

#### AUDIT AND RISK COMMITTEE

#### NOTICE OF MEETING

To: Presiding Member Cr Malcolm Herrmann

Members

David Moffatt Pamela Lee Cr Melanie Selwood

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

#### Monday 19 May 2025 6:00pm 63 Mt Barker Road, Stirling

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

Committee meetings are open to the public and members of the community are welcome to attend.

A Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

Greg Georgopoulos Chief Executive Officer



#### AUDIT AND RISK COMMITTEE

AGENDA FOR MEETING Monday 19 May 2025 6:00pm 63 Mt Barker Road, Stirling

#### **ORDER OF BUSINESS**

#### 1. COMMENCEMENT

1.1. Acknowledgement of Country

Council acknowledges that we meet on the traditional Country of the Peramangk and Kaurna people. We pay our respects to Ancestors and Elders past and present as the Custodians of this ancient and beautiful land.

#### 2. APOLOGIES/LEAVE OF ABSENCE

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

#### 3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit and Risk Committee Minutes – 14 April 2025

#### Recommendation

That the minutes of the Audit and Risk Committee meeting held on Monday 14 April 2025, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

#### 4. PRESIDING MEMBER'S OPENING REMARKS



#### 5. DELEGATION OF AUTHORITY

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

#### 6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE COMMITTEE

#### 7. PRESENTATIONS, ACTION REPORT & WORKPLAN

- 7.1. Action Report and Work Plan Update
- 1. To receive and note the Action Report and Work Plan Update Report (item 7.1, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note the 2025 Action Report, May 2025, in Appendix 1 (item 7.1, 19 May 2025, Audit and Risk Committee meeting).
- 3. To adopt the 2025 Work Plan and Reporting Schedule in Appendix 2 (item 7.1, 19 May 2025, Audit and Risk Committee meeting).

#### 8. OFFICER REPORTS

- 8.1. Quarterly Risk Management Report
- 1. To receive and note the Quarterly Risk Management Report (item 8.1, 19 May 2025, Audit and Risk committee meeting).
- 2. After discussion, to endorse the Quarterly Risk Management Report (item 8.1, 19 May 2025, Audit and Risk committee meeting).
- 3. To note the Strategic Risk Register Report in Appendix 1 (item 8.1, 19 May 2025, Audit and Risk committee meeting).
- 8.2. Placement of Councils Insurance Portfolio
- 1. To receive and note the Placement of Council's Insurance Portfolio 2025-2026 Report (item 8.2, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note the insurance portfolio report from the Scheme will be provided at the August meeting (item 8.2, 19 May 2025, Audit and Risk Committee meeting).
- 8.3. Public Interest Disclosure Arrangements and Compliance Report
- 1. The Audit and Risk Committee resolves that the report be received and noted (item 8.3, 19 May 2025, Audit and Risk Committee meeting).
- 8.4. Director Corporate Services Update
- 1. That the report encompassing the Director Corporate Services Update be received and noted (item 8.4, 19 May 2025, Audit and Risk Committee meeting).
- 8.5. Quarterly Council Performance Report



- 1. That the report on the Quarterly Council Performance Report Q3 2024-25 be received and noted (item 8.5, 19 May 2025, Audit and Risk Committee meeting).
- 8.6. End of Financial Year Reporting Timetable
- 1. The Audit and Risk Committee resolves to receive and note the End of Financial Year Reporting Timetable 2024-25 report (item 8.6, 19 May 2025, Audit and Risk Committee meeting).
- 8.7. Internal Controls Update
- 1. That the report on the Internal Controls review be received and noted (item 8.7, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note the proposed further developments and improvements to Council's internal controls environment (item 8.7, 19 May 2025, Audit and Risk Committee meeting).

#### 8.8. Budget Review 3

- 1. That the report on Budget Review 3 2024-25 be received and noted (item 8.8, 19 May 2025, Audit and Risk Committee meeting).
- 2. To recommend to Council to adopt the proposed budget adjustments presented in Budget Review 3 (item 8.8, 19 May 2025, Audit and Risk Committee meeting) which result in:
  - a. A decrease in the Operating Deficit from \$3.013m to \$2.853m for the 2024-25 financial year.
  - b. A reduction to the capital expenditure budget for 2024-25 of \$1.298m bringing the total budget to \$19.350m
  - c. proposed financial sustainability indicators relative to Council's agreed targets of the following:

i. Operating Ratio	-4.6%	(Target 1% to 5%)
ii. Net Financial Liabilities Ratio	53%	(Target 25% to 75%)
iii. Asset Renewal Funding Ratio	128%	(Target 95% to 105%)

- 8.9. Draft Long Term Financial Plan 2026-2040 and Draft Annual Business Plan 2025-26 for Consultation
- 1. That the Long Term Financial Plan 2026-2040 and Annual Business Plan 2025-26 Draft for Consultation report be received and noted (item 8.9, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note that at its Ordinary Meeting on 13 May 2025, Council endorsed the draft Annual Business Plan 2025-26 (ABP) as contained in Appendix 1 for community consultation in accordance with Section 123 of the Local Government Act 1999, which includes a budget with an average residential rate rise of 6.2% (Adelaide CPI + 4%) (item 8.9, 19 May 2025, Audit and Risk Committee meeting).
- 3. To note that at its Ordinary Meeting on 13 May 2025, Council endorsed the draft Long Term Financial Plan 2026-2040 as contained in Appendix 2 for community



consultation in accordance with Section 122 of the Local Government Act 1999 (item 8.9, 19 May 2025, Audit and Risk Committee meeting).

4. To note that feedback from the Audit and Risk Committee regarding the draft Long Term Financial Plan 2026-2040 and Annual Business Plan 2025-26 will be considered during the community consultation phase (item 8.9, 19 May 2025, Audit and Risk Committee meeting).

#### 9. QUESTIONS WITHOUT NOTICE

#### 10. CONFIDENTIAL ITEMS

Nil

#### 11. NEXT MEETING

The next Audit and Risk Committee meeting will be held at 6.00pm on 18 August 2025 at 63 Mount Barker Road, Stirling.

#### 12. CLOSE MEETING

#### ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

ltem:	7.1
Responsible Officer:	Zoë Gill Executive Governance Officer Office of the Chief Executive
Subject:	Action Report and Work Plan Update
For:	Decision

#### SUMMARY

A formal Audit and Risk Committee Action Report (*Appendix 1*) is maintained to record the items requiring 'actioning' at each of the Audit and Risk Committee meetings. This report also outlines the actions completed since the previous report.

The Audit and Risk 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 current Audit and Risk Committee Work Plan 2025 (*Appendix 2*) has been attached for information.

#### RECOMMENDATION

#### The Audit and Risk Committee resolves:

- 1. To receive and note the Action Report and Work Plan Update Report (item 7.1, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note the 2025 Action Report, May 2025, in *Appendix 1* (item 7.1, 19 May 2025, Audit and Risk Committee meeting).
- 3. To adopt the 2025 Work Plan and Reporting Schedule in *Appendix 2* (item 7.1, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

#### Action Report

The Action List tracks the implementation of resolutions and recommendations of the Audit and Risk Committee from their previous meetings.

#### Work Plan

The functions of the Audit and Risk Committee are set out in the Committee Terms of Reference. 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.

#### 2. ANALYSIS

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

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis
	and reporting.
Priority O2.3	Enhance governance structures and systems to be agile and support our
	legislative obligations.

#### Legal Implications

Section 126 of the *Local Government Act 1999* sets out the functions of an Audit and Risk 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)

The Audit and Risk Committee Action Report and Work Plan are current controls and therefore the Committee's approval of this item will not impact the Residual or Target Risk ratings.

#### Financial and Resource Implications

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

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

There is a community expectation that the Audit and Risk committee monitors actions resulting from their resolutions and establishes a work plan.

#### 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
External Agencies:	Not Applicable
Community:	Not Applicable

#### Additional Analysis

The review by the Audit and Risk Committee of the Action Report and Work Plan is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

#### Action Report

There are six in progress and one completed items on the Audit and Risk Committee Meeting Action Report (*Appendix 1*) arising from previous Committee meetings. Commentary against the items is provided for the Committee's information.

#### Reporting Schedule Update

#### Items to note

External audit interim letter (verbal) was scheduled for May however as the audit will only have commenced on the day of Audit and Risk committee, the auditors will not be attending the meeting, and by the time of the next meeting, the Audit report will be finalised.

As per the 2025 Audit and Risk Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items detailed below are either included in or deferred from this meeting.

Item	Commentary	Month Scheduled
Financial Reporting		
Long Term Financial Plan (LTFP)	Included in this meeting	Мау
Annual Business Plan	Included in this meeting	Мау
Budget Review 1		November
Budget Review 2		February
Budget Review 3	Included in this meeting	Мау
End of Year Financial Report		November
End of financial year reporting timetable	Included in this meeting	Мау
End of financial year update		August
Procurement Report		Feb/Aug
Financial Delegations Report		August
Final Annual Financial Statements (incl management representation letter)		October
Internal Control and Risk Management		
Placement of Council's insurance portfolio (for noting)	Included in this meeting	August

Item	Commentary	Month Scheduled
Internal Financial Controls update	Included in this meeting	Мау
Quarterly Risk Management Report	Included in this meeting	Feb/May/Aug/Nov
LGRS Risk Profiling Report		February
Internal Audit		
Internal Audit quarterly update		Feb/May/Oct/Nov
Audit actions progress report		Feb/Aug
Internal Audit Plan review		Nov
External Audit	·	
External audit interim letter		May/Aug
External Audit Plan review		April
Meeting attendance by external auditors		May/Oct
Review of auditor independence and		October
legislative compliance Audit and Risk Committee Completion		Oct/Nov
Report		
Public Interest Disclosure		
Public Interest Disclosure Policy review	Deferred to August	April
Public Interest Disclosure Arrangements and Compliance	Included in this meeting	Мау
Service Review		
Service Review Brief		October
Service Review Report		October
Implementation of service review actions progress report		October
Other Business		•
Audit and Risk Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit and Risk Committee Meeting Dates		November
Debtors Report		Feb/Aug
Council's Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit and Risk Committee Terms of Reference		October
Quarterly Performance Reports	Q2 and Q3 included in this meeting	Feb/April/Aug/Oct

Item	Commentary	Month Scheduled
Directorate Risk Profile Presentation		April/Aug/Nov
Other Reports	None required	As Required

#### 3. OPTIONS

The Audit and Risk Committee has the following options:

- I. To note the status of the Action Report at *Appendix 1* (Recommended).
- II. To note and adopt the 2025 Work Plan and Reporting Schedule at *Appendix 2* (Recommended).
- II. To alter or substitute elements of the Action Report or Work Plan (Not Recommended).

#### 4. APPENDICES

- 1. Audit and Risk Committee Action Report, May 2025
- 2. 2025 Work Plan and Reporting Schedule

## Appendix 1

Audit and Risk Committee Action Report, May 2025

## Action Report – 19 May 2025

Status Key
Completed Items
In Progress Items
Not Started

Meeting Date	Meeting	Res No.	Item Name	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
				<ol> <li>That the report be received and noted.</li> <li>To receive and note the Management Review and Action Plan in response to the Service Review 2022-23 – Development Services, as contained in Appendix 4.</li> </ol>						Implementation of Action Plan in progress - immediate actions completed. Biannual Report presented to Audit Committee and Council at May meeting. Update provided at the October 2024 Audit Committee.
31/10/2023	Audit and Risk Committee	AC39/23	Development Services Service Review - Implementation Plan	<ol> <li>To note that that the implementation status of the agreed actions will be reported to Audit Committee and Council on a biannual basis, nominally March and August.</li> </ol>	Jess Charlton	Deryn Atkinson	In Progress	05/05/2025	31/10/2025	Current biannual reporting schedule suspended until October 2025 pending service review outcomes - per Council Resolution 388/24
	Audit and Risk			<ol> <li>That the Internal Financial Controls report be received and noted.</li> <li>To note the further developments and improvements that have been made to Council's internal controls environment.</li> <li>Request the CEO to prepare a remediation plan for controls rated three (3) or lower by either the reviewer or</li> </ol>						This has been considered by the Finance team in Q1 2025. A technology driven solution is being investigated in relation to the control deficiencies relating to Procurement, including reporting and analysis. The solution likely involves better utilisation of tools which AHC already has. It is likely that this will be implemented by Q3 2025. Similarly, a technology driven solution is being investigated in relation to the control deficiencies relating to Payroll. This however is less advanced and may require development from the Payroll solution provider which might have a cost attached.
20/05/2024	Committee	AC23/24	Internal Financial Controls Update	the assessor.	Gary Lewis	Bruce Smith	In Progress	08/05/2025	30/09/2025	This will be further investigated during Q2 2025.
20/05/2024	Audit and Risk Committee	AC24/24	Public Interest Disclosure Arrangements and Compliance	The Audit Committee resolves that the Public Interest Disclosure Arrangements and Compliance report be received and notes that there have been no Public Interest disclosures made since May 2023.	Zoë Gill	Skye Ludzay	In Progress	29/04/2025	31/12/2024	PID Training completed by staff. PID Policy review to be completed in August 2025
17/02/2025	Audit and Risk Committee	AC4/25	Implementation of Audit Actions progress report	To request that future audit action progress reports include the number and percentage of actions completed by the original/revise due dates	Zoe Gill	Lauren Jak	In Progress	08/05/2025	19/05/2025	First report will be provided to the Audit Committee at their August Meeting. Action will then be marked as completed.
										<ol> <li>An update on Unsolicited proposals will be provided to the Audit Committee in August. Any further matters arising out of this report will be considered.</li> </ol>
										<ol> <li>Procurement reporting has been placed on the audit committee's workplan for reporting in Feb and Aug.</li> <li>Additionally, a technology drives solution is surrently being</li> </ol>
				<ol> <li>That the Audit Committee requests a review of Councils approach to unsolicited proposals and any recommendations be brought back to Audit Committee</li> </ol>						Additionally, a technology driven solution is currently being investigated which not only tracks the status of each procurement but generates reporting.
17/02/2025	Audit and Risk Committee	AC11/25	Procurement Policy	<ol><li>That the CEO provides a report to the Audit Committee on a 6 monthly basis on procurement.</li></ol>	Gary Lewis	Bruce Smith	In Progress	08/05/2025	30/09/2025	This is however a complex project with a long implementation timeline.
14/04/2025	Audit and Risk Committee	NA NA	Internal Audit workplan	Bring to Audit and Risk Committee how we will report on internal audits	Zoe Gill	Lauren Jak	In Progress	28/04/2025	18/08/2025	To be included in next internal audit report (Oct).
14/04/2025	Audit and Risk Committee	NA	P Lee Questions to be answered	Questions by Pamela Lee as per her email 14/04 to be answered.	Zoe Gill	Lauren Jak	Completed	15/05/2025	31/05/2025	Email containing responses sent on 15/05/2025.

## Appendix 2

Audit and Risk Committee 2025 Work Plan and Reporting Schedule

#### ADELAIDE HILLS COUNCIL AUDIT and RISK COMMITTEE

#### 2025 Work Plan and Reporting Schedule

Prudential Requirements       Annual Business Plan (Corporate)       Annual         Budget Review 1 (Corporate)       Annual         Budget Review 2 (Corporate)       Annual         Budget Review 2 (Corporate)       Annual         End of Financial year reporting timetable (Corporate)       Annual         End of financial year update (Corporate)       Annual         Procurement Report (Corporate)       Annual         Financial Delegation Report (Corporate)       Annual         Final Annual Financial Statements (incl management representation letter)       Annual         Internal Control and Risk       Placement of Council's insurance portfolio (for noting) (Governance)       Annual         Unarterix Hisk Management Report (Corporate)       Annual       Internal Financial Controls update (Corporate)       Annual         Internal Audit       Internal Report (Governance)       Quarterly       LGRS Risk Profiling Report (Governance)       Quarterly         Internal Audit       Internal Audit quarterly update (Governance)       Quarterly       Adit actions progress report (Governance)       Quarterly         External Audit Plan review (Governance)       Bi-annual       Internal Audit Plan review (Governance)       Annual         External Audit Plan review (Corporate)       Annual       Annual       Review of auditor independence and legislative compliance (Corporate)	Terms of Reference		
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Version 3 - May 2025

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		Q2 and Q3	Q4	Q1	
	Community and Development		Environment and Infrastructure	CEO Office	Corporate Services
as required	as required	as required	as required	as required	as required

#### ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

8.1
Zoë Gill Executive Governance Officer Office of the Chief Executive
Quarterly Risk Management Report
Decision

#### 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 major changes since the February 2025 assessment. We are reporting on sixteen (16) strategic risks. Administration is currently reviewing the strategic risks, which will be brought to the August Audit and Risk Committee meeting.

A copy of the Strategic Risk Register, as of 15<sup>th</sup> May 2025, is in **Appendix 1.** The register format has been changed for ease of use, which has significantly reduced the length of the report without removing important information. Completed action items have now been removed from the report.

#### RECOMMENDATION

The Audit and Risk Committee resolves:

- 1. To receive and note the Quarterly Risk Management Report (item 8.1, 19 May 2025, Audit and Risk committee meeting).
- 2. After discussion, to endorse the Quarterly Risk Management Report (item 8.1, 19 May 2025, Audit and Risk committee meeting).
- 3. To note the Strategic Risk Register Report in Appendix 1 (item 8.1, 19 May 2025, Audit and Risk committee meeting).

#### 1. BACKGROUND

Council's Strategic Risk monitoring and reporting process has been in place since 2014. A copy of the Skytrust Strategic Risks has been provided (**Appendix 1**).

The current strategic risks were input in 2016-2024 and, although regularly reviewed, there has been changes in the Administration, since this time.

Reports on the Strategic Risk Profile have been provided to the Audit and Risk Committee on a quarterly basis since February 2016, along with the Risk Management Policy being endorsed by Audit Committee in 2019 and being adopted by Council the same year.

The Risk, Audit and Insurance Officer position, reporting to the Executive Governance Officer, adds another level of control in enabling regular and timely reviews of risks, policies and frameworks.

#### 2. ANALYSIS

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis and reporting.
Priority O2.3	Enhance governance structures and systems to be agile and support our legislative obligations.

#### 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)	Low (3E)	Low (3E)

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 2024-25 Annual Business Plan and Budget.

Council's risk management processes can impact its insurance premiums.

#### > 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
External Agencies:	Not Applicable
Community:	Not Applicable

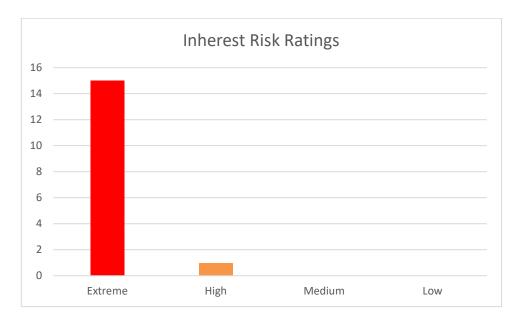
#### Additional Analysis

#### Strategic Risk Profile

The Strategic Risks are regularly reviewed and updated by the risk owners (Executive) including:

- Any updates in risk events, controls or consequences
   Note: These updates can come as part of the regular reporting review or as triggered by legislation, environment or operational changes
- Any additions, changes or removal to the controls or mitigation actions in place for that particular risk
- The inherent, residual and target risk ratings

#### <u>Risk Ratings</u>



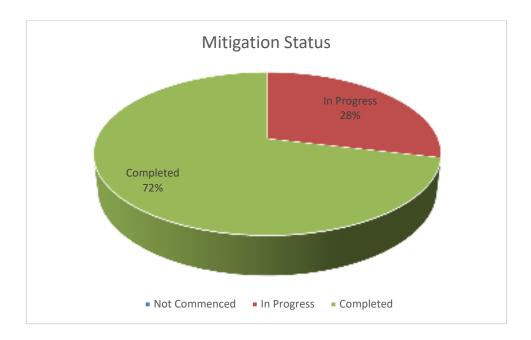


#### Mitigation Actions

There is currently 124 mitigation actions in place across all 16 of the strategic risks.

Status	Number	Percentage
Not Commenced	0	0%
In Progress	35	28%
Completed	89	72%

This is shown diagrammatically below:



#### 3. OPTIONS

The Audit Committee has the following options:

- I. The Committee has reviewed and discussed the quarterly risk report, and resolves that the report be received, accepted and noted (Recommended).
- II. To determine not to note either or both updates and/or identify additional actions to be undertaken (Not Recommended).

#### 4. APPENDIX

(1) Strategic Risk Register – May 2025

# Appendix 1

Strategic Risk Register – May 2025

# STRATEGIC RISK REGISTER REPORT

May 2025

## Strategic Risk 169143 – Service Delivery

Risk Description	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality).
Responsible Person	Greg Georgopoulos
Risk Category	Service Delivery
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

21 (Extreme (4B)) - 84.00%

#### **Possible Risk Events**

- Ineffective budget development process (ineffective cost estimates preparation
- Possible lack of understanding of budget and budget process
- Unrealistic timeframes e.g. 12 months for design, consultation and delivery
- Change or poorly defined scope
- Inadequate specifications and documentation and design
- Lack of stakeholder engagement
- Lack of effective consistent project management methodologies
- Unforeseen weather and climate conditions
- Lack of appropriate plant and equipment
- Poor contractor management
- Lack of resources (Lack of adequate skilled resources, Loss of key staff)
- Change in government legislation or policy
- Reduction in grant funding
- Lack of scheduled maintenance
- Unclear Service ranges and levels

#### Possible Consequences

- Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects
- Damage to Council reputation
- Outcomes of the project delivered fails to meet community's expectations
- Weaknesses in infrastructure necessitating increased maintenance

## **Residual Risk Data**

#### **Residual Risk Rating**

9 (Medium (3D)) - 36.00%

#### Controls

Risk Controls					A
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul> <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>Limit P 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>	Greg Georgopoulos	31/07/2025	05/05/2025		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
12 (Medium (3C)) - 48.0	0%				

#### Actions

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
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)	Roger Hunter	<ul> <li>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.</li> <li>12/05/2025 by Roger Hunter - This action remains in early development at best. While initial work began on creating a structured process to capture staff knowledge and support succession planning upon notification of an employee's intent to leave, progress has since stalled since 2023.</li> <li>There is currently no implemented or standardised process in place to facilitate knowledge transfer, particularly in the context of planned exits or transition to retirement. This poses an ongoing risk to business continuity, particularly in areas with limited</li> </ul>	50%	Not Complete	30/06/2026
		resourcing or specialist roles. Now that this has been brought to my attention, I agree the intent remains valid and necessary. This will be greatly facilitated by the introduction of an HR system, which would allow for the tracking, support and development of an employee through the			

	employee life cycle. It is anticipated that this work will be sequenced after the		
	implementation of an HR system.		

## Strategic Risk 169129 – Assets and Infrastructure

Risk Description	Failure to provide appropriate infrastructure for the community
Responsible Person	Greg Georgopoulos
Risk Category	Assets and Infrastructure
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

21 (Extreme (4B)) - 84.00%

#### **Possible Risk Events**

- Roads are not maintained properly, leading to potholes, uneven surfaces, and poor signage.
- Lack of reliable and frequent public transportation services. (Note, Council does not provide public transport but provides supporting infrastructure.)
- Inefficient waste collection and recycling services.
- Failure to maintain or upgrade water and wastewater infrastructure. (Note, Council does provide limited water supply services in some areas.)
- Lack of, or ineffective, stormwater management leading to inundation of roads, places and property.
- Insufficient parks, sports facilities, and community centers.

#### **Possible Consequences**

- Increased vehicle crashes, higher vehicle maintenance costs for residents, and potential liability claims against the council.
- Reduced mobility for residents, increased traffic congestion, and negative impact on local businesses due to decreased accessibility.
- Increased littering, illegal dumping, environmental pollution, and public health issues.
- Water shortages, contamination risks, and potential public health crises.
- Harm to people and property.
- Reduced quality of life, lower community engagement, and potential negative impact on physical and mental health of residents.

## **Residual Risk Data**

#### **Residual Risk Rating**

13 (Medium (4D)) - 52.00%

#### Controls

Risk Controls A									
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness				
<ul> <li>Current Asset Management Plans for key asset categories</li> <li>Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans</li> <li>Endorsed annual budget for maintenance program (all asset categories)</li> <li>Annual Business Plan &amp; Budget consultation undertaken</li> <li>Customer Survey undertaken</li> <li>Asset management system updated to Confirm Enterprise Asset Managements</li> <li>Asset Management (all asset)</li> <li>Compliance audits for buildings as per legislation</li> <li>Customer request system captures community concerns/issues</li> <li>Sport and Recreation Strategy</li> <li>Bike Strategy</li> <li>Preventative Maintenance regime</li> <li>Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)</li> </ul>	Greg Georgopoulos	31/07/2025	05/05/2025	Noted that AHC needs to complete a gap analysis of asset management plans to ensure any deficiencies are identified and addressed.	EFFECTIVE (Designed Adequately; Operating Effectively)				
12 (Medium (3C)) - 48.00%									

#### Actions

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Complete a new asset management plan for buildings assets.	David Collins	<ul> <li>23/01/2025 by David Collins - Workshop held with Elected Members in September 2024.</li> <li>Draft document ready for progression.</li> <li>29/07/2024 by David Collins - Draft AMP has been developed following a completed external audit of all building assets - a revaluation increased the asset value substantially and this required time to review and validate the outcomes. In addition, the Community Facilities Framework implementation identified operational impacts that modified the AMP outcomes.</li> </ul>	85%	Not Complete	22/06/2025

## Strategic Risk 170816 – Emergency and Hazard Management

Risk Description	Failure to take measures to protect the community from natural and other hazards
Responsible Person	Greg Georgopoulos
Risk Category	Community Health & Wellbeing
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

24 (Extreme (5B)) - 96.00%

#### Possible Risk Events

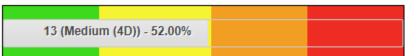
- Poor fire prevention initiatives
- Poor flood protection initiatives
- Poor wind protection initiatives
- Ineffective emergency management regimes
- Ineffective asset maintenance and replacement plans and programs
- Lack of participation in regional emergency management arrangements
- Noncompliance with legislation
- Insufficient budget
- Ineffective planning and preparations

#### **Possible Consequences**

- Significant property loss and damage –
- Loss of life, injury –
- Reputational damage –
- Exposure to liability and penalty –
- Loss of community normality –
- Council services stretched and some services may not be fully operational –
- Loss or damage of public and private infrastructure –
- Environmental and biodiversity impacts

## **Residual Risk Data**

#### **Residual Risk Rating**



#### Controls

Risk Controls A					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul> <li>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 REDPilan program and CFS community Fire Safety Neetings.</li> <li>Ongoing replacement and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive maintenance and street sweeping program.</li> <li>Ongoing fuel reduction programs on high risk Council owned land including weed control, slashing and maintenance of asset protection zones.</li> <li>Ensure ongoing compliance with the R&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 officers pursuant with requirements of the Act as they arise, ongoing appointment of Fire Prevention on an initigation.</li> <li>Ongoing Implementation of the 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. Securing of Elevated Work Platform and additional Tree Team staffing has further improved the controls.</li> </ul>	Greg Georgopoulos	31/07/2025	05/05/2025	There is always a risk of negative community perception of the level of risk appetite in relation to some natural hazards given misinformation and emotion attached.	EFFECTIVE (Designed Adequately; Operating Effectively)
13 (Medium (4D)) - 52.00%					

#### Actions

Nil Not Complete or In Progress actions.

## Strategic Risk 170817 – Environment

Risk Description	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity.
<b>Responsible Person</b>	Greg Georgopoulos
Risk Category	Environment
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

22 (Extreme (5C)) - 88.00%

#### **Possible Risk Events**

- 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

#### **Possible Consequences**

- Damage to local environment
- Financial restoration of failure to act (fines plus the works to restore)
- Reputational damage
- Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature
- Local amenity not maximised
- Health and economic impacts due to climate change
- Failure to meet stakeholder expectation

## **Residual Risk Data**

#### **Residual Risk Rating**

13 (Medium (4D)) - 52.00%

#### Controls

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
- Biodiversity Strategy, - Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained &, qualified staff - Safe working procedures - Biuk Marker sites - Spill kits - Spill kits - SDS - Customer request system for reporting to us - Machinery hygiene - Development Plan - Development Plan - Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities)	Greg Georgopoulos	01/08/2025	05/05/2025		
10 (Medium (4E)	- 40 <mark>.00%</mark>				

#### Actions

Nil In Progress or Not Completed actions.

## Strategic Risk 170933 – Community Land Management

Risk Description	Failure to manage and develop public areas vested in, or occupied by the Council
Responsible Person	Greg Georgopoulos
Risk Category	Community Health and Wellbeing
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

25 (Extreme (5A)) - 100.00%

#### **Possible Risk Events**

- Lack of strategic and operational processes to manage Council's property portfolio
- Poor sports, recreation and open space management practices
- Physical hazards to users
- Poor climate adaptation regimes
- Lack of maintenance
- Renewal works not undertaken as planned

#### **Possible Consequences**

- 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

## **Residual Risk Data**

#### **Residual Risk Rating**



#### Controls

iisk Controls A							
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness		
CLMP Established: Karen: Dec 2024 Building Asset Managemet Plans Established: Karen: June 22 Sustainable funding for Asset Renewal and Mtce captured within LTFP: Chris / Karen: Annual Strategic Plan Includes Goals / Objectives / Priorities associated with Public Areas : Karen: 2024 Sport & Recreation Strategy: Renee : June 22 Property Structure & Resourcing appropriate : Karen: Dec 22 Property Structure & Resourcing appropriate : Chris : Dec 22 Audit of trees undertaken of high risk trees areas : Damian : Oct 2023 Inspection regime in place for high risk tassets (building, playground equipment) : Customer Request System established and integrated with Asset Mgt System : David W : Dec 22 Cemeteries Operating Policy & supporting mtce program: Alana: Dec 21 Leases and Licenses for public areas established: Gen : June 2023 Strategic Bicycle Plan : Renee : June 22 Strategic Bicycle Plan : Renee : June 22 Strategic Bicycle Plan : Renee : June 22 Strategic Bicycle Plan : Renee : June 22	Greg Georgopoulos	31/07/2025	05/05/2025	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required.	Moderate reduction in risk		
15 (High (5E)) - 60.00%							

#### Actions

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Programmed maintenance regime to be developed (land and buildings)	Karen Cummings	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. Open Space operation programs for roadside and reserve maintenance are incorporated into Road Reserves Annual Maintenance Program and to include in Roadside Vegetation Management Plan. Asset Management Plan Review included in 2022/23 Budget 18/07/2024 by Karen Cummings - Building Asset Management Plan to be tabled with Council in September 2024, followed by a report to the Audit Committee	92%	In Progress	31/12/2025
Building Asset Management Plans Updated	Karen Cummings	The audit across buildings for valuations, condition assessment, insurance and sustainability base line has now been undertaken. The Building AMP is now in development, with the draft document nearing completion. Some delay has been experienced due to competing priority project delivery and staff vacancy, and an end of year completion is more realistic. <i>18/07/2024 by Karen Cummings</i> - Building Asset Management Plan to be discussed with Council in September 2024, followed by report to Audit Committee thereafter	75%	In Progress	31/12/2025
Undertake a review of the Sport and Recreation Strategy	Renee O'Connor	01/08/2022 by Renee O'Connor - Sport & Recreation team staff have commenced the initial phase of the Sport & Recreation Strategy review.	15%	In Progress	31/12/2025
Develop Public Toilet Strategy	Steve Sauerwald	Development of a Public Toilet Strategy will include the assessment of existing facilities (including link to building audit to be undertaken), development of guidelines in relation to public toilet renewal and new options, development of priorities of upgrades and new, position in relation to supporting community groups who provide public toilet facilities in locations where Council does not provide public toilet facilities 14/09/2023 - 14/09/2023 - Physical audit completed 01/09/2023, with a draft documentation being prepared for a meeting review scheduled for 14/09/2023. Strategy draft being compiled by SS and ML. The Strategy will include proposed service levels, a standardisation of product selections and a proposed priority of works reflecting the Sprout and Nielsen's reports and AHC frequency of community related complaints. Anticipated completion of the draft documentation 31/10/2023. 14/07/2023 - Physical Public Toilet audit commenced 11/07/2023. Gathered information will be collated with the Sprout audit information and presented in a one page per asset format. Anticipated completion by end of August 2023.	30%	In Progress	31/12/2025
Develop Cemetery Mgt Plans for each cemetery under AHC care and control	Karen Cummings	Development of management plans for each cemetery will be undertaken as resourcing allows with the heritage listed cemeteries taking priority.	90%	In Progress	30/06/2025

## Strategic Risk 344536 – Climate Risk

Risk Description	Risk evolved from climate changes affecting the whole organisation.
Responsible Person	Greg Georgopoulos
Risk Category	Environment
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

23 (Extreme (4A)) - 92.00%

#### **Possible Risk Events**

- Increased bushfire risk
- Declining tree health
- Extreme events i.e. storm, flood, hot weather etc
- Lack of grant funding to assist in resilience

#### **Possible Consequences**

- Increased tree fall/limb drop/death.
- Bushfire occurring. Destruction of buildings and infrastructure.
- Community and Council implications i.e. financial, reputation, health and safety, resourcing, workloads, biodiversity destruction.
- Lack of continuation of resilience work.
- Service delivery delays

## **Residual Risk Data**

#### **Residual Risk Rating**

23 (Extreme (4A)) - 92.00%

#### Controls

Risk Controls A						
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness	
Mitigations: Climate risk included in management plans. Dedicated positions for sustainability and emergency management, arborists, Regulation of properties. Ongoing carbon reduction approach. Resilience team providing community/staff education around climate change. Partnerships with key stakeholders i.e. CFS, Zone Emergency Management, Resilient Hills and Coast. Carbon management plan.	Greg Georgopoulos	31/07/2025	05/05/2025		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)	
	23 (Extre	eme (4A)) - 92.00%				

#### Actions

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Tree strategy plan to be	Damian	New action		In	31/12/2025
developed	Brennan			Progress	
Carbon management plan	Sharon Leith	New action		In	31/12/2025
				Progress	
Obtain funding to continue	Miranda	New action		In	31/12/2025
resilience program	Hampton			Progress	
Climate risk training and	Sharon Leith	New action		In	31/12/2025
incorporate into corporate risk				Progress	
management framework.					

# Strategic Risk 170815 – Community Health and Wellbeing

Risk Description	Failure to provide for the welfare, well-being and interests of the community
<b>Responsible Person</b>	Jess Charlton
Risk Category	Community Health and Wellbeing
Last Review Date	05/05/2025

## **Initial Risk Data**

#### **Risk Rating**

24 (Extreme (5B)) - 96.00%

#### **Possible Risk Events**

- Ineffective public health programs (food, immunisation, waste water)
- Ineffective community development programs
- Failure to identify and respond to key community issues
- Poor understanding of cultural and diversity issues in community
- Lack of effective active and passive recreation participation strategies
- Ineffective strategies to work with vulnerable members of the community
- Inappropriate behaviour of community facility users
- Unaffordable rates, fees and charges
- Ineffective regulatory services activities (including management of dogs, noise, parking)
- Poor community facilities
- Inequity across the district in respect to support for community facilities

#### **Possible Consequences**

- Food poisoning, insanitary conditions, etc.
- Decreased wellbeing and an over-reliance on social support
- Loss of faith in Council's ability to meet community needs
- Inability for people from diverse backgrounds to live/participate in the community
- Decreased health and wellbeing across the community
- Inability/difficulty for people of all socioeconomic backgrounds to live in the district
- Cultural disrespect
- Inequity in access to community facilities and participation in social/sporting pursuits

# **Residual Risk Data**

# Residual Risk Rating

9 (Medium (3D)) - <mark>36.00%</mark>

## Controls

Risk Controls					Α
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Qualified staff making informed and evidence based decisions. Regulatory responsibilities (environmental health) that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment. Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is nade periodically to understand issues important to the community. Community engagement policy prescribing minimum consultation and engagement activities. Communicate with empathy, regular informal contact with the community. Local engagement via Community Centres is occurring with cultural groups. Ad-hoc engagement on an as-needs basis. Development of the Reconciliation Action Plan (2015). Staff cultural awareness training. Recreation and Open Space Planner position created in early 2016. New Sport & Recreation Strategy was developed and adopted in Oct 2016. Services currently being provided for vulnerable individuals including in-home support, centre based brograms, events, support activities and advocacy. Codes of conduct in place in some programs/services. LTFP with sustainable and reasonable rates growth profile. Annual review process for fees and charges neoroprates review by Exec and Council Members to ensure control. Internal efficiency improvement orgaram aims to keep costs down. Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little eliance on external funding. Safe Environments Policy (for working with vulnerable people). AHC is now registered on the DHS system or suitability for work screening and all existing staff in prescribed positions have now been checked. Commonwealth Home Support Program is subject to periodic audit by the funder (Commonwealth) to ensure service strategy (adopted 2022) Newly adopted Community and Recreation Facilities Framework providing more equitable support for ecreation facilities across the district. Disability Access and Inclusion Plan (2021) with four-year implementa	Jessica Charlton	31/03/2025	12/02/2024		Moderate reduct in risk

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Monitor development of new local government community engagement charter (under recent legislative reform) and react accordingly in respect to any requirements the charter imposes on Council.	Jennifer Blake	<ul> <li>17/05/2023 - The LGA is advocating to the Minister to progress this action but believes it may not be signed off by him until 2024.</li> <li>05/03/2025 - The LGA continues to advocate for finalisation of the Community Engagement Charter related to all Local Government consultation. However, the State Planning commission has approved the Community Engagement Charter that sets out the community engagement and consultation requirements for proposed amendments to planning policies, strategies and schemes.</li> <li>29/08/2024 - We are still awaiting progress from the State Government after receiving Council/LGA submissions and consultation.</li> <li>27/02/2024 - Consultation by the State Government on the Local Government Participation and Elections Review Discussion Paper opened in October 2023. AHC employed BRM Advisory to prepare a submission to the LGA by the 2 Feb 2024 deadline and also directly to the Office for Local Government by 2 March 2024. We await the next stage of the Local Government reform following this period of consultation.</li> <li>07/02/2023 - The Minister is yet to approve the Community Engagement charter and the LGA have advised that they will keep Council informed on progress. No action can be taken at this time.</li> </ul>	30%	In Progress	28/08/2025

# Strategic Risk 150009 – Development

Risk Description	Failure to plan at the local and regional level for the future development and future requirements of the area.
Responsible Person	Jess Charlton
Risk Category	Service Delivery
Last Review Date	05/05/2025

# **Initial Risk Data**

### **Risk Rating**

21 (Extreme (4B)) - 84.00%

### **Possible Risk Events**

- Poor understanding of development, infrastructure, population, transport, demographics and trends
- Ineffective liaison with state and federal planning and development agencies
- Ineffective strategies to enhance and conserve character areas and iconic sites
- Poor place making strategies
- Deficient planning and building rules consent practices
- Ineffective infrastructure planning processes
- Lack of appropriately trained and experienced staff
- Poor business planning and budgeting processes to allocate sufficient resources to functions

#### **Possible Consequences**

- Poor planning and development outcomes, ad-hoc and reactionary planning, unresponsive approaches to addressing community needs and trends
- Uncoordinated approaches to infrastructure provision, lack of partnership and funding arrangements, lack of collaborative and mutually beneficial outcomes for community, Council and State Govt., duplication of services and resources
- Disempowered community with poor and inefficient use of public spaces
- Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change
- Non-compliant with legislative responsibilities resulting in considerable liability exposure
- Inconsistent and misdirected operations and service provision

# **Residual Risk Data**

#### **Residual Risk Rating**



Risk Controls					Add
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul> <li>Development Policy Planning function in place to monitor, analyse and advise</li> <li>Implementing and transitioning to the new Planning &amp; Design Code</li> <li>Up to date Policy in place</li> <li>Privately funded Code Amendment Policy 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 SPC and Council regarding any changes to development policy</li> <li>Transition 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, Juilding, infrastructure, sport &amp; recreation planning, community development and economic development teams in place</li> <li>Community engagement and consultation methodologies in place to accord with the State's Community Engagement taff and CAP members accredited in accordance with the State's Accreditation Scheme</li> <li>Ake processes identifying training and development needs</li> <li>Development and PLA ct delegations and sub-delegations</li> <li>CAP in place and functioning</li> <li>Adopted District Master Plan in place</li> </ul>	Jessica Charlton	31/03/2025	12/02/2025	Resourcing approach to be reviewed.	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
	v <mark>(2</mark> D)) - 20.00%	6 			1

#### Actions

Nil Not Completed or In Progress actions

# Strategic Risk 170851 – Growth and Prosperity

Risk Description	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism.
Responsible Person	Jess Charlton
Risk Category	Growth and Prosperity
Last Review Date	05/05/2025

# **Initial Risk Data**

### **Risk Rating**

17 (High (3B)) - 68.00%

### **Possible Risk Events**

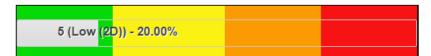
- Inadequate provision for commercial development in the Development Code
- Minimal or no understanding of, and support for, business and tourism representative groups/associations
- Lack of business operating skills in people who wish to run a business
- Lack of understanding of economic drivers
- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts
- Lack of understanding of tourism demand
- Poor business sustainability in the face of economic challenges

### Possible Consequences

- Loss of local jobs
- Loss of basic local retail and service businesses
- Devaluation of local residential and commercial property
- Rise in social problems and reduced quality of life
- Reduced property values
- Impact on Council's reputation as being across economic issues and supporting sustainable development

# **Residual Risk Data**

#### **Residual Risk Rating**



Risk Controls					Add	
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness	
Current Economic Development Plan 2020-24 (adopted by Council Feb 21, replacing former Economic Development Strategy); Provision for resourcing an economic development officer to deliver EDP and provide support to this risk area; Regular pattern of engagement with local business communities and stakeholder groups; Database containing contact details of all people operating businesses in the district, to enable e-communication (qtly business newsletter and ad-hoc as required); Partnership with Mount Barker DC and SATC to fund Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities; Annual subscription to Economy.id, which enables ready access to economic demographic data for the Council district, available for businesses and the public; Active participation in Adelaide Hills Business Support Network, comprising representatives of agencies providing business support services in the Hills.	Jessica	31/07/2025	05/05/2025	Comprehensive risk review undertaken August 2022 to update actions and controls. New risk event identified. Old (completed) actions deleted and new actions added. November 2024 - Economic Development Plan reaching expected completion date and needs reviewing. Resourcing approach to be reviewed. Continuing funding partnerships with Adelaide Hills Tourism and Regional Development Australia.	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)	
5 (Low (2D)) - 20.00%						

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Design and establish a Business Services Hub for Creative Industries based from Fabrik.	Zoe Gill	Initial Research has been undertaken. Next steps are being worked through.	50%	Not Complete	28/06/2024

# Strategic Risk 170934 – People Culture inc WHS

Risk Description	Failure to manage, improve and develop the human resources available to the Council. (F)
Responsible Person	Gary Lewis
Risk Category	People & Culture
Last Review Date	10/02/2025

# **Initial Risk Data**

## **Risk Rating**

24 (Extreme (5B)) - 96.00%

### **Possible Risk Events**

- 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 not trained or inducted effectively

#### **Possible Consequences**

- increased financial cost
- potential litigation
- decrease in morale
- poor work performance
- inability to deliver services
- negative impact on council brand and reputation
- lacking or ineffective policy/procedures
- inability to meet the demand for volunteering opportunities
- inability to offer attractive positions
- council could fail to meet the legislative requirements if training avoided
- not having available staff/volunteers to undertake work at required times

- heightened number of complaints around EEO
- ineffective management of human resources, lose ability to innovate through poor leadership
- increased injuries and notifiable incidents
- potential death
- litigation threatening the viability of the organisation
- unable to attract employees and volunteers
- lack of handover and transfer of valuable knowledge
- challenges about fair and equitable process
- higher turnover costs and negative affect on work
   culture
- increase absenteeism

# **Residual Risk Data**

## **Residual Risk Rating**

12 (Medium (3C)) - 48.00%

### Controls

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
/olunteer Framework established and mplemented /olunteer Policy Developed	Rebecca Shepherd	30/11/2022	05/08/2022	Volunteer Policy and additional procedures implemented and working effectively with improved practices. Volunteer Policy to be reviewed in 2022.	EFFECTIVE (Designed Adequately; Operating Effectively)
				9 (Medium (30)) - 36.00%	
Recruitment Policies and Procedures in place	Roger Hunter	30/03/2023	05/08/2022	Phase 2 of the HR System implementation will be commencing in August or September 2022 (still being finalised). With the Recruitment and Retention Audit recently being completed, a range of actions, including the update of the Recruitment and Selection Procedure and associated documents will now commence.	EFFECTIVE (Designed Adequately; Operating Effectively)
				6 (Low (3 <mark>=)) - 24.00%</mark>	
WHS Management System in place (Committee, Reporting, SkyTrust, Policy & Procedures) Regular audits by LGAWCS	Anne Pett	30/07/2023	05/08/2022	WHS policy, procedures, SOP's, risk assessments, inspections, hazard and incident reporting, audits, action processing and updating and use of Skytrust are all ongoing processes that continue to be used and reviewed.	EFFECTIVE (Designed Adequately; Operating Effectively)
				3 (Low (PE)) - 12.00%	
Established Policies and Procedures Framework	Anne Pett	28/08/2023	05/02/2023	The OD Policy and Procedure Framework was adopted by Executive on 14/7/2022. Work will continue on the review and development of policies and procedures against this framework. This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the progression of the Policy & Procedure Framework will recommence.	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
				12 (Medium (3C)) - 48.00%	
Leadership Framework Established and development opportunities undertaken	Anne Pett	30/09/2023	05/02/2023	This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the progression of the Leadership Framework will be considered.	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
				8 (Medium (2C)) - 32.00%	
OD Structure supported through trained and experienced staff	Anne Pett	17/10/2023	17/07/2023	Following the resignation of the Mgr OD as well as the Team Leader OD and WHS Advisor, a resource and structure review was undertaken of the now People and Culture Department. This review has been completed and resulted in the provision of additional resourcing to support both the WHS and OD Advisory roles. The new Mgr People and Culture commenced on 20 March 2023 and the new WHS advisor will start 25 July 2023. The People and Culture Department was further reviewed as part of a Corporate Services resource and structure review. This review proposes the removal of the Team Leader OD position and redesigns the OD Advisor role to Serior People & Culture Officer. The OD Officer role is proposed to go full time. Changes are subject to feedback from consultation which closes 21 July 2023.	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
				12 (Medium (3C)) - 43.00%	
Enterprise Agreement Framework in place	Anne Pett	01/12/2023	05/08/2022	The Enterprise Development Agreements have been in place for many years. This provides Council the opportunity to work with employees in a consultative way, with their Union Organisers (as relevant), to discuss terms and conditions of employment, providing the framework, that sits over Awards, to manage our work and employees. Current Agreements are in place for Field and Office until 30 June 2025.	EFFECTIVE (Designed Adequately; Operating Effectively)
				5 (Low (2)) - 20.00%	
2022Fair Treatment, Bullying & Grievance Policies and Procedures are established	Anne Pett	30/06/2024	05/08/2022	These documents are established and up to date. Their next scheduled review is 30 June 2024 or as legislation or internal controls require.	EFFECTIVE (Designed Adequately; Operating Effectively)
				6 (Low (3 <mark>5</mark> )) - 24.00%	
Established Position Descriptions for all roles:	Anne Pett	01/07/2024	05/02/2023	Position descriptions are reviewed at the appointment of recruitment or classification assessments. There is provision for PD's to be reviewed annually with the staff member and People Leader as part of the 4x8 process. OD has undertaken a review of position descriptions with a view to begin updating PD's periodically, particularly those that have not been reviewed more recently. This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the work will recommence.	EFFECTIVE (Designed Adequately; Operating Effectively)
	1	1	1	jana concore win commence on zo Platch 2023 at which there are work Will recommence.	1

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Equity and diversity plan is being developed	Roger Hunter	Since this action commenced, the Access and Inclusion Plan 2020-2024 has been adopted by Council in January 2021. A review of the direction of this action is needed so as not to double up on activities. This action has been delayed as resourcing has needed to focus on the HR and payroll system implementation, payroll processing each fortnight, WHS Action Plans and activities and day to day organisational support. The ongoing support of managing COVID and general illness across the organisation has also been important for OD. This action has not been progressed, P&C will be gathering Diversity data from employees that will support the DAIP, RAP and Our Watch and potentially inform an Access and Inclusion Plan (or similar).	30%	Not complete	31/12/2025
Undertake training in recruitment practices for staff involved in recruitment panels	Roger Hunter	<ul> <li>Phase 1 of the HR system has been implemented. We are currently scoping out and prioritising Phase 2 of the system implementation which will include Employee Self</li> <li>Service and e-Recruitment. The Recruitment Audit has also been undertaken (May 2022) with the initial report returned (20 June 2022).</li> <li>This work has been placed on hold given the resignation of the OD Manager and Team Leader. The new Mgr People and Culture will commence on 20 March 2023 at which time work will recommence.</li> <li>The Recruitment &amp; Selection Policy and Procedure was supported by ELT in July 2023 and CEO approval is imminent. Following approval training will be deliver to all relevant staff across Council who have responsibility for recruitment and selection.</li> <li>07/02/2022 - This action will be addressed as part of the work that will occur around the implementation of e-Recruitment through the new HR System, Lanteria. We are working towards the new system going live currently.</li> </ul>	20%	Not Complete	30/06/2026
Leadership Coaching & Mentoring Program Progressed	Roger Hunter	This work has been placed on hold given the resignation of the Mgr People and Culture as well as the Team Leader OD. The new Mgr People and Culture will commence on 20 March 2023 at which time the progression of the Leadership Framework will be considered. The Leadership Framework will be considered as part of the review of Values and Behaviours.	5%	Not complete	31/12/2025
Update OD Policies & Procedures to align to Framework.	Roger Hunter	The OD Policy and Procedure Framework has been adopted by Executive on 14/7/2022. Review and update of documents will continue against this Framework. All OD policy/procedures and procedures will not be completed by Dec 2022. Work will continue until all documents have been updated. A Reference Group has been established to support this review process. The Policy and Procedure was reviewed resulting in the consolidation, deletion and creation of policies/procedures. ELT approved the revised framework on 13 July 2023 with a prioritised implementation schedule. It is anticipated that all documents will be reviewed and implemented over a period of 12-18 months. <i>21/06/2022</i> A proposed OD Policy and Procedure Framework was workshopped with the EM OD on 15/06/2022 with feedback incorporated. It will be presented to ELT at the next	15%	Not complete	31/12/2025

		'Develop' meeting on 14 July 2022. 07/02/2022 We are continuing to work through the update of policies and procedures with the current focus being on the Leave Procedure which is currently being reviewed.			
Undertake Audit of Position Descriptions to Ensure currency and ensure update where not current	Roger Hunter	OD has undertaken a review of position descriptions with a view to begin updating PD's periodically, particularly those that have not been reviewed more recently. Note: all PD's across the organisation will not be reviewed by end of 2022 particularly due to the ongoing implementation of the HR system which is expected to continue into 2023 and takes significant resourcing. The review of Position Descriptions has not progressed and additional resources will be required to achieve, which could be through engaging a temporary contractor. 27/01/2022 - The OD Advisor has commenced this review with an initial focus on ensuring that we have position descriptions for all positions and identifying any gaps.	15%	Not complete	31/12/2025
Training and Development Framework Reviewed & Implemented (captures current 4x8, WHS and Corporate Training needs)	Roger Hunter	T&D is managed in OD in two discrete areas, WHS and HR. The WHS Action Plan and Improvement Plan are both focused on updating training information and developing training plans. Around 75% of the organisation's staff will have their WHS requirements logged against them/their position in Skytrust by end of Sept 2022. Data has been collected and discussed with People Leaders for HR also. This will be added to the HR system once the training module is implemented (timing of this still being determined) and likely to commence later in 2023. The HR System has now been paused and the intent to go out tender in October. The TNA is 100% loaded in SkyTrust and a training plan will be developed by October. 07/02/2022 - The OD Advisor has commenced. A meeting is scheduled with the EM OD on 7/2/22 to discuss the WHS Action Plan which includes work associated with a WHS T&D Framework which will be expanded to included corporate training. 07/02/2022 - The OD Advisor has commenced. A meeting is scheduled with the EM OD on 7/2/22 to discuss the WHS Action Plan which includes work associated with a WHS T&D Framework which will be expanded to included corporate training. 07/02/2022 - The OD Advisor has commenced. A meeting is scheduled with the EM OD on 7/2/22 to discuss the WHS Action Plan which includes work associated with a WHS T&D Framework which will be expanded to included corporate training.		Not Complete	30/06/2026
WHS Policy & Procedure Review at LGAWCS followed by AHC application	Roger Hunter	The plan to update the WHS procedures is being followed with 17 procedures and forms updated and approved via Executive. Other work is progressing to develop training that can be run via Skytrust to provide basic procedure knowledge, including a knowledge checking process.	75%	Not complete	31/12/2025

Target Risk

Target Risk Rating

# Strategic Risk 170939 – Information Services

Risk Description	Failure to manage, improve and develop the information resources available to the Council.
Responsible Person	Gary Lewis
Risk Category	Information Technology
Last Review Date	05/05/2025

# **Initial Risk Data**

### **Risk Rating**

23 (Extreme (4A)) - 92.00%

#### **Possible Risk Events**

- Business systems do not effectively support organisational needs
- Poor information management practices (capture, use, storage, retrieval)

#### **Possible Consequences**

- Inefficiency
- increased risk of errors (from manual systems)
- negative impact on council brand and reputation
- decreased staff morale
- potential for increased turnover of staff
- lack of consistency
- increased cost in undertaking work
- systems cannot be upgraded due to inadequate hardware layer
- inability to test updates before being implemented
- lack of information sharing
- working in information silos
- failure to capture corporate knowledge effectively
- misinformation that leads to negative or undesired outcomes
- residents being misinformed or mislead
- potential legal or financial implications

# **Residual Risk Data**

#### **Residual Risk Rating**

13 (Medium (4D)) - 52.00%

Risk Controls					Add
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
ICT Business Continuity Systems established	Phil Mattingly	08/01/2025	18/03/2024	Data Centre established – diverse geographic locations and immediate switchover capability Hierarchical back up regime Cloud First Strategy in place – transition of systems occurring System & Application MAO (Maximum Acceptable Outage) - set to organisational requirements Undertake system outage testing	EFFECTIVE (Designed Adequately; Operating Effectively)
			9 (Mediun	n (3D)) - <mark>36,00%</mark>	
Information Services Team resourced in accordance with required structure (including \$ & FTE)	Phil Mattingly	08/01/2025	18/03/2024	Induction processes – onboarding driven through OD Systems security – access protocols Work from home access regime	EFFECTIVE (Designed Adequately; Operating Effectively)
			5 (Low <mark>(</mark> 2	)) - 20.00%	
Information Services Strategic Plan Developed (2022)	Phil Mattingly	08/01/2025	18/03/2024	A review of the Information Services Strategic Plan has been undertaken with ISSRG. Draft Information Services Strategic Plan created Consolation with ISSRG and Executive completed Digital Transformation Plan (tactical plan) developed	Major reduction in risk
			9 (Mediun	n (3D)) - <mark>36,00%</mark>	
ISMS (Information Security Managment System) - LG Cyber Security Framework	Phil Mattingly	07/02/2025	18/03/2024	Resourcing needed to support and implement the LGITSA Cyber Security Framework is now part of the ongoing budgetary cycle. Significant work carried out to progress the implementation of LG Cyber Security Framework has occurred focusing on implementation of higher impact technical Cyber Security Controls completed. Cyber Security issues (from alert systems and/or Audits) are able to be effectively managed via the Cyber Security Action Group (CSAG) as defined in the LGITSA Cyber Security framework Regular Penetration testing of corporate systems underway with significant organisational risk items raised to the corporate risk register as appropriate (eg ERP system review)	EFFECTIVE (Designed Adequately; Operating Effectively)
			8 (Mediun	n (2C)) - 32.00%	

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Progress transition to cloud for remaining applications / systems	John Gosbell	<ul> <li>02/01/2025 - Ongoing transition. Intranet home page transitioned to cloud in Dec 2024.</li> <li>Assigned to John G for visibility</li> <li>10/10/2024 - Open Office ERP system added to Risk Register to highlight need for replacement. External consultancy review sought, spec released to market Oct 2024, report to be ready for 2025.</li> <li>10/10/2024 - CRM Salesforce Cloud implementation completed and operational.</li> <li>Changes to departmental operational process will continue as platform is bedded in.</li> <li>23/07/2024 - CRM - Implementation of Salesforce CRM commenced in January and has been progressing well with a go live of 29th July 2024 for the essential build.</li> <li>08/12/2023 - Microsoft 365 - Teams Calling has been successfully transitioned to Cloud removing on-premise Skype for Business Servers.</li> <li>27/09/2023 - CRM business requirements undertaken and progressing to tender for solution design.</li> <li>08/08/2023 - CRM System has been given Captial funding to progress work activity for a renewal of the solution and migration to cloud hosting. A project control group has been established and is currently engaging with the organisation with a view to undertake a tender process for the work activity.</li> <li>07/07/2023 - Scoping work for implementation of Microsoft 365 - Teams Calling 07/07/2023 - Developed and implemented a new Council Members Portal in November 2022 for the new Council with M365</li> <li>09/01/2023 - MS Teams Cloud migration scoping out requirements for the EDRM's has commenced including analysis of data governance compliance.</li> <li>02/08/2022 - SharePoint Cloud migration scoping out requirements for the EDRM's has commenced including analysis of data governance compliance.</li> <li>02/08/2022 - SharePoint Cloud migration scoping out requirements for the EDRM's has commenced including analysis of data governance compliance.</li> <li>02/08/2022 - SynelPoint Cloud migration scoping out requirements for the</li></ul>	35%	Not Complete	31/12/2026

# Strategic Risk 170941 – Financial

Risk DescriptionFailure to manage, improve and develop the finate resources available to Council.	
Responsible Person	Gary Lewis
Risk Category Financial	
Last Review Date	05/05/2025

# **Initial Risk Data**

### **Risk Rating**

24 (Extreme (5B)) - 96.00%

### **Possible Risk Events**

- Poor internal control environment
- Poor procurement planning and processes
- Ineffective insurance arrangements
- Poor financial management processes (treasury, AP, AR)
- Poor contract management
- Poor People Management
- Ineffective Asset Planning
- Lack of Business Planning
- Poor Strategic Planning
- Lack of Business Case development (including Prudential Reviews)

#### **Possible Consequences**

- Potential for qualified accounts as an audit outcome
- inappropriate segregation of duties
- increased potential for fraud
- negative impact on Council brand and reputation
- lack of consistency in process use
- inability to measure process effectiveness and outcomes
- increased risk of litigation
- inappropriate assets with short medium and long term financial impacts
- potential inability to pay
- negative impact on ability to service the community
- poor customer relations
- poor supplier relationships
- potential impact on income from rates, fees and charges
- increased risk of litigation leading to financial instability
- Poor strategic planning and ineffectual long term financial planning

# **Residual Risk Data**

# Residual Risk Rating

12 (Medium (3C)) - 48.00%

## Controls

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Long Term Financial Plan in place and regularly keviewed; Annual Business Plan developed and aligned each year to the Long Term Financial Plan; Internal audit and annual review of internal controls; System security and configuration; Informed level of insurance cover through LGAMLS informed level of insurance cover through LGAMLS ating policy, process and timeframes; Saset maagement register and program; Executive Manager Governance and Risk employed Procurement Co-Ordinator role employed; Qualified employees that are trained in policies; Conflict of interest declaration regularly reviewed Diffectors/COS: on plant purchasing, consultation Fraud and Corrughion Policy; Whistpelowers on plant purchasing, consultation Fraud and Corrughton Policy; Whistpelowers Policy; Insurance reviewed and recalculated for following var; Insurance reviewed and recalculated for following var; Insurance cavess; Quality accredited insurance company-LG Risk Services; Insurent Corecesses claims; professional internal advice; Financial management system; Jpdated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council Vembers; Discipline processes; Dangoing training and development; Internal controls framework; unts Reconciliation Policies uydated and adopted External Fund Funding Policy adopted by Council (2017) Implementation of ContoTirack to monitor financial controls environment	Gary Lewis	28/02/2024	11/02/2023	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls are however still required to be entered.	EFFECTIVE (Designed Adequately Operating Effectively)

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Review the process map of the insurance claims procedure to enable consistency of application.	Zoe Gill	<ul> <li>250506 - Insurance procedure currently being drafted, noting new personnel</li> <li>220104 Development of process map has commenced.</li> <li>220405 Creation and attached herein a Motor Vehicle Incident Report which is used for capturing information proceeding to an insurance claim.</li> <li>220405 Creation and attached herein is an Asset Incident Report which is used for capturing information proceeding to an insurance claim.</li> <li>220405 Creation and attached herein is an Asset Incident Report which is used for capturing information proceeding to an insurance claim.</li> <li>220405 Attached herein is the LGRS Portal User Manuals 230215 This work was sidelined whilst work was undertaken on the LG Election and Council Member Induction process.</li> <li>Work is scheduled to recommence March 2023.</li> <li>240814 This work in on hold until appointment of Audit, Risk and Insurance officer</li> <li>241111 Risk, Audit and Insurance Officer recruited. Work program underway.</li> <li>250129 - work underway.</li> </ul>	85%	Not Complete	31/12/2025
Undertake a review of the Fleet Management Framework (including Policies & Procedures)	Damian Brennan	A detailed analysis is being undertaken in 22-23 to confirm the approach to achievement and quantum of savings. Working with Manager People and Culture to look at make-up of fleet and will then work on Policy	20%	Not Complete	30/06/2026
Investigate the option for Business Interruption Insurance		LGRS have provided a proposal for undertaking Business Interruption Review (BIR) , however a proposal to undertake a Transferable Risk Profile (TRP) is occurring mid September 2021 which includes identifying Maximum Foreseeable Loss (MFL) on risks identified. Following the TRP an assessment will be made as to any gaps and consideration of furthering the BIR proposal. 210826 Met with stakeholders to discuss. We focused on a loss of rate revenue through a bushfire event and Council's willingness to fund a rate shortfall or willingness to cut services to accommodate such. The agreed approach was to seek quotes for Loss of Rate Revenue of \$5m, \$7m and \$10m for a period of 1, 3 and 5 years. We will reconvene once the quote has been received. 200104 Awaiting feedback from TC / LM on the quote and TRP information provided. 230215 This work was sidelined whislt work was undertaken on the LG Election and Council Member Induction process. Work is scheduled to recommence March 2023. Discussions with LGRS with regards insurance have been re-initiated. This additional Insurance has not yet been reviewed. 240814 This project is on hold until the Risk, Audit and Insurance Officer is appointed 241111 Risk, Audit and Insurance Officer recruited. Work program underway. 290125 - Work underway	85%	Not Complete	31/12/2025
Undertake an annual review of the Long Term Financial Plan to ensure that changes within the		The LTFP will be updated following the adoption of the new Strategic Plan later in 2024. 02/04/2025 by Gary Lewis - The LTFP is being prepared, considered and consulted on in conjunction with thew Annula Business Plan and Budget. This means that the timelines	30%	Not Complete	30/06/2026

operating environment of	for delivery are later, by design. Following a workshop on 22/3/25 the Administration are		
Council are captured and	preparing a draft budget and LTFP which will be discussed with the Audit Committee and		
accommodated to ensure long	presented to Council in April and May.		
term financial sustainability			
can be achieved. Last reviewed			
Feb 2023.			

# Strategic Risk 340653 – Information Services

Risk Description	Failure to deliver the business-critical Information Services delivered from the Open Office ERP.			
Responsible Person	Gary Lewis			
Risk Category	Information Technology			
Last Review Date	05/05/2025			

# **Initial Risk Data**

### **Risk Rating**

23 (Extreme (4A)) - 92.00%

#### **Possible Risk Events**

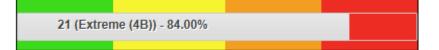
- Complete system failure due to unsupported SQL database and unsupported Windows server operating systems. This includes all financial services property and rating, AR and AP, procurement, infringements, financial asset management, operational and statutory financial reporting.
- Application support risks stemming from lack of Open Office vendor support/expertise for improvements or meeting legislative changes due to the outdated application version.
- Higher risk of Cyber Security attack due to inability to patch unsupported Windows Server operating system, SQL database and vendor application.

#### **Possible Consequences**

- High financial impact to replace system when it fails.
- Staff unable to complete their BAU due to insufficient or non-accessible systems.
- Poor performance, poor reporting, poor recruiting due to limited, old systems.
- Inability to meet legislative requirements.

# **Residual Risk Data**

#### **Residual Risk Rating**



Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Restricted access to internal networks for main server and application	Phil Mattingly	30/09/2025	09/10/2024		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Effectively)
		18 (High (4C)) -	72.00%		
Cyber Security systems implementation for patching and monitoring	Phil Mattingly	30/09/2025	09/10/2024		INEFFECTIVE (Designed Inadequately; Operating Effectively)
		21 (Extreme (4B	i)) - 84.00%		
Vendor support contract with Open Office	John Gosbell	01/11/2025	09/10/2024		INEFFECTIVE (Designed Inadequately; Operating Ineffectively)
		18 (High (4C)) -	72.00%		

## Actions

Nil In Progress or Not Completed actions.

# Strategic Risk 347958 – Business Performance Reporting

Risk Description	Inability to deliver timely, accurate financial and business reporting				
Responsible Person	Gary Lewis				
Risk Category	Financial				
Last Review Date	05/05/2025				

# **Initial Risk Data**

### **Risk Rating**

20 (Extreme (3A)) - 80.00%

### Possible Risk Events

- Lack of appropriate systems
- Manual processes
- Lack of vendor support

### **Possible Consequences**

- Timeframes unable to met
- Unable to produce reports
- Reports are inaccurate/inability to reflect current events
- Legal implications for going over budget
- Lack of staff knowledge around the progress against budget
- Impacts to service delivery

# **Residual Risk Data**

#### **Residual Risk Rating**

20 (Extreme (3A)) - 80.00%

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Monthly review of reports Reports sent to all managers for viewing/comment Each component has individual audits conducted on it	Bruce Smith	01/04/2025	01/02/2025		INEFFECTIVE (Designed Partially Adequately; Operating Ineffectively)
		20 (Extre	eme (3A)) - 80.00%		

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
New finance system	Bruce Smith		10%	In	31/12/2025
				Progress	

# Strategic Risk 170963 – Representation and Decision Making

Risk Description	Failure to act as a representative, informed and responsible decision-maker in the interests of the community.
Responsible Person	Zoe Gill
Risk Category	Governance, Legal & Compliance
Last Review Date	06/05/2025

# **Initial Risk Data**

### **Risk Rating**

22 (Extreme (5C)) - 88.00%

### Possible Risk Events

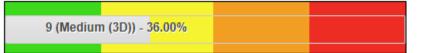
- Poor governance practices
- Poor risk management practices
- Poor representation arrangements
- Poor representation of the community by Council Members
- Lack of effective strategic planning and resource allocation processes
- Untimely implementation of Council resolutions
- Lack of effective financial sustainability processes
- Ineffective performance management and reporting processes
- Poor working relationship between Council and Administration
- Failure to engage in sector-wide reform initiatives

#### **Possible Consequences**

- 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 and/or regulator dissatisfaction and/or sanction

# **Residual Risk Data**

#### **Residual Risk Rating**



Risk Controls					A
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
C92 (Poor representation arrangements which leads to decisions that are not made in the best interests of the community) - Provisions of Chpt 3 of the LG Act regarding composition of councils and wards, mandated representation reviews, voluntary representation review, 2017 ERR completed, Strategic Boundary Review report	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
9 (Medium (3D)) - \$6,00%					
CR21 (A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.) - Revised 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. Strategic Risk Profiling and management of assessments in SkyTrust, MLS Risk Reviews and advisory.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
13 (Medium (4D)) - 52.00%					
CR22 (Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.) - Legal considerations considered in agenda report templates, Governance Manager advises council, well-functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (Conduct, COPMP, allowances, caretaker, Information Sessions, COPAMD, PID), delegations, agendas, minutes, T&D, COI Mgt. Review of s41, AGs, s43 subsidiary and external group fiduciary arrangements. By laws reviewed 2018. Council Resolution Update report shows COIs declared.		07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
6 (Low (3 <mark>E</mark> )) - 24,00%					
CR81 (Failure to engage in sector-wide reform initiatives leading to the Adelaide Hills community not being adequately represented) - Monitoring LGA (cruciars and other invitations to make submissions (OLG, ECCOSA, ECSA), consideration @ ELT and Council level, Membership on LG-related bodies	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
5 (Low (2 <mark>0)) - 20.00% (20)</mark>					
CR62 (Poor representation of the community by Council Members leading to formal decisions that do not appropriately take account the community needs) - Provisions of LG Act and behavioural standards, EM training on role, contact details on website, issue of email addresses and laptops; COI provisions, informed and researched Council reports, public consultation policy and practices.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
8 (Medium (2C)) - 32.00%					
CR63 (Lack of effective strategic planning and resource allocation processes) - Suite of strategic management plans, strategic, business and project planning and budgeting processes, trained and experienced staff. Corporate Planning & Performance Reporting Framework, CP&R Coord role, Service Review Framework adopted. Council reports contain financial and resource implications.	Zoe Gill	07/04/2025	29/01/2025	Added control regarding Council report financial and resource implications	EFFECTIVE (Designed Adequately; Operating Effectively)
6 (Low (3 <mark>5</mark> )) - 24.00%					
CR64 (Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence) - Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff, CEOPRP, Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report, 4x8 processes, Management contract review process, enhanced major project reporting. Local Government Advice Scheme	Zoe Gill	07/04/2025	29/01/2025		EFFECTIVE (Designed Adequately; Operating Effectively)
6 (Low (3 <mark>E</mark> )) - 24.00%					
CR65 (Poor working relationship between Council and the Administration leading to ineffective and inefficient performance by Council) - CM and Administration training in the respective roles, team building and relationship development, performance reporting, One Team Communication Protocols, designated administration contact listing, CE0 1:1, strengthened provisions in s38	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
5 (Low (2D)) - 20.00%					
CR37 (Actions arising from Council resolutions not be completed in a timely manner leading to a loss of stakeholder confidence) - Action List, Minutes, Council Resolution Update report. Council Member queries	Zoe Gill	07/04/2025	29/01/2025		EFFECTIVE (Designed Adequately; Operating Effectively)
6 (Low (3 <mark>E</mark> )) - 24.00%					

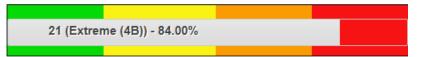
Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Review of Risk Management	Zoe Gill	250506 - Risk Framework currently under review. ELT endorsed project plan SkyTrust	60%	Not	31/12/2025
Framework		configuration adequate for corporate rollout however additional work required on		Complete	
		reporting functionality. Documentation being amended for SkyTrust functionality. Intend			
		to conduct function workshops as the training exercise. 230215 This work was sidelined			
		whilst work was undertaken on the LG Election and Council Member Induction process.			
		Work is scheduled to recommence March 2023. 230811 Resignation of Governance &			
		Risk Coordinator has resulted in deferral of Framework completion until late 2023.			
		240814 Currently working with LGRS to review Council's approach to Risk Management			
		identification, recording and reporting 241111 Risk, Audit and Insurance Officer recruited.			
		Work program underway. 250129 Work underway developing risk appetite, risk			
Depresentation Deview April	Zoe Gill	framework, policy and procedure.	90%	Not	30/04/2025
Representation Review - April 2024-April 2025	ZUE GIU	250506 - report submitted to ECSA 250129 - Public consultation on the proposed ward structure closed on the 28 January 2025. On track to complete report for Council approval	90%	Complete	30/04/2025
2024-April 2025		prior to submission to ECSA.240927 - Council endorsed (in principal) the model to take to		Complete	
		consultation 240814 - Consultants engaged, First workshop with Council provided,			
		project plan agreed.			
		27/01/2023 - Revised representation review provisions commenced 30 June 2022. Only a			
		representation report required to be produced.			
		09/11/2021 - Section 12 will be amended to require only one public consultation on			
		representation options (i.e. representation report).			
		09/08/2021 - Representation Review will be included in 2023-24 ABP			

# Strategic Risk 170965 – Governance, Legal and Compliance

Risk Description	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies
Responsible Person         Zoe Gill	
Risk Category	Governance, Legal & Compliance
Last Review Date	05/05/2025

# **Initial Risk Data**

### **Risk Rating**



### **Possible Risk Events**

- 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
- Poor confidential item management processes
- Ineffective implementation of Council resolutions

#### **Possible Consequences**

- Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements
- Failure to effectively undertake the functions of a council
- Contractual penalties and liabilities
- Inefficient systems that lead to loss of resources
- Scrutiny and sanctions by integrity agencies
- Resolutions not implemented in a timely manner, opportunities missed, legislative obligations unmet

# **Residual Risk Data**

#### **Residual Risk Rating**

9 (Medium (3D)) - 36.00%

Risk Controls					Add
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Legal considerations considered in agenda report templates, updates from LGA, legal providers and professional associations. Professional and experienced management team. Register of leases and licenses. 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 Employment of Procurement Coordinator Procurement Framework implemented. Experienced property team. Action List, Minutes, Council Resolution Update report.	Zoe Gill	07/04/2025	29/01/2025		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
9 (1	/ledium (3D))	- <mark>36.00%</mark>			

Action Required	Person Responsible	Comments	Percent Complete	Status	Due Date
Community & Recreation	Karen	The draft Framework was endorsed by Council in August 2022. Staff are now working on	70%	Not	30/06/2025
Facilities Framework will	Cummings	preparation of new Lease/Licensing/Management Agreement templates with Lawyers		Completed	
provide for greater		which will be progressively implemented from 1 July 2023. There is a large amount of			
standardisation in leasing terms and conditions		new Leases to be rolled out with Clubs and Community Groups and meetings/engagement with each Club/group to progress the new lease rollout. This is			
		taking some time. It is envisaged that the new Leases for Clubs will now be finalised by			
		31 December 2023 with commencement of rollout of management agreements with			
		Hall operators to commence in September 2023.			
Implement Statutes	Zoe Gill	250325 - Council adopted new ToR for ARC withToR being approved by Council on 11/02	100%	Completed	31/12/2025
Amendment (Local		241111 Risk, Audit and Insurance Officer recruited. Work program underway. 240927 -			
Government Review) Act 2021		Audit and risk officer appointed and begins on 21 October 24			
provisions (see Action ID		240814 Review of Audit Committee TOR will be conducted when the Risk< Audit and			
278100)		Insurance Officer is appointed 230811 - Final tranche of LG Reform regarding Audit			
		Committees and Internal Audit to come into effect on 30/11/23. Minor modifications to			
		the Audit Committee Terms of reference required.			
		27/01/2023 - The latest tranches of changes occurred with the November 2022 periodic			
		elections (specifically COI, BMF)			
		07/08/2022 - Provisions continue to be released in tranches and the required actions			
		and communications are undertaken at each date			
		09/11/2021 - Implementation and transition arrangements are being progressively			
		developed and commenced in tranches. First two tranches 20 September and 10			
		November 2021 implemented.			

## ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

ltem:	8.2
Responsible Officer:	Zoë Gill Executive Governance Officer Office of the Chief Executive
Subject:	Placement of Council's Insurance Portfolio 2025-2026
For:	Information

#### SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with an overview of Council's insurance portfolio for 2025-2026.

#### RECOMMENDATION

The Audit and Risk Committee resolves:

- 1. To receive and note the Placement of Council's Insurance Portfolio 2025-2026 Report (item 8.2, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note the insurance portfolio report from the Scheme will be provided at the August meeting (item 8.2, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

At the 14 April 2025 Audit and Risk Committee meeting, the Committee requested for the Placement of Insurance Portfolio report to be presented at the May Audit and Risk Committee meeting, bringing the report forward from its original placement of August on the annual work plan.

7.3 Action Report and Work Plan Update

Moved David Moffatt S/- Cr Melanie Selwood

The Audit and Risk Committee resolves:

ARC20/25

- 1. To receive and note the Action Report and Work Plan Update Report (item 7.3, 14 April 2025 Audit and Risk Committee meeting).
- 2. To note the 2025 Action Report, April 2025, in Appendix 1 (item 7.3, 14 April 2025 Audit and Risk Committee meeting).
- 3. To adopt the 2025 Work Plan and Reporting Schedule in Appendix 2 (item 7.3, 14 April 2025 Audit and Risk Committee meeting) with the following amendments:
  - a. ABP and LTFP be presented to the Audit and Risk Committee in May
  - b. Q2 and Q3 Quarterly performance report be presented to the Audit and Risk Committee in May
  - c. Placement of Councils Insurance Portfolio be presented to the Audit and Risk Committee in May

Carried Unanimously

Due to this request, Administration is presenting this report to provide general information on the scheme Council operates under, along with the key points of note from the renewal process so far.

A report will be provided at the August Audit and Risk Committee meeting which will include a copy of the LGRS 2025-26 General Insurances Renewal Report, with figures relating to gross contributions and for each of the mutual schemes Council receives special and/or performance (based on claims history of Council) distributions at the end of each year.

#### **General Information**

The SA Local Government mutual schemes were established approximately 30 years ago, initially out of necessity as councils found it increasingly difficult to secure adequate insurance at competitive rates for workers compensation, civil liability and asset protection.

Local Government Risk Services (LGRS) operates the following risk schemes which are utilised by SA councils (including Adelaide Hills) to manage their risk portfolios (these are discussed in more detail below):

- LGA Workers Compensation Scheme (LGAWCS)
- LGA Mutual Liability Scheme (LGAMLS)
- LGA Asset Mutual Fund (LGAAMF)
- LG Income Protection Fund (LGIPF)
- Brokerage of general insurance products from the commercial insurance market

#### **Mutual Schemes**

LGA Workers Compensation Scheme (LGAWCS)

LGAWCS provides Council with a fully integrated Claims, Return to Work and Work Health Safety service. It is registered as a self-insurer by SafeWork and is bound by the Performance Standards for Self-Insurers (PSSI). All South Australian Councils are Members of LGAWCS.

The Scheme is funded by a levy on Member remuneration and operates a rebate/penalty program to reward good performance.

#### LGA Mutual Liability Scheme (LGAMLS)

LGAMLS is an indemnity scheme established pursuant to Schedule 1, Pt 1 2 (1)(a) of the Act. Pursuant to S142 of the Act, every council in SA has a statutory duty to "insure" against the

financial impact of potential civil liability risks. Membership of the LGAMLS constitutes insurance for the purposes of this section. All South Australian councils are Members of LGAMLS. Unique in its structure, the cover provided through membership of the LGAMLS is unlimited with nil exclusions.

The Scheme covers public and products liability, professional indemnity, environmental landfill (pollution legal liability), Council Members & Officers and Employment Practices liability.

The Scheme is funded by the payment of an annual contribution which is calculated based on the Member's revenue base, adjusted to reflect the maturing risk profile, claims history and application of risk management principles.

#### LGA Asset Mutual Fund (LGAAMF)

The LGAAMF provides discretionary protection for Member's property assets, loss of revenue, motor vehicles, computers and electronic equipment, fidelity guarantee, machinery breakdown, and cyber security and data protection.

Cover for the Council's property and contents, under the LGAAMF, are required to be at replacement value of the assets in a condition and construction in an "as new state".

Damage to general civil infrastructure is not covered by the Fund, due to the significant value of the civil infrastructure network within Council's area, the increase in premium cost would significantly outweigh the likely cost of any claim and therefore is uneconomical to cover. This approach is standard practice within the Local Government sector.

However, since 2015 bridges have been listed on the Council's Asset Insurance Schedule as an assessment has been made that it would be appropriate given the risks involved including the susceptibility of washaways as a result of flooding.

#### LG Income Protection Fund (LGIPF)

The LGIPF offers discretionary indemnity and claims management services to Members for employees in respect of loss of income resulting from a non-work-related injury or illness. Council includes this insurance as part of its Enterprise Bargaining Agreements and individual Employment Agreements, which provides a benefit to employees for up to two years for accident or illness, injury dependant.

#### **General Insurances**

In addition to the cover purchased via the mutual schemes, Council also purchases additional cover, brokered by LGRS, from the commercial insurance market. These covers include:

#### Public and Products Liability

These policies provide coverage to Council on behalf of:

- Nominated uninsured contractors and volunteers of Home and Community Care (not taken up by Adelaide Hills Council)
- Uninsured *ad hoc* or occasional hirers Council owned or controlled facilities
- Advertising Liability
- Advisory and Working Groups
- Regular user groups (as declared) of Council owned or controlled facilities
- Death or Personal Injury and Loss or Damage to Property happening during the Period of Insurance and caused by an occurrence in connection with the hire of the Council facility.

#### Personal Accident

Personal Accident Insurance provides coverage for Death and Total or partial disablement for Insured Parties listed below:

- Insured persons are covered whilst engaged in any activity directly or indirectly connected with or on behalf of the Council including travel to and/or from any such activity.
- Council Members and their accompanying Partners/Spouses.
- Employees and their accompanying Partners/Spouses, (excluding claims where the employee is entitled to benefits under any Return to Work legislation)
- Volunteers whilst engaged in any voluntary work directly or indirectly connected with or on behalf of the Council including individual members of any Trust or Committee formed by Council.
- Persons whilst engaged in Work Experience placements in any Government Labour Market, Training or Job Creation Projects.
- Members of the Council's Assessment Panel, Audit Committee and CEO Performance Review Panel.

#### Journey Injury

Journey Injury Insurance provides coverage for Bodily Injury to Employees whilst engaged in a journey to and from their place of residence and place of work and between a place of training and place of work.

#### 2. ANALYSIS

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

Strategic Plan 20	024 – Your Place, Your Space
Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis and reporting.

Priority O2.3 Enhance governance structures and systems to be agile and support our legislative obligations.

#### Legal Implications

Section 126 of the *Local Government Act 1999* (the "Act") sets out the functions of an audit committee.

The Act sets out a number of requirements regarding insurance:

- Section 80 states that Council must take out insurance to cover Elected Members against risks associated with performing their duties.
- Section 142 requires Councils to take out and maintain insurance to cover its civil liabilities at least to the extent prescribed by the regulations.

#### Risk Management Implications

Insurance is a prudent strategy to mitigate risk associated with providing Council services and affords Council a level of resilience and confidence so that it can continue to operate through unforeseen circumstances and loss.

Entering into insurance contracts will assist in mitigating the risk of:

Under or uninsured liabilities/events/assets leading to financial and/or reputation damage

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (2C)	Low (2D)

#### Financial and Resource Implications

Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent high cost, low frequency loss.

The costs for insurance are considered as part of the Annual Business Plan and Budget process with any adjustments considered in the quarterly budget review processes.

#### > Customer Service and Community/Cultural Implications

The community would have a reasonable expectation that the Council has prudent insurance arrangements in place to finance risks associated with the loss, damage, theft and liabilities created by its assets, actions, employees and contractors.

#### 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 ApplicableCouncil Workshops:Not ApplicableAdvisory Groups:Not ApplicableExternal Agencies:Not Applicable

Community:

Not Applicable

#### Additional Analysis

In relation to the key movements between years a copy of the LGRS 2025-26 General Insurances Renewal Report will be provided at the August Audit and Risk Committee meeting, with figures relating to gross contributions and for each of the mutual schemes Council receives special and/or performance (based on claims history of Council) distributions at the end of each year.

The key points of note prior to receival of the insurance portfolio report however are as follows:

- Council has discontinued uninsured stallholder insurance due to Council asking stallholders and community groups to have their own insurance and not accepting an uninsured stallholder.
- Council is currently insuring 176 motor vehicle assets, which includes heavy and light plant and heavy and light vehicles.
- Council is insuring 874 property assets, which includes buildings, art & heritage, bridges, playgrounds, Community Waste Water and safety barriers.
- The Basic Excess will change for 2025/2026 for all vehicles from \$500 to \$1,000 or 1% of the Sum Insured, whichever is the greater. This is purely due to increased claims costs and ongoing 'At Fault' claims occurring.
- There are changes for Hired-In Vehicles for 2025/2026, which are:
  - Hired-in vehicle must be declared to LGAAMF
  - Hire Agreement to be in place & understood
  - **Pro-rata contribution to apply for hired-in period** (ie: <\$100.00 No Charge; >\$100.00 – Pro-rata contribution + GST; If Total Loss and/or a Section 2 Liability claim occurs, the full annual contribution will apply; If an extension of the hired-in period is required, an additional pro-rata contribution will apply)
  - New Excess applies (\$1,000 or 1% of Sum Insured, whichever is the greater)

#### 3. OPTIONS

The Committee has the following options:

- I. To note the status of Council's insurance portfolio for 2025-2026 as presented. (Recommended).
- II. To note the insurance portfolio report will be provided at the August Audit and Risk Committee meeting (Recommended).
- III. To recommend additions or changes to the insurance portfolio (Not Recommended).

#### 4. APPENDIX

Nil

## ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

ltem:	8.3
Responsible Officer:	Zoë Gill Executive Governance Officer Office of the Chief Executive
Subject:	Public Interest Disclosure Arrangements and Compliance
For:	Information

#### SUMMARY

The *Public Interest Disclosure Act 2018* (PID Act) commenced operation on 1 July 2019, replacing the *Whistleblowers Protection Act 1993*, and with Council subsequently adopting a *Public Interest Disclosure Policy* (Policy) at its 25 June 2019 Council Meeting.

The review of Council's Public Interest Disclosure arrangements is an important element of Council's commitment to open and transparent decision making which facilitates public accountability. Under the Audit and Risk Committee's workplan, Administration is required to report on the Council's public interest arrangements and compliance annually.

This report covers:

- The number of Public Interest Disclosures since the previous reporting period.
- The Council's Public Interest Disclosures compliance.
- A review of Council's current *Public Interest Disclosure Policy and Procedure*.

There has been no Public Interest Disclosures made to the Principal Officer, nor the Responsible Officers since the last report in May 2024.

Council is currently updating its Public Interest Disclosure compliance.

The *Public Interest Disclosure Policy* and *Procedure* are due for review. This is currently underway and will be brought to the Audit and Risk Committee at their August meeting.

#### RECOMMENDATION

The Audit and Risk Committee resolves that the report be received and noted (item 8.3, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

#### Public Interest Disclosure Act 2018

The PID Act is an Act to encourage and facilitate disclosures of certain information in the public interest by ensuring that proper procedures are in place for making and dealing with such disclosures and by providing protection for persons making such disclosures.

The PID Act provides that if a person makes an appropriate disclosure of public interest information the person is not subject to any liability as a result of that disclosure. The PID Act also protects the identity of the person making an appropriate disclosure and makes it an offence to victimise that person.

#### 2. ANALYSIS

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

Strategic Plan 2024	– Your Place, Your Space
Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance processes.
Priority O2.1	Demonstrate accountable and transparent decision making.
Priority O2.2	Support decision making through the use of timely data-driven analysis and reporting.
Priority O2.3	Enhance governance structures and systems to be agile and support our legislative obligations.

#### Legal Implications

The PID Act is an Act to encourage and facilitate disclosures of certain information in the public interest by ensuring that proper procedures are in place for making and dealing with such disclosures and by providing protection for persons making such disclosures.

#### Risk Management Implications

The maintenance of a robust governance regime is an important control in managing 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	Desired Risk
Extreme (5C)	Medium (3D)	Low (3E)

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

#### Financial and Resource Implications

There are minimal direct financial, or resource implications related to provisions of the PID Act. These are limited to the development of guidance and the provision of training in the provisions and obligations of the legislation.

As such, resource implications are accommodated within the Annual Business Plan process and additional resource implications may occur where disclosures lead to investigations and/or legal advice.

### > Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate processes in place to receive and manage public interest disclosures while providing the statutory protections to those who make appropriate disclosures.

### > Sustainability Implications

One element of the definition of public interest disclosures is information about substantial risks to public health or safety, or to the environment which is referred to in the PID Act as a disclosure of environmental and health information.

### > 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
External Agencies:	Not Applicable
Community:	Not Applicable

#### Additional Analysis

Section 12 of the PID Act sets out the duties of principal officers (i.e. CEO) which include the designation of responsible officers for the purposes of the PID Act, appropriate communication of the contact details of those responsible officers and the development of documentation setting out procedures for persons wanting to make disclosures and officers and employees dealing with such disclosures.

#### Public Interest Disclosures since the previous reporting period

There has been no Public Interest Disclosures made to the Principal Officer nor the Responsible Officers since the last report in May 2024.

#### Public Interest Disclosures compliance

Council is compliant with its obligations under the *Public Interest Disclosure Act 2018* in ensuring a principal officer and responsible officers are available.

The following are Council's principal officer and responsible officers:

• Greg Georgopoulos, CEO, Principal Officer

- Skye Ludzay, Governance Officer, Responsible Officer
- Zoe Gill, Executive Governance Officer, Responsible Officer

It is intended the following people will become responsible officers in the future:

• Donna Boal, Senior Human Resource Business Partner (training to be completed)

It is appropriate for Council to have four (4) responsible officers allocated the role to ensure adequate cover for flexibility, leave and diversity.

#### Council's current Public Interest Disclosure Policy and Procedure

The current Public Interest Disclosure Policy and Procedure is being reviewed and updated. A draft policy and procedure will be provided to the Audit and Risk Committee at their August 2025 meeting for review. Upon review it will be forwarded to Council for endorsement.

#### 3. OPTIONS

The Committee has the following options:

- I. To receive and note the report (Recommended).
- II. Not to receive and note the report (Not Recommended).
- III. Take an alternative course of action (Not Recommended)

#### 4. APPENDICES

Nil

#### ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

ltem:	8.4
Responsible Officer:	Gary Lewis Director Corporate Services
Subject:	Director Corporate Services Update
For:	Information

#### SUMMARY

There are a number of items which the Director Corporate Services would like to inform and update the Audit and Risk Committee (the Committee) on. These items are not significant enough to prepare a separate report to the Committee. They are therefore addressed collectively through this report.

Information and updates will be provided on the following:

- 1. Financial performance and debt for the month ended March 2025.
- 2. Projects
  - a. Procurement workflow
  - b. Accounts payable invoice tracking and approval workflow
  - c. Time and attendance tracking, payroll and Human Resource Information System
  - d. Management reporting
- 3. Other matters
  - a. Enterprise Bargaining Agreement (EBA) update
  - b. End of Financial year timetable

#### RECOMMENDATION

The Audit and Risk Committee resolves:

1. That the report encompassing the Director Corporate Services Update be received and noted (item 8.4, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

The Director Corporate Services would like to update the Committee on a number of key items and projects which do not form part of any report to be presented to the Committee.

It should be noted that as some of these items or projects mature the matter may return to the Committee in a standalone report.

#### 2. ANALYSIS

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

Strategic Plan 2024 – Your Place Your SpaceGoalOrganisationObjective 02Operate with integrity using best practice governance processes.Priority 02.3Enhance governance structures and systems to be agile and support our<br/>legislative obligations.

There is an ongoing need to ensure that Council operates in an efficient and effective manner. This includes reporting and updating the Committee on the business of Council.

#### Legal Implications

Not applicable.

#### Risk Management Implications

The report from the Director Corporate Services will assist in mitigating the risk of:

Failure to manage, improve and develop the financial resources available to Council.

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

Note: the mitigation of the above risk is contingent on a large number of controls. This report provides greater insight into the Council's operations and an opportunity for the Committee to provide suggestions and recommendations to the Administration where appropriate.

#### Financial and Resource Implications

Although the updates themselves do not have a cost implication, the projects and initiatives which are discussed may have cost implications for Council.

#### > 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:

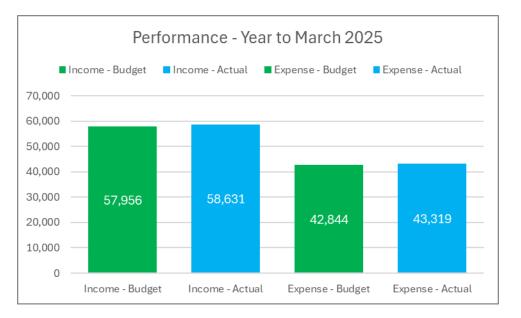
Council Committees:Not ApplicableCouncil Workshops:Not ApplicableAdvisory Groups:Not ApplicableExternal Agencies:Not ApplicableCommunity:Not Applicable

#### Additional Analysis

#### **Financial performance and Debt**

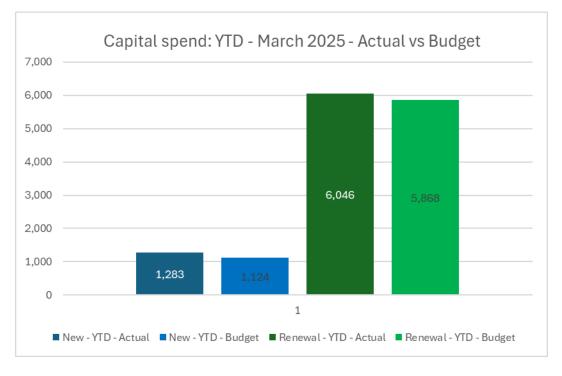
Although the financial performance of Council is presented to the Committee on a quarterly basis through the budget review process, it is appropriate outside of those instances to update the Committee on the matter.

Presented below is a summary of the financial performance to the end of March, the proposed full year budget (BR3 proposed outcome) and key balance sheet items.



The positive income variance to budget relates to a wide range of individually immaterial items across the various Directorates, with \$200k relating to each of the Corporate Services and Environment and Infrastructure Directorates.

Income and expenses YTD are closely aligned to the budget YTD. The full year operating result is aligned to the proposed Budget Review 3 outcome, which is the subject of another paper to the Committee.

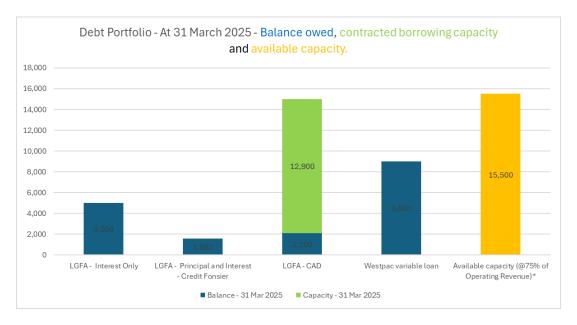




Discussions have been held with the Project Delivery team as part of the preparation of BR3 and whilst most of the projects are on track to be delivered and therefore materially meet the budget, there are certain projects which have encountered unexpected complications, resulting in delays. These are more fully documented in the BR3 report to the Committee.

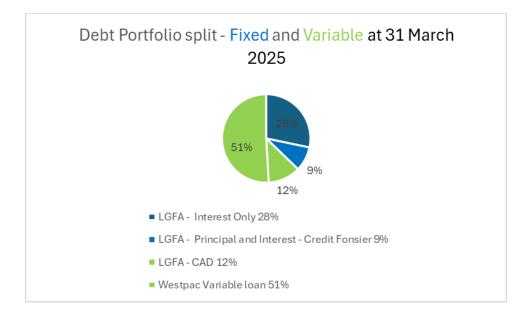
#### Debt and debt management

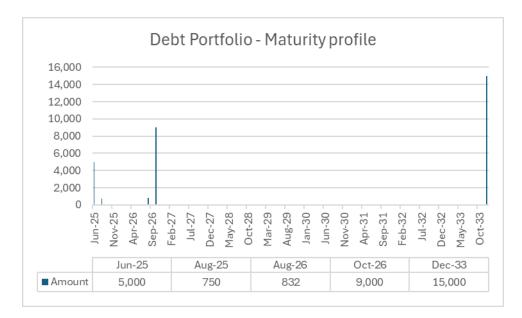
Presented below is a summary of the Council's debt position at the end of March, the split between fixed and variable interest and a debt maturity profile.



\* This is an estimate of availability capacity, based upon maintaining a NFL ratio of up to 75%, and on March actuals.

It is conservatively forecast that the LGFA CAD will be drawn to \$10 million at 30 June 2025.

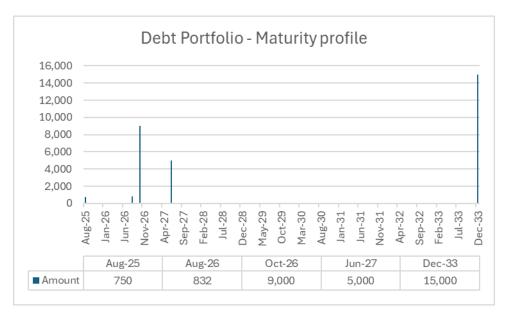


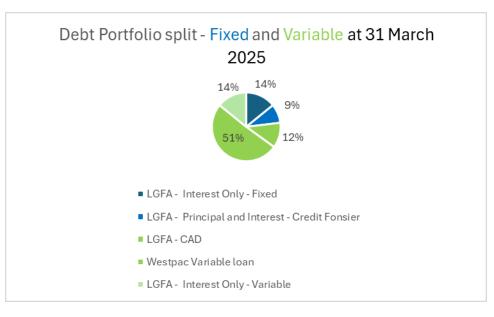


It should be noted that \$5m of this debt matures at 15 June 2025. Council has resolved that the Chief Executive Officer enter into new loans as required to fund the budget to a maximum value of \$7.1m for 2024-25. The Administration is currently engaging the LGFA regarding options for refinancing this with a split of \$2.5m fixed for 2 years, and \$2.5m variable for 2 years. This balances the Council's need for budget certainty, particularly with regards to interest costs, with potential upside should interest rates decrease.

#### Impact of refinancing

The graphs below illustrate the impact of the proposed refinancing on Councils debt maturity profile and fixed vs variable split.





#### Current Projects:

#### **Procurement workflow**

Following the updates to the Procurement policy, the team are working through embedding these updates within the organisation. This includes early-stage investigations and designs of a procurement workflow which will have multiple benefits, including improved compliance with the Policy, tracking of progress, reporting and significantly improved document management. A draft workflow has been developed and is currently being refined. This has identified the known (but previously not well articulated) complexity within the process and measures are being considered to simplify the process.

#### Accounts payable (AP) invoice tracking and approval workflow

The team continue to advance the design of an AP invoice tracking and approval workflow.

Currently, all invoices are received either by the AP team directly, or by the wider business and then emailed to AP. AP then send the invoice to the business for approval via email from a shared mailbox, requesting approval and PO number or coding. This sending and receiving of emails is the tracking means used.

It is proposed that a system-based workflow is created. This will allow for better tracking, automated follow up, improved ease of document storage and retention and ultimately a more efficient process. It will also provide a rich data source for the creation of an improved and more robust accrual process.

In terms of timing, it is expected that this will be completed by the end of the financial year.

#### Time and attendance tracking, payroll and Human Resource Information System (HRIS).

The team continues to pursue options to improve the time capturing process and the subsequent payroll processing, with a particular focus on ensuring the accurate payment of staff and the accurate capitalisation of salaries.

Currently timesheets are printed out and manually captured into the payroll system. The focus of any change will be on improving this process however there are significant challenges.

The People and Culture team are currently implementing an HRIS solution. This solution also has time and attendance, and payroll capability which would integrate within the HRIS. Initial discovery meetings have been undertaken with the vendor to better understand capability and costs.

In terms of timing, there a clear path forward has not been established yet.

#### **Management reporting**

Consultation is on-going with various staff at various levels of the organisation to understands user needs with regards to financial performance reporting.

Simultaneously, the team are exploring reporting options and tools to allow for better reporting.

Finally, an exercise is being undertaken to ensure that the underlying financial data is more fulsome.

#### Other matters:

#### **Enterprise Bargaining (EB) negotiations**

The EB negotiations are ongoing, with productive discussions focused on aligning operational requirements with employee priorities. For the office agreement terms are being finalised, and further updates will be provided as negotiations progress. The outside works agreement is at an earlier stage in negotiations. Workshops for relevant staff will be scheduled once the final agreement has been finalised.

A presentation to the elected members was conducted on Monday 5 May 2025.

#### End of Financial Year (EOFY) timetable

Set out below is the financial year-end timetable.

Date	Item	Responsibility
19 May 2025	Commencement: Onsite interim audit	External Auditors
18 August 2025	Interim management letter	Audit Committee
	EOFY update and carry forwards	
26 August 2025	EOFY update and carry forwards	Council
8 September 2025	Commencement: Onsite final audit	External Auditors
20 October 2025	2024-25 Financial Statements & report	Audit Committee
	External audit attendance	External Auditors
	Review of Auditor Independence	
28 October 2025	2024-25 Financial Statements & report	Council
25 November 2025	2024-25 Annual report for adoption	Council

#### 3. OPTIONS

The Committee is limited to receiving and noting this paper.

#### 4. APPENDICES

Nil.

#### ADELAIDE HILLS COUNCIL AUDIT COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

ltem:	8.5
Responsible Officer:	Gary Lewis Director Corporate Services
Subject:	Corporate Services Quarterly Council Performance Report – Q3 2024-25
For:	Decision

#### 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. The Quarterly Council Performance Report is just one of these elements.

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 and have continued to be incorporated into the Annual Business Plan 2024-25.

The Quarterly Council Performance Report for Q3 (*Appendix 1*) covers the period 1 January to 31 March 2025, 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 *Annual Business Plan 2023-24* 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:

1. That the report on the Quarterly Council Performance Report – Q3 2024-25 be received and noted (item 8.5, 19 May 2025, Audit and Risk Committee meeting).

#### 1. 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 then new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020. These indicators have continued to be used in the Annual Business Plan 2024-25.

#### 2. ANALYSIS

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

Strategic Plan 2020-24 – A brighter future

GoalA progressive OrganisationObjective O5We are accountable, informed, and make decisions in the best interests<br/>of the whole communityPriority O5.3Demonstrate accountability through robust corporate planning and<br/>reporting that enhances performance, is relevant and easily accessible<br/>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 (3E)	Low (3E)

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

Quarterly Council Performance Reporting assists in showing the financial and resource performance to plan as per the targets, initiatives and activities outlined in the Annual Business Plan 2024-25.

#### > 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 applicableCouncil Workshops:Not applicableAdvisory Groups:Not applicableExternal Agencies:Not applicableCommunity:Not applicable

#### Additional Analysis

The Quarterly Council Performance Report format is aligned to the related financial year's Annual Business Plan (ABP). While still aligned to the *Strategic Plan 2020-24 – A brighter future,* the 2024-25 ABP format was changed so that the plan was no longer split into the goals. As such, the quarterly report format has been adjusted to remove the visual alignment to the strategic goals and instead has been split into the categories:

- Annual Business Plan strategic initiatives
- Quarterly performance updates, and
- Performance indicators

#### Adelaide Hills Council Major Project reporting

The Major project reporting refers to those 3-5 projects which Council decides are the most interesting to them and the community for reporting on during the financial year.

In Quarter 3, the topics that have been reported on are either those major projects from 2023-24 which are continuing or are finalising, and some suggested new projects identified in the 2024-25 Annual Business Plan. Council will have opportunity to choose the topics that they wish to continue in the quarterly reporting.

#### Customer service standards

With the implementation of Salesforce and the new CRM in July 2024, many of the current customer service standards are no longer able to be easily measured. As such, the customer service standards have been temporarily removed from the report and replaced with some of the customer service statistics (in the "performance indicators" section).

The customer service standards will return to the quarterly reporting later in the financial year after Council has had an opportunity to review and refresh them.

#### 3. OPTIONS

N/A

#### 4. APPENDICES

(1) Quarterly Council Performance Report – Q3 2024-25

## Appendix 1

Quarterly Council Performance Report – Q3 2024-25

## Quarterly Council Performance Report

Quarter 3 – 1 January to 31 March 2025



## **Executive Summary**

#### Highlights

- The Resilient Hills and Coasts, of which Adelaide Hills Council is a partner, renewed their commitment to a cross-sector partnership to build climate resilience in the region. Regional Sector Heads Agreement was signed at a formal ceremony on 21 February at Laratinga Pavilion, Mt Barker.
- The draft Towards Zero Emissions A Carbon Management Plan for the Adelaide Hills has was prepared for adoption by Council in April.
- Adelaide Hills Council won a \$1,978,690 Federal Urban Rivers and Catchments Grant to improve the ecological condition of a 6km section of the Cox Creek under the Cox Creek Bridgewater Restoration Project over 4 years.
- The new CRM system is undergoing continuous enhancements and updates, with a primary focus on optimising customer portal access and seamlessly migrating customer forms to enhance the overall user experience. Additionally, customer surveys have now been successfully integrated into the system.
- A Fire Prevention Officer was recruited to make fire prevention a year-round obligation and to increase education for residents.

#### **Risks and Challenges**

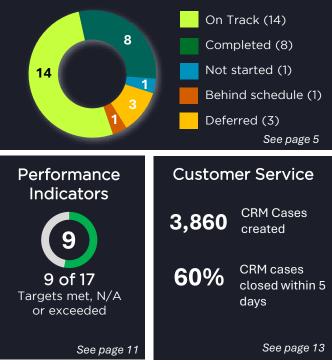
- Major operating projects including Amy Gillett and CRM Advanced Build are in full swing with expected delivery dates in the last quarter.
- Experience indicates that capital program expense is heavily weighted towards the fourth quarter. With 36% occurring in the first three quarters this year appears to be consistent. However, this always leave a risk of unexpected projects requiring budget to be carried forward into the following year.

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Performance Indicators	10
Other Performance Metrics	13
Capital Works Performance	14
Quarterly Financial Performance	15

#### Performance Dashboard

#### Annual Business Plan Strategic Initiatives



#### **Capital** Performance

\$7.4m

of infrastructure delivered

The capital works program is on track with early budget spend in sync with expected delivery for this period. Quarter 3 works involve most of the tendering for the financial year allowing for construction through the remaining quarters.

See page 14

## Adelaide Hills Council Major Projects

#### Stage 4 of Amy Gillett Bikeway

Stage 4 will extend the Amy Gillett Bikeway by 6 km from its current end point in Mount Torrens at Oval Road, to the intersection with Onkaparinga Valley Road in Birdwood.

#### Latest News

- Pavement construction has reached 90% and path seal is at 75%, with 4.3 km's of asphalt path completed.
- Bridge remediation works on the Burfords Hill Bridge is almost complete and offsite construction of the new tree top bridge will soon commence. Construction of the light vehicle bridges over Angus and Williams Creeks is underway at 25% completion.

#### **Towards Community Led Emergency Resilience Program (TCLERP)**

Following on from the Community Resilience and Readiness pilot, the program has evolved to focus on community led emergency preparedness. The name of the program also changed to be Toward Community Led Emergency Resilience Program (TCLERP).

The program has several areas of focus including:

- Community Engagement
- Psychological and emotional emergency preparedness community education
- Recovery ready halls project emergency preparedness for select community facilities
- Vegetation management project ensuring practices are based on best fire science and within shared land owners existing capacity

#### Latest News

- As the Towards Community Led Emergency Resilience Project nears completion, the focus has been on the Community Support Hub and Workforce Safety in Emergencies (WSIE) projects, with BRM consultants' support.
- A community reference group and steering group with representatives from CFS, Red Cross, LGA, SAFECOM, DPC, and AHC staff have guided the development of community resources. Mar 25
- Stage 2 of the WSIE project included a survey and workshop to review Fire Danger Days procedures, with improvements being implemented.
- An EOI process for the Community Bushfire Reference Group was developed, and the Adelaide Hills Community Action Bushfire Network provided input and nominated members.



Continue to support the



Mar 25

## Adelaide Hills Council Major Projects

#### **CRM** project implementation

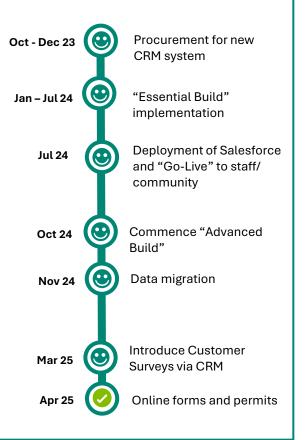
The CRM Renewal project comprises of 2 stages, Essential Build and Advanced Build and is aimed at Improving the customer experience through easier online services and improved communication and response times.

#### Latest News

The new CRM system is undergoing continuous enhancements and updates, with a primary focus on optimising customer portal access and seamlessly migrating customer forms to enhance the overall user experience.

Customer surveys have now been successfully integrated into the system.

Additional improvements from the Essential Build are ongoing, i.e. staff training, customer notification enhancements integration upgrades.



#### Installing a Splash Park at the Adelaide **Hills War Memorial Swimming Centre**

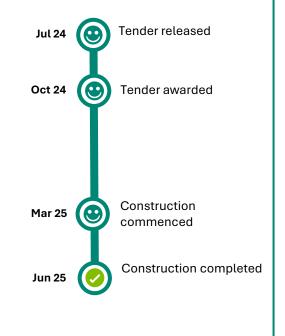
A Splash Park will be constructed at the Adelaide Hills War Memorial Swimming Centre in Woodside. This new play space provides an alternative for toddlers and children who are still learning to swim and is designed to enhance recreational facilities for local families.

The 205sqm splash pad will feature a range of engaging elements, including a dumper bucket, water cannons, spray mushrooms, and random ground sprays all designed to create a safe and enjoyable environment for children.

#### Latest News

Water Features By Design and their associated subcontractors have commenced Splash Park construction works. The pool site is now closed to the public. It is anticipated that construction will be complete within the expected timeframe.

The Splash Park will open when the pool re-opens to the community later in the year.



Legend: 🕗 = On Track 🧲 = Behind Schedule 😢 = Completed 🧲 = Not Started

## Annual Business Plan Strategic Initiatives

Project ID	<b>Operating initiatives</b>	Objective and/or Priority*	Status
B1008	Amy Gillet Bikeway net contribution (Grant funding of \$5.2 million)	B1.1	<b></b>
B2008	Local Heritage (Privately Owned) Planning and Design Code Amendment	B2.4	C
B2010	Adelaide Hills Subzone Code Amendment	B2.3	$\bigcirc$
B3014	Review of carbon management plan	B3.1	
B4043	Hamilton Hill - Dunfield Estate & Crest Maintenance	B4	
C4012	Continue to adapt to climate change with an all hazards emergency management approach to support the community and the emergency services	C4	<b>I</b>
C4022	Towards Community Led Resilience Program (Fully grant funded)	C4.5	•
C4025	Continue Towards Community Led Resilience Work	C4.5	•
C4042	Implement activities from Our Watch's "Prevention Toolkit for Local Government"	C4	0
C6006	Tour Down Under	C6	•
E1004	Stirling main street support	E1.5	•
E4001	Additional Tree safety work required to support the Tour Down Under	E4	•
N1006	Best practice procedure for maintenance of AHC riparian zones	N1	
N1007	Implementation of the Tree Strategy	N1.1	
N4002	Kerbside bin system collection frequency change and rural FOGO trial	N4	<b></b>
04005	Representation Review	04	
05007	Customer Relationship Management (CRM) renewal	05	
06008	Digital Transformation Program	06	
Le	gend: 📀 = On Track 🔵 = Not Started 🛟 = Deferred 🤤 = Behind S	Schedule	= Completed

## Annual Business Plan Strategic Initiatives

Project ID	<b>Capital initiatives</b>	Objective and/or Priority*	Status
B1004	New and upgraded footpaths	B1	٢
B3005	Carbon Management Plan - Energy Upgrades, Battery & Efficiency Actions	B3	•
B4009	Norton Summit land purchase	B4	
B4014	Road Safety Program including co-contribution to Road Blackspot (Grant Funded)	B4	
B4045	Stormwater projects	B4	
B4053	Automated External Defibrillator Project	B4	<b>⊘</b>
B4054	Road safety at Heathfield	B4	•
C1006	Splash park at the Adelaide Hills War Memorial Swimming Centre (\$600k Grant funded)	C1.1	
C4006	Play Space Framework Implementation - Uraidla play space upgrade	C4	⊖
Lege	and: 🔗 = On Track 🛑 = Not Started 🕞 = Deferred 😑 = Behind S	Schedule	= Completed

## Quarterly Performance Updates

#### Annual Business Plan Strategic Initiatives

#### **Amy Gillet Bikeway**

- Pavement construction has reached 90% and path seal is at 75% with 4.3km of asphalt path completed. Both elements are ahead of schedule
- Bridge remediation works on the Burfords Hill Bridge is almost complete and offsite construction of the new tree top bridge is about to start.
- Construction of the light vehicle bridges over Angus and Williams Creek is underway at 25% completion.

#### Local Heritage (Privately Owned) Planning and Design Code Amendment

Preliminary investigations and engagement with property owners will commence in 2025-26 after finalising structure and resourcing of strategic policy planning.

#### Adelaide Hills Subzone Code Amendment

Progress on the Code Amendment has been paused while preliminary consultation on a Housing Strategy is undertaken with Council members.

#### **Review of Carbon Management Plan**

The draft Towards Zero Emissions - A Carbon Management Plan for the Adelaide Hills finalised pending adoption by Council on 8 April 2025.

#### Implement activities from Our Watch's "Prevention Toolkit for Local Government"

While much of the Our Watch Toolkit Implementation Plan has been actioned, and planning is in progress on the second 16 days of activism campaign, there are some strategies that are behind schedule due to conflicting priorities. These include the finalisation of the new workplace policy, review of the gender equity audit, and the subsequent development of the gender equity plan.

#### Stirling Main Street support

Funded partnership with the Stirling Business Association (SBA) finalised in September 2024. The SBA developed and implemented a targeted marketing campaign to increase customer visitation to Stirling, with a focus on activations and promotion via digital marketing and social media. A range of practical initiatives were undertaken by the SBA during the Festive Season and the Summer months.

#### Additional Tree safety work required to support the Tour Down Under (TDU)

- Council engaged an external Arboriculture Consultant to undertake comprehensive tree condition assessments of all trees adjacent to the TDU route. Report recommendations provided to TDU event coordinators.
- Council has completed all identified tree work over both AHC and DIT managed roadways and has received a 50% financial contribution for the management of trees over DIT roadways.

#### Implementation of the Tree Strategy

Administration have revised the Draft Tree Strategy based upon feedback from Elected Members. Administration is exploring options to redirect existing resources to partially fund critical elements of the draft Tree Strategy

#### Customer Relationship Management (CRM) renewal

- Advanced Build Scoping is complete, including; Live chat function, My Local Gov portal with chronological case display, events integration with Humanitix, approx. 50 online forms and permits, display of programmed works (e.g. street sweeping).
- Additional improvements from the Essential Build are ongoing, i.e. staff training, customer notification enhancements integration upgrades.

#### **Digital Transformation Program**

The Asset Management System has been successfully migrated to Microsoft's Cloud based 365.

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

Council was successful in receiving Blackspot Funding for Fox Creek Road and Basket Range Road and is finalising detailed design and tender documents. Fox Creek Road construction commenced late March 2025.

#### Play Space Framework Implementation -Uraidla play space upgrade

Community engagement in Uraidla has been completed. Staff are finalising the concept plans with the Landscape Architect based on feedback to be included in the tender process. It is proposed that this is carried forward to the 2025-26 Budget.

Legend: 💋 = On Track

= Not Started 🔁 = Deferred 🧧 = Behind Schedule 😲 = Completed



## **Quarterly Performance Updates**

#### Other highlights

#### Fabrik Arts & Heritage

- Fabrik participated in the Adelaide Fringe with the "Hooked" exhibition by textile artists Kristin Phillips and Liane Gould and the "Calm" exhibition that showed crocheted mandalas contributed by 90 community members. The exhibitions received 1,800 visitors, the highest visitation yet.
- Artist studios occupancy has remained at 90%, with many artists arranging longer term and repeat bookings.

#### Arts, Culture and Reconciliation

- Dog Eared Readings event with author Hannah Kent held at Fabrik and was a great success with a full attendance and lots of positive feedback.
- Elevate + Create mural was installed at Balhannah Oval
- Planning is underway for the First Nations Creative Business event, which has been postponed to 5 June 2025.
- The launch of Council's adopted Innovate Reconciliation Action Plan is planned during National Reconciliation Week.

#### Volunteering

- Council has a total of 159 registered volunteers who have contributed 2978 hours to various programs.
- During Q3, Council received 18 volunteering enquiries and onboarded 8 new volunteers, 6 at Fabrik Arts + Heritage and 2 at the Torrens Valley Community Centre.
- Preparations are underway for the annual Volunteer Movie event for National Volunteer Week in May.

#### **Grants & Partnerships**

- The Grants Program focused on consolidating consultation outcomes and developing review reports.
- Preparations are underway for the 2025 grants round, scheduled for September, with community information sessions planned for July to support applicants.

#### Libraries

 The Mobile Library Van was successfully activated at 3 Adelaide Hills Council events during the TDU, attracting nearly 300 visitors. An additional 170 visitors engaged with the Mobile Library as part of the Discover Play Pathway.

- The Penguin Noir author event, hosted by Matilda's Bookshop at Stirling Coventry Library, featured 4 mystery authors and was a resounding success, drawing an audience of 160 attendees.
- Writer's Week was an exceptional event, with live-streamed author talks in our libraries attracting over 400 visitors across 4 days.

#### **Positive Ageing**

 The Hills Home Support / Positive Ageing program continued to deliver consistent and impactful support to eligible community members. Quarter 3 saw the provision of over 1700 hours of in-home assistance, more that 4100 hours of social support through group activities, exercise programs, and community outings, and more that 570 transport trips. Home modifications valued at \$7300 were carried out to support clients' safe transitions from hospital to home.

#### **Community Centres**

- Creative arts continue to offer opportunities to learn a new skill, connection and wellbeing. All classes were sold out for The Summit term 1 program.
- The parenting information session for dads at The Summit was well attended. It provided an opportunity for dads to share their parenting experiences and listen to a keynote speaker. Positive feedback was received, and future sessions will be considered once a term based on demand and feedback.
- The new Community Centre Operations Officer commenced at Torrens Valley Community Centre and will lead volunteer management at the Centre.
- Community programs at Torrens Valley Community Centre are being well attended and some additional exercise sessions are being added to meet demand.

### Quarterly Performance Updates Other highlights

#### Sustainability

- The draft Towards Zero Emissions A Carbon Management Plan for the Adelaide Hills was completed and the review undertaken. The Plan will be presented to Council for adoption on 8 April 2025.
- The Regional Sector Agreement for the Resilient Hills and Coasts Partnership was signed at an event held at Laratinga Pavillion in Mt Barker on 21 February and was attended by the Deputy Premier.
- A feasibility study has commenced regarding installation of solar PV panels on the roof of the new Fabrik Arts + Heritage building.

#### **Open Space Biodiversity**

- Public consultation for the draft *Native Vegetation Protection and Conservation Policy* occurred during this period following Council endorsement in December 2024.
- The draft *Roadside Vegetation Management Plan* operational document, which was endorsed by Council 24 September 2024, has been submitted to the Native Vegetation Assessment Panel (DEW) for departmental endorsement.
- Three significant grants were secured during the quarter: a \$20,000 Grassroots Grant for improving habitat quality at Mylor Parklands for Osborne's Eyebright, a \$21,780 Heritage Agreement Grant for enhancing the ecological condition of Lobethal Bushland Park (HA88) and Woorabinda Bushland Reserves (HA1595), and a \$1,978,690 Federal Urban Rivers and Catchments Grant for a 4-year project to restore a 6km section of Cox Creek in Bridgewater.

#### **Fire Prevention**

 A new Fire Prevention Officer was recruited to make fire prevention a yearround obligation and to increase education for residents.

#### Property

 Implementation of the Community and Recreation Framework Project continued with additional sporting clubs signing new leases for their sites.

#### Cemeteries

 New entry and way-finding signage was rolled out across all cemeteries in the district.  The Cemeteries and Crematoria Association held its annual forum at which the Adelaide Hills Council Cemeteries Officer presented about the establishment of Martunga Natural Burial Ground at Kersbrook.

#### Planning & Development

 Applications lodged during the quarter include 16 new dwellings, 9 ancillary accommodation units, and 3 applications for tourist accommodation.

#### **Environmental Health**

- 80 food premises inspections were undertaken, which include 52 routine inspections, 16 follow up inspections and 6 pre-opening advise inspection.
- 43 new wastewater applications were received of which 26 have been approved. 94 wastewater inspections have been undertaken in relation to both new and existing wastewater applications.
- 32 health related complaints were responded to.

#### Parking and By-Laws

 Regular parking patrols have been undertaken around School areas, private parking areas and on-street parking. During Quarter 3, 258 parking expiations and 1 By-law expiation were issued.

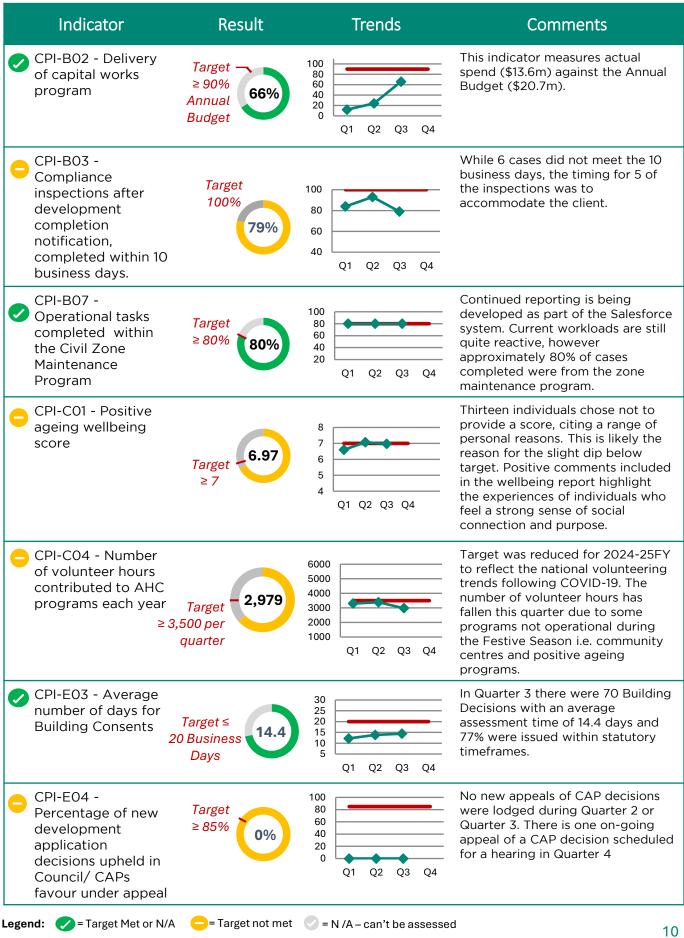
#### Information services

 The Desktop PC Fleet renewal is now complete, and the Chamber AV Technology renewal tender is released. The Digital Transformation program continues with M365 SharePoint, Confirm to Cloud, and ERP projects. Information Management has commenced the developments of a data governance framework

#### Communications, Engagement & Events

- The Tour Down Under was successfully delivered in Stirling, Gumeracha, and Uraidla in January.
- The Discover Play Pathway event along the Amy Gillet Bikeway on March 2nd was well received and well attended.
- The new Touch a Tuck event at Mt Torrens drew good crowds and showcased Council's outdoor teams.

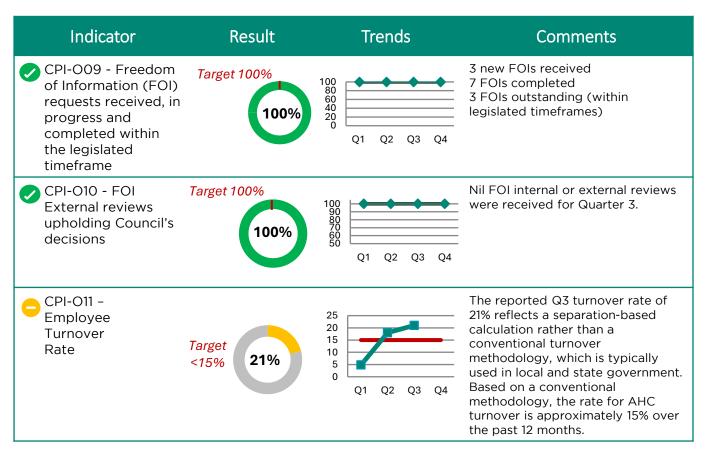
## Performance Indicators

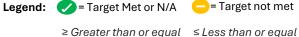


## Performance Indicators

Indicator	Result	Trends	Comments
CPI-E05 - Percentage of Planning Consents completed within statutory timeframes	Target ≥ 85% 89.8%	100 90 80 70 60 Q1 Q2 Q3 Q4	In Quarter 3 there were 158 Planning Consents granted of which 89.87% were issued within the statutory timeframes.
CPI-N03 - Percent of nuisance and litter queries resolved	Target ≥ 90% 90%	100 90 80 70 60 50 Q1 Q2 Q3 Q4	Requests outstanding at the end of Quarter 3 included 16 nuisance complaints across the areas of Regulatory Services, Health, Quick Response, and Development.
CPI-N05 - Tonnes of green organics collected on Green organic days	Target ≥ 150 per quarter <b>452</b>	550 450 350 250 150 50 Q1 Q2 Q3 Q4	3274 vehicles visited the 3 sites on 7 dates during the quarter.
CPI-N07 - Number of community education actions delivered	Annual Target ≥ 6	30 25 20 15 10 5 0 Q1 Q2 Q3 Q4	This quarter, one public education session was held by AHRWMA, 2 East Waste stalls were stationed at events, and 6 educational Facebook posts were uploaded. The annual target has been exceeded during quarters 1-3.
CPI-O01 - Lost Time Injury Frequency Rate	Annual Target 0	15 10 5 0 Q1 Q2 Q3 Q4	4 injuries were recorded in quarters 1 and 2, with 0 recorded in Q3.
CPI-O07 - Decisions (Council resolutions) considered in open Ordinary & Special Council meetings during the reporting period	Target ≥ 90% 87.1%	100 90 80 70 60 Q1 Q2 Q3 Q4	Legal and confidential matters raised in previous quarters have continued to have some effect on this target.
CPI-O08 - Council member attendance at Ordinary & Special meetings	Target ≥ 90% 72.3%	$ \begin{array}{c} 100\\ 90\\ 80\\ 70\\ 60\\ \hline Q1 Q2 Q3 Q4\\ \end{array} $	This quarter there were 8 apologies and 10 leave of absences for Ordinary Council meetings.

## Performance Indicators





😑 = Target not met 🛛 🖉 = N /A – can't be assessed

## Other performance metrics

Expiation Statistics	Volume
Parking	258
Animals	52
By-law	1
Local Nuisance	6
Fire Prevention	1
Public Health	6
Development & Building	4

# Volume of CRM cases created by source

#### CRM Cases closed by Category

	Volume of					
Category	cases completed	1 day or less	2-5 days	6-10 days	11-20 days	over 20 days
Animals	364	48%	25%	11%	7%	9%
Buildings and Facilities	122	22%	30%	12%	12%	24%
Community Development	14	7%	50%	0%	14%	29%
Development	90	27%	17%	11%	29%	17%
Economic Development	1	100%	0%	0%	0%	0%
Environment	10	10%	20%	30%	10%	30%
Events & Tourism	113	16%	11%	15%	19%	40%
Feedback	51	10%	16%	2%	0%	73%
Fences	1	0%	0%	100%	0%	0%
Financial Services	44	57%	11%	18%	7%	7%
Fire	83	66%	22%	4%	2%	6%
General Enquiry	15	27%	33%	20%	13%	7%
Graffiti	36	6%	6%	11%	6%	72%
Grass & Vegetation	30	17%	17%	3%	10%	53%
Information Management	18	0%	44%	11%	0%	44%
Library	193	30%	30%	15%	17%	9%
Nuisance	220	28%	25%	23%	16%	7%
Parking	66	9%	17%	8%	17%	50%
Parks, Gardens & Ovals	35	34%	26%	9%	9%	23%
Public Health	17	24%	29%	12%	18%	18%
Rates	364	63%	20%	7%	7%	2%
Roads and Footpaths	297	19%	20%	13%	8%	41%
Signs	47	21%	23%	15%	6%	34%
Sport and Rec	11	9%	27%	9%	18%	36%
Trees	330	34%	17%	9%	10%	30%
Update Details	237	66%	25%	6%	3%	0%
Waste & Recycling	126	56%	21%	9%	12%	3%
	2935	38%	22%	11%	<b>10</b> %	19%

## Capital Works Program

The capital works program is on track with early budget spend in sync with expected delivery for this period. Quarter 3 works involve most of the tendering for the financial year allowing for construction through the remaining quarters.

#### Highlights

- Footpath renewal program currently 90% complete
- Road patching in prep for seal 100% complete
- Resealing program currently 75% complete
- Resheeting program 100% complete
- Bridges 75% complete
- Amy Gillet Bikeway Asphalt Complete, Bridges under construction
- Fabrik 95% Complete
- Changing Places at Fabrik Complete
- Unsealed Road Program Complete
- Heathfield Oval Carpark Complete

#### What's Next

- Uraidla Hall, Lobethal Senior Citizens, Bridgewater Institute Renewals
- Montacute Road bridge finalisation
- AHTBC carpark and driveway

#### **Financial Performance by Asset Category (preliminary numbers)**

Asset Category	YTD Actuals \$'000	Annual Revised Budget \$'000	% Spent to Annual Budget \$'000s
Bridges	161	1,005	16.0%
Buildings	693	1,724	40.2%
Cemeteries	25	65	38.3%
CWMS	134	241	55.7%
Fleet	1,697	3,239	52.4%
Footpaths	420	897	46.9%
ICT	239	1,306	18.3%
Kerbing	24	100	24.2%
LRCIP	466	1,971	23.6%
Other: Retaining Walls, St Furniture, Traffic Mgt	92	424	21.6%
Plant & Equipment	18	40	45.6%
Roads	3,094	6,950	44.5%
Sport & Recreation	344	350	98.2%
Stormwater	38	820	4.7%
	7,454	20,648	36.1%

## **Financial Performance**

#### **Overall Funding Statement as at 31 March 2025**

Note: These figures are preliminary only. The fully reconciled figures will be presented to Council as part of the Budget Review report.

	YTD Actual	YTD Budget	YTD Variance	Annual Revised Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	58,631	57,956	675	61,485
Total Operating Expenditure	43,319	42,844	(477)	64,507
Operating Surplus / (Deficit) before Capital	15,311	15,112	9 199	(3,022)
Capital Expenditure	7,454	6,991	(462)	20,648
Capital Income	2,290	2,042	248	3,876
Net expenditure - Capital projects	5,164	4,949	(214)	16,772
Net Lending / (Borrowing) Result for Year	16,588	16,604	<b>(</b> 15)	(6,355)

Adelaide Hills Council Operating Summary By Directorate as at March 2025				
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Annual Revised Budget \$'000s
Income				
CEO	19	19	•	37
Community & Development	3,085	2,897	188	4,177
Corporate Services	50,894	50,660	234	50,874
Environment & Infrastructure	4,633	4,380	253	6,398
Income Total	58,631	57,956	675	61,485
Expenditure				
CEO	2,662	2,487	(175)	3,227
Community & Development	8,680	8,443	(237)	12,970
Corporate Services	7,845	7,881	36	11,239
Environment & Infrastructure	24,132	24,033	(99)	37,072
Expenditure Total	43,319	42,844	(476)	64,507
Operating Surplus / (Deficit)	15,312	15,112	199	(3,022)

#### More Information:



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#### ADELAIDE HILLS COUNCIL AUDIT and RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

Item:	8.6
Responsible Officer:	Gary Lewis Director Corporate Services
Subject:	End of Financial Year Reporting Timetable 2024-25
For:	Information

#### SUMMARY

At the meeting on 14 April 2025, the Audit and Risk Committee received the 2024-25 External Audit Plan from the external auditors BDO which sets out their scope and responsibilities for the 2024-25 audit. The Audit and Risk Committee endorsed the 2024-25 External Audit Plan and was approved by Council at the meeting on 22 April 2025.

In support of this Plan a draft timetable has been prepared to guide the end of year reporting process included as *Appendix 1*.

In consultation with BDO, the date of the final external audit visit has been proposed for 8 September 2025 to 12 September 2025. This will enable the Administration to table the Annual General Purpose Financial Statements and associated documentation at the Audit and Risk Committee meeting on 20 October 2025.

#### RECOMMENDATION

The Audit and Risk Committee resolves to receive and note the End of Financial Year Reporting Timetable 2024-25 report (item 8.6, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

Council's preparation of the Annual General Purpose Financial Statements is affected by, but not limited to:

- external audit timelines
- resourcing, both internal and external
- validation of infrastructure assets
- BDO's External Audit Plan, which was approved by Council on 22 April 2025, communicates the approach to be taken by the auditors and their understanding of the scope of the work required to express an opinion on Council's Financial Statements and Internal Controls environment.

#### 2. ANALYSIS

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

Strategic Plan 2024 – Your Place, Your Space

Goal 4	Organisation
Objective O2	Operate with integrity using best practice governance structures
Priority O2.3	Enhance governance structures and systems to be agile and support our
	legislative obligations.

#### Legal Implications

Council is required to prepare audited annual Financial Statements in accordance with the *Local Government Act 1999*, (the "Act") and the *Local Government (Financial Management) Regulations 2011* (the "Regulations").

Section 127 (1) of the Act requires the preparation of the financial statements and notes as well as other statements or documentation in accordance with standards and principles prescribed by the regulations and include information required by the Regulations.

Section 127 (2) of the Act requires that the material required under subsection (1) must be prepared as soon as is reasonably practicable after the end of the relevant financial year and in any event before the prescribed day.

Regulation 15 of the Regulations states that the prescribed day for Section 127 (2) is the second Friday in September in the financial year immediately following the end of the relevant financial year.

Section 127 (4) of the Act requires that a copy of the audited statements must be submitted by the council to the persons or bodies prescribed by the regulations on or before the day prescribed by the regulations.

Regulation 16 of the Regulations requires that in accordance with section 127(4) of the Act, council must, on or before 30 November in each year, submit a copy of the audited financial statements of the council for the immediately preceding financial year to the presiding member of the South Australian Local Government Grants Commission.

#### > Risk Management Implications

Completing the year end reporting and audit processes within the legislative timeframes 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)	Medium (3D)	Medium (3C)

Failure to complete the year end reporting process within the timetable can result in increased financial, compliance and reputational risk.

#### Financial and Resource Implications

The end of year financial reporting process ensures the timely production of Council's General Purpose Financial Statements. These are required for the Annual Report and could impact on Council's ability to secure future grant and loan funding.

#### > 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
External Agencies:	Not applicable
Community:	Not applicable

#### Additional Analysis

The draft timetable has been prepared based on available information and previous experience with the preparation of the financial accounts.

The timetable reflects the requirement under Section 127 (2) of the Act for the financial statements and notes as well as other statements and documentation to be available by the second Friday in September in the financial year immediately following the end of the relevant financial year. For the 2024-25 financial year this date is Friday 12 September 2025.

While the timetable does allow for some flexibility in terms of the timing of key activities, it is intended that the Annual General Purpose Financial Reports will be completed for consideration at the Audit and Risk Committee meeting on the 20 October 2025 and for adoption by Council at its meeting on the 28 October 2025.

The statutory limit for adoption of the Annual General Purpose Financial Reports is 30 November 2025, but it is considered preferable to leave some time prior to this date to allow for any potential delays and to facilitate the production of the Annual Report.

An End of Financial Year Update report is scheduled to be presented to the Audit and Risk Committee at the meeting on the 18 August 2025 to provide an update on the end of year progress and to ensure Council is on track in terms of completion of the annual financial statements.

#### 3. OPTIONS

The Audit and Risk Committee is limited to receiving and noting this report.

#### 4. APPENDICES

(1) 2024-25 End of Financial Year Reporting Timetable

## Appendix 1

2024-25 End of Financial Year Reporting Timetable

#### ADELAIDE HILLS COUNCIL 2024-25 END OF YEAR FINANCIAL REPORTING TIMETABLE

DATE DESCRIPTION Audit and Risk Committee Meeting (14 Apr) Mon 14-Apr Presentation of the External Audit Annual Audit Plan Audit and Risk Committee Meeting (19 May) Mon 19-May 2024-25 End of Year Financial Reporting Timetable Mon 19-May External Interim Audit (19 - 23 May) Fri 13-Jun Payroll: FINAL pay run for the 2024-25 Financial Year (paid 18 June 2025) Fri 13-Jun Accounts Payable: List of all outstanding purchase orders to be distributed and reviewed for closure. Accounts Receivable: All requests for debtor invoices and credit notes for goods or services provided by Fri 20-Jun Adelaide Hills Council on or before June 30 due by 5pm Mon 23-Jun Distribute Related Party Transactions Declarations to Elected Members & ELT Mon 23-Jun Accounts Payable: All purchase orders notified to be closed completed by 5pm. Stock Take - Fuel (Gumeracha & Heathfield depots) and Fabrik inventory Fri 27-Jun Petty Cash counts Close June Creditors end of week Friday 27 June Cashiers: Cashlink sessions closed off at 4pm. Mon 30-Jun => update to Open Office as per usual process Mon 30-Jun Run Aged Creditors Report as at COB Mon 30-Jun Run Aged Debtor Reports as at COB Mon 7-Jul EOM June 2025 closes 5pm - ledger closed Tue 8-Jul Period 13 opens - material journals & accruals only. Accrue Final Pay (for the period ending 30 June 2025) Wed 9-Jul Bank Reconciliation High risk control account reconciliations Fri 11-Jul Accounts Payable closed to payment of 24-25 invoices Accruals Wed 16-Jul Commence Capitalisation process AASB 16 Leases - update worksheet and process journal for property leases Year end prepayments and grants reconciled Update provisions for remediation & employees Wed 30-Jul Progress Fixed Asset Revaluation, Depreciation and Reconciliations Finalise remaining Statement of Financial Position Reconciliations Report preparation for Audit and Risk Committee (18 Aug) Mon 4-Aug End of Financial Year Update Review and finalise notes to Statutory Accounts Mon 18-Aug Update for subsidiary results Audit and Risk Committee Meeting (18 Aug) Mon 18-Aug End of Financial Year Update and Presentation of the External Audit interim letter ELT Govern Report (21 Aug) Thu 21-Aug uss EOY Position - Prelimi and Carry Forwards Report Preparation for Council (9 Sept) Mon 25-Aug 2024-25 Preliminary End of Year Results Carry Forwards Wed 27-Aug Review subsidiaries (equity accounting) & reserves accounting (Revaluations and CWMS) Wed 3-Sep Analytical review and full year budget comparison of operating accounts Mon 8-Sep External audit final visit currently proposed for 8 September through to 12 September 2025 Council Meeting (9 Sept) Tue 9-Sep 2024-25 Preliminary End of Year Report and Carry Forwards Fri 12-Sep Prescribed Day for Finalisation of Annual Financial Statements to Auditors Report preparation for Audit Committee (20 Oct) Annual Financial Statements Mon 6-Oct Audit Completion Report End of Year Financial Results Report Report preparation for Council (28 Oct) Tue 14-Oct Annual Financial Statements End of Year Financial Results Report Audit Committee Meeting (20 Oct) 2024-25 Annual Financial Statements including Audit Completion Report Mon 20-Oct End of Year Financial Results Report Meeting attendance by External Auditors Review of Auditor Independence and Legislative Compliance Council Meeting (28 Oct) 2024-25 Annual Financial Statements for adoption and inclusion in the 2024-25 Annual Report Tue 28-Oct End of Year Financial Report Council Meeting (25 Nov) Tue 25-Nov 2024-25 Annual Report for adoption Submit Financial Statements to Presiding Member of the SA Local Government Grants Commission (Due 30 Fri 28-Nov

Nov)

# ADELAIDE HILLS COUNCIL AUDIT and RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

Item:	8.7
Responsible Officer:	Gary Lewis Director Corporate Services
Subject:	Internal Controls Update
For:	Information

#### SUMMARY

Council's external auditors are required to provide an opinion on internal controls in accordance with S125 of the *Local Government Act 1999*.

This report presents an update to the Committee on the *Internal Control Framework* for the year ended 30 June 2025.

#### RECOMMENDATION

The Audit and Risk Committee resolves:

- 1. That the report on the Internal Controls review be received and noted (item 8.7, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note the proposed further developments and improvements to Council's internal controls environment (item 8.7, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

Council is responsible for implementing and maintaining an adequate system of internal controls in accordance with Section 125 (internal control policies) of the *Local Government Act 1999* (the "Act") by ensuring that appropriate policies, practices, and procedures of internal control are implemented and maintained.

In addition, council audit committees are required to monitor the adequacy of all Council's "accounting, internal control, reporting and other financial management systems and practices on a regular basis".

Council's external auditor also provides an opinion on the compliance with the requirements of Section 125 of the Act in relation to the internal controls established by the Council.

The auditor's responsibility is to express an opinion on the Council's compliance with the Act in relation to the internal controls established by the Council for the relevant financial year to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

When forming an internal control's opinion, auditors must refer to the *Better Practice Model* - *Internal Financial Controls* as updated from time to time and published by the Local Government Association.

Like the audit opinion of the annual financial statements, the internal control's opinion is provided to Council and becomes a public document, to be published with Council's financial statements.

## 2. ANALYSIS

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

Strategic Plan 2024	– Your Place, Your Space
Goal 4	Organisation
Objective 0.2	Operate with integrity using best practice governance processes.
Priority O2.3	Enhance governance structures and systems to be agile and support of
	legislative obligations.

Updating the internal controls framework assists in meeting legislative and good governance responsibilities and obligations.

## Legal Implications

Work on the Internal Controls Framework is undertaken in conjunction with Part 3 – Accounts, Financial Statements and Audit, Local Government Act 1999, and Part 6 – Audit, Local Government (Financial Management) Regulations 2011.

## Risk Management Implications

The undertaking of an annual review of Internal Controls using the Internal Financial Control Model 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)	Medium (3C)	Low (2E)

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

#### Financial and Resource Implications

The contents of this paper do not have a direct financial or resource implication. However, some of the proposed remediation actions may result in financial and resource implications.

## > Customer Service and Community/Cultural Implications

Not applicable.

our

## 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 applicableCouncil Workshops:Not applicableAdvisory Groups:Not applicableExternal Agencies:Not applicableCommunity:Not applicable

#### Additional Analysis

An updated *Better Practice Model - Internal Controls* was approved by the Minister for Local Government to apply from July 2017.

That update provided a roadmap to a more risk-based approach to ensuring a robust internal controls environment by allowing councils to document and assess the internal controls that relate to a particular financial risk and to the extent that they mitigate that risk to an acceptable level.

As such it refocused Council's internal control activities and monitoring systems largely on the extreme and high financial risks as identified by the Council's risk tolerance framework. As a result, this risk-based approach reduced the number of controls that councils review and assess on an ongoing basis.

For 2024-25 there were 109 individual controls to be assessed and reviewed, grouped into the following processes:

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

It is noted that the controls implemented are still dependent on the inherent risk assessment, the residual risk given controls already in place and the risk tolerance of the organisation.

To assist in Council's review of internal controls, Adelaide Hills Council uses a product called Control Track to identify and document the control activities in place and to evaluate the appropriateness, design, and effectiveness of these controls on a scale from 1 to 5.

Council uses the rating scale below to evaluate its controls.

Definitions of Control	Effectiveness Ratings
1. Ineffective	The control has not been implemented as described. Urgent management action is required to implement the described control processes.
2. Requires significant	The control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation.
improvement	Significant management action is required to implement processes to improve the effectiveness of the control.
3. Partially effective	The control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4. Majority effective	The control has been implemented as described and in most cases has been consistently and/or effectively applied.
	There is potential to enhance the effectiveness of the control, but only with minor adjustments.
5. Effective	The control as described has been fully implemented and has in all cases has been consistently and/or effectively applied.

A control effectiveness rating is provided by both the assessing officer (ideally the person performing the function) and the reviewing officer (ideally the person reviewing completion of that task or function such as the line manager), along with commentary as to the basis for the assessment on that rating.

A summary report of controls with an assessor rating of 3 or under are presented in *Table 1* below.

For the 2024-25 Controls Review, across the 109 controls assessed and reviewed a total of 10 controls have been rated by the assessor with a score of 3 or under.

Control Rating	Control Category	Code	Control Description
1	General Ledger	STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.
3	General Ledger	STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.
2	Contracting	EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.
3	Contracting	EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.
3	Purchasing & Procurement	EXP-PUR-0004	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.

#### Table 1

3	Purchasing & Procurement	EXP-PUR-0007	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council.
3	Purchasing & Procurement	EXP-PUR-0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.
3	Fixed Assets	ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans.
3	Fixed Assets	ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.
3	Fixed Assets	ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.

In reviewing the results across years, for the 2024-2025 review period, changes have been made to the assigned assessor and reviewer to be more aligned to those employees who are better able to assess and review than has happened in prior years.

Staff departures have also occurred in some key control areas such as payroll and procurement. As a result, the overall rating assessment may have varied because of the change in individual assessment and their understanding of the control effectiveness.

Across the control processes assessed and reviewed, there are 5 controls that continue to be areas for improvement from prior years. These are controls EXT-CON-0005, ASS-FIX-0002, ASS-FIX-0004, STR-GEN-0005, EXP-PUR-0010.

For the General Ledger Control category, ability to restrict changes to the general ledger structure within the system have been flagged as an area for improvement. Compensatory controls are being considered. These will however be manual and outside of a software system due to the age of the system and the lack of support from the developer.

In the Contracting Control category, Contract Management has been identified as an area requiring significant improvement. To improve the control, it is proposed to conduct a review of the contract management process and possible implementation of a technological solution as part of the digital transformation program.

In the Purchasing and Procurement Control category, spending patterns and purchase orders have been identified as areas for improvement. To assist with the mitigation of this risk, a system-based procurement workflow is being developed. This will provide clarity to employees regarding when purchase orders are required. Further, the system will also assist with the identification of preferred suppliers and the use thereof.

In the Fixed Assets Control category, for controls ASS-FIX-0002 and ASS-FIX-0004 Council continues to progress towards updating and renewing plans as they fall due and the completion of Building and Stormwater plans. ASS-FIX-0006 requires a formal adoption of an Asset policy. This is the subject of a separate paper to the Committee.

The full list of controls and the specific rating of each is provided at *Appendix 1*.

As agreed, reporting to the Audit and Risk Committee will continue to include an annual update from the Control Track system covering controls and actions.

# 3. OPTIONS

Audit and Risk Committee is limited to receiving and noting this report.

## 4. APPENDICES

(1) 2024-25 Internal Controls Review

# Appendix 1

2024-25 Internal Controls Review

Code	Description	Assessor	Ŕ	Assessor Reason	Reviewer	ß	Reviewer Reason	Ø
General Ledger								
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Marcela Ardelean	4	Monthly Management Reports are produced for each Directorate - numbers are downloaded from the system, exported to Excel mapped reports and uploaded in Records Hub for review and analysis by Budget Holders. A Monthly Financial Performance Report is produced for ELT and discussed at the ELT Perform meeting each month.	Bruce Smith	5	Whilst the process is manual in nature and requires budget holders to pro-actively review the reports generated, a robust process occurs with the onus then falling to the budget holders to undertake an appropriate review.	0
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	Liz Packer	4	All balance sheet reconciliations are reviewed by an independent finance officer at least annually. High risk reconciliations are typically done monthly (such as the bank reconciliation), and low risk are done annually. All reconciliations are retained on the P drive with appropriate supporting documentation where required. Delays in rolling over the closing balances at the completion of EOFY can create issues with the preparation of these reconciliations due to inaccurate opening balances being reflected in the general ledger. This may require the preparer to update previously completed reconciliations or alternatively use the closing balance from the prior FY as the opening balance of the current FY before the ledger balances have been rolled over.	Bruce Smith	4	Refer Assessor comments	0
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Liz Packer	4	Journals should be reviewed/authorised and updated by a person independent from the preparer. Only Finance team members have the ability to perform a general journal entry. Journals are retained in Finance for inspection and all supporting documentation is kept electronically. The system does allow for the preparer to upload, authorise and update the GL for their own journal. There are no inbuilt controls to prevent this occurring. The system also allows for the preparer to approve their own journal using the name of another person. The main persons who approve their own journals will be the Management Accountant and the Team Leader Finance. All other team members understand their journals are to be approved by an independent person which is usually the Management Accountant or the Team Leader Finance	Bruce Smith	4	Although the control as noted is effective, the subsequent approval controls do not exist within the accounting system. This control deficiency is mitigated through non system controls (ie: expectations and behaviours). The remediation of this deficiency would require a system solution which is not feasible given the end-of-life status of the accounting system.	0
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Liz Packer	4	All Council policies are included in the policy register which is regularly provided to Council for consideration and review. The majority of policies are reviewed and updated regularly and communicated to employees for comment. Time constraints within a small team do impact on the timeliness of specific finance policies being updated.	Bruce Smith	4	Although all Finance policies are subjected to review, the timeliness of the review is impacted by team size and resource availability to undertake the task.	0

Code	Description	Assessor		Assessor Reason	Reviewer	ம	Reviewer Reason
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STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	John Gosbell	3	ICT has a formal service recovery procedure. However the organisational BCP needs reviewing	Phil Mattingly	3	ICT Service Recovery Procedure documented and in plac however Organisational BCP needs revisiting to make su ICT assumptions align with Business.
STR-GEN-0007	Financial data is backed up and stored offsite.	John Gosbell	4	Nightly SQL backups are taken of all the ERP databases and they are periodically stored to tape offsite as per ICT procedure.	Phil Mattingly	4	Backups checked and actioned with off site protection principles utilised.
STR-GEN-0006	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.	Liz Packer	5	Finesse will not allow unbalanced journals to be posted to the General Ledger. Journal preparers must ensure that their journal balances via the validation check box prior to being updated by the reviewer. The Finesse journal register will show those journals that are not balanced and need correcting.	Bruce Smith	5	System controls and restrictions prevent the posting of unbalanced journals.
STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Marcela Ardelean	4	Changes to the structure of the GL framework and accounts can be done by any of the 7 administrators. No audit trail provided by the system to clearly show all undertaken amendments to the GL.	Bruce Smith	1	The system does not contain any controls to prevent changes to the ledger structure by a user acting alone. Additionally, there is no audit trail to identify any change made. The system-based controls are therefore completely ineffective. In an attempt to mitigate this, there is an agreement between those who have the access to update the ledger structure that any changes are communicated. This is however a highly ineffective control and is reliant on those employees to undertake the process. The resolution of this will require a system update which is not feasible within an end-of-life system
STR-GEN-0004	All major updates and changes to General Ledger finance system are authorised, tested and documented.	John Gosbell	4	Rarely updated and if implemented formal change management processes are enacted including document/provide release notes, install and UAT in test environment with sign off from stakeholders before go live.	Phil Mattingly	4	Little change on system, formal ITIL Change manageme processes used. ERP system in review for replacement, major project.
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Liz Packer	4	Balance sheet reconciliations are reviewed by an independent person at least annually and signed as evidence of a review being performed. All BS reconciliations are documented in a monthly spreadsheet which details the name of the preparer and reviewer. Delays in rolling over the GL balances from the prior year can impact on the opening balance.	Bruce Smith	4	The balance sheet reconciliations are reviewed on a regular and cyclical basis, noting the impact of delays in rolling over the opening balances
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Marcela Ardelean	3	There are 7 administrators with access to General Ledger maintenance. The system doesn't provide an Audit Trail to ensure all changes are visible for all administrators.	Liz Packer	4	Administrators are periodically reviewed and staff who a no longer AHC employees should be removed as part of that process.

Code	Description	Assessor	1	Assessor Reason	Reviewer	ம்	Reviewer Reason	Ŵ
REV-RAT-0010	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.	Liz Packer	5	The rating policy is reviewed every year and provides clear guidance on Council's rating methodology for the upcoming financial year. The policy is reviewed and adopted by Council subject to any changes Elected Members may request. The rating policy is available on Council website for review at any time.	Bruce Smith	5	Refer Assessor comments	0
REV-RAT-0009	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.	Sacha Holme	5	Written communication (email, letters, reports etc) are used as a basis for changes to the rates and property master files (i.e. Change of Ownership notification from conveyancers). Such correspondence is electronically recorded in Council's document management system. Council is responsible for updating the property/rates master file in accordance with weekly reports from the Lands Title Office, including Change of Ownerships, Objection to Land Use, Objection to Valuation, creation and cancellation of titles due to subdivisions etc. These records, as supporting documentation, are filed electronically, and in some cases, are kept in hardcopy and attached to evidence of changes to the property master file and rate adjustments. Where objections are processed that adjust rates levied on a property, the amount (\$) is first manually calculated - this is then compared to the amount calculated by the Property.Gov system as a double-check mechanism to ensure the adjustment is correct.	Liz Packer	5	As above.	0
REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Sacha Holme	5	The Senior Rates Officer will run through a full rates generation process in the Test environment prior to and following adoption of rates. The purpose of these Test runs is to reconcile the rates generation to an Excel based rates modelling spreadsheet. This data is reviewed by the Senior Rates Officer, Team Leader Finance and Manager Financial Services to ensure the validity of the data and to ensure there is sufficient time to identify and resolve any errors or discrepancies prior to the final rates generation process early July. The review process includes extracting data and running reports from Property.Gov to cross- reference against the rates modelling spreadsheet.	Liz Packer	5	Correct - a sample of rates is also checked by the Team Leader Finance to the Rates Model. A series of reports is run from the Property Gov module and then checked to the Rates Model to ensure the data is correct.	0

Code	Description	Assessor	17	Assessor Reason	Reviewer	ß	Reviewer Reason
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REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Sacha Holme	5	Rates are generated based on Valuation Data provided by the Office of the Valuer-General. In Property.Gov and as part of the import process, the Valuation Data must be balanced before the import process can be completed. This is an inbuilt safety mechanism in the software to minimise the risk of there being discrepancies in the calculation of rates. A 'dummy' rate generation is processed in the Test environment multiple times before being processed in the Live environment. This is to ensure that differential rates are calculated correctly against the capital values, that the fixed charge, separate rates and the Landscape Levy etc. calculate correctly, and to ensure that rate rebates (mandatory and discretionary), and the seniors' postponements are applied as intended and based on the parameters entered.	Liz Packer	5	Rates for the following FY are modelled in an excel spreadsheet with rebates and other charges applied to determine the total rates income to be generated and t applicable rate in the dollar to be levied. The rate in the dollar to be used is then updated into Property Gov. All the amounts are then compared to the data provided b Property Gov to ensure accuracy before finalisation of t rating process.
REV-RAT-0006	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Sacha Holme	5	Council is very proactive in its attempts to recover arrears rates in accordance with the current Debt Recovery Policy. When a quarterly instalment is not paid by the due date, a Quarterly Reminder Letter is issued. Rate accounts that are in arrears by 2 Quarters or more, and in the absence of a formal payment plan or financial hardship status, they will be referred to an external debt collection agency. The file will remain with the agency until the original debt has been paid in full and will escalate as part of the external recovery process, including legal action where necessary. For rate accounts that are in arrears for a period exceeding 3 years and where external debt collection has been ineffective in recovering the arrears, Council will consider pursuing Section 184 (sale of land for non-payment of rates) as a last resort recovery action. At least two batches of rate debtors are referred to an external debt collection agency per financial year. Council has just commenced Section 184 action on 10 x properties. Since mid-2024, Council has started to issue a formal Demand Letter for properties that have been in arrears by 2 years this 2-Year letter flags potential Section 184 (sale of land) action by Council should the debt not be addressed within the next twelve months. So far, we have had a positive response to these letters, with owners addressing the arrears balance before becoming eligible for Section 184.	Liz Packer	5	The Senior Rates Officer (Sacha Holme) is very proactiv with debt recovery action. Rates in arrears 2 quarters of more are referred to Scott Lawyers. All S184 processes initiated after approval by Council. Continual communication with debtors has increased the amoun ratepayer engagement. We have recently introduced 2- year letters as a reminder to debtors that they have 12 months to resolve their outstanding debt before forma S184 processes will commence. At this stage despite S1 processes being initiated no property has been sold by Council to recover an outstanding debt.

Code	Description	Assessor	1	Assessor Reason	Reviewer	ß	Reviewer Reason
REV-RAT-0005	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	Sacha Holme	5	Neither the Senior Rates Officer, nor the Finance Officer (Rates Support) own or occupy property in the Adelaide Hills Council district. As part of the EOFY processing and rates generation, the Senior Rates Officer and the Finance Officer (Rates Support) provide a letter to the Manager Financial Services declaring this to be true. In this regard, they are not restricted in the receipting of general rates payments or the processing of rebates and/or adjustments. Other Council staff that are responsible for processing rate payments are the Customer Service Staff (Cashiers). The processing of rebates is always done in accordance with current policies, procedures, delegations, the legislation (LG Act 1999) and appropriate approvals, including Council (where applicable).	Liz Packer	5	Rating officers do not have access to the receipting module so are unable to receive another ratepayer's payment to their own personal account. Rebates are reviewed periodically by the Team Leader Finance via a report that can be produced from Property Gov. Our current rating team are not AHC ratepayers.
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Sacha Holme	5	Importing and reconciling the Annual Valuation data is one of the first steps as part of processing the rates generation. The Senior Rates Officer is responsible for undertaking this process firstly in the Test Environment. All discrepancies between the Valuation data file (provided by the Office of the Valuer-General) and Property.Gov need to be resolved before the upload of the data file can be completed. It is not possible to process the generation of rates if the Annual Valuation data does not balance.	Liz Packer	5	Prior to rates being generated, a reconciliation of all data is undertaken back to control totals. This includes checking that the valuation total agrees to the final VG's valuation report, all rebates have been assigned correctly and rate totals agree to budget targets.
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Sacha Holme	5	The rates modelling process is thoroughly tested in the Property.Gov Test Environment in the months/weeks leading up to EOFY - this commences around the time of receiving the 1st Valuation Data file from the Office of the Valuer-General. The Senior Rates Officer is responsible for undertaking this task and any issues identified as part of this process are communicated to relevant IT staff and, where applicable, lodged as a ticket with the appropriate level of urgency, to Open Office Support. Valuation Data is imported into the Test Environment for the purpose of modelling annual rates for the upcoming financial year. This 'dummy' rate generation is compared against an Excel-based rate modelling spreadsheet for comparative and reconciliation. This process is run multiple times in the lead up to 30 June. The Senior Rates Officer will process 'dummy' rates generation in the Test Environment with 100% accuracy before repeating the same process in the Live environment following the adoption of rates and the final striking of rates early July.	Liz Packer	5	Testing is always undertaken in the development environment prior to being replicated in live. A new rate modelling excel spreadsheet is being tested currently which should reduce the amount of data manipulation required in modelling rates for the following financial year. Numerous checks are undertaken in both the excel spreadsheet and the reports generated out of the Property Gov module to verify the correct amount of rate will be generated.

Code	Description	Assessor		Assessor Reason	Reviewer	ſĊ	Reviewer Reason	Ŕ
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Sacha Holme	5	All rate rebates, adjustments including write-offs are sub delegated to the Senior Rates Officer. All rate rebates are applied in accordance with current policies and procedures and upon application (where applicable, i.e. primary production rebate). In addition, all mandatory and discretionary rebates are reviewed each year prior to 30 June and all discretionary rebates are included on a report to Council and approved prior to the new rateable year. The Senior Rates Officer is sub delegated to process rate adjustments and write-offs. Rate adjustments are sometimes required including remitting of fines, interest and/or legal fees - this includes for ratepayers on the Hardship Register, on a case-by-case basis upon written application, and/or through discussion with the Team Leader Finance, Manager, Director or CEO. As per current policy, general rate write-offs are never processed as a mechanism for making the rates more affordable for ratepayers in hardship. The only circumstance where rate levies are written-off or adjusted is through a formal objection submitted to the Office of the Valuer-General and that results in the cancellation of an assessment, or where independent legal advice shows that Council applied levies to a property in error (i.e. on land owned by the Crown). Occasionally, a small balance write-off (<\$5) is required following a transfer of ownership.	Liz Packer	5	Rates are never written off as they are attached to the property and will be recovered either as part of the property sale process, title transfer or S184. Small write offs of fines/interest will be considered based on ratepayer circumstances such as hardship, or a payment plan is in place and are written off in accordance with DOA.	0
REV-RAT-0001	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.	Sacha Holme	5	Access to the Property master file is restricted to the Senior Rates Officer and the Finance Officer (Rates Support). Changes to the Property master file are made in accordance with current policies and procedures. There is documentation to support every change to the Property master file, including (but not limited to) weekly LTO reports, Change of Ownership notifications, via Council's Planning Department etc. A reconciliation of active property parcels takes place each year in the lead up to EOFY as part of the rates modelling process.	Liz Packer	5	As above.	0

Code	Description	Assessor		Assessor Reason	Reviewer	ம்	Reviewer Reason	
REV-REC-0010	There is a review process for the authorisation of the reversal of transactions.	Rhys Elsegood	4	Considered increased risk relating to circumstances where cash overpayment occurs. Discussion with personnel involved in receipting indicates that there is no review process for the reversal of transactions which occurs occasionally if cashier for example realises they have incorrectly recorded the transaction ie as cash instead of EFTPOS etc and therefore reverses the transaction and corrects. The system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. Cashiers have a Receipt Reversal procedure that ensures that all reversed receipts are clearly warranted and details are available for verification and can be reviewed by an independent person. In addition, the Finance Officer - Accounts Receivable & Treasury can process a "Receipt Adjustment" to reallocate a payment from say a rate debtor account to a sundry debtor account as a result of the debtor using the incorrect payment platform and/or debtor reference vs rate assessment. These receipt adjustments are reviewed by the appropriate area and approved by the Team Leader Finance. While supporting documentation is retained the system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. It is proposed that officers will follow up with the Vendor (Open Office) to confirm whether there is an audit trail/exception report available to record when this functionality is used by either Cashiers/Accounts	• Liz Packer	4	Improvement in this area is required however we work within the constraints of Open Office. Without an audit file being available a review process is difficult to undertake. Following the Receipt Reversal procedure and the retention of documentation for support reduces this risk.	
REV-REC-0008	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Rhys Elsegood	5	Cash is banked weekly at all cashier locations (except for Fabrik) and is recorded and signed for when collected by SecureCash.	Liz Packer	5	As above.	
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Rhys Elsegood	5	Receipts are issued for all transactions processed. Cash/cheques/eftpos receipts for each Cashlink Session are reconciled to the Council Bank Account by the Finance Officer-Accounts Receivable & Treasury. Any discrepancies are investigated and corrected promptly.	Liz Packer	5	As above.	
REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.	Rhys Elsegood	5	Cash is stored securely at all times including the duration of the cash management process. Cash is locked away when unattended. Cash is banked weekly at each cashier location and is recorded and signed for when collected by SecureCash. Cash awaiting collection is held in a dropdown safe.	Liz Packer	5	The amount of cash being held by Council is declining. The number of locations to receive cash within Council is being reduced (such as the library and community centres). Council promotes other forms of payment such as electronic, direct debit and Bpay to reduce the amount of cash being held.	
REV-REC-0003	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Rhys Elsegood	5	System generated sequential receipts are produced internally in the system and provided to customers upon request.	Liz Packer	5	As above.	

	Code	Description	Assessor	1	Assessor Reason	Reviewer	ம	Reviewer Reason	Ø
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4	Liabilities								
	Accounts Payable								
	LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Lauren Mableson	5	There is a Creditors Outstanding Report Details Report which is produced on the last day of the month (after processing close) and reconciled to the General Ledger. In addition, there is Pre Cheque report in Release Date order that is produced prior to each payment run (weekly) as well as at the end of month, forming part of the reconciliation process.	Katrina Maher	5	There is a Creditors Pre- Payment Report Detail, produced on the last day of the month (after processing close) and reconciled to the general ledger. In addition, there is a Summary of Scheduled Payments Report in release date order that is produced prior to each payment run (weekly) details of payments can be produced if required as well as at the end of month, forming part of the reconciliation process.	0
	LIA-ACC-0015	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Lauren Mableson	5	An annual review of the supplier master file is undertaken and any supplier that has not been used for 2 years has the status of the account changed from Active to Historical. It will not appear on simple searches but is still apparent on the supplier list (greyed out to indicate it is historical).	Katrina Maher	5	Masterfile is reviewed and suppliers not used for a period of 2 years will be changed to historical. Should they be required in the future they will be reinstated	0
	LIA-ACC-0014	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Lauren Mableson	5	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger monthly and differences are investigated and resolved where applicable. Supplier statements are retained in the Finance area for 12 months for inspection.	Katrina Maher	5	Statements received from Suppliers are reconciled to the supplier accounts in the accounts payable subledger monthly and differences are investigated and resolved where applicable. Supplier statements are retained in the Finance area for 12mths for inspection.	0
	LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Lauren Mableson	5	There is total separation of accounts payable and procurement duties.	Katrina Maher	4	Correct	0
	LIA-ACC-0012	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Lauren Mableson	5	For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received (by phone) to confirm validity of the request. For all other changes, address etc. information is obtained from source documentation only.	Katrina Maher	5	Bank Account changes are verbally verified with the supplier via a phone call. All other changes are verified to source documents only. Audit Report is printed weekly which is reviewed by the Team Leader Finance to supporting documentation.	0
	LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Lauren Mableson	5	Management Accountant reviews an aged creditors listing as part of the Financial Year end process.	Katrina Maher	5	The Creditor Active Items Aged Report is run during EOY process. Any errors or anomalies will be followed up and amended.	0
	LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	Lauren Mableson	5	All payment runs are filed with Payment Run Report and invoices (and other source documentation) appropriately authorised by relevant Council officer.	Katrina Maher	5	Correct	0
	LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Lauren Mableson	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services. For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received to confirm validity of the request (by phone). A Creditor Audit report by creditor is produced weekly showing all the masterfile changes and this is checked by Team Leader of Finance on an adhoc basis.	Katrina Maher	5	Correct. Team Lead Finance reviews these reports typically on a weekly basis and signs as evidence review has been completed.	0

Code	Description	Assessor		Assessor Reason	Reviewer	ம	Reviewer Reason	Ŵ
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LIA-ACC-0008	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Lauren Mableson	5	Whilst Council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount, and it will be processed at the amount the delegated officer signed off. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is for more than the purchase order and get a second approval.	Katrina Maher	4	Correct. System allows for invoices greater than the PO total to be paid. Current manual processes require the AP person to contact the original requisitioner and seek a secondary approval before being processed for payment. Team Leader Finance is seeking additional information form Open Office with regards to some functionality changes that could be implemented.	0
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Lauren Mableson	5	Payments are verified to appropriate supporting documentation and are authorised by a relevant and appropriately authorised Council officer in line with delegations of authority. Whilst Council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is more than the purchase order and get a second approval.	Katrina Maher	5	Correct. The system allows for invoices greater than the PO total to be paid. As a manual control measure, AP staff will contact the PO initiator and advise that invoices are greater than the original PO total. The initiator will provide further approval to allow the invoice has been paid unless they have already noted the variation in the original email.	0
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Lauren Mableson	5	Payments are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee. A payment input report for each batch of data entry is supplied to and reviewed by the Management Accountant to confirm correct GST status and account allocation. A Pre cheque report is produced as part of the payment run preparation, listing each supplier invoice to be paid, which is checked against invoices for correct supplier and amount. This is provided to the Manager Financial Serivces or delegate to review supporting documentation and authorise the payment run and summary of scheduled payment document. The NAB online banking system requires a Part A and a Part B authorisation before transmission of funds is completed. The officer who creates the batch file for payment may or may not be either Part A or Part B of the authorisation for transmission. Records of these transmissions are retained in Finance for inspection and subsequently signed by the authoriser of the payment run who has reviewed the number of transactions and amount to be paid by EFT as well as confirming totals from the Payment Register.	Katrina Maher	5	Payments are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee. A payment input report for each batch of data entry is supplied to and reviewed by the Management Accountant to confirm correct GST status and account allocation. A Pre Payment report is produced as part of the payment run preparation, listing each supplier invoice to be paid, which is checked against invoices for correct supplier and amount. This is provided to the Manager Financial Serivces or delegate to review supporting documentation and authorise the payment run and summary of scheduled payment document. The NAB online banking system requires a Part A and a Part B authorisation before transmission of funds is completed. The officer who creates the batch file for payment may or may not be either Part A or Part B of the authorisation for transmission. Records of these transmissions are retained in Finance for inspection and subsequently signed by the authoriser of the payment run who has reviewed the number of transactions and amount to be paid by EFT as well as confirming totals from the Payment Register.	0
LIA-ACC-0004	Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	Lauren Mableson	5	Employee expense claims must be approved by an authorised officer and independently verified and include relevant substantiation. Expense claims are paid by Accounts Payable.	Katrina Maher	5	Employee expense claims must be approved by authorised staff and independently verified and include relevant substantiation.	0

Code	Description	Assessor		Assessor Reason	Reviewer	ß	Reviewer Reason
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LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Lauren Mableson	5	All invoices and payment requests are approved in accordance with relevant delegations of authority. Delegations are in the system and a warning will show if they are exceeded.	Katrina Maher	5	All invoices and payment requests are approved in accordance with the relevant policies and/or Delegatior of Authority.
LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff	Lauren Mableson	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Katrina Maher	5	Access to the supplier masterfile is restricted to authorised staff
rnal Services							
Contracting							
EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	Ren Merdanovic	4	Yes - there is evidence of ongoing management of deliverables and key clauses for each project according to their respective contract agreement.	Bruce Smith	3	Initial discussions with the Environment and Infrastructure team have indicated that whilst contract management is undertaken, it is somewhat ad-hoc and based upon team member experience, rather than a robust, well designed and technology supported proces
EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	Ren Merdanovic	4	Project managers are aware and have shown sufficient evidence that progress is tracked with suppliers	Bruce Smith	5	All contracts and purchase orders are approved by appropriately delegated Officers
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Ren Merdanovic	3	This area could be improved with a contract management system which would not rely on manual reviews of the excel spreadsheet contract register.	Bruce Smith	2	Initial discussions with the Environment and Infrastructure team have indicated that whilst contract management is undertaken, it is somewhat ad-hoc and based upon team member experience, rather than a robust, well designed and technology supported proces
EXT-CON-0004	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.	Ren Merdanovic	5	Evaluation panels are nominated for each project and conflict of interest decelerations are completed prior to any assessments which are undertaken.	Bruce Smith	4	Whilst the control is in place and effective, there are no system restrictions to prevent the override of the contr Therefore instances may occur where the aforemention policies and established processes are not complied wit
EXT-CON-0003	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.	Ren Merdanovic	5	I can confirm that evaluation panels always include relevant personnel with adequate knowledge on nominated projects to provide insight and opinions to assist with selecting a successful contractor	Bruce Smith	5	The selection of the evaluation panel is reviewed by the Procurement Coordinator and assessed for appropriateness and qualification of the team
EXT-CON-0001	Council maintains a current contract register.	Ren Merdanovic	5	Adelaide Hills Council has a contract register which is maintained by the Procurement Coordinator	Bruce Smith	4	The contract register is Excel based and whilst meets th control objective, requires constant manual interventio to ensure that it is accurate. This includes notification when a contract is completed, which may not occur

Code	Description	Assessor	N.	Assessor Reason	Reviewer	Ċ	Reviewer Reason
EXP-CRE-0007	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Katrina Maher	5	A credit card will not be issued without written approval of card and limit by Manager or Director, this approval form is kept electronically in the "purchase cards" folder in the Financial Management area of the P drive.	Liz Packer	5	As above. All documentation retained on file.
EXP-CRE-0006	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Katrina Maher	5	The relevant authorised officer approves the issue and limit of the purchase cards and an electronic copy of this approval is kept in the "purchase cards" folder in the Financial Management area of the P drive. Once a card has been authorised (and subject to detailed consideration), subsequent review is addressed by the updated purchase card procedure.	Liz Packer	5	Card limits are periodically reviewed and updated when required by approval from card holder Manager. Administrators can temporarily update credit card limit when necessary. Cards with nil to minimum usage will cancelled.
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Katrina Maher	5	The card holder is required to reconcile their monthly statement to tax invoices and attach the supporting tax invoices to their transactions so that their line manager can review and approve those transactions/purchases and ensure compliance with the procedure and policy and authorised/necessarily incurred on behalf of Council. Transactions will show as incomplete and reminder emails are sent to the manager to view transactions from the flexi-purchase system until they are viewed and authorised.	Liz Packer	5	Cardholder expenditure is reviewed and approved by Manager. Administrations will also question expenditu where required. The Finance Officer will contact cardholders if documentation is missing, or tax compli- invoices are not provided.
EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Katrina Maher	5	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Liz Packer	5	All card applications are retained electronically for revie
penses Credit Cards							
EXP-CRE-0003	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.	Katrina Maher	5	Cardholders log into Flexipurchase (NAB) to check their account regularly. Cardholders are required to check their statement at month end to process incomplete transactions and ensure all transactions are authorised and allocated to the correct budget lines. The cardholders line manager is required to review the monthly statement and authorise each transaction acknowledging that the cardholder has complied with policy. Per Purchase Card Policy, the cardholder is not to use the purchase card for anything other than official purposes. Personal purchases made in error are coded to a clearing budget line. Reimbursement is also made to the clearing budget line 149027058.	Liz Packer	5	Administrators (Finance Officer & Team Leader Finance have the ability to lock/cancel/delete any cardholder the does not operate within the policy guidelines. Unauthorised transactions are followed up with NAB by the cardholder and if required, new cards are re-issued Personal purchases must be reimbursed by the cardholder and a declaration completed which is retain in flexi purchase. Monthly transactions are reviewed by the Team Leader Finance before final upload to the general ledger by the Finance Officer. Reminders are provided to both the card holder and their manager to complete their reconciliations within reasonable time limits.

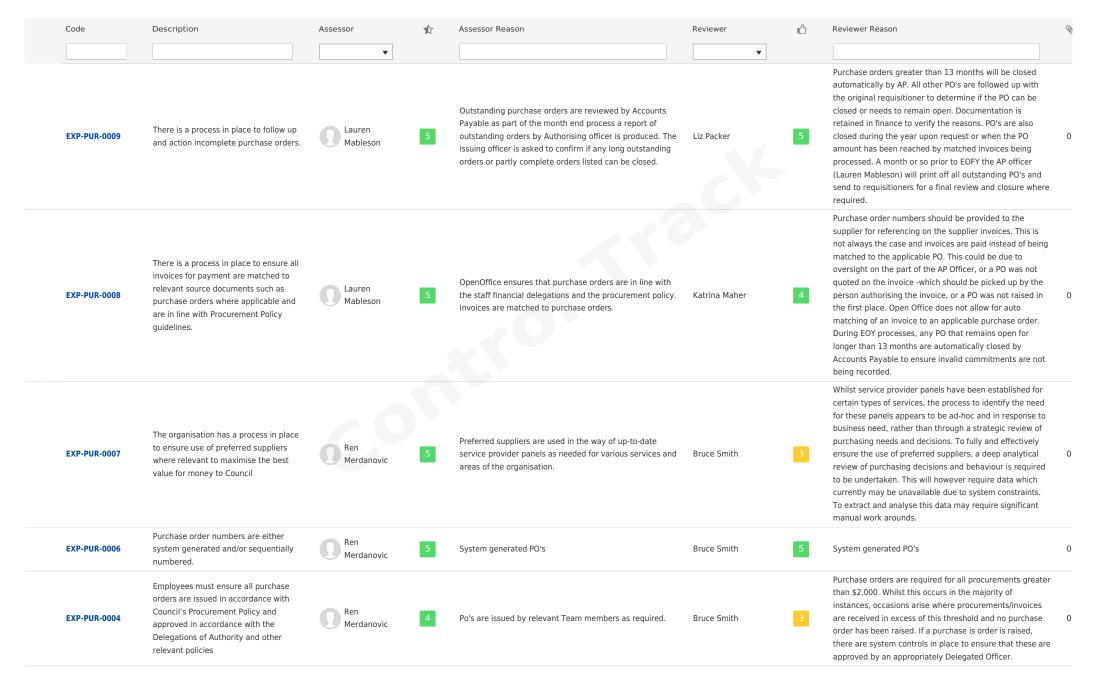
Code	Description	Assessor		Assessor Reason	Reviewer	ம்	Reviewer Reason	Ŵ
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EXP-PAY-0024	Where possible standard programmed formulae perform payroll calculations.	Amanda Emery	4	All data entered into Payroll system is automatically calculated by system	Liz Packer	4	Payroll system uses standard programmed formulae to perform payroll calculations. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. Calculations and other notations are shown on individual timesheets for TIL, Flexi and Overtime. Calculations are based on applicable EDA/Award provisions.	0
EXP-PAY-0023	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Amanda Emery	4	Electronic timesheets calculate hours and Payroll Officer checks against Payroll profile that exceptions are within relevant agreement/policies.	Liz Packer	4	TOIL/TIL are calculated and paid in accordance with the relevant EDA. TOIL/TIL is manually calculated by the payroll officer based on the information provided on the employee timesheet which is authorised by the People Leader. The number of hours accrued/taken is recorded in the payroll system as a separate line item when preparing the rest of the pay entries. Leave reports which include TIL/TOIL balances are periodically provided too relevant People Leaders for review and monitoring. Excessive balances are managed within the team.	0
EXP-PAY-0021	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).	Amanda Emery	5	Supervisors and Mangers approve documents before being processed by Payroll Officer	Liz Packer	5	Source documents, including timesheets, and leave forms are generated by the employee and authorised by their people leader. Higher duty or acting duties are prepared by the people leader, and provided by HR to Payroll. The documentation is used by Payroll to prepare the fortnightly payroll.	0
EXP-PAY-0020	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Amanda Emery	4	End of year process includes reconciling to general ledger and reviewing all data for accuracy.	Liz Packer	4	The Payroll Officer ensures that the payroll summaries balance during the STP process. The Team Leader Finance is responsible for reconciling payroll with the general ledger as part of year end activities.	0
EXP-PAY-0019	There is a process to ensure employees are made inactive in payroll records upon termination.	Amanda Emery	5	Termination Wizard function used for all terminations which changes them to inactive on completion of termination report	Liz Packer	5	Once an employee is terminated and the date field entered the employee record becomes inactive. A report is produced each <i>f/n</i> during payrun processing detailing the employees that have been terminated which should be checked to source information provided from HR. Should an employee need to be reinstated, a new employee number will typically need to be created in order to allow a payroll entry to be created.	0

Code	Description	Assessor		Assessor Reason	Reviewer	ß	Reviewer Reason	9
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EXP-PAY-0018	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Amanda Emery	4	Payroll data processed by Payroll Officer and Finance Officer and reviewed by Finance Team Leader	Liz Packer	4	With a full staffing complement, the payroll will be reviewed and checked by 2 independent persons separate from payroll processing. There should be a checker/reviewer who authorise the payroll and sign off on the Payroll Summary Checklist. The Entry Validation Report (EVR) is reviewed to the respective timesheets by the first checker and notations are made on the report for any errors/changes required. Updates are made by the payroll officers and a new EVR run. The changes are rechecked by the first checker. There is supporting documentation re higher duties, etc that is also checked to payroll data on the EVR. The 2nd checker should be doing an overall reasonableness check of the payroll data to ensure that what was paid last f/n is consistent with this f/n. A variance report is also prepared which compares, for each employee, the amount paid last f/n with this f/n. Variances greater or less than \$500 need to be investigated. Currently, only the Team Leader Finance is undertaking the complete review of payroll each fortnight.	
EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Amanda Emery	5	All personnel that submit timesheets must have them approved by their Manager before submitting to Payroll for processing	Liz Packer	5	Overtime is recorded on employee timesheets which is approved by the respective people leader. The approval confirms that overtime has been approved and is Ok to be paid. Employees may make notes on their timesheet to assist the payroll officer. Overtime is paid in accordance with the EDA. An overtime report is generated each fortnight and forms part of the documentation reviewed during the payroll authorisation process. Overtime is capped at \$57.31/hr (GO 6.2 level). The overtime report is reviewed to ensure rates paid are correct. Any amendments are undertaken before the payroll is finalised.	0
EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Amanda Emery	4	Termination payments generated through payroll system and cross referenced to any applicable procedures.	Liz Packer	5	All terminations are executed in line with the Enterprise Development Agreement (EDA) and the relevant award or industrial provisions. The termination calculations are done via the termination wizard through Payroll and backup evidence is provided geleave balances, contract terminations, redundancies etc for signoff when the termination pay run is checked. A termination report for the pay period of all employees terminated for the current f/night is also printed out and included with the pay run summary checklist.	0

Code	Description	Assessor	1	Assessor Reason	Reviewer	ம்	Reviewer Reason	Ŵ
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EXP-PAY-0015	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.	Amanda Emery	4	Segregation of duties in place to ensure entry of new personnel is undertaken with appropriate paperwork and approved by P&C.	Liz Packer	4	New employees are added to the payroll system by 2 separate employees. Previously this was HR and Payroll, however with the deactivation of Community HR all details are now entered directly into the payroll system, which HR do not have access to. Therefore, to retain segregation, the Team Leader Finance enters the HR components, and the Payroll Officer enters the financial information such as bank account, pay rates, tax table etc etc. New employees are then recorded on a report which is checked each f/n by the payroll checker (s) to supporting documentation. The audit logs also indicate new employees that have been entered which the payroll checkers also review. Supporting documentation is retained for all changes made to payroll masterfile details which is checked as part of the payroll review process each f/n.	0
EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Amanda Emery	5	Payroll Bank file authorised by 2 x personnel not involved in payroll preparation	Liz Packer	5	The Payroll Officer uploads the bank file and typically, two separate authorised officers authorise the bank file. Authorisation takes places after the Payrun Summary Checklist has been sighted, showing the payroll has been reviewed (by the 1 or 2 Reviewers), and that the Entry Validation Report from Open Office showing the net amount matches the Bank Net amount. The 1 or 2 authorised officers email the Payroll Officer to advise that the bank file has been authorised, and one authoriser provides a snip of the bank file and the other authoriser provides the Payment History from NAB.	0
EXP-PAY-0012	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Amanda Emery	5	Entry Validation Report produced every pay run and cross checked by 3 Payroll staff before payment processing.	Liz Packer	5	The payment for the payroll is checked to the system generated Entry Validation Report (EVR) and Payroll Summary Report detailing the total amount prior to payment. This forms a key component of the Payroll Authorisation process and is checked against another spreadsheet titled Payroll Journal Lines. Before the payment is authorised in the bank, the bank approver checks that the bank file agrees to the last page of the EVR which has been approved by the Payroll checker (typically the Team Leader Finance).	0
EXP-PAY-0010	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Amanda Emery	5	Only 3 personnel have access to the payroll system. Team Leader Finance, Payroll Officer & Finance Officer Payroll.	Liz Packer	5	As above.	0

Code	Description	Assessor		Assessor Reason	Reviewer	ம	Reviewer Reason	Ċ
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EXP-PAY-0009	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Amanda Emery	4	Field and Office staff must all complete a timesheet every fortnight and have leave forms approved by their manager. TEC personnel do not submit timesheets and payroll do not always receive leave forms.	Liz Packer	4	All non-TEC employees must account for their time with a f/nightly timesheet and any leave forms which are approved by their manager/supervisor/team leader. Leave forms are then submitted to OD for filing on Records Hub against the employee file. TEC employees do not have timesheets but are required to submit leave forms which are approved and forwarded to OD & Payroll. The payroll system has work patterns, and the majority of employees have standardised hours and days of work set against them which assists with the timesheet entry process. Timesheet employees are paid on the basis of the information provided on their timesheet. Payroll do not double check to leave forms due to the time factor required. Currently, there can be delays in TEC employees submitting leave forms or they don't submit leave forms at all so there is a risk that payments being made are inaccurate and leave balances are not accurate. Cross checking to information provided on the staff HUB re absences can assist.	0
EXP-PAY-0008	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.	Amanda Emery	4	Payroll Change Log Entries captured every pay run with supporting documents saved in personnels file and in payrun folder.	Liz Packer	5	At the end of each pay period a payroll change log entry report which reports on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc is created and forms part of the Payroll authorisation process, checked/reviewed by 2 people. Documents seeking changes to bank accounts are provided as part of the fortnightly payroll review process.	0
EXP-PAY-0007	Payroll is periodically reconciled to the General Ledger accounts.	Amanda Emery	4	Payroll reconciled to General Ledger by Finance Team Leader	Liz Packer	4	Payroll suspense accounts are reviewed monthly and reconciled to the GL. The main payroll reconciliation is undertaken at EOY.	0
EXP-PAY-0006	Managers periodically review listings of current employees within their departments and variances are investigated.	Amanda Emery	3	Reviews undertaken by Payroll Officer for Salaries Register. Finance Team Leader reviews periodically for accuracy. Review undertaken by Finance Officer Payroll for vacancy management purposes. Payroll Officer has not had employee listing reviewed by all managers.	Liz Packer	5	Employee listing is reviewed by the payroll checker each f/n. With only 220-230 staff most employees are known. Authorised timesheets are required for all employees except those on contract (TEC). New employees are added to the system by 2 persons. Every pay period a report of all new starters is reviewed to supporting documentation prior to being paid to ensure all employees are bonafide. Employee costs vs budget information is distributed to managers as part of EOM processes.	0
EXP-PAY-0005	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Amanda Emery	4	Employee Personnel files created by People & Culture and information transferred to Payroll HR profile by Finance Team Leader and then Payroll profile completed by Payroll Officer including links to contracts in HR file.	Liz Packer	5	All employees have Personnel files with contracts, terms, and conditions, and authorisation of deductions saved. Leave records are maintained by the payroll system. Maxxia deduction changes are saved in the Outlook folder and printed and added to the relevant payroll processing folder.	0

	Code	Description	Assessor		Assessor Reason	Reviewer	ம்	Reviewer Reason	Q
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	EXP-PAY-0003	All payroll deductions must be approved by the relevant employee.	Amanda Emery	4	Deductions must be submitted in writing to Payroll for processing and then checked by Finance Team leader before being sent to Accounts Payable for payment.	Liz Packer	5	AHC employees use the Employee Advice - Payroll Personnel Changes form that only AHC staff have access to (and not just an email). Payroll will contact the employee direct to confirm bank or deduction changes as another measure to combat any fraudulent advice. Changes made are then outlined in the "Payroll Change Log Entries" report which is then checked and verified against the supporting documentation during the payroll checking process.	0
	EXP-PAY-0002	All calculations for generating payroll payments are verified for accuracy.	Amanda Emery	4	Payroll checks conducted by 3 personnel before payment processed	Liz Packer	5	All payroll payments are listed on the Entry Validation Report (EVR). The EVR is checked to the physical timesheet for accuracy by the payroll checker and any documentation. Any errors highlighted are corrected by the payroll team and a new EVR run. The payroll change log entries report is also reviewed to ensure that changes made to an employee's pay profile is accurate and agreed to supporting documentation. The payroll system also produces a Variance Report which compares current pay to previous pay. All variances of \$500 are reviewed for accuracy and explained.	0
	EXP-PAY-0001	Access to the payroll deduction listing is restricted to authorised staff.	Amanda Emery	5	Only authorised staff have login in access to the Payroll System and Secure Payroll file on P: Drive	Liz Packer	5	As above. Payroll access is limited to a small number of staff. Any changes made within the Payroll system are shown in the audit files which are reviewed by the Team Leader Finance each pay run.	0
4	Purchasing and Procure	ement							
	EXP-PUR-0011	There is a process in place to review the supplier master file for ongoing pertinence and ensure all changes are checked against source documents to ensure they were input accurately.	Lauren Mableson	5	A Creditor Audit Report by Creditor report is produced weekly showing all the master file changes and this report is checked by a Finance Officer who is independent of the Officer who input the changes. An annual purge of unused accounts is processed and all old accounts are changed to inactive status.	Katrina Maher	5	Weekly a creditor audit report by creditor showing all the master file changes is generated and this report is checked by Team Leader Financial Services who is independent of the officer who input the changes. An annual purge of unused accounts is processed and all old accounts are changed to inactive status.	0
	EXP-PUR-0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	Ren Merdanovic	4	Supplier panels are offered on a contracted basis.	Bruce Smith	3	Whilst service provider panels have been established for certain types of services, the process to identify the need for these panels appears to be ad-hoc and in response to business need, rather than through a strategic review of purchasing needs and decisions. To fully and effectively ensure the use of preferred suppliers, a deep analytical review of purchasing decisions and behaviour is required to be undertaken. This will however require data which currently may be unavailable due to system constraints. To extract and analyse this data may require significant manual work arounds.	0



Code	Description	Assessor		Assessor Reason	Reviewer	Ċ	Reviewer Reason	
EXP-PUR-0003	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.	Ren Merdanovic	5	The procurement policy has recently been revised and updated to ensure relevance across the organisation	Bruce Smith	4	Whilst the Policy has been updated and provides the necessary guidance to ensure that the control objective is met, the updates to the Policy are yet to be embedded into the Council's operations. This is a work in progress and once fully embedded will ensure that the control objective is met.	
EXP-PUR-0001	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	Lauren Mableson	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Katrina Maher	5	The Team Leader of Finance reviews the audit file for all changes and approves them. Any errors/anomolies are corrected in a timely manner by Accounts Payable.	
Banking								
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Rhys Elsegood	5	Prior to the collection of cash by Secure Cash, completed bank deposit bags (containing cash/cheques) are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Blank Council cheques are kept in a locked cupboard. The cupboard key is located in a locked drawer with Accounts Payable. There is no cheque signing machine.	Liz Packer	5	Council no longer uses cheques. There is some stationery held on premise in case of emergency and is part of our BCP processes. AP are the custodians of the key to access the cupboard.	
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Rhys Elsegood	5	At end of day, after close-off & reconciliation by the cashier, bank deposit slips are completed and cash/cheques recorded on a Secure Cash form which is signed by the collection officer at pick-up. Cash/cheques are generally collected weekly from each location. Prior to pick-up and after balancing, completed bank deposit bags are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Banking is checked daily to bank statement and cashier' s Cashlink Session end of day report which details breakdown of cash/cheques and credit card payments. Receipted total also checked to General ledger.	Liz Packer	5	As above. The use of cash within Council is being reduced.	

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ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Banking	Rhys Elsegood	5	Council has one trading bank account and multiple accounts with the Local Government Financing Authority (LGFA). The LGFA has advised that without formal correspondence with Council, they will only transact entries between LGFA accounts to and from the NAB account. All cash transfers and journal entries between bank and investment accounts are prepared by the finance officer with Treasury responsibility. All transfers have separate email confirmation from the LGFA to the Treasury Inbox (accessed by Manager Financial Services, Team Leader Finance, Management Accountant and Finance Officer Accounts Receivable & Treasury) advising that the transfer has occurred.	Liz Packer	5	As above.
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Rhys Elsegood	5	Bank reconciliations are deemed to be "high risk" by the Assets Reconciliation Policy on Council's external website. A high risk account must be reconciled every month. The bank rec is high risk and a reconciliation is performed every month. All monthly reconciliations are reviewed and authorised for completeness and accuracy. The bank account is generally reconciled every day by the Finance Officer-Accounts Receivable.	Liz Packer	5	Bank reconciliation is performed daily by the Accounts Receivable Officer, (Rhys Elsegood). Team leader reviews bank reconciliation on a monthly basis.
ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.	Rhys Elsegood	5	Access to Council's online banking system is restricted to Finance officers. There are generally 3 staff members involved in one transaction however when money is transferred internally between loan/investment accounts there are 2 staff members involved. The up-loader of the payment file or the creator of the payment can also authorise the transaction after the Team Leader Finance has provided approval then a second staff member does the second authorisation of the payment. The transmission requires a "part A and part B" authorisation for the transmission to proceed.	Liz Packer	5	Finance is the only team with access to the bank account Two separate authorisations are always required to undertake a transfer or make a payment. The list of user is reviewed periodically to ensure only current staff have access. Updates to the list of users are undertaken when required.
Debtors ASS-DEB-0015	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Rhys Elsegood	5	Credit notes are sequential and processed as a negative invoice. They are coordinated by the Finance Officer - Accounts Receivable & Treasury and require involvement from the operational area in either raising a credit note or confirmation of the appropriateness of such. The Process also requires operational line managers to approve credit notes.	Liz Packer	5	As above.

Code	Description	Assessor		Assessor Reason	Reviewer	ம	Reviewer Reason	
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ASS-DEB-0014	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Rhys Elsegood	4	Debtors master files are separated between sundry debtors and rates debtors. For sundry Debtors a written communication (usually email) is received by the finance officer who is capable of editing the debtors master file. Typically the changes requested are for change of addresses (or updated email address). Any modification to the debtors master file records the Date, time and officer's name within the Open Office (Collect) system. The communication is retained in Finance by the Finance Officer - Accounts Receivable & Treasury and stored in Records Hub (unless it is via a phone call). Changes to Rates Debtor masterfiles are initiated by a written communication from the ratepayer (eg drivers license or marriage certificate for change of name), Lands Titles office report or Broker reports for change of ownership. Each of these communications are retained in the Rates area and stored in Records Hub.	Liz Packer	4	As above.	
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	Rhys Elsegood	5	Council has a Debt Recovery policy available on external website. It was originally adopted in December 2015 and subsequently reviewed with minor amendments in November 2017, December 2020 and again in February 2024. A summary of the overdue amounts owed to Council per category are reported to Audit Committee biannually for review.	Liz Packer	4	The Debt Recovery Policy has been updated with minor amendments relating to the application of legal fees and court costs to a debtors account. The update was reviewed by Council's debt recovery agency, Scott Lawyers. The policy is currently with the CEO for review and endorsement before being uploaded to Council's website.	
ASS-DEB-0011	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Rhys Elsegood	5	Debtors are reconciled on a monthly basis. Aged debtors are investigated and followed up by operational areas coordinated by the Finance Officer Accounts Receivable & Treasury. Appropriate action is taken in line with the Debt Recovery Policy, based on the delinquency and amount outstanding, after an escalating series of statements have been sent. Additionally, the Audit Committee reviews a Debtors Report biannually.	Liz Packer	5	Last update to Audit Committee was done February 2025 for the period ending 31 Dec 2024. Debtors are reviewed by the Team Leader Finance as part of the reporting to Audit Committee as well as the recovery action that has been performed. The provision for doubtful debts is also reviewed during EOY 24/25.	
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	Rhys Elsegood	4	No audit trail report is produced to record master file changes for Sundry Debtors. The Vendor (Open Office) have advised that a quote can be provided depending on how many fields require auditing. The "Last Modified" field on the system's master debtor file is checked on an ad hoc basis.	Liz Packer	4	As above. A new ERP system is being considered which will hopefully address some of these issues in the future. At this stage changes to debtors Masterfile are limited to the Accounts Receivable officer.	
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Rhys Elsegood	5	Debtors Reconciliation to General Ledger are performed on a monthly basis by the Finance Officer Accounts Receivable & Treasury and reviewed quarterly by the Team Leader Finance.	Liz Packer	5	As above.	

Code	Description	Assessor		Assessor Reason	Reviewer	ம்	Reviewer Reason	(
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ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Rhys Elsegood	5	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are initiated by the Finance Officer - Accounts Receivable & Treasury and authorised in accordance with delegations of authority and Local Government Act. Any bad debt write-off is also reported to the Audit Committee bi-annually as part of Debtor Reporting.	Liz Packer	5	Sundry debts are only written off after all debt recovery actions have been exhausted. Fire Hazard debts can be attached to the property of the debtor and recovered once the property sells or ownership transfers. Other sundry debt relating to a property that is also rateable can be transferred to the property and recovered through the rates debt recovery processes. All debts written off are reported to the Audit Committee bi-annually and are authorised in accordance with Council delegations.	
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Rhys Elsegood	5	Access to the debtors master files is restricted to appropriately designated personnel within the Financial Services function. The debtors masterfiles are not subject to independent review by a second management officer. However, Aged Monthly Debtors Reports are provided to each operational area for their information and follow up.	Liz Packer	4	Exception/audit files are not produced by the system so no review of amendments can be made by an independent person. Aged debtor reports are produced monthly which can be reviewed and appropriate follow up action taken.	
▲ Fixed Assets								
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Jake McCulloch	4	Devices are enrolled in our Microsoft Intune environment where the devices serial number/make/model etc are recorded for management of fleet assets.	Phil Mattingly	4	Following Essential Eight guidelines utilising Microsoft Cloud management controls to enforce asset management, tracking and control	
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Jake McCulloch	4	Devices are restricted to only licensed user accounts that require either, biometrics (facial recognition), pin or password to unlock. Accounts also require MFA (multi factor authentication) when logging in outside of Councils network and Geo locations outside of Australia are either blocked or enforce MFA.	Phil Mattingly	4	Following Essential Eight guidelines for MFA and utilising Microsoft Cloud management controls to enforce	
ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Craig Marshall	5	There is alignment with the opening and closing balances between Confirm and FAR. There is a yearly process to ensure that the values in Confirm Asset Management System align with the recorded value in the FAR.	David Collins	5	The opening and closing balances are review for alignment between Confirm and the Finance system.	
ASS-FIX-0013	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.	Craig Marshall	5	A yearly process reviewing the useful lives applied to the fixed asset register and the external valuation cycle reviews useful lives applied for updated valuation and subsequent depreciation.	David Collins	5	The useful lives are reviewed and revaluation of assets associated with any useful life or condition changes are undertaken within Confirm. this will automatically update any depreciation calculated outputs.	
ASS-FIX-0012	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.	Craig Marshall	5	The Confirm Enterprise Asset Management System records all the changes and the authority to undertake any changes is managed through user security. Officers that undertake the changes are the Asset Management System Analysis and Manager Strategic Assets.	David Collins	5	There is significant end of financial year liaison between assets and finance to ensure alignment between the FAR and the General Ledger	

Code	Description	Assessor	1	Assessor Reason	Reviewer	ம	Reviewer Reason
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ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Marcela Ardelean	5	Fixed Assets are reconciled annually as part of Council's process of capitalising WIP to Infrastructure, Property, Plant & Equipment.	Bruce Smith	4	Whilst the annual reconciliation of the fixed assets is effective and is undertaken, to improve the effectiveness the frequency of this process could be increased
ASS-FIX-0010	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Craig Marshall	5	Confirm Asset Management System will calculate and report on any profit/ loss from the system.	David Collins	4	All disposal for infrastructure assets is recorded and reported from Confirm. Additional process and supporti documentation can at time be included.
Fixed Assets							
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Craig Marshall	5	The asset register is managed by Confirm Enterprise Asset Management System has only key staff with the administration privileges that allows for the update of key asset register data.	David Collins	5	Only selected staff can access the Confirm Enterprise Asset Management and make changes to the asset registers and valuations.
ASS-FIX-0008	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.	Craig Marshall	5	Council undertakes the end of year asset recording in line with its Capitalisation Procedure	David Collins	5	All assets that are construction or donated are added to the asset register. An extensive process on data collectic and verification of handover information is undertaken from Project Managers.
ASS-FIX-0007	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.	Craig Marshall	5	Council annually reviews its useful life, depreciation the appropriateness of residual values of the asset register periodically.	David Collins	4	Useful lives and depreciation are reviewed and checked the asset register.
ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Craig Marshall	4	The asset accounting policy provides details of thresholds for various categories of fixed assets that is used to capitalise expenditure and capture as an expense for the financial year.	David Collins	3	Whilst the capitalisation threshold has been in place and followed formal adoption of Council Policy should occur
ASS-FIX-0005	Asset register calculations are reviewed for accuracy.	Craig Marshall	4	Ongoing review of the asset registers and the associated accuracy is undertaken at the capitalisation end of year and as part of desktop and external revaluations	David Collins	4	There is a detailed review of asset register accuracy very year and with increased process documentation to occu
ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Craig Marshall	3	Council is progressively updating its asset management plans for its major asset classes. It is currently working on a adopting the Building AMP and completion of the Stormwater AMMP and Playground AMP are required.	David Collins	3	Council is continuing to work towards
ASS-FIX-0003	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.	Craig Marshall	3	Council is progressively updating its Asset Management Plans and on a yearly basis reviews new condition audit information or updated asset management plans to ensure alignment with Long Term Flnancial Plans.	David Collins	4	Council annually reviews the requirements of its Asset Management Plan and feeds that information into the annual update of the Long-Term Financial Plan and subsequent Annual Business Plan requirements for the on-going renewal and maintenance of the significant ass classes.

Code	Description	Assessor		Assessor Reason	Reviewer	ம	Reviewer Reason	Ś
		•			•			
ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Craig Marshall	3	Asset Management Plans are being progressively updated and subsequent asset maintenance planning changes to align with adopted plans, as the mobile maintenance system is developed will implement planning and monitoring.	David Collins	3	There is progress in the capture of data and programmed work scheduling occurring to ensure alignment between asset management renewal strategy and maintenance intervention.	0
ASS-FIX-0001	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Ren Merdanovic	4	Sufficient controls in place for the disposal of assets via the Assest Disposal form which is completed and shared with relevant stakeholders for review and sign.	Bruce Smith	4	The manual nature of the process has the potential for this control to fail. However no evidence of this occurring has arisen	0

# ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

Item:	8.8
Responsible Officer:	Gary Lewis Director Corporate Services
Subject:	Budget Review 3 2024-25
For:	Decision

#### SUMMARY

The Local Government (Financial Management) Regulations 2011 (the "Regulations") requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require or offer opportunities for changes to the budget during the year.

This report presents the third Budget Review (BR3) of the 2024-25 financial year to the Audit and Risk Committee for review. BR3 will be subsequently submitted to Council for consideration and adoption. The proposed operating budget changes largely balance out with only a small decrease in the projected deficit of \$160k, resulting in a projected deficit of \$2.853m. Once previously identified risks, which are still present, are considered, the forecast full year result is a deficit of \$3.524m.

A review of the capital program has identified that certain previously identified risks have materialised, as well as savings and cost pressures on certain completed programs of work.

Finally, a number of projects have commenced and will not be completed in the current year, with portions of the work and the associated capital budget to be carried over into next year.

In all, this results in a decrease in the capital program, from \$20.648m to \$19.350m, a decrease of \$1.298m. Attention should be drawn to the fact that risks remain in the capital delivery program, as well as end of year adjustments (particularly in relation to work in progress) and it is expected that the full year outcome will be approximately \$19m.

#### RECOMMENDATION

The Audit and Risk Committee resolves:

- 1. That the report on Budget Review 3 2024-25 be received and noted (item 8.8, 19 May 2025, Audit and Risk Committee meeting).
- 2. To recommend to Council to adopt the proposed budget adjustments presented in Budget Review 3 (item 8.8, 19 May 2025, Audit and Risk Committee meeting) which result in:
  - a. A decrease in the Operating Deficit from \$3.013m to \$2.853m for the 2024-25 financial year.

- b. A reduction to the capital expenditure budget for 2024-25 of \$1.298m bringing the total budget to \$19.350m
- c. proposed financial sustainability indicators relative to Council's agreed targets of the following:

i. Operating Ratio	-4.6%	(Target 1% to 5%)
ii. Net Financial Liabilities Ratio	53%	(Target 25% to 75%)
iii. Asset Renewal Funding Ratio	128%	(Target 95% to 105%)

## 1. 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 BR3 of the 2024-25 financial year.

The latest adoption of Council's revised Budget occurred at the Council meeting held on 25 February 2025, where Council adopted the 2024-25 Budget Review 2 with a Budgeted Operating Deficit of \$3.013m.

#### 2. ANALYSIS

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

Strategic Plan 2024 – Your Place Your Space

Goal	Organisation					
Objective 02	perate with integrity using best practice governance processes.					
Priority 02.2	Support decision making through the use of timely data-driven analysis and reporting.					
Objective 05	Evolve Council's functions and services to meet the current and future needs and aspirations of our community.					
Priority 05.2	Demonstrate financial sustainability through long term financial planning and annual budget setting which aligns with adopted targets.					

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.

Whilst the Audit and Risk Committee Terms of Reference does not set out a specific function with respect to budget reviews, it has been the practice for these reviews to come to the Committee prior to being considered by Council.

## Legal Implications

The undertaking of formal budget reviews is a requirement of the *Local Government Act* 1999, and the *Local Government (Financial Management) Regulations 2011*.

## Risk Management Implications

Conducting the budget review process as required by Regulations will assist in mitigating the risk of:

Failure to conduct the budget review process as required by Regulations results in inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.

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

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

#### Financial and Resource Implications

The approval of the proposed changes to the budget will allow Council and those with delegated authority, to exercise their authority and deliver on Council's service delivery agenda.

#### > Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate financial governance processes in place including the review of the budget periodically.

#### Sustainability Implications

Not applicable

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

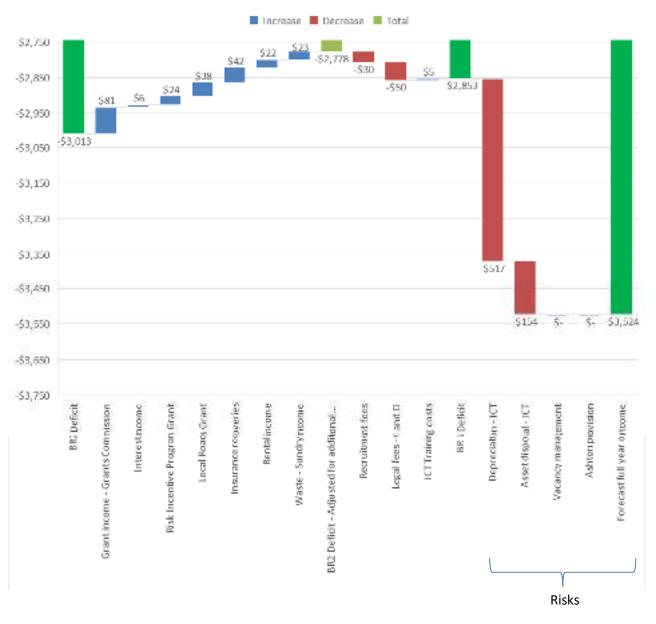
Consultation on the development of this report was as follows:

Council Committees:	Not applicable
Council Workshops:	Not applicable
Advisory Groups:	Not applicable
External Agencies:	Not applicable
Community:	Not applicable

#### Additional Analysis

#### **Operating budget analysis – Refer Appendix 2 and 3 for details.**

The graph below illustrates the movement from the BR2 adopted budget, to the BR3 proposed budget and to the forecast full year outcome. The detail of each of the movements can be found in *Appendix 2*. The detail of the risks and opportunities can be found in *Appendix 3*.



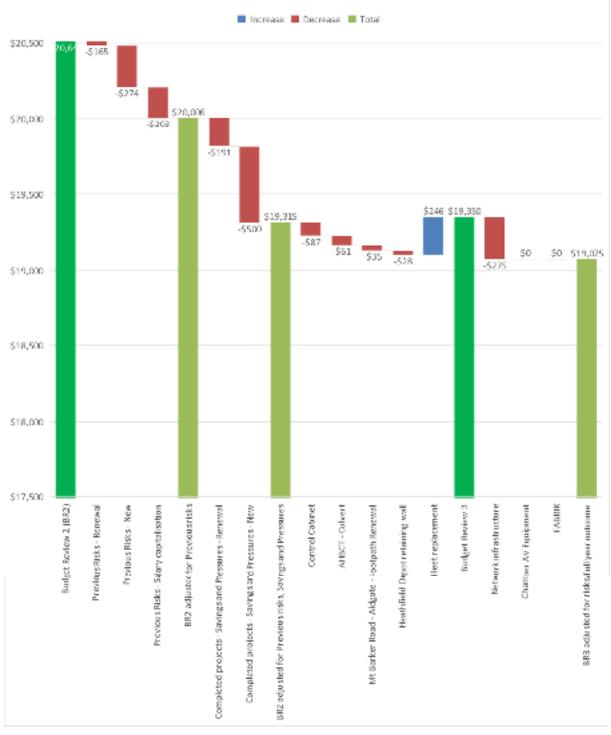
# Budget deficit walk-up (including risks and opportunities)

Further commentary - Additional income

A number of grants have been received in the last quarter and as noted previously, these are brought into the budget once they have been received. This treatment is replicated for insurance recoveries.

#### Capital budget analysis – Refer Appendix 4 and 5 for details.

The graph below illustrates the movement from the BR2 adopted budget, to the BR3 proposed budget and to the forecast full year outcome. The detail of each of the movements can be found in *Appendix 4*. These movements have been separated between previously identified risks which have now materialised, completed projects which have had savings and pressures and projects which have commenced but will not be completed in the current year (Deferrals) and projects brought forward from future years. In addition to this, some risks have been identified. The detail of the risks can be found in *Appendix 5*.



Capital walk-up (Including risks and opportunities)

Further commentary – Previously identified risks

It should be noted that a number of the previously identified risks have materialised. These will likely form part of the carry-over at the end of the year, as the projects are still required to be delivered.

#### Further commentary – Savings and pressures

It should be noted that a number of projects have been completed and have come in under budget. This is a positive outcome for Council, as the project's scope has been delivered at a lower cost than was previously expected.

Whilst these savings could possibly be repurposed to undertake previously identified projects which might have not been funded previously, the capacity of the Council to deliver the projects, the capacity of the market to supply and the relative short amount of time available to deliver the project before the end of the financial year would likely make this unachievable.

These savings will likely improve Council's financial sustainability.

There are also additional costs incurred on the acquisition of some heavy plant which was delivered late in FY 2023-24. These costs have been invoiced in 2024-25 and are creating a cost pressure.

#### Further commentary – Timing changes

It should be noted that a number of projects have commenced but are not yet complete and therefore these will form part of the carry-over at the end of the year.

Additionally, an item of heavy plant was purchased in the current year due to a major mechanical failure. This brings the acquisition forward from future years into the current year.

#### **Impact on Sustainability Ratios**

Financial Indicator	Council Adopted Target	Current Budget for 2024-25 (BR2 Feb 2025)	Proposed BR3 Budget 2024-25
Operating Surplus Ratio	1% to 5%	(4.9%)	(4.6%)
Net Financial Liabilities Ratio	25% to 75%	55%	52.7%
Asset Renewal Funding Ratio	95% to 105%	132%	128%

#### **Financial sustainability considerations**

The budget and full year result is not necessarily a good measure of Council's financial sustainability as it considers a very short timeline in the life of a Council. The budget and actual result for the year is impacted by short-term, one-off events which may materialise in a particular year and in turn be isolated to that year.

Further, these impacts may be non-cash in nature and thus not impact the liquidity or financial viability of Council. The measurement of Council's liquidity is a relevant measure of Council's financial sustainability.

Additionally, the actual results for the financial year may differ significantly from the budget due to a number of reasons including proactive changes to delivery approaches which may occur in the latter quarter of the year.

Of more relevance in considering financial sustainability is the Long Term Financial Plan (LTFP) as this is the roadmap to financial sustainability for the Council. This is presented to the Committee as a separate document.

Therefore, whilst an increase to a deficit is a possible indicator of financial sustainability concerns, there are other more relevant measures which provide greater assurance.

#### 3. OPTIONS

The Committee has the following options:

- I. To receive and note this report and recommend to Council the proposed budget adjustments presented in BR3 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising BR3.

#### 4. APPENDICES

- (1) 2024-25 Budgeted Uniform Presentation of Finances and Financial indicators
- (2) 2024-25 Operating Budget Review 3 Proposed Changes
- (3) 2024-25 Operating Budget Review 3 Risks and Opportunities
- (4) 2024-25 Capital Budget Review 3 Proposed Changes
- (5) 2024-25 Capital Budget Review 3 Risks and Opportunities

### Appendix 1

2024-25 Budgeted Uniform Presentation of Finances and Financial indicators

#### Adelaide Hills Council

#### **BUDGETED UNIFORM PRESENTATION OF FINANCES**

2024-25 Revised Budget

2023-24 Actuals		2024-25 Adopted Budget	BR1 Change	2024-25 Revised Budget (BR1)	BR2 change	2024-25 Revised Budget BR2	BR3 change	2024-25 Revised Budget BR3
\$'000		\$'000		\$'000		\$'000		\$'000
40.000		54.440	0	54.440	0	54.440	0	54 440
48,389	Rates	51,442	0	51,442	0	51,442	0	51,442
1,520	Statutory charges	1,523	0	1,523	(10)	1,513	0	1,513
934	User charges	1,033	0	1,033	0	1,033	23	1,056
544	Grants, subsidies and contributions - Capital	214	721 0	935	0	935	0	935
4,081 35	Grants, subsidies and contributions - Operating Investment income	5,002 26	0	5,002 26	514 0	5,516 26	143 0	5,659 26
398	Reimbursements	202	60	26	0	26	0	26
598 512	Other income	600	18	618	14	632	70	702
			18		0		70	
142	_Net gain - equity accounted Council businesses	103		103		103		103
56,555	_Total Income	60,145	798	60,943	518	61,461	236	61,697
	EXPENSES							
21,915	Employee costs	24,540	554	25,094	(66)	25,028	0	25,028
25,886	Materials, contracts & other expenses	22,768	1,129	23,897	1,253	25,150	75	25,225
12,270	Depreciation, amortisation & impairment	11,798	1,301	13,099	342	13,441	0	13,441
758	Finance costs	582	0	582	275	857	0	857
79	_Net loss - equity accounted Council businesses	0	0	0	0	0	0	0
60,908	Total Expenses	59,688	2,984	62,672	1,804	64,476	75	64,551
(4,354)	NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL	457	(2,186)	(1,728)	(1,287)	(3,015)	161	(2,854)
	Net Outlays on Existing Assets							
(11,115)	Capital Expenditure on Renewal and Replacement of Existing Assets	(12,007)	(1,388)	(13,889)	110	(13,779)	437	(13,342)
792	Proceeds from Sale of Replaced Assets	645	0	645	0	645	0	645
12,270	Depreciation	11,798	1,301	13,099	342	13,441	0	13,441
1,947	NET OUTLAYS ON EXISTING ASSETS	436	(87)	(145)	452	307	437	744
	Net Outlays on New and Upgraded Assets							
(6,237)	Capital Expenditure on New and Upgraded Assets & Remediation costs	(4,545)	(830)	(6,649)	(220)	(6,869)	861	(6,008)
3,277	Capital Grants and Monetary Contributions for New and Upgraded Assets	3,191	1	3,192	0	3,192	0	3,192
0	Proceeds from Sale of Surplus Assets	40	0	40	0	40	0	40
(2,960)	NET OUTLAYS ON NEW AND UPGRADED ASSETS	(1,314)	(830)	(3,418)	(220)	(3,638)	861	(2,777)
(5,367)	NET LENDING/ (BORROWING) RESULT FOR	(421)	(3,102)	(5,291)	(1,055)	(6,346)	1,459	(4,887)
(-,-,-,-,	= FINANCIAL YEAR	()	=	(3,)	(.,)	(-,)		(.,)
(22,836)	Net Financial Liabilities at Beginning of Year	(31,869)	0	(27,514)	0	(27,514)	0	(27,514)
0	Decrease / (increase) in Other	(200)		0		0	0	0
689	Non Cash Equity Movement	(103)	103	0		(103)	103	0
	Net Financial Liabilities at End of Year	(32,593)	(2,999)	(32,805)	(1,158)			(32,401)

### Appendix 2

2024-25 Operating Budget Review 3 Proposed Changes

Budget Review 3 2024/25						
Account Description	Department /Program	Current Budget: Exp / (Inc)	Change: FAV / (UNFAV)	Revised Budget	Status One-off or Ongoing	Comments
CEO						
CORPORATE MANGT CEO: Recruitment: Contractors	CEO Office/CEO Office	12,000	-30,000	42,000	One-off	Recruitment costs for the Director E&I previously not budgeted
COMMUNITY & DEVELOPMENT						
DEVELOPMENT SERVICES: Litigation: Court Fees	Manager Development Services/Development Services	86,410	-50,000	136,410	One-off	Increased litigation costs - largely PC Infrastructure (OTR) appeal including expert witness costs
CORPORATE SERVICES						
FINANCIAL MANGT: Financial Reporting: Grant - Grants Commission	Manager Financial Services/Corporate	-951,890	80,720	-1,032,610	One-off	Increase CY income to actuals grants received
FINANCIAL MANGT: Financial Reporting: LGFA - Bonus	Manager Financial Services/Corporate	-15,000	5,913	-20,913	One-off	Increase CY income to actuals bonus interest received
ICT: Operations: Training	Manager Information Services/ICT	10,000	4,500	5,500	One-off	Limited training was undertaken in the current year due to focus on other items. Additional training to occur in FY 2025- 26
						Grant income from LGA Workers Compensation Scheme to cover risk related items. The grant was used for mental health
PEOPLE AND CULTURE: LGAWCS Risk Incentive Program: Grant	Manager People and Culture & WHS/People and Culture & V	0	24,255	-24,255	One-off	and leadership training
ENVIRONMENT & INFRASTRUCTURE						
ROADS : SEALED: Revenue: Grant - Local Roads	Manager Civil Services/Civil Services - Maintenance	-878,610	38,300	-916,910	One-off	Matching budget to YTD receipts
BUILDINGS: Insurance: Recoveries	Manager Property Services/Property Management	0	41,600	-41,600	One-off	Matching budget to YTD receipts
BUILDINGS: General Property: Income Rent	Manager Property Services/Property Management	-21,510	22,000	-43,510	One-off	Matching budget to YTD billing
WASTE MANGT: Multiple And Sundry Bins: Other Income	Manager Emergency Mngt, Waste & Sustainability/Waste	-145,000	22,500	-167,500	One-off	Matching budget to YTD billing

### **Appendix 3**

2024-25 Operating Budget Review 3 Risks and Opportunities

#### Budget Review 3 2024/25

#### **Risks and Opportunities**

	Current	Change: OPP /	Revised	
Account Description	Budget: Exp / (Inc)	(RISK)	forecast	Comments
CEO				
				A review of year to date legal fees would suggest that there is sufficient budget available to cover the full year costs. However, there may
GOVERNANCE: Operations: Legal Fees	400,000	Unknown	Unknown	be additional legal fees incurred the quantum and timing of this is currently unclear.
	-			
CORPORATE SERVICES				
				In addition to the budget adjustments proposed as part of this budget review, it is expected that additional grant revenue and cost
				recoveries in relation to the projects below are to be received. The amount and timing of their recognition is dependent upon several
				factors, many of which are outside of the Council's control. Due to this uncertainty, the amounts over and above those which have already
				been received into the bank have not been recognised.
				Community Development Grants Program project - Amy Gillett Bikeway;
				Local Roads and Community Infrastructure Program – Balhannah Stormwater upgrade; and
Grant income	1,669,000	Unknown	Unknown	Roads to Recovery.
				License costs continue to increase by more than CPI and although there appears to be sufficient capacity within the ICT licenses budget,
ICT Licenses costs	1,260,300	-30,000	1,290,300	there is a risk that this may not occur. A detailed analysis of the ICT licensing costs is being undertaken
				The 9-month review of vacancy management indicates that there are no material changes from those previously reported to the Audit and
Organisation wide vacancy management	500,000	Unknown	500,000	Risk Committee and Council.
	7			
ENVIRONMENT & INFRASTRUCTURE				
				Upon resolution by Council of the on-going matter of the former landfill at Ashton, a provision for remediation costs will be required. This
				provision will bring to account the Council's remaining obligations in relation to the landfill remediation and ongoing monitoring
				requirements. This will be reassessed annually as part of the annual review of all provisions. The quantum of this provision is unknown and
Ashton provision	0	Unknown	Unknown	will depend on the direction taken by Council.
DEPRECIATION AND ASSET DISPOSAL	7			
				In addition to the budget request for additional depreciation for ICT assets for the current year, the review also identified that certain
				assets were being depreciated over a longer useful life than would be consider normal for assets of this type. When these useful lives are
				adjusted, there is a resulting depreciation impost in the 2024-25 year. These charges are approximately \$0.516m and will be brought to
ICT: Depreciation: Office Equipment	797,482	-516,538	1,314,020	account as part of the year-end asset reconciliation process.
	757/102		_,,020	As part of the organisation wide asset review, several ICT assets have been identified which are redundant. These have been disposed of
Asset disposal	0	-154.000	-154,000	and will reflect as a below the line adjustment
issee disposal	0	134,000	134,000	

### **Appendix 4**

2024-25 Capital Budget Review 3 Proposed Changes

2024-25 CAPITAL BUDGET REVIEW 3 - PREVIOUS RISKS						
Project Description	Asset Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment
Uraidla Hall Ceilings and Wall	Buildings	Renewal	\$120,000	\$120,000	\$0	These two projects were initially separately identified. However, from an efficiency of delivery perspective, it is proposed to bundle them together as a single project. The Uraidla Hall is heritage listed and following queries which have arisen through the heritage application process, a potential redesign of the delivery solution is being investigate This has caused delays and the tender for the project was released in April. It is very unlikely that any portion of the project will be completed in FY 2024-25 and the project will therefore be carried over into FY 2025-26
Birdwood Institute doors and windows	Buildings	Renewal	\$45,000	\$45,000	\$0	In a similar manner, the Birdwood institute is heritage listed and following queries which have arisen through the heritage application process, a potential redesign of the delivery solution is being investigated. The appointment of a heritage architect is therefore being undertaken. This has caused delays which will result in the project being delivere in FY 2025-26.
Solar panels on Fabrik	Energy upgrades	New/Upgrade	\$144,000	\$144,000	\$0	Investigations are on-going as to whether the building structure can support sufficient solar panels to obtain a reasonable return on investment (ROI). Should it be found that the structure as currently built cannot accommodate additional weight, further consideration will be given to the ROI and whether it is commercially viable to put solar panels in place. The above, combined with the heritage status of the building (and therefore a need for additional reviews and approvals), have resulted in the porject being deferred into FY 2025-26
Norton Summit land purchase	Other/ Land	New/Upgrade	\$130,000	\$130,000	\$0	Due to development approval and land divisions required prior to settlement, this transaction has been deferred into 2025-26.
Salary Capitalisation	РМС	Project Management Costs	\$1,516,670	\$202,670	\$1,314,000	A comprehensive review of salary capitalisation has been undertaken in the current year, including the sourcing of timesheet data to better inform the capitalisation process. This review has resulted in7.6 FTE being capitalised, which 1.2 FTE lower than was noted at BR2. This includes removing the capitalisation of certain operatinal roles (eg: Procurement Coordinator) which may not meet the definition of an asset. As a result, the expected salary capitalisatio for the year is \$1.314m, which is \$0.203 lower than originally budgetted.
		Total Expenditure Change		\$641,670		
pital Expenditure Changes		Renewal		\$165,000	1	
lit as follows:		New/Upgrade		\$165,000		
		Project Management Costs		\$274,000		
		Project Management Costs		\$202,670		

4-25 CAPITAL BUDGET REVIEW 3 - SAVINGS and PRESSURES									
Project Description	Asset Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment			
Balhannah Stormwater Projects	New/Upgrade	Stormwater	\$544,000	\$200,000	\$344,000	Significant works have been undertaken by DIT and others in the area, resulting in complexities with access and community inconvenience. As such, a program of works has been delivered this year with further works to be undertaken based upon future needs and stormwater asset management planning			
Anya Crescent and Summit Drive, Summertown	Renewal	Footpaths and Kerbing	\$82,000	\$26,000	\$56,000	The scope of works have been delivered and the project is complete.			
Kurla Crescent, Balhannah	Renewal	Footpaths	\$24,000	\$16,000	\$8,000	The scope of works have been delivered and the project is complete.			
Mt Barker Road - Aldgate and Bridgewater - Footpath Upgrade	New/Upgrade	Footpaths	\$90,000	\$5,000	\$85,000	The scope of works have been delivered and the project is complete.			
The Crescent Crafers	Renewal	Footpaths	\$25,000	\$15,000	\$10,000	The scope of works have been delivered and the project is complete.			
Junction Road, Balhannah - Stormwater upgrade (Phase 4 - LRCIP Funded)	New/Upgrade	Roads	\$770,000	\$220,000	\$550,000	The scope of works have been delivered and the project is complete.			
Montacute Road Bridge Renewal	Renewal	Bridges	\$750,000	\$300,000	\$450,000	The scope of works have been delivered and the project is complete.			
Mt Barker Road - Stirling - Footpath Renewal	Renewal	Footpaths	\$33,000	\$14,000	\$19,000	The scope of works have been delivered and the project is complete.			
Garrod Crescent - Stirling - Footpath Renewal	Renewal	Footpaths	\$15,000	\$6,000	\$9,000	The scope of works have been delivered and the project is complete.			

1-25 CAPITAL BUDGET REVIEW 3 - SAVINGS and PRESSURES									
Project Description	Asset Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment			
Kumnick Street - Lobethal - Footpath Renewal	Renewal	Footpaths	\$22,000	\$6,000	\$16,000	The scope of works have been delivered and the project is complete.			
Moffet Street - Woodside - Footpath Renewal	Renewal	Footpaths	\$42,000	\$10,000	\$32,000	The scope of works have been delivered and the project is complete.			
Croft Road upgrade and sealing	New/Upgrade	Roads	\$290,000	\$68,000	\$222,000	The scope of works have been delivered and the project is complete.			
Strathalbyn Road - Mylor - Footpath Renewal	Renewal	Footpaths	\$26,000	\$6,000	\$20,000	The scope of works have been delivered and the project is complete.			
Glen Stuart Road - Woodforde - Footpath upgrade	New/Upgrade	Footpaths	\$40,000	\$7,000	\$33,000	The scope of works have been delivered and the project is complete.			
Unsealed Road	Renewal	Roads	\$834,000	-\$180,000	\$1,014,000	An increase in the program of works, as well as cost increases has resulted in an increase in the total program costs of \$180k.			
Heavy fleet - Capital Renewal	Renewal	Fleet	\$2,188,841	-\$27,589	\$2,216,430	A number of items were acquired in prior years and delivered late in the prior year. They were acquired through the LGAP channel and incurred additional costs. These costs were passed on after delivery in the current year, although relate to assets purchased and received in prior financial years and result in a budget pressure in the current year			
		Total Expenditure Change		\$691,411					
Capital Expenditure Changes				****	1	·			
Split as follows:		Renewal		\$191,411	4				

Renewal	\$191,411
New/Upgrade	\$500,000
Project Management Costs	\$0

Asset Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment			
				Langer				
CAPITAL INCOME								
Asset Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment			
New/Upgrade	Roads	\$770,000	\$220,000	\$550,000	The scope of works were delivered for \$550k and as such, \$220k is required to be returned.			
	Total Income Change		\$220,000					
		New/Upgrade Roads	Asset Classification Asset Category Budget	Asset Classification         Asset Category         Budget         FAV / (UNFAV)           New/Upgrade         Roads         \$770,000         \$220,000	Asset Classification         Asset Category         Budget         FAV / (UNFAV)         Budget           New/Upgrade         Roads         \$770,000         \$220,000         \$550,000			

2024-25 CAPITAL BUDGET REVIEW 3 - TIMING	CHANGES						
Project Description	Asset (	Classification	Asset Category	Current Budget	Change FAV / (UNFAV)	Revised Budget	Comment
Control Cabinet Birdwood(SCADA)	Ne	ew/Upgrade	CWMS	\$90,000	\$87,000		The procurement of the ICT related components of this project have commenced, with the commissioning works to b deferred into FY 2025-26
AHBCT Culvert Replacement		Renewal	Stormwater	\$101,195	\$61,195	\$40,000	Works in the current year relating to early design and site investigation have commenced and will continue into next year. The remainder of the budget (and additional budget which is the subject of a separate budget bid) will be carrie over into FY 2025/26
Mt Barker Road - Aldgate - Footpath Renewa	al	Renewal	Footpaths	\$35,000	\$35,000		Investigative works have identified significant complexity in delivery this preoject, particulalry in relation to trees linig the footpath. It is proposed that this project is put on hold pending further investigative works
Heathfield Depot retaining wall		Renewal	Retaining walls	\$43,000	\$28,000		2 retaining walls are required to be delivered. The first is complete, with the second in the design phase. This amount will be carried over to deliver the second wall in FY 2025-26
Heavy fleet - Capital Renewal		Renewal	Fleet	\$2,216,430	-\$246,300	\$2,462,730	The emergency acquisition of a wheeled front end loader has increased the budget required for the current financial year. This asset was due to be replaced in FY 2027-28 and this is therefore a bring-forward of future Capital Expenditu
			Total Expenditure Change		-\$35,105		
apital Expenditure Changes					•		
plit as follows:			Renewal		-\$122,105		
			New/Upgrade		\$87,000		
			Project Management Costs		\$0	1	

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### **Appendix 5**

2024-25 Capital Budget Review 3 Risks and Opportunities

2024-25 CAPITAL BUDGET REVIEW 3 - Risks	24-25 CAPITAL BUDGET REVIEW 3 - Risks and Opportunities										
Project Description	Asset Classification	Asset Category	Current Budget	Change OPP / (RISK)	Forecast	Comment					
Network Infrastructure	ICT	Renewal	\$481,800	\$275,000	\$206,800	The tender for network infrastructure is in the final phases of being prepared and released to market. Dependent upon the market's response, the availabity of the required equipment and capacity to commission the equipment, there is a risk that the works may not be fully completed in the current financial year. Any unspent budget will be carried over into next financial year.					
Chamber AV Equipment	ICT	Renewal	\$195,000	\$0	\$195,000	In a similar manner to the above, this item is in the tender phase and, subject to suppliers availability and market responses, there is a risk that this might not be delivered in full in the current financial year					
FABRIK - Activation of Arts & Heritage Hub	Buildings	New/Upgrade	\$31,000	Unknown	\$535,000	Head contractor works have been completed and although AHC has sufficient budget to settle these works (subject to approval of the additional funding request), the head contractor has indicated that there may be additional variations which have yet to be submitted. AHC will review these variations and approve or reject them as appropriate.					
				\$275,000							

Capital Expenditure Changes

Split as follows:

Renewal	\$275,000
New/Upgrade	\$0
Project Management Costs	\$0
	\$275,000

#### ADELAIDE HILLS COUNCIL AUDIT AND RISK COMMITTEE MEETING Monday 19 May 2025 AGENDA BUSINESS ITEM

ltem:	8.9
Responsible Officer:	Gary Lewis Director Corporate Services
Subject:	Draft Long Term Financial Plan 2026-2040 and Draft Annual Business Plan 2025-26 for Consultation
For:	Information

#### SUMMARY

The Long Term Financial Plan and Annual Business Plan are legislative requirements under s122 of the Local Government Act 1999 (the "Act"). They are also key elements of Adelaide Hills Council's Strategic Planning Framework.

The draft *Long Term Financial Plan 2026-2040* integrates the financial implications of all Council's strategic management plans, including its *Strategic Plan 2024 – 'Your Place, Your Space'*, Infrastructure Asset Management Plans, and Annual Business Plans. The assumptions and projections contained therein demonstrates Council's financial commitment to sustainability, its strengths and weaknesses and its proposed path forwards.

The draft *Annual Business Plan 2025-26 (ABP)* has been developed to align to the *Strategic Plan 2024* - 'Your Place, Your Space'. Council resolutions, staff and community feedback, and risk assessments have also informed projects and programs included in the ABP.

The focus during the development of the initiatives and budget for the ABP has been on:

- Continued support of the community and region;
- Continuing to deliver on the Council's strategic plan goals; and
- Aligning with the LTFP, including the financial sustainability targets.

The purpose of this report is to provide the draft *Long Term Financial Plan 2026-2040* (*Appendix 2*) and draft *Annual Business Plan 2025-26* (*Appendix 1*) to Audit and Risk Committee for endorsement to undertake community consultation on both documents.

#### RECOMMENDATION

The Audit and Risk Committee resolves:

- 1. To receive and note the *Long Term Financial Plan 2026-2040 and Annual Business Plan 2025-26 Draft for Consultation* (item 8.9, 19 May 2025, Audit and Risk Committee meeting).
- 2. To note that at its Ordinary Meeting on 13 May 2025, Council endorsed the draft Annual Business Plan 2025-26 (ABP) as contained in Appendix 1 for community consultation in

accordance with Section 123 of the *Local Government Act 1999,* which includes a budget with an average residential rate rise of 6.2% (Adelaide CPI + 4%) (item 8.9, 19 May 2025, Audit and Risk Committee meeting).

- 3. To note that at its Ordinary Meeting on 13 May 2025, Council endorsed the draft *Long Term Financial Plan 2026-2040* as contained in *Appendix 2* for community consultation in accordance with Section 122 of the *Local Government Act 1999* (item 8.9, 19 May 2025, Audit and Risk Committee meeting).
- 4. To note that feedback from the Audit and Risk Committee regarding the draft *Long Term Financial Plan 2026-2040 and Annual Business Plan 2025-26* will be considered during the community consultation phase (item 8.9, 19 May 2025, Audit and Risk Committee meeting).

#### 1. BACKGROUND

The draft Annual Business Plan (ABP) 2025-26 (*Appendix 1*) and Long Term Financial Plan (LTFP) 2026-2040 (*Appendix 2*) have been developed in alignment with the financial and strategic goals outlined in the *Strategic Plan 2024 – 'Your Place, Your Space'*.

The attached documents are for the purpose of community consultation and therefore do not contain all elements that will be published in the final documents. The elements being included for community consultation are:

- A high level summary of what is included in the plan;
- Demographic information;
- Overview of Council details and organisational structure;
- The capital and operating strategic initiatives;
- An overview of the budget and financials;
- Operating budget by function;
- An overview of what is included in our capital works program;
- An overview of the rates changes and other important information from the rates policy;
- Rating Policy;
- The *Budgeted financial statements* which provide a summary of Council's proposed operating and capital investment activities; and
- Corporate Performance Indicators.

What is not included in the consultation document but will be when the final ABP is presented to Council for adoption:

- Council & CEO introduction;
- The detailed Capital Works Program 2025-26 (this is a companion document to the ABP and is currently in development);
- The full statutory financial statements in accordance with the Model Set of Accounts;
- Statement of expected rate revenue; and
- An appendix with the summary of changes resulting from consultation.

The Long Term Financial Plan 2026-2040 is consistent with the ABP and is to be consulted on concurrently.

Due to the schedule of meetings and the time required to prepare the plans, the draft Long Term Financial Plan 2026-2040 and draft Annual Business Plan 2025-26 were not presented to Council for endorsement until 13 May 2025. Information and updates regarding the 2025-26 Budget and the LTFP have been provided to the Audit and Risk Committee during the development period. Feedback from the Audit and Risk Committee will be considered during the community consultation phase.

A full-day workshop with elected members regarding the 2025-26 Budget and LTFP was held on 22 March 2025. The information gathered by the Administration during the engagement session has helped to inform the draft ABP and LTFP.

#### 2. ANALYSIS

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

Strategic Plan 2024 - Your Place, Your Space

Goal 4	Organisation
Objective O5	Evolve Council's functions and services to meet the current and future
	needs and aspirations of our community

Priority O5.2 Demonstrate financial sustainability through long term financial planning and annual budget setting which aligns with adopted targets.

The LTFP and ABP have been developed in alignment with Council's strategic management plans.

#### Legal Implications

The LTFP is prepared as a part of Council's strategic management plans and in accordance with Section 122(1) of the Act. In particular:

(1) ...

- (ab) provide assessments that relate to the following matters (with particular reference to the relevant period):
  - (i) the sustainability of the council's financial performance and position; and
  - (ii) the extent or levels of services that will be required to be provided by the council to achieve its objectives; and
  - (iii) the extent to which any infrastructure will need to be maintained, replaced or developed by the council; and
  - (iv) anticipated changes in its area with respect to-
    - (A) real property development; and
    - (B) demographic characteristics of its community to the extent that is reasonable taking into account the availability of appropriate and accurate data; and
  - (v) the council's proposals with respect to debt levels; and
  - (vi) any anticipated or predicted changes in any factors that make a significant contribution to the costs of the council's activities or operations; and

.....

- (1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt
  - (a) a long-term financial plan for a period of at least 10 years.....
- (4) A council may review its strategic management plans under this section at any time but must—
  - (a) undertake a review of—
    - (i) its long-term financial plan; and
    - (ii) any other elements of its strategic management plans prescribed by the regulations for the purposes of this paragraph,
    - on an annual basis; and
  - (b) in any event, undertake a comprehensive review of its strategic management plans within 2 years after each general election of the council.
- (4a) A council must, for the purposes of a review under subsection (4), take into account—
  - (a) in relation to a review under subsection (4)(a)(i)—a report from the chief executive officer on the sustainability of the council's long-term financial performance and position taking into account the provisions of the council's annual business plan and strategic management plans; and
  - (b) insofar as may be relevant—any other material prescribed by the regulations.

.....

6 A council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans......

The LTFP is also required to comply with Section 5 of the *Local Government (Financial Management) Regulations 2011*. In particular:

#### 5-Long-term financial plans

- A long-term financial plan developed and adopted for the purposes of section 122(1a)(a) of the Act must include—
  - (b) a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
  - (c) estimates and target ranges adopted by the council for each year of the long-term financial plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset renewal funding ratio presented in a manner consistent with the note in the Model Financial Statements entitled *Financial Indicators*.
- (2) A long-term financial plan must be accompanied by a statement which sets out-
  - (a) the purpose of the long-term financial plan; and
  - (b) the basis, including key assumptions, on which it has been prepared; and
  - (c) the key conclusions which may be drawn from the estimates, proposals and other information in the plan.
- (3) A statement under subregulation (2) must be expressed in plain English and must avoid unnecessary technicality and excessive detail.
- (4) The prescribed period for the purposes of section 122(1c) of the Act is 4 years.

The preparation of an ABP is a requirement of Section 123 of the *Local Government Act 1999* (the Act), and the *Local Government (Financial Management) Regulations 2011* (the "Regulations"). The ABP has been developed in accordance with Section 8 of the Act – Principles to be observed by Council.

Section 123(3) of the Act currently states that before a council can adopt its ABP that it must prepare a draft ABP and follow the relevant steps set out in its public consultation policy (i.e. consultation for at least 21 calendar days).

Section 123(3) to (6) of the Act specifies the actions that Council must take in relation to Consultation:

- (3) Before a council adopts an annual business plan, the council must-
  - (a) prepare a draft annual business plan; and
  - (b) follow the relevant steps set out in its public consultation policy, taking into account the requirements of subsection (4).
- (4) For the purposes of subsection (3)(b), a public consultation policy must at least provide for the following:
  - (a) the publication in a newspaper circulating within the area of the council and on a website determined by the chief executive officer of a notice informing the public of the preparation of the draft annual business plan and inviting interested persons—
    - (i) to attend-
      - (A) a public meeting in relation to the matter to be held on a date (which must be at least 21 days after the publication of the notice) stated in the notice; or
      - (B) a meeting of the council to be held on a date stated in the notice at which members of the public may ask questions, and make submissions, in relation to the matter for a period of at least 1 hour,

(on the basis that the council determines which kind of meeting is to be held under this subparagraph); or

- (ii) to make written submissions in relation to the matter within a period (which must be at least 21 days) stated in the notice; and
- (b) the council to make arrangements for a meeting contemplated by paragraph (a)(i) and the consideration by the council of any submissions made at that meeting or in response to the invitation under paragraph (a)(ii).
- (5) The council must ensure that copies of the draft annual business plan are available at the meeting under subsection (4)(a)(i), and for inspection (without charge) and purchase (on payment of a fee fixed by the council) at the principal office of the council and on the website at least 21 days before the date of that meeting.

- (5a) The council must ensure that provision is made for-
  - (a) a facility for asking and answering questions; and
  - (b) the receipt of submissions,

on its website during the public consultation period.

- (6) A council may then, after considering-
  - (a) any submission made to the council during the public consultation period; and
  - (b) any new or revised information in the possession of the council that is relevant to the material contained in the draft annual business plan; and
  - (c) such other materials or information as the council thinks fit,

adopt its annual business plan (with or without amendment).

- (6a) However, if a council proposes to adopt an annual business plan with amendments, the council must include in the adopted business plan a statement—
  - setting out any significant amendments from the draft annual business plan; and
  - (b) providing reasons for those amendments.

AHC's *Public Consultation Policy* specifies that the period of consultation should be for at least 21 calendar days. As per the Act requirements, consultation will include:

- A newspaper advert announcing consultation as well as website/social media notifications (21 May 2025)
- A 1 hour session will be scheduled at the 10 June 2025 Ordinary Council meeting
- The community will be invited to submit their responses in writing, online via the Engagement HQ website, by phone, or in person during engagement meetings.

Other consultation mechanisms are discussed further in the additional analysis section of this report.

Section 123(7) of the Act requires that each budget of council must:

- a) Be considered in conjunction with the council's ABP (and must be consistent with that plan); and
- b) Be adopted by the council after the council has adopted its ABP.

Part 2 of the Regulations sets out what financial information must be included as well as the required formats.

#### Risk Management Implications

Preparing an LTFP and ABP 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)	High (5E)	High (5E)

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

#### Financial and Resource Implications

Satisfactory 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 at least 10 years using inputs from Council's *Strategic Plan, Asset Management Plan* and other key Strategies.

A Council's long-term financial performance and position is sustainable where planned longterm 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.

The ABP sets out the priorities and application of the Council's resources over the next financial year. The plan has been developed to be consistent with the *Strategic Plan 2024 – 'Your Place, Your Space'*, LTFP and Asset Management Plans.

The finalisation of the documents will be primarily produced internally using mainly existing staff resources. External costs will be associated with activities such as the design and printing of the final copy and any promotional costs related to the public consultation.

#### > Customer Service and Community/Cultural Implications

The LTFP and ABP provide transparency for the community regarding Council's financial plans for the short and long term. It highlights key goals and objectives and the strategies to achieve these objectives.

#### Sustainability Implications

The Council's sustainability (financial, social and environmental) is a key consideration in the development of the ABP and LTFP.

The proposed average residential rate increase of 6.2% will maintain the financial sustainability of the Council. This is 4% above the March Consumer Price Index for Adelaide of 2.2%. The higher than expected increase is in response to the rise in asset values which have materially increased depreciation charges in recent years. This is commensurate with factors considered in the budget review processes in 2024-25.

#### Depreciation

Throughout the 2024-25 Financial Year, Council conducted a comprehensive review of the assumptions and methodologies used in its financial planning and reporting. It also considered core assumptions used in its asset management planning processes in depth. These reviews have led to a reassessment of Council's financial sustainability, with Council reporting material deficits in 2023-24 and 2024-25, and forecasting additional deficits in future years.

The most recent revaluation of the Council's building, and property assets calculated an annual depreciation charge that was materially higher than had been recorded in both prior year accounts and the LTFP forecast. To bring the budget for 2024-25 in line with the revised figures required an increase of \$500k in depreciation expense.

In the short term this is an unavoidable cost, however depreciation costs, along with the associated maintenance costs can and should be actively managed. Specifically, by reviewing the service level (and its efficiency) that is delivered through Council's portfolio of buildings. Council can direct the administration to review this should they see fit.

#### Interest

Council's level of debt has been steadily increasing over the past 3 years. This increase is reflective of insufficient rate revenue being raised to cover the capital delivery program. As Council's debt levels increase, so too do the associated interest costs. This is now a material cost to Council and whilst debt assists with creating intergenerational equity, it also decreases Council's ability to respond to external shocks (eg: bushfires) and results in higher than CPI rate increases.

#### **Carry Forwards**

Following the review of the Capital Works Program through 2023-24 and 2024-25 the need for annual carry forwards should be materially reduced. One project, the Uraidla Play Space upgrade has been identified in the last budget review as being delayed and was removed from the 2024-25 budget. This has been carried forward into the proposed draft ABP for 2025-26. There are additional projects which have commenced, and which will not be completed in 2024-25. These will be considered by Council as part of the budget review process early in the new financial year.

#### **Financial Summary**

Page 3 of *Appendix 1* shows the following financial summary based on the average residential rate increase of 6.2%:

- Operating deficit of \$2.4m
- Operating Deficit Ratio of 3.6%
- Renewals Capital Expenditure of \$13.850m
- Asset Renewal Ratio of 117%
- New & Upgrade Capital Expenditure of \$3.448m
- Net Financial Liabilities of \$39.940m
- Net Financial Liability Ratio of 62%

The Asset Renewal Ratio is outside of target as there are major pieces of work required which are not considered in the relevant plans but are essential.

#### **Financial Indicator Targets**

The budgeted operating deficit ratio follows on from a deficit of 7.7% in 2023-24 and a budgeted deficit in 2024-25 of 4.90%. These deficits were significantly outside of Council's previous target ratio range for an Operating Surplus of between 1% and 5%. This historic target is significantly different to that recommended by the South Australian Local Government Association (LGA) and are realistically unachievable in the near future.

The LGA recommendation is:

To achieve, on average over time, an operating surplus ratio of between 0% and 10%.

The LTFP has incorporated this target in future planning and achieves an average 1% surplus over ten years. In the context of managing long life assets, supporting multiple services with increasing complexity, taking a longer-term view on financial sustainability may be of better service to Council and community.

The LGA's recommended targets for Net Financial Liabilities and Asset Sustainability have also been incorporated into the financial planning. These recommendations are included in the recommendations and are as follows:

- Net financial liabilities ratio is between zero and 100% of total operating income, but possibly higher in some circumstances.
- Asset Sustainability Ratio Capital outlays on renewing/replacing assets are greater than 90% but less than 110% of the level proposed in the Infrastructure and Asset Management Plan.

#### > 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:	A budget workshop was held on 22 March 2025, and updates
	including key budget elements, strategic initiatives, rating, etc. provided at subsequent information or briefing sessions of Council.
Advisory Groups:	Not applicable.
External Agencies:	Not applicable
Community:	Not applicable

#### Additional Analysis

#### Audit and Risk Committee

Audit and Risk Committee's new Terms of Reference stipulates;

#### 3.2 STRATEGIC MANAGEMENT PLANS

3.2.1 Propose and provide information relevant to a review of Council's strategic management plans and annual business plans.

Any information the Audit and Risk Committee choose to provide to Council should be done through the resolution of this report.

#### **Community Consultation**

Public consultation will be undertaken over the period Wednesday 21 May to 11 June (22 days) with the aim of providing members of the community varied formats and opportunities to provide feedback. The main feedback is via the online forms, however the community is encouraged to write or phone Council to share their feedback also.

Consultation activities include:

- 1. A paid advert in *The Advertiser* and *The Courier* newspapers;
- 2. The Community Engagement Hub site with copies of relevant documents and feedback form;
- 3. A 1 hour public forum during the Ordinary Council Meeting on 10 June 2025 for verbal submissions to Council (per the legislative requirement);
- 4. Elected Member driven community micro-meetings, with support from Administration including engagement toolkits and promotional material (detailed information to follow endorsement of the LTFP/ABP for consultation);
- 5. Posters, information packs and hard copy feedback forms for display at Council libraries, service centres and community centres;
- 6. Emails to community groups to encourage sharing of the consultation opportunity as well as feedback;
- 7. Emails to Community Engagement Hub registrants inviting feedback and linking to the online resources;
- 8. Electronic notices on our website and newsletter; and
- 9. Social media posts on LinkedIn, Facebook and Instagram.

Following the consultation, a report will be created which will list all feedback and responses for Council to consider as part of the final Long Term Financial Plan/Annual Business Plan endorsement report.

All feedback participants will receive a copy of the consultation report where they have provided an email address, and the report will be published on the EngagementHQ website.

#### 3. OPTIONS

NA

#### 4. APPENDICES

- (1) Draft Annual Business Plan 2025-26
- (2) Draft Long Term Financial Plan 2026-2040

### Appendix 1

Draft Annual Business Plan 2025-26



# Annual Business Plan 2025-26



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## Welcome

Welcome to the Adelaide Hills Council Annual Business Plan for 2025-26. This document outlines our strategic goals and the steps we will take over the next financial year to achieve them. These goals are closely aligned with our 2024 Your Place, Your Space Strategic Plan, as well as other key plans and strategies.

This publication provides relevant information for all our stakeholders, including ratepayers, residents, business operators, visitors, government agencies, and other interested people.

This plan not only meets the requirements of the Local Government Act 1999 but also serves as a comprehensive guide for our community.

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Strategic Initiatives	13	Annexure F: Strategic Plan and
Financial Overview	18	
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cial Statements

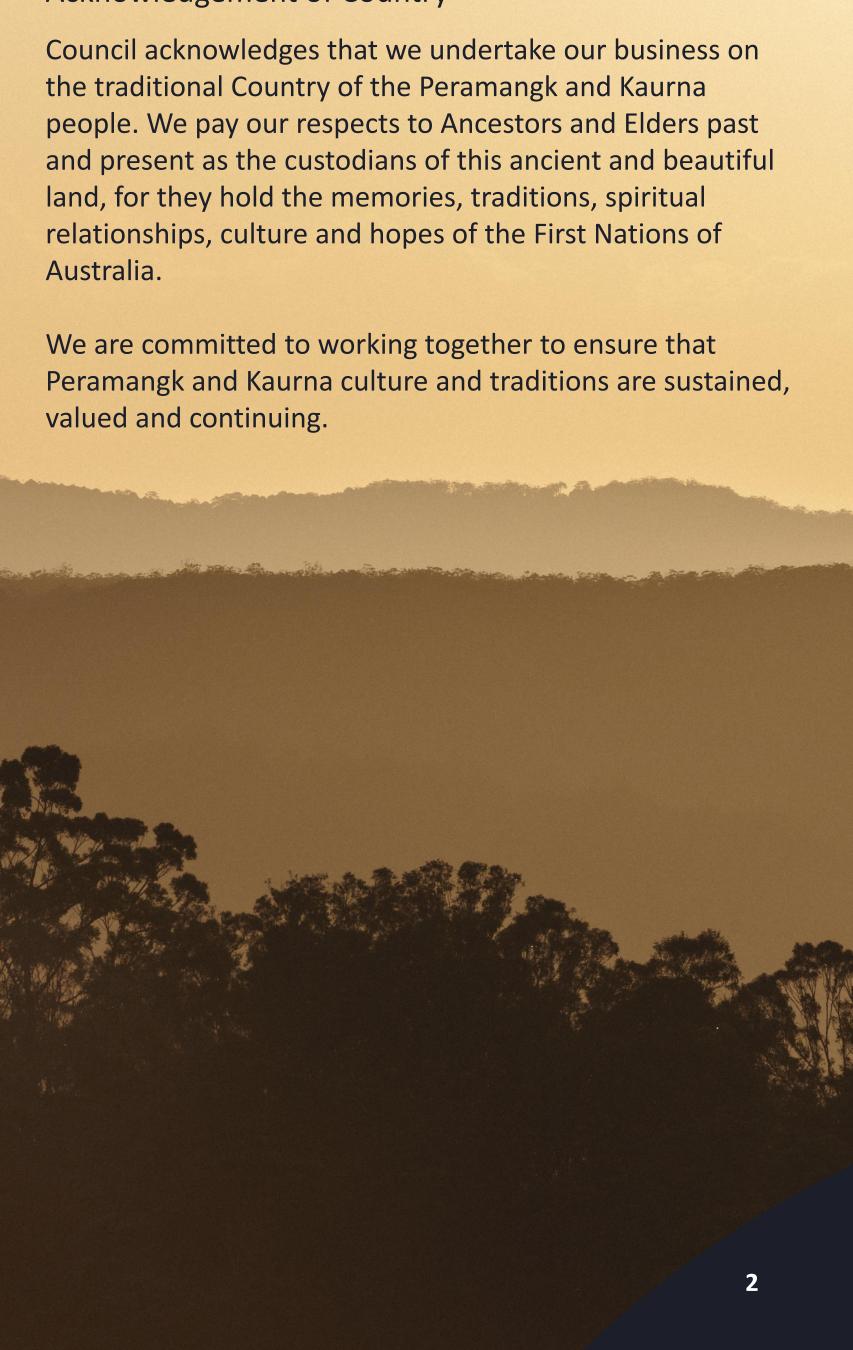
pected Rate Revenue

rmance Indicators

Ind Council Response

d Goals and Objectives

### Acknowledgement of Country



## Overview

The Annual Business Plan 2025-26 shows our services, programs and projects for this financial year. It also shows how we will allocate our resources to achieve the goals we set out in our 2024 Your Place, Your Space Strategic Plan, while ensuring Council's long term financial sustainability.

Our focus in 2025-26 is on supporting and strengthening our community, environment and region by developing a responsible budget which recognises our unique constraints and is geared towards delivering essential services, prudent resource management, and sustainability.

This financial planning exercise, including the Long-Term Financial Plan (LTFP), is the first to address the Council's financial sustainability considering recent revelations regarding its assets and depreciation. The re-evaluation has identified that Council's financial sustainability is not as robust as previously thought. Consequently, the Council must now plan for significantly higher costs associated with the renewal and replacement of assets.

Some key projects and activities we will be undertaking include:

- Pursuing our adopted pathway to achieving net zero corporate carbon emissions
- Implementing alternative kerbside waste collection models to divert more waste from landfill
- Developing a housing strategy that meets the needs community needs
- Implementing technology upgrades to the Customer Relationship Management system (CRM) to enhance the customer experience in relation to online services

The key elements of the Annual Business Plan are outlined in the table to the right and explained in more detail throughout this document.

Planned Activities	<ul> <li>In addition to our regular service delivery, our strategic initiatives contribute towards achieving our long-term goals. These include:         <ul> <li>16 capital initiatives (\$1.548M)</li> <li>15 operating initiatives (\$1.429M)</li> </ul> </li> </ul>		
Capital Budget	<ul> <li>\$3.448M for capital expenditure on new or upgraded assets</li> <li>\$13.850M for capital expenditure on renewal of existing assets</li> </ul>		
Operating Budget	Proposed deficit of <b>\$2.4M</b>		
Borrowing	<ul> <li>Net borrowings of \$5.873M, resulting in forecast total borrowings at 30 June 2026 of \$39.940M</li> </ul>		
Rates	<ul> <li>Average increase in general residential rates of 6.2% which will allow for which will allow for continued financial sustainability, maintain our much-needed services and fund new initiatives</li> <li>For an average value residential property this equates to an annual increase of approximately \$161</li> </ul>		
Financial Sustainability	<ul> <li>Operating deficit ratio of 3.6% which is below Council's target of 0% to 10% surplus on average over 10 years.</li> <li>Net financial liabilities ratio 62% in line with Council's target of 0% to 100%</li> <li>Asset sustainability ratio 117% which is above Council's target of</li> </ul>		



3

### The size of a Regional Council with the expenses and population of a City Council

620km of Sealed Roads **397km** of Unsealed Roads

124 km of Footpath

**3** Libraries **3** Community Centres

**39** Playgrounds **100+** Pieces of equipment

Inspect approx. 19,500 properties (bushfire prevention)

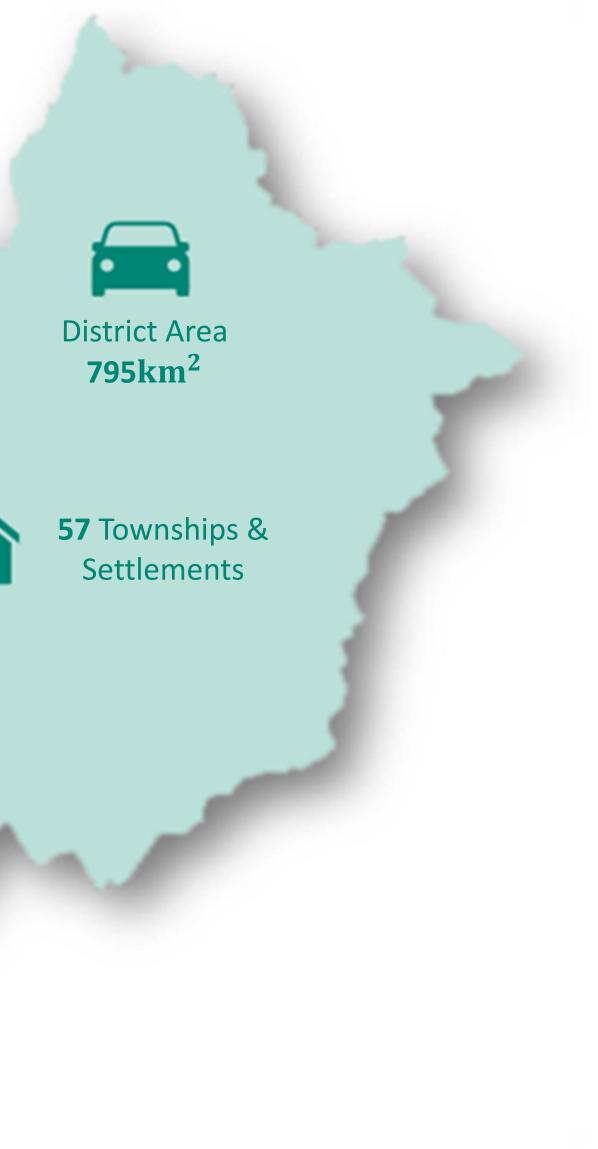
**309** Council owned buildings

Waste and recycling Cost approx. \$4.2M

8,437 Dog registrations 1, 426 Cat registrations

**Total Population** 42,368

## We Are Unique



Median Age 44

Volunteers 30% of population

3.8% Need help at home

16,267 Households 84% Own are buying a home

43% Have a university or TAFE qualification **19%** have a trade qualification

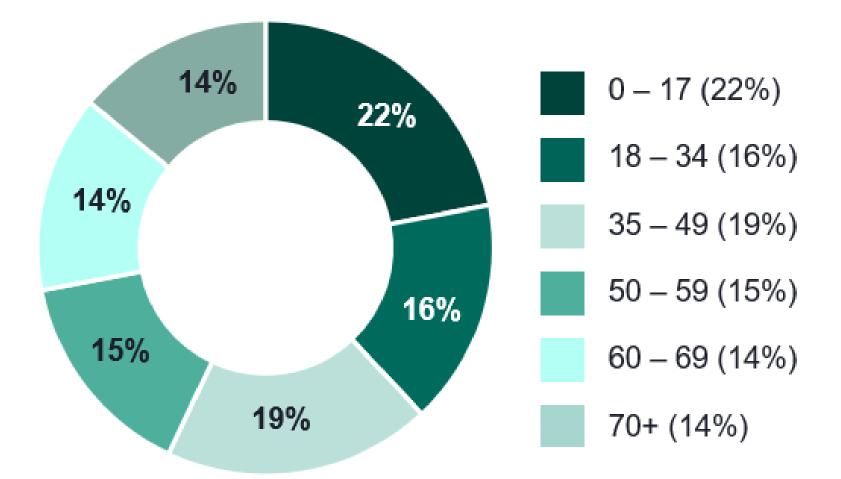
4,243 Businesses

12,049 Local jobs

**1.2M+** Domestic Day Trips were taken in our region

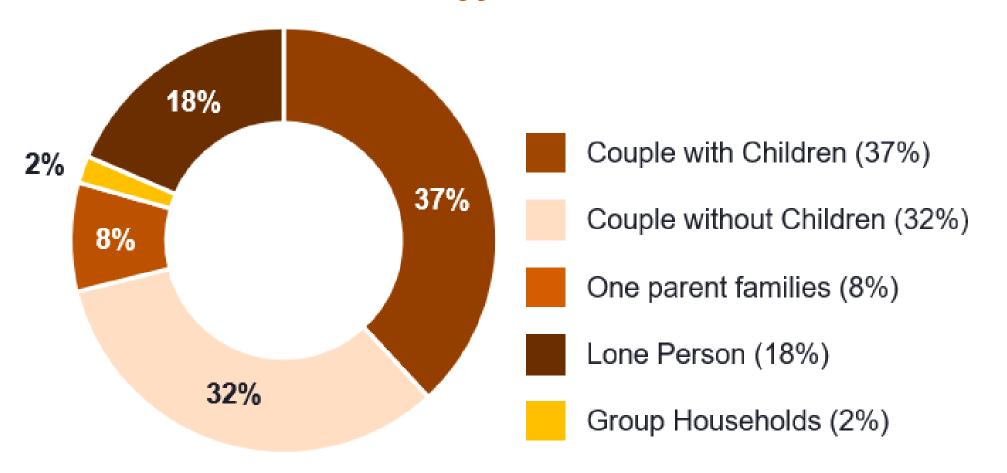






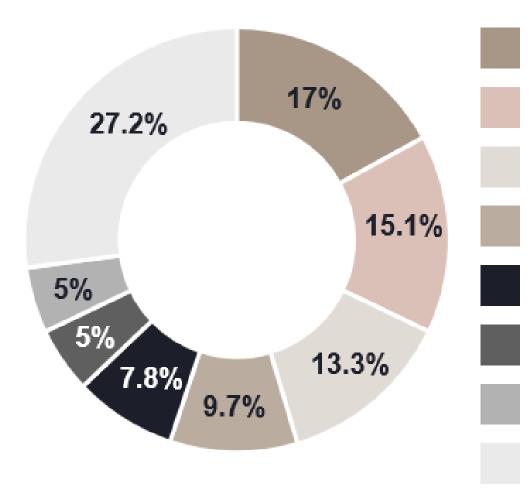
Age Profile of the Adelaide Hills

Household Types



**Data Source:** ABS Census of Population and Housing 2016, and ABS Count of Australian Business 2021

### Number of registered businesses by industry



Construction (17%)

Professional, Scientific and Technical Services (15.1%)

Agriculture, Forestry and Fishing (13.3%)

Rental, Hiring and Real Estate (9.7%)

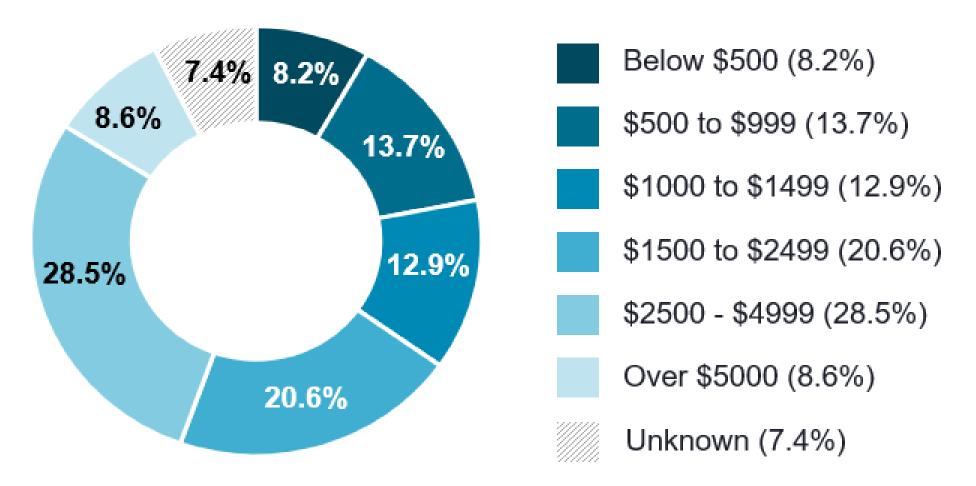
Health Care and Social Assistance (7.8%)

Retail Trade (5%)

Manufacturing (4.9%)

All other industries (27.2%)

### Weekly Household Income







## About us

### **Our Elected Council**



Mayor Jan-Claire Wisdom



Cr Kirrilee Boyd Ranges Ward



Cr Adrian Cheater **Ranges Ward** 



Cr Pauline Gill Valleys Ward



Cr Leith Mudge Ranges Ward



Cr Mark Osterstock Ranges Ward



#### **Council and Committees**

The Elected Council's role is to provide for the governance and stewardship of the Council. It does this through representing the interests of the community; providing and coordinating public services and facilities; encouraging and developing initiatives to improve the community's quality of life; and exercising its functions under legislation and its strategic management plans.

A number of committees have been established in accordance with legislation to assist the Council and the Administration to discharge their responsibilities in specific areas. These are the Audit Committee, the Chief Executive Officer Performance Review Panel, the Council Assessment Panel, the Boundary Change Committee, the Building Fire Safety Committee and the Health & Safety Committee.



**Deputy Mayor** Cr Nathan Daniell Ranges Ward



Cr Chris Grant Valleys Ward



Cr Malcolm Herrmann Valleys Ward



Cr Lucy Huxter Valleys Ward

Cr Kirsty Parkin Ranges Ward



Cr Louise Pascale Ranges Ward



Cr Melanie Selwood Valleys Ward



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### **Council Administration**

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

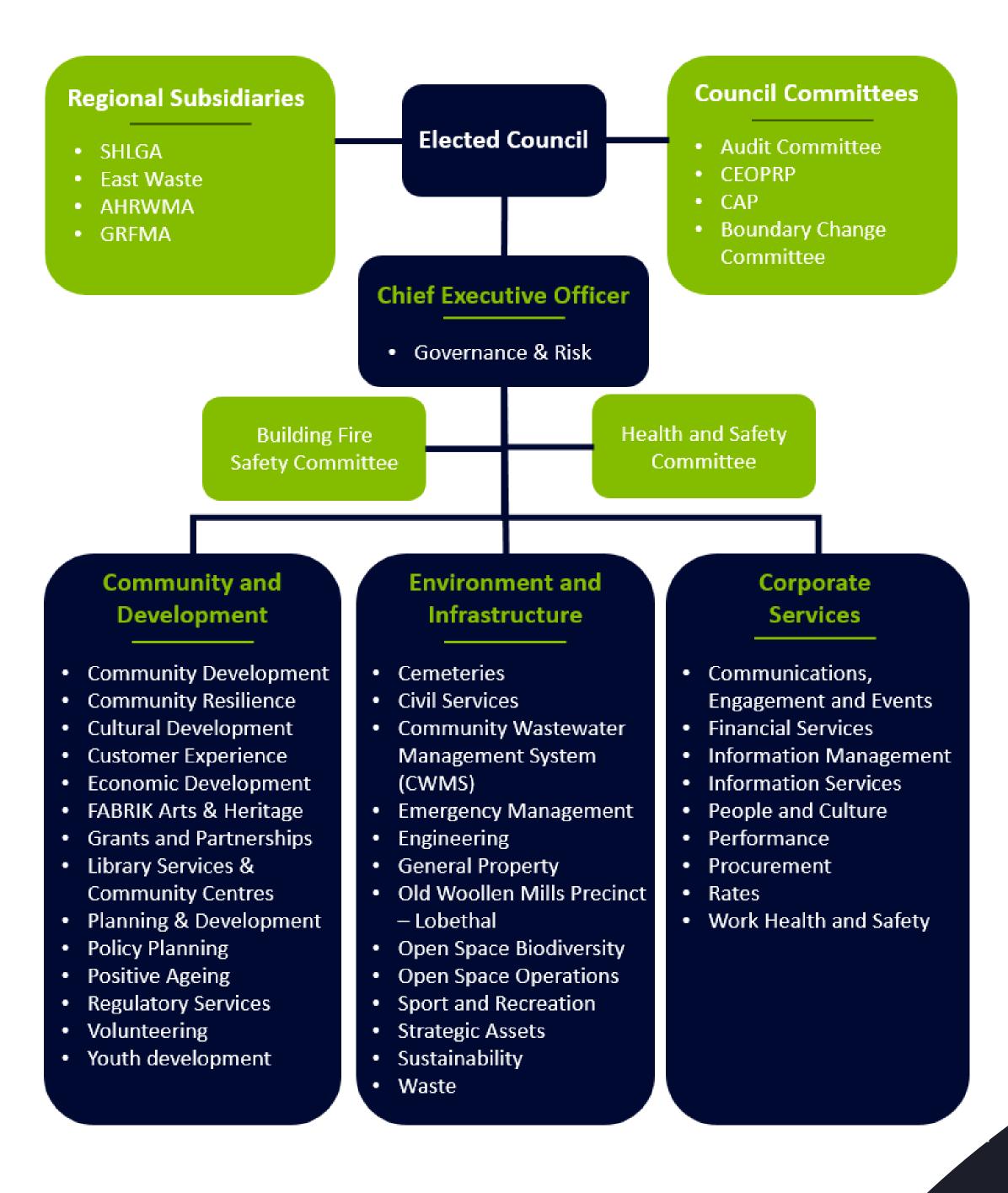
The Chief Executive Officer appoints staff and engages other resources to carry out the functions and duties delegated to them and to implement Council decisions.

The Administration is organised into directorates, each with a specific area of focus and functional responsibilities. The arrangement of the directorates provides for the separation of the regulatory activities, as far as practicable, from the other activities of the Council.

### **Regional Subsidiaries**

Council is a member of four regional subsidiaries which assist in the strategic planning and service delivery activities.

The subsidiaries are the Southern and Hills Local Government Association, the Eastern Waste Management Authority (East Waste), the Adelaide Hills Region Waste Management Authority, and the Gawler River Floodplain Management Authority.





## Our Goals

The Annual Business Plan has been developed to align with the 2024 Your Place, Your Space Strategic Plan, which was adopted by Council on 12 November 2024. The goals and objectives of the Strategic Plan are listed in the table below. Over the following pages the day-to-day activities, recovery efforts, and strategic initiatives will be outlined to demonstrate how each of these long-term goals will be achieved.

atural Environment	Community Wellbeing	Built Form and Economy	Drganisation
<b>NE 1</b> Pursue our adopted pathway to achieve net zero carbon emissions.	<b>CW 1</b> Promote and support reconciliation.	<b>BFE 1</b> Guide development that fosters vibrant and resilient communities, promotes appropriate design and enhances livability.	<b>O1</b> Embrace technology solutions and digital transformation to enhance our organisation and the community experience.
NE 2 Support the community and businesses to decarbonise and transition to sustainable lifestyle practices (green communities).	<b>CW 2</b> Enrich, empower and support connected communities.	<b>BFE 2</b> Nurture a distinctive sense of place, support activation activities and recognise and celebrate our rich heritage.	<b>O2</b> Operate with integrity using best practice governance processes.
<b>NE 3</b> Protect, improve, expand and connect habitat.	<b>CW 3</b> Embrace diversity in our community and build on community strengths.	<b>BFE 3</b> Develop and maintain infrastructure to support livability and sustainable economic activity.	<b>O3</b> Support and develop a skilled organisation that is aligned to Council's priorities.
<b>NE 4</b> Build resilience in the natural environment to adapt to climate and other environmental changes.	<b>CW 4</b> Build community resilience for the future.	<b>BFE 4</b> Improve the utilisation of Council and community facilities.	<b>O4</b> Engage and advocate for our communities.
<b>NE 5</b> Improve landscape character and amenity value on Council managed land.	<b>CW 5</b> Foster cultural identity and connection to place.	<b>BFE 5</b> Promote sustainable prosperity by supporting tourism, creative industries, primary production and vibrant townships.	<b>O5</b> Evolve Council's functions and service to meet the current and future needs and aspirations of our community.
DRAFT Annual Business Plan 2025-26	CW 6 Promote physical, mental and social wellbeing.		







## **Our Services**

The services and day to day activities we provide are our main method of delivering on our long-term goals and objectives. Over 2025-26, our skilled and agile workforce will continue in our commitment to deliver cost effective and efficient services in support of our community.

**Animal Management -** Promoting responsible dog and cat ownership, responding to nuisance and hazards caused by other animals including livestock, and conducting Feral Cat Studies.

**Cemeteries –** Maintenance and management of 16 Council owned cemeteries within the region.

**Civil Services –** Maintenance, management and replacement planning of public infrastructure including roads, bridges, signage, stormwater, kerbs and footpaths.

**Community Centres** – Providing opportunities to improve health and wellbeing, participate in lifelong learning and sharing skills with others.

**Communications, Engagements and Events** – Ensuring communication between the Council and community is accurate, relevant, valuable and engaging. Promoting and supporting community events which have social and economic benefits to the district.

**Community Development** – Overseeing community wellbeing, disability access and inclusion programs, as well as a range of regional support programs including provision of funding to The Hut Community Centre and the Adelaide Hills Community Passenger Transport Network.

**Community Wastewater Management Systems (CWMS)** – Management of CWMS and associated

infrastructure e.g. septic tanks, treatment ponds.

**Customer Experience** – Driving organisational improvement and innovation to improve the customer experience.

**Customer Services** – Providing ready access to Council services and responding to customer enquiries through three physical service centres, a phone contact centre and online request portal.

**Cultural Development** – Focusing on cultural diversity, Aboriginal respect and recognition, and the arts in all its forms.

**Economic Development** – Supporting and promoting businesses, community, and regional development through funding Adelaide Hills Tourism and Regional Development Australia and responding to the needs of established or potential local businesses.

**Emergency Management -** Working collaboratively to prevent, prepare, respond and recover from natural disasters and other hazards.

**Fabrik Arts and Heritage Hub** – Providing community exhibitions, workshops and events. A thriving arts and heritage hub to support creative industries and the broader local economy through increased tourism and continuing to promote and preserve our vibrant cultural and historical hub.



### **Our Services**

**Financial services –** Providing accounting and financial activities including procurement support, payments, collection of rates and debt recovery, treasury management, corporate planning and reporting activities, and support to Council in financial decision making.

**Fire Prevention** – Legislative function of ensuring identified properties are prepared for the bushfire season. Assessing the extent of bushfire hazards within the Council area and providing advice to landowners in respect of bushfire prevention and management.

**Governance** – Supporting the Mayor, Councillors, CEO, the Administration and community with their legislated roles and responsibilities including coordination of Council & Committee meetings, elections, policy development and review, and risk, audit and insurance activities

**Grants & Partnerships** – Grant giving programs supporting community-based initiatives. Partnerships with stakeholders to deliver local and regional outcomes.

**Information, Communication and Technology** – Providing support for over 1300 devices, 250 system users and 100 public access devices for libraries and community centres. Manages system security, asset maintenance and renewal.

Information Systems – Systems for the capture, dissemination, storage, security, accessibility and management of information received and generated by Council. **Libraries -** Providing access to information resources for learning or leisure. Providing opportunities for community to engage, learn and connect.

**Open Space Operations** – Maintaining parks and reserves, biodiversity activities, and fire breaks/ tracks.

**Open Space Biodiversity** – Undertaking activities such as weed management, habitat conservation and expansion, research and knowledge development, and supporting community in their related activities.

**Organisational Development and Work Health & Safety** – Providing support to our people covering organisational development, human resource management, work health and safety and payroll.

**Parking and By-law Enforcement** – Monitoring and regulating parking and particular public activities to ensure safe and accessible environments.



### **Our Services**

**Planning & Development** – Assessment of development applications and activities within the region. Inspection of approved buildings and swimming pools and taking compliance action where required. Reviewing safety of publicly accessible buildings.

**Policy Planning** – undertaking policy and project work such as amendments to the new Planning and Design Code, and preparation of urban design guidelines.

**Positive Ageing** – Providing home and social support, particularly under the Commonwealth funded Commonwealth Home Support Program. Developing and implementing targeted strategies and programs in our region.

**Property Services** – Facilitating appropriate events, outdoor dining, roadside trading and mobile food vans on Council managed land and roads. Ongoing maintenance and management of Council's service centres, community facilities and Council's real estate assets including some 380+ parcels of land and 180+ buildings.

**Public Health** – Inspections of food businesses, waste water and public swimming pools to provide safe public environments. Providing clinics to enable the community to access vaccinations easily.

**Sport & Recreation Planning** – Management and utilisation of Council's sport, recreation and open

space assets; and support of clubs and the community's recreational activities in the region.

**Strategic Assets** – Develops and refines the Asset Management Plans and the future renewal Capital Works Programs. Manages Council's Geographic Information Systems, Community Wastewater Management System, and associated corporate data.

**Sustainability** – Including climate change considerations into Council decision making, providing strategies for carbon neutrality, water management and renewable energy in response to climate change impacts.

**Volunteering** – Encouraging voluntary participation across the Adelaide Hills through provision of opportunities, training and support for volunteer involving groups.

**Waste** - Providing waste collections and recycling services to 16,500 properties, green waste organics kerbside collections in townships, 'at call' hard waste collection, and operates the Heathfield Resource Recovery Centre for community use.

Wastewater Systems Compliance – Working with landowners to ensure their on-site wastewater systems are compliant and operating correctly to minimise impact on the water catchment.

**Youth Development** – Providing a range of programs and activities to support and develop youth in our community.





### Our focus for 2025-26

Council's focus for the year is on supporting and strengthening our community, environment and region by developing a responsible budget which recognises our unique constraints and is geared towards delivering essential services, prudent resource management, and sustainability.

Some of the highlights include:

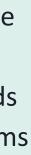
- Pursuing our adopted pathway to achieving net zero corporate carbon emissions
- Implementing alternative kerbside waste collection models to divert more waste from landfill
- Progressing towards financial sustainability through considered planning
- Developing a revised Biodiversity Strategy to conserve native vegetation and habitat on Council land, and protect ecological values along natural waterways
- Developing a Stormwater Management Plan
- Continuing to implement actions from the Our Watch's "Prevention Toolkit for Local Government"
- Expanding the Fabrik Arts + Heritage Hub operations following its redevelopment
- Undertaking a strategic review of all Council owned properties including Council administration accommodation
- Increasing community connections through forums
- Collaborating with Adelaide Hills Tourism to promote and support tourism across our region.
- Advocating for key economic development issues in the region with other levels of government.
- Commencing the development of a housing strategy that meets community needs and balances character, growth, affordability, and the natural environment
- Increasing resilience and reliability of the Community Wastewater Management System service
- Implementing technology upgrades to the Customer Relationship Management system to enhance the customer experience through easier online services and improved communication and response times

#### How we measure success

Our success will be demonstrated through service based performance measures and customer feedback in delivering what our community needs and what we aspire to achieve under our programs and services.

As an organisation, our internal measures of success include service-driven performance measures, achievement of financial targets, evidence of our corporate governance, implementation of innovative processes and technology, and organisational development achievements.

The details of these measures are included in the suite of Corporate Performance Indicators (Annexure C) which will be used in our performance reporting to Council each quarter, and in our Annual report for 2025-26.





### Strategic Initiatives

Strategic initiatives are specially funded and priority activities, projects and programs of work that are planned for 2025-26. "Operating" initiatives are related to administrative projects, community programs and other activities and tasks.

Area	Objective	Budget 2025-26 (\$'000)
Community & Development	BFE 1	\$25,000
Community & Development	BFE 1	\$15,000
Community & Development	BFE 2	\$30,000
Environment & Infrastructure	BFE 3	\$30,000
Environment & Infrastructure	BFE 4	\$25,000
Community & Development	CW 4	\$30,000
Environment & Infrastructure	CW 4	\$100,000
Environment & Infrastructure	CW 4	\$25,000
	Community & Development Community & Development Community & Development Environment & Infrastructure Environment & Infrastructure Community & Development Environment & Infrastructure	Community & DevelopmentBFE 1Community & DevelopmentBFE 1Community & DevelopmentBFE 2Environment & InfrastructureBFE 3Environment & InfrastructureBFE 4Community & DevelopmentCW 4Environment & InfrastructureCW 4

\*Strategic goals, objectives and priorities are listed in Annexure F





### **Strategic Initiatives**

Strategic initiatives are specially funded and priority activities, projects and programs of work that are planned for 2025-26. "Operating" initiatives are related to administrative projects, community programs and other activities and tasks.

#### **Operating Initiatives**

Electric vehicle charging scheduled auditing and maintenance

Existing solar PV, emission and cost reduction monitoring and performance enhancement

Township kerbside bin collection frequency change (\$190,000 grant funded)

Grants and incentives to support the community in reducing emissions

Development and implementation of a community energy reduction program incorpora transport

Local climate adaptations for landscape conservation

New staff recruitment – Senior Strategic Asset, Development and Project Arborist

Digital Transformation Program (inc Enterprise Resource Planning Review)

\*Strategic goals, objectives and priorities are listed in Annexure F

	Area	<b>Objective and/or</b> Priority*	Budget 2025-26 (\$'000)
	Environment & Infrastructure	NE 1	\$25,000
ent	Environment & Infrastructure	NE 1	\$5,000
	Environment & Infrastructure	NE 2	\$380,000
	Environment & Infrastructure	NE 2	\$10,000
rating energy and	Environment & Infrastructure	NE 2	\$120,000
	Environment & Infrastructure	NE 4	\$10,000
	Environment & Infrastructure	NE 4	\$124,000
	Corporate Services	01	\$475,000





### Changes to 'Business-as-Usual' budgets

In addition to the strategic initiatives, which are specially funded, and priority activities, projects and programs of work, additional funding has been allocated to specific on-going activities.

**Business as Usual Projects** 

**Reconciliation Action Plan** 

Implement actions from Our Watch's 'Prevention Toolkit for Local Government'

**Business as Usual Increases** 

Additional weed control following fire control activities

Amy Gillett Bikeway maintenance

DRAFT Annual Business Plan 2025-26

Area	<b>Objective and/or Priority*</b>
Community & Development	CW 1
Community & Development	CW 3

Area	<b>Objective and/or Priority*</b>	Budget 2025-26 (\$'000)
Environment & Infrastructure	NE 1	\$25,000
Environment & Infrastructure	NE 1	\$45,000



### Strategic Initiatives

Strategic initiatives are specially funded and priority activities, projects and programs of work that are planned for 2025-26. "Capital" initiatives are generally related to new physical assets and infrastructure investment.

Capital Initiatives
Public toilet refresh and new septic system – Norton Summit
Replacement of non-compliant external cladding – Stirling Coventry Library
Road Safety Program (including co-contribution to road Black Spot Program)
Stormwater projects - Balhannah
Disability Discrimination Act access upgrades – region wide
Sports court upgrades
Amenity lighting – Woodside Recreation Ground
Uraidla Play Space

\*Strategic goals, objectives and priorities are listed in Annexure F

Appropriate funds have been allocated to a limited number of priority initiatives that remain commercial in confidence at the time of publishing this document. Figures do not include project managements costs

Area	Objective and/or Priority*	Budget 2025-26 (\$'000)
Environment & Infrastructure	BFE 3	\$80,000
Environment & Infrastructure	BFE 3	\$80,000
Environment & Infrastructure	BFE 3	\$35,000
Environment & Infrastructure	BFE 3	\$544,000
Environment & Infrastructure	BFE 3	\$30,000
Environment & Infrastructure	CW 6	\$35,000
Environment & Infrastructure	CW 6	\$35,000
Environment & Infrastructure	CW 6	\$220,000



### Strategic Initiatives

Strategic initiatives are specially funded and priority activities, projects and programs of work that are planned for 2025-26. "Capital" initiatives are generally related to new physical assets and infrastructure investment.

Capital Initiatives	Area	Objective and/or Priority*	Budget 2025-26 (\$'000)
Energy efficiency improvement program – Council facilities	Environment & Infrastructure	NE 1	\$60,000
Central irrigation control system – Houghton Square, Lobethal Main Street, Kersbrook Cemetery	Environment & Infrastructure	NE 4	\$130,000
Barbeque and shelter – Hamilton Hill, Woodforde	Environment & Infrastructure	BFE 3	\$40,000
Safety improvements, Branch Road stair access to Woorabinda Bushland Reserve - Stirling	Environment & Infrastructure	NE 5	\$70,000
Work, Health & Safety and security upgrades at Council depot - Heathfield	Environment & Infrastructure	BFE 4	\$75 <i>,</i> 000
Lighting improvements, Lewis Walk Hamilton Hill - Woodforde	Environment & Infrastructure	BFE 3	\$15,000
Road safety: Traffic control and calming - Lobethal	Environment & Infrastructure	BFE 3	\$57,000
Road safety: Emu crossing - Lobethal	Environment & Infrastructure	BFE 3	\$42,000

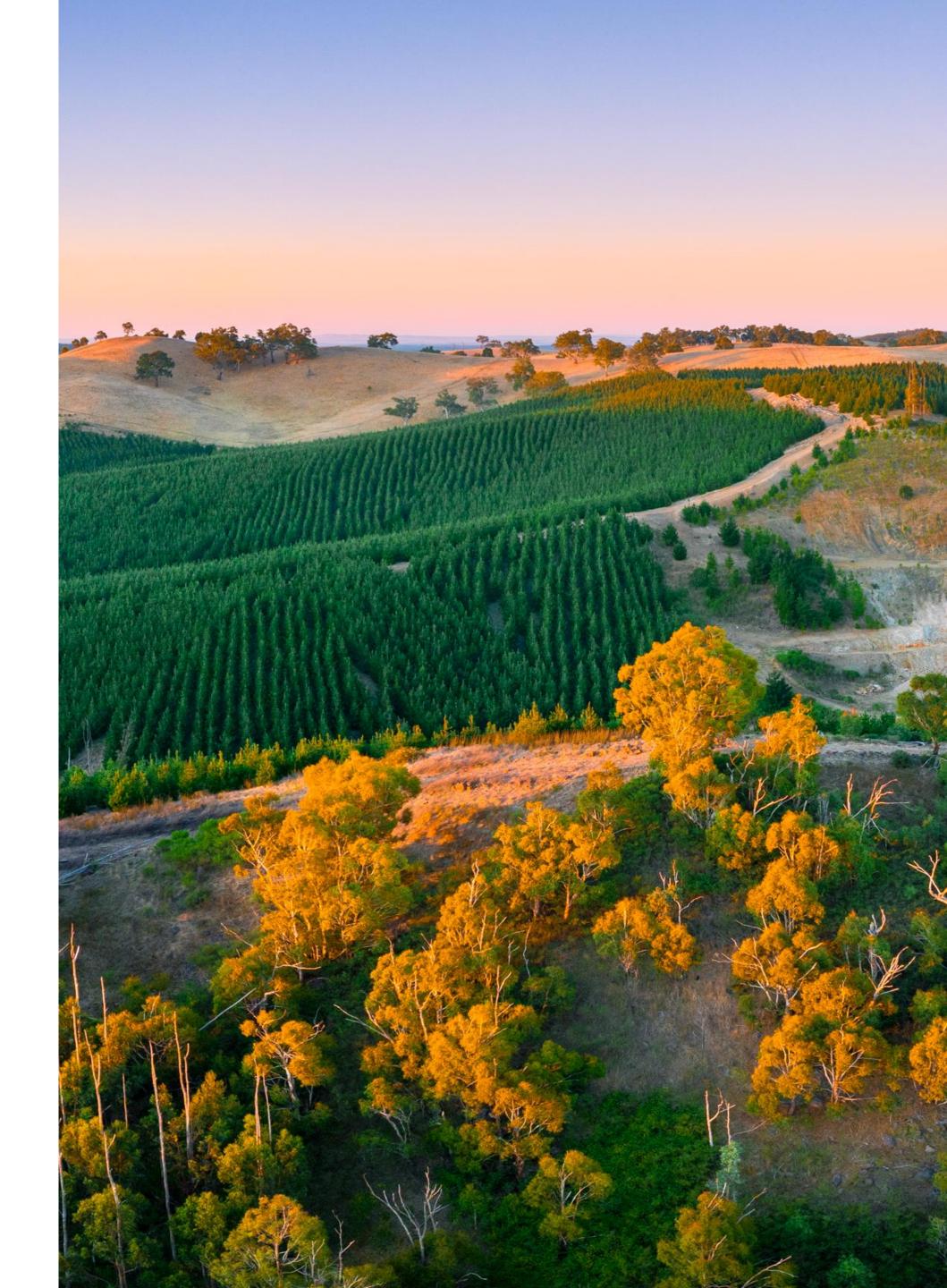
\* Strategic goals, objectives and priorities are listed in Annexure F Appropriate funds have been allocated to a limited number of priority initiatives that remain commercial in confidence at the time of publishing this document. Figures do not include project managements costs



### **Financial Overview**

Key financial information for 2025-26 is summarised below:

Budget Summary	\$'000
Rates income	54,953
All Other Operating income (including initiatives)	9,505
Total Operating Income	64,458
Core operating Expenses (excluding Initiatives)	65,382
Operating initiatives	1,429
Total operating Expenditure	66,810
Operating deficit	2,352
Gross Capital Renewal Program expenditure	13,850
Gross Capital expenditure on new / upgraded assets	3,448
Total Gross Capital Expenditure	17,298
Estimated new borrowings	5,873





### Key financial targets and financial sustainability

Financial sustainability is considered with reference to Council's agreed target ranges in three key ratios:

Indicator	Adopted Target	2025-26 Budget
Operating Deficit Ratio	1 - 10% (on avg. over 10 years)	3.6%
Net Financial Liabilities Ratio	0-100%	62%
Asset Renewal Funding Ratio	90 - 110%	117%

Council's alignment to the targets provides a level of certainty to the community that financial sustainability will be maintained over the long term.

Council's targeted Operating Surplus on average over a ten-year timeframe acknowledges that there are likely to be one off occurrences in particular years which require Council to respond differently. This improves Council's ability to absorb the expenditure impacts from unexpected events such as bushfires, floods, or pandemics. It also provides capacity to reduce our liabilities (borrowings) by funding a proportion of new capital / upgrade expenditure.

#### Impact on ratepayers

The overall amount existing ratepayers will pay in general rates will increase on average by 6.2%. For a residential property of average value, this equates to an increase of approximately \$161 for the 2025-26 year. Rate increases may vary from the average where there has been new development, capital improvements or other significant change to the value of the property.

To reduce the impact of significant valuation changes for 2025-26 Council proposes:

- Applying a rate rebate to limit the maximum general rate increase to 15% across residential and primary production land use categories
- Make the rebate automatic (similar to the 2024-25 financial year) but also retaining an application process
- Retaining the exclusion of the cap for valuation increases due to improvements, changes in land use and rateability
- Adjusting the exclusion of change of ownership properties to those properties sold after 30 June 2024.

# Elements of the Budget:

#### **Income and Expenses**

#### Income

Rate revenue accounts for approximately 85% of Council's operating income, while grants, fees and charges make up the majority of the other operating income. We continue to pursue grant income and partnerships with external funders where possible to minimise the requirement for revenue via rates.

#### **Fees and Charges**

Section 188 of the Local Government Act 1999 sets out how fees and charges are managed in Council. Council reviews its fees and charges each year, in conjunction with the development of the annual budget to ensure that the fees proposed:

- reflect (or move progressively toward) the cost of the services' provision
- are comparable with market rates, where appropriate
- take into account benefit derived by users of community facilities
- are consistent with Council directions articulated through existing policy or plans
- are consistent with Council's LTFP assumptions

Generally, this has resulted in proposed fee increases that are in line with CPI, insofar as this is practicable.

#### **Expenses**

39% of the Council's operating expenditure is attributable to the payment of salaries and wages and around 38% is applied to materials, contracts and other expenses.

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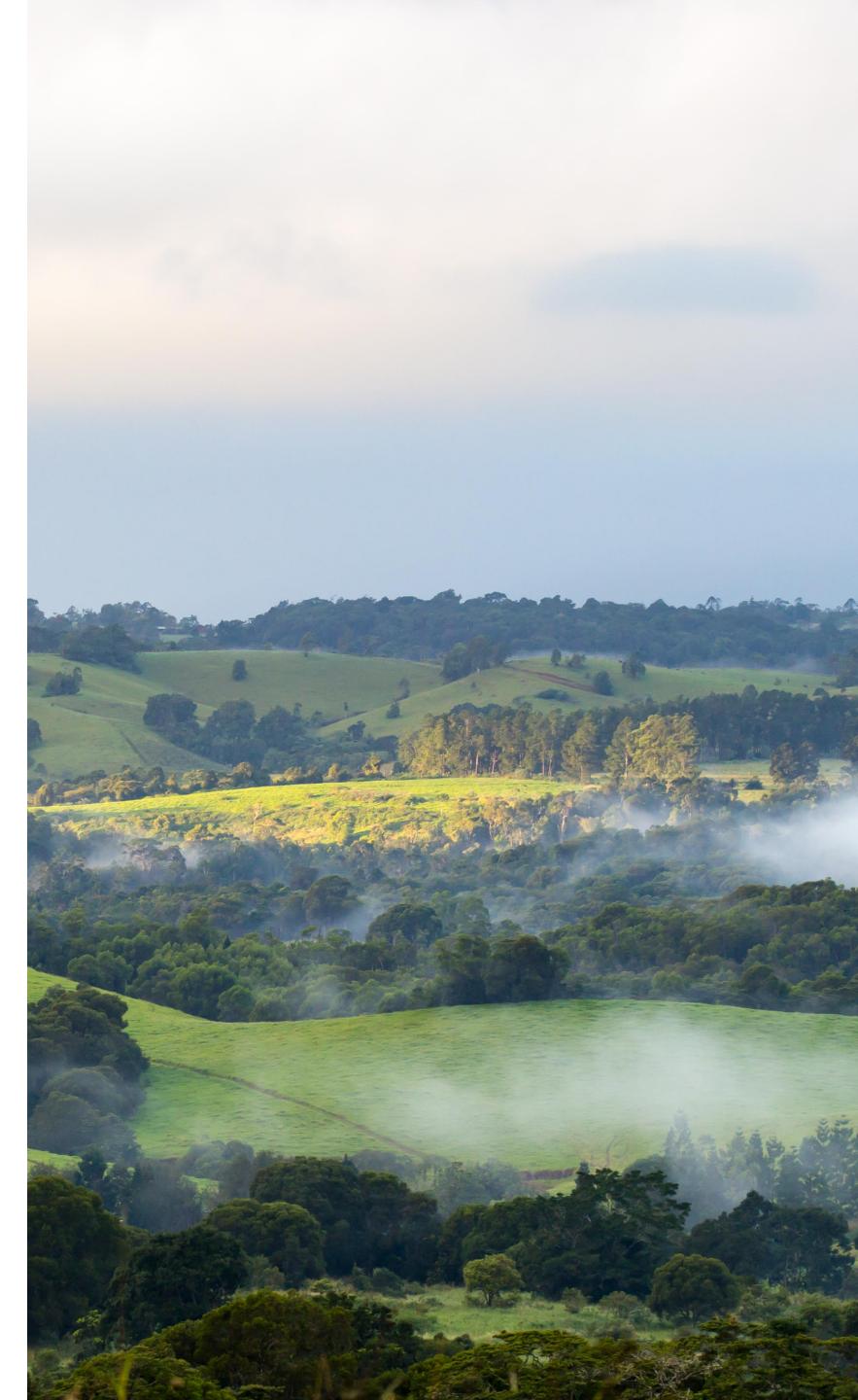
### Significant influences for the 2025-26 budget

A number of factors have influenced the preparation of Council's 2025-26 Annual Business Plan.

These include:

- Major projects being undertaken by Council (detailed elsewhere in report).
- Inflationary pressures continue to push up costs. Whilst there may be some slowing of these pressures, they will remain influential on Council's expense base in the immediate future.
- Increasing construction costs over recent years have led to higher replacement cost valuations of Council's existing asset base which in turn increases the depreciation cost. Accurately capturing these is important to ensure Council's sustainability.
- Provision for Enterprise Development Agreements for staff which determines conditions of employment and provide for annual salary and wages increases, largely based on CPI and a separate increase of 0.5% in the Superannuation Guarantee Levy.
- Maintaining asset management (renewal) expenditure at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets.
- Increased maintenance requirements due to an increase in capital works and construction of new assets over recent years.
- A hardening insurance market resulting in premiums increasing significantly more than CPI.

The Boundary Commission's Inquiry into Campbelltown City Council's Woodforde/Rostrevor boundary reform proposal is currently underway. If this reform proposal is successful, it has the potential to materially impact Council's financial sustainability. No financial or resource implications have been built into the 2025-26 budget at this stage.



### Additional costs included in the 2025-26 budget

In addition to the major projects being funded in 2025-26, there are other ongoing cost pressures that continue to impact on Council's Operating Surplus including:

- Higher interest costs for arising from increased borrowings which were used to fund capital initiatives
- Increase in depreciation due to revaluations largely relating to cost escalation in infrastructure and building costs
- Insurance premium increases & distribution reductions
- Waste collection costs continue to increase due to higher transportation costs
- Higher costs for building maintenance
- Allowance for more condition assessments of assets



### Borrowings

Borrowing is an important funding source, especially for expenditure relating to new Capital and is undertaken in accordance with Council's Treasury Policy. The key objective of the Policy is to manage the finances of the Council holistically in accordance with the overall financial sustainability strategies and targets.

An independent Local Government report on financial sustainability encourages the increased use of borrowings to promote intergenerational equity. This involves spreading costs in relation to significant capital expenditure based on the pattern of benefits over time so that one generation is not excessively subsidising another.

Forecasted levels of borrowing are dependent on the accuracy of the budget. In particular, changes to the delivery of the Capital Works Program have the capacity to change the level of borrowings required. The forecast below assumes that all capital projects will be delivered by the end of 2025-26.

Estimated increase in Total Borrowings as shown in the following table for 2025-26 is \$5,873m.

Borrowing
Forecast Opening Balance of Borrowings July 2025
Estimated New Borrowing for 2025-26
Repayment of principal for 2025-26
Forecast Closing Balance of Borrowings June 2026
Split as follows:
Cash Advance Debenture (Short Term Borrowings)
Fixed Term Borrowings
Forecast Closing Balance of all Borrowings June 2026

\$'000
28,825
5,873
-
34,698
22,198
 22,198 12,500
-



#### **Operating Budget by Directorate and Function**

		Revenue	•		Expenditure			
Function / Directorate	2024-25 Revised Budget \$'000	2025-26 Proposed Budget \$'000	Fav/(unfav) Budget Variance \$'000	2024-25 Revised Budget \$'000	2025-26 Proposed Budget \$'000	Fav/(unfav) Budget Variance \$'000	Net Cost / (Revenue) Budget \$'000	2025-26 Staff FTE Budget
CEO Office	-	-	-	664	579	85	579	2.00
Governance Civic	-	-	-	2	3	(1)	3	0.00
Governance EM	-	-	-	532	560	(28)	560	0.00
Governance & Performance	37	37		2,029	1,922	108	1,885	3.40
CEO Directorate Total	37	37		3,227	3,063	164	3,027	5.40
C&D Director's Office	-	-	-	369	409	(40)	409	2.00
Region & Place	110	110	-	812	1,029	(217)	919	4.00
Environmental Health	196	181	(15)	613	613	1	431	3.84
Fire Prevention	32	57	25	239	167	72	111	1.18
Animal Management	577	627	50	491	551	(60)	(76)	3.10
Parking and By-Laws	115	165	50	165	322	(156)	156	2.00
Development Services	649	695	46	2,691	2,716	(25)	2,021	17.03
Community Management	23	-	(23)	438	606	(168)	606	3.10
Community Grants	-	-	-	209	210	0	210	0.00
Community Centres - TSCC	16	16	0	220	235	(16)	219	1.58
Community Centres - TVCC	24	20	(5)	220	113	107	94	0.79
Community Programs	117	74	(43)	126	77	49	3	0.60
Community Resilience	300	-	(300)	510	134	376	134	0.80
Cultural Development	-	-	-	202	148	53	148	0.60
Positive Ageing (Collaborative)	93	94	1	94	94		0	0.60
Positive Ageing (Home Support)	1,196	1,317	121	1,246	1,374	(128)	57	6.22
Volunteering	-	-	-	100	89	11	89	0.60
Youth Development	3	3		111	130	(20)	128	0.60
Customer Experience	-	-	-	738	159	580	159	1.00
Customer Service	-	-	-	999	1,021	(22)	1,021	8.84
Libraries	346	340	(5)	2,086	2,188	(101)	1,847	15.06
FABRIK	380	363	(17)	848	1,060	(212)	697	4.60
Community & Development Directorate Total	4,177	4,063	(114)	13,530	13,445	85	9,382	78.15



#### **Operating Budget by Directorate and Function**

		Revenue		Expenditure				
Function / Directorate	2024-25 Revised Budget \$'000	2025-26 Proposed Budget \$'000	Fav/(unfav) Budget Variance \$'000	2024-25 Revised Budget \$'000	2025-26 Proposed Budget \$'000	Fav/(unfav) Budget Variance \$'000	Net Cost / (Revenue) Budget \$'000	2025-26 Staff FTE Budget
CS Director's Office	6	6	0	572	538	34	533	2.89
Communications, Engagement & Events	-	-	-	834	758	76	758	3.60
Corporate	1,144	1,145	1	1,403	1,490	(87)	344	0.00
Finance Operations	-	-	-	1,230	1,455	(224)	1,455	9.80
Rates	49,724	53,298	3,574	1,994	2,034	(39)	(51,265)	0.00
ICT	-	-	-	1,199	1,258	(60)	1,258	4.33
Information Management	-	-	-	574	618	(44)	618	4.34
Information Systems	-	-	-	2,019	2,551	(532)	2,551	4.33
People and Culture & WHS	-	-	-	846	929	(83)	929	5.00
Corporate Services Directorate Total	50,874	54,449	3,575	10,671	11,631	(959)	(42,818)	34.29
E&I Director's Office	-	-	-	894	457	437	457	2.00
Civil Services - Management	2	2		575	597	(22)	595	3.60
Civil Services - Maintenance	3,009	2,401	(608)	5,468	5,529	(60)	3,127	34.00
Civil Services - Private Works	6	7		4	5	0	(2)	0.00
Property Management	75	75		2,346	2,486	(140)	2,411	5.90
Sport & Recreation	11	12		1,049	1,128	(79)	1,117	3.80
AHBTC	408	408		359	363	(4)	(46)	0.00
Cemeteries	385	394	10	205	178	28	(217)	1.00
Open Space - Management	23	-	(23)	988	1,265	(277)	1,265	8.00
Open Space - Maintenance	6	-	(6)	3,718	3,749	(31)	3,749	17.00
Open Space - Stores	-	-	-	(937)	(846)	(91)	(846)	1.00
Open Space - Biodiversity	545	534	(11)	1,365	1,500	(135)	966	5.30
CWMS	1,735	1,675	(60)	1,040	1,041	(1)	(634)	1.00
Strategic Assets	-	-	-	479	580	(102)	580	2.90
Emergency Management	-	-	-	105	87	19	87	0.20
Sustainability	-	-	-	346	466	(120)	466	1.40
Waste	192	401	210	5,992	6,688	(696)	6,287	1.80
Depreciation	-	-	-	13,071	13,398	(327)	13,398	0.00
Environment & Infrastructure Total	6,398	5,910	(488)	37,071	38,671	(1,600)	19,363	88.91
Total	61,485	64,458	2,973	64,499	66,810	(2,311)	2,351	206.75



### **Capital Budget Overview**

The 2025-26 Capital Budget continues to focus on the renewal of infrastructure. The Council has in excess of \$830M (Current Replacement Values) of infrastructure assets that it manages, to ensure that our current and future communities have access to the ongoing services these assets provide.

Charts to be included here in final for adoption

The total of \$17.3m for the capital works program is considered to be an appropriate level of sustainable investment to meet the Council strategic goal to have a proactive long term view regarding the renewal and maintenance of its infrastructure.

As in previous years, a significant portion of the program is applied to road works, with buildin stormwater and plant accounting for a large proportion of the remaining allocation.

To see a detailed listing of our Capital projects, refer to the *Capital Works Program 2025-26* published on our website

#### **Capital Expenditure Renewal Summary**

JBuildings & Other Structures948Cemetries Infrastructure40CWMS913Footpaths425Guardrails56Kerb & Gutter300Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Asset Category	2025-26 Allocation \$'000
Cemetries Infrastructure40CWMS913Footpaths425Guardrails56Kerb & Gutter300Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Bridges	143
CWMS913Footpaths425Guardrails56Kerb & Gutter300Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Buildings & Other Structures	948
Footpaths425Guardrails56Guardrails56Kerb & Gutter300Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Cemetries Infrastructure	40
Guardrails56Kerb & Gutter300Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	CWMS	913
Kerb & Gutter300Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Footpaths	425
Other Infrastructure Assets*111Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Guardrails	56
Retaining Walls54Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Kerb & Gutter	300
Roads5,150Sport & Recreation (including Playgrounds)60Stormwater Drainage1,650Street Furniture Infrastructure65Plant & Equipment2,950Project Management986	Other Infrastructure Assets*	111
Sport & Recreation (including Playgrounds) Stormwater Drainage 1,650 Street Furniture Infrastructure 65 Plant & Equipment 2,950 Project Management 986	Retaining Walls	54
Playgrounds) 60 Stormwater Drainage 1,650 Street Furniture Infrastructure 65 Plant & Equipment 2,950 Project Management 986	Roads	5,150
Street Furniture Infrastructure 65 Plant & Equipment 2,950 Project Management 986	Sport & Recreation (including Playgrounds)	60
Plant & Equipment 2,950 Project Management 986	Stormwater Drainage	1,650
Project Management 986	Street Furniture Infrastructure	65
	Plant & Equipment	2,950
RENEWALS 13,850	Project Management	986
-	RENEWALS	13,850



### **Rates Overview**

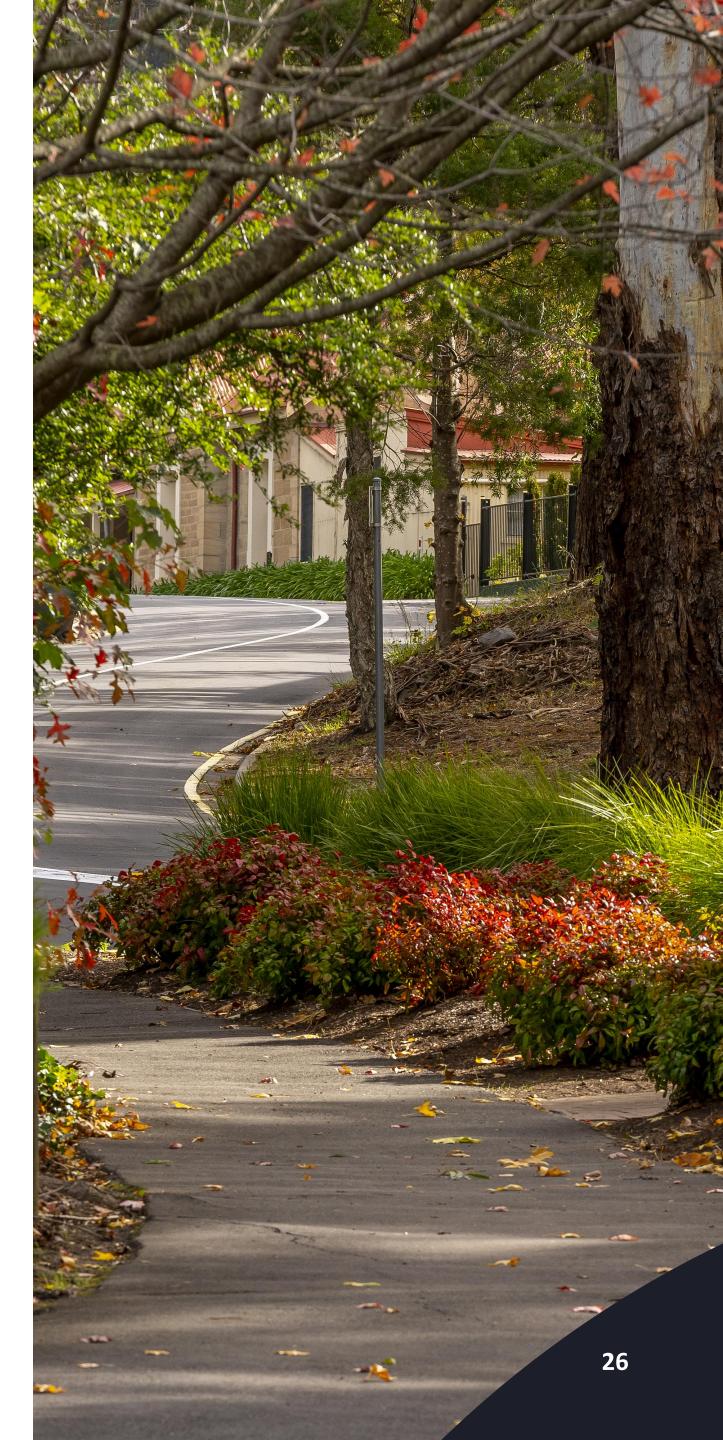
Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

The base increase in Rates is 6.2%, which is to cover the effect of inflation on Councils costs. This has been derived from the March South Australian Consumer Price Index (CPI) figure of 2.2% and allows for some cost elements that have risen by more than core CPI.

The new development (budgeted at 0.8%) is defined as capital improvements to existing properties and changes to value as a result of land divisions. This is primarily related to the Hamilton Hill development.

This year's valuation of the Council area by the Valuer-General has shown less variability in valuation increases across all land uses. As such, Council will continue to reduce the impact of significant valuation changes for 2025-26 by:

- Differentiating all land uses to enable differences in valuation for land use categories to be taken into account;
- Setting the maximum general rate increase at 15%
- Applying a rate rebate to residential and primary production land use categories where the increase exceeds 15%
- Make the rebate automatic (similar to the 2024-25 financial year) but also retaining an application process
- Excluding the rebate on properties where there is any change of rateability, land use, improvements or change in ownership of properties from the previous year.



### Summary Basis of Rating (Rating Policy)

Key elements of the Policy include:

#### Rating Structure

- The Council is proposing that differential rates be applied to all rateable properties based on their predominant land use. This is a change in rating structure from previous years and will allow Council to ensure that the proposed average rate increase for existing ratepayers is consistent across all land uses before other factors relating to the cost of services and comparability to other councils are considered for individual land uses.
- A fixed charge rating structure that includes a fixed charge applying to all properties. This charge is to increase from \$830 to \$880 which represents a 6.02% increase in line with the average increase previously highlighted.

#### Stirling Separate Rate

- A separate rate for businesses in Stirling that generates \$110k that is distributed to the SBA to promote Stirling as a destination, the "Gateway to the Hills" through a new funding agreement. Council also sets a maximum amount ('top') and a minimum amount ('tail') per property each financial year for this separate rate.
- Council proposes in accord with Council's taxation principles to maintain the top and tail of the separate rate at the same amount given that there is no increase in the overall amount collected, thus maintaining an even distribution across all separate ratepayers.

#### Regional Landscape Levy

The Regional Landscape (RL) Levy is a State Tax paid by all ratepayers and is collected by Council on behalf of the Hills and Fleurieu Regional Landscape Board. For 2025-26 there is a modest increase of 2.33% in this tax imposed on Council's ratepayers by the Board.

### Help when you need it

An empathetic and individually tailored approach is provided to ratepayers who are experiencing financial difficulties through the provision of a number of alternative arrangements made available to ratepayers including:

- smaller, more regular payment options
- acceptance of reduced payments toward **Council Rates arrangement**
- deferment or postponement of payment of rates in whole or in part for an agreed period
- consideration of the waiving of fines and interest where appropriate

The Rating Policy also includes a number of options to address financial hardship specifically targeted to those ratepayers that have been significantly and permanently impacted by events such as the current financial climate, COVID and bushfires.



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#### **Rates Modelling**

The valuation of the Council area by the Valuer-General has been completed and information provided reflects an average increase of just under 6% in valuation for existing properties.

Analysis indicates that:

- Residential properties, representing 73% of total assessments, have had an average valuation **increase** of 6%
- Primary production properties, representing 16% of total assessments, have had an average valuation **increase** of 4.7%
- Commercial and Industrial Light properties have had an average valuation **increase** of 1%
- Industrial Other properties have had an average valuation **increase** of 1%
- Vacant land properties have had an average valuation **increase** of 7%

The percentage of total rate revenue required from each land use category takes into account the proposed rating structure changes to phase in higher differential rates in relation to Commercial, Industrial and Vacant Land use categories across a three-year period and this breakup is used to determine the rate in the dollar (differential rate) for each category to provide an overall increase in general rate revenue of 6.2% excluding new development.

#### Allocation of Rates

The Council uses the capital value method of valuing properties. This method values the land and all improvements on the land. It is the most widely-used method across South Australian councils.

Council considers this valuation method the most equitable method to spread rates across the measure of wealth within the Adelaide Hills Council area. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

Further, in determining how rates are applied, and the rate in the dollar, Council has also made specific policy choices in relation to the use of differential rating for each land use category and a fixed charge rather than a minimum rate to allocate the rates burden across the community.

#### **Rate Statistics**

Council has just over **19,200** assessments split by land use as follows:



13.933 Residential



**654** Commercial and Industrial Light



47 Industrial Other



2,983 Primary Production



569 Vacant



178 Other



840 Non-rateable



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#### **Differential Rates**

Section 153 of *Local Government Act 1999* (the "Act") allows councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council. The application of a Differential General Rate is generally intended to alter the amount payable by particular land uses.

In formulating the rating structure, Council has considered issues of consistency and comparability of other councils and across council areas in the imposition of rates on various sectors of the business and wider community. Currently Council's average residential rate is high by comparison to other councils whereas the average commercial and industrial rate is low.

In 2023-24 financial year Council adopted a change in rating structure with higher differential rates for some categories being applied as set out below.

- Properties categorised as "Commercial" or "Industrial Light" will pay a higher differential rate in the dollar than residential with a phased increase of 35% relative to the current differential rate.
- Properties categorised as "Industrial Other" will pay a higher differential rate in the dollar than residential with a phased increase of 60% relative to the current differential rate.
- Properties categorised as "Vacant Land" within township zones as defined by Council will pay a higher differential rate in the dollar than residential with a phased increase of 30% relative to the current differential rate.

These changes are being applied over a three year period, with 2025-26 being the last year of the process.

The percentage of total rate revenue required from each land use category after taking in to account the proposed rating structure changes will be used to determine the rate in the dollar (differential rate) for each category.



Annexure A: **Budgeted Financial Statements** 



	BUDGETED UNIFORM PRESENTATION OF FINANCES	
	2025-26 Budget	
	2020-20 Duogot	
2024-25		2025-26
Revised		Budget
\$'000		\$'000
	INCOME	
51,442	Rates	54,953
1,513	Statutory charges	1,671
	User charges	1,026
	Grants, subsidies and contributions - Capital	0
5,516	Grants, subsidies and contributions -Operating	5,770
26	Investment income	25
	Reimbursements	263
632	Other income	645
103	_Net gain - equity accounted Council business es	105
61,462	_Total Income	64,458
05 0 00	EXPENSES	0.0 000
25,028	Employee costs	26,082
25,150	Materials, contracts & other expenses	25,577
857	Depreciation, amortisation & impairment Finance costs	13,777
160	Net loss - equity accounted Council business es	1,374 0
64,476	Total Expenses	66,810
01,110		
(3,014)	NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNT S	(2,352)
	Net Outlays on Existing Assets	
(13,779)	Capital Expenditure on Renew al and Replacement of Existing Assets	(13,850)
645	Proceeds from Sale of Replaced Assists	0
13,441	Depreciation	13,777
307	NET OUTLAYS ON EXISTING ASSETS	(73)
	Net Outlays on New and Upgraded Assets	
(6,869)	Capital Expenditure on New and Upgraded Assets & Remediation costs	(3,448)
3,192	Capital Grants and Monetary Contributions for New and Upgraded Assets	0
· 40	Proceeds from Sale of Surplus Assets	0
(3,637)	NET OUTLAYS ON NEW AND UPGRADED AS SETS	(3,448)
(6,345)	NET LENDING/ (BORROWING) RESULT FOR FINANCIAL YEAR	(5,873)
(27,514)	Net Financial Liabilities at Beginning of Year	(33,962)
(+1 C, 12) 0	Decrease / (increase) in Other	(33,302)
(103)	Non Cash Equity Movement	(105)
33,962)	Net Financial Liabilities at End of Year	(39,940)
0010021		(00,010)



# Annexure B: Statement of Expected Rate Revenue Included in final ABP document following consultation



Annexure C: Corporate Performance Indicators



**Corporate Performance Indicator** 

**Natural Environment** | *Responsible custodians of our natural environment* 

Percentage change of existing internal combustion powered light fleet to electric vehicle renewals

Community decarbonisation and sustainable lifestyle awareness and education sessions

Reduced community derived waste to landfill from Heathfield Resource Recovery Centre & kerbside

Number of biodiversity sites monitored using the BushRAT methodology (actual versus planned)

Number of fire tracks audited by Council

**Community Wellbeing** | *A thriving, safe and welcoming community* 

Positive aging wellbeing score

Customer satisfaction with library services

Number of volunteer hours contributed to Adelaide Hills Council programs each year

Number of events and programs celebrating cultural diversity

Fabrik Arts + Heritage: Develop income streams to ensure budget is met via venue hire income and profits

Fabrik Arts + Heritage: Increase visitation and spend in the region: number of intra/interstate and int visitors

Fabrik Arts + Heritage: Increase participation in the arts: number of visitors

Fabrik Arts + Heritage: Number of participants in business development opportunities

Fabrik Arts + Heritage: Increased wellbeing through creative initiatives

	Target	Strategic Objective	<b>Reporting Frequency</b>
5	15%	NE 1	Annually
	5	NE 2	Annually
de collections	Improved diversion rate from 2024-25 FY	NE 2	Annually
	60 NVMS sites (14% of total) per annum and 5 reserves	NE 3	Annually
	15	NE 4	Quarterly
	7 Average	CW 2	Quarterly
	85%	CW 2	Annually
	3500	CW 2	Quarterly
	8	CW 3	Annually
d retail sales	Target against business plan and budgets	CW 5	Quarterly
nternational	30% of total visitation from outside the region	CW 5	Quarterly
	13,200 (Yr 1)	CW 5	Annually
	30 (Yr 1)	CW 5	Annually
	85% positive participant responses	CW 5	Quarterly



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**Corporate Performance Indicator** 

Built Form & Economy | Building foundations for the future

Number of dwellings built per year to 2031 per Greater Adelaide Regional Plan target

Improve resilience to existing Community Wastewater Management System (CWMS) by implementin Remote Management Monitoring Systems

**Organisation** An accessible, accountable and representative organisation

Increase in public use of CRM for all customer interactions

Train 100% of staff in Digital Literacy by Q3 2025/26

Deploy cloud-delivered IT services (SaaS), mobile devices, and wireless networks to 80% of staff by

Decisions (Council resolutions) considered in open Ordinary and Special Council meetings during re

Council member attendance at Ordinary and Special meetings

Freedom of Information (FOI) requests received, in progress, and completed within the legislated tin

Number of lost time injuries

Number of Community Forums at different locations across the Adelaide Hills Council district

Percentage increase of Adelaide Hills Engagement Hub membership

Overall customer satisfaction

**Operating Surplus Ratio** 

Net Financial Liabilities Ratio

Asset Sustainability Ratio

	Target	Strategic Objective	<b>Reporting Frequency</b>
	165	BFE 1	Annually
ting SCADA	100%	BFE 3	Annually
	30% of all customers	01	Quarterly
	100%	01	Quarterly
y Q3 2025/26	100%	01	Quarterly
reporting period.	90%	02	Quarterly
	90%	02	Quarterly
imeframe	100%	02	Quarterly
	0	03	Quarterly
	4	04	Annually
	5%	04	Annually
	75%	05	Quarterly
	0 to 10% average of a 10-year period	05	Annually
	0 to 100%	05	Annually
	90 to 110%	05	Annually





# Annexure D: Rating Policy Included in final ABP document following consultation



# Annexure E: ESCOSA Report and Council Response Included in final ABP document following consultation

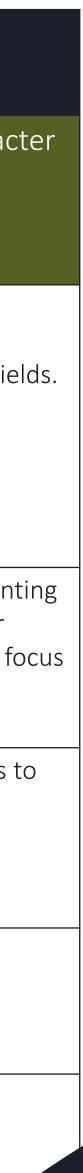


Annexure F: Strategic Plan: Goals, Objectives, and Priorities



## **Natural Environment:** Responsible custodians of our natural environme

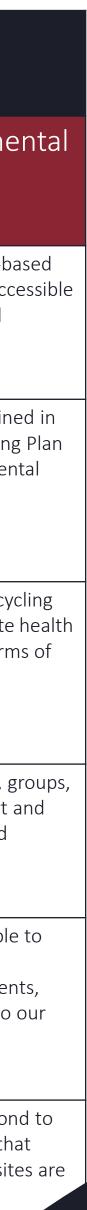
<b>Natural Environment</b> :	Responsible custodians of our nature	al environment		
NE 1 Pursue our adopted pathway to achieve net zero carbon emissions.	NE 2 Support the community and businesses to decarbonise and transition to sustainable lifestyle practices (green communities)	NE 3 Protect, improve, expand and connect habitat	NE 4 Build resilience in the natural environment to adapt to climate and other environmental changes.	NE 5 Improve landscape charact and amenity value on Council managed land.
NE1.1 Deliver actions in the corporate carbon management plan to decarbonise Council operations, including embedded emissions.	NE2.1 Investigate the merits of a solar PV and battery bulk purchasing scheme and community virtual power plant to provide more affordable access to renewable energy and explore other ways of supporting practical actions by the community to adopt sustainable living practices.	NE3.1 Protect remnant native vegetation from threats or threatening activities	NE4.1 Implement the opportunities identified in the Bushfire Mitigation Landscape Strategy.	NE5.1 Continue rolling out water efficiency measures for the maintenance of parks and sports field
NE1.2 Continue to decarbonise the vehicle fleet and other energy consuming processes.	NE2.2 Continue to promote the highest principles in the waste management hierarchy – avoid, reduce, reuse and recycle – through education programs, services and by example.	NE3.2 Promote the value of biodiversity protection and management on private lands.	NE4.2 Implement actions from the Tree Strategy.	NE5.2 Implement a succession planti program for street trees and other vegetation in key precincts, with a foo on sustainable species selection
NE1.3 Investigate opportunities for direct energy purchasing from renewable energy producers (power purchasing agreement) and/or community virtual power plants.	NE2.3 Explore alternative kerbside waste collection models that divert more waste from landfill.	NE3.3 Develop and implement a new Biodiversity Strategy detailing how we will protect and improve biodiversity and expand native vegetation coverage where appropriate.	NE4.3 Collaborate and advocate for greater investment in environmental protections and improvements.	NE5.3 Maintain parks and reserves to be fit for purpose and enhance liveability.
NE1.4 Demonstrate responsible governance by incorporating sustainable procurement (ISO 20400) into Council processes	NE2.4 Support business, commerce associations, community associations and other groups to adopt sustainability targets and actions.	NE3.4 Nurture valuable community and stakeholder partnerships and collaborations to care for country.	NE4.4 Work with others toward the national '30 by 30' target to protect and conserve 30% of the land area by 2030.	
		NE3.5 Advocate for stronger native vegetation protection laws.	NE4.5 Apply best practice approaches to protect soil and water quality and conservation.	





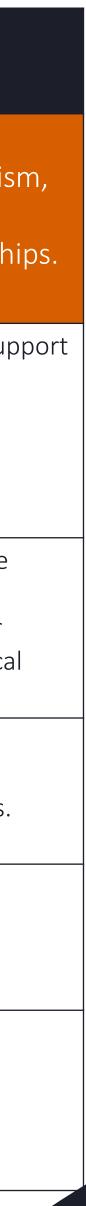
#### Community Wellbeing: A thriving, safe and welcoming community

CW 1 Promote and support reconciliation.	CW2 Enrich, empower and support connected communities	W 3 Embrace diversity in our community and build on community strengths.	CW 4 Build community resilience for the future.	CW 5 Foster cultural identity and connection to place.	CW 6 Promote physical, me and social wellbeing.
CW1.1 1.Develop and implement our Innovate Reconciliation Action Plan (RAP) with the support of the Adelaide Hills Reconciliation Working Group.	CW2.1 Partner to deliver positive ageing programs to support eligible older residents to maintain their independence, increase social participation, and improve wellbeing	CW3.1 Promote and encourage community-level action for the prevention of domestic and family violence.	CW4.1 Promote grassroots community collaboration and preparedness on climate action and assist our community to adapt and build climate resilience.	CW5.1 Establish Fabrik Arts + Heritage as an arts and culture destination, attracting visitors from Australia and around the world	CW6.1 Adopt a strategic and evidence-b approach to plan for the provision of acc sport and recreation opportunities and facilities.
CW1.2 Create First Nations Engagement Protocols to better enable Traditional Custodians and Aboriginal and Torres Strait Islander people to be involved in Council decision-making.	CW2.2 Support community groups and community-led initiatives that achieve wellbeing outcomes	CW3.2 Update and implement our Disability Access and Inclusion Plan and continue to improve universal access to our community supports and services.	CW4.2 Using past experiences, lessons learnt, and contemporary knowledge support, the emergency services and the community before, during and after disaster events.	CW5.2 Support and create opportunities for artists, performers and writers to showcase their work and and contribute to community identity, events and placemaking.	CW6.2 Deliver our priority actions outlin our Regional Public Health and Wellbein 2022-27 and advocate for improved me health services for our region.
CW1.3 Seek cultural advice and guidance from First Nations people to support our activities.	CW 2.3 Provide welcoming spaces, programs and services at our libraries and community centres that offer opportunities for connection, lifelong learning, digital inclusion, growth and literacy.	CW3.3 Explore contemporary models for young people to participate in and shape their communities by influencing decisions and policies that affect their futures	CW4.3 Support and train staff to participate in our incident management team and recovery team and ensure response requirements are adequately resourced.	CW5.3 Develop connection for people and place by fostering public art and supporting arts and cultural experiences, including events, markets and festivals.	CW6.3 Plan and promote walking and cy projects and infrastructure that facilitate and wellbeing as well as sustainable forr transport
CW1.4 Build awareness of cultural safety and respect among our Council members, staff, volunteers and community	CW2.4 Support community members to gain skills, experience, and connections through our volunteering programs, and strengthen pathways to external volunteering opportunities in our region.	CW3.4 Renew and implement a Youth Action Plan that promotes access to opportunities, resources and supports for young people.	CW4.4 Promote disaster preparedness as a shared responsibility by collaborating with relevant partners, including emergency services, government agencies, non- governmental organisations and the community.		CW6.4 Support and partner with clubs, and other stakeholders to provide sport recreation opportunities / activities and facilities for the community.
		CW3.5 Engage with diverse community groups to identify and address barriers to safe and equitable access to services, programs and facilities.	CW4.5 Review the sustainability and permanency of community resilience programs to ensure ongoing support to communities, townships, and at-risk groups to prepare for, respond to, and recover from bushfires and other emergencies.		CW6.5 Promote opportunities for peopl improve their health and wellbeing by spending time in our natural environme bringing greater numbers of people into parks.
		CW3.6 Foster multiculturalism through a range of events, programs and initiatives.			CW6.6 Ensure cemetery offerings respon changing community preferences and the public commemorative and memorial site kept in a state befitting their purpose.



#### Built Form and Economy: Building foundations for the future

	<b>July</b> Dunung joundations jor the ju			
BFE 1 Guide development that fosters vibrant and resilient communities, promotes appropriate design and enhances livability	BFE 2 Nurture a distinctive sense of place, support activation activities and recognise and celebrate our rich heritage.	BFE 3 Develop and maintain infrastructure to support livability and sustainable economic activity.	BFE 4 Improve the utilisation of Council and community facilities	BFE 5 Promote sustainable prosperity by supporting tourism creative industries, primary production and vibrant township
BFE1.1 Develop and implement a housing strategy that responds to the community's needs and balances expectations regarding character, growth, affordability and the natural environment.	BFE2.1 Prepare and implement a new framework to guide Council's approach to placemaking initiatives across the district.	BFE3.1 Continue to pursue co-funding for community infrastructure and road safety improvement projects.	BFE4.1 Review staff office accommodation to optimise cost and service delivery arrangements and implement appropriate actions.	BFE5.1 Explore opportunities to supp the growth of eco-tourism in the Adelaide Hills.
BFE1.2 Explore and investigate opportunities to support and encourage adaptive, resilient and climate ready development.	BFE2.2 Develop a strategic framework to town and precinct planning, with prioritisation guidelines to ensure equitable investment in public spaces.	BFE3.2 Continue to build and enhance resilience and reliability of the Community Wastewater Management System (CWMS) service.	BFE4.2 Encourage greater utilisation and enhancement of community halls and facilities and foster multi-use spaces to maximise community benefit.	BFE5.2 Support and encourage the growth of primary production, manufacturing, creative and other industries, including a focus on local supply chains.
BFE1.3 Investigate the merits of establishing a Local Design Review Panel to enhance the decision-making process for development.	BFE2.3 Ensure place development incorporates youth friendly spaces and infrastructure.	BFE3.3 Undertake a gap analysis to determine the need for additional and enhanced asset management planning	BFE4.3 Recognise and promote the value of community-based facility management in meeting local needs.	BFE5.3 Support new and existing businesses to be resilient and successful, and to create local jobs.
	BFE2.4 Continue to strengthen Council's planning framework to preserve and enhance the unique heritage and character of the Hills.	BFE3.4 Assess appropriate service levels when reviewing asset management plans.	BFE4.4 Implement the Community and Recreation Facilities Framework.	
		BFE3.5 Prioritise planning for new footpath, trail and cycling infrastructure where it will foster better health, wellbeing, economic and transport outcomes.		



#### **Organisation:** An accessible, accountable and representative organisation

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O1 Embrace technology solutions and digital transformation to enhance our organisation and the community experience.	O2 Operate with integrity using best practice governance processes.	O3 Support and develop a skilled organisation that is aligned to Council's priorities	O4 Engage and advocate for our communities.	O5 Evolve Council's functions and services to meet the current and future needs and aspirations of o community.
O1.1 Use technology and digital solutions to improve and streamline the customer experience.	O2.1 Demonstrate accountable and transparent decision making.	O3.1 Develop and implement an internal communications strategy incorporating mechanisms for feedback on effectiveness.	O4.1 Develop a robust Community Engagement Framework including exploring opportunities for community to participate in decision making.	O5.1 Undertake a high level review which considers the effectiveness, efficiency and opportunities of all council services.
O1.2 Invest in technology solutions and skills to transform service delivery and maximise the organisation's effectiveness and efficiency.	O2.2 Support decision making through the use of timely data-driven analysis and reporting.	O3.2 Develop and implement a workforce development plan (that incorporates recruitment, training, succession planning and ongoing support), to optimise our workforce retention	O4.2 Advocate on behalf of the community to represent its needs and views with relevant stakeholders and decision makers.	O5.2 Demonstrate financial sustainability through long term financial planning and annual budget setting which aligns with adopted targets.
O1.3 Enhance data governance to protect and secure information ensuring compliance with legislation.	O2.3 Enhance governance structures and systems to be agile and support our legislative obligations.	O3.3 Enhance the culture of the organisation through the development of a revised set of organisational values incorporating a customer centric focus.	O4.3 Work with affected communities across the region on boundary change issues to advocate for the most beneficial and appropriate outcomes	O5.3 Undertake regular customer surveys to seek feedback and measure customer experience.
	O2.4 Review and renew protocols for communication and work between the administration and elected body.	O3.4 Maintain a safe workplace centred around equity, inclusion, wellbeing and safe work practices including corporate emergency response.		

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#### Appendix 2

Draft Long Term Financial Plan 2026-2040



# Long Term Financial Plan 2026-2040







## Welcome

An important component of Adelaide Hills Council's strategic planning framework is the Long Term Financial Plan (LTFP). This plan is designed to provide an overview of the financial implications and projections over the next fifteen years. By anticipating future financial needs and challenges, the LTFP serves as a roadmap for informed decision-making, helping to align Council's financial resources with its long-term goals and objectives, ensuring fiscal responsibility and resilience in the face of evolving economic conditions.

### Contents

Purpose

CEO Financial Sustainability Statement and Summary

Basis of preparation & assumptions

Financial Indicators

Financial Statements & indices – in summary

What this means for the community

**Risks and Sensitivities** 

Capital Investment

**Financial Statements** 

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## Purpose

The Long Term Financial Plan integrates the financial implications of all Council's plans, including:

- Strategic Plan 2024 'Your Place, Your Space'
- Infrastructure Asset Management Plans
- Annual Business Plan

The Plan demonstrates Council's financial commitment to sustainability, its strengths and weaknesses and its proposed path forwards.

This report is the key tool to communicate financial sustainability and the associated challenges in achieving ongoing sustainability.

The Local Government Act 1999 requires Council to prepare a LTFP as part of its Strategic Management Plans. Council considers that its LTFP is a fundamental instrument of accountability and provides projections for Council's planned activities over a fifteen-year timeline. Further, the LTFP ensures that financial resources are deployed in areas that align with Council's strategic plans.





# **Financial Sustainability Statement**

Throughout the 2024-25 Financial Year, Council conducted a comprehensive review of the assumptions and methodologies used in its financial planning and reporting. It also considered core assumptions used in its asset management planning processes in depth.

These reviews have led to a reassessment of Council's financial sustainability, with Council reporting material deficits in 2023-24 and 2024-25, and forecasting additional deficits in future years.

This LTFP sets out the path to a more financially sustainable Council. A reduction in expenditure especially around the development of new assets and infrastructure was required to avoid higher rate increases.

Maintaining the investment in existing assets and ensuring that they are maintained appropriately, whilst reducing expenditure on building new assets is fundamental to improving Council's financial strength.

The initial years of the plan include rates rises that are higher than those proposed in the past. This is necessary to put Council back on a financially sustainable path. Council expects to return to surplus by 2029 whilst still being able to fund the asset renewal programs. These programs have become significantly more expensive following escalation in construction costs in recent years.

This new LTFP demonstrates Council's commitment to being financially sustainable and its ability to support the community in the long term.



# **Basis of Preparation**

The Long Term Financial Plan allows for the effects of inflation in future years. Therefore, future costs are assumed to be higher than current costs due to infl decreasing the purchasing power of money.

The LTFP is prepared in conjunction with Council's Strategic Framework, which includes the *Strategic Plan 2024 'Your Place, Your Space',* and Council's Infrastructure Asset Management Plans (IAMPs), and associated frameworks.

Alignment with Council's existing IAMPs and other asset management practice means that the funding requirements established in those plans are incorporat the LTFP.

Forecasting income and expenditure over a fifteen-year period requires assum to be made, and the accuracy of the forecasts are dependent on these assump

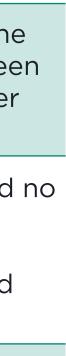
The first assumption is that the business of Council will substantially continue unchanged manner except where Council determines to make changes.

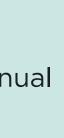
Unforeseen changes in the statutory environment could change these forecast

A number of financial and economic assumptions are also required. These inclute the level of population growth and the increase in the level of rates.

Council's costs are assumed to follow the Consumer Price Index (CPI), and this forecast is based on the Reserve Bank of Australia and its targets.

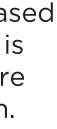
Э.	Asset Management	Annual increase in asset values over the next ten years is set at 4%. This has been derived from the average increase over the previous 20 years.
flation ch	Service levels	No increase beyond projects listed and reductions are currently identified. A review process is being prepared with any proposed changes to be consulted on.
ces ated into	Rates	A high increase above CPI in financial year 2025-26 of 4%, 1% in the two following years and reducing to an annu increase of 0.5% above CPI.
nptions ptions.	Interest expense	There is an assumption of a small decrease in interest rates (0.25% decrease) but it has been assumed that rates will not return to the historically lo rates experienced in the recent past.
in an	Growth	The plan assumes that growth initially continues at 0.8% but slows over the first few years to a long term level of 0.4%.
sts. Iude	Inflation	The March 2025 CPI for Adelaide release by the Australian Bureau of Statistics, is 2.2%. Significant contributors to this are electricity costs and tertiary education.
is	Payroll costs	Increases in payroll costs are expected t closely follow CPI, depending on the relevant Enterprise Bargaining Agreement.

















#### **Operating Surplus**

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

The ratio is the operating surplus as a percentage of total operating income. A negative ratio means operating expenses are greater than income.

Target: an average of a 1-10% surplus over 10 years.

The plan achieves an average 1% during the 10 year life of the plan.

### Asset Renewal

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

The ratio is the total renewal expenditure as a percentage of the suggested renewal from the IAMPs.

Target: 90-110% every year.

The plan achieves 100% every year following 2025-26. 2025-26 includes previously unanticipated expenditure which is required to be undertaken.

#### Net Financial Liabilities

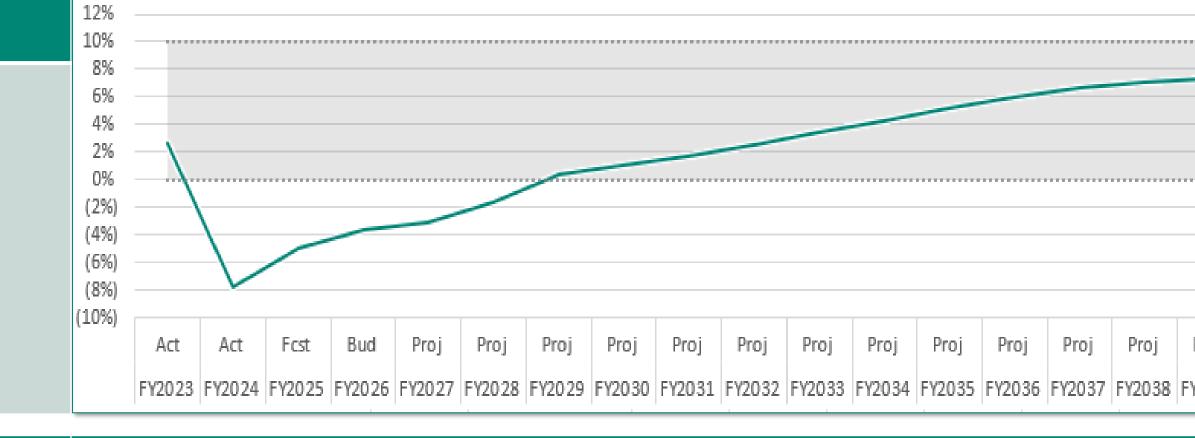
The Net Financial Liabilities (NFL) ratio is an indicator of the Council's indebtedness. The indebtedness includes Council's obligations for employee entitlements and creditors.

The ratio is the Net Financial Liabilities (being total financial liabilities less financial assets) as a percentage of total operating income.

Target: 0-100%.

The plan achieves a decrease in the NFL over the 15 year life of the plan, with Council's financial assets exceeding it's financial liabilities from 2036 onwards.

#### **Financial Indicators**







	_
Proj	Proj
הכהרי	EVDOJO
12039	FY2040
Proj	Proj
nenev	EV20.40
12039	FY2040
	_
	_
Proj	Proj
	I I
V2020	EV20.40
Y2039	FY2040

# **Financial Statements**

### **Statement of Comprehensive Income**

The Statement projects the Council's annual operating result over the next fifteen years, detailing the surplus or deficit between annual spending and revenue. It outlines the intended sources of total operating income, such as rates, grants, and other fees and charges, for the period covered by the LTFP. This provides insight into the Council's funding approach for services and infrastructure. Notably, the Council relies heavily on rates, which constitute over 85% of its operating income, with grants playing a lesser role.

### **Statement of Financial Position**

This Statement provides a 15 year projection of Council's assets and liabilities using the projected 2025-26 proposed budget as the base year. The projections result from proposed capital expenditure emanating from the IAMPs and adopted strategies, together with borrowings necessary to meet those capital requirements, and net funding generated by operations.

### **Uniform Presentation of Finances**

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 15 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 operating surplus/(deficit);  $\bullet$
- Net outlays on existing assets after providing for depreciation and proceeds from any replacement asset sales;  $\bullet$
- Net outlays on new and upgraded assets after providing for grants received and proceeds from any surplus asset sales;
- $\bullet$ & infrastructure;

Details of the financial transactions relating to Council's net lending/borrowing position to highlight Council's approach to funding services



# Financial Statements (continued)

### **Key Financial Indicators**

The Key Financial Indicators are measures of the Council's overall financial health and financial sustainability. They have been prepared for the life of the plan and the trend in indicators illustrates an improvement in the financial sustainability of the Council over the life of the plan. The indicators are benchmarked against Council's targets. The indicators presented are:

- 1. The Operating Surplus Ratio
- 2. The Net Financial Liabilities Ratio
- 3. The Asset Renewal Ratio

These indicators are presented both numerically and graphically.



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# What this Means for the Community

#### Rates

Increases above inflation are required to bring the Council into a financially sustainable position. The most material driver for these are the increases in construction costs which has impacted the costs of asset maintenance.

The proposed increase above CPI is 4% in 2025-26, 1% in the following two years and then a continuing level of increase of 0.5% for the remainder of the plan.

#### Services

This plan assumes that service levels across Council are generally maintained at their current level with some increases associated with new and upgraded capital works. Council may choose to review the service level and make changes. Any changes will most likely lead to changes in financial forecasts.

#### Asset management

The management of Council's portfolio of assets will continue in accordance with Council's Infrastructure Asset Management Plans.

#### Key initiatives 2025-26

The draft Annual Business Plan for 2025-26 includes:

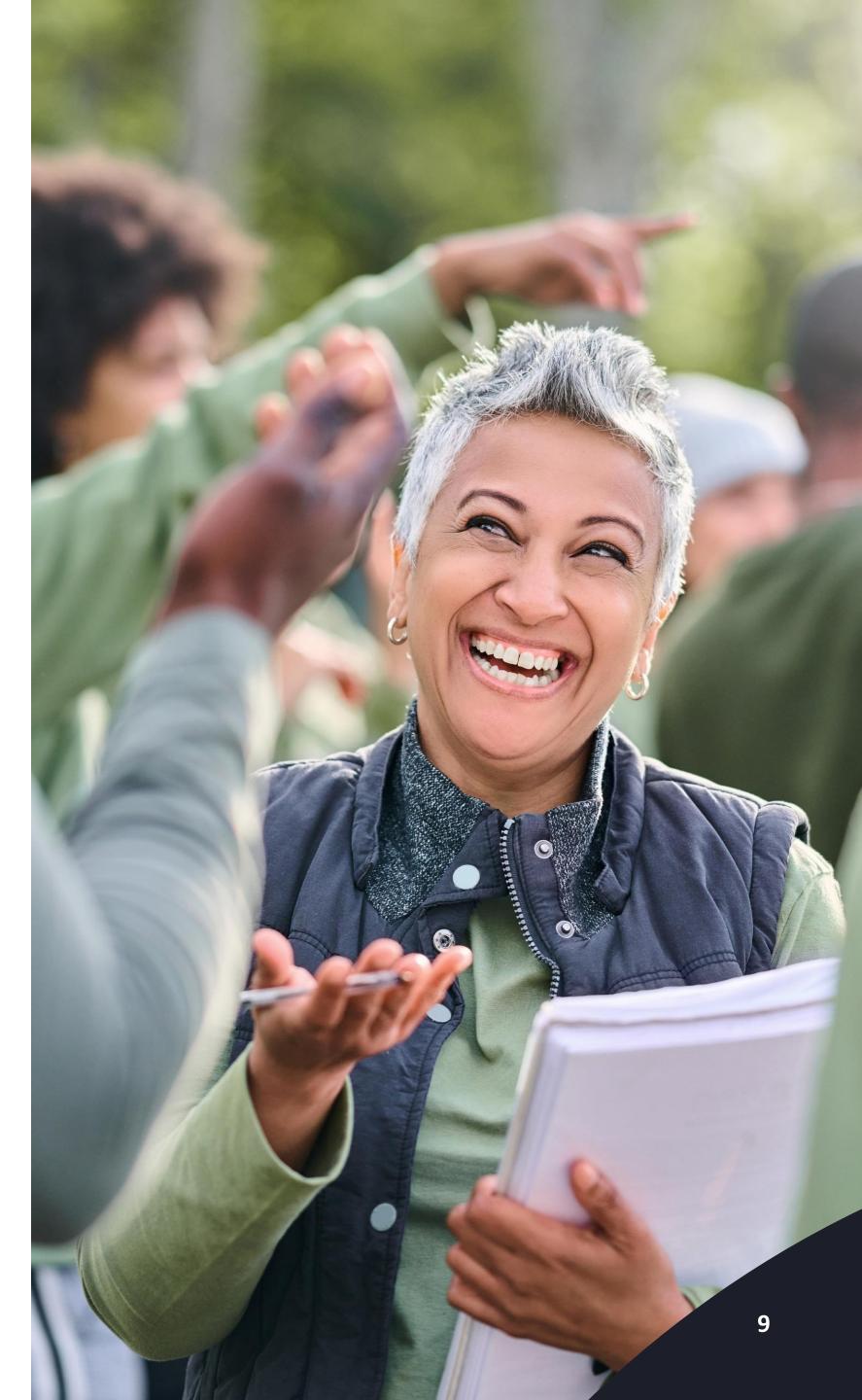
- i) Balhannah Stormwater projects.
- ii) Transition all township properties to a weekly green waste service, fortnightly landfill service.
- iii) Develop community energy reduction program incorporating energy and transport.
- iv) Review of Council's Enterprise Resource Planning systems.

#### Planning ahead

Looking further into the future other key projects included in the plan include:

- i) Town and Precinct planning & beautification framework.
- ii) Replacement of external cladding at Coventry Library
- iii) Development and implementation of renewal frameworks for:
  - a. Play Spaces
  - b. Toilets
- iv) Development and implementation of a New and upgrade Footpath plan.

landfill service. sport.



# Long Term Capital Investments

The LTFP includes investment in building new or upgrading assets of almost \$10M over the first five years of the plan.

Town and Precinct Planning	Council will develop a strategic framework to town a prioritisation guidelines to ensure equitable investme
Gumeracha Oval Irrigation	The project will improve water efficiency, reduce ove costs, and adopt best practices in irrigation managen efficiency of irrigation operations, currently managed and provide water security. The project will also boos and water use management.
Footpath Program	Expanding Council's network of footpaths will contine activity. In 2025-26 Council will revisit its framework methodology for identifying and prioritizing new foot
Play Space Framework	The Framework will ensure that Council play space assemaintained and appropriately serviced for community of Framework will assist in future planning of other sites a to current sites.
Toilets refurbishment and renewal program	Council will develop a framework which will establish refurbishment and renewal across the district.
Administrative Projects	Ongoing energy efficiency program, Heathfield Reson Stirling Coventry Library cladding, and other strategic

and precinct planning, with ent in public spaces.

erwatering and associated ment. It will enhance the d manually by a volunteer, ost operational sustainability

nue as a high priority which sets out its otpaths developments.

ets are adequately use. Additionally, the and in making improvements

n the sequencing of toilet

ource Recovery Centre, gic projects.

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.







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### Statement of Comprehensive Income

\$'000	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37	Jun-38	Jun-39	Jun-40
	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
ncome														
Rates	57,398	59,752	61,843	63,946	66,120	68,368	70,692	73,096	75,581	78,151	80,808	83,556	86,397	89,334
Statutory Charges	1,717	1,760	1,804	1,849	1,895	1,943	1,991	2,041	2,092	2,144	2,198	2,253	2,309	2,367
User Charges	1,054	1,081	1,108	1,135	1,164	1,193	1,223	1,253	1,284	1,317	1,349	1,383	1,418	1,453
Grants, Subsidies and Contributions - Capital	_	-	-	-	-	-	-	-	-	-	-	-	_	
Grants, Subsidies and Contributions - Operating	6,139	6,363	6,522	6,685	6,852	7,023	7,199	7,379	7,563	7,752	7,946	8,145	8,348	8,557
Investment Income	26	27	27	28	29	29	30	31	32	32	33	34	35	36
Reimbursements	270	277	284	291	298	306	313	321	329	337	346	355	363	373
Other Income	662	679	696	713	731	749	768	787	807	827	848	869	891	913
Net Gain - Equity Accounted Council Businesses	108	110	113	116	119	122	125	128	131	134	138	141	145	148
Total Income	67,375	70,047	72,396	74,763	77,207	79,732	82,341	85,036	87,820	90,695	93,666	96,735	99,905	103,181
Expenses														
Employee Costs	26,864	27,603	28,362	29,142	29,944	30,767	31,613	32,483	33,376	34,294	35,237	36,206	37,201	38,225
Materials, Contracts & Other Expenses	26,880	27,534	27,348	28,178	28,953	29,749	30,568	31,408	, 32,272	33,159	34,071	35,008	35,971	36,960
Depreciation, Amortisation & Impairment	14,253	14,687	15,124	15,590	16,096	16,628	17,183	, 17,772	18,396	19,052	19,739	20,466	21,228	22,030
Finance Costs	1,512	1,560	1,455	1,244	1,018	730	358	(68)	(563)	(1,102)	(1,543)	(1,691)	(1,703)	(1,707)
Net Loss - Equity Accounted Council Businesses	_	-	-	-	-	_	_	_	-	-	-	-	-	
Total Expenses	69,509	71,385	72,289	74,155	76,012	77,874	79,722	81,596	83,481	85,403	87,504	89,989	92,698	95,508
Operating Surplus / (Deficit)	(2,135)	(1,338)	108	607	1,196	1,858	2,619	3,440	4,339	5,292	6,162	6,746	7,208	7,673
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	_	-	-	_	_	-	-	-	-
Amounts Received Specifically for New or Upgraded	-	_	-	_	_	_	-	-	_	_	-	-	-	_
Physical Resources Received Free of Charge	-	_	-	_	_	_	-	-	-	-	-	-	-	_
Operating Result from Discontinued Operations	-	-	-	-	-	_	-	-	_	_	-	-	-	-
Net Surplus / (Deficit)	(2,135)	(1,338)	108	607	1,196	1,858	2,619	3,440	4,339	5,292	6,162	6,746	7,208	7,673
Other Comprehensive Income														
Changes in Revaluation Surplus - I,PP&E	24,585	25,588	26,550	27,493	28,507	29,554	30,595	31,681	32,774	33,940	35,133	36,376	37,645	38,963
Share of Other Comprehensive Income - Equity Accc	-	-	-	-	-	_	-	-	-	_	-	-	-	
Movements in Other Reserves	-	-	-	-	-	_	-	-	-	_	-	-	-	-
Total Other Comprehensive Income	24,585	25,588	26,550	27,493	28,507	29,554	30,595	31,681	32,774	33,940	35,133	36,376	37,645	38,963
Total Comprehensive Income	22,451	24,251	26,657	28,101	29,703	31,412	33,214	35,121	37,113	39,232	41,294	43,123	44,852	46,636



#### **Cash Flow Statement**

\$'000	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37	Jun-38	Jun-39	Jun-40
	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
		, i i i i i i i i i i i i i i i i i i i	, , , , , , , , , , , , , , , , , , ,						, i i i i i i i i i i i i i i i i i i i					
Cash Flow from Operating Activities														
Receipts														
Rates	56,981	59 <i>,</i> 351	61,485	63 <i>,</i> 585	65,747	67 <i>,</i> 983	70,294	72,685	75,156	77,711	80 <i>,</i> 354	83,086	85,911	88,832
Statutory Charges	1,717	1,760	1,804	1,849	1,895	1,943	1,991	2,041	2,092	2,144	2,198	2,253	2,309	2,367
User Charges	1,054	1,081	1,108	1,135	1,164	1,193	1,223	1,253	1,284	1,317	1,349	1,383	1,418	1,453
Grants, Subsidies and Contributions - Operating	6,139	6 <i>,</i> 363	6,522	6 <i>,</i> 685	6,852	7,023	7,199	7,379	7 <i>,</i> 563	7,752	7,946	8,145	8 <i>,</i> 348	8,557
Investment Income	26	27	27	28	29	29	30	31	32	32	33	34	35	36
Reimbursements	270	277	284	291	298	306	313	321	329	337	346	355	363	373
Other Income	662	679	696	713	731	749	768	787	807	827	848	869	891	913
Payments														
Payments for Employees	(26,864)	(27 <i>,</i> 603)	(28,362)	(29,142)	(29,944)	(30,767)	(31,613)	(32 <i>,</i> 483)	(33 <i>,</i> 376)	(34,294)	(35,237)	(36,206)	(37,201)	(38,225)
Payments for Materials, Contracts & Other Expenses	(26 <i>,</i> 897)	(27 <i>,</i> 608)	(27,441)	(28 <i>,</i> 003)	(28,861)	(29 <i>,</i> 736)	(30 <i>,</i> 446)	(31,363)	(32 <i>,</i> 090)	(33,074)	(33 <i>,</i> 930)	(34,923)	(35 <i>,</i> 829)	(36,854)
Finance Payments	(1,470)	(1,524)	(1,423)	(1,219)	(1,001)	(720)	(358)	68	563	1,102	1,543	1,691	1,703	1,707
Net Cash Provided By (or Used In) Operating Activities	11,618	12,801	14,698	15,922	16,910	18,002	19,401	20,718	22,360	23,856	25,449	26,687	27,948	29,159
Cash Flow from Investing Activities														
Receipts														
Amounts Received Specifically for New / Updgraded Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants, Subsidies and Contributions - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	-	-	_	-	-	-	-	-	-	-
Payments														
Expenditure on Renewal / Replacement of Assets	(12,638)	(10,523)	(10,544)	(11,646)	(12,286)	(11,979)	(12,297)	(11,818)	(12,786)	(13,225)	(13,618)	(14,037)	(14,363)	(14,988)
Expenditure on New / Upgraded Assets	(2,246)	(2 <i>,</i> 809)	(1,842)	(2 <i>,</i> 048)	(1,755)	(1,431)	(1,775)	(1,962)	(2,342)	(2,058)	(2,467)	(2,150)	(2 <i>,</i> 589)	(2,266)
Net Cash Provided By (or Used In) Investing Activities	(14,884)	(13,332)	(12,386)	(13,694)	(14,041)	(13,409)	(14,072)	(13,780)	(15,128)	(15,283)	(16,085)	(16,187)	(16,951)	(17,253)
Cash Flow from Financing Activities														
Receipts														
Proceeds from Borrowings	79,578	83,937	88,283	95,935	103,362	110,246	118,691	126,871	137,012	146,793	157,677	162,868	164,015	164,397
Proceeds from Bonds and Deposits	-	-	_	-	-	_	_	_	_	_	-	-	_	-
Payments														
Repayment of Borrowings	(76,312)	(83 <i>,</i> 406)	(90,595)	(98 <i>,</i> 163)	(106,231)	(114,839)	(124,019)	(133,809)	(144,244)	(155,365)	(161,397)	(162,868)	(164,015)	(164,397)
Repayment of Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided By (or Used In) Financing Activities	3,266	531	(2,312)	(2,228)	(2 <i>,</i> 869)	(4,593)	(5,329)	(6,938)	(7,233)	(8,573)	(3,720)	-	-	-
Net Increase (Decrease) in Cash Held	0	0	0	0	0	0	0	0	0	0	5,645	10,500	10,996	11,905
Cash & Cash Equivalents at the Beginning of Period	500	500	500	500	500	500	500	500	500	500	500	6,145	16,644	27,641
Cash & Cash Equivalents at the End of Period	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<b>27,641</b>	<u> </u>
	500	500	500	500	500	500	500	500	500	500	0,140	10,047	27,071	33,340
Net Cash Flow before Financing Activities and Interest Paym	(1,796)	993	3,736	3,447	3,870	5,313	5 <i>,</i> 687	6,871	6,669	7,470	7,822	8,808	9,293	10,198
Inflows	66 <i>,</i> 850	69 <i>,</i> 536	71,925	74,286	76,716	79,225	81,818	84,496	87,263	90,121	93,074	96,124	99,275	102,530
Outflows	(68 <i>,</i> 645)	(68 <i>,</i> 543)	(68,189)	(70,839)	(72,846)	(73 <i>,</i> 912)	(76,131)	(77 <i>,</i> 626)	(80,594)	(82,651)	(85,252)	(87,315)	(89 <i>,</i> 982)	(92,332)



#### **Balance Sheet**

#### Adelaide Hills Council LTFP

\$'000	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37	Jun-38	Jun-39	Jun-40
	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Current Assets														
Cash and Cash Equivalents	500	500	500	500	500	500	500	500	500	500	6,145	16,644	27,641	39,546
Trade and Other Receivables	10,000	10,401	10,759	11,119	11,492	11,877	12,275	12,687	13,112	13,552	14,006	14,476	14,961	15,463
Inventories	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Total Current Assets	10,510	10,911	11,269	11,629	12,002	12,387	12,785	13,197	13,622	14,062	20,161	31,130	42,612	55,019
Non-Current Assets														
Equity Accounted Investments in Council Businesses	4,248	4,359	4,472	4,588	4,707	4,829	4,954	5,082	5,213	5 <i>,</i> 347	5 <i>,</i> 485	5,626	5,771	5,920
Infrastructure, Property, Plant & Equipment	647,354	671,587	695,399	720,996	747,448	773,783	801,267	828 <i>,</i> 955	858 <i>,</i> 461	888,632	920,110	952,208	985 <i>,</i> 576	1,019,762
Other Non-Current Assets	260	260	260	260	260	260	260	260	260	260	260	260	260	260
Total Non-Current Assets	651,863	676,206	700,131	725,844	752,415	778,871	806,480	834,296	863,934	894,240	925,855	958,094	991,607	1,025,942
Total Assets	662,373	687,117	711,400	737,474	764,417	791,258	819,265	847,493	877,556	908,301	946,016	989,224	1,034,218	1,080,961
Current Liabilities	2 4 2 2	2 250	2.266	2.4.42	2 5 2 4	2 5 4 7	2.660	2 74 4	2.000	2.002	4 4 2 2	4 2 0 0	4.250	4.450
Trade & Other Payables	3,433	3,359	3,266	3,442	3,534	3,547	3,669	3,714	3,896	3,982	4,122	4,208	4,350	4,456
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions Other Current Liabilities	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515	4,515
Total Current Liabilities	7,948	7,874	7,781	7,957	8,049	8,062	8,184	8,229	8,411	8,497	8,637	8,723	8,865	8,971
		- ,	- /	.,	-,			-)	-,	-,		-,	-,	-,
Non-Current Liabilities														
Borrowings	43,264	43,795	41,482	39,254	36,385	31,792	26,464	19,525	12,293	3,720	-	-	-	-
Provisions	761	797	829	854	871	880	880	880	880	880	880	880	880	880
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	44,025	44,592	42,311	40,108	37,256	32,673	27,344	20,406	13,173	4,601	880	880	880	880
Total Liabilities	51,972	52,466	50,092	48,064	45,305	40,735	35,528	28,635	21,584	13,097	9,518	9,603	9,745	9,851
Net Assets	610,400	634,651	661,308	689,409	719,112	750,523	783,737	818,858	855,971	895,204	936,498	979,621	1,024,473	1,071,109
			,									,		_//
Equity														
Accumulated Surplus	140,060	138,723	138,830	139,437	140,633	142,491	145,110	148,550	152 <i>,</i> 889	158,181	164,343	171,089	178,297	185,970
Asset Revaluation Reserves	470,235	495,824	522,373	549,867	578,374	607,928	638,522	670,203	702,977	736 <i>,</i> 918	772,050	808,427	846,072	885,035
Other Reserves	105	105	105	105	105	105	105	105	105	105	105	105	105	105
Total Equity	610,400	634,651	661,308	689 <i>,</i> 409	719,112	750,523	783,737	818,858	855,971	895,204	936,498	979,621	1,024,473	1,071,109

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#### **Uniform Presentation of Finances**

\$'000	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37	Jun-38	Jun-39	Jun-4
	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Pro
Income														
Rates	57,398	59,752	61,843	63,946	66,120	68,368	70,692	73,096	75,581	78,151	80,808	83,556	86,397	89,334
Statutory Charges	1,717	1,760	1,804	1,849	1,895	1,943	1,991	2,041	2,092	2,144	2,198	2,253	2,309	2,367
User Charges	1,054	1,081	1,108	1,135	1,164	1,193	1,223	1,253	1,284	1,317	1,349	1,383	1,418	1,453
Grants, Subsidies and Contributions - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants, Subsidies and Contributions - Operating	6,139	6,363	6,522	6 <i>,</i> 685	6,852	7,023	7,199	7,379	7,563	7,752	7,946	8,145	8,348	8,557
Investment Income	26	27	27	28	29	29	30	31	32	32	33	34	35	36
Reimbursements	270	277	284	291	298	306	313	321	329	337	346	355	363	373
Other Income	662	679	696	713	731	749	768	787	807	827	848	869	891	913
Net Gain - Equity Accounted Council Businesses	108	110	113	116	119	122	125	128	131	134	138	141	145	148
Total Income	67,375	70,047	72,396	74,763	77,207	79,732	82,341	85,036	87,820	90,695	93,666	96,735	99 <i>,</i> 905	103,181
Expenses														
Employee Costs	26,864	27,603	28,362	29,142	29,944	30,767	31,613	32,483	33,376	34,294	35,237	36,206	37,201	38,225
Materials, Contracts & Other Expenses	26,880	27,534	27,348	28,178	28,953	29,749	30,568	31,408	32,272	33,159	34,071	35,008	35,971	36,960
Depreciation, Amortisation & Impairment	14,253	14,687	15,124	15,590	16,096	16,628	17,183	17,772	18,396	19,052	19,739	20,466	21,228	22,030
Finance Costs	1,512	1,560	1,455	1,244	1,018	730	358	(68)	(563)	(1,102)	(1,543)	(1,691)	(1,703)	(1,707
Net Loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	69,509	71,385	72,289	74,155	76,012	77,874	79,722	81,596	83,481	85,403	87,504	89,989	92,698	95 <i>,</i> 508
Operating Surplus / (Deficit)	(2,135)	(1,338)	108	607	1,196	1,858	2,619	3,440	4,339	5,292	6,162	6,746	7,208	7,673
Less: Grants, Subsidies and Contributions - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit)	(2,135)	(1,338)	108	607	1,196	1,858	2,619	3,440	4,339	5,292	6,162	6,746	7,208	7,673
Net Outlays on Existing Assets														
Capital Expenditure on renewal and replacement of Existing Assets	(12,638)	(10,523)	(10,544)	(11,646)	(12,286)	(11,979)	(12,297)	(11,818)	(12,786)	(13,225)	(13,618)	(14,037)	(14,363)	(14,988
Depreciation, Amortisation and Impairment	14,253	14,687	15,124	15,590	16,096	16,628	17,183	17,772	18,396	19,052	19,739	20,466	21,228	22,030
Grants, Subsidies and Contributions - Capital Renewal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,615	4,164	4,580	3,945	3,810	4,650	4,886	5,955	5,610	5,827	6,121	6,429	6,866	7,042
Net Outlays on New and Upgraded Assets														
Capital Expenditure on New and Upgraded Assets	(2,246)	(2,809)	(1,842)	(2,048)	(1,755)	(1,431)	(1,775)	(1,962)	(2,342)	(2 <i>,</i> 058)	(2,467)	(2,150)	(2,589)	(2,266
Grants, Subsidies and Contributions - Capital New / Upgraded	_	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New and Updgraded Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
· · · · · · · · · · · · · · · · · · ·	(2,246)	(2 <i>,</i> 809)	(1,842)	(2,048)	(1,755)	(1,431)	(1,775)	(1,962)	(2,342)	(2 <i>,</i> 058)	(2,467)	(2,150)	(2 <i>,</i> 589)	(2,266
Net Lending / (Borrowing) for Financial Year	(2,766)	18	2,845	2,504	3,251	5,077	5,730	7,433	7,607	9,061	9,816	11,025	11,485	12,450



### **Statement of Changes in Equity**

\$'000	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37	Jun-38	Jun-39	Jun-40
	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Accumulated Surplus														
Balance at the end of previous reporting period	142,195	140,060	138,723	138,830	139,437	140,633	142,491	145,110	148,550	152,889	158,181	164,343	171,089	178,297
Net result for the year	(2,135)	(1,338)	108	607	1,196	1,858	2,619	3,440	4,339	5,292	6,162	6,746	7,208	7,673
Transfers from other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	140,060	138,723	138,830	139,437	140,633	142,491	145,110	148,550	152,889	158,181	164,343	171,089	178,297	185,970
Asset Revaluation Reserve														
Balance at the end of previous reporting period	445,650	470,235	495,824	522,373	549 <i>,</i> 867	578,374	607,928	638,522	670,203	702,977	736,918	772,050	808,427	846,072
Gain (Loss) on Revaluation of I, PP&E	24,585	25 <i>,</i> 588	26,550	27,493	28,507	29,554	30,595	31,681	32,774	33,940	35,133	36,376	37,645	38,963
Balance at the end of period	470,235	495,824	522,373	549,867	578,374	607,928	638,522	670,203	702,977	736,918	772,050	808,427	846,072	885,035
Other Reserves														
Balance at the end of previous reporting period	105	105	105	105	105	105	105	105	105	105	105	105	105	105
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of period	105	105	105	105	105	105	105	105	105	105	105	105	105	105
Total Equity at end of reporting period	610,400	634,651	661,308	689,409	719,112	750,523	783,737	818,858	855,971	895,204	936,498	979,621	1,024,473	1,071,109



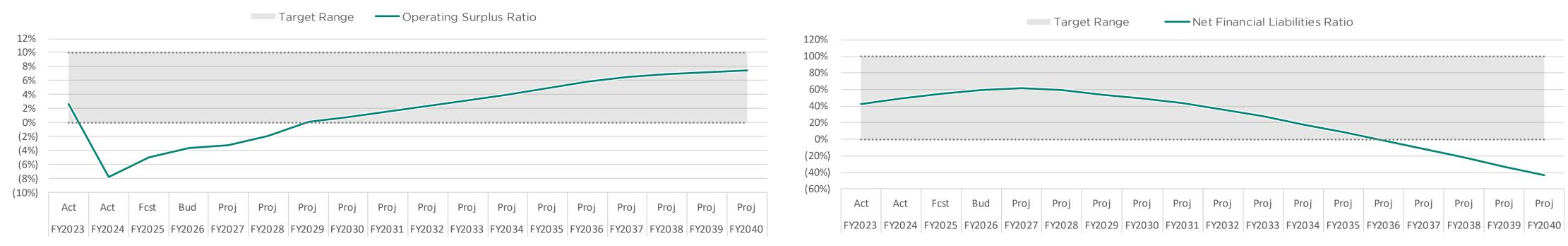
#### **Financial Indicators**

\$'000	Jun-27 Proj	Jun-28 Proj	Jun-29 Proj	Jun-30 Proj	Jun-31 Proj	Jun-32 Proj	Jun-33 Proj	Jun-34 Proj	Jun-35 Proj	Jun-36 Proj	Jun-37 Proj	Jun-38 Proj	Jun-39 Proj	Jun-40 Proj
<b>Operating Surplus Ratio</b>														
Total Income	67,375	70,047	72,396	74,763	77,207	79,732	82,341	85,036	87,820	90,695	93,666	96 <i>,</i> 735	99 <i>,</i> 905	103,181
Operating Surplus / (Deficit)	(2,135)	(1,338)	108	607	1,196	1,858	2,619	3,440	4,339	5,292	6,162	6,746	7,208	7,673
Operating Surplus Ratio	(3.2%)	(1.9%)	0.1%	0.8%	1.5%	2.3%	3.2%	4.0%	4.9%	5.8%	6.6%	7.0%	7.2%	7.4%
Target Maximum	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Target Minimum	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net Financial Liabilities Ratio														
Add: Total Liabilities	51,972	52,466	50,092	48,064	45,305	40,735	35,528	28,635	21,584	13,097	9,518	9,603	9,745	9,851
Less: Cash and Cash Equivalents	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(6,145)	(16,644)	(27,641)	(39,546)
Less: Trade and Other Receivables	(10,000)	(10,401)	(10,759)	(11,119)	(11,492)	(11,877)	(12,275)	(12,687)	(13,112)	(13,552)	(14,006)	(14,476)	(14,961)	(15,463)
Net Financial Liabilities	41,473	41,565	38,833	36,445	33,313	28,358	22,753	15,448	7,972	(954)	(10,633)	(21,517)	(32,857)	(45,158)
Total Income	67,375	70,047	72,396	74,763	77,207	79,732	82,341	85,036	87,820	90,695	93,666	96,735	99,905	103,181
Net Financial Liabilities Ratio	62%	59%	54%	49%	43%	36%	28%	18%	9%	(1%)	(11%)	(22%)	(33%)	(44%)
Target Maximum	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Target Minimum	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset Renewal Funding Ratio														
Expenditure on Renewal / Replacement of Assets	12,638	10,523	10,544	11,646	12,286	11,979	12,297	11,818	12,786	13,225	13,618	14,037	14,363	14,988
Infrastructure & Asset Management Plan required e	11,638	10,523	10,544	11,646	12,286	, 11,979	12,297	, 11,818	12,786	13,225	13,618	14,037	14,363	14,794
Asset Renewal Funding Ratio	109%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	101%
Target Maximum	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Target Minimum	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%

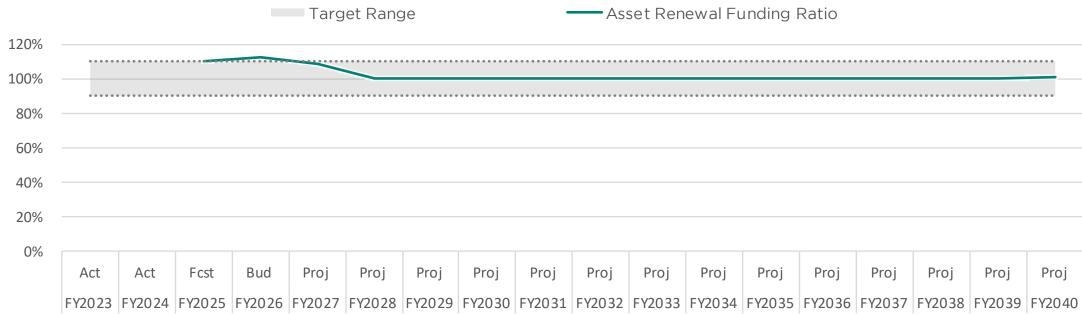


#### Financial Indicators - Charts Adelaide Hills Council LTFP

#### **Operating Surplus Ratio**



#### Asset Renewal Funding Ratio



#### Net Financial Liabilities Ratio

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