of all operating income and expenditure to highlight the Net Operating Surplus
- Net outlays on existing assets after providing for depreciation and proceeds from any replacement asset sales
- Net outlays on new and upgraded assets after providing for grants received and proceeds from any surplus asset sales
- Key indexation forecasts and interest rate projections for borrowings and investments

The resultant key financial ratios are derived from the above and demonstrate financial sustainability through the adherence to the agreed target ranges over the 10 year life of the LTFP. Detailed information is provided in relation to each ratio on subsequent pages of this plan.

### Statement of Financial Position

This Statement provides a 10 year projection of Council's assets and liabilities using the projected 30 June 2021 Budget as the base year. The projections result from proposed capital expenditure emanating from the Asset Management Plans and adopted strategies, together with borrowings necessary to meet those capital requirements, and net funding generated by operations.

Council's borrowings are represented by a Cash Advance Drawdown (CAD) facility as well as credit finance (principal and interest) loans split between short term and longer term loans. Over the life of the LTFP, total borrowings peak at \$29m in 2026-27.

## Summary of Strategic Initiative Expenditure

This section provides a detailed breakdown of all strategic initiative expenditure that has been included within the LTFP to ensure that the Strategic Plan and related Strategies can be delivered. This expenditure is largely project or program related and is in addition to expenditure captured within base operating requirements.

Information is broken down into each goal area and strategic objective identified within the *Strategic Plan 2020-24 – A brighter future*. It is important to note that for a number of strategic objectives there is no additional funding required over and above existing operational budgets in order to ensure the objective can be delivered.

The total value of strategic initiative expenditure captured within the life of the LTFP is \$34.9 million. This includes operating expenditure of \$14.5 million and capital expenditure of \$20.4 million.

## Capital Investment by Asset Category

Council's Asset Management Plans are progressively reviewed to ensure future provisions for asset related expenditure are sufficient. Recent reviews have highlighted the need for additional renewal expenditure in some of the infrastructure categories which has been provided for within the current LTFP.

Key points of note include

- Total capital expenditure projected over the 10 year period totals \$134 million of which \$114 million has been allocated to the renewal of existing assets.
- As identified above, the remaining \$20.4 million relates to new assets, as well as capacity/upgraded assets derived from Council's current adopted Strategic Plan and endorsed Functional Strategies.

## Risks Associated with the Long Term Financial Plan

The LTFP has been developed based on the best information and assumptions available at the time. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates.

In addition, the LTFP may be impacted by events such as new legislation or disasters that could materially affect the projected outcomes and results of the LTFP. Whilst Council has factored in the known impacts of prior events (including recent bushfires and the COVID-19 pandemic), it is important to acknowledge that significant future events will necessitate ongoing review. The projected increase in the operating surplus ratio will assist in mitigating this risk.

Council is aware that Campbelltown City Council (CCC) has received approval from the Boundaries Commission to lodge a Stage 2 proposal for the boundary between CCC and Adelaide Hills Council to be realigned to the eastern and southern side of Woodforde and Rostrevor suburbs, effectively moving those suburbs into CCC's area. Given that boundary change process involves a number of assessments (and these are still to occur) prior to the Commission determining whether to recommend a change, no adjustment has been made to Council's LTFP for any possible impact on rates revenue, servicing costs and capital expenditure.

In order to reduce risk the plan is reviewed and updated annually to incorporate the best available information. In addition, the LTFP and its assumptions are reviewed by Council's Audit Committee.



Adelaide Hills Council 10 Year Financial Plan for the Years ending 30 June 2031 UNIFORM PRESENTATION OF FINANCES 2021-22 Long Term Financial Plan													
	Actuals 2019/20 \$'000	Current Year 2020/21 \$'000	Projected Years 3 Year View 2021/22 2022/23 2023/24 \$'000 \$'000 \$'000			Remaining Projected Years 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000							Accumulation of 10 Yrs of LTFP
<b>Operating Activities</b>													
Income	46,624	50,450	49,798	49,657	50,843	52,228	53,850	55,525	57,253	59,037	60,879	62,780	551,850
less Expenses	(49,166)	(48,097)	(48,069)	(49,562)	(50,678)	(51,999)	(53,336)	(55,017)	(56,309)	(58,038)	(59,592)	(61,168)	(543,768)
<b>Operating Surplus / (Deficit)</b>	<b>(2,542)</b>	<b>2,353</b>	<b>1,730</b>	<b>96</b>	<b>165</b>	<b>228</b>	<b>514</b>	<b>508</b>	<b>945</b>	<b>999</b>	<b>1,287</b>	<b>1,612</b>	<b>8,082</b>
<b>Capital Activities</b>													
<b>less (Net Outlays) on Existing Assets</b>													
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,718)	(10,677)	(10,775)	(11,476)	(11,352)	(10,678)	(11,107)	(12,029)	(11,089)	(11,503)	(11,872)	(12,036)	(113,917)
add back Depreciation, Amortisation and Impairment	9,207	9,237	9,762	10,069	10,378	10,641	10,942	11,246	11,561	12,094	12,421	12,481	111,595
add back Proceeds from Sale of Replaced Assets	714	646	665	575	618	549	495	685	650	735	582	806	6,360
<b>(Net Outlays) on Existing Assets</b>	<b>203</b>	<b>(794)</b>	<b>(348)</b>	<b>(832)</b>	<b>(356)</b>	<b>512</b>	<b>330</b>	<b>(98)</b>	<b>1,122</b>	<b>1,326</b>	<b>1,131</b>	<b>1,251</b>	<b>4,038</b>
<b>less (Net Outlays) on New and Upgraded Assets</b>													
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,223)	(10,810)	(6,267)	(4,687)	(1,675)	(1,186)	(1,037)	(1,215)	(1,075)	(1,075)	(1,075)	(1,075)	(20,367)
add back Amounts Received Specifically for New and Upgraded Assets	556	2,791	2,000	1,000	-	-	-	-	-	-	-	-	3,000
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	1,647	1,486	1,230	-	-	-	-	-	-	-	-	-	1,230
<b>(Net Outlays) on New and Upgraded Assets</b>	<b>(1,020)</b>	<b>(6,533)</b>	<b>(3,037)</b>	<b>(3,687)</b>	<b>(1,675)</b>	<b>(1,186)</b>	<b>(1,037)</b>	<b>(1,215)</b>	<b>(1,075)</b>	<b>(1,075)</b>	<b>(1,075)</b>	<b>(1,075)</b>	<b>(16,137)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(3,359)</b>	<b>(4,974)</b>	<b>(1,655)</b>	<b>(4,424)</b>	<b>(1,867)</b>	<b>(446)</b>	<b>(193)</b>	<b>(805)</b>	<b>992</b>	<b>1,250</b>	<b>1,343</b>	<b>1,788</b>	<b>(4,016)</b>
<b>INDEXATION FORECASTS</b>													
General operating income and expenditure - CPI applied			1.50%	1.50%	1.50%	2.00%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	
Employment Costs (includes superannuation guarantee increases)			3.05%	2.53%	2.50%	2.98%	3.36%	2.95%	2.95%	2.95%	2.95%	2.95%	
Rates increased by Local Government Price Index			2.50%	2.50%	1.90%	2.40%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	
Rates growth from new development			1.00%	0.80%	0.60%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
<b>TREASURY FORECASTS</b>													
Estimated Loan rate			2.20%	2.35%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	
Estimated Cash Advance Rate			1.30%	1.45%	2.20%	2.20%	2.20%	2.20%	2.20%	2.50%	2.50%	2.50%	
<b>KEY FINANCIAL INDICATORS</b>													<b>10 Year Average</b>
Operating Surplus Ratio	(5.45%)	4.7%	3.5%	0.2%	0.3%	0.4%	1.0%	0.9%	1.6%	1.7%	2.1%	2.6%	1.5%
Net Financial Liabilities Ratio	42.51%	41.0%	53.5%	62.8%	65.2%	64.5%	63.1%	62.8%	59.4%	55.6%	51.9%	47.6%	58.6%
Net Financial Liabilities Ratio + \$3m	48.54%	47.0%	59.5%	68.8%	71.1%	70.2%	68.7%	68.2%	64.6%	60.7%	56.8%	52.4%	64.1%
Asset Renewal Funding Ratio	105.55%	115.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<b>Adelaide Hills Council</b> <b>10 Year Financial Plan for the Years ending 30 June 2031</b> <b>STATEMENT OF FINANCIAL POSITION</b> <b>2021-22 Long Term Financial Plan</b>												
	Actuals	Current Year	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	518	451	500	500	500	500	500	500	500	500	500	500
Trade & Other Receivables	2,761	2,461	2,549	2,521	2,546	2,611	2,688	2,769	2,849	2,934	3,020	3,112
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	18	19	19	19	19	19	19	19	19	19	19	19
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	3,297	2,931	3,068	3,040	3,065	3,130	3,207	3,288	3,368	3,453	3,539	3,631
<b>Non-Current Assets</b>												
Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Equity Accounted Investments in Council Businesses	1,491	1,591	1,691	1,791	1,891	1,991	2,091	2,191	2,291	2,391	2,491	2,591
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	422,745	437,988	448,588	459,416	466,851	473,053	479,438	486,582	492,523	498,422	504,682	510,993
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	424,236	439,579	450,279	461,207	468,742	475,044	481,529	488,773	494,814	500,813	507,173	513,584
<b>TOTAL ASSETS</b>	<b>427,533</b>	<b>442,510</b>	<b>453,347</b>	<b>464,247</b>	<b>471,807</b>	<b>478,175</b>	<b>484,736</b>	<b>492,061</b>	<b>498,182</b>	<b>504,266</b>	<b>510,713</b>	<b>517,215</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Cash Advance Debenture	2,000	2,000	2,078	2,086	2,035	2,054	1,932	1,872	1,854	1,813	1,863	1,837
Trade & Other Payables	5,254	4,512	4,413	4,571	4,640	4,747	4,875	5,042	5,143	5,283	5,426	5,615
Borrowings	5,285	1,208	1,544	2,000	7,388	3,108	3,492	3,966	4,335	4,719	5,131	4,322
Provisions	3,588	3,454	3,362	3,356	3,351	3,346	3,341	3,337	3,334	3,332	3,331	3,331
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	16,127	11,174	11,397	12,012	17,414	13,255	13,641	14,217	14,666	15,147	15,750	15,105
<b>Non-Current Liabilities</b>												
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,446	15,238	17,794	21,695	18,307	23,099	23,106	23,540	22,305	20,786	19,055	18,133
Provisions	1,528	1,397	511	491	469	446	423	398	372	346	317	287
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	6,974	16,635	18,305	22,185	18,776	23,545	23,529	23,938	22,677	21,132	19,372	18,421
<b>TOTAL LIABILITIES</b>	<b>23,101</b>	<b>27,809</b>	<b>29,702</b>	<b>34,198</b>	<b>36,189</b>	<b>36,800</b>	<b>37,170</b>	<b>38,156</b>	<b>37,344</b>	<b>36,279</b>	<b>35,122</b>	<b>33,526</b>
<b>Net Assets</b>	<b>404,432</b>	<b>414,701</b>	<b>423,645</b>	<b>430,049</b>	<b>435,618</b>	<b>441,375</b>	<b>447,566</b>	<b>453,905</b>	<b>460,838</b>	<b>467,987</b>	<b>475,590</b>	<b>483,689</b>
<b>EQUITY</b>												
Accumulated Surplus	138,645	143,789	147,519	148,614	148,779	149,007	149,521	150,029	150,973	151,972	153,259	154,871
Asset Revaluation Reserves	265,206	270,331	275,546	280,854	286,258	291,787	297,465	303,295	309,284	315,434	321,750	328,237
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserves	581	581	581	581	581	581	581	581	581	581	581	581
<b>Total Equity</b>	<b>404,432</b>	<b>414,701</b>	<b>423,645</b>	<b>430,049</b>	<b>435,618</b>	<b>441,375</b>	<b>447,566</b>	<b>453,905</b>	<b>460,838</b>	<b>467,987</b>	<b>475,590</b>	<b>483,689</b>
<b>Total Net Financial Liabilities</b>	<b>19,822</b>	<b>24,897</b>	<b>26,653</b>	<b>31,176</b>	<b>33,143</b>	<b>33,689</b>	<b>33,982</b>	<b>34,886</b>	<b>33,995</b>	<b>32,845</b>	<b>31,602</b>	<b>29,913</b>
<b>Total Borrowings</b>	<b>12,731</b>	<b>18,446</b>	<b>21,416</b>	<b>25,780</b>	<b>27,729</b>	<b>28,261</b>	<b>28,531</b>	<b>29,379</b>	<b>28,495</b>	<b>27,318</b>	<b>26,048</b>	<b>24,292</b>

Adelaide Hills Council										
10 Year Financial Plan for the Years ending 30 June 2031										
SUMMARY OF STRATEGIC INITIATIVE EXPENDITURE										
2021-22 Long Term Financial Plan										
	2021-22 Year 1 \$'000s	2022-23 Year 2 \$'000s	2023-24 Year 3 \$'000s	2024-25 Year 4 \$'000s	2025-26 Year 5 \$'000s	2026-27 Year 6 \$'000s	2027-28 Year 7 \$'000s	2028-29 Year 8 \$'000s	2029-30 Year 9 \$'000s	2030-31 Year 10 \$'000s
<b>BUILT ENVIRONMENT</b>										
B1 - Easily accessible	645	365	365	325	325	325	325	325	325	325
B2 - Preserve and enhance the unique Hills character	270	50	80	0	0	0	0	0	0	0
B3 - Long term asset management and adaptation planning	515	420	278	50	0	0	0	0	0	0
B4 - Sustainable management of our built assets	926	1,024	1,028	812	716	967	830	833	836	839
<b>NET CAPITAL EXPENDITURE FOR BUILT ENVIRONMENT</b>	<b>2,356</b>	<b>1,859</b>	<b>1,751</b>	<b>1,187</b>	<b>1,041</b>	<b>1,292</b>	<b>1,155</b>	<b>1,158</b>	<b>1,161</b>	<b>1,164</b>
<b>COMMUNITY WELLBEING</b>										
C1 - An inclusive, welcoming and accessible community	117	143	49	71	72	73	74	76	77	78
C2 - A connected, engaged and supported community Lead	13	3	23	0	0	0	0	0	0	0
C3 - A community that grows together	0	0	0	0	0	0	0	0	0	0
C4 - An active, healthy, thriving and resilient community	162	133	115	117	119	51	53	55	57	59
C5 - Respect for Aboriginal Culture and values	15	15	15	5	5	5	5	5	5	5
C6 - Celebrate our community's unique culture	3,219	3,066	343	352	360	369	378	387	398	410
<b>NET CAPITAL EXPENDITURE FOR COMMUNITY WELLBEING</b>	<b>3,526</b>	<b>3,360</b>	<b>545</b>	<b>545</b>	<b>556</b>	<b>498</b>	<b>510</b>	<b>523</b>	<b>537</b>	<b>552</b>
<b>ECONOMY</b>										
E1 - Support and grow our region's existing and emerging industries	103	106	108	111	114	117	121	124	127	128
E2 - Provide local infrastructure to drive growth and productivity	15	15	15	15	15	15	15	15	15	15
E3 - Encourage, attract and retain regional workforce	0	0	0	0	0	0	0	0	0	0
E4 - Cultivation of regional identity	5	5	0	0	0	0	0	0	0	0
E5 - Encourage & support positive regional population growth	0	0	0	0	0	0	0	0	0	0
<b>NET CAPITAL EXPENDITURE FOR ECONOMY</b>	<b>123</b>	<b>126</b>	<b>123</b>	<b>126</b>	<b>129</b>	<b>132</b>	<b>136</b>	<b>139</b>	<b>142</b>	<b>143</b>
<b>NATURAL ENVIRONMENT</b>										
N1 - Conserve and enhance landscape character and amenity	760	260	260	259	265	271	278	285	292	300
N2 - improve environmental resilience	93	203	93	94	95	96	97	98	100	102
N3 - Partnerships and collaborations to manage natural environment	20	30	30	0	0	0	0	0	0	0
N4 - Reduce the impact of waste to landfill	0	0	25	0	0	0	0	0	0	0
N5 - Assist our community to reduce the impact of waste to landfill	165	10	0	0	0	0	0	0	0	0
<b>NET CAPITAL EXPENDITURE FOR NATURAL ENVIRONMENT</b>	<b>1,038</b>	<b>503</b>	<b>408</b>	<b>353</b>	<b>360</b>	<b>367</b>	<b>375</b>	<b>383</b>	<b>392</b>	<b>402</b>
<b>ORGANISATION</b>										
O1 - People	55	5	5	5	5	5	5	5	5	5
O2 - Easy to interact with Council and improved customer experience	315	70	70	77	80	73	84	87	90	93
O3 - Financially sustainable for both current and future generations	26	26	27	28	29	30	31	32	33	34
O4 - We actively represent our community	20	193	0	0	0	212	0	0	0	238
O5 - Accountable, informed decision making	77	37	10	11	12	13	14	15	16	17
O6 - Utilisation of technology and innovation	100	138	130	133	138	141	146	149	154	155
<b>NET CAPITAL EXPENDITURE FOR ORGANISATION</b>	<b>593</b>	<b>469</b>	<b>242</b>	<b>254</b>	<b>264</b>	<b>474</b>	<b>280</b>	<b>288</b>	<b>298</b>	<b>542</b>
<b>STRATEGIC PLAN TOTAL</b>	<b>7,635</b>	<b>6,317</b>	<b>3,069</b>	<b>2,465</b>	<b>2,350</b>	<b>2,763</b>	<b>2,456</b>	<b>2,491</b>	<b>2,530</b>	<b>2,803</b>
<b>TOTAL CAPITAL INITIATIVES</b>	<b>6,267</b>	<b>4,687</b>	<b>1,675</b>	<b>1,186</b>	<b>1,037</b>	<b>1,215</b>	<b>1,075</b>	<b>1,075</b>	<b>1,075</b>	<b>1,075</b>
<b>TOTAL OPERATING INITIATIVES</b>	<b>1,368</b>	<b>1,630</b>	<b>1,394</b>	<b>1,279</b>	<b>1,313</b>	<b>1,548</b>	<b>1,381</b>	<b>1,416</b>	<b>1,455</b>	<b>1,728</b>
<b>GRAND TOTAL STRATEGIC INITIATIVES</b>	<b>7,635</b>	<b>6,317</b>	<b>3,069</b>	<b>2,465</b>	<b>2,350</b>	<b>2,763</b>	<b>2,456</b>	<b>2,491</b>	<b>2,530</b>	<b>2,803</b>

Adelaide Hills Council 10 Year Financial Plan for the Years ending 30 June 2031 CAPITAL INVESTMENT BY ASSET CATEGORY 2021-22 Long Term Financial Plan	2020-21 \$'000	Projected Years									
		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>RENEWAL CAPITAL WORKS</b>											
Bridges	155	250	280	52	211	54	222	57	58	60	62
Buildings	815	900	900	900	685	638	762	582	613	656	650
Cemeteries	40	40	41	41	42	43	44	46	47	48	49
CWMS	48	224	187	131	85	273	70	46	54	97	43
Footpaths	404	400	389	386	383	382	382	382	382	383	382
Kerb & Water	247	250	255	259	264	270	277	285	292	300	308
Other (Guardrail/RetWalls/Cemeteries/SFurniture/Traffic Controls)	211	184	147	149	152	147	141	145	148	152	157
Road Pavement	914	954	1,380	1,109	1,031	1,439	1,677	1,226	1,259	1,293	1,328
Road Seal	1,096	1,864	1,871	1,996	1,996	1,747	2,244	2,167	2,226	2,286	2,348
Shoulders	250	250	255	259	264	270	277	285	292	300	308
Sport and Recreation	0	500	410	408	157	150	210	207	226	190	197
Playgrounds	360	240	244	249	253	259	266	273	281	288	296
Stormwater	75	60	81	104	105	108	111	114	117	120	123
Unsealed Roads	1,109	900	1,018	1,185	1,177	1,176	1,178	1,181	1,184	1,186	1,218
Heavy Plant	1,519	1,000	1,140	1,312	1,312	1,318	1,324	1,330	1,336	1,342	1,378
Light Fleet	649	632	689	709	690	753	775	754	822	847	824
Information, Communication & Technology	411	485	506	363	288	452	395	288	396	504	493
Minor Plant & Equipment	56	60	60	75	75	75	75	75	75	75	75
F&F including Library	20	20	20	20	20	20	20	20	20	20	20
Project Management Costs	1,323	1,362	1,403	1,445	1,488	1,533	1,579	1,626	1,675	1,725	1,777
<b>TOTAL RENEWAL CAPITAL WORKS:</b>	<b>9,702</b>	<b>10,575</b>	<b>11,276</b>	<b>11,152</b>	<b>10,678</b>	<b>11,107</b>	<b>12,029</b>	<b>11,089</b>	<b>11,503</b>	<b>11,872</b>	<b>12,036</b>
<b>NEW, CAPACITY / UPGRADE CAPITAL WORKS</b>											
Bridges	0	0	0	0	0	0	0	0	0	0	0
Buildings	1,285	3,399	2,963	150	150	100	100	100	100	100	100
Cemeteries	0	38	39	40	41	42	0	0	0	0	0
CWMS	30	50	510	540	400	0	290	100	100	100	100
Footpaths	308	640	325	325	325	325	325	325	325	325	325
Kerb & Water	520	0	0	0	0	300	300	350	350	350	350
Other	487	295	320	280	180	180	180	180	180	180	180
Road Pavement	0	140	0	0	0	0	0	0	0	0	0
Road Seal	0	0	0	0	0	0	0	0	0	0	0
Shoulders	0	0	0	0	0	0	0	0	0	0	0
Sport & Rec	1,386	315	200	250	0	0	0	0	0	0	0
Playgrounds	180	120	70	70	70	70	0	0	0	0	0
Stormwater	480	530	200	0	0	0	0	0	0	0	0
Street Lighting	0	0	0	0	0	0	0	0	0	0	0
Unsealed Roads	0	0	0	0	0	0	0	0	0	0	0
Plant and Fleet	20	420	20	20	20	20	20	20	20	20	20
ICT	212	265	40	0	0	0	0	0	0	0	0
Minor Plant	35	55	0	0	0	0	0	0	0	0	0
Minor Equipment including Library	0	0	0	0	0	0	0	0	0	0	0
Project Management Costs	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL NEW CAPACITY / UPGRADE CAPITAL WORKS:</b>	<b>4,943</b>	<b>6,267</b>	<b>4,687</b>	<b>1,675</b>	<b>1,186</b>	<b>1,037</b>	<b>1,215</b>	<b>1,075</b>	<b>1,075</b>	<b>1,075</b>	<b>1,075</b>
<b>TOTAL CAPITAL WORKS:</b>	<b>14,605</b>	<b>16,764</b>	<b>15,883</b>	<b>12,746</b>	<b>11,781</b>	<b>12,059</b>	<b>13,200</b>	<b>12,118</b>	<b>12,531</b>	<b>12,899</b>	<b>13,062</b>
<b>AMOUNTS RECEIVED SPECIFICALLY FOR NEW/UPGRADED ASSETS</b>											
Grants for New/Upgrade Assets	2,791	2,000	1,000	0	0	0	0	0	0	0	0
<b>TOTAL AMOUNTS RECEIVED FOR NEW/UPGRADED ASSETS:</b>	<b>2,791</b>	<b>2,000</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROCEEDS FROM SALE OF SURPLUS ASSETS</b>											
Proceeds - Retirement Village Divestment	780	0	0	0	0	0	0	0	0	0	0
Proceeds - AHBTC Divestment	0	1,230	0	0	0	0	0	0	0	0	0
Proceeds - Other	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROCEEDS FROM SALE OF SURPLUS ASSETS</b>	<b>780</b>	<b>1,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# How to have your say or ask questions

*“If you need help with providing comments or have questions our team is here to help.”*

- Head to our Your Say website to make a submission  
[engage.ahc.sa.gov.au](https://engage.ahc.sa.gov.au)
- Get in touch to arrange a meeting via [engagement@ahc.sa.gov.au](mailto:engagement@ahc.sa.gov.au) or call 8408 0400
- Complete a hard copy feedback form at any of our customer service centers (Gumeracha, Woodside or Lobethal)

