AUDIT AND RISK COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Pamela Lee
Natalie Simmons
Cr Leith Mudge

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

Monday 20 October 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 20 October 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 – 18 August 2025

Recommendation
That the minutes of the Audit and Risk Committee meeting held on Monday 18 August 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. Auditors Completion Report 2025

1. *That the report on the Auditors completion for 2025 be received and noted (7.1, 20 October 2025, Audit and Risk committee meeting).*

7.2. Action Report and Work Plan Update

1. *To receive and note the Action Report and Work Plan Update (item 7.2, 20 October 2025, Audit and Risk Committee meeting).*
2. *To note the 2025 Action Report, October 2025, in Appendix 1 (item 7.2, 20 October 2025, Audit and Risk Committee meeting).*
3. *To adopt the 2025 Work Plan and Reporting Schedule in Appendix 2 (item 7.2, 20 October 2025, Audit and Risk Committee meeting).*

8. OFFICER REPORTS

8.1. Internal Audit Quarterly Update

1. *To receive, discuss and note the Internal Audit Quarterly Report (item 8.1, 20 October 2025, Audit and Risk Committee meeting).*
2. *To note the 3-Year Internal Audit Workplan in Appendix 1 (item 8.1, 20 October 2025 Audit and Risk Committee meeting).*
3. *To note the Audit Actions Progress Report in Appendix 2 (item 8.1, 20 October 2025 Audit and Risk Committee meeting).*

8.2. Director Corporate Services Update

1. *That the Director Corporate Services Update report be received and noted (8.2, 20 October 2025, Audit and Risk committee meeting).*

8.3. 2024-25 GPFS Financial Report

1. *That the report on 2024-25 Annual Financial Statements and End of Year report be received and noted (8.3, 20 October 2025, Audit and Risk committee meeting).*
2. *That the Committee recommends to Council that (8.3, 20 October 2025, Audit and Risk committee meeting):*
   a. *That the Financial Statements present fairly in all material respects the financial position and the results of the operations of the Adelaide Hills Council, having reviewed the Financial Statements for 2024-25 as per Appendix 1.*

b. It is appropriate that the Management Representation Letter requested by the external auditor, as per Appendix 2, is signed by management.
c. That it notes the Certification of Auditor Independence as per Appendix 3 is considered by the Chief Executive Officer and the Presiding Member of the Audit Committee.
d. That it Authorises the Chief Executive Officer and the Acting Mayor to certify the Financial Statements for 2024-25 in their final form.

8.4. Report on Financial Results Adelaide Hills Council 2024-25

1. *That the report on the end of year audited financial results for 2024-25 be received and noted (item 8.4, 20 October 2025, Audit and Risk committee meeting).*

8.5. Legal Fees

1. *That the Legal Fees Analysis 2024/25 report be received and noted (8.5, 20 October 2025, Audit and Risk committee meeting).*
2. *That Council notes the detailed breakdown of legal expenditure by department and matter, as set out in this report (8.5, 20 October 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 17 November 2025 at 63 Mount Barker Road, Stirling.

12. CLOSE MEETING

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**7.1**
Responsible Officer:	**Gary Lewis** **Director Corporate Services** **Corporate Services**
Subject:	**Auditors Completion Report 2025**
For:	**Information**

SUMMARY

Under Section 129 of the *Local Government Act 1999 (SA)* (the Act) the external auditor appointed by Council must provide to the Council a report on matters arising from the audit of its financial statements and the controls exercised by Council. The report must identify any irregularity in Council's accounting practices, or the management of the Council's financial affairs identified by the auditor during the audit.

BDO has now completed their end of year audit and have provided an "Annual Audit Completion Report for the year ended 30 June 2025" to the Presiding Member of the Audit Committee, refer **Appendix 1.**

BDO's report notes they have identified no material deficiencies in internal controls which would impact audit testing or expose the Council to risk of material misstatement of results for the year ended 30 June 2025.

RECOMMENDATION

The Audit and Risk Committee resolves:

1. **That the report on the Auditors completion for 2025 be received and noted (7.1, 20 October 2025, Audit and Risk committee meeting).**

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1. BACKGROUND

Section 128 of the *Local Government Act 1999 (SA)* requires Council to have an auditor, appointed on the recommendation of Council's Audit Committee. Council's auditor is BDO.

In accordance with Section 129 of the Act, the external auditor is required to undertake an annual review and provide an audit opinion on Council's financial statements and the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

The auditor must provide to Council a report on matters arising from the audit, specifically identifying any irregularity in the Council's accounting practices or the management of the Council's financial affairs identified by the auditor during the audit.

At the meeting of the Audit Committee held on 14 April 2025, the Audit Committee endorsed the proposed 2024-25 External Audit Plan from BDO. The proposal audit plan included presenting a report to the Audit Committee as well as providing the opportunity to discuss the findings of the auditor in confidence, without management being present.

At the meeting of the Audit Committee held on 18 August 2025, BDO provided an "Interim report on the 2025 external audit". BDO's interim report noted that to date they had found no material deficiencies in internal controls which would impact audit testing or expose the Council to any risk of material misstatement of results for the year ended 30 June 2025.

The report also provided a status update on key issues that had been identified by BDO that Council was taking appropriate action on.

2. ANALYSIS

- **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2024 – Your Place Your Space

Goal	Organisation
Objective 02	Operate with integrity using best practice governance processes
Priority 02.1	Demonstrate accountable and transparent decision making

- **Legal Implications**

Section 129 of the *Local Government Act 1999 (SA)* requires an annual review to be undertaken as noted above.

- **Risk Management Implications**

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

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

- **Financial and Resource Implications**

The End of Year Financial Statements are the most significant output from Council's financial management and reporting processes and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

- **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:	BDO International, Ltd.
Community:	Not Applicable.

➢ **Additional Analysis**

The external auditor, Ms Linh Dao has completed the audit of the financial statements and provided audit clearance subject to:

- Review of subsequent events post 30 June 2025,
- Receipt of signed management representation letter,
- Receipt of the final Annual Financial Statements for 2024-25 being certified by the CEO and Deputy Mayor.

As part of the audit process, BDO have tabled their final "Annual Audit Completion Report" dealing with matters arising from the audit. The report addresses:

- Status of the audit
- Areas of audit focus
- Summary of any misstatements
- Internal controls

The audit was conducted in accordance with the Australian Auditing Standards per the Act and provide Council with reasonable assurance that the Financial Statements are free of material misstatement.

Having identified no significant deficiencies with internal controls, BDO have concluded that in all material respects, the Financial Statements present fairly the financial position of Adelaide Hills Council as of 30 June 2025.

BDO did note a number of areas which the Administration may wish to consider, particularly in relation to processes undertaken in relation to Infrastructure, Property Plant and Equipment, Work in Progress (WIP) and grant income.

These included the revaluations processes, suitability of tools used to undertake revaluations and the quality and completeness of the underlying data on which the revaluations are being performed. The Administration is reviewing these findings with a view to ensuring that appropriate changes are made to the processes, tools (if required) and that the underlying data is both complete and accurate.

With regards to the WIP recommendations, the Finance and Strategic Assets team have already started making changes to the capitalisation and WIP process to ensure that this is commenced earlier and more frequently, and with a higher degree of independent scrutiny, to ensure that capitalisation remains appropriate.

Finally, with regards to the Grant income recommendations, the finding ties in with the WIP finding and the recommendations will be address through the process considerations above.

3. OPTIONS

The Committee is limited to receiving and noting this report.

4. APPENDICES

(1) Annual Audit Completion Report for the year ended 30 June 2025.

Appendix 1

Annual Audit Completion Report
for the year ended 30 June 2025

Adelaide Hills Council

Annual audit completion report

Year ended 30 June 2025

IDEAS | PEOPLE | TRUST

Contents

Dear Committee Members

We are pleased to present this report to the Audit Committee of Adelaide Hills Council (‘AHC’ or the ‘Council’) in relation to the 30 June 2025 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

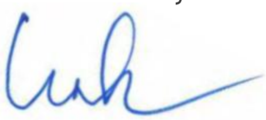
We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit Committee meeting on 20 October 2025 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on +61 8 7324 6147.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



LINH DAO
Engagement Partner

Adelaide, 14 October 2025

Executive summary

Purpose

The purpose of this report is to communicate significant matters arising from our audit to the Audit Committee. This report has been discussed with management.

Scope

Our audit was conducted in accordance with Australian Auditing Standards and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 for the year ended 30 June 2025.

Status of the audit

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- Review of subsequent events post 30 June 2025
- Receipt of written management representations on various matters; and
- Receipt of formally adopted financial statements and agreement of these to the draft financial statements provided to us to date.

A draft of the proposed audit report is included at Appendix 1.

Summary of misstatements

We have identified misstatements during our audit. The list of corrected and uncorrected misstatements is included in the respective section of this report.

Areas of audit focus

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant and elevated risks of material misstatement. These areas of focus are outlined below:

- Revaluation of infrastructure, property, plant and equipment
- Accounting treatment of Capital Work in Progress (WIP)
- Management override of internal controls
- Cut-off of grant funding and accuracy of any amounts deferred on 30 June 2025.
- Measurement of rehabilitation liabilities

Refer to the relevant section for details on the key audit matters, significant risk areas and other areas focused on during the audit.

Areas of audit focus

In assessing the risks of material misstatement at the planning phase, we used a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

Revaluation of infrastructure, property, plant and equipment		
Description	**Audit work performed**	**Summary of findings**
Council's infrastructure, land and buildings are carried at valuation. There is a risk that these balances are misstated as a result of the application and inappropriate valuation methodologies, or incorrect underlying assumptions.	We evaluated the competence, capability and objectivity of the independent experts, if any, obtained an understanding of their work and evaluated its appropriateness. We reviewed the process undertaken by management regarding the revaluation, performed audit procedures and checked the disclosures made for compliance with applicable Australian Accounting Standards. We reviewed the movement in respective asset revaluation reserves to verify the accuracy and appropriateness of the fair value changes during the year.	Council undertook valuations of infrastructure assets and land & buildings this year, using a combination of external experts as well as the indexation method, which resulted in a net increase of $37.46mil credited to asset revaluation reserve for the year. As disclosed to the accounts, external valuers were engaged to assist with the revaluation of seal road, surface and pavements with remaining classes being formation, road shoulders and unsealed road had been revalued internally using indexation method. AASB 116.36 states that if an item of property, plant and equipment is revalued, the entre class of property, plant and equipment to which that asset belongs shall be revalued. Though we are satisfied that revaluation exercise was undertaken over the whole class of road assets, we noted the different approach to revaluation and recommend management continue to review the classification of asset classes, considering Council's resourcing to ensure of effective and efficient approach to valuation exercise. A number of errors were identified as part of the audit around the revaluation exercise, most notably for kerb and gutter assets of $5.5mil. This has been corrected in the financial statements and included in the Summary Misstatement section of this report. Furthermore, we noted other differences which are not material to the financial statements as a whole, quantitatively and qualitatively, which are included in the Summary of Misstatement section of this report as 'uncorrected'. We noted that revaluation is undertaken through Confirm, Council's fixed asset management system. However, the process can be manual, and gaps in data quality within the system (i.e. assets missing active dates) can result in material misstatements which without a due quality control process, will remain undetected. We recommend that management review the revaluation process, including whether the existing revaluation functionality in Confirm, is fit for purpose and make sure independent review is undertaken to verify the integrity and accuracy of the revaluation impact at the end of the process.

Areas of audit focus *continued*

Revaluation of infrastructure, property, plant and equipment		
		We also recommend management continue to audit underlying data within Confirm and improve the quality of this to ensure completeness and accuracy of the input to maximise Confirm revaluation output. Lastly, we were advised that management undertook a deep dive review of Council's ICT assets and noted that there are a number of assets that were no longer in service, or should have been depreciated over shorter useful lives being 3-5 years rather than 8-10 years. This had been assessed as prior period error and corrected to comparative periods in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. At the date of the report, we have completed the audit procedures over the restated figures and agreed with management on the adjustments being made. In accordance with BDO policy, restatement to prior period errors requires a technical review of financial statements by BDO approved IFRS & Corporate Reporting consultant which is concluded at the date of this report. No other exceptions were noted.

Accounting treatment of Capital Work in Progress (WIP)		
Description	**Audit work performed**	**Summary of findings**
There is a risk that the accounting treatment of items captured within capital WIP may not be in accordance with Australian Accounting Standards.	We obtained the WIP schedule and reviewed in detail a sample of projects outstanding at the end of the year to check if they are likely to generate assets. We have also reviewed a sample of assets transferred out of the Capital WIP to check that the categorisation and value allocated to the relevant fixed asset class is appropriate.	Council reported a minimal WIP of $797k at 30 June 2025. Amongst the lagest WIP projects completed and capitalised during the year included FABRIK of $5.13mil. Furthermore, during the year $413k in carried forward WIP balance into FY2025 was written off directly to the revaluation reserve.

Areas of audit focus *continued*

Accounting treatment of Capital Work in Progress (WIP)		
		We noted that the date of capitalisation to respective classes of assets defaults to the period end date, rather than the actual completion date or the date the assets are first available for use. We have calculated the depreciation impact for the year, assuming all capital projects were completed at 1 July 2024, rather than at 30 June 2025 and noted only an immaterial impact to Council's surplus or deficit. As a result, no adjustment was proposed. We however recommend management consider progressively capitalising capital projects during the year, as soon as assets are ready for use to reduce the workload around year-end for financial closing.

Management override of internal controls		
Description	**Audit work performed**	**Summary of findings**
Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override control that otherwise appear to be operating effectively.	Our response includes a review of key internal controls at the Council to mitigate the risk of management override. We tested the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We also reviewed accounting estimates for bias and evaluated the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appear to be unusual.	We did not identify any evidence of misstatement due to management override of internal controls.

Areas of audit focus *continued*

Cut-off of grant funding and accuracy of any amounts deferred on 30 June 2024		
Description	**Audit work performed**	**Summary of findings**
There is a risk of error in the calculation of grant income recognised and deferred at the end of the year by reference to grant agreements and Australian Accounting Standards	We obtained the schedule of grant income recognised and deferred at year-end. We selected a sample of grants and obtained the agreements to review in detail and test that they have been recognised in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.	AASB 1058 requires an entity to recognise grants in profit or loss when (or to the extent that) the entity satisfies its performance obligations under the grant agreement, if; • the grant is a transfer to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity (i.e. capital grant); or • the grant creates enforceable rights and obligations, and includes sufficiently specific performance obligations. Such performance obligations are satisfied either over time or at a point in time. From our sample testing, we noted that one capital grant where associated income should have been recognised in prior year, rather than in FY25 as eligible expenses had already incurred. Management's view was such that more conservative approach was taken in FY2024 due to lack of certainty that Council had fulfilled all relevant obligations under the contract until such time that acquittal report was produced and submitted to the grantor. As the impact of this was not material to the financial statements it was not corrected and has been included in the 'Summary of Uncorrected Misstatements' section of this report. We recommend management continue to review the approach around grant income recognition to ensure compliance with accounting standards and provide useful information to relevant stakeholders.

Areas of audit focus *continued*

Measurement of rehabilitation liabilities		
Description	**Audit work performed**	**Summary of findings**
Council has made provision for its monitoring and rehabilitation obligations regarding 3 formal landfill sites. There is a risk of error that the liabilities are not measured in accordance with the requirements of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.	We have inquired the management of the treatment of provisions made as at the reporting date. We audited the accounting treatment by reference to supporting documents including engagement letter with external expert, and their advice. We also evaluated if relevant disclosures made to the financial statements are in accordance with the applicable reporting framework.	We noted that management has assessed that no additional provision is required regarding Council's monitoring and rehabilitation obligations at reporting date. We reviewed this and were satisfied that the assessment was supported by independent experts' advice. Management briefed us on the progress of the other approach to the obligation in relation to one of the former landfill site. We were satisfied with the accounting and relevant disclosures made to the financial statements based on audit evidence obtained during the year.

Summary of misstatements

Uncorrected misstatements

We detail below the uncorrected misstatements which we have identified during the audit, and that were determined by management to be immaterial, both individually and in aggregate to the financial report taken as a whole.

Misstatements have not been included if they are considered to be clearly trivial which we have set at $549,000 for infrastructure, property, plant and equipment assets and $82,600 for all other financial statement areas. Matters which are clearly trivial are regarded as clearly inconsequential when taken individually or in aggregate.

We will seek representation from management to acknowledge that:

- Uncorrected misstatements have been brought to their attention by us; and
- They have considered the effect of any uncorrected misstatements, aggregated during and pertaining to the latest period, on the financial report and consider the misstatements are immaterial individually and in aggregate to the financial report taken as a whole.

DESCRIPTION	ASSETS	(LIABILITIES)	RESERVES	(PROFIT)/LOSS
Correct the overstatement of LRCIP Phase 3 revenue recorded in current period that should have been recorded in prior year.	-	-	($429,980)	$429,980
Judgemental misstatement in relation to the revaluation impact for Road and Retaining Walls classes of assets for the year	($2,670,771)		$2,670,771	-
Net effect of uncorrected misstatements	($2,670,771)	-	$2,250,791	$429,980

Summary of misstatements *continued*

Corrected misstatements

We identified the following misstatements during the course of our audit which have been corrected:

DESCRIPTION	ASSETS	(LIABILITIES)	RESERVES	(PROFIT)/LOSS
Correct the overstatement of ICT Equipment depreciation expense recorded in the current period, in the prior period.	$732,038	-	-	($732,038)
Correct the overstatement of the revaluation increment applied to the Kerb and Gutter category of Infrastructure, property, plant & Equipment.	$5,445,369	-	($5,532,394)	$87,025
Net effect of corrected misstatements	$6,177,407	-	($5,532,394)	($645,013)

Internal control

Current year

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit Committee.

The matters being reported are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to the Audit Committee.

Current period

Risk Category/ Business Cycle	Risk assessment	Issues identified	Potential effects	Recommendation	Management comments
Expense - Payroll	Moderate	The Team Leader of Finance has both input/edit access to employee details within the payroll system and is responsible for reviewing the payroll change report ('Payroll change log entry').	This dual control owner introduces a self-review risk for Council, which could result in: • Incorrect salary payments to the wrong bank accounts, or • Creation of fictitious employees.	Council should implement segregation of duties between staff who have the authority to input/edit employee details and staff who review the changes made. A common segregation of duties we see in other councils are: • The People & Culture department inputs or edits employee details in the payroll system based on the delegation authority, and finance independently reviews 'Payroll change log entry' reports with appropriate supporting documentation, and • The Finance team do not have the IT authority or access to input or edit employee details.	AHC does not currently have an HR system that interfaces into the payroll system. As a temporary measure, the TL Finance assumed the tasks that would normally have been done by HR. However, it is acknowledged that there is reduced segregation of duties as a result. TL Finance will explore with Open Office (Payroll provider) whether HR can be given access to the payroll system in a restricted manner to be able to input employee details. Alternatively, the Manager of Finance can independently check the payroll change log reports instead of the TL Finance.

Internal control *continued*

Follow up on prior period findings

We have detailed below the current status of matters relating to internal control that have been raised in prior communications and are not referred to in the current period findings.

	Risk Category/ Business Cycle	Risk assessment	Issues identified	Date previously reported	Current Status
1	Revenue - Lease/rental	**Moderate**	It was noted that the Council does not have the appropriate measures to monitor lease/ rent payments. There is no formal regular reviews conducted to ensure lease agreements and other Council facilities contracts are being met.	2 July 2024	The lease database has been transferred into Sharepoint as an interim measure to alert the Property team with an email when a lease is due for review. That is working well. The next step is to move the database to Confirm. This will allow Property to set up and extract reports such as lease renewal dates, rent review dates and inspection reports. An email will be generated advising an action is required. This is moving along quickly, and it is hoped that the lease database will be configured into Confirm in the coming weeks. Training will then be undertaken with David Collins on how to use the system and reporting functionality. Property is using an external contractor (Brightly) to integrate the current property information into Confirm.
2	Asset - Fixed Assets	**Low**	It was noted that the Council has a Disposal of Asset policy however the policy is very high level and does not provide detailed guidance around the delegation of authority regarding assets being disposed, or the process of disposing the assets from the fixed asset system or the General Ledger.	2 July 2024	The current Disposal of Asset policy is due to be reviewed no later than Sept 2025. The comments will be considered and incorporated into the next update.

Other reporting requirements

Independence and ethics

In conducting our audit, we are required to comply with the independence requirements of *the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and*Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to Adelaide Hills Council.

The Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at Appendix 2.

Non-compliance with laws and regulations

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

Fraud

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

Appendix 1 Proposed audit report

INDEPENDENT AUDITOR'S REPORT

TO THE PRINCIPAL MEMBER OF ADELAIDE HILLS COUNCIL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of material accounting policy information and the declaration by those charged with governance.

In our opinion the accompanying financial report of presents fairly, in all material respects, the financial position of the Council as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Council in accordance with the Local Government Act 1999 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for* Professional *Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report are the general purpose financial reports of Adelaide Hills Council joint ventures including Adelaide Hills Regional Waste Management Authority, Eastern Waste Management and Gawler River Floodplain Management.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Appendix 1 Proposed audit report *continued*

Responsibilities of management and those charged with governance for the Financial Report

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

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

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Linh Dao
Director

Adelaide, XX Month 2025

Appendix 1 Proposed audit report *continued*

INDEPENDENT ASSURANCE REPORT
OF THE INTERNAL CONTROLS OF ADELAIDE HILLS COUNCIL

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Adelaide Hills Council (‘Council) in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2024 to 30 June 2025 relevant to ensuring such transaction have been conducted properly and in accordance with the law.

In our opinion, in all material respects:

(a) The controls established by the Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted property and in accordance with law; and

(b) The controls operated effectively as designed throughout the period from 1 July 2024 to 30 June 2025.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

The Council’s responsibilities for the Internal Controls

The Council is responsible for:

a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;

b) Identifying the control objectives

c) Identifying the risks that threaten achievement of the control objectives

d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and

e) Operating effectively the controls as designed throughout the period.

Our independence and quality management

We have complied with the independence and relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* in undertaking this assurance engagement.

Assurance practitioner’s responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, with the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

Appendix 1 Proposed audit report *continued*

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitations of controls

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

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

BDO Audit Pty Ltd

Linh Dao
Director

Adelaide, XX October 2025

Appendix 2 Auditor independence declaration

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Hills Council for the year ended 30 June 2025, I have maintained my independence in accordance with the requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made und the Act.

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

Linh Dao
Director

BDO Audit Pty Ltd

Adelaide, XX October 2025

Appendix 3 New developments

Upcoming changes in financial reporting

AASB 18 *Presentation and Disclosure in Financial Statements*

On 9 April 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements* (AASB 18 in Australia), a new financial statements presentation standard to replace IAS 1 *Presentation of Financial Statements*. Our bulletin contains a high-level summary of the amendments.

The changes require income and expenses to be classified into five categories - investing, financing, income taxes, discontinued operations and operating (‘operating’ being the residual or ‘catch all’ category). Classification follows an entity’s ‘main business activities’ so AASB 18 is likely to result in different presentations across entities. The Statement of Profit or Loss also includes two mandatory subtotals:

- Operating profit or loss - this is a sub-total of all income and all expenses classified as operating
- Profit or loss before financing and income taxes - this is the sub-total of operating profit or loss, and all income and expenses classified as investing.

Our publication provides in-depth guidance for classifying income and expenses in the Statement of Profit or Loss.

There are also changes to the Statement of Cash Flows, including how interest and dividend cash inflows and interest cash outflows are classified.

Lastly, the financial statements must include new disclosures in single note about ‘management-defined performance measures’ such as earnings before interest, taxes, depreciation and amortisation (EBITDA), ‘adjusted profit’, operating profit excluding recurring items, etc.

The new disclosures apply to ‘management-defined performance measures' if they are used in public communications outside the financial statements, to communicate to users of financial statements, management’s view of an aspect of the entity’s financial performance.

They do not apply to certain specific sub-totals in the Statement of Profit or Loss such as gross profit. They also do not apply to social media posts and oral communications, and to non-IFRS information based on financial measures that are not performance-related (such as measures based only on the financial position of the entity). Also, they do not apply if an entity makes no public communications (as may be the case for private companies).

The changes are effective for annual periods beginning on or after 1 January 2027.

If you have any questions or require more information regarding upcoming changes in financial reporting , please contact our IFRS & Corporate Reporting team.

Appendix 4 Sustainability reporting

What is required?

Legislation to mandate sustainability reporting in Australia was passed by the Senate on 22 August 2024 and received Royal Assent on 17 September 2024. The start date is for years commencing 1 January 2025, with a phase-in period for entities of different sizes and types. Entities required to prepare and lodge financial reports with the Australian Securities and Investments Commission (ASIC) under Chapter 2M of the *Corporations Act 2001* may have to prepare sustainability reports if they meet certain criteria. In particular, entities that do not meet the size threshold tests in section 292A and are neither NGER reporters nor asset owners, are not currently required to prepare sustainability reports.

The legislation requires a 'sustainability report', but climate-related disclosures are the first, and currently the only component of mandatory sustainability reporting.

ASIC's Regulatory Guide 280 (RG 280) was issued on 31 March 2025 and provides entities with practical guidance about complying with their sustainability reporting obligations and about ASIC's approach to administration, supervision and enforcement moving forwards.

Where will climate-related financial disclosures be disclosed?

Climate-related disclosures are required within a sustainability report forming part of the annual report. The sustainability report required by the *Corporations Act 2001* consists of:

- The climate statements
- Notes to the climate statements
- Any statements prescribed by legislation
- The director's declaration.

ASIC says: Start preparing for climate reporting now

Climate reporting represents the biggest changes to financial reporting and disclosures standards in a generation.

Key actions to take now

Reporting Obligations: Assess whether mandatory sustainability reporting applies.

Risk Disclosure: Balance mandatory and voluntary disclosures, considering stakeholder needs, as this can be seen as a strategic work program vs a compliance activity.

Internal Capability: Train employees or build capability to allocate resources effectively. Given that this is a new area, capability and capacity can be inhibitors.

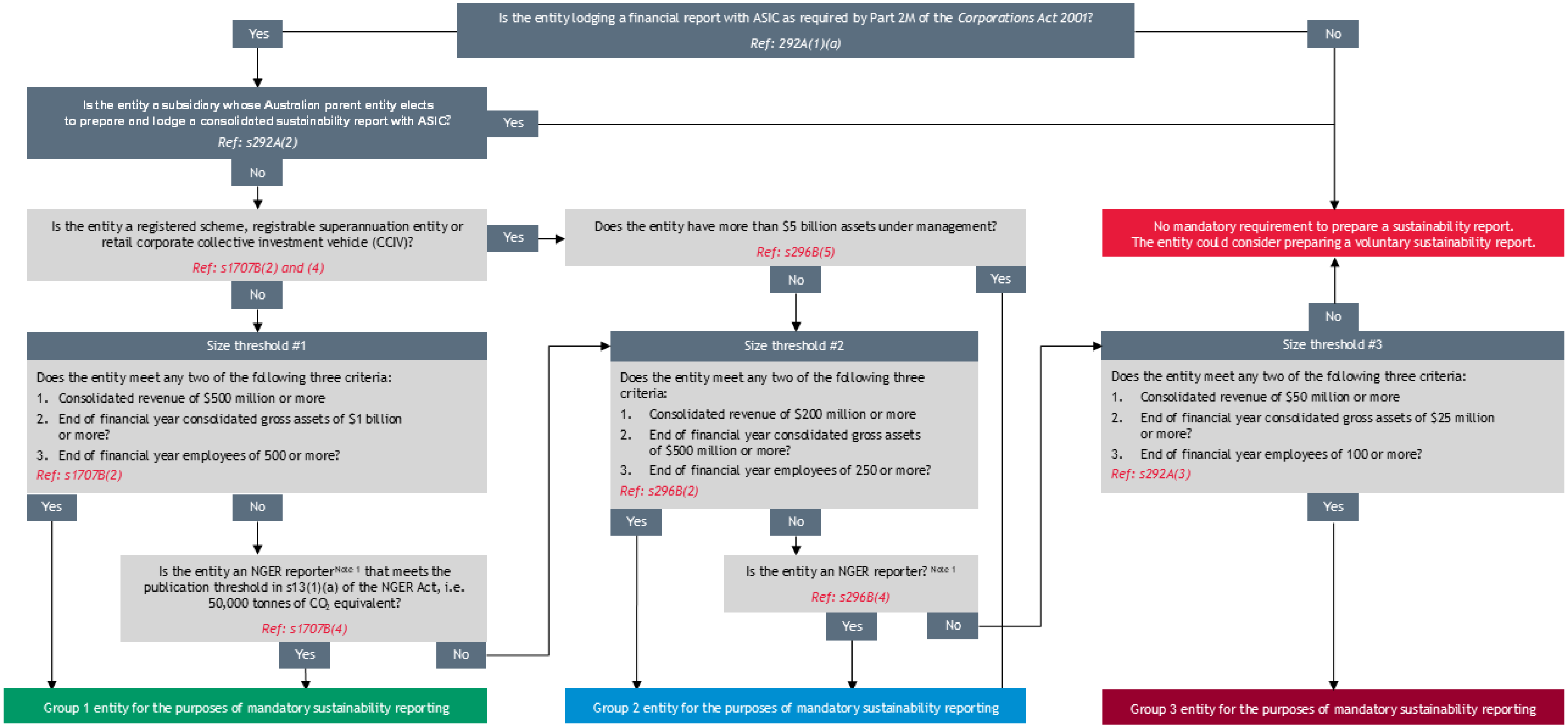
Data Quality and Technology Constraints: Given that some of this information will be being captured and generated for the first time, govern data and assess technology readiness.

Process Maturity and Change Management: Align processes, manage change effectively, and ensure people across the end-to-end process understand the "why".

Appendix 4 Sustainability reporting *continued*

Who is required to prepare climate-related financial disclosures?

The following decision tree diagram will assist you in determining whether your entity is subject to mandatory sustainability reporting, and if applicable, which of the three groups it falls into.



*Note 1: An entity is an NGER reporter if it is a **controlling corporation** registered or required to be registered under s12(1) of the National Greenhouse and Energy Reporting Act 2007 (NGER Act).*

Appendix 4 Sustainability reporting *continued*

When will climate-related reporting be mandated?

The following table outlines the first mandatory reporting period end for Group 1, Group 2 and Group 3 entities with different year-ends.

SUSTAINABILITY REPORTS REQUIRED FOR THE FIRST YEAR ENDING ON DATES SHOWN BELOW			
YEAR-END	GROUP 1 ENTITIES	GROUP 2 ENTITIES	GROUP 3 ENTITIES
31 December	31 December 2025	31 December 2027	31 December 2028
31 March	31 March 2026	31 March 2028	31 March 2029
30 June	30 June 2026	30 June 2027	30 June 2028
30 September	30 September 2026	30 September 2027	30 September 2028

Sustainability reporting standards

The Australian Accounting Standards Board is responsible for setting sustainability reporting standards. Its first two standards, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (a voluntary standard) and AASB S2 *Climate-related Disclosures* (mandatory standard) align closely with IFRS® Sustainability Disclosure Standards.

Assurance over climate-related disclosures

The Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* has been issued and includes the final timeline for assurance over the sustainability report. Assurance over the climate-related financial disclosures will be phased in as follows:

- First year – limited assurance over only the following disclosures[1]:
  - Governance
  - Strategy – climate-related risk and opportunities (only paragraphs 9(a), 10(a) and 10(b) of AASB S2)
  - Measurement of Scope 1 and Scope 2 emissions
- Second and third years – limited assurance over all disclosures, and
- Fourth year and thereafter – reasonable assurance over all disclosures.

[1] Group 1 entities with years commencing 1 January to 30 June will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing 1/1/26 to 30/6/26 for these Group 1 entities

Appendix 4 Sustainability reporting *continued*

Your sustainability roadmap

We've created a practical roadmap to guide your implementation of mandatory climate-related disclosures as well as your sustainability journey. It outlines the essential activities and their deadlines. Though Council is not required to report under Corporations Act, and we are yet aware of any changes in the Local Government Act that would require the inclusion of Sustainability Report in Council's annual report, we have included the suggested best practice roadmap if Council were a Group 2 entity for the mandatory climate reporting purpose in the following page for your information.

Learning Hub

A range of sustainability resources from BDO in Australia and around the globe.

Learn more

Sustainability webinar series

Breaking down the ESG fundamentals to help you start driving change.

Register now

Sustainability insights

Sign up to receive our sustainability insights direct to your inbox.

Subscribe now

Group 2 entities: Best practice roadmap

<table>
<tr><th colspan="3">PROJECT STREAMS</th><th>30 June 2025</th><th>30 June 2026</th><th>30 June 2027</th><th>30 June 2028</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">COMPLIANCE FOCUS:
Carbon footprint measurement</td><td>Scope 1 and 2 emissions</td><td>Set carbon inventory boundary
Develop a Basis of Preparation (carbon accounting methodology)
Measure and report internally scope 1 & scope 2 emissions</td><td>Improve measurement and report internally scope 1 & scope 2 emissions
Set targets in relation to scope 1 & 2
Conduct an assurance readiness assessment</td><td colspan="2">Mandatory calculation and external reporting of Scope 1 and 2 emissions, subject to assurance</td></tr>
<tr><td>Scope 3 emissions</td><td>Initial measurement (significant estimation) and report internally scope 3 emissions</td><td>Improve measurement (significant estimation) and report internally scope 3 emissions</td><td>Improve measurement (less estimation) and report internally scope 3 emissions
Set targets in relation to scope 3
Conduct an assurance readiness assessment</td><td>Mandatory calculation and external reporting of Scope 3 emissions, subject to assurance</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">COMPLIANCE FOCUS:
Climate-related disclosure</td><td>TCFD</td><td>Include <u>all</u> TCFD disclosures in the annual report, including the following pillars:
Governance
Strategy
Risk Management
Metrics and Targets</td><td>Include <u>all</u> TCFD disclosures in the annual report, including the following pillars:
Governance
Strategy
Risk Management
Metrics and Targets</td><td colspan="2">TCFD disclosures replaced by AASB S2</td></tr>
<tr><td>AASB S2 (mandatory)</td><td>Conduct an AASB S2 gap analysis</td><td>Conduct a climate risk assessment
Prepare a scenario analysis
Financial modelling of impact on financial statements
Prepare draft AASB S2 (mandatory) disclosures for internal use</td><td colspan="2">Mandatory reporting of all AASB S2 disclosures</td></tr>
<tr><td>3</td><td>STRATEGIC FOCUS:
Sustainability-related strategy disclosure</td><td>AASB S1 (voluntary)</td><td><u>Activate sustainability strategy</u>
Step 1: ASSESS - Current state assessment
Step 2: PRIORITISE - Materiality assessment (stakeholder engagement)
Step 3: COMMIT - Identify gaps</td><td><u>Activate sustainability strategy</u>
Step 4: MEASURE - Commit and measure to address gap identified
Step 5: REPORT - Prepare separate voluntary sustainability report
Conduct an AASB S1 (voluntary) gap analysis</td><td colspan="2">Continuous improvement of reporting to stakeholders (e.g. separate voluntary reporting)</td></tr>
</table>

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ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**7.2**
Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **Office of the Chief Executive**
Subject:	**Action Report and Work Plan Update**
For:	**Decision**

SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with an updated Action Report and Work Plan, noting these are live document provided at each Committee meeting.

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 Administration 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 is provided in ***Appendix 2***.

RECOMMENDATION

The Audit and Risk Committee resolves:

1. **To receive and note the Action Report and Work Plan Update (item 7.2, 20 October 2025, Audit and Risk Committee meeting).**
2. **To note the 2025 Action Report, October 2025, in *Appendix 1* (item 7.2, 20 October 2025, Audit and Risk Committee meeting).**
3. **To adopt the 2025 Work Plan and Reporting Schedule in *Appendix 2* (item 7.2, 20 October 2025, Audit and Risk Committee meeting).**

---

1. BACKGROUND

<u>Action Report</u>
The Action List tracks the implementation of resolutions and recommendations of the Audit and Risk Committee from their previous meetings.

<u>Work Plan</u>

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.

<u>Action Report</u>
There are four (4) in progress items and four (4) 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.

<u>Reporting Schedule Update</u>

The *2025 Audit and Risk Committee Work Plan and Reporting Schedule* (***Appendix 2***) outlines which items are either included in or deferred from this meeting.

Changes

- The Quarterly Performance Report – Q1 has been deferred to the November Committee meeting.
- The Service Review items have been deferred to the November Committee meeting.

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 - October 2025
2. Audit and Risk Committee 2025 Work Plan and Reporting Schedule

Appendix 1

Audit and Risk Committee Action Report - October 2025

Action Report – 20 October 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)
31/10/2023	Audit and Risk Committee	AC39/23	Development Services Service Review - Implementation Plan	1. That the report be received and noted. 2. 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. 3. 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.	Jess Charlton	Deryn Atkinson	In Progress	06/10/2025	31/10/2025	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. Current biannual reporting schedule suspended until October 2025 pending service review outcomes - per Council Resolution 388/24
20/05/2024	Audit and Risk Committee	AC23/24	Internal Financial Controls Update	1. That the Internal Financial Controls report be received and noted. 2. To note the further developments and improvements that have been made to Council's internal controls environment. 3. Request the CEO to prepare a remediation plan for controls rated three (3) or lower by either the reviewer or the assessor.	Gary Lewis	Bruce Smith	In Progress	29/09/2025	31/12/2025	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 Q4 2025 (CY). 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. This will be further investigated during Q3 & Q4 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	Completed	29/09/2025	30/09/2025	PID Training completed by staff. PID Policy and procedure review were presented to A&R Committee at the August 2025 meeting. Policy and Procedure due to Council for endorsement at 23 September 2025. Policy endorsed and live.
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	Completed	01/10/2025	20/10/2025	Due to system limitations we are unable to report on this data. Administration is looking into alternative ways to complete this request.
17/02/2025	Audit and Risk Committee	AC11/25	Procurement Policy	1. That the Audit Committee requests a review of Councils approach to unsolicited proposals and any recommendations be brought back to Audit Committee 2. That the CEO provides a report to the Audit Committee on a 6 monthly basis on procurement.	Gary Lewis	Bruce Smith	Completed	28/08/2025	30/09/2025	1. 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. 2. Procurement reporting has been placed on the audit committee's workplan for reporting in February and August. A technology driven solution was developed and presented to the Audit Committee at the August meeting. Further refinement of this reporting continues and will be presented regularly to the Audit Committee.
14/04/2025	Audit and Risk Committee	NA	Internal Audit workplan	Bring to Audit and Risk Committee how we will report on internal audits	Zoe Gill	Lauren Jak	Completed	01/10/2025	20/10/2025	Included in internal audit report at the October meeting
18/08/2025	Audit and Risk Committee	NA	Risk Report Amendment	Include progress column for actions on strategic risk reports	Zoe Gill	Lauren Jak	In Progress	01/10/2025	17/11/2025	To be provided in next quarterly risk management report (Nov)
18/08/2025	Audit and Risk Committee	NA	Advisory Groups Insurance	Look into the specifics of the advisory group insurance cover	Zoe Gill	Lauren Jak	In Progress	01/10/2025	20/10/2025	Email sent to Client Services Manager 01/10

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

Terms of Reference			2025 Feb	April	May	Aug	Oct	Nov
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP) (Corporate)	Annual						
	Annual Business Plan (Corporate)	Annual						
	Budget Review 1 (Corporate)	Annual						2025-2026
	Budget Review 2 (Corporate)	Annual	2024-2025					
	Budget Review 3 (Corporate)	Annual			2024-2025			
	End of Year Financial Report (Corporate)	Annual						2025-2026
	End of financial year reporting timetable (Corporate)	Annual			2024-2025			
	End of financial year update (Corporate)	Annual				2024-2025		
	Procurement Report (Corporate)	Bi-annual						
	Financial Delegation Report (Corporate)	Annual						
	Final Annual Financial Statements (incl management representation letter) (Corporate)	Annual					2024-2025	
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting) (Governance)	Annual						
	Internal Financial Controls update (Corporate)	Annual						
	Quarterly Risk Management Report (Governance)	Quarterly						
	LGRS Risk Profiling Report (Governance)	Biennial	2026					
Internal Audit	Internal Audit quarterly update (Governance)	Quarterly						
	Internal Audit Plan review (Governance)	Annual						
External Audit	External audit interim letter (Corporate)	Bi-annual				letter		
	External Audit Plan review (Corporate)	Annual						
	Meeting attendance by external auditors (Corporate)	Annual						
	Review of auditor independence and legislative compliance (Corporate)	Annual						
	Audit Completion Report (Corporate)	Annual					draft	final
Public Interest Disclosure	Public Interest Disclosure Policy review (Governance)	Triennial						
	Public Interest Disclosure Arrangements and Compliance (Governance)	Annual						
Service Review	Service Review Brief (Corporate)	Annual						
	Service Review Report (Corporate)	Annual						
	Implementation of service review actions progress report (Corporate)	Annual						
Other Business	Audit Committee self assessment review (Audit Committee)	Annual						
	Presiding Member's Report (Presiding Member)	Annual						
	Work Plan and Reporting Schedule (Governance)	Annual						
	Audit Committee Meeting Dates (Governance)	Annual						
	Debtors Report (Corporate)	Bi-annual						
	Council's Annual Report (Corporate)	Annual						
	Action Report & Work Plan Update (Governance)	All Mtgs						
	Audit Committee's Terms of Reference (Governance)	Quadrennial					2028	
	Quarterly Performance Report (Corporate)	Quarterly			Q2 and Q3	Q4		Q1
	Other Reports	As required	as required	as required	as required	as required	as required	as required

Version Control:	**Version 5 - October 2025**

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**8.1**
Responsible Officer:	**Zoe Gill** **Executive Governance Officer** **Office of the Chief Executive**
Subject:	**Internal Audit Quarterly Report**
For:	**Decision**

SUMMARY

This report provides the Audit and Risk Committee with an update in relation to the internal audit function within Adelaide Hills Council.

Appendix 2 provides the Audit and Risk Committee with information regarding the progress status of actions arising from Internal and External Audits.

RECOMMENDATION

The Audit Committee resolves:

1. **To receive, discuss and note the Internal Audit Quarterly Report (item 8.1, 20 October 2025, Audit and Risk Committee meeting).**
2. **To note the 3-Year Internal Audit Workplan in Appendix 1 (item 8.1, 20 October 2025 Audit and Risk Committee meeting).**
3. **To note the Audit Actions Progress Report in Appendix 2 (item 8.1, 20 October 2025 Audit and Risk Committee meeting).**

---

1. BACKGROUND

As per s125A of the *Local Government Act 1999*, sections 3.5.2 and 3.5.3 of the Audit and Risk Committee's Terms of Reference and section 3.2 of the *Internal Audit Policy*, it is the Executive Governance Officer's responsibility, as the Primary Person Responsible (PPR) for internal audit activities at Council, to provide the Committee with reports on internal audit functions at least on a quarterly basis.

The Audit and Risk Committee last received an internal audit report at its April 2025 meeting.

In February 2025 the Committee was provided with the Implementation of Audit Actions Progress Report where they requested that future audit action progress reports include the number and percentage of actions completed by the original/revised due dates:

8.2. Implementation of Audit Actions Progress Report

Moved Cr Melanie Selwood
S/- Pamela Lee **AC4/25**

The Audit Committee resolves:

1. **To receive and note the report titled Implementation of Audit Actions Progress Report (item 8.2, 17 February 2025 Audit Committee meeting).**
2. **To note the Audit Actions Report in Appendix 1 (item 8.2, 17 February 2025 Audit Committee meeting).**
3. **To request that future audit action progress reports include the number and percentage of actions completed by the original/revised due dates (item 8.2, 17 February 2025 Audit Committee meeting).**

Carried Unanimously

At this time the system is limited in being able to provide this data, however Administration is working on alternative ways to action this request.

At the 18 August 2025 Committee Meeting it was reported in the Action Report and Work Plan Update that the audit actions progress report would be moved from its bi-annual reporting and will now be included in each Internal Audit Quarterly Report as an appendix for noting. The audit actions have been included in **Appendix 2**.

Reporting Schedule Update

The *2025 Audit and Risk Committee Work Plan and Reporting Schedule* (***Appendix 2***) outlines which items are either included in or deferred from this meeting.

Changes

- The Audit actions progress report has been removed as an item on the workplan. This report will be reported as an appendix to the quarterly Internal Audit Report.
- The Directorate Risk Profile Presentation has been removed as each Director has provided a comprehensive report on their directorate within the last 12 months.

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 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

Section 125A of the Act requires the person primarily responsible for the internal audit function to ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee. They may also report any matters relating to the internal audit function directly to the audit and risk committee.

Under section 3.2 Council's *Internal Audit Policy,* the Executive Governance Officer is responsible for the management of internal audit functions within Council.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

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

- **Risk Management Implications**

The implementation of the internal audit program will assist in mitigating the risk of:

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

Inherent Risk	Residual Risk	Target Risk
High (4C)	Low (2E)	Low (2E)

- **Financial and Resource Implications**

An indicative cost for an internal audit is in the range of $12,000-$20,000, depending on the complexity of the audit.

The Internal Audit budget for the 2025-26 financial year is sufficient for the implementation of the new internal audits that will be conducted during this financial year.

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

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

- **Sustainability Implications**

Not applicable

- **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

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

- **Additional Analysis**

Audit Action Progress Report
It should be noted that there are forty-nine (49) items in total on the audit action register, with some actions being brought across from the old audit action list from previous audits and some actions being added from new audits that have been undertaken.

An update on all audit actions from Internal and External Audits is provided in ***Appendix 2***.

Audit Reporting

All internal audits, as per the 3-year audit workplan (**Appendix 1**), have been scheduled for selected quarters of the year with the aim for 3-4 audits being conducted per year. Upon completion of the draft audit, the report will be presented to the Executive Leadership Team for review and approved recommendations are placed on the audit action register.

All final internal and external audit reports will then be reported through the Audit and Risk Committee as soon as practicable after their completion, along with updates on the audit actions.

Any ad-hoc audits, not on the 3-yeear audit workplan, will also undertake the same process as above.

3. OPTIONS

The Committee has the following options:

I. To receive and note this report.

II. To note the Audit Actions Progress Report

II. To identify an alternative course of action

4. APPENDIX

(1) 3-Year Internal Audit Workplan
(2) Audit Actions Progress Report – October 2025

Appendix 1

3-Year Internal Audit Workplan

Summary: proposed three-year strategic internal audit plan (FY 2025/26 – FY 2027/28)

This three-year internal audit plan outlines a structured approach to assessing and strengthening the Council's key operational, financial, and governance areas. The plan has focused on areas with known weaknesses, strategic importance, or regulatory obligations. Across the three years, 11 targeted audits have been proposed. These audits will provide assurance, identify opportunities for improvement, and support long-term organisational resilience.

- **Year 1 (2025/26)** focuses on core foundational areas, including environmental health and food safety, HR and workforce planning, financial sustainability, and governance and risk management. These audits address critical infrastructure, internal control effectiveness, and policy oversight.
- **Year 2 (2026/27)** shifts attention to high-risk operational domains, including IT systems and cybersecurity, property and lease management, contract management, and fraud and corruption prevention. The aim is to assess systems resilience, compliance, and financial exposure.
- **Year 3 (2027/28)** targets long-term strategic risks and operational efficiency through audits of long-term financial and asset planning, major capital projects, and fleet and equipment management. These audits aim to support informed decision-making and sustainable service delivery.

Summary of the three-year internal audit plan

Year 1 – FY 2025/26

Audit	Focus	Scope Highlights	Timing	Hours
Environmental Health & Food Safety	TBA	TBA	Q1	TBA
Human Resource (Excludes WHS)	Assess the effectiveness, efficiency, and compliance of HR policies, recruitment practices, and performance management.	HR policies, recruitment practices and performance appraisals.	Q2	80–90
Financial Internal Controls	Review financial internal controls.	Segregation of duties, transaction approvals, and reconciliation processes.	Q3	85–90
Governance	Assess governance structures and ERM.	Policy and procedure compliance, risk management.	Q4	75–90

Year 2 – FY 2026/27

Audit	Focus	Scope Highlights	Timing	Hours
IT Systems	Evaluate IT governance	IT governance framework, strategic planning, and risk management practices.	Q1	85–95
Property & Lease Management	Review lease processes and asset use	Lease tracking, maintenance planning, and financial transparency	Q2	86–97
Contract Management (Excl Procurement)	Assess contract lifecycle, risk, and performance	SLA monitoring, risk assessment, documentation, and variation controls	Q3	80–95
Fraud & Corruption Prevention Controls	Review fraud prevention and whistleblower protections	Risk assessment, training, controls, detection tools, reporting	Q4	90–105

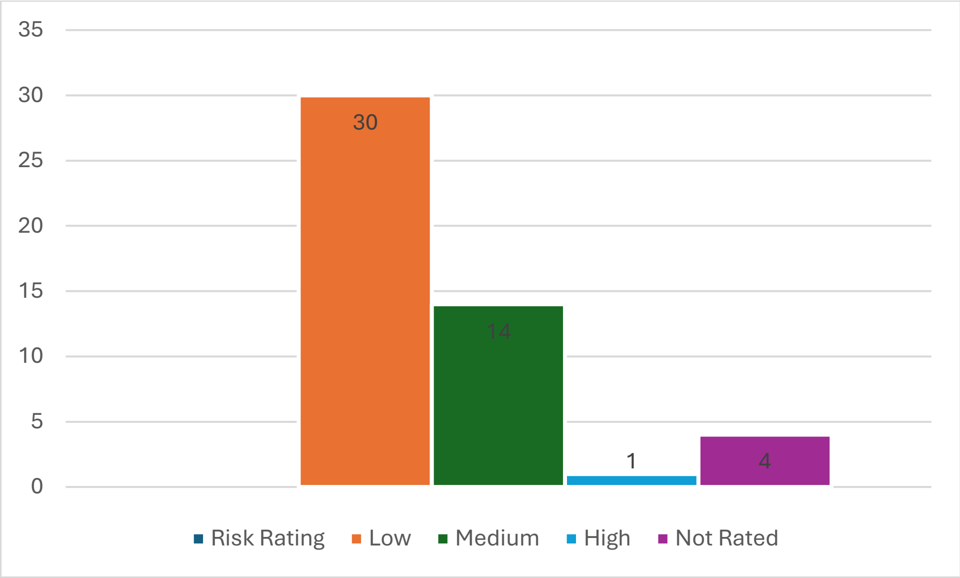
Year 3 – FY 2027/28

Audit	Focus	Scope Highlights	Timing	Hours
Long-Term Financial Planning & Asset Sustainability	Review financial planning and asset integration	Forecasting, funding strategies, deferred maintenance impact	Q1	85–100
Major Projects & Capital Works	Assess project governance and financial control	Budgeting, procurement, contractor oversight, post-project review	Q2	95–115
Fleet & Equipment Management	Review fleet lifecycle and cost efficiency	Maintenance, utilisation, compliance, and asset tracking systems	Q3	80–90

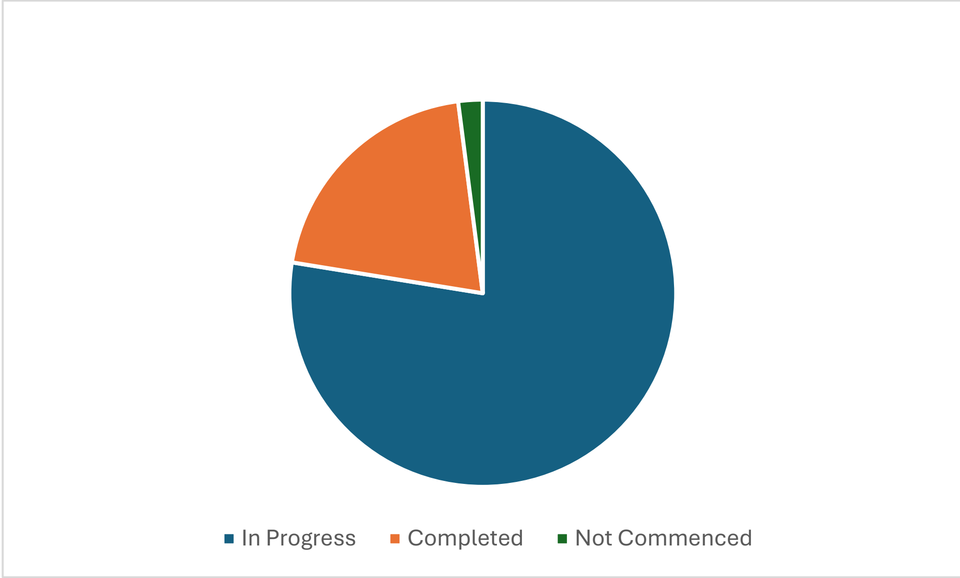
Appendix 2

Audit Actions Progress Report – October 2025

Risk Ratings



Action Status



Actions per Audit

Action	Audit Name	Audit Recommendation	Risk Rating	Proposed Actions	Responsible Officer	Due Date	Modified	Progress	Progress Comments
5. Director and Manager retention and renewal procedure	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	>Management ensures that regular performance reviews of Directors and Managers include the assessment and decision-making of their contract renewal. OD actively follows up with the Director and Manager contract renewal; and formalises the Director and Manager retention and renewal procedure in documentation.	Low	With regard to the finding above that the contract renewal for a Manager commenced at the time of the audit, this process had been worked on for some months prior to this.ACTION Document the process for performance review and contract renewal for those on Total Employment Cost (TEC) Contracts.	Roger Hunter	30/03/2026	15/10/2025 12:18	In Progress	This item can be considered now that the PnC team have been recruited. Current project underway
3.2 Consistent practice	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Once the Policy and Checklist are updated, management ensures the requirements are understood by the relevant responsible officers and implemented consistently.	Low	We have a new HR system and there is a recruiting module we plan on implementing in Phase 2 (yet to begin). We expect between Records Hub and the HR Recruiting module that we will be able to improve and manage aspects of the recruitment process that should address some of these findings.After HR system implementation, investigate how internal reviews of recruitment process and system use could be implemented to review compliance by recruiting managers.	Roger Hunter	30/06/2024	15/10/2025 12:17	Completed	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
3.1 Consistent practice	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Once the Policy and Checklist are updated, management ensures the requirements are understood by the relevant responsible officers and implemented consistently.	Low	We have a new HR system and there is a recruiting module we plan on implementing in Phase 2 (yet to begin).We expect between Records Hub and the HR Recruiting module that we will be able to improve and manage aspects of the recruitment process that should address some of these findings.Train Recruiting Managers on the requirements in the Recruitment and Selection Policy/Procedure and the Checklist.	Roger Hunter	30/06/2023	15/10/2025 12:16	Completed	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered.
3. Improvement Opportunity - Data-driven Retention Strategy	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Management collects relevant data to target high-risk and high-performing employees for appropriate retention efforts; collects relevant data to understand employee value proposition; and develops a data-driven post COVID-19 talent retention strategy.	Low	More recently we have dicussed a range of possible surveys that could be used to gain current thoughts from employees. Cost, timing, what data and how it will be collected and used are all considerations. More current practices show subject/point in time surveys, eg Pulse Surveys, on specific subject matter return responses that can be acted on more responsively, rather than surveys using a whole range of topics. 1. Review information needed for a Retention Strategy Policy/Procedure and how this will be obtained. (OD Dept)2. Develop a Retention Strategy Policy/Procedure. (OD Advisor)	Roger Hunter	30/06/2024	15/10/2025 12:16	In Progress	A number of activities have been initiated to address values and culture across the organization. This is the preferred approach to addressing these issues. Great Place to Work survey released September 2025.
2.1 Recruitment Panel	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Management reviews and updates the Policy and Checklist to include the requirements of listing all members of the Recruitment Panel when the panel is assembled; and creates an appropriate form to record the panel members and consider a Conflict of Interest Declaration.	Medium	There is a capability in Records Hub to record Panel members against each recruitment, this is being used in an ad hoc manner.We will Ensure Recruitment Panel requirements are included in Policy/Procedure update. (Responsible officer - OD Advisor)	Roger Hunter	16/05/2025	15/10/2025 12:15	In Progress	Aligns with 1.1 and 1.3
1.3 Policy/Procedure Framework update	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Management reviews and updates the Recruitment and Selection Policy (Policy) and Checklist to ensure currency and consistent requirements; and ensures the responsible officers are informed of the updated requirements.	Medium	OD Department agrees with the finding and will Provide advice/training sessions as relevant to those across the organisation with responsibility for recruitment. (Responsible officer = OD Department)	Roger Hunter	16/05/2025	15/10/2025 12:15	In Progress	Intention is to revamp, streamline the recruitment process then do a leader launch to ensure all hiring leaders are across the process, their requirements and relevant documentation. This will kick off early 2026.
1.1 Policy/Procedure Framework update	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Management reviews and updates the Recruitment and Selection Policy (Policy) and Checklist to ensure currency and consistent requirements; and ensures the responsible officers are informed of the updated requirements.	Medium	OD Department agrees with the finding and will Update Recruitment and Selection Policy/Procedure (Responsible officer - OD Advisor)	Roger Hunter	25/04/2025	15/10/2025 12:13	In Progress	Updates have occurred to the recruitment and Selection Policy since 2022. However, this is an ongoing review,some operational changes have already been made to streamline recruitment approvals.
4. Record keeping	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Management enforces using the electronic forms and retaining records in Records Hub; and provides necessary training or other appropriate advocacy to raise digital literacy.	Low	Records Hub has enabled us to manage documents through the recruitment process more effectively. Use of Records Hub is relatively new and more improvements can be made. Again the new HR system recruiting module should assist with some of these aspects. Include in training sessions requirements around electronic forms and records to be retained in Records Hub and reduction of hard copy documents as best as possible. (Noteany hard copy documents must be scanned and added to the Records Hub file)	Roger Hunter	30/06/2023	15/10/2025 11:44	Completed	The resignation of two key personnel within the People and Culture Team has required this action to be placed on hold until positions have been filled. The Manager People and Culture has now been appointed and will commence on 20 March 2023 following which the timing for completion of this action will be reconsidered. Progress completed, all recruitment forms are now electronic, all documents are stored in Records Hub.

9.2 Customer Communication	2022 Civil Services - Service Review	A common complaint from customers is lack of communication about job progress. Look at the possibility of automating responses to the customers when work is about to happen as well as when work is completed. The key here is accuracy and it's better to handle this manually otherwise. Communication can also be through newsletter, mail, website and regular open public information sessions. Ongoing work to connect CRM to Confirm should continue to improve workflow and will be needed when digital workflow occurs.	Medium	Greater utilisation of Depot Administration resource to provide job specific information to customers.	Damian Brennan	30/06/2024	15/10/2025 10:40	Completed	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed. Completed implementation of automated workflow within civil services to enable salesforce to prompt customer responses based on work progression.
2.1.2c - Buildings AMP	2021-22 Financial Controls Review - Interim Management Letter - May 2022	Management works towards preparation and adoption of Buildings, CWMS, Stormwater and Playground asset management plans.	Medium	Building condition audit and revaluation out to tender April 2022 and to be included in the Building AMP in 22/23.	Jade Ballantine	30/06/2023	15/10/2025 9:54	In Progress	A workshop on the draft Building Asset Management Plan was held with Council in September 2024.Staff are currently finalising a proposed Buildings Asset Management Plan for a report to Council in March and Audit feedback sough at the May meeting during the community consultation. It is hoped that the Building AMP will be adopted by Council by 30 June 2025.The Playground, CWMS and Building AMP have not been drafted. A Stormwater Management Plan for Aldgate, Bridgewater, Crafers and Stirling have been prepared. This AMP body of work is a top priority for the Director Environment and Infrastructure who commenced in July 2025. The strategic asset and property teams are being reviewed and realigned to recruit and supply the resources needed to execute the AMP function of Council.
2.1.2b - Playgrounds AMP	2021-22 Financial Controls Review - Interim Management Letter - May 2022	Management works towards preparation and adoption of Buildings, CWMS, Stormwater and Playground asset management plans.	Medium	Draft Stormwater, Building and Playground AMP's to be developed during 22/23 - 24/25 for adoption in 2025	David Collins	30/06/2024	15/10/2025 9:54	In Progress	Draft Stormwater AMP has been developed in conjuction with consultant and internal review and refinement being undertaken. Completion of Building AMP has been the focus within the available resourcing - Workshop held with Elected Member in September 2024 and further in-line enagement prepared. Draft Plan built.The Playground, CWMS and Building AMP have not been drafted. A Stormwater Management Plan for Aldgate, Bridgewater, Crafers and Stirling have been prepared. This AMP body of work is a top priority for the Director Environment and Infrastructure who commenced in July 2025. The strategic asset and property teams are being reviewed and realigned to recruit and supply the resources needed to execute the AMP function of Council.
2.2.1.3	2021 Galpins Financial Controls Review Interim Management Letter May 2021	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Medium	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. buildings)	Jade Ballantine	30/06/2022	15/10/2025 9:53	In Progress	A workshop on the draft Building Asset Management Plan was held with Council in September 2024. Staff are currently finalising a proposed Buildings Asset Management Plan for a report to Council in March and Audit feedback sough at the May meeting during the community consultation It is hoped that the Building AMP will be adopted by Council by 30 June 2025.The Playground, CWMS and Building AMP have not been drafted. A Stormwater Management Plan for Aldgate, Bridgewater, Crafers and Stirling have been prepared. This AMP body of work is a top priority for the Director Environment and Infrastructure who commenced in July 2025. The strategic asset and property teams are being reviewed and realigned to recruit and supply the resources needed to execute the AMP function of Council.
Update operational risk register	LGRS Risk Profiling Report 2025	Continue to update the Operational Risk Register so that it is a current, working document. Assign actions to responsible persons and ensure close out of these actions.	Low	Part of the Risk Management Project Plan – Phase 2.	Lauren Jak	31/03/2026	15/10/2025 8:45	In Progress	Meeting with Senior managers on 15/10 to advise next step is to meet with teams to develop operational risks. Hopefully start workshops in November 2025.
Further develop risk reporting process	LGRS Risk Profiling Report 2025	Further develop the reporting process to capture all information necessary for Executive and the Audit Committee to make informed decisions in relation to risk management	Low	Part of the Risk Management Project Plan- Phase 3	Lauren Jak	31/12/2025	15/10/2025 8:43	In Progress	

Formal Risk Framework to be developed	LGRS Risk Profiling Report 2025	1.The Guide does not formally address roles and responsibilities, leadership and commitment, legislative compliance, document control or internal auditing or training requirements. It is recommended that a formal Risk Management Framework be developed to capture all requirements. LGAMLS document 'Risk Management Framework' was suggested as a starting point and could be adapted to suit Councils needs and include recent legislation changes from 2024. Continue engagement with LGRS Strategic Risk Team in the Risk Management Program.2.Continue with development of the risk management framework to ensure a process is in place that determines how risks in the risk registers are monitored and that any further actions to mitigate risks are followed up on. Appropriate responsibility should be assigned to the Audit & Risk Committee.	Low	1.Part of the Risk Management Project Plan – Phase 1. New Framework, Appetite and Procedure to include all necessary requirements from LGRS and also the LGA. 2.Part of the Risk Management Project Plan – Phases 1, 2, and 3	Lauren Jak	31/12/2025	15/10/2025 8:42	In Progress	Draft risk framework completed. Reviewed by WHS and sitting with Governance before it goes to ELT and then all staff for review.
Roles are aware of their responsibilities	LGRS Risk Profiling Report 2025	Develop a process to ensure high level roles accountable for the risk management process are made fully aware of their roles and responsibilities (which is to include Elected Members).	Low	Part of the Risk Management Project Plan – Phase 1 and 2.	Lauren Jak	31/12/2025	15/10/2025 8:42	In Progress	Roles and responsibilities outlined in the draft risk framework.Meeting with SLT on 15/10 to provide update on risk project and outline responsibilities.
Development of risk training	LGRS Risk Profiling Report 2025	Continue with the development of risk management training, provision of training and competency assessment of relevant stakeholders and include the above in the Skytrust platform to ensure a documented record is maintained.	Not Rated	Part of the Risk Management Project Plan - Phase 2.	Lauren Jak	31/12/2025	15/10/2025 8:40	In Progress	In progress
2.3.1	2021 Galpins Financial Controls Review Interim Management Letter May 2021	The Business Continuity Plan is updated.	Low	Develop and implement Business Continuity Plan	Lauren Jak	31/12/2021	15/10/2025 8:38	In Progress	Work on the BCP was depriorised so that the SEP's and Fire Danger Days Policies could be completed for the 2024/25 season.This is task has now moved to the Governance Team who will start the reveiw process.In process of being drafted.
Update Audit Committee name in Risk Policy	LGRS Risk Profiling Report 2025	When Risk Policy is reviewed, update wording from 'Audit Committee' to 'Audit & Risk Committee' to align with Local Government Act terminology.	Low	Part of the Risk Management Project Plan – Phase 2	Lauren Jak	31/12/2025	15/10/2025 8:37	In Progress	Risk policy drafted.
Develop asset valuation framework	Asset Financial Assumptions and Reporting 2025	Develop and document a formalised asset valuation framework that outlines standardised procedures for asset valuations, including appropriate uplift methodologies and asset-specific factors. The framework should also address the frequency and methodology for condition assessments, ensuring consistency across all asset categories. The framework should be reviewed and updated periodically to incorporate evolving industry standards and legislative requirements, ensuring ongoing compliance with the Local Government Act 1999 (SA).	Low	Better articulate the information in the Asset Valuation tracking spreadsheet document.	David Collins	31/12/2025	15/10/2025 8:34	In Progress	
Depreciation estimates documentation	Asset Financial Assumptions and Reporting 2025	Implement a formal process for documenting the review of depreciation estimates at each reporting date. This should include supporting evidence and rationales for any changes made to asset values or depreciation periods.	Low	Provide additional documentation on depreciation estimates noting that these are produced by Confirm.	David Collins	31/03/2026	15/10/2025 8:34	In Progress	
Develop and implement policies around all aspects of asset management	Asset Financial Assumptions and Reporting 2025	Develop and implement formal, documented policies and procedures for all aspects of asset management, including valuation, condition assessments, and evaluations. Policies should outline clear responsibilities, timelines, and methodologies for asset valuation updates and condition audits to ensure transparency and consistency across the Council. Training programs should be established to ensure all relevant staff are familiar with the asset management policies and can apply them effectively.	Low	There are only a few people involved in the process and some basic documentation is all that is required between Strategic Assets and Finance.	David Collins	30/06/2026	15/10/2025 8:33	In Progress	
Implement additional tracking process	Asset Financial Assumptions and Reporting 2025	Implement a robust process for identifying potential volatility in asset valuations to ensure accuracy and reliability. This should include regularly monitoring indicators of impairment, tracking rapid cost changes, and conducting a review of valuers' assumptions and methodologies, such as independent data verification, sensitivity analysis, and benchmarking. Additionally, expert advice should be sought when necessary to validate assumptions and ensure sound decision-making.	Low	Implement additional tracking process in the Dashboards of Confirm.	Kristy Honor	31/03/2026	15/10/2025 8:31	In Progress	

Implement asset condition assessment schedule		Asset Financial Assumptions and Reporting 2025	Implement a regular schedule for condition assessments of all assets, ensuring that no asset goes without assessment for extended periods. A formalised approach should be adopted to ensure that the condition assessments are conducted consistently and that the results are used to adjust asset valuations as needed. The asset management system should incorporate condition assessment results to facilitate accurate and up-to-date financial reporting. 	Low	Funding and resource are the only constraints here. When undertaken condition audits and valuations and reflected in Confirm. 	Kristy Honor	31/03/2026	15/10/2025 8:30	In Progress	
	3	2021 - Bentleys - Payroll Function Internal Audit - May 2021	We recommend management • Document the record management requirements into policies and procedures and enforce the implementation.	Low	Following the implementation of the new payroll system we will review and update processes to ensure an automated leave management function is implemented.	Bruce Smith	29/06/2023	14/10/2025 16:21	In Progress	This matter needs to be reviewed to consider of it still relevent.
5 - Improvement Opportunity - Closure review of the ED Plan		2022 - Bentleys - Economic Development Plan Implementation Internal Audit - Aug 2022	Management undertakes a formal closure review of the ED Plan in the future before the commencement of the next Plan.	Not Rated	Will undertake a closure review following resourcing of new Region and Place team, estimated to be in early 2026.	Jess Charlton	30/06/2026	7/10/2025 16:24	Not Commenced	Status is still current
Develop records management procedure		LGRS Risk Profiling Report 2025	Develop a functional records management process which supports Councils current Records Management Policy.	Low	Information Management Procedure has been completed and is available on the SharePoint Intranet Site for all staff.	Jody Atkins	31/12/2025	1/10/2025 8:14	Completed	
Subject the Policy, framework and work processes to periodic reviews		Asset Financial Assumptions and Reporting 2025	Subject the Policy, framework and work processes to periodic reviews.	Low	Management acknowledges and agrees with the recommendation	Bruce Smith	30/06/2025	30/09/2025 11:15	Completed	The various policies, framework and work processes which have arisen out of the Asset Financial Assumptions and Reporting 2025 Internal Audit will be subjected to regular review and update as and when required. The recommendation will be adopted into the work practises, where this is not already the case.
Implement refined cost allocation model between capital and operating expenses		Asset Financial Assumptions and Reporting 2025	allocation between capital and operating expenses, the Council should implement a more refined cost allocation model that considers the following three categoriesCapital-Supporting Costs Costs associated with roles primarily supporting capital works, such as a Manager of Infrastructure overseeing capital and repairs & maintenance (R&M) projects. The time spent on capital versus operating activities should be allocated accordingly as a capital expense based on the percentage of time dedicated to each project.Corporate Costs Linked to Infrastructure Costs from corporate functions, such as the Finance team providing support for project transactions, tracking, and reporting. While it is acknowledged that these costs fluctuate based on infrastructure activities, a proportion of their time would be indirectly linked with capital projects and therefore the allocation of these costs must be carefully considered to ensure accuracy. For example, it is important to evaluate whether the size and activity level of the finance team would be the same if there were no capital works. Similar considerations should apply to other departments such as WHS, risk management, and ICT. A more detailed analysis of fixed and variable cost components should be conducted to improve the reliability of these allocations.Unrelated Operational Costs Costs that the Council incurs regardless of capital activities, such as roles related to governance (e.g., Governance Officer) or rate collection (e.g., Rates Officer). These costs should not be allocated to capital projects as they are unrelated to asset construction or acquisition.Additionally, the Council should critically assess the inclusion of roles in the capitalisation model. For instance, while roles like WHS may be considered in part due to an inherent connection with managing new asset safety and risk, service roles should not be included. A clear, documented rationale should be	Low	To effectively and efficiently manage this process, an integrated timesheet and payroll system solution is required. This is currently being investigated as part of the broader transformation program. Capital supporting costs Finance will engage with the various project teams to better understand what staff work on which capital projects and document the outcomes of this engagement accordingly. Further, the outcomes of this work will be reviewed for appropriateness by senior management. Corporate costs linked to Infrastructure. Similarly, Finance will undertake a review of the various corporate support functions. The goal of the review will be to understand what (if any) portion of time should be capitalised to each. The review will establish and document the rationale for capitalisation, as well as the basis of capitalisation (e.g. actual hours spent vs a percentage of time). Further, the outcomes of this work will be reviewed for appropriateness by senior management. As part of the reviews undertaken in 1 and 2 above, Finance will ensure that no unrelated operational costs have been included.	Bruce Smith	30/06/2025	30/09/2025 11:12	Completed	A comprehensive review of how time is allocated to Capital project has been undertaken. Timesheets by project manager are provided on a regular basis, with percentages of time allocated to each project included. This refinement has identified that a number of roles should not be capitalised due to limited time spent on capital projects. With regards to the specific recommendations Recommendation 1 is addressed above The timesheet system referred to above is not hugely sophisticated and therefore has not been rolled out to include corporate roles (eg WHS and Procurement). These roles are now excluded from capitalisation These types of roles are not capitalised It should be noted that further refinement to the above process will occur through an upgrade to the timesheet system. However, the recommendations have been addressed notwithstanding this and therefore the action has been closed.
Impairment reviews in policy		Asset Financial Assumptions and Reporting 2025	Establish a procedure for conducting impairment reviews regularly, particularly for infrastructure assets. This will help identify any assets whose carrying amount may not be recoverable and ensure appropriate impairment losses are recognised in a timely manner.	Low	Impairment reviews for Infrastructure assets occur on a regular and frequent basis as and when condition assessments are undertaken and reports received. Whilst currently not documented, this will be articulated when an appropriate policy around Asset Management and Financial Accounting is established.	David Collins	31/12/2025	30/09/2025 10:55	In Progress	

Establish internal review framework of WIP capitalisation	Asset Financial Assumptions and Reporting 2025	Establish a framework for regular internal reviews of WIP capitalisation practices to ensure continued adherence to accounting standards and internal policies. These internal reviews should include both a review of capitalisation decisions and an assessment of the adequacy of supporting documentation.	Low	On a 6 monthly basis, Finance will undertake the internal review.	Bruce Smith	30/06/2025	30/09/2025 10:54	In Progress	Following completion of the FY 2024/25 financial year-end, a review of the processes undertaken to capitalise items of WIP, including the system capability of Confirm, will be undertaken.This will include a review of the cadence of capitalisation and the decision-making process
Development of capitalisation of WIP Policy	Asset Financial Assumptions and Reporting 2025	Develop and implement a comprehensive, formal policy for the capitalisation of WIP, ensuring alignment with AASB 116, AASB 138, and relevant legislative requirements.	Low	A policy will be developed in relation to WIP. The policy will align with the requirements of AASB 116, AASB 138 and legislation.	Bruce Smith	30/06/2025	30/09/2025 10:51	In Progress	An Asset Accounting Policy was reviewed by the Audit and Risk Committee at the meeting on the 18th of August. The committee recommended the Policy to Council and it will be endorsed at the Council meeting on the 14th of October.This policy whilst not directly addressing WIP, details what criteria are required to be met for an item to be capitalised.
Improved budgeting and measuring costs	2022 Civil Services - Service Review	5.1 Improvements may be needed in the budgeting process to allow specific costs to be identified for the various maintenance activities. 5.2 Following adoption of Service Standards, development of Maintenance Plans, and implementation of Confirm, improve use of data for more refined cost forecasting.	Low	Some interim methods may be investigated to aid in forecasting more accurately the cost per service delivery type.	Craig Marshall	30/06/2027	30/09/2025 9:46	In Progress	To be completed after maintenance plan task is finalised at the end of 2026
Develop an expanded operational service standard suite for maintenance activities	2022 Civil Services - Service Review	Develop a reviewed and documented set of operational service standards. The development of these service standards defines the level of maintenance service to be undertaken based on the condition and defect.	High	2.1 Prioritise the order in which Asset Class specific service standards are to be Developed.2.2 Develop and adopt the Asset Class specific service standards.	Craig Marshall	31/12/2026	30/09/2025 9:45	In Progress	Plans only are required to be developed for higher priority asset classes and include operational service standards and maintenance plans. Plans to start being developed in 2026 feeding in information from CRM and Confirm.
Enhance detail in WIP reports	Asset Financial Assumptions and Reporting 2025	Enhance the level of detail in WIP reports to include project timelines, cost projections, and status updates, ensuring full transparency and accurate financial reporting.	Low	There is a significant amount of tracking that currently occurs from an asset perspective regarding the WIP and these additional suggestions can be added.	David Collins	30/06/2025	29/09/2025 7:09	Completed	
Development of capitalisation of WIP guidelines	Asset Financial Assumptions and Reporting 2025	Establish clear guidelines for classifying, monitoring, and reporting WIP, including the application of specific capitalisation criteria for intangible assets.	Low	In conjunction with the development of the policy as noted in (1) above, guidelines to further elaborate and embed the principles contained within the Policy will be established.	Bruce Smith	30/06/2025	23/09/2025 20:16	In Progress	
Finalise implementing Confirm-Connect across the business	Asset Financial Assumptions and Reporting 2025	Maintains records for all assets, covering their full lifecycle. This should include information about acquisition, usage, maintenance, and disposal to better inform depreciation practices and compliance with AASB 116.	Low	The confirm systems maintains the register of all assets and any actions undertaken on the asset (asset history is available) Council is progressively implementing Confirm-Connect across its business to better identify maintenance activities by operational areas on the business.	David Collins	31/12/2025	23/09/2025 20:03	In Progress	
Process for review of risks	LGRS Risk Profiling Report 2025	As part of the Risk Project Plan, ensure a process is developed to ensure consistent assessment and review of Strategic and Operational Risks such as a Risk Review Schedule as mentioned above in the Members commentary. No formal documented process in place to ensure this occurs.	Low	Part of the Risk Management Project Plan. Schedule will be included in the Framework or Procedure and relevant risk owners advised during Phase 2.	Lauren Jak	31/12/2025	23/09/2025 12:03	In Progress	
Resolution wording amended for Risk report to Audit and Risk Committee	LGRS Risk Profiling Report 2025	Ensure that discussions in relation to risk management are documented and form a part of the meeting minutes rather than comments such as 'received and noted'.	Low	Part of the Risk Management Project Plan - Phase 3. New wording for recommendation to be in next Audit Committee report. Risk reports to start being provided to Council at some point in 2025.	Lauren Jak	31/12/2025	23/09/2025 11:54	Completed	New wording implemented at the February meeting in 2025. New wording is 'That it reviewed and discussed the quarterly risk report, and resolves that the report be received, accepted and noted'
Develop Document review schedule	LGRS Risk Profiling Report 2025	Ensure that a document review schedule is developed that will capture the document name, version number, date of last review, date of next review and has responsible persons assigned to ensure the process is consistently adhered to.	Low	Part of the Document Management Framework.	Lauren Jak	31/12/2025	23/09/2025 11:37	Completed	

9.1 Customer Communication	2022 Civil Services - Service Review	common complaint from customers is lack of communication about job progress. Look at the possibility of automating responses to the customers when work is about to happen as well as when work is completed. The key here is accuracy and it's better to handle this manually otherwise.Communication can also be through newsletter, mail, website and regular open public information sessions.Ongoing work to connect CRM to Confirm should continue to improve workflow and will be needed when digital workflow occurs.	Medium	The Infrastructure and Operations Directorate will work closely with Customer Service to determine any potential for further automated messaging to be put in place (not just Civil Services) and continue to explore ways to improve overall communication with customers	Jess Charlton	30/06/2023	3/04/2025 15:52	In Progress	Preliminary work on the actions was undertaken soon after the review but have been reprioritised in light of resourcing challenges and other priority work. Further work will need to be carried out in conjunction with Council's recently resolved position to consider service levels across the range of Council's services. It may be necessary for Council to consider funding for external support to enable a comprehensive suite of maintenance program, service levels and service standards to be developed.
Develop prioritised program maintenance schedule	2022 Civil Services - Service Review	Develop risk-based and prioritised program maintenance plans for all road infrastructure, including footpaths and drains, to better balance the priorities of asset maintenance planning with customer service needs.	Medium	1.1 Prioritise the order in which Asset Class specific maintenance plans are to be developed.1.2 Develop and implement the Asset Class specific maintenance plans.	Craig Marshall	31/12/2026	3/04/2025 15:52	In Progress	Plans only are required to be developed for higher priority asset classes and include operational service standards and maintenance plans. Plans to start being developed in 2026 feeding in information from CRM and Confirm.
Vendor/digital supply chain risk management	JLT Public Sector Top Cyber-Security Controls Review 2024		Medium		Phil Mattingly	30/06/2026	1/04/2025 18:53	In Progress	
3.3	2021-22 IT Entity Level Controls Review - May 2022	Finalise the IS Strategic Plan.	Medium	Work has commenced on a Draft Information Services Strategic Plan; however, consideration is being undertaken in incorporating this activity into a Corporate Services Plan as indicated in the recommendations. progress the development of strategic planning for the Information Services Department.	Phil Mattingly	30/06/2026	1/04/2025 18:53	In Progress	Council has undergone a review of the Council Strategic Plan that include references to Technology Innovation.Council is preparing for a replacement ERP solution after presentation and support from the Audit Committee and a Council workshop, with budget considerations being prepared for 2025-26 and beyond. Filling the vacant Information Services Manager role by EoFY will be key to developing the Information Services Strategic Plan and will include the major impacts of implementing a replacement ERP system.
End-of-life systems replaced or protected	JLT Public Sector Top Cyber-Security Controls Review 2024		Medium		Phil Mattingly	30/06/2026	1/04/2025 18:51	In Progress	
Cybersecurity awareness training and phishing testing	JLT Public Sector Top Cyber-Security Controls Review 2024		Medium		Phil Mattingly	31/12/2025	1/04/2025 18:50	In Progress	
3.1	2021-22 IT Entity Level Controls Review - May 2022	We understand that new ICT policies are part of the Cyber Security Plan. It is recommended that the following IT policies (or equivalent) be developed, issued on the Intranet site and implemented to Council Staff • Information Security Policy • Access Management Policy • Change Management Procedure • Network Security Policy including passwords <• Information management – classification and handling • Online services • Physical Access • Remote Access and telecommuting	Medium	The implementation of the LGITSA Cyber Security Framework and associated work activity with consultants (CyberCX) will see an alignment to this recommendation. As indicated in the findings, delays were incurred due to resourcing an appropriately skilled Cyber Security Officer and the release of the LGITSA Cyber Security Framework to ensure alignment with the LG Sector in the implementation of Cyber Security Plans across the state.; Implement an Information Security Management System (ISMS)	Phil Mattingly	31/12/2022	1/04/2025 18:18	In Progress	Council now have the AHC Cyber Security Framework implemented through a Cyber Security Action Group (CSAG) meeting Monthly to oversee the Cyber Security program.>The resulting actions from Australian Government's Essential 8 recommend eight essential mitigation strategies making it much harder for adversaries to compromise systems.Also part of this framework has been the creation of an End User Security Policy and an Information Security Procedure Manual addressing the audit items identified.These new Policy and Procedure documents are in Councils review process to be finalised by June 2025.
1. Improvement Opportunity - Electronic signature	2022 - Bentleys - Recruitment and Retention Internal Audit Report - Aug 2022	Management applies electronic signature application	Not Rated	AHC is currently exploring options for the use of electronic signatures within its application systems to improve workflow, ease of use and ensure compliance with records management practices. Work with Manager Information Services on electronic Signature Applications, such as DocuSign being reviewed for appropraiteness for AHC and use across the business. (note: financial implications here so not a commitment to implement)	Phil Mattingly	30/06/2023	31/03/2025 10:52	In Progress	The People and Culture Team is currently working with TL Information Systems regarding the implementation of DocuSign (or alternate software).The use of Adobe Electronic / Digital Signatures in forms by updating old forms / re-educating People Leaders on how to use this function is currently being progressed for key areas.
Cyber incident response planning and testing	JLT Public Sector Top Cyber-Security Controls Review 2024		Not Rated		Phil Mattingly	30/06/2026	31/03/2025 10:13	In Progress	

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**8.2**
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:

- GRFMA Risk Management and insurance
- Financial performance and debt for the month ended August 2025
- Procurement reporting
- Projects
  - Procurement efficiency, process optimisation and Financial Delegations
  - Time and attendance tracking and Payroll integration
  - Management reporting
- Other matters
  - Enterprise Bargaining Agreement (EBA) update
  - Long Term Financial Plan

RECOMMENDATION

The Audit and Risk Committee resolves:

1. **That the Director Corporate Services Update report be received and noted (8.2, 20 October 2025, Audit and Risk committee meeting).**

---

1. BACKGROUND

The Director Corporate Services would like to update the Committee on several 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 Space

Goal	Organisation
Objective 02	Operate with integrity using best practice governance processes.
Priority 02.3	Enhance governance structures and systems to be agile and support our 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)

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

- **Additional Analysis**

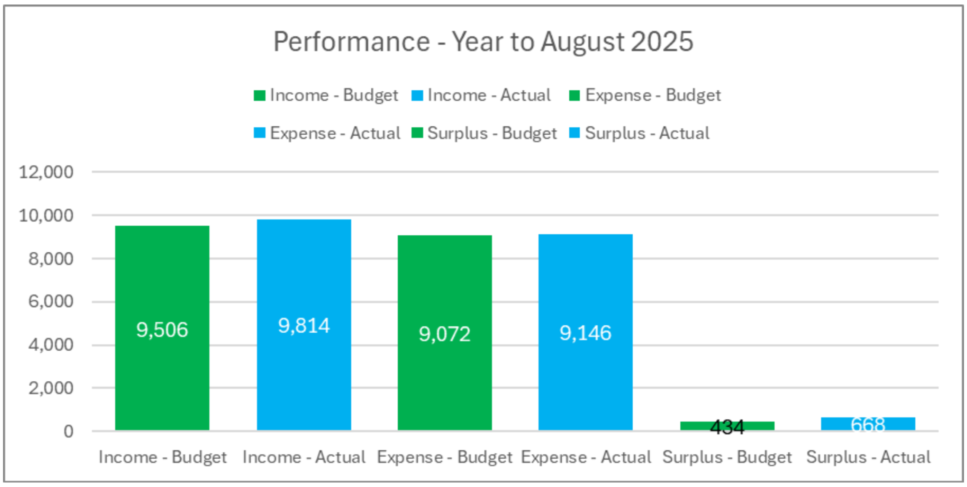
<u>Gawler River Floodplain Management Authority Risk Management and insurance</u>

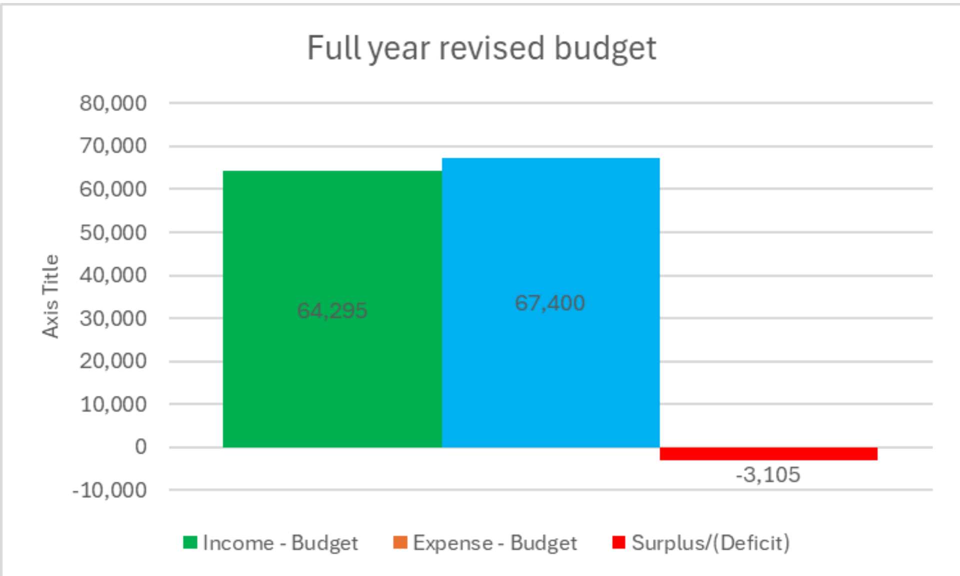
Through the annual certification of the GRFMA process for the 2024/2025 financial year, Administration has become aware that the dam is not insured for damage or third-party property damage (***Appendix 1***). Administration is raising this with Audit and Risk Committee for discussion before seeking any legal advice, if needed.

<u>Financial performance and debt – 31 August 2025</u>

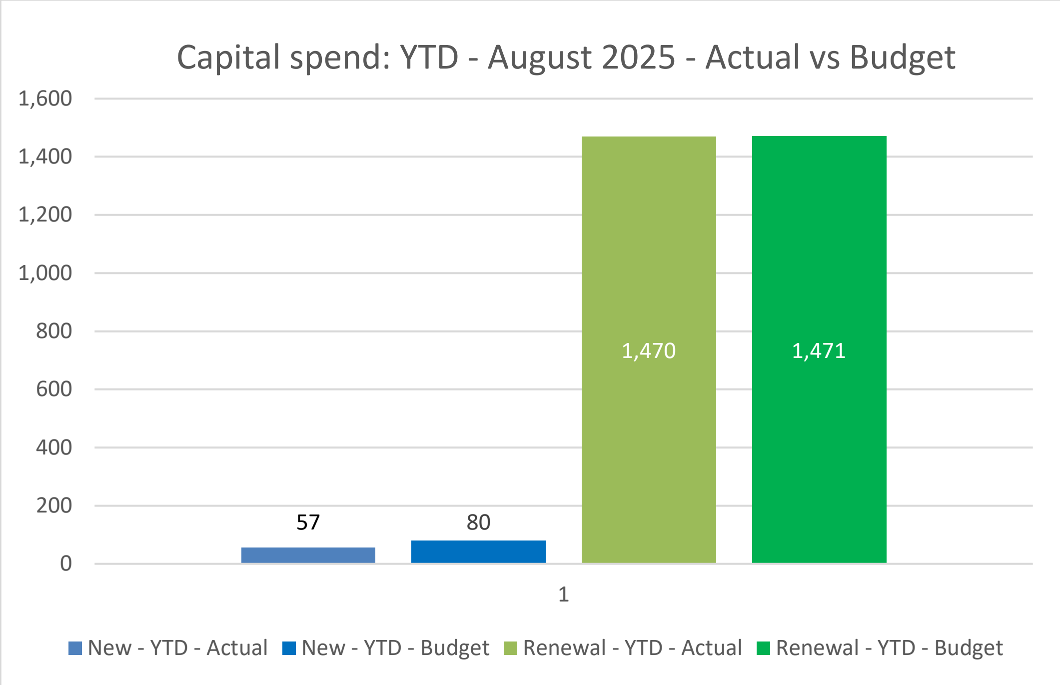
Although the financial performance of Council is presented to the Committee on a quarterly basis through the budget review process, it is appropriate outside of those to update the Committee on the matter.

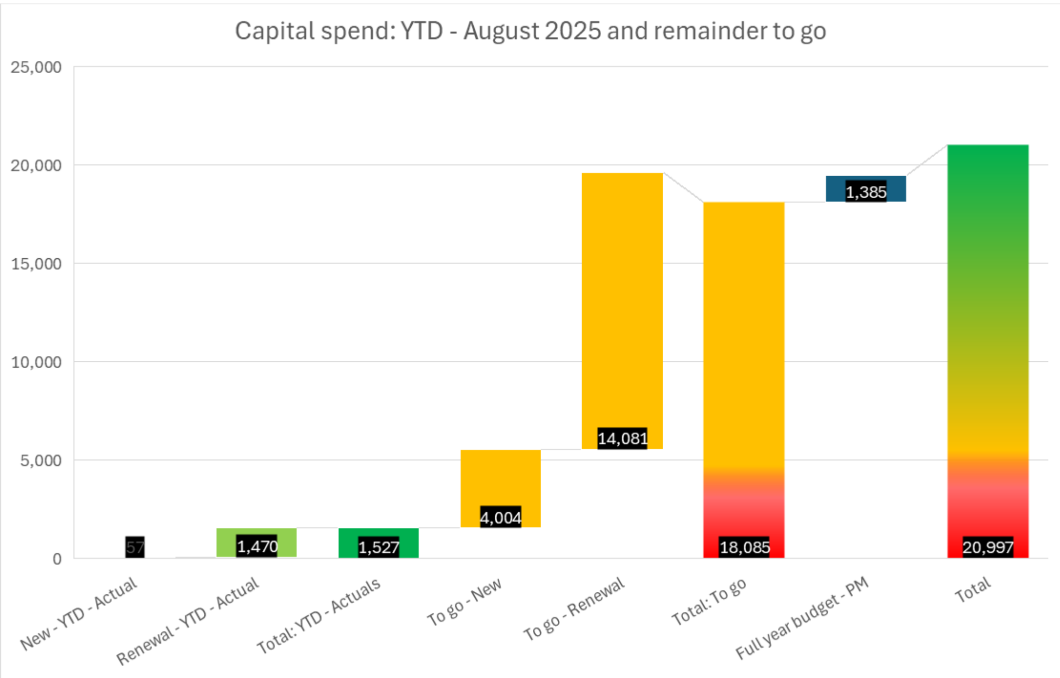
Please see below the Financial Performance to August 2025.





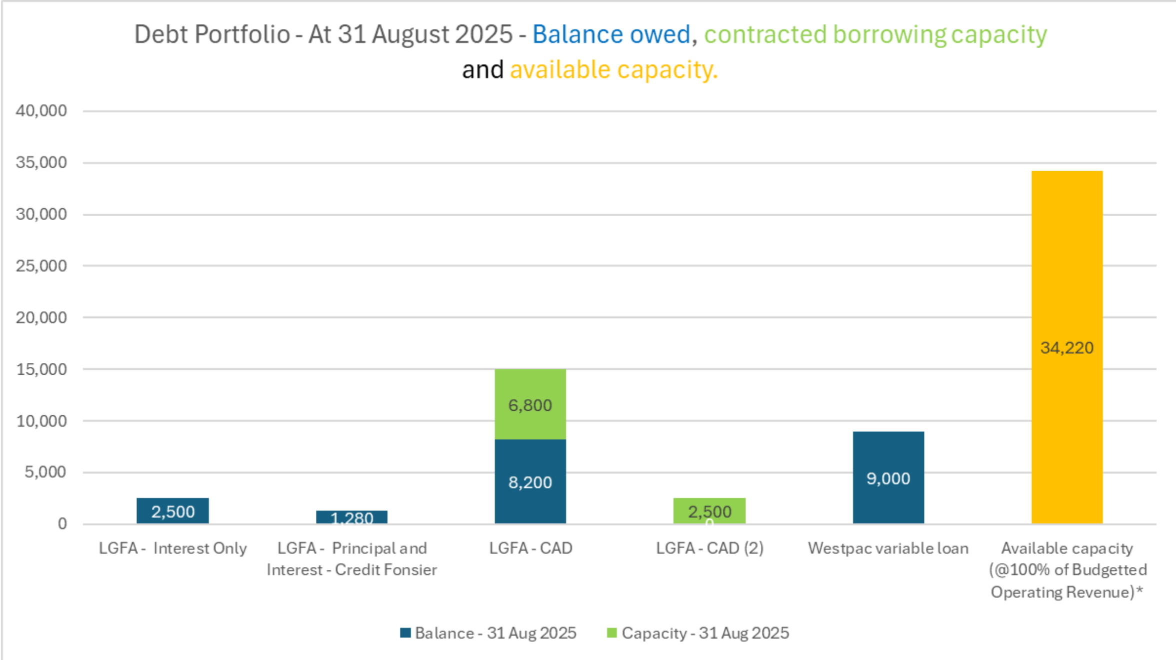
Capital expenditure to August 2025



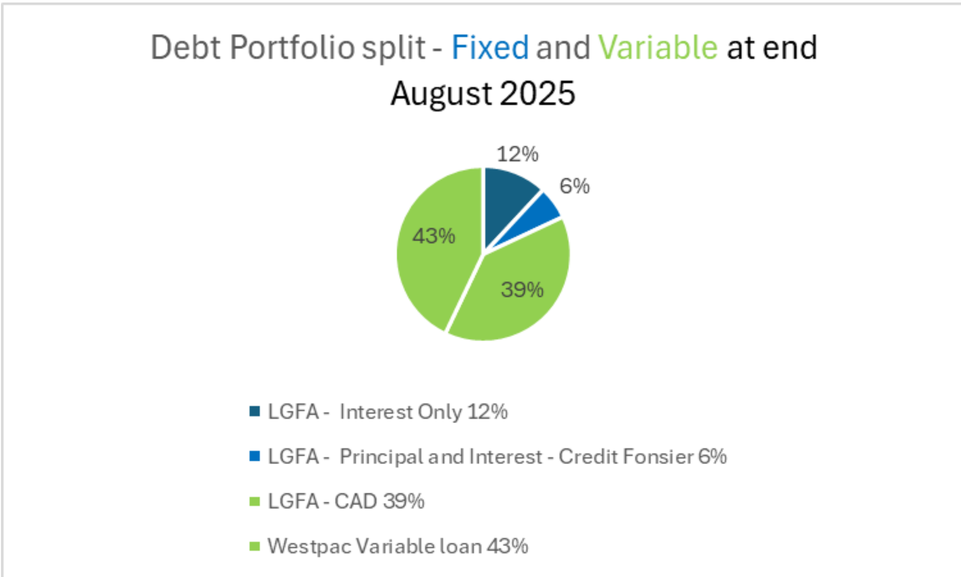


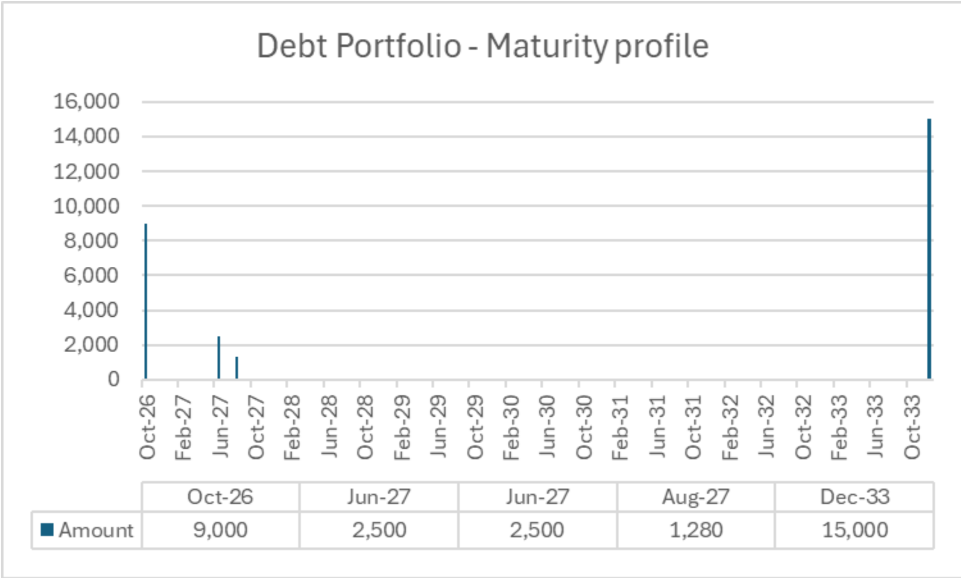
Debt and debt management

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



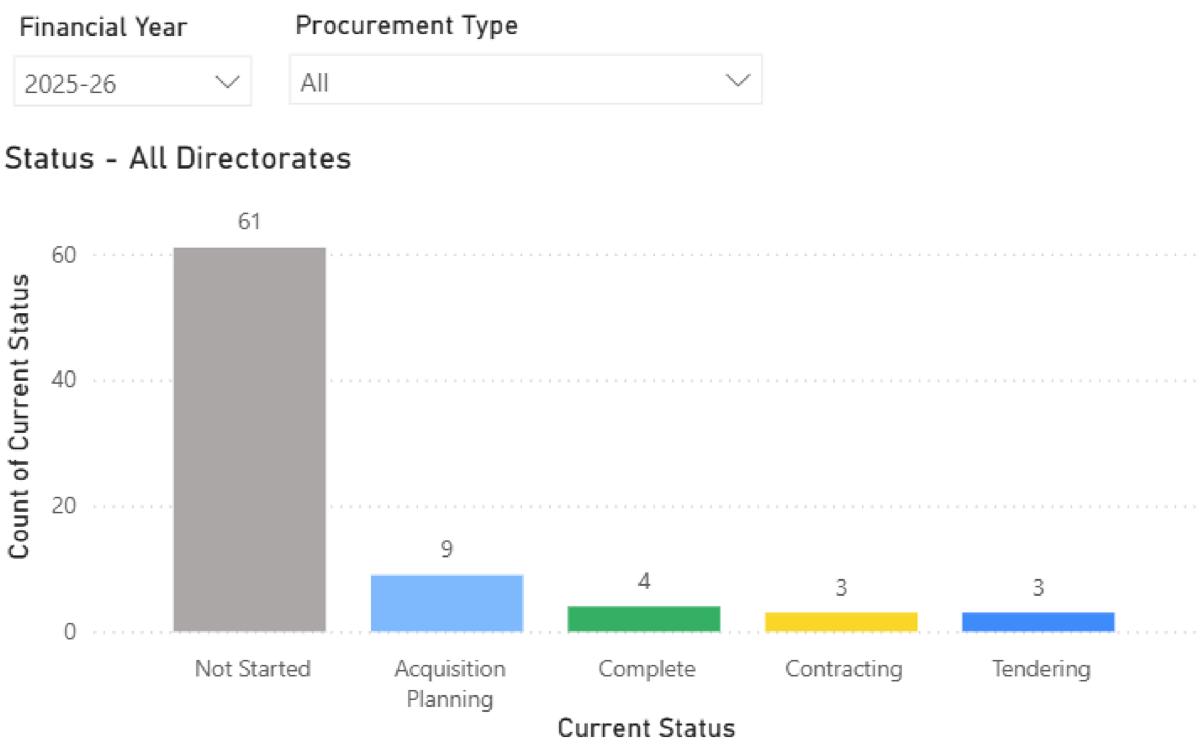
* This is an estimate of availability capacity, based upon maintaining a NFL ratio of up to 100% and on August actuals.





Procurement reporting

Presented below is the status of procurements as at mid-September 2025, as well as the expected timing of when the procurement process for each will commence.



Given that it is relatively early in the financial year, the above is expected. To provide additional context around the procurement status report, please refer below for a comparison between the planned and actual timing of procurements.

Projects:

Procurement efficiency and process optimisation, and Financial Delegations update

Following the updates to the Procurement policy, the team are working through embedding these updates within the organisation.

A procurement tracker has been built using in house capabilities and resources and this tracks the status of all procurements. It also forms the basis of the reporting presented above. This tracker includes all data for 2024-25 and onwards.

In addition to this the procurement process has been modified. This change involves a complexity assessment prior to starting the procurement process. Should the procurement be a simple, routine procurement, it will require less oversight from senior management, allowing Manager level staff and their direct reports to complete. This complexity assessment tool (CAT) has been developed and is currently being reviewed. Simultaneously, the supporting documentation is being developed to support its implementation.

Time and attendance tracking & payroll

This project has advanced significantly and is moving from the exploratory phase into the delivery phase. It is planned to implement the Employee Self-service portal and electronic timesheets for the Corporate Services division first and then extend to other teams and divisions thereafter.

Should the project be successful, it will result in electronic timesheets being submitted and approved online and an integration of these timesheets into the payroll system.

Management reporting

Consultation is on-going across the organisation to understands user needs with regards to financial/management performance reporting. The finance 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. This includes creating monthly journals to smooth the rates revenue for FY 2025-26 and monthly depreciation journals.

Other matters

Enterprise Bargaining (EB) negotiations

Enterprise bargaining negotiations for the AHC Field Enterprise Agreement are ongoing. The Director Environment & Infrastructure and Director Corporate Services recently attended an “All Field Crew” meeting to discuss outstanding matters and to listen to feedback.

Long Term Financial Plan

The draft Long Term Financial Plan was developed and consulted on in parallel to the Annual Business Plan and budget 2025/26, however the adoption has been deferred. To ensure the relevance and value of the plan it will incorporate updates from the Budget Review 1 2025/26 and the most up to date information in the 2024/25 financial statements.

3. OPTIONS

The Committee is limited to receiving and noting this paper.

4. APPENDICES

1. Independent external auditor certification for Gawler River Floodplain Management Authority Risk Management - Insurance

Appendix 1

Independent external auditor certification for Gawler River Floodplain Management Authority Risk Management - Insurance

From: Georgie Mckeon
To: Lauren Jak
Subject: FW: Independent external auditor certification required for GRFMA 2024/2025 Financial Year Statements.
Date: Wednesday, 15 October 2025 2:20:32 PM
Attachments: image001.png
image002.png
image308955.jpg
image211771.png
image990724.jpg

Georgie Mckeon
Policy Officer
8375 7905 | 0409 109 724
gmckeon@ahc.sa.gov.au
ahc.sa.gov.au

From: David Hitchcock <eo@grfma.com>
Sent: Tuesday, 23 September 2025 1:45 PM
To: Georgie Mckeon <gmckeon@ahc.sa.gov.au>
Cc: Zoe Gill <zgill@ahc.sa.gov.au>
Subject: Re: Independent external auditor certification required for GRFMA 2024/2025 Financial Year Statements.

Hi Georgie

The GRFMA Audit and Risk Committee has resolved

- *Risk Assessment Review – Insurance Cover Options for the Dam asset in the event of damage, failure, and/or natural disaster – or for third party property damage.* - The GRFMA Executive Officer to facilitate a risk-based assessment that incorporates a formal cost-benefit analysis of available market options.

Once this process is finalized a further report will be provided to the A&R Committee and the Board.

David E Hitchcock
Executive Officer
Gawler River Floodplain Management Authority
Mob 0407717368
eo@grfma.com

The Gawler River Floodplain Management Authority is established as a regional subsidiary pursuant to section 43 and Schedule 2 of the Local Government Act 1999 to co-ordinate the construction, operation and maintenance of flood mitigation infrastructure for the Gawler River. Constituent councils are City of Playford, Adelaide Plains Council,Town of Gawler, the Barossa Council, Light Reginal Council, Adelaide Hills Council.

From: Georgie Mckeon <gmckeon@ahc.sa.gov.au>
Sent: Wednesday, September 17, 2025 11:13 AM
To: David Hitchcock <eo@grfma.com>
Cc: Zoe Gill <zgill@ahc.sa.gov.au>
Subject: RE: Independent external auditor certification required for GRFMA 2024/2025 Financial Year Statements.

Good morning David

A copy of your recent email regarding the annual certification of the GRFMA External Auditor's independence for the 2024/2025 financial year, along with the accompanying External Audit Management Letter from DeanNewbery, was forwarded to me for information.

In relation to the following passage from the letter:

Could you please advise what actions are being taken to address the insurance coverage issues raised in the audit? We're particularly seeking clarity on whether the under-insurance has been resolved, what the financial implications are for constituent councils, and whether any increase to council contributions is anticipated.

We will need to provide Council with advice if there is a financial risk.

Kind regards

Georgie

Georgie Mckeon
Policy Officer
8375 7905
gmckeon@ahc.sa.gov.au
ahc.sa.gov.au

From: David Hitchcock <eo@grfma.com>
Sent: Tuesday, 2 September 2025 2:21 PM
To: Greg Georgopoulos <ggeorgopoulos@ahc.sa.gov.au>; James Miller <jcmiller@apc.sa.gov.au>; Martin McCarthy <mmccarthy@barossa.sa.gov.au>; Richard Dodson <rdodson@light.sa.gov.au>; Chris Cowley <chris.cowley@gawler.sa.gov.au>; Sam Green <sgreen@playford.sa.gov.au>
Subject: Independent external auditor certification required for GRFMA 2024/2025 Financial Year Statements.

Hello constituent council CEO's.

Local Government (Financial Management) Regulations 2011 Division 3—Independence of council auditor

This email relates to requirement for the Chief Executive Officer of each constituent council of the GRFMA to provide on an annual basis, a statement that provides certification of the independence of the GRFMA External Auditor.

This process was also previously undertaken for the 2023/2024 financial year processes.

The certification process is now required for the purpose of the 2024/2025 Financial Year Statements.

As there are six individual signatures required, I have engaged assistance from Ms. Patrica Coonan of Think Purple Solutions to facilitate a suitable digital document signature process that will facilitate all signatures on the required document.

Ms. Coonan patricia@thinkpurple.com.au will separately email you, in due process, with the digital document and relevant information .
Your signature will be required to be applied to the document Ms. Coonan will provide to you.

For your refence and clarity of process please find attached a copy of.

- External Audit Management Letter (GRFMA) by GRFMA Auditor DeanNewbery
- Certification of financial statements signed by GRFMA Chairman and GRFMA EO which includes(last page) the Auditor Independence Declaration, signed by GRFMA Chairman, Audit Committee Chairman and GRFMA EO.

Should you require any further information please contact me .

Regards David

Local Government (Financial Management)Regulations 2011

Division 3—Independence of council auditor 22—Independence of council auditor (1) Subject to subregulation (2), a council, council subsidiary or regional subsidiary must not engage its auditor to provide services to the council outside the scope of the auditor's functions under the Act. (2) A council, council subsidiary or regional subsidiary may engage its auditor to certify that a grant or subsidy received by the council, council subsidiary or regional subsidiary (as the case may be) has been acquitted in accordance with any conditions required by the provider of the grant or subsidy. (3) The following persons must each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the council, council *subsidiary or regional subsidiary (as the case may be): (a) in a case involving a council or council subsidiary—the chief executive officer of the relevant council and the presiding member of the audit committee of the relevant body; (b) in a case involving a regional subsidiary— (i) the chief executive officer of each constituent council; and (ii) the chair of the board of management of the regional subsidiary; and 31.5.2018—Local Government (Financial Management) Regulations 2011 Audit—Part 6 Independence of council auditor—Division 3 Published under the Legislation Revision and Publication Act 2002 11 (iii) the presiding member of the audit committee of the regional subsidiary (unless the subsidiary is exempt from the requirement to have an audit committee)*

David E Hitchcock

Executive Officer
Gawler River Floodplain Management Authority
Mob 0407717368
eo@grfma.com

The Gawler River Floodplain Management Authority is established as a regional subsidiary pursuant to section 43 and Schedule 2 of the Local Government Act 1999 to co-ordinate the construction, operation and maintenance of flood mitigation infrastructure for the Gawler River. Constituent councils are City of Playford, Adelaide Plains Council,Town of Gawler, the Barossa Council, Light Reginal Council, Adelaide Hills Council.

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**8.3**
Responsible Officer:	**Gary Lewis** **Director Corporate Services** **Corporate Services**
Subject:	**2024-25 Annual Financial Statements and End of Year Report**
For:	**Decision**

SUMMARY

The 2024-25 General Purpose Financial Statements are attached (***Appendix 1***) for information and review. They have been prepared in accordance with the model statements prescribed in the *Local Government (Financial Management) Regulations 2011.*

In accordance with Section 126(4)(a) of the *Local Government Act 1999* the Audit Committee is required to review the 2024-25 General Purpose Financial Statements and be satisfied that they present fairly the situation of Council in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.

The purpose of this report is to consider and recommend for certification the audited financial statements of Council for the year ended 30 June 2025.

In considering this report an opportunity will also be provided for members of the Audit Committee to discuss the audit result with BDO.

The financial statements present an operating surplus result of $592k, which is a deterioration of $203k from the $795k surplus reported at preliminary end of year.

RECOMMENDATION

The Audit and Risk Committee resolves:

1. **That the report on 2024-25 Annual Financial Statements and End of Year report be received and noted (8.3, 20 October 2025, Audit and Risk committee meeting).**

2. **That the Committee recommends to Council that (8.3, 20 October 2025, Audit and Risk committee meeting):**

    a. **That the Financial Statements present fairly in all material respects the financial position and the results of the operations of the Adelaide Hills Council, having reviewed the Financial Statements for 2024-25 as per Appendix 1.**
    b. **It is appropriate that the Management Representation Letter requested by the external auditor, as per Appendix 2, is signed by management.**

c. **That it notes the Certification of Auditor Independence as per Appendix 3 is considered by the Chief Executive Officer and the Presiding Member of the Audit Committee.**
d. **That it Authorises the Chief Executive Officer and the Acting Mayor to certify the Financial Statements for 2024-25 in their final form.**

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1. BACKGROUND

The financial statements for the year ended 30 June 2025 have been prepared in accordance with the Local Government Act 1999 (SA) and the Local Government (Financial Management Regulations 2011 (SA) and all applicable Australian Accounting Standards. The format used in these statements is prescribed by legislation and are in accordance with the Model Financial Statements, approved by the Minister for Local Government.

The financial statements must include a statement signed by the Chief Executive Officer and the Principal Member of Council. At the Council meeting to be held on the 28th of October, the Chief Executive Officer and the Acting Mayor will be authorised by Council to certify the financial statements in their final form.

The role of the external auditor is to provide an audit opinion to Council with respect to the audited financial statements. The external auditor, BDO, has completed the audit and in their Audit Completion Report, has provided audit clearance for the financial statements as part of a separate report to the Audit Committee.

Final audit clearance is subject to BDO conducting a subsequent event review up to the date of signing the financial statements together with the required Letter of Representation being signed by the relevant parties, following the meeting of the Audit and Risk Committee.

2. ANALYSIS

➢ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2024 – Your Place Your Space

Goal	Organisation
Objective 02	Operate with integrity using best practice governance processes
Priority 02.1	Demonstrate accountable and transparent decision making

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

The Audit and Risk Committee Terms of Reference provide that the Committee shall meet with the external auditor at least once a year, without management being present to discuss the external auditor's report and any issues arising from the audit.

➢ **Legal Implications**

Local Government Act 1999

Chapter 8 of the *Local Government Act* addresses Administrative and Financial Accountability under Part 3 Accounts, financial statements and audit.

More specifically:

- Section 126 (4)(a): [Audit and Risk Committee] to review the Financial Statements to ensure that they present fairly the state of affairs of the Council.
- Under Section 127, Council must prepare for each financial year financial statements and notes in accordance with standards prescribed by the regulations as soon as is reasonably practicable after the end of the relevant financial year.

Local Government (Financial Management) Regulations

- Regulation 22 of the *Local Government (Financial Management) Regulations 2011* requires:
  - Subregulation 3 – that the Council's Chief Executive Officer and the Presiding Member of the Audit and Risk Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year; and
  - Subregulation 5 – that the Council's auditor must provide a statement in the prescribed form regarding their independence in accordance with auditing professional standards and legislative requirements.

➢ **Risk Management Implications**

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

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

➢ **Financial and Resource Implications**

The End of Year Financial Statements are the most significant output from Council's financial management and reporting processes and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

➢ **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:	A preliminary 2024-25 End of Financial Year Update Report was presented to the Audit Committee on 18 August 2025 where the preliminary end of year results was presented.
Council Workshops:	Not applicable.
Advisory Groups:	Not applicable.
External Agencies:	BDO International.
Community:	Not applicable.

➢ **Additional Analysis**

Preliminary end of year vs Final end of year final position

At the time of reporting, it was noted that further changes to Council's financial result may occur following the finalisation of the audit, and resolution of outstanding matters relating to Council's subsidiaries results, asset revaluations and finalisation of work in progress.

The preliminary end of year position reported was for an operating surplus of $795k compared to a final operating surplus of $592k. This represents a variance of $203k.

$'000	FINAL 2024-25 $'000	PRELIMINARY 2024-25 $'000	VARIANCE Fav/(Unfav) $'000
Operating income	63,772	63,784	(12)
Operating expenditure	63,180	62,989	(191)
Operating Surplus	**592**	**795**	**(203)**

The following adjustments occurred after preliminary end of year reporting.

1. Lower than previously expected net gain on investments in Council business of $12k.

2. Additional salary costs due to lower salary capitalisation of $112k. Whilst there has been significant progress made in this area, a degree of judgement will always be required when forecasting time spent on projects. This forecast informed the preliminary result. Thereafter, and once timesheets had been received from staff of the actual time spent on the projects, the actual results were processed. A slightly lower amount of time was spent than forecast and this resulted in a lesser amount being capitalised.

3. Additional depreciation costs in relation to Kerb and Gutter of $ 79k. At the time of preparing the draft financial statements, a decrement in value of the Kerb and Gutter was projected. This did not appear to be correct and following a detailed review, this was adjusted to be a minor increment. This adjustment had a flow on impact into the depreciation and resulted in a minor increase in the depreciation costs for year.

Prior year correction of error

Whilst working through the finalisation of the valuations and the depreciation charges, it was confirmed that a number of items of ICT equipment were being depreciated over periods which were longer than their useful lives. This had previously been reported as a risk to both the Committee and Council.

Following consultation with BDO, this has been accounted for as a prior period error and the 2023-2024 financial results have been restated to account for this.

The impact is an adjustment to opening retained earnings in 2023-2024 of $657k and an increase in the depreciation expense in 2023-24 of $75k.

<u>Management Representation Letter</u>

It is recommended that the Committee review the representation letter requested by the external auditor before it is signed by management. The copy of the representation letter required by the external auditors, BDO is as per ***Appendix 2***.

The representation letter is standard practice of any audit and provides the auditor with confirmation from management, that:

1. Accounting standards have been applied;
2. All matters that need to be disclosed have been disclosed; and
3. The valuation of assets has been consistently applied.

It is planned that the representation letter be signed by relevant parties, following review by the Committee.

<u>Certification Statement of Auditor Independence</u>

Section 21(2) of the Regulations requires the Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, that the council auditor is independent of the Council for the applicable financial year as per ***Appendix 3.***

3. OPTIONS

The Committee has the following options:

1. To review and recommend to Council that the Financial Statements present fairly the financial position of Adelaide Hills Council as of 30 June 2025.

2. To note the Management Representation Letter can be signed by management.

3. To note the Certification of Auditor Independence to be signed by the Chief Executive Officer of Adelaide Hills Council and the Presiding Member of the Audit Committee.

4. To make additional comments or suggestions for finance staff to include prior to completing the Financial Statements.

5. To recommend to Council that the Chief Executive Officer and the Acting Mayor of Adelaide Hills Council can certify the Financial Statements in their final form.

4. APPENDICES

(1) 2024-25 Draft Financial Statements
(2) Management Representation Letter
(3) Draft Certification of Auditor Independence

Appendix 1

2024-25 Draft Financial Statements

Adelaide Hills Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2025

Adelaide Hills Council

General Purpose Financial Statements
for the year ended 30 June 2025

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General Purpose Financial Statements
for the year ended 30 June 2025

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2025 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Greg Georgopoulos
Chief Executive Officer

Date:

Nathan Daniell
Acting Mayor

Date:

Adelaide Hills Council

General Purpose Financial Statements
for the year ended 30 June 2025

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true and fair view" of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2025.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate four (4) "primary" financial statements:

1. **A Statement of Comprehensive Income**
   A summary of Council's financial performance for the year, listing all income and expenses.

2. **A Balance Sheet**
   A 30 June snapshot of Council's financial position including its assets and liabilities.

3. **A Statement of Changes in Equity**
   The overall change for the year (in dollars) of Council's "net wealth".

4. **A Statement of Cash Flows**
   Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The notes to the Financial Statements provide greater detail and additional information on the four (4) Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, residents and ratepayers, employees, suppliers, contractors, customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and financiers including banks and other financial institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

Adelaide Hills Council

Statement of Comprehensive Income

for the year ended 30 June 2025

$ '000	Notes	2025	Restated 2024 [1]
Income			
Rates	2a	51,484	48,389
Statutory charges	2b	1,612	1,520
User charges	2c	1,048	934
Grants, subsidies and contributions - capital	2g	901	1,293
Grants, subsidies and contributions - operating	2g	7,790	3,332
Investment income	2d	34	35
Reimbursements	2e	324	398
Other income	2f	524	512
Net gain - equity accounted council businesses	17	55	142
Total income		63,772	56,555
Expenses			
Employee costs	3a	22,651	21,915
Materials, contracts and other expenses	3b	25,345	25,886
Depreciation, amortisation and impairment	3c	14,237	12,345
Finance costs	3d	921	758
Net loss - equity accounted council businesses	17	26	79
Total expenses		63,180	60,983
Operating surplus / (deficit)		592	(4,428)
Physical resources received free of charge	2h	1,486	1,106
Asset disposal and fair value adjustments	4	(2,651)	(2,307)
Amounts received specifically for new or upgraded assets	2g	2,236	3,277
Net surplus / (deficit)		1,663	(2,352)
Other comprehensive income			
Capital WIP write-off prior years		(413)	(218)
Changes in revaluation surplus - I,PP&E	9a	37,460	76,020
Other equity adjustments - equity accounted council businesses	17(a)i	267	42
Share of other comprehensive income - equity accounted council businesses	9a	12	1,197
Total other comprehensive income		37,326	77,041
Total comprehensive income		38,989	74,689

(1) Please refer to Note 21 for the restatement made.

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

Statement of Financial Position

as at 30 June 2025

$ '000	Notes	2025	Restated 2024 [1]	Restated 1 July 2023 [1]
ASSETS				
Current assets				
Cash and cash equivalent assets	5a	249	534	489
Trade and other receivables	5b	5,126	7,208	3,573
Inventories	5c	18	10	17
Total current assets		5,393	7,752	4,079
Non-current assets				
Trade and other receivables	6a	247	260	–
Equity accounted investments in council businesses	6b	4,241	3,933	2,631
Infrastructure, property, plant and equipment	7	606,763	570,003	491,931
Total non-current assets		611,251	574,196	494,562
TOTAL ASSETS		616,644	581,948	498,641
LIABILITIES				
Current liabilities				
Trade and other payables	8a	6,787	7,879	6,107
Borrowings	8b	1,230	5,796	1,721
Provisions	8c	4,529	4,515	5,257
Total current liabilities		12,546	18,190	13,085
Non-current liabilities				
Borrowings	8b	18,070	16,683	13,230
Provisions	8c	607	643	583
Total non-current liabilities		18,677	17,326	13,813
TOTAL LIABILITIES		31,223	35,516	26,898
Net assets		585,421	546,432	471,743
EQUITY				
Accumulated surplus		148,418	146,881	149,364
Asset revaluation reserves	9a	436,906	399,446	322,268
Other reserves	9b	97	105	111
Total council equity		585,421	546,432	471,743
Total equity		585,421	546,432	471,743

(1) Please refer to Note 21 for the restatement made.

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

Statement of Changes in Equity
for the year ended 30 June 2025

$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2025					
Restated balance at the end of previous reporting period		146,881	399,446	105	546,432
Restated Net surplus / (deficit) for year		1,663	–	–	1,663
Other comprehensive income					
Gain (Loss) on Revaluation of I,PP&E	9a	–	37,460	–	37,460
Share of OCI - equity accounted council businesses		12	–	–	12
Capital WIP Write-off prior years		(413)	–	–	(413)
Other equity adjustments - equity accounted council businesses	17(a)i	267	–	–	267
Other comprehensive income		(134)	37,460	–	37,326
Total comprehensive income		1,529	37,460	–	38,989
Transfers between reserves		8	–	(8)	–
Balance at the end of period		148,418	436,906	97	585,421
2024					
Restated balance at the end of previous reporting period		150,021	322,268	111	472,400
Adjustments (correction of prior period errors)	21a	(657)	–	–	(657)
Restated opening balance		149,364	322,268	111	471,743
Restated Net surplus / (deficit) for year		(2,352)	–	–	(2,352)
Other comprehensive income					
Gain (Loss) on Revaluation of I,PP&E	9a	–	76,020	–	76,020
Share of OCI - equity accounted council businesses		39	1,158	–	1,197
Capital WIP Write-off prior years		(218)	–	–	(218)
Other equity adjustments - equity accounted council businesses	17(a)i	42	–	–	42
Other comprehensive income		(137)	77,178	–	77,041
Total comprehensive income		(2,489)	77,178	–	74,689
Transfers between reserves		6	–	(6)	–
Balance at the end of period		146,881	399,446	105	546,432

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

Statement of Cash Flows
for the year ended 30 June 2025

$ '000	Notes	2025	2024
Cash flows from operating activities			
Receipts			
Rates receipts		51,644	48,377
Statutory charges		1,612	1,520
User charges		1,048	934
Grants, subsidies and contributions (operating purpose)		8,875	1,163
Investment receipts		34	35
Reimbursements		324	398
Other receipts		51	1,386
Payments			
Finance payments		(902)	(758)
Payments to employees		(22,350)	(22,319)
Payments for materials, contracts and other expenses		(25,183)	(25,314)
Net cash provided by (or used in) operating activities	10b	15,153	5,422
Cash flows from investing activities			
Receipts			
Grants utilised for capital purposes		901	544
Amounts received specifically for new or upgraded assets		2,236	3,277
Sale of replaced assets		877	792
Sale of surplus assets		40	–
Payments			
Expenditure on renewal/replacement of assets		(11,830)	(11,115)
Expenditure on new/upgraded assets		(4,165)	(6,237)
Capital contributed to equity accounted Council businesses		(279)	–
Net cash provided (or used in) investing activities		(12,220)	(12,739)
Cash flows from financing activities			
Payments			
Repayments of borrowings		(3,086)	(561)
Repayment of lease liabilities		(147)	(247)
Repayment of bonds and deposits		–	(2)
Net cash provided by (or used in) financing activities		(3,233)	(810)
Net increase (decrease) in cash held		(300)	(8,127)
plus: cash & cash equivalents at beginning of period		(14,663)	(6,536)
Cash and cash equivalents held at end of period	10a	(14,963)	(14,663)

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Contents of the Notes accompanying the General Purpose Financial Statements

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policy Information

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

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

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Critical accounting estimates

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

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

1.3 Rounding

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

(2) The local government reporting entity

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

Other entities in which Council has an interest but does not control are reported in Note 17.

(3) Income recognition

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

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

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

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

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

continued on next page ...

Note 1. Summary of Material Accounting Policy Information (continued)

	Cash Payment Received	Annual Allocation	Difference
2019-20	$1,640,046	$1,564,152	+$75,894
2020-21	$1,516,052	$1,581,658	- $65,606
2021-22	$2,304,241	$1,661,744	+$642,497
2022-23	$2,253,435	$1,810,018	+$443,417
2023-24	$95,844	$2,577,656	-$2,481,812
2024-25	$ 3,086,704	$2,029,378	+$1,057,326

As these grants are untied, the Australian Accounting Standards require that these payments be recognised upon receipt.

Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

(4) Cash, cash equivalents and other financial instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 11.

(5) Inventories

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

(6) Infrastructure, property, plant and equipment

6.1 Initial recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and other overhead cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner by management.

6.2 Materiality

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

continued on next page ...

Note 1. Summary of Material Accounting Policy Information (continued)

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

Office Furniture & Fittings	$3,000
Other Plant & Equipment	$3,000
Artworks	$5,000
Building Fixture and Fittings	$5,000
Building Structures	$5,000
Paving & Footpaths, Kerb & Gutter	$5,000
Road construction & reconstruction	$5,000
Stormwater, Gravity mains and Culverts	$5,000
All Other Assets	$5,000

6.3 Subsequent recognition

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

6.4 Depreciation of non-current assets

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

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

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

Plant, Furniture & Equipment

Office Furniture and Equipment	5 to 10 years
Vehicles and Heavy Plant	8 to 16 years
Other Plant & Equipment	5 to 10 years

Building & Other Structures

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

Infrastructure

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

continued on next page ...

Note 1. Summary of Material Accounting Policy Information (continued)

Stormwater and Gravity Mains	80 to 100 years
Unsealed Roads	10 to 20 years

Other Assets

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

6.5 Impairment

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

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

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

6.6 Borrowing costs

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

(7) Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

(8) Borrowings

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

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

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policy Information (continued)

(9) Employee benefits
9.1 Salaries, Wages & Compensated Absences

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

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 16.

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

(10) Provisions for reinstatement, restoration and rehabilitation

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

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

(11) Leases

Accounting policy applicable from 01 July 2019

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

11.1 Council as a lessee

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

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policy Information (continued)

ii) Lease Liabilities

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

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

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

(12) Equity accounted Council businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 17.

(13) GST implications

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

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

(14) New accounting standards adopted and not yet effective

Council has adopted all of the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

New and revised accounting standards and amendments thereof, and interpretations effective for the current year that are relevant to the consolidated entity include:

Amendments to AASB101 for classifying liabilities as current or non-current
Council has significant borrowings with Westpac and the LGFA through various debenture facilities. The amendments mean that for Council, borrowings are classified as current liabilities unless, at the end of the reporting period, Council has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that Council is required to comply with after the reporting date do not affect the classification.

Previously, Council classified borrowings as current, even when Council had the right to defer payments for more than 12 months after the reporting date, if Council attended to settle the loans sooner as cash flows allowed. Amendments made to AASB 101 however mean that the classification of a borrowing is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting period.

As a result, Council presents all borrowings for which Council has the right to defer payment at the reporting date for more than 12 months as non-current. Council has also made a retrospective adjustment to the 2024 borrowing comparatives, to present borrowings as non-current rather than current as a result of adopting the amendments.

The AASB has issued Australian Accounting Standards and Interpretations which are not mandatorily effective at 30 June 2025. These standards have not been adopted by Council and will be included in the financial statements on their effective date. AASB 18 Presentation and Disclosure in Financial Statements, once taking effect, is expected to impact Council's financial statements, however a full assessment has not been made with regards to such impacts.

(15) Comparative figures

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

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 1. Summary of Material Accounting Policy Information (continued)

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 2. Income

$ '000	2025	2024
(a) Rates		
General rates		
General rates	48,010	44,885
Less: mandatory rebates	(373)	(332)
Less: discretionary rebates, remissions and write-offs	(93)	(67)
Total general rates	47,544	44,486
Other rates (including service charges)		
Community wastewater management systems	1,721	1,711
Landscape levy	1,676	1,641
Separate and special rates	–	5
Stirling Business Association Separate Rate	108	107
Total other rates (including service charges)	3,505	3,464
Other charges		
Penalties for late payment	358	332
Legal and other costs recovered	77	107
Total other charges	435	439
Total rates	51,484	48,389

(b) Statutory charges

Animal registration fees and fines	596	565
Planning, Development and Infrastructure Act fees	665	637
Health and septic tank inspection fees	96	101
Other licences, fees and fines	66	55
Parking fines / expiation fees	123	99
Searches	66	63
Total statutory charges	1,612	1,520

(c) User charges

Cemetery Fees	401	364
Community centres	197	158
Lobethal Woollen Mill Precinct	170	153
Sundry	280	259
Total user charges	1,048	934

(d) Investment income

Interest on investments		
- Local Government Finance Authority	1	2
- Banks and other	33	32
Unwinding of premiums and discounts	–	1
Total investment income	34	35

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 2. Income (continued)

$ '000	2025	2024

(e) Reimbursements

Employee costs	–	5
Lobethal Woollen Mill Precinct	242	263
Other Properties	8	15
Private works	4	3
Other	70	112
Total reimbursements	324	398

(f) Other income

Insurance and other recoupments - infrastructure, property, plant and equipment	80	205
Fabrik net sales revenue (refer below)	28	–
Sundry	416	307
Total other income	524	512

Fabrik

Exhibition sales	15	-
Cost of Goods Sold	8	-
Net Sales Revenue	7	-
Consignment sales	75	-
Cost of Goods Sold	51	-
Net Sales Revenue	24	-
Non-Consignment sales	0	-
Cost of Goods Sold	3	-
Net Sales Revenue	(3)	-

continued on next page ...

Note 2. Income (continued)

$ '000	2025	2024
(g) Grants, subsidies and contributions		
Capital grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	2,236	3,277
Total amounts received for new or upgraded assets	2,236	3,277
Other grants, subsidies and contributions - capital		
Roads to Recovery	901	749
Lobethal Centennial Hall	–	15
Special Local Roads Funding	–	529
Total Other grants, subsidies and contributions - capital	901	1,293
Operating grants, subsidies and contributions		
Annual		
Community Home Support Program Grants	1,106	1,062
Community Wastewater Management Systems Contributions	32	69
Library and communications	285	298
Sundry	364	323
Supplementary Local Roads Funding	343	344
Untied - Financial Assistance Grant	3,087	96
Ad hoc / One Off		
Community Resilience Grants	323	466
Local Roads & Community Infrastructure Program	1,557	–
Open Space Biodiversity Grants	545	–
Stormwater Management Plan	–	32
Waste Management Grants	10	–
21-22 Blackspot Funding	138	642
Total other grants, subsidies and contributions - operating	7,790	3,332
Total grants, subsidies and contributions	10,927	7,902
(i) Sources of grants		
Commonwealth Government	8,367	3,905
State Government	2,095	3,820
Other	465	177
Total	10,927	7,902
(ii) Individually significant items		
Grant Commission Financial Assistance Grant received in advance recognised as Income	1,057	–

(h) Physical resources received free of charge

	2025	2024
Land and improvements	1,486	1,106
Total physical resources received free of charge	1,486	1,106

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 3. Expenses

$ '000	Notes	2025	2024
(a) Employee costs			
Salaries and wages		16,630	16,770
Employee leave expense		3,747	3,275
Superannuation - defined contribution plan contributions	16	2,051	1,939
Superannuation - defined benefit plan contributions	16	127	161
Other employee related costs		32	51
Fringe Benefits Tax		156	232
Personal Income Protection Insurance		297	313
Workers' compensation insurance		499	486
Less: capitalised and distributed costs		(888)	(1,312)
Total operating employee costs		**22,651**	**21,915**
Total number of employees (full time equivalent at end of reporting period)		193	186

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 3. Expenses (continued)

(b) Materials, contracts and other expenses

$ '000	2025	2024
(i) Materials, Contracts and Expenses		
Bank Fees	99	91
Contractors	6,037	6,481
Contractors - Cleaning	427	338
Contractors - Tree Management	709	838
Consultants	242	88
Contributions & Donations	823	900
Contract Labour	829	1,263
Energy	686	678
Grant Related Expenditure	219	386
Heathfield High School Contribution	–	9
Insurance	1,042	893
Landfill Remediation	224	70
Legal expenses	832	500
Levies - other	373	352
Levies paid to Government - Landscape levy	1,676	1,642
Licencing - ICT	1,202	1,036
Memberships & Subscriptions	181	133
Parts, Accessories & Consumables	1,944	1,840
Plant & Equipment	230	569
Professional services	133	108
Return of LGA CWMS Contribution	–	1
Stirling Business Association	110	110
Sundry	439	338
Telephone (incl data)	271	279
Water	334	285
Waste	5,581	5,143
Work-in-Progress Write-off	–	919
Less: capitalised and distributed Costs	–	(69)
Subtotal - Material, Contracts & Expenses	**24,643**	**25,221**
(ii) Prescribed Expenses		
Auditor's remuneration		
: Auditing the financial reports	50	51
: Internal audit reviews	33	–
: Other	10	–
Elected members' expenses	411	408
Election expenses	13	13
Lease expense - low value assets / short term leases	185	193
Subtotal - prescribed expenses	**702**	**665**
Total materials, contracts and other expenses	**25,345**	**25,886**

continued on next page ...

Note 3. Expenses (continued)

$ '000	2025	2024 Restated
(c) Depreciation, amortisation and impairment		
Depreciation and Amortisation		
Buildings	1,933	1,781
Infrastructure		
- Bridges	390	364
- Cemeteries	47	37
- Community Wastewater Management Systems	379	363
- Footpaths	497	468
- Guardrails	139	123
- Kerb & Gutter	633	610
- Playgrounds	102	108
- Retaining Walls	236	205
- Roads	6,512	5,440
- Sport & Recreation	516	433
- Stormwater	795	778
- Street Furniture	132	112
- Traffic Controls	52	51
- Other Infrastructure	13	2
Furniture and fittings	54	53
Plant and equipment	1,662	1,171
Right-of-use assets	145	246
Total depreciation, amortisation and impairment	**14,237**	**12,345**

(d) Finance costs

$ '000	2025	2024 Restated
Charges on finance leases	3	9
Interest on loans	304	346
Interest on overdraft and short-term drawdown	595	403
Unwinding of present value discounts	19	–
Total finance costs	**921**	**758**

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 4. Asset disposal and fair value adjustments

$ '000	2025	2024
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	884	792
Less: Carrying Amount of Assets Sold or Disposed of	(3,568)	(3,089)
Other sale costs	(7)	(10)
Gain (loss) on disposal	(2,691)	(2,307)
(ii) Assets surplus to requirements		
Proceeds from disposal	40	–
Less: carrying amount of surplus assets disposed of	–	–
Gain (loss) on disposal	40	–
Net gain (loss) on disposal or revaluation of assets	(2,651)	(2,307)

Note 5. Current assets

$ '000	2025	2024
(a) Cash and cash equivalent assets		
Cash on hand and at bank	249	531
Short Term Deposits	–	3
Total cash and cash equivalent assets	249	534
(b) Trade and other receivables		
Rates - general and other	1,441	1,611
Accrued revenues	330	1,370
Debtors - general	274	352
Other levels of government - operating	1,833	2,918
GST recoupment	680	427
Prepayments	568	530
Total trade and other receivables	5,126	7,208
(c) Inventories		
Stores and materials	18	10
Total inventories	18	10

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 6. Non-current assets

$ '000	Notes	2025	2024
(a) Trade and other receivables			
Receivables			
Council rates postponement scheme		245	235
Prepayments		2	25
Subtotal		247	260
Total receivables		247	260
Total financial assets		247	260
(b) Equity accounted investments in council businesses			
Adelaide Hills Regional Waste Management Authority (AHRWMA)	17ai	1,595	1,562
Eastern Waste Management Authority (EWMA)	17ai	146	112
Gawler River Floodplain Management Authority (GRFMA)	17ai	2,500	2,259
Total equity accounted investments in Council businesses		4,241	3,933

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

		as at 30/06/24				Asset movements during the reporting period									as at 30/06/25			
$ '000	Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Other Physical Resources Free of Charge	RoU Additions	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Capital work in progress		–	5,682	–	5,682	4,165	11,830	–	–	(20,469)	(413)	–	–	–	–	797	–	797
Land - community	3	110,161	–	–	110,161	–	–	(20)	–	108	–	760	–	1,796	112,805	–	–	112,805
Buildings	3	97,129	–	(39,277)	57,852	–	–	(52)	(1,933)	5,826	–	30	–	3,418	108,638	–	(43,496)	65,142
Infrastructure																		
- Bridges	3	26,716	–	(15,705)	11,011	–	–	(26)	(390)	733	–	–	–	302	27,995	–	(16,366)	11,629
- Cemeteries	3	2,303	–	(1,042)	1,261	–	–	–	(47)	57	–	–	–	64	2,480	–	(1,145)	1,335
- Community Wastewater Management Systems	3	24,826	–	(9,532)	15,294	–	–	(36)	(379)	198	–	–	–	418	25,654	–	(10,159)	15,495
- Footpaths	3	23,220	–	(6,788)	16,432	–	–	(101)	(497)	685	–	52	–	202	24,452	–	(7,679)	16,773
- Guardrails	3	6,667	–	(1,882)	4,785	–	–	(36)	(139)	27	–	–	–	148	6,833	–	(2,048)	4,785
- Kerb & Gutter	3	49,186	–	(14,020)	35,166	–	–	(8)	(633)	64	–	136	–	996	50,834	–	(15,112)	35,722
- Playgrounds	3	2,178	–	(1,024)	1,154	–	–	(30)	(102)	–	–	–	–	54	2,202	–	(1,127)	1,075
- Retaining Walls	3	15,980	–	(6,232)	9,748	–	–	–	(236)	286	–	–	–	1,678	16,823	–	(5,348)	11,475
- Roads	3	350,511	–	(123,501)	227,010	–	–	(2,417)	(6,512)	7,090	–	145	–	26,773	370,714	–	(118,626)	252,088
- Sport & Recreation	3	22,960	–	(10,259)	12,701	–	–	(36)	(516)	1,255	–	140	–	622	24,993	–	(10,828)	14,165
- Stormwater	3	76,068	–	(29,754)	46,314	–	–	(8)	(795)	607	–	217	–	706	78,425	–	(31,385)	47,040
- Street Furniture	3	3,608	–	(1,125)	2,483	–	–	(1)	(132)	130	–	6	–	120	3,911	–	(1,305)	2,606
- Traffic Controls	3	2,593	–	(834)	1,759	–	–	–	(52)	–	–	–	–	86	2,720	–	(926)	1,794
- Other Infrastructure	3	–	2,227	(650)	1,577	–	–	–	(13)	19	–	–	–	77	–	2,355	(695)	1,660
Right-of-use assets		–	1,682	(1,568)	114	–	–	–	(145)	–	–	–	37	–	–	1,720	(1,713)	7
Plant and equipment [1]		–	16,197	(7,002)	9,195	–	–	(797)	(1,662)	3,364	–	–	–	–	–	16,370	(6,270)	10,100
Furniture and fittings		–	710	(406)	304	–	–	–	(54)	20	–	–	–	–	–	730	(460)	270
Total infrastructure, property, plant and equipment		814,106	26,498	(270,601)	570,003	4,165	11,830	(3,568)	(14,237)	–	(413)	1,486	37	37,460	859,479	21,972	(274,688)	606,763
Comparatives		687,912	25,998	(221,322)	492,588	6,237	11,115	(3,089)	(12,270)	–	(1,137)	1,106	165	76,020	814,106	26,498	(271,333)	569,271

(1) The 2024 carrying amount for the plant and equipment class of assets has been restated. Please refer to Note 21 for the restatement made.

continued on next page ...

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

Valuation of Infrastructure, Property, Plant & Equipment

Valuation of assets

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

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

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

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

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

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

Information on valuations

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

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

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

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

Other information

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

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

Highest and best use

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

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

Transition to AASB 13 - Fair Value Measurement

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

Land & Land Improvements

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

Land - Level 3: Crown Land which is subject to restriction for its use or sale has been valued by Council officers based on the Valuer General's site values as at 1 January 2024 less allowances for the restriction on sale (requiring Ministerial consent) which are unobservable inputs that have a significant effect on valuation.

Buildings & Other Structures

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2023
- Valuer: APV Valuers & Asset Management

Council discloses Buildings as a separate class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement, and the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.

- Valuations for buildings have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, table 17 (Construction industries - Building) movements specific to Adelaide for the period June 2023 to June 2024. The increase was 5.9% and applied on 1 July 2024 for the 2024-25 reporting period.

Infrastructure

Council discloses Infrastructure Assets for the purpose of AASB 13 Fair Value Measurement as level 3 as no relevant observable inputs (markets) are available.

- There were no assets valued where it was considered that the highest and best use was other than its current use.

Bridges

- Basis of valuation: Valuation was undertaken using modern equivalent asset principles as per the International Infrastructure Management Manual (IIMM 6th edition, 2020) and included a condition audit.
- The assets were indexed in between independent valuations.
- Date of independent valuation: June 2021
- Valuer: ARRB Group
- Valuations have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, table 17 (Construction industries - Roads and Bridge Construction) movements specific to Adelaide for the period June 2023 to June 2024. The increase was 2.73% and applied on 1 July 2024 for the 2024-25 reporting period.

Community Wastewater Management Systems (CWMS)

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2022
- Valuer: APV Valuers & Asset Management
- Valuations have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, table 17 (Construction industries - Roads and Bridge Construction) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 2.73% and applied on 1 July 2024 for the 2024-2025 reporting period.

Footpaths, Retaining Walls and Guardrails (safety barriers)

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2022
- Valuer: Private Public Property

continued on next page ...

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

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

- Valuations have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 2.73% and applied on 1 July 2024 for the 2024-2025 reporting period.

Kerb and Gutter

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2022
- Valuer: Private Public Property
- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 2.73% and applied on 1 July 2024 for the 2024-2025 reporting period.

Roads

- Basis of valuation: Fair value (Sealed road, surface and pavements)
- Date of independent valuation: 1 July 2024
- Valuer: Modelve Pty Ltd
- Valuations for the remainder of assets in this category, being formation, road shoulder and unsealed roads, have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, table 17 (Construction industries - Roads and Bridge Construction) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 2.73% and applied on 1 July 2024 for the 2024-2025 reporting period.

Stormwater

- Valuations have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 2.73% and applied on 1 July 2024 for the 2024-2025 reporting period.

Street Furniture, Cemetry and Traffic Controls

- Valuations have been updated by Council Cfficers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Non-residential Building Construction - Other) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 4.89% and applied on 1 July 2024 for the 2024-2025 reporting period.

Playgrounds, Sport and Recreation Facilities

- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Non-Residential Building Construction - Other) movements specific to Adelaide for the period June 2023 to June 2024. This increase was 4.89% and applied on 1 July 2024 for the 2024-2025 reporting period.

Plant & Equipment

- Basis of valuation: Historic Cost

Furniture & Fittings

- Basis of valuation: Historic Cost

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 8. Liabilities

$ '000	Notes	2025 Current	2025 Non Current	2024 Current	2024 Non Current
(a) Trade and other payables					
Accrued expenses - employee entitlements		1,118	–	1,069	–
Accrued expenses - other		1,095	–	265	–
Deposits, retentions and bonds		74	–	76	–
Goods and services		3,517	–	3,867	–
Payments received in advance		983	–	2,600	–
Other		–	–	2	–
Total trade and other payables		6,787	–	7,879	–
(b) Borrowings					
Borrowings		612	14,600	96	15,100
Lease liabilities	15b	6	–	114	1
Loans		612	3,470	5,586	1,582
Total Borrowings		1,230	18,070	5,796	16,683

All interest bearing liabilities are secured over the future revenues of the Council

$ '000	Notes	2025 Current	2025 Non Current	2024 Current	2024 Non Current
(c) Provisions					
Employee entitlements (including oncosts)		3,501	298	3,227	320
Future reinstatement / restoration, etc [1, 2]		1,028	309	1,288	323
Total provisions		4,529	607	4,515	643

(1) At the reporting date, Council made provision for its monitoring and rehabilitation obligations regarding 3 former landfill sites. The provision represents Council's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(2) At the reporting date, Council is investigating the purchase of a previously divested landfill site to ensure long term environmental stewardship and compliance with regulatory obligations.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 9. Reserves

$ '000	as at 30/06/24 Opening Balance	Increments (Decrements)	Transfers	Impairments	as at 30/06/25 Closing Balance
(a) Asset revaluation reserve					
Land - community	84,285	1,796	–	–	86,081
Buildings	50,524	3,418	–	–	53,942
Infrastructure					
- Community Wastewater Management Systems	7,863	418	–	–	8,281
- Stormwater	35,177	706	–	–	35,883
- Sport & Recreation	3,031	622	–	–	3,653
- Bridges	6,281	302	–	–	6,583
- Cemeteries	2,343	64	–	–	2,407
- Footpaths	2,891	202	–	–	3,093
- Guardrails	2,542	148	–	–	2,690
- Kerb & Gutter	33,479	996	–	–	34,475
- Playgrounds	251	54	–	–	305
- Retaining Walls	6,060	1,678	–	–	7,738
- Roads	160,723	26,773	–	–	187,496
- Street Furniture	1,528	120	–	–	1,648
- Traffic Controls	988	86	–	–	1,074
- Other Infrastructure	64	77	–	–	141
Plant and equipment	23	–	–	–	23
Furniture and fittings	7	–	–	–	7
JV's / associates - other comprehensive income	1,386	–	–	–	1,386
Total asset revaluation reserve	399,446	37,460	–	–	436,906
Comparatives	322,268	77,178	–	–	399,446

$ '000	as at 30/06/24 Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/25 Closing Balance
(b) Other reserves					
Biodiversity SEB Reserve	15	–	(2)	–	13
Scott Creek Progress Association	1	–	–	–	1
Significant Trees Reserve	7	1	–	–	8
Torrens Valley Community Centre	82	–	(7)	–	75
Total other reserves	105	1	(9)	–	97
Comparatives	111	2	(8)	–	105

continued on next page ...

Note 9. Reserves (continued)

Purposes of reserves

Asset revaluation reserves

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

Other reserves

Biodiversity SEB Reserve

Adelaide Hills Council is an Accredited Third Party Provider under Section 25C(12) of the *Native Vegetation Act 1991*. One of Council's conservation reserves is now a formal "SEB Area" (Significant Environmental Benefit) under the *Native Vegetation Act 1991* which allows Council to on-sell SEB credits.

The financial return on these credits will need to be spent in accordance with the SEB Management Plan which outlines what agreed actions will be undertaken in a 10 year period and how the area will be protected into the future.

The funds held will be accessed over the remaining 7 years of the plan in order to invest in the annual bushcare activities as set out in the plan.

Scott Creek Cemetery Reserve

The Scott Creek Cemetery is crown land dedicated to Council for use as a cemetery. Prior to 2010 the cemetery was managed by local community associations. In 2010 management responsibilities were transferred to the Council together with the balance of funds held for cemetery maintenance and improvements.

Funds held in the reserve account are to be used for:

- marking of unmarked graves with a small and simple identification piece detailing the name and date of death of the deceased,
- Installation of a single plaque with the names of the deceased who are buried in unmarked graves where the exact location of the graves is unknown,
- Renewal of existing gravel driveways, and
- Creation or extension of driveways to facilitate expansion of the cemetery.

Significant Tree Reserve

The *Development (Regulated Trees) Variation Regulations 2011* came into effect on 17 November 2011. Under the new regulations, applicants can make a financial contribution for each tree removed (relating to regulated and significant trees) as part of their development application. The reserve was established by Council in accordance with S50B of the *Development Act 1993* to ensure that monies generated would be spent within the Adelaide Hills area.

Monies received may be applied by the council to:

- maintain or plant trees which are, or will (when fully grown) constitute significant trees under this Act; or
- to purchase land in order to maintain or plant trees which are, or will (when fully grown) constitute significant trees under this Act.

Torrens Valley Community Centre Reserve

This reserve is funded by the community funds that flow through the centre via the Op Shop. These funds are used to support youth programs and other community initiatives that will result in an improvement or benefit to the community.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 10. Reconciliation to Statement of Cash Flows

$ '000	Notes	2025	2024

(a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

$ '000	Notes	2025	2024
Total cash and equivalent assets	5	249	534
Less: short-term borrowings	8	(15,212)	(15,196)
Balances per Statement of Cash Flows		(14,963)	(14,662)

(b) Reconciliation of Operating Result

$ '000	2025	2024
Net surplus/(deficit)	1,663	(2,352)
Non-cash items in income statements		
Depreciation, amortisation and impairment	14,237	12,345
Equity movements in equity accounted investments (increase)/decrease	(29)	(63)
Premiums and discounts recognised and unwound	–	(1)
Non-cash asset acquisitions	(1,486)	(1,106)
Grants for capital acquisitions treated as investing activity	(3,137)	(3,821)
Net (gain)/loss on disposals	2,651	2,307
Other	279	909
	14,178	8,218
Add (less): changes in net current assets		
Net (increase)/decrease in receivables	2,095	(3,895)
Net (increase)/decrease in inventories	(8)	7
Net increase/(decrease) in trade and other payables	(1,090)	1,774
Net increase/(decrease) in unpaid employee benefits	252	(377)
Net increase/(decrease) in other provisions	(274)	(305)
Net cash provided by (or used in) operations	15,153	5,422

(c) Non-cash financing and investing activities

$ '000	Notes	2025	2024
Acquisition of assets by means of:			
Physical resources received free of charge	2h	1,486	1,106
Additions to right of use assets	15	37	165
Amounts recognised in income statement		1,523	1,271
Total non-cash financing and investing activities		1,523	1,271

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 10. Reconciliation to Statement of Cash Flows (continued)

$ '000	2025	2024

(d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:		
Bank overdrafts	200	200
Corporate credit cards	180	180
Asset Finance - Leasing	750	750
LGFA cash advance debenture facility	17,500	17,000
Westpac Bank Bill Business Loan [1]	9,000	8,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(1) Council utilises the Westpac bank bill business loan as an overdraft facility which can be paid off at any time at the discretion of the Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 11. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

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

Terms & Conditions:
Deposits are returning fixed interest rates between 4.15% and 4.35% (2024: 4.55% and 4.85%).

Carrying Amount:
Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges (including legals and penalties for late payment)

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

Terms & Conditions:
Secured over the subject land, arrears attract interest of 5.50% (2024: 6.15%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:
Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

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

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

Carrying Amount:
Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

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

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

Carrying Amount:
Approximates fair value.

Liabilities - creditors and accruals

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

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 11. Financial instruments (continued)

Terms & Conditions:
Liabilities are normally settled on 30 day terms.

Carrying Amount:
Approximates fair value.

Liabilities - interest bearing borrowings

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

Terms & Conditions:
Secured over future revenues. Borrowings are repayable upon maturity. Interest is charged at a fixed rate between 4.30% and 4.45% (2024: 4.45% and 4.60%) and paid bi-annually.

Carrying Amount:
Approximates fair value.

Liabilities - leases

Accounting Policy:
Accounted for in accordance with AASB 16 as stated in Note 15.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 11. Financial instruments (continued)

$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial assets and liabilities					
2025					
Financial assets					
Cash and cash equivalents	249	–	–	249	249
Receivables	4,558	245	–	4,803	4,803
Total financial assets	4,807	245	–	5,052	5,052
Financial liabilities					
Payables	4,686	–	–	4,686	4,686
Westpac bank bill	9,037	–	–	9,037	9,037
LGFA loan	6,958	3,621	–	10,579	10,257
Lease liabilities	6	–	–	6	6
Total financial liabilities	20,687	3,621	–	24,308	23,986
Total financial assets and liabilities	25,494	3,866	–	29,360	29,038
2024					
Financial assets					
Cash and cash equivalents	534	–	–	534	534
Receivables	6,679	235	–	6,914	6,914
Total financial assets	7,213	235	–	7,448	7,448
Financial liabilities					
Payables	4,210	–	–	4,210	4,210
Westpac bank bill	8,032	–	–	8,032	8,032
LGFA loan	13,070	1,690	–	14,760	14,332
Lease liabilities	114	1	–	115	115
Total financial liabilities	25,426	1,691	–	27,117	26,689
Total financial assets and liabilities	32,639	1,926	–	34,565	34,137

The following interest rates were applicable to Council's borrowings at balance date:

$ '000	2025 Weighted Avg Interest Rate	2025 Carrying Value	2024 Weighted Avg Interest Rate	2024 Carrying Value
Loans	5.12%	15,212	5.62%	15,196
Fixed interest rate loans	4.36%	4,082	4.55%	7,168
Leases	6.07%	6	4.72%	115
		19,300		22,479

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

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Note 11. Financial instruments (continued)

Risk exposures

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

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

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

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 12. Capital expenditure and investment property commitments

$ '000	2025	2024

Capital commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Infrastructure	1,010	1,069
Plant and equipment	1,462	2,086
	2,472	3,155

These expenditures are payable:

Not later than one year	2,472	3,155
	2,472	3,155

Other non-capital expenditure commitments at the reporting date but not recognised in the financial statements as liabilities:

Amy Gillett Stage 4	1,708	–
Contractors	507	–
Other	218	–
	2,433	–

These expenditures are payable:

Not later than one year	2,433	–
	2,433	–

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 13. Financial indicators

$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023
Financial Indicators overview *These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.*				
1. Operating Surplus Ratio				
Operating surplus	592	0.9%	(7.8)%	2.6%
Total operating income	63,772			
This ratio expresses the operating surplus as a percentage of total operating revenue.				
2. Net Financial Liabilities Ratio				
Net financial liabilities	25,601	40%	49%	42%
Total operating income	63,772			
Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.				
Adjustments to Ratios				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
Adjusted Operating Surplus Ratio				
Operating surplus	(465)	(0.7)%	(3.3)%	1.3%
Total operating income	62,715			
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	25,601	40%	49%	42%
Total operating income	63,772			
3. Asset Renewal Funding Ratio				
Asset renewals	10,953	105%	106%	98%
Infrastructure and Asset Management Plan required expenditure	10,424			
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.				

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 14. Uniform presentation of finances

$ '000	2025	2024

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

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

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

$ '000	2025	2024
Income		
Rates	51,484	48,389
Statutory charges	1,612	1,520
User charges	1,048	934
Grants, subsidies and contributions - capital	901	1,293
Grants, subsidies and contributions - operating	7,790	3,332
Investment income	34	35
Reimbursements	324	398
Other income	524	512
Net gain - equity accounted council businesses	55	142
Total Income	63,772	56,555
Expenses		
Employee costs	(22,651)	(21,915)
Materials, contracts and other expenses	(25,345)	(25,886)
Depreciation, amortisation and impairment	(14,237)	(12,345)
Finance costs	(921)	(758)
Net loss - equity accounted council businesses	(26)	(79)
Total Expenses	(63,180)	(60,983)
Operating surplus / (deficit)	592	(4,428)
Less: grants, subsidies and contributions - capital	(901)	(1,293)
Adjusted Operating surplus / (deficit)	(309)	(5,721)
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(8,079)	(11,115)
Add back depreciation, amortisation and impairment	14,237	12,345
Add back proceeds from sale of replaced assets	877	792
	7,035	2,022
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(8,330)	(6,237)
Add back grants, subsidies and contributions - capital new/upgraded	901	1,293
Add back amounts received specifically for new and upgraded assets	2,236	3,277
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	40	–
	(5,153)	(1,667)
Annual net impact to financing activities (surplus/(deficit))	1,573	(5,366)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 15. Leases

(i) Council as a lessee

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

(a) Right of use assets

$ '000	ICT Equipment Leases	Property Leases	Total
2025			
Opening balance	36	79	115
Transfer from leased assets (former finance leases)	–	–	–
Additions to right-of-use assets	–	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	–	37	37
Depreciation charge	(36)	(109)	(145)
Other	–	–	–
Balance at 30 June	–	7	7
2024			
Opening balance	114	81	195
Transfer from leased assets (former finance leases)	–	–	–
Additions to right-of-use assets	–	165	165
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–
Depreciation charge	(78)	(167)	(245)
Impairment of right-of-use assets	–	–	–
Other	–	–	–
Balance at 30 June	36	79	115

(b) Lease liabilities

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

$ '000	2025	2024
Balance at 1 July	115	197
Additions	37	165
Accretion of interest	3	9
Payments	(149)	(256)
Balance at 30 June	6	115
Classified as:		
Current	6	114
Non-current	–	1

The maturity analysis of lease liabilities is included in Note 11.

Council had total cash outflows for leases of $149k.

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 15. Leases (continued)

$ '000	2025	2024
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	145	245
Interest expense on lease liabilities	3	9
Expense relating to short term leases	185	193
Total amount recognised in profit or loss	**333**	**447**

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 16. Superannuation

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

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (11.50% in 2024/25; 11.00% in 2023/24). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2023/24) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The Salarylink employer contribution rate is reviewed by the Fund's actuary every 3 years. The next actuarial review is scheduled to be completed as at 30 June 2026. Any employer contribution rate change recomended by the actuary is likely to be effective from 1 July 2027.

Contributions to other superannuation schemes

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 17. Interests in other entities

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

$ '000	Council's Share of Net Income 2025	2024	Council's Share of Net Assets 2025	2024
Council's share of net income				
Joint ventures	29	62	4,241	3,933
Total Council's share of net income	29	62	4,241	3,933

((a)i) Joint ventures, associates and joint operations

(a) Carrying amounts

$ '000	Principal Activity	2025	2024
Adelaide Hills Regional Waste Management Authority	Waste Management	1,595	1,562
Eastern Waste Management Authority	Waste Management	146	112
Gawler River Floodplain Management Authority	Floodplain Management	2,500	2,259
Total carrying amounts - joint ventures and associates		4,241	3,933

Adelaide Hills Regional Waste Management Authority
Adelaide Hills Regional Waste Management Authority is a regional subsidiary pursuant to S43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of the Adelaide Hills Regional Waste Management Authority. The other member Councils are Alexandrina, Mt. Barker and Murray Bridge.

Eastern Waste Management Authority
Eastern Waste Management Authority is a regional subsidiary pursuant to S43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of the Eastern Waste Management Authority. The other member Councils are Burnside, Campbelltown, Mitcham, Norwood, Payneham & St. Peters, Prospect, Unley and Walkerville.

Gawler River Floodplain Management Authority
Gawler River Floodplain Management Authority is a regional subsidiary pursuant to S43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of the Gawler River Floodplain Management Authority. The other member Councils are Adelaide Plains, Barossa, Gawler, Light Regional and Playford.

(b) Relevant interests

	Interest in Operating Result 2025	2024	Ownership Share of Equity 2025	2024	Proportion of Voting Power 2025	2024
Adelaide Hills Regional Waste Management Authority	30.73%	35.02%	36.50%	36.70%	20.00%	20.00%
Eastern Waste Management Authority	12.50%	12.50%	12.50%	12.50%	11.11%	11.11%
Gawler River Floodplain Management Authority	5.97%	5.34%	5.97%	5.34%	15.38%	15.38%

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 17. Interests in other entities (continued)

(c) Movement in investment in joint venture or associate

$ '000	Eastern Waste Management Authority 2025	Eastern Waste Management Authority 2024	Gawler River Floodplain Management Authority 2025	Gawler River Floodplain Management Authority 2024	Adelaide Hills Regional Waste Management Authority 2025	Adelaide Hills Regional Waste Management Authority 2024
Opening Balance	112	148	2,259	1,091	1,562	1,392
Share in Operating Result	27	(46)	(26)	(33)	40	142
Share in Other Comprehensive Income	7	10	–	1,159	5	28
Adjustments to Equity	–	–	267	42	(12)	–
Council's equity share in the joint venture or associate	146	112	2,500	2,259	1,595	1,562

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 18. Contingencies and assets/liabilities not recognised in the balance sheet

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

1. Land under roads

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports.

Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

2. Potential insurance losses

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

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

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

3. Legal expenses

The Adelaide Hills Council Assessment Panel (CAP) and the Assessment Manager are the relevant authorities under the *Planning, Development, and Infrastructure Act 2016* (the Act) for the determination of development applications for planning consent. Building Surveyors working for the Council have delegation to determine development applications for building consent.

Under the Act the Adelaide Hills Council Building Fire Safety Committee is the relevant authority to issue building fire safety notices, including emergency orders. Planning, building and development compliance staff have delegation to issue enforcement notices.

Pursuant to the Act, applicants and landowners have a right of appeal to the Environment, Resource and Development Court (ERD Court) against planning and building decisions, building fire safety notices and, enforcement notices issued by a relevant authority.

At 30 June 2025, there was one (1) ongoing appeal against a CAP decision in the ERD Court, one (1) appeal against a Building Fire Safety Notice and nine (9) enforcement matters active in the ERD Court.

Each party bears its own costs in relation to appeals against CAP decisions, Assessment Manager decisions and Building Consent decisions however, in relation to enforcement matters the ERD Court can award costs or, parties can reach agreement on costs. Council seeks cost reimbursement in the case of unlawful development where legal fees have been incurred.

Note 19. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2025, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Council is unaware of any "non adjusting events" that merit disclosure.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 20. Related party transactions

Key management personnel

Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 18 persons were paid the following total compensation.

During the 2024-2025 financial year, four (4) key management personnel ended their employment with Adelaide Hills Council.

$ '000	2025	2024
The compensation paid to key management personnel comprises:		
Short-term benefits	1,496	2,027
Long-term benefits	–	53
Termination benefits	17	348
Total	1,513	2,428

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

Elected Members or their close associates are members of the following:

- Activating Bridgewater Inc
- Adelaide Hills Climate Action Group
- Adelaide Hills Regional Waste Management Authority
- Australian Labour Party (SA) Mayo Federal Electoral Council
- Charleston Emergency Recovery Response Group
- Eastern Waste Management Authority (East Waste)
- Forest Range Recreation Ground
- Gawler River Floodplain Management Authority
- Heysen ALP Sub-Branch
- Lenswood & Forest Range Community Association Inc
- Lobethal Football Club
- Old School Community Garden
- Piccadilly Country Fire Service
- Southern & Hills Local Government Association
- Treecovery Pty Ltd
- Woodside Residents Association
- Woodside Warriers Soccer Club

Council made payments totalling $6,152,660 to the above organisations for the period ending 30 June 2025.

The most material payments were made to:

- Eastern Waste Management Authority ($4.385m) for the collection and disposal of waste and recycling materials.
- Adelaide Hills Regional Waste Management Authority ($1.668m) for the collection and disposal of waste and associated services.

Key Management Personnel or their close associates are members of the following:

- Eastern Waste Management Authority (East Waste)
- Gawler River Floodplain Management Authority
- Southern & Hills Local Government Association

Council made payments totalling $4,470,776 to the above organisations for the period ending 30 June 2025.

continued on next page ...

Notes to and forming part of the Financial Statements
for the year ended 30 June 2025

Note 20. Related party transactions (continued)

All Elected Members and Key Management Personnel manage their conflict of interest obligations regarding related parties in accordance with the applicable provisions of the *Local Government Act 1999.*

At the time of reporting, Related Party Disclosure information was not received from two (2) Elected Members.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2025

Note 21. Equity - adjustment to retained earnings

Nature of prior-period error

During the year, Council identified that a number of items of ICT equipment were being depreciated over a period in excess of their useful lives. This error related to the periods prior to 1 July 2023.

Adjusting these depreciation rates results in increased depreciation in prior periods.

This error has been corrected in the current year as a prior period adjustment, with comparative information restated accordingly.

Changes to the opening Statement of Financial Position at 1 July 2023

Statement of Financial Position

$ '000	Original Balance 1 July, 2023	Impact Increase/ (decrease)	Restated Balance 1 July, 2023
Infrastructure, Property, Plant & Equipment	492,588	(657)	491,931
Total assets	**499,298**	**(657)**	**498,641**
Accumulated Surplus	150,021	(657)	149,364
Total equity	**499,298**	**(657)**	**498,641**

Adjustments to the comparative figures for the year ended 30 June 2024

Statement of Financial Position

$ '000	Original Balance 30 June, 2024	Impact Increase/ (decrease)	Restated Balance 30 June, 2024
Adjustment for Infrastructure Property Plant & Equipment	570,735	(732)	570,003
Total assets	**582,680**	**(732)**	**581,948**
Accumulated Surplus	147,613	(732)	146,881
Total equity	**582,680**	**(732)**	**581,948**

Statement of Comprehensive Income

$ '000	Original Balance 30 June, 2024	Impact Increase/ (decrease)	Restated Balance 30 June, 2024
Depreciation, amortisation and impairment	12,270	75	12,345

Independent Auditor's Report - Financial Statements

General Purpose Financial Statements
for the year ended 30 June 2025

Independent Auditor's Report - Internal Controls

Adelaide Hills Council

General Purpose Financial Statements
for the year ended 30 June 2025

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Council for the year ended 30 June 2025, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Gregory Georgopoulos	Malcolm Herrmann
Chief Executive Officer	**Presiding Member Audit Committee**

Date:

General Purpose Financial Statements
for the year ended 30 June 2025

Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Hills Council or the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code fof Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations* 2011 made under that Act.

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

Auditor's Name

Audit Firm Name

Date: dd MMMM yyyy

Appendix 2

Management Representation Letter

63 Mount Barker Road
Stirling SA 5152
Phone: 08 8408 0400
Fax: 08 8389 7440
mail@ahc.sa.gov.au
www.ahc.sa.gov.au

Ms Linh Dao
Partner
BDO Audit Pty Ltd
Level 7, BDO Centre
420 King William Street
ADELAIDE SA 5000

______ October 2025

Dear Linh,

AUDIT FOR YEAR ENDED 30 JUNE 2025 OF ADELAIDE HILLS COUNCIL

This representation letter is provided in connection with your audit of the financial report of Adelaide Hills Council for the year ended 30 June 2025, for the purpose of expressing an opinion as to whether the financial report gives a true and fair view in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011.*

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

Financial report

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 31 March 2025, for the preparation for the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*; in particular that the financial report gives a true and fair view in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them other than those that we have disclosed to you and in the financial statements.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
5. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.

6. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
7. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
8. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
9. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.
10. We acknowledge that valuations of Infrastructure, Property, Plant & Equipment have been appropriate undertaken so as to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting. Individual classes of Infrastructure, Property, Plant & Equipment are assigned to the appropriate level in the AASB 13 fair value hierarchy.
11. We confirm that we have reviewed capital Work-In-Progress and are satisfied that they will likely generate assets in the future reporting period. All projects that are unlikely to generate assets or meet the recognition criteria of the applicable Australian Accounting Standards have been recognised through surplus or deficit.
12. We have advised you that Council is still evaluating the options regarding rehabilitation work for Ashton Landfill. Based on all reliable information available to management and Council, we have assessed that sufficient provision has been made for the rehabilitation liabilities as of 30 June 2025.

Books, records and documentation

13. We have provided you with:
    - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
    - All minutes of meetings held by the Council and, the Audit and Risk Committee since the end of the previous reporting period have been given to you for your inspection;
    - Additional information that you have requested from us for the purpose of the audit;
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
14. All transactions have been recorded in the accounting records and are reflected in the financial report.

Uncorrected misstatements

15. We acknowledge that you have brought to our attention uncorrected misstatements detected during the course of your audit (Schedule attached). We have considered the effect of any uncorrected misstatements on the financial statements. We consider the effect of the uncorrected misstatements to be immaterial, individually and in aggregate, to the financial report taken as a whole.

Related parties

16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
17. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

Fraud

18. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
19. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
20. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
    - Management;
    - Employees who have significant roles in internal control; or
    - Others where fraud could have a material impact on the financial report.
21. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

Litigation and claims

22. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

Compliance with laws and regulations

23. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
24. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.

    There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

Subsequent events

25. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates, have been adjusted or disclosed.

Other information

26. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
27. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

Electronic presentation of Financial Report

28. We are responsible for the electronic presentation of the financial report.
29. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
30. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
31. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
32. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours faithfully

Greg Georgopoulos	Gary Lewis
Chief Executive Officer	Director Corporate Services

ADELAIDE HILLS COUNCIL

AUDIT FOR THE YEAR ENDED 30 JUNE 2025

SCHEDULE 1

UNCORRECTED MISSTATEMENTS SCHEDULE

DESCRIPTION	ASSETS	RESERVES	(PROFIT) /LOSS
Correct the overstatement of LRCIP Phase 3 revenue recorded in current period that should have been recorded in prior year.	-	($429,980)	$429,980
Judgemental misstatement in relation to the revaluation impact for Road and Retaining Walls classes of assets for the year	($2,670,771)	$2,670,771	-
Net effect of uncorrected misstatements	($2,670,771)	$2,250,791	$429,980

Appendix 3

Draft Certification of Auditor Independence

Adelaide Hills Council

General Purpose Financial Statements
for the year ended 30 June 2025

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Council for the year ended 30 June 2025, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Gregory Georgopoulos
Chief Executive Officer

Malcolm Herrmann
Presiding Member Audit Committee

Date:

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**8.4**
Responsible Officer:	**Gary Lewis** **Director Corporate Services** **Corporate Services**
Subject:	**Report on financial results for 2024-25**
For:	**Information**

SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with the end of year audited financial results for Adelaide Hills Council compared to the estimated financial results set out in the budget.

It is a requirement under the *Local Government (Financial Management) Regulations 2011 (SA)* that Council consider a report on the financial results for the Adelaide Hills Council that compares the end of year audited financial results to their estimated financial results set out in the budget.

RECOMMENDATION

The Audit and Risk Committee resolves:

1. **That the report on the end of year audited financial results for 2024-25 be received and noted (item 8.4, 20 October 2025, Audit and Risk committee meeting).**

---

1. BACKGROUND

Regulation 10 of the *Local Government (Financial Management) Regulations 2011 (SA)* requires a separate report on the financial results to be presented to Council, including the audited financial results for the 2024-25 financial year compared with the estimated financial results for 2024-25 as set out in the budget. These must be presented in a manner consistent with the model financial statements.

The report on the financial results comparing the audited financial results for the Adelaide Hills Council with the estimated financial results set out in the 2024-25 budget are contained in **Appendix 1**.

2. ANALYSIS

➢ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2024 – Your Place Your Space

Goal	Organisation
Objective 02	Operate with integrity using best practice governance processes
Priority 02.1	Demonstrate accountable and transparent decision making

Providing a report on budgeted versus actual performance ensures that Council is held to account for the financial decisions which are made and the performance and results thereof.

- **Legal Implications**

Regulation 10 of the *Local Government (Financial Management) Regulations 2011 (SA)* requires the undertaking of this reporting.

- **Risk Management Implications**

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

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

- **Financial and Resource Implications**

The End of Year Financial Statements are the most significant output from Council's financial management and reporting processes and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

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

Not applicable.

- **Sustainability Implications**

Not applicable.

- **Engagement/Consultation conducted in the development of the report**

Council Committees:	Not applicable.
Council Workshops:	Not applicable.
Advisory Groups:	Not applicable.
External Agencies:	BDO International, Ltd
Community:	Not applicable.

- **Additional Analysis**

Please refer to Appendix 1 for additional analysis.

3. OPTIONS

The Committee is limited to receiving and noting this report.

4. APPENDICES

(1) Report on financial results for Adelaide Hills Council 2024-25

Appendix 1

Report on financial results for Adelaide Hills Council 2024-25

Report on Financial Results for Adelaide Hills Council 2024-25

Financial Indicators
for the year ended 30 June 2025

2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual		2024-25 Actual	Target	Commentary
				1. Operating Surplus Ratio			
				Operating Surplus	592		The delivery of a small surplus for the Financial year aligns with the long-term target. This is however impacted by significant one-off adjustments, and deferral of expenses and appears unlikely to be repeated in the foreseeable future
				Total Operating Revenue	63,772		
4.50%	2.20%	2.60%	-7.70%	This ratio expresses the operating surplus as a percentage of total operating revenue.	0.9%	1%	
				2. Net Financial Liabilities Ratio			
				Net Financial Liabilities	25,601		Council remains within the target range.
				Total Operating Revenue	63,772		
39%	46%	42%	49%	Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.	40%	100%	
				3. Asset Renewal Funding Ratio			
				Asset Renewals	10,953		Spend on the renewal of assets remains in line with Asset Management Plans
				Infrastructure & Asset Management Plan required expenditure	10,424		
85%	115%	98%	106%	Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.	105%	90 to 110%	

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Comprehensive Income
for the year ended 30 June 2025

	Actual $000's	Budget $000's	Variance $000's	Variance %	Commentary
INCOME					
Rates	51,484	51,442	-42	-0.08%	Relates to additional penalties for late payment relative to budget
Statutory charges	1,612	1,513	-99	-6.54%	Additional Development and Planning fees, across Planning fees ($47k), Building fees ($5k) and Compliance fees ($21k), as well as additional dog and cat rego fees ($19k). These charges are user initiated and outside of Council's control to influence. Fees and charges were lifted by 4.3% in line with March 2024 CPI.
User charges	1,048	1,056	8	0.76%	Individually immaterial items
Grants, subsidies and contributions - capital	901	935	34	3.64%	Individually immaterial items
Grants, subsidies and contributions - operating	7,790	5,659	-2,131	-37.66%	$1,137k relates to Financial Assistance Grants and Local Roads Grants received in advance in 2024-25. These are recognised on receipt due to untied nature of the grant. $762k relates to LRCIP grants recognised in 2024-25. The budget was not adjusted due to concerns around meeting milestones in a timely manner.
Investment income	34	26	-8	-30.77%	Higher interest rates than budget.
Reimbursements	324	262	-62	-23.66%	Variance relates to recoveries from DIT in relation to various works undertaken, including Tree maintenance in advance of TDU, resealing works and potholing works. The majority of these were accrued at year-end, following works undertaken in the last quarter of the year (ie: post BR3).
Other income	524	702	178	25.36%	Lower than budgetted sales at FABRIK, offset by a settlement in relation to contract termination.
Net gain - equity accounted council businesses	55	103	48	46.60%	Share of operating result in EWMA and AHRWMA lower than expected.
Total income	**63,772**	**61,698**	**-2,074**		

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Comprehensive Income
for the year ended 30 June 2025

	Actual	Budget	Variance	Variance	Commentary
	$000's	$000's	$000's	%	
EXPENSES					
Employee costs	22,651	25,028	2,377	9.50%	The employee costs for the year are lower than budget due to vacancy and other cost savings of $2,709k. In addition, capitalised salaries were lower by $606k. The FTE at 30 June 2025 was 193. The average for the year was 189.5, relative to a budget of 216. This results in an average vacancy of 26.5, the majority of which is in the E and I directorate, specifically the Open Space team. To deliver services to the community, additional contract labour costs of $829k relative to a budget of $182k were incurred. These costs are accounted for under materials, contracts and other expenses.
Materials, contracts and other expenses	25,345	25,225	-120	-0.48%	Additional contract labour relative to budget of $647k has been incurred. This is offset by costs in relation to Amy Gillet Stage 4 not being incurred in 2024-25. Costs of ($500k) have been deferred into FY 2025-26.
Depreciation, amortisation and impairment	14,237	13,441	-796	-5.92%	Valuation uplifts (particularly sealed roads) have resulted in depreciation uplifts relative to budget.
Finance costs	921	857	-64	-7.47%	Higher than planned interest rates on overdraft & short term drawdowns, offset by lower interest costs recognised on ROU (right of use) assets.
Net loss - equity accounted council businesses	26	0	-26	0.00%	Share of operating result in GRFMA
Total expenses	63,180	64,551	1,371		
Operating surplus / (deficit)	592	-2,853	-3,445		The delivery of a small surplus for the Financial year aligns with the long-term target. This is however impacted by significant one-off adjustments, and deferral of expenses and appears unlikely to be repeated in the foreseeable future.

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Comprehensive Income
for the year ended 30 June 2025

	Actual $000's	Budget $000's	Variance $000's	Variance %	Commentary
Physical resources received free of charge	1,486	0	-1,486	0.00%	Gifted assets from developments primarily being undertaken at Woodside. These include land ($760k) and associated improvements such as stormwater ($217k), roads ($145k), sport & recreation ($140k), kerb and guttering ($136k), footpaths ($52k) and buildings ($30k)
Asset disposal and fair value adjustments	-2,651	-403	2,248	-557.82%	Includes the carrying amount of assets renewed or directly replaced in the period. Gains made on the sale/disposal of Plant and Equipment ($87k) have been offset by losses on Other Infrastructure, mostly Roads ($2.4m) and footpaths ($101k)
Amounts received specifically for new or upgraded assets	2,236	3,192	956	29.95%	Funding received for various Capital programs, including the Blackspot program ($1,084k), Special Local Roads Program ($400k), the AED roll-out ($42k), and the Woodside splashpark ($200k).
Net surplus / (deficit)	1,663	-64	-1,727		

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Comprehensive Income
for the year ended 30 June 2025

	Actual	Budget	Variance	Variance	Commentary
	$000's	$000's	$000's	%	
OTHER COMPREHENSIVE INCOME					
Capital WIP write-off prior years	-413	0	413	0.00%	WIP write-off of prior year capital projects either complete, no longer going ahead, or not classified as capital. Includes AHBTC divestment ($351k), Gumeracha irrigation and drainage (Repairs and Maintenance $49k).
Changes in revaluation surplus - I,PP&E	37,460	5,400	-32,060	-593.70%	The movement represents an accounting adjustment for the asset revaluations conducted during the year for Sealed Roads and a desktop indexation for all other asset categories based upon CPI and associated measures.
Other equity adjustments - equity accounted council businesses	267	0	-267	0.00%	Adjustment in relation to GRFMA
Share of other comprehensive income - equity accounted council businesses	12	0	-12	0.00%	Adjustments relating to AHRWMA ($5k) and EWMA ($75)
Total other comprehensive income	37,326	5,400	-31,926		
Total comprehensive income	38,989	5,336	-33,653		

1. GRFMA: Gawler River Flood Management Authority
2. EWMA: East Waste Management Authority
3. AHRWMA: Adelaide Hills Region Waste Management Authority

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Financial Position
for the year ended 30 June 2025

	Actual $000's	Budget $000's	Variance $000's	Variance %	Commentary
ASSETS					
Current assets					
Cash and cash equivalent assets	249	432	183	42.36%	Cash on hand in the bank as at 30 June 2025
Trade and other receivables	5,126	7,208	2,082	28.88%	Amy Gillett funding of $2.860m was recognised as accrued income in 23-24 and has now been received, offset by $739k of LRCIP Phase 4 funds yet to be received and accrued in 24-25.
Inventories	18	10	-8	-80.00%	Higher levels of stock on hand held at 30 June 2025
Total current assets	5,393	7,650	2,257		
Non-current assets					
Trade and other receivables	247	260	13	5.00%	Primarily postponed rates increased by $10k across 26 properties (23 properties in 24-25) offset by lower prepayments greater than 12 months of $23k.
Equity accounted investments in council businesses	4,241	4,036	-205	-5.08%	Equity share increase is primarily due to the recognition GRFMA uplift.
Infrastructure, property, plant and equipment	606,763	580,956	-25,807	-4.44%	Difference to budget relates to significant increase in revaluations relative to budget (Roads - $26.7m, Buildings $3.4m, land $1.8m, other asset classes $5.6m - Total $37.5m vs $5m budget), offset by lower Capital spend and unbudgetted disposals.
Total non-current assets	611,251	585,252	-25,999		
TOTAL ASSETS	616,644	592,902	-23,742		

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Financial Position
for the year ended 30 June 2025

	Actual $000's	Budget $000's	Variance $000's	Variance %	Commentary
LIABILITIES					
Current liabilities					
Trade and other payables	6,787	7,879	1,092	13.86%	Expenditure incurred but not paid - Amy Gillett ($305k), Fox Creek road & shoulder works ($220k), Super payment ($92k), Lobethal footpath & stormwater upgrade ($91k), Road reseals ($28k) and Heathfield Resource Recovery Centre true up ($22k), offset by lower payments received in advance (primarily relating to Amy Gillett which was recognised in 23-24).
Borrowings	1,230	25,783	24,553	95.23%	Change in accounting standards (specifically AASB 101) has resulted in a significant portion of borrowings being classified as non-current, due to the terms of borrowings. Borrowings are lower than budget due to reduced capital and operating spend.
Provisions	4,529	4,515	-14	-0.31%	No material change
Total current liabilities	12,546	38,177	25,631		
Non-current liabilities					
Borrowings	18,070	1,583	-16,487	-1041.50%	Change in accounting standards (specifically AASB 101) has resulted in a significant portion of borrowings being classified as non-current, due to the terms of borrowings. Borrowings are lower than budget due to reduced capital and operating spend.
Provisions	607	643	36	5.60%	LSL provision for existing staff decreased by $108k offset by an increase in LSL entitlement from new staff of $87k. The provision for future costs of Council's landfills decreased by approximately $15k compared to 23-24.
Total non-current liabilities	18,677	2,226	-16,451		
TOTAL LIABILITIES	31,223	40,403	9,180		
NET ASSETS	585,421	552,499	-32,922		

Report on Financial Results for Adelaide Hills Council 2024-25

Statement of Financial Position
for the year ended 30 June 2025

	Actual $000's	Budget $000's	Variance $000's	Variance %	Commentary
EQUITY					
Accumulated surplus	148,418	147,548	-870	-0.59%	A result of the Operating surplus. Refer to Statement of Comprehensive Income
Asset revaluation reserves	436,906	404,846	-32,060	-7.92%	Movement as a result of revaluations in the period
Other reserves	97	105	8	7.62%	No material change. Variance represents the overall movement in the reserve accounts for 24-25.
Total council equity	585,421	552,499	-32,922		
Total equity	585,421	552,499	-32,922		

ADELAIDE HILLS COUNCIL
AUDIT AND RISK COMMITTEE MEETING
Monday 20 October 2025
AGENDA BUSINESS ITEM

Item:	**8.5**
Responsible Officer:	**Gary Lewis** **Director Corporate Services** **Corporate Services**
Subject:	**Legal Fees Analysis 2024/25**
For:	**Information**

SUMMARY

The purpose of this report is to respond to the motion on notice endorsed by Council on 12 August 2025. This motion required the CEO to provide detailed information with regards to Council's legal expenses in 2024/25 and two years preceding to the ordinary meeting of Council along with the financial statements for that year.

The Administration is bringing this report to the Audit and Risk Committee prior to the Ordinary Council meeting because this report presents an analysis of a significant matter included in the Annual Financial Statements which are in this agenda. Additionally, this will give the Audit and Risk Committee the opportunity to offer any comment or advice on the matter, should they choose to.

This report aims to enhance transparency and accountability by presenting a breakdown of legal expenditure by department and subject matter, in line with Council's commitment to best practice governance and financial discipline.

RECOMMENDATION

Council resolves:

1. **That the Legal Fees Analysis 2024/25 report be received and noted (8.5, 20 October 2025, Audit and Risk Committee meeting).**

2. **To recommend to Council that it notes the detailed breakdown of legal expenditure by department and matter, as set out in this report (8.5, 20 October 2025, Audit and Risk Committee meeting).**

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1. BACKGROUND

At the Ordinary Meeting of 12 August 2025 Council, in response to a Motion on Notice from Councillor Herrmann resolved as follows:

11. MOTIONS ON NOTICE

11.1 Legal Costs – Cr Malcolm Herrmann

Moved Cr Malcolm Herrmann
S/- Cr Chris Grant **265/25**

Council resolves:

That at the ordinary meeting of Council when the 2024/2025 financial statements are considered for adoption, the CEO provides the following information:

1. **For 2023/24, the budget for legal costs, the actual expenditure by department and the reasons for any variation.**
2. **For 2024/25, the budget for legal costs, the actual expenditure by department and the reasons for any variation.**
3. **For 2025/26, the quantum in the Annual Business Plan for legal costs and the actual expenditure to the 30 September 2025.**

Carried Unanimously

Legal fees are a necessary component of Council's operations, supporting compliance, risk management, and the resolution of complex matters. While the annual financial statements analyse legal expenses at a high level, this report provides a more detailed analysis to support Council's commitment to transparency and informed decision making.

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

Council has identified both organisational priorities and guiding principles (Governance) that are supported by open and transparent decision making with regards the allocation of resources.

➢ **Legal Implications**

Not applicable.

➢ **Risk Management Implications**

Failing to explain significant and unusual costs may lead to reputational damage to Council.

The analysis of the expenses will assist in mitigating the risk of:

Increasing concerns in the community with regards how Council uses community resources leading to a loss of confidence in Local Government.

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

- **Financial and Resource Implications**

Not applicable.

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

Not applicable.

- **Sustainability Implications**

Not applicable.

- **Engagement/Consultation conducted in the development of the report**

None (internal only).

- **Additional Analysis**

The response to the Motion on Notice is given in full in ***Appendix 1***.

Further analysis of the costs incurred in 2024/25 are set out below.

Financial analysis of legal costs in 2024/25 by Function.

Variance > $10k

	2024-25			
Function	**Original Budget**	**Final Budget**	**Actual Expense**	**Variation**
COMMERCIAL ACT - AHBTC: Lease	-	-	6,609	6,609
GOVERNANCE: Operations	50,000	400,000	350,965	- 49,035
PEOPLE & CULTURE: Litigation	20,000	70,000	66,585	- 3,416
BUILDINGS: General Property	20,000	20,000	28,678	8,678
LAND: Road Closure	2,630	2,630	6,766	4,136
CIVIL SERVICES: Litigation:	-	-	37,813	37,813
LAWS AND ENFORCEMENT: GI - Dog & Cat	6,400	5,000	7,134	2,134
LAWS AND ENFORCEMENT: GI - Parking	1,100	1,100	18,336	17,236
DEVELOPMENT SERVICES: Litigation	29,870	29,870	25,322	- 4,548
DEVELOPMENT SERVICES: Litigation	66,410	136,410	140,119	3,709
ENVIRONMENTAL HEALTH: Litigation	-	15,000	9,427	- 5,573
RATES - PROCESSING: Litigation	58,300	58,300	115,527	57,227
RATES - PROCESSING: Operations	6,750	6,750	5,829	- 921
INFORMATION MANAGEMENT: Operations	-	3,000	3,853	853
CORPORATE MANGT C&D: Operations	1,100	1,100	8,991	7,891
FINANCIAL MANGT: Financial Reporting	-	-	-	-
CORPORATE MANGT E&I: Operations	1,100	1,100	-	- 1,100
CORPORATE MANGT I&O: Operations	3,000	3,000	-	- 3,000
	266,660	**753,260**	**831,951**	**78,691**

The material variations to budget highlighted in the above table in light blue are explained below.

The Governance variation is due to the difficulty in predicting the costs of the various behavioural complaints and investigations that have occurred, and billing is done in arrears. This means that expenditure occurring late in the year may exceed budgets.

The Civil Services budget variation is due to an oversite of the need to budget for an expense where the costs would have been exceeded by the associated cost recovery that resulted from the legal action.

The Rates litigation variation was due to significant fees being incurred late in financial year 2025 in relation to the potential sales of properties under S184. These legal fees will be recoverable on the sale of the property or through the collection of rates.

Analysis of the 2024/25 expenses by matter.

Department	Total Legal costs ($)	Key Matters	Firms Engaged
Governance	$128,433	Elected member behavioural matters	EMA Legal, Mellor Olsson, Kelledy Jones, Minter Ellison,
Governance	$46,000	Elected member WHS matters	EMA Legal, Minter Ellison, Snow Legal
Governance	$87,365	Independent enquiry	Minter Ellison
CEO/Governance	$25,508	General Governance Advice	Minter Ellison, Norman Waterhouse, Kelledy Jones,
CEO/Governance	$63,660	General legal advice	Kelledy Jones, Norman Waterhouse
People & Culture	66,585	EB negotiations, workplace investigations, employment advice	Kelledy Jones, Mellor Olsson, EMA Consulting, Norman Waterhouse
Development Services – Court Fees	140,118.96	Appeals – planning decisions, enforcement notices	Norman Waterhouse
Development Services – Legal Fees	25,322.43	Land management agreement, general advice (building fire safety, enforcement, planning)	Norman Waterhouse
Rates – Litigation	115,526.68	Debt recovery (recoverable)	ARMA Group, Scott Lawyers
Rates – Operations	5,828.54	Legal advice (non-recoverable)	Kelledy Jones, Scott Lawyers
Buildings	28,677.90	Leases, land acquisition, cemetery, property disputes	Norman Waterhouse, Mellor Olsson, Kelledy Jones, Wallman's Lawyers

Land – Road Closure	6,765.50	Land acquisition (Pedare Park Road)	Mellor Olsson
Civil Services	37,812.56	Contractor	Norman Waterhouse
Laws & Enforcement – Dog & Cat	7,134.00	By-law review, expiation advice	Norman Waterhouse
Laws & Enforcement – Parking	18,336.20	Prosecutions for parking offences, FERU recovery fees, enforcement advice by-law offences	Norman Waterhouse
Environmental Health	9,427.06	Public health enforcement	Norman Waterhouse
Information Management	3,852.50	FOI legislative advice	Kelledy Jones
Corporate Management	8,991.00	Heritage issues, asset transfer	Norman Waterhouse, Kelledy Jones
Commercial lease	6,608.50	Commercial lease matters	Mellor Olsson

3. OPTIONS

This report is for information only and is presented in response to a Motion on Notice, as such the Committee is limited to receiving and noting the report. Although it may choose to expand on the resolution if it sees fit.

4. APPENDICES

(1) Financial analysis of legal costs 2023/24 to 2025/26

Appendix 1

Financial analysis of legal costs 2023/24 to 2025/26

Financial analysis of legal costs 2021/22 to 2025/26

Budget > $40k
Actual >$40k
Variance > $10k

	2023-24				2024-25				2025-26 YTD September			
Function	Original Budget	Final Budget	Actual Expense	Variation	Original Budget	Final Budget	Actual Expense	Variation	Year to date Budget	Full Year Budget	Actual Expense	Variation
COMMERCIAL ACT - AHBTC: Lease	1,500	1,500	4,405	2,905	-	-	6,609	6,609	-	-	9,893	9,893
GOVERNANCE: Operations	5,250	136,000	132,798	- 3,202	50,000	400,000	350,965	- 49,035	33,000	100,000	27,385	- 72,615
PEOPLE & CULTURE: Litigation	11,850	11,850	47,085	35,235	20,000	70,000	66,585	- 3,416	-	10,000	2,920	- 7,080
BUILDINGS: General Property	17,940	38,940	53,787	14,847	20,000	20,000	28,678	8,678	-	20,000	7,087	- 12,914
LAND: Road Closure	2,520	2,520	3,477	957	2,630	2,630	6,766	4,136	-	2,700	3,166	466
CIVIL SERVICES: Litigation:	-	-	-	-	-	-	37,813	37,813	-	-	-	-
LAWS AND ENFORCEMENT: GI - Dog & Cat	6,400	18,900	18,773	- 127	6,400	5,000	7,134	2,134	-	5,000	13,292	8,292
LAWS AND ENFORCEMENT: GI - Parking	1,100	9,100	12,905	3,805	1,100	1,100	18,336	17,236	-	1,100	3,399	2,299
DEVELOPMENT SERVICES: Litigation	28,640	28,640	32,803	4,163	29,870	29,870	25,322	- 4,548	-	30,600	15,609	- 14,991
DEVELOPMENT SERVICES: Litigation	63,670	43,670	61,690	18,020	66,410	136,410	140,119	3,709	-	78,100	10,785	- 67,316
ENVIRONMENTAL HEALTH: Litigation	3,360	-	-	-	-	15,000	9,427	- 5,573	-	-	19,274	19,274
RATES - PROCESSING: Litigation	58,300	108,300	108,725	425	58,300	58,300	115,527	57,227	19,600	59,000	26,598	- 32,402
RATES - PROCESSING: Operations	6,750	6,750	7,901	1,151	6,750	6,750	5,829	- 921	2,400	6,800	1,865	- 4,935
INFORMATION MANAGEMENT: Operations	-	-	2,553	2,553	-	3,000	3,853	853	-	1,500	-	- 1,500
CORPORATE MANGT C&D: Operations	1,100	1,100	6,495	5,395	1,100	1,100	8,991	7,891	-	1,100	10,185	9,085
FINANCIAL MANGT: Financial Reporting	-	-	836	836	-	-	-	-	-	-	-	-
CORPORATE MANGT E&I: Operations	1,100	1,100	4,368	3,268	1,100	1,100	-	- 1,100	-	1,100	-	- 1,100
CORPORATE MANGT I&O: Operations	3,000	1,500	1,326	- 174	3,000	3,000	-	- 3,000	-	3,000	-	- 3,000
	212,480	409,870	499,926	90,056	266,660	753,260	831,951	78,691	55,000	320,000	151,457	- 168,543