

# NOTICE OF MEETING

Pursuant to the provisions of section 88 (1) of the  
*Local Government Act 1999*

## Audit Committee Meeting of the



will be held

**by electronic means**

on

**Monday 11 April 2022 at 4.30pm**

A handwritten signature in black ink, appearing to be "J. Miller", is positioned above the name of the Chief Executive Officer.

James Miller  
**CHIEF EXECUTIVE OFFICER**


In light of the coronavirus (COVID-19) public health emergency, and pursuant to section 302B of the Local Government Act 1999 and the Electronic Participation in Council Meetings Notice (No 1) 2020, **public access to all Council meetings, Committee meetings and Informal Gatherings will be facilitated via live stream on Council's YouTube channel.**

On the day of the meeting, a direct link to the live stream will be displayed on the homepage of Council's website [www.apc.sa.gov.au](http://www.apc.sa.gov.au)

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 <b>Adelaide Plains Council</b>	<b>2. Confirmation of Minutes</b>
<b>Monday 11 April 2022</b>	

- 2.1 “that the minutes of the Audit Committee Meeting held on Monday 14 February 2022 (MB Folios 199 to 206, inclusive), be accepted as read and confirmed.”

# MINUTES

of the

## **Audit Committee Meeting**

of the



Pursuant to the provisions of section 88 (1) of the  
*Local Government Act 1999*

HELD

**by electronic means**

on

**Monday 14 February 2022 at 4.30pm**

The Chairperson formally declared the meeting open at 4.31pm and acknowledged that the meeting is taking place on Kaurna land.

## 1. ATTENDANCE AND WELCOME

### 1.1 Present

Mr Alan Rushbrook (Chairperson)

*By audio-visual link*

Mr Peter Fairlie-Jones

*By audio-visual link*

Mayor Mark Wasley (from 4.51pm)

*By audio-visual link*

Deputy Mayor Marcus Strudwicke

*By audio-visual link*

Councillor Margherita Panella

*By audio-visual link*

### Also in Attendance by audio-visual link

Chief Executive Officer

Mr James Miller

General Manager – Finance and Business

Mr Rajith Udugampola

General Manager – Governance and Executive Office

Ms Sheree Schenk

Manager Governance and Administration

Ms Alyssa Denicola

Administration and Executive Support Officer/Minute Taker

Ms Stacie Shrubsole

Information Technology Support Officer

Mr Sean Murphy

Chair, Norman Waterhouse Lawyers (from 4.38pm)

Mr Sean Keenihan

Lawyer, Kelledy Jones Lawyers (from 5.21pm)

Mr Michael Kelledy

Director, Southfront Engineers (from 5.21pm)

Mr Drew Jacobi

## 2. CONFIRMATION OF MINUTES

2.1 Confirmation of Minutes – Meeting held 17 November 2021

### Committee Resolution

Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke **2022/ 001**

**“that the minutes of the Audit Committee Meeting held on Wednesday 17 November 2021 (MB Folios 193 to 198, inclusive), be accepted as read and confirmed.”**

**CARRIED UNANIMOUSLY**

The Chairperson sought leave of the meeting to bring forward Item 8.2 – *Crown Land, Two Wells – February 2022 Audit Committee Update* followed by Item 8.1 – *Gawler River Floodplain Management Authority – February 2022 Audit Committee Update*. Leave was granted.

## 8. CONFIDENTIAL ITEMS

8.2 Crown Land, Two Wells – February 2022 Audit Committee Update

### Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Councillor Panella **2022/ 002**

**“that:**

- 1. Pursuant to section 90(2) of the Local Government Act 1999, the Audit Committee orders that all members of the public, except Chief Executive Officer, General Manager – Governance and Executive Office, General Manager – Finance and Business, General Manager – Development and Community, Asset Engineer, Manager – Governance and Administration, Mr Sean Keenihan, Chair, Norman Waterhouse Lawyers, Administration and Executive Support Officer/Minute Taker and Information Technology Support Officer be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.2 – *Crown Land, Two Wells – February 2022 Audit Committee Update*;**
- 2. The Audit Committee is satisfied that pursuant to section 90(3)(b) of the Local Government Act 1999, Item 8.2 – *Crown Land, Two Wells – February 2022 Audit Committee Update* concerns commercial information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, or to prejudice the commercial position of Council, being a verbal briefing by the Chief Executive Officer in relation to ongoing negotiations regarding Crown Land at Two Wells;**
- 3. The Audit Committee is satisfied that the principle that Audit Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential.”**

**CARRIED UNANIMOUSLY**

Mr Sean Keenihan, Chair of the Board, Norman Waterhouse Lawyers connected to the meeting, at 4.38pm for the purpose of providing advice in relation to the matter of Crown Land, Two Wells.

Councillor Panella disconnected from the meeting at 4.44pm.

Councillor Panella re-connected to the meeting at 4.46pm.

Mayor Wasley connected to the meeting at 4.51pm.

Mr Sean Keenihan disconnected from the meeting at 5.09pm and did not return.

## 8.2 Committee Resolution

Moved Mayor Wasley Seconded Mr Fairlie-Jones 2022/ 003

**“that the Audit Committee, having considered Item 8.2 – *Crown Land, Two Wells – February 2022 Audit Committee Update*, dated 14 February 2022, receives and notes the report.”**

**CARRIED UNANIMOUSLY**

## 8.2 Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mayor Wasley 2022/ 004

**“that the Audit Committee, having considered the matter of Item 8.2 – *Crown Land, Two Wells – February 2022 Audit Committee Update* in confidence under sections 90(2) and 90(3)(b) of the Local Government Act 1999, resolves that:**

- 1. Attachments 1 – 6 pertaining to Item 8.2 – *Crown Land, Two Wells – February 2022 Audit Committee Update* remain confidential and not available for public inspection until further order of the Council;**
- 2. Pursuant to section 91(9)(a) of the Local Government Act 1999, the confidentiality of the matter will be reviewed every 12 months; and**
- 3. Pursuant to section 91(9)(c) of the Local Government Act 1999, the Committee delegates the power to revoke this confidentiality order to the Chief Executive Officer.”**

**CARRIED UNANIMOUSLY**

## 8.1 Gawler River Floodplain Management Authority – February 2022 Audit Committee Update

### Committee Resolution

Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke 2022/ 005

**“that:**

- 1. Pursuant to section 90(2) of the Local Government Act 1999, the Audit Committee orders that all members of the public, except Chief Executive Officer, General Manager – Governance and Executive Office, General Manager – Finance and Business, General Manager – Development and Community, Acting General Manager – Infrastructure and Environment, Manager Governance and Administration, Mr Drew Jacobi – Director, Southfront Engineers, Mr Michael Kelledy, Kelledy Jones Lawyers, Administration and Executive Support Officer/Minute Taker and Information Technology Support Officer be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.1 – *Gawler River Floodplain Management Authority – February 2022 Audit Committee Update*.**
- 2. The Audit Committee is satisfied that pursuant to section 90(3)(b) of the Local Government Act 1999, Item Officer be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.1 – *Gawler River Floodplain Management Authority – February 2022 Audit Committee Update*, concerns commercial information the**

disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, or to prejudice the commercial position of Council, being information relating to the Gawler River Floodplain Management Authority and would, on balance, be contrary to the public interest; and

3. The Audit Committee is satisfied that the principle that Audit Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential.”

**CARRIED**

Mr Michael Kelledy, Kelledy Jones Lawyers and Mr Drew Jacobi, Director, Southfront Engineers connected to the meeting, at 5.21pm for the purpose of providing advice in relation to the matter of the Gawler River Floodplain Management Authority.

Councillor Panella disconnected from the meeting at 5.25pm.

Councillor Panella re-connected to the meeting at 5.46pm.

Mr Michael Kelledy and Mr Drew Jacobi disconnected from the meeting at 5.54pm and did not return.

#### 8.1 **Committee Resolution**

Moved Councillor Panella

Seconded Mr Fairlie-Jones

**2022/ 006**

**“that the Audit Committee, having considered Item 8.1 – *Gawler River Floodplain Management Authority – February 2022 Audit Committee Update*, dated 14 February 2022, receives and notes the report.”**

**CARRIED UNANIMOUSLY**

Councillor Panella disconnected from the meeting at 5.56pm and did not return.

#### 3. **BUSINESS ARISING**

Nil

#### 4. **DECLARATION OF MEMBERS' INTERESTS**

Nil

#### 5. **ADJOURNED BUSINESS**

Nil



## 6. REPORTS FOR DECISION

## 6.1 2022/2023 Annual Business Plan and Budget Development Framework

## Committee Resolution

Moved Mayor Wasley Seconded Deputy Mayor Strudwicke 2022/ 007

**“that the Audit Committee, having considered Item 6.1 – 2022/2023 Annual Business Plan and Budget Development Framework, dated 14 February 2022, receives and notes the report and in doing so:**

1. Acknowledges Council's endorsement of the budget parameters and assumptions set out in Table 1 within this Report for the purpose of preparing the draft 2022/2023 Annual Business Plan and Budget; and
2. Acknowledges Council's endorsement of the schedule set out in Table 2 within this Report as the process to be undertaken in the preparation of the 2022/2023 Annual Business Plan and 2022/2023 Budget, subject to any date changes that the Chief Executive Officer determines necessary."

**CARRIED UNANIMOUSLY**

## 6.2 Policy Review – Budget Management Policy

## Committee Resolution

Moved Mr Fairlie-Jones      Seconded Deputy Mayor Strudwicke      2022/ 008

**“that Audit Committee, having considered Item 6.2 – *Policy Review – Budget Management Policy*, dated 14 February 2022, receives and notes the report and in doing so recommends to Council that it adopt the Budget Management Policy as presented as Attachment 1 subject to the following amendments:**

1. At clause 3.1:
  - a. Under the subheading Budget Update Reporting, replace the words ‘The report will be consistent with the Budget Report in Attachment 1’ with the words ‘The report will be consistent with the Model Financial Statements excluding notes to Financial Statements and Uniform Presentation of Finances’;
  - b. Under the subheading Mid-Year Budget Review, replace the words ‘The report will be consistent with the Budget Report in Attachment 2’ with the words ‘The report will be consistent with the Model Financial Statements excluding notes to Financial Statements and Uniform Presentation of Finances’; and
2. Deletion of Attachment 1 and Attachment 2 to the Policy.”

**CARRIED**

## 6.4 Outcome of Public Consultation – Draft 2023-2032 Long Term Financial Plan

**Committee Resolution**

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 009**

**“that the Audit Committee, having considered Item 6.4 – Outcome of Public Consultation – Draft 2023-2032 Long Term Financial Plan, dated 14 February 2022, receives and notes the report and in doing so recommends to the Council that it adopts Draft 2023-2032 Long Term Financial Plan as contained in Attachment 5.”**

**CARRIED UNANIMOUSLY**

## 6.5 Update on Audit Committee Annual Work Program 2021/2022

**Committee Resolution**

Moved Mayor Wasley Seconded Deputy Mayor Strudwicke **2022/ 010**

**“that the Audit Committee, having considered Item 6.5 – Update on Audit Committee Annual Work Program 2021/2022, dated 14 February 2022, receives and notes the report and in doing so recommends to the Council that the Council acknowledges the progress made to complete the activities identified for Audit Committee during 2021/2022 Financial Year.”**

**CARRIED**

**7. REPORTS FOR INFORMATION**

## 7.1 Committee Resolutions

**Committee Resolution**

Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke **2022/ 011**

**“that the Audit Committee, having considered Item 7.1 – Committee Resolutions, dated 14 February 2022, receives and notes the report.”**

**CARRIED**

## 7.2 Financial Performance for the period July-December 2021

**Committee Resolution**

Moved Deputy Mayor Strudwicke Seconded Mayor Wasley **2022/ 012**

**“that Audit Committee, having considered Item 7.2 – Financial Performance for the period July-December 2021, dated 14 February 2022, receives and notes the report.”**

**CARRIED**

## 7.3 Update on Overdue Council Rates

**Committee Resolution**

Moved Mr Fairlie-Jones

Seconded

Mayor Wasley

**2022/ 013**

**“that Audit Committee, having considered Item 7.3 – *Update on Overdue Council Rates*, dated 14 February 2022, receives and notes the report.”**

**CARRIED**

## 7.4 Accounting Treatment of Developer Contributions

**Committee Resolution**

Moved Mayor Wasley

Seconded

Mr Fairlie-Jones

**2022/ 014**

**“that the Audit Committee, having considered Item 7.4 – *Accounting Treatment of Developer Contributions*, dated 14 February 2022, receives and notes the report.”**

**CARRIED****9. GENERAL BUSINESS**

Nil

**10. NEXT MEETING**

Monday 11 April 2022 at 4.30pm


**11. CLOSURE**

There being no further business, the Chairperson declared the meeting closed at 6.50pm.

Confirmed as a true record.

Chairperson:.....

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

 <b>Adelaide Plains Council</b>	<b>6.1</b>	<b>Draft 2022/2023 Budget</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> <b>11 April 2022</b>	<b>Document Ref:</b>	<b>D22/10428</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide for Audit Committee’s information and consideration, Draft 2022/2023 Budget (draft budget) and make appropriate recommendation to the Council, prior to the Council’s consideration and “in principle” endorsement of the draft budget for public consultation.
- Work towards the adoption of the 2022/2023 Budget has been occurring since January 2022. two (2) workshops with Elected Members and one (1) with Council Management have occurred so far. These workshops have focused on:
  - Renewing community infrastructure in line with the *Infrastructure and Assets Management Plans* (I&AMP) adopted in October 2021;
  - Sealing of unsealed roads that are vital for the freight and tourism network;
  - Allocate additional resources to meet demand for Council services driven by growth;
  - Delivering Council’s services and programs to ensure implementation of priorities and strategies identified in the Strategic Plan 2021-2024; and
  - Improving Council’s operating performance and long-term financial sustainability;
- The draft budget estimates an operating deficit of \$1.230m which consists of:
  - Recurrent budget deficit of \$0.127m (Excluding CWMS);
  - Recurrent CWMS Budget deficit of \$0.174m; and
  - Operating Project budget of \$0.929m (**Table 4**).
- The estimated operating deficit of \$1.230m takes into account an average rate increase of 2.96% whereas the Council’s *Long Term Financial Plan 2023-2032* (LTFP) adopted in February 2022 assumed an average rate revenue increase of 2.50%.
- Additional rates income from new properties (i.e. income from growth) is estimated to be 0.98% in the next financial year which is significantly lower than 2.75% assumed in the LTFP.
- It is also proposed to increase the fixed charge from \$112 to \$115, an increase of 2.68%.
- The proposed capital expenditure program (**Table 6**) for 2022/2023 is estimated to be \$8.069m of which \$4.593m (57%) would be spent on assets renewals in line with Council’s I&AMP.
- The remaining capital expenditure of \$3.476m (43%) is proposed to be spent on new assets of which \$1.195 is funded by government grants.
- New loan borrowings (**Table 9**) are proposed to be around \$4.856m;
- Kerbside waste collection levy is proposed to increase by 2.99% while the CWMS charges on Middle Beach and Mallala are proposed to increase by 2.93 % and 5% respectively.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.1 – *Draft 2022/2023 Budget*, dated 11 April 2022, receives and notes the report and in doing so:**

- 1. Notes the lower than anticipated draft operating deficit of \$1.230m as presented in the report; and**
- 2. Recommend to the Council that it consider Option [REDACTED] as presented in the rate modelling data which equates to an average rate increase of [REDACTED]% as the basis for rate rises in 2022/2023 Financial Year.**

## **BUDGET IMPACT**

Estimated Cost:	\$1.230m (operating deficit)
Future ongoing operating costs:	Interest expenses associated with borrowings to finance new capital expenditure
Is this Budgeted?	Yes (In the draft budget estimates)

## **RISK ASSESSMENT**

As the State continues its recovery from the impacts of the COVID-19 pandemic, the decisions made by the Council with respect to the Draft 2022/2023 Budget and consequent rating decisions will have a financial impact on property owners and suppliers of goods and services to the Council. The level of impact will be dependent on the final decisions which the Council determines in respect to the service levels and the level of income required to meet the agreed service levels.

Council’s main source of revenue is general rates which accounts for 74% of total income. Therefore, if the Council does not generate sufficient income, particularly, rate income, to meet its planned activities, it will not be able to service its payment obligations on time (liquidity/credit risk) without borrowing (financial risk) more money.

Overdue rates have increased significantly over the last 24 months mainly due to COVID-19 Rate Relief provided by the Council from May 2020. Council’s overdue rates balance is \$1.134m as of 1 April 2022, an increase of 8% when compared to the overdue rates balance of \$1.050m as of 30 June 2021. Therefore, increase in overdue rates poses a considerable liquidity risk for the Council which may need to be funded via short-term borrowings.

Council already has commenced process under Section 184 of the Local Government Act 1999, to recover rates overdue for more than three (3) years. The total outstanding from these properties is \$0.208m recovery of this amount will provide a significant reduction in overdue rates.

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## **Attachments**

Nil

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to provide for Audit Committee's information and consideration, Draft 2022/2023 Budget (draft budget) and make appropriate recommendation to the Council, prior to the Council's consideration and "in principle" endorsement of the draft budget for public consultation in early May 2022.

### **Background/History**

The legislative background to the annual budget process, outlined in Section 123 of the *Local Government Act 1999* is as follows:

- There must be an annual business plan and budget for each financial year;
- The annual business plan must include a summary of the council's objectives, activities and performance measures set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; the rates structure and policies for the financial year;
- The annual business plan and budget must undergo a period of public consultation in accordance with the Council's *Public Consultation Policy*, and Council must make copies of the plan available for the information of the members of the public, who may then lodge submissions to the council about its plans;
- The council must conduct a public hearing or meeting to allow those members of the public the opportunity to present their submission in relation to Council's proposed annual program to the Council;
- Council may then decide whether or not any submission will be taken into account in adopting or amending its proposed annual business plan and budget;
- An annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August in the year to which it relates.

A framework to assist Council Management and Elected Members for the development of the 2022/2023 budget was presented to the Ordinary Council meeting held on 31 January 2022. Accordingly, Council resolved as follows:

***“that Council, having considered Item 14.5 – 2022/2023 Annual Business Plan and Budget Development Framework, dated 31 January 2022, receives and notes the report and in doing so:***

- 1. Endorse the budget parameters and assumptions set out in Table 1 within this Report for the purpose of preparing the draft 2022/2023 Annual Business Plan and Budget; and***
- 2. Endorses the schedule set out in Table 2 within this Report as the process to be undertaken in the preparation of the 2022/2023 Annual Business Plan and 2022/2023 Budget, subject to any date changes that the Chief Executive Officer determines necessary”***

**CARRIED UNANIMOUSLY**

The ‘Table 1’ referred to above Council resolution is given below:

<b>Description</b>	<b>Assumptions</b>
- General Rates	Business as usual 2.25% Fund new assets/programs 0.25% Total increase in existing rates 2.50% + 2.75% growth.
- CWMS Charge	Mallala & Middle Beach - increase by 5% & 3% respectively.
- Waste Collection Charge	To be determined based on expected costs of the program as advised by Council contractor.
- Regional Landscape Levy	To be advised by Northern and Yorke Landscape Board.
Statutory/User Charges	Maximum increase of 2.50%. (to be determined as part of Annual Fees and Charges Review).
Government Grants	Will be estimated based on confirmed grant programs.
Employee Costs	As per Enterprise Bargaining Agreements.
Materials, contracts and other	Overall increase of 2.50% excl. cost of waste collection service.
Depreciation	Expected to be 3.00% based on 2020/2021 assets revaluation.
Finance Costs	To be determined based on current/new borrowings required.
Donated Assets	Estimated at \$5.000m based on prior year donated assets.
Overdue Rates, trade receivable, trade payables and provisions	No significant increase in overdue rates, trade receivable, trade payables and provisions.
Forecast Price indices	Adelaide CPI 2.25%, Local Government Price Index 2.53%.

The Draft 2022/2023 Annual Business Plan and Budget, will be considered at the Council Meeting scheduled on 26 April 2022 and subject to Council endorsement, will be released for public consultation for a period of twenty-one (21) days as required by the Local Government Act 1999.

## Discussion

### Budget Workshops/meetings

Preparatory work for the 2022/2023 Budget has been occurring since January 2022 and includes the following workshops/meetings:

- 31 January 2022: Budget process, parameters and objectives endorsed by the Council;
- 10 February 2022: Information Briefing Session on the draft infrastructure program;
- 14 February 2022: Audit Committee acknowledged Council's endorsement of the budget parameters and assumptions;
- 7 March 2022: Information Briefing Session (Presentation on draft Recurrent budget, Operating Project and four (4) Year Capital Program); and
- 16 March 2022: I&E Committee endorsed draft 2022/2023 Capital Project Budget.

Accordingly, draft 2022/2023 capital program contained in this report (**Table 6**) has been prepared based on following resolution of the Council:

12.2      *Moved*      *Cr Boon*                      *Seconded*      *Cr Lush*                      **2022/ 069**

***“that Council endorses resolution 2022/002 of the Infrastructure and Environment Committee and in doing so endorses the draft 2022-2026, 4 Year Capital Renewal Program, as presented at Attachment 1 to this Report, for inclusion in the draft Annual Business Plan and Budget 2022/2023, noting that the draft Annual Business Plan and Budget will be released for public consultation in due course.”***

**CARRIED**

### Strategic Management Plan, I&AMP) and LTFP

Council aims to deliver a budget that not only contributes to its strategic objectives, but is also financially sound and allows the Council to meet its financing commitments from cash derived from operating activities without placing a burden on ratepayers through excessive and/or ad-hoc rate revenue increases or borrowing money to deliver current Council services that will create **intergeneration inequality**.

Therefore, the focus in developing the Draft 2022/2023 Budget has been on ensuring that the Council can maintain the service standards for its existing services (business as usual) and that those services receive appropriate funding, balanced with ensuring that the community does not face significant/ad-hoc increases in their annual rates contribution in next year or future years. To achieve above objectives, Council's management has applied “zero based budgeting” by reviewing its current actual level of income and expenditures and comparing it with proposed activities for the next financial year to estimate the appropriate level of income and expenditures for 2022/2023 Financial Year.

At the Ordinary Council meeting held on 27 January 2021, Council adopted updated strategic plan for the period 2021–2024. In addition, Council adopted updated I&AMP on 25 October 2021 and LTFP for the period 2023-2032 on 28 February 2022. Accordingly, draft budget for next year has been prepared based on strategies and objectives of the updated ‘*Strategic Plan 2021-2024*’ and services levels in the I&AMP in line with updated LTFP.



## Draft 2022/2023 Budget

The draft 2022/2023 Budget has two components:

- i. Statement of Comprehensive Income (Profit & Loss Statement) which includes:-
  - a) Recurrent Budget covering income and expenses with regard to running day to day Council operations on a “business as usual basis”;
  - b) Operating Projects Budget (one off service initiatives and programs that support strategic objectives of the Council);
- ii. Capital Projects Budget (Income and expenses with regard to renewal/replacement of existing Council assets or creating new/upgraded assets).

## Statement of Comprehensive Income (Profit & Loss Statement)

As shown in **Table 1** below, based on a 2.96% increase in average rates ([Option 1](#) in the rate model) and further \$0.98% rates income from new assessments, it is estimates that for 2022/2023 Financial Year, there will be an Operating Deficit of \$1.230m from recurrent and operating project activities.

**Table 1: Draft Statement of Comprehensive Income (\$'000)**

Description	2021/2022	2022/2023		Budget	
	Adopted	Draft Budget		Movement	
	Budget (\$)	(\$)	(%)	\$	%
OPERATING INCOME					
Rates - General Rates - Existing Assessments	10,093	10,460	73	367	3.64
- General Rates - New Assessments	0	98	1	98	
- Rate Rebates	(102)	(105)	(1)	(4)	3.55
- Waste Levy	658	699	5	41	6.24
- Regional Landscape Levy	192	198	1	6	3.00
- Other Rates Income	81	84	1	3	3.29
Statutory charges	496	561	4	65	13.18
User charges	170	193	1	23	13.41
Grants, subsidies & contributions	1,894	1,955	14	61	3.21
Interest Income	3	3	0	-	-
Reimbursements	126	123	1	(3)	(2.57)
Other Income	23	48	0	25	111.53
TOTAL INCOME	13,635	14,317	100	682	5.00
OPERATING EXPENSES					
Employee Costs	5,900	6,445	45	545	9.23
Materials, contracts and other	4,726	4,914	34	189	3.99
<i>Including legal expenditure</i>	<i>199</i>	<i>200</i>	<i>1</i>	<i>1</i>	
Depreciation	2,731	2,813	19	82	3.00
Interest Expenses	72	193	1	121	166.74
Share of loss from GRFMA	63	79	0	15-	24.23
TOTAL EXPENSES	13,492	14,444	100	951	7.05
RECURRENT SURPLUS/(DEFICIT)	142	(127)	(1)	(269)	(189)
Net Cost of the 2 x CWMS	(144)	(174)	(1)	(30)	21
Funding for growth initiatives/OPs	(185)	(929)	(6)	(744)	403
OPERATING DEFICIT	(186)	(1,230)		(1,044)	

## Major changes in the draft 2022/2023 budget (in comparison to 2021/2022 Adopted Budget)

### ➤ Recurrent income (\$'000)

#### Rates

New rates income from growth	98
Rates income from existing ratepayers	367
Increase in income from Waste Levy	41

#### Statutory

Increase in development application fee income	90
Reduction in income from waste water approvals	(15)
Reduction in income from fines and infringement (Dog, fire etc.)	(10)

#### Grants, subsidies & contribution

Library operating grant and Library Traineeship Grant	21
Financial Assistance Grant (from Federal Government)	37

### ➤ Recurrent expenses (\$'000)

Increase in employee costs due to EBA/contract increases, reclassifications, transition to retirement, 20/21 salary budget being underestimated and new positions added in 21/22 FY.	(545)
Increase in waste collection costs mainly due to increase in recyclables disposal costs	(63)
Increase in budget for diesel & rubble used in depot plant operations and road maintenance (current year budget was underestimated)	(79)
Fee payable to ESCOSA under Rates Oversight Mechanism	(13)

## LTFP and Updated Statement of Comprehensive Income comparison

LTFP adopted by the Council on 28 February 2022 forecast an operating deficit of \$1.966m for 2022/2023 Financial Year which is \$0.444m higher than draft budget estimates for next year.

**Table 2: Draft Budget for 2022/2023 in comparison with LTFP Projections (\$'000)**

Operating income	LTFP	Draft Budget	Variance	
			\$	%
Rates - General Rates Revenue	10,517	10,453	(65)	(1)
- Waste Levy	723	699	(24)	(3)
- Regional Landscape Levy	198	198	-	-
- Other Rates Income	84	84	-	-
Statutory charges	694	561	(132)	(19)
User charges	193	193	(1)	(0)
Grants, subsidies and contributions	1,935	1,955	20	1
Investment Income	3	3	-	-
Reimbursements	123	123	(0)	(0)
Other Income	23	48	25	110
<b>TOTAL INCOME</b>	<b>14,493</b>	<b>14,317</b>	<b>(177)</b>	<b>(1)</b>
<b>OPERATING EXPENSES</b>				
Employee Costs	6,045	6,445	(399)	(7)
Materials, contracts and other services	4,906	4,914	(8)	(0)
<i>Including legal expenditure</i>	<i>199</i>	<i>200</i>	<i>(1)</i>	<i>(1)</i>
Depreciation	2,813	2,813	-	-

Interest Expenses	193	193	-	-
Share of loss from GRFMA	63	79	(15)	(24)
<b>TOTAL EXPENSES</b>	<b>14,020</b>	<b>14,444</b>	<b>(423)</b>	<b>(3)</b>
<b>RECURRENT SURPLUS</b>	473	(127)	(600)	(127)
Net Cost of the 2 x CWMS	(181)	(174)	7	(4)
Net Operating Project Expenses	(1,966)	(929)	1,037	(53)
<b>OPERATING DEFICIT</b>	<b>(1,674)</b>	<b>(1,230)</b>	444	(27)

Main reasons for decrease in operating deficit over and above LTFP forecasts for 2022/2023 are summarised in **Table 3** below.

**Table 3: Draft Budget movements for 2022/2023 in comparison with LTFP Projections (\$'000)**

Description	Amount
Additional rates income from growth (new properties) has been lower than anticipated. LTFP factored in a 2.75% growth whereas expected growth based on most recent valuation data is 0.98%.	(180)
Income from existing ratepayers has been higher than forecast due to proposed average rate increase of 2.96% being higher than LTFP forecast of 2.50%.	115
Costs increases associated with Kerbside Waste Collection Program was assumed to be 10% annually in the LTFP. However, for next year budget it has been estimated at 7.45%.	(24)
Estimated Income from development applications, dog registrations, waste water approval and dog infringements have been lower than LTFP forecasts.	(130)
Moderate adjustment to salary budget from that foreshadowed in the LTFP. Influences include underestimates in 21/22 budget, growth planning, asset handover (\$5m new assets donated year in year) and EBA increases.	(399)
Fee payable to ESCOSA under Rates Oversight Mechanism was not included in the LTFP	(13)
Council's share of the GRFMA's operating results has been higher than LTFP forecast based on recently updated draft GRFMA budget for 2022/2023	(15)
Some of the operating projects identified in the LTFP has been deferred to 2023/2024 Financial Year due to operational reasons (For example, Two Wells, Main street - Underground Powerlines and TW - Relocation of TW Waste Transfer Station)	1,100

#### Proposed Operating Project Program 2022/2023

The Operating Projects budget encompasses programs and activities that are outside the 'business as usual' services and are considered discretionary in nature. I.e. the Council is under no obligation to provide the services, activities or programs or if required to undertake the activity, are irregular in nature (For example, Local Government Elections). Operating Projects may be one off activities or programs, an expansion of an existing service or program or proposals to introduce a new service or program.

Operating projects are funded via Rate Revenue or a fee for service charge. The cost of the draft Operating Project program as summarised in **Table 4** below is estimated to be \$0.929m.

**Table 4: Proposed Operating Projects Program for 2022/2023 (\$'000)**

Operating Project Name	Estimated Cost
1) Roadside Vegetation Management Plan	100
2) Open Space & Recreation Strategy	60
3) Street/Verge Tree Planting	20
4) Implement, Eden and Liberty Recycled Water	4
5) Parham Campground - Formalise Land	5
6) Parham - Old Playground Block (Sell or Develop Site)	5
7) Donaldson Rd - Design to include Water Sensitive Urban Design and open space elements	10
8) Mallala Stormwater Flood Plain Management Plan (report)	65
9) Two Wells - Liberty and Eden Estates, Recycled Water Costs (parks & reserves)	55
10) Labour resources (Outside staff)	83
11) Stage 1 - Two Wells Oval - Master Plan - Design/Costing/Consultation	100
12) Dublin - Township Growth & Tourism Master Plan	50
13) Social & Community Infrastructure Plan	100
14) Regional Disability Access and Inclusion Plan Initiatives	15
15) Heritage Survey -Part 2	27
16) Council Elections – November 2022	40
17) Grant Writer	15
18) Economic Zones	20
19) Upgrade to Council's Electronic Records Management System	33
20) Network Shared Drive Migration Strategy (Shared Folders)	9
21) Microfiche Records Digitisation Project	40
22) Redundancy and Backup Servers for Council's Information technology systems	33
23) Council Member Computer Hardware Refresh following 2022 LG Elections	6
24) Thompson Beach Espl. and Webb Beach Rd - Detailed design and cost estimates for sealing	34
<b>Total Estimated Costs</b>	<b>929</b>

### Inflationary pressures

Federal budget papers for 2022/2023 forecast that the inflation in Australia would rise to 4.25% in 2021/2022 and 3.00% in 2022/2023. According to draft 2022/2023 budget for the Council, estimates for Material, contract and other expenses have increased by 3.47% (Excluding kerbside waste collection charges). Therefore, although the LTFP assumed a 2.50% increase in average rate, 3 options of 2.96%, 3.25% and 3.55% have been developed as part of 'Rates Modelling'.

### Rates Modelling – Property Valuation

An extract from the latest property valuation data available from Valuer-General (VG) is given below in **Table 5** in comparison to similar information as of 30 June 2021 and 30 June 2020. Additional rates income from the development growth is 0.98% as of 2 April 2022 and is significantly lower than 2.75% factored in the LTFP.

However, it is too early to exactly know the development growth rate for next year. From the experience of prior years, Valuer-General is expected to finalise development growth mid to late May 2022. Council expect a significant development growth this year, however, may not be as big as last year due to slowdown in new subdivisions.

**Table 5: An Extract from latest valuation data from the VG**

Description	2-Apr-22	30-Jun-21	30-Jun-20
Increase in number of properties through sub-division	89	257	173
Sub-Division Growth (valuation increase) - \$'Mn	16	39	24
Building Development Growth (valuation increase) - \$'Mn	0.184	27	54
Total Development Growth - \$'Mn	16	66	78
Total Development Growth - %	0.73	3.20	2.04
Increase in Rates income due to Development Growth - \$'Mn	0.099	0.256	0.197
Increase in Rates income due to Development Growth - %	0.98	2.67	2.15
Natural Growth (valuation increases due to reasons other than dev.) - %	4.87	4.46	1.86

#### Rates Modelling – Options to consider

Given a significant increase in 'Natural Growth', to achieve a 2.96% increase in average rate, a reduction in rate in the dollar by 0.95% will be applied in the rates modelling calculations. However, this will benefit properties that have reported an increase in valuations due to 'Development Growth'.

Alternatively, if the Council wish to reduce operating deficit and the reliance on borrowings to deliver new/upgraded assets program, it can do so by increasing the average rate by more than 2.96%. Given below are some of the *options* that the Council can consider.

For example, 2.96% increase in average rate (**Option 1**) would generate an additional income of \$0.470m over and above 2021/2022 rates income. 3.25% increase in average rate (**Option 2**) would generate an additional income of \$0.500m and 3.55% increase in average rate (**Option 3**) would generate an additional income of \$0.530m. (**Option 3** provides rates income estimated in the LTFP for 2022/2023 Financial Year).

Alternatively, should the Council wish to limit average rate increases to 2.96%, Council has the option of revisiting the budget specially the operating project program proposed for next financial year.

	2021/2022	LTFP 22/23	Option 1	Option 2	Option 3
Reduction in Rate in the \$ increase (%)			0.95%	0.65%	0.35%
Increase in Fixed Charge (%)			2.68%	2.68%	2.68%
Total Rates Income (\$'Mn)	10.093	10.623	10.559	10.589	10.619
Number of Rateable Properties	5,460		5,548	5,548	5,548
Average Rate (\$)	1,848		1,903	1,909	1,914
Average Rate increase			2.96%	3.25%	3.55%

#### Depreciation and Assets Renewal

Depreciation is the wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. *Assets Renewal Expenditure* are the expenditure on an existing asset which returns the service potential or the life of the asset to the level which it had originally.

### Infrastructure Backlog

According to sound asset management principles, Council should (on average) spend annually on assets renewal an amount equal to its annual depreciation expenses. Upon development of Council's Capital Works Program, it has become evident the gap that previously existed between the Capital Works Program and the LTFP, caused by asset renewal deferral and the compounding effect into future capital works programs has now closed. The assets renewal strategy/funding allocations outlined in this report attempts to undertake asset renewal close to their expiry date over a ten (10) year period, with consideration given to current internal resources capacity to deliver such program.

### Proposed Capital Project Program for 2022/2023

The Capital Works budget encompasses projects which renew, upgrade or create new infrastructure assets. Examples of projects are the Civil Infrastructure Whole-of-Life Program (renew), streetscape (New). Renewal Capital Projects are funded through Rate Revenue, via the depreciation charge, with new or upgrade works being funded through borrowings.

Draft 2022/2023 capital programme is summarised below. The estimated cost of the capital works program is \$8.069m of which \$4.593m (57%) would be spent on assets renewals in line with Council's Infrastructure and Assets Management Plans (I&AMP) adopted on 25 October 2021. The remaining capital expenditure of \$3.476m (43%) is proposed to be spent on new assets of which \$1.195m will be funded by government grants.

**Table 6: Draft Capital Works Program (\$'000)**

<b>Project Description</b>	<b>Estimated Cost</b>
Plant & Equipment	1,154
Street Scape (Footpath, Kerbing and Street Trees)	0,373
Sealed Roads	3,210
Bridge	0,370
Unsealed Roads	1,172
Car Parks & Traffic Control	0,360
Buildings	0,130
Site Improvements	1,180
Stormwater	0,025
CWMS	0,085
<b>Total Capital Expenditure</b>	<b>8,069</b>

<b>Project Description</b>	<b>Estimated Cost</b>
New	3,476
Renewal	4,593
<b>Total Capital Expenditure</b>	<b>8,069</b>

Required renewal expenditure as per I&AMP adopted on 25 October 2021 is as follows.

<b>Project Description</b>	<b>Estimated Cost</b>
Assets Renewal	3,520
Plant and Equipment	1,106
<b>Total Assets Renewal Expenditure</b>	<b>4,626</b>

#### New Assets to be delivered in next year

New assets to the value of \$3.476m will be funded from a combination of new borrowings and government grants. Please refer to **Table 7** below for the reasons for these spending on new assets.

**Table 7: Draft New Assets Program (\$'000)**

Description	Budget	Comment
Redundancy and Backup Servers	48	To improve cyber security
Street Scape (Footpath, Kerbing and Street Trees)	133	As part of IAMP
Car Parks & Traffic Control	360	As part of IAMP
Site Improvements (Street/Reserve Furniture, Council boundary signs and implement Hart Reserve Master Plan)	530	As part of IAMP
Stormwater (Middle Beach - Tidal Drainage System)	15	As part of IAMP
Sealing of Middle Beach Road	2,390	50% funded under LGIPF
<b>Total Expenditure on New/Upgraded Assets</b>	<b>3,476</b>	

#### Kerbside Waste Collection Services

Council has engaged a contractor to deliver kerbside waste collection since February 2018 resulting a 30% reduction in waste levy from \$180.00 in 2017/2018 Financial Year to \$126.00 in 2018/2019 Financial Year. However, since then, there has been a considerable increase in the disposal costs of waste and recyclables mainly due to changes in the Australian waste collection market following dramatic cuts to the volumes of waste China imports from the rest of the world since January 2018.

For 2022/2023 Financial Year, it is estimated that the total cost of the kerbside waste collection program is expected to be increased by 7.45% (inclusive of new services). Therefore, the annual waste collection service charge is expected to increase from \$167 to \$172, an increase of 2.99%.

#### CWMS Charges

CWMS charges for both Mallala and Middle Beach is proposed to increase by 5% and 2.93% to \$692 and \$456 respectively in order to cover the costs associated with full operation of the scheme including maintenance and loan repayments. However, the income generated for Mallala CWMS is not sufficient to cover its operating expenses as shown below in **Table 8**.

**Table 8: Budgeted CWMS Income and Expenses for 2022/2023 (\$'000)**

Description	Mallala	Middle Beach
CWMS service charges (345 connections X \$692 per connection)	239	
CWMS service charges (52 connections X \$456 per connection)		24
Less : CWMS Rebates	(0)	-
<b>Total Income</b>	<b>238</b>	<b>24</b>
<b>Less : Operating Expenses</b>		
Depreciation	140	7
Salaries and Wages	16	-



Interest Payments - CWMS Loan	79	-
Consultants	5	-
Consumables and Hardware	8	2
Contractors	110	7
Electricity	31	6
Insurance	9	4
ESCOSA Licence Fee	2	-
Materials	7	-
Other Expenses	2	0
<b>Total Expenses</b>	<b>410</b>	<b>27</b>
<b>Net Operating Deficit</b>	<b>(172)</b>	<b>(3)</b>

#### Financing the budget

An operating deficit means, Council is spending more than what it generates as income in delivering services to the community. In addition, Council has loan obligations to pay as well as the need to fund new assets. Therefore, if the Council decides to continue the same level of service and draft operating project program as included in this report with an average rate increase of 2.96%, it has to borrow \$4.856m to deliver operating and capital projects identified above and meet its loan repayment obligations as summarised in the **Table 9** below. Out of the new borrowings;

- \$1.633m will be allocated for assets renewal program;
- \$1.195m will be used to fund Council co-contribution required under State Government's Local Government Infrastructure Partnership Program for the Sealing of Middle Beach Road;
- \$1.086m will be spent on new assets across the Council district;
- \$0.929m will be used to deliver operating project program proposed; and
- remaining \$0.013m will be allocated for day-to-day Council's operations.

While the maximum amount to be borrowed is \$4.856m, the timing of the actual borrowings would depend on the progress of the capital works program. Local Government Finance Authority has made available convertible cash advance debenture of 3 years for LGIPP funded projects at a concessionary rate of 1.30% to a maximum limit of \$1.238m.

**Table 9: Funding Shortfall for 2022/2023 (\$'000)**

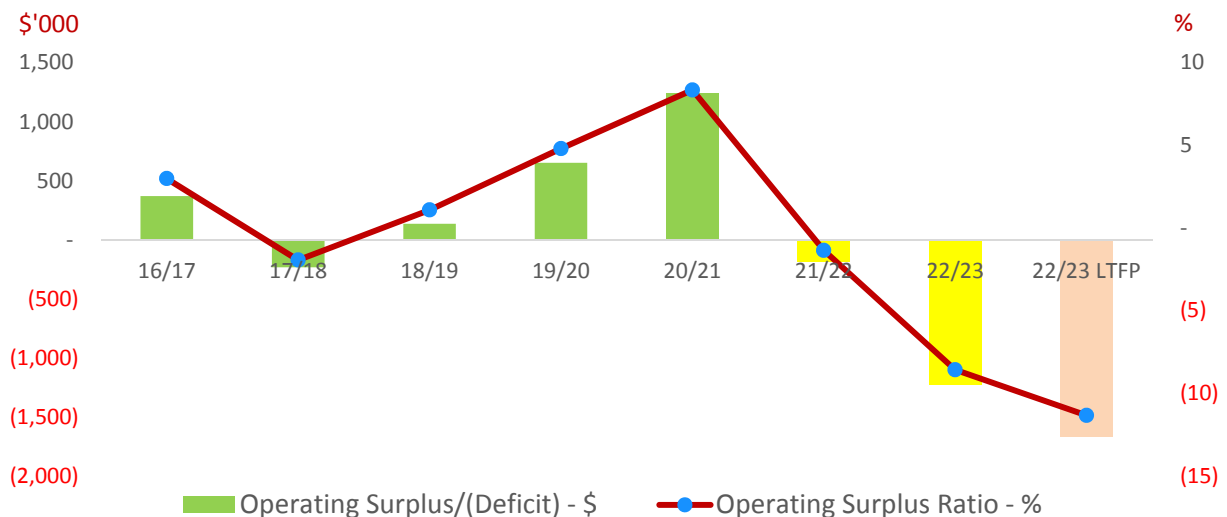
<b>Description</b>	<b>Amount</b>
Cash shortfall due to Operating Deficit	(1,229)
Cash injection from sale of surplus/replaced assets	231
Share of loss - joint ventures & associates (non-cash transactions)	79
To fund capital Program - Money available through depreciation	2,960
- Proposed assets renewal expenditure	(4,593)
- Proposed new capital expenditure	(3,476)
Grants specifically for new or upgraded assets	1,195
Loan Repayment	(23)
<b>Total funding shortfall</b>	<b>(4,856)</b>



## Draft Financial Indicators

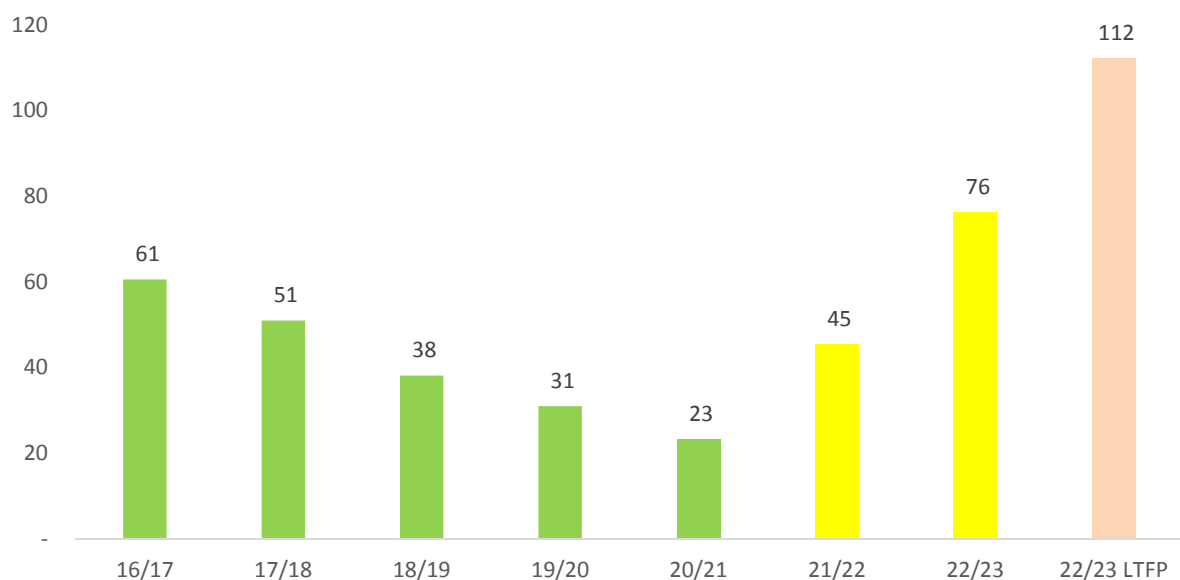
The following graph shows, Council's draft financial indicators for 2022/2023 Financial Year in comparisons to LTFP ratios for 2022/2023, actual financial indicators since 2016/2017 Financial Year and budgeted the financial indicators for 2021/2022 and 2022/2023 Financial Years.

### 1. Operating Surplus/ (Deficit) Ratio



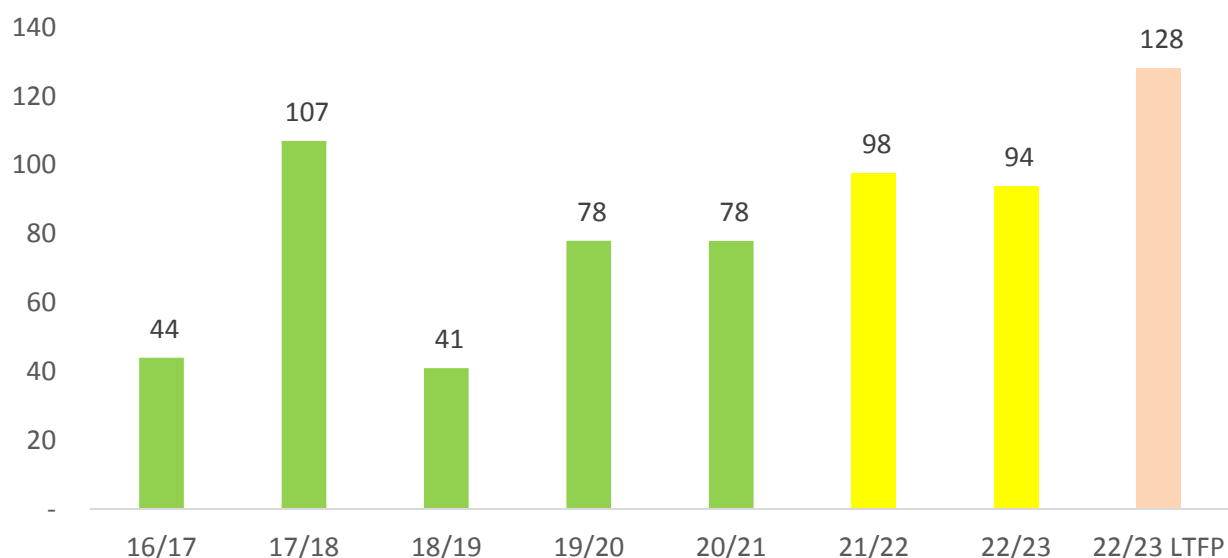
**Note:** Financial Sustainability Information Paper 9 of the LGA recommend an Operating Surplus Ratio of between 0% and 10% on average over long term.

### 2. Net Financial Liabilities Ratio (%)



**Note:** Financial Sustainability Information Paper 9 of the LGA recommend a Net Financial Liabilities Ratio of greater than zero but no more than 100% of total operating revenue on average over long term.

### 3. Assets Sustainability Ratio (%)



**Note:** Financial Sustainability Information Paper 9 of the LGA recommend an Asset Sustainability Ratio of greater than 90% but less than 110% on average over long term.

### Conclusion

The Draft 2022/2023 Budget as presented in this report is based on the Council continuing to deliver its existing services, program and activities.

To ensure that a responsible budget is set, the Council has adopted at its January 2022 meeting a series of Budget Parameters, to guide Council Staff in preparing their respective budget estimates. As detailed in this report, the Draft 2022/2023 Budget has been delivered with reference to these guidelines and where the parameters have not been achieved, the reasons have been provided.

Financial sustainability underpins the Council's Financial Goals and Outcomes, which are set out in the Long-Term Financial Plan. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long-term service and infrastructure needs of the community, without any unexpected sharp increases in rate revenue or cuts in service provision and standards.

Decision regarding the Draft 2022/2023 Budget, need to take into account the impact on the Council's ability to continue to meet its operational & financial outcomes and achieve objectives identified in Council's strategic documents.

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## References

### Legislation

*Regulation 9 of the Local Government (Financial Management) Regulations 2011*

*Section 123 (13) of the Local Government Act 1999*

### Council Policies/Plans

*Budget Management Policy*

*Council Vehicle Policy*

*Funding Policy*

*Treasury Management Policy*

*Infrastructure and Asset Management Plan (Adopted on 25 October 2021)*

*Long Term Financial Plan 2023-2032 (Adopted on 28 February 2022)*



## **RISK ASSESSMENT**

Compliance with this credit card policy will mitigate the financial, security and reputational risks that arise in the use of corporate credit cards.

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## **Attachments**

1. Mark-up version of the Credit Card Policy Reviewed in April 2022.

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to present Credit Card Policy for review by the Audit Committee and make appropriate recommendation to the Council for consideration at the April 2022 Ordinary Council meeting.

### **Background/History**

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

### **Discussion**

The proposed changes, provided under **Attachment 1** to this report seek to:

- Clarify & update scope and the objectives of the policy;
- Add sub-headings to outline more clearly the responsibilities in Clause 3;
- Word 'cardholder' has been used for consistency throughout policy replacing the words 'employees' and 'staff';
- Other minor changes to the policy to reflect current organisation structure and updated 'Strategic Plan 2021-2024'.

### **Conclusion**

Credit Card Policy has been reviewed by the management to better reflect the Council's organisation structure, changes in legislation and government and community scrutiny/expectation with regard to the appropriate use of Council credit cards. It is for the Audit Committee to consider proposed changes and recommend any further amendments to the current policy for consideration by the Council.

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### **References**

#### Legislation

*Section 124 (Accounting Records to be Kept) of the Local Government Act 1999*


*Section 125 (Internal Control Policies) of the Local Government Act 1999*

#### Council Policies/Plans

*Procurement Policy*

*Internal Financial Controls Policy*

*Audit Committee Annual Work Program 2021/2022*

	<b>Credit Card Policy</b>	
	Version Adopted by the Council : <del>16 April 2018</del> <u>TBC</u>	
	Resolution Number: <del>2018/146</del> <u>TBC</u>	
	Current Version: <del>V2.0</del> <u>V3.0</u>	
	Administered by:	Last Review Date: <del>2018</del> <u>2022</u>
	Chief Executive Officer	Next Review Date: <del>2020</del> <u>2024</u>
DOCUMENT NO: <del>D18/11306</del> <u>D22/1087</u>	<b>Strategic Outcome:</b> <del>5.4</del> <del>Effective strategic and performance management</del> <b>Proactive Leadership</b> <ul style="list-style-type: none"> <li>- <del>Strategic and sustainable financial management</del></li> <li>- <del>Proactively engage in Local Government Reform and continuous improvement.</del></li> </ul>	

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## 1. Objective

This Policy provides guidance on how Council's corporate credit cards are to be allocated, used and administered to ensure that the credit cards assist Council in the delivery of its services while minimising the potential for misuse and fraud.

~~The Adelaide Plains Council utilises corporate credit cards for the payment of travel, entertainment and general purposes where accounts payment is not available or not economical.~~

The use of credit cards to make small value purchases is a cost effective purchasing method. ~~Therefore, Council~~ credit card ~~use therefore~~ improves the efficiency of transactions and reduces the administrative burden on Council ~~staff/employees~~ when spending money on behalf of Council, including those who travel on Council business. In the case of expenditure on travel and entertainment, Council credit cards also reduce the likelihood of personal financial burden.

## 2. Scope

This policy ~~states/ outlines~~ the principles governing the use of ~~the~~ Council credit cards and the procedures for the issue and acquittal of credit cards, ~~and-~~ This policy extends to Council employees who have the delegated authority to use an Adelaide Plains Council's corporate credit card. The cardholder is responsible for the correct use of the card at all times.

No Council credit card may be issued or used except in accordance with this policy.

## 3. Specific Provisions / Responsibilities

1

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### Issue of Credit Cards

- 3.1 Council credit cards may be issued only to ~~an~~ approved ~~person-employees~~ on the authority of the Chief Executive Officer (CEO) ~~or in the case of a credit card for use by the CEO, with the approval of the Mayor.~~
- 3.2 Credit cards are not to be issued to short-term contractors, consultants, or contract personnel who have contracts that provide for them to be reimbursed costs incurred.

### Appropriate Use of Credit Cards and Records Keeping

- 3.3 Only ~~employees-credit cardholders~~ authorised to incur expenditure can approve expenditure on Credit Cards.
- 3.4 Council Credit Cards must not be used to incur personal expenditure, or expenditure on behalf of other organisations, even if ~~the expenditure~~ will be reimbursed at a later date. ~~In the event that a situation where a Council credit card has been used to pay for personal expenses by accident, the cardholder must reimburse the Council as soon as possible upon being made aware (and in any event, or immediately upon receipt of the monthly credit card statement).~~
- 3.5 The card-holder is the ~~staff member~~ employee whose name appears on the corporate credit card. It is the card-holder's responsibility to adhere to the following:
- ensure use of the credit card is within Council's Procurement policy
  - sign the credit card immediately upon receipt
  - keep the credit card in a secure place
  - keep card-holder and account details up to date
  - retain all original tax invoices, sales vouchers and receipts and ~~attaching register these to the monthly statement in Council's Electronic Document and Record Management System.~~
  - notifying the bank and ~~General Manager – Finance and Business, accounts payable~~ if the card is lost or stolen.
- 3.6 Misuse of a Council Credit Card may lead to the Card being cancelled, and the ~~Cardholder~~ cardholder may be required to pay restitution to Council and disciplinary action may be taken against the ~~Cardholder~~ cardholder.
- 3.7 Cardholders are responsible for the safe custody of credit cards and the security of credit card information, and are trusted to spend Council funds prudently.
- 3.8 Cardholders must retain supporting documentation for all expenses incurred on their credit card and acquit their expenses ~~through the Council's Payroll/Accounts Payable Officer? in accordance with specified timeframes in accordance with the Credit Card Receipts Procedure.~~

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3.9 Credit cards may only be used for transactions associated with Council business. Misuse of a Council credit card is in breach of this policy and may result in the cancellation or withdrawal of the card and disciplinary action. Misuse includes, but is not limited to:

- Intentionally using the credit card for a private transaction such as a personal purchase or purchases for the sole benefit of the cardholder;
- ~~Assigning~~ or transferring the credit card to another person;
- ~~Using~~ the credit card after the cardholder's employment has been suspended or terminated;
- ~~Using~~ a Council credit card when they are not the cardholder named on the card and without the named cardholders specific written authority;
- ~~Not~~ complying with Council's procurement policies;
- ~~Using~~ the credit card for a transaction in excess of budget or for which there are insufficient funds; and
- ~~Using~~ the credit card for expenditure not previously approved where prior approval was required – e.g. training or travel ~~and~~ related expenses.

3.10 Credit cardholders must return their Council credit card permanently when:

- they leave their employment or engagement with Council, or
- they no longer require use of a card as part of their duties.

3.11 Credit cardholders must return the Council credit card temporarily for safekeeping when:

- their employment with the Council is temporarily suspended pending an investigation.
- ~~periods of leave greater than four (4) weeks.~~

3.12 Council credit cards may be withdrawn or cancelled by the CEO at ~~anytime~~ any time.

3.13 Credit limits on Council credit cards is to be a maximum of \$5,000 with each individual limit to be determined by the CEO at the time approval is granted.

3.14 ~~Credit Staff cardholders~~ prior to being issued with ~~a Council credit card~~ must sign the "Adelaide Plains Council Credit Cardholder Declaration" Form.

3.15 ~~Staff Credit cardholders~~ will not be entitled to any rewards program or access to rewards that may be offered as part of Council incurring expenditure.

3.16 It is the responsibility of the credit card-holder to resolve issues of disputed transactions, lost, stolen or replacement cards and immediately report this to the card issuing bank first and advise the General Manager – Finance and ~~Economic Development~~ Business as soon as practicable thereafter.

3.17 Except for the CEO's credit card, and noting that credit cards will generally only be issued to

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senior management, all of the transactions in monthly credit card statements must be authorised by the CEO. With regard to the CEO's credit card, all transactions must be authorised by the Mayor.

3.18 The authoriser of credit card transactions ~~authorisers~~ are responsible for reviewing and approving all transactions on the credit cards. When reviewing credit card transactions, authorisers must consider the appropriateness of expenses and ensure that they comply with Council's *Procurement Policy*.

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#### 4. Related Documents

[Credit Cardholder Declaration Form](#)

[Credit Card Receipts Procedure](#)

[Human Resource Management Policy](#)

Procurement Policy

Financial Internal Controls Policy

#### 5. Records Management

All documents relating to this Policy will be registered in Council's Electronic Document and Record Management System, and remain confidential where identified.

#### 6. Document Review

This Policy will be reviewed periodically to ensure legislative compliance and that it continues to meet the requirements of Council, its activities and programs.

#### 7. References

Section 124 (Accounting Records to be Kept) of the *Local Government Act 1999* (SA)

Section 125 (Internal Control Policies) of the *Local Government Act 1999* (SA)

Procurement Policy

Financial Internal Controls Policy

#### 8. Further Information

Members of the public may inspect this Policy free of charge on Council's website at [www.apc.sa.gov.au](http://www.apc.sa.gov.au) or at Council's Principal Office at:

2a Wasleys Road, Mallala SA 5502

A copy of this Policy may be obtained on payment of a fee.


Any queries in relation to this policy must be in writing and directed to the ~~General Manager – Finance and Economic Development~~ Chief Executive Officer.

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 <b>Adelaide Plains Council</b>	<b>6.3</b>	<b>Policy Review – Treasury Management Policy</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> <b>11 April 2022</b>	<b>Document Ref:</b>	<b>D22/12177</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with an opportunity to review Council’s Treasury Management Policy (the current policy).
- Council regularly reviews its policies to ensure they remain relevant and in line with current legislation and best practise.
- The current policy was last reviewed in February 2020 and, in accordance with the Annual Audit Committee Works Program, is now due for review.
- The proposed changes, provided under **Attachment 1** to this report, includes one new clause regarding reserves.
- In addition, minor changes have been made to the policy to reflect updated ‘Strategic Plan 2021-2024’.
- It is for the Audit Committee to consider whether it wishes to recommend any further amendments for consideration by the Council.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.3 – *Policy Review – Treasury Management Policy*, dated 11 April 2022, receives and notes the report and in doing so recommends to Council that it adopt the Treasury Management Policy as presented in Attachment 1 to this report, subject to the following changes:-**

**a) .....**”

## **BUDGET IMPACT**

Estimated Cost:	Not Applicable
Future ongoing operating costs:	Not Applicable
Is this Budgeted?	Not Applicable

## **RISK ASSESSMENT**

Nil

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## **Attachments**

1. Mark-up version of the Treasury Management Policy Reviewed in April 2022

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to present Treasury Management Policy for review by the Audit Committee and make appropriate recommendation to the Council for consideration at the April 2022 Ordinary Council meeting.

### **Background/History**

The Treasury Management Policy was last reviewed by the Audit Committee, and subsequently reviewed and adopted by the Council, in February 2020.

### **Discussion**

Clause 3.8 has been added to the current policy to explain that with regard to reserves, separate bank accounts will not be established and maintained by the Council unless legally required to do so.

Furthermore, the current policy has also been updated to reflect Council's current strategic management plan including minor formatting changes.

### **Conclusion**

The Treasury Management Policy is now due for review. It is for the Audit Committee to consider proposed changes and recommend any further amendments to the current policy for consideration by the Council.

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### **References**

#### **Legislation**

*Local Government Act 1999*

*Local Government (Financial Management Regulations) 2011*

#### **Other**

*LGA's Financial Sustainability Information Paper 15: Treasury Management*

*Audit Committee Annual Work Program*

 <b>Adelaide Plains Council</b>	<b>Treasury Management Policy</b>	
	<b>Version Adoption by Council:</b> <del>24 February 2020</del> <u>TBC</u> <b>Resolution Number:</b> <del>2020/039</del> <u>TBC</u> <b>Current Version:</b> V1.6	
	<b>Administered by:</b> General Manager Finance and Business	<b>Last Review Date:</b> <del>2020</del> <u>2022</u> <b>Next Review Date:</b> <del>2022</del> <u>2024</u>
	<b>Document No:</b> <del>D19/15659D22/6650</del> <b>Strategic Response 4.5 Accountable &amp; Sustainable Governance</b> <b>Proactive Leadership - Strategic and sustainable financial management</b>	

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## 1. Objective

Council is committed to adopting and maintaining a Long Term Financial Plan and operating in a financially sustainable manner.

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This Policy establishes a decision framework to ensure that:

- funds are available as required to support approved outlays;
- interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed; and
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

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## 2. Scope

This Policy provides clear direction to Council and staff in relation to the treasury function of Council. It underpins Council's decision-making regarding the financing of its operations as documented in its Annual Budget and Long Term Financial Plan and associated projected and actual cash flow receipts and outlays.

## 3. Specific Provisions / Responsibilities

### 3.1 Treasury Management Strategy

Council's operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery; and
- affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).

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Council will manage its finances in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for its Net Financial Liabilities;
- not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties;
- borrow funds in accordance with the requirements set out in its Long Term Financial Plan; and
- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

### **3.2 Interest Rate Risk Exposures**

Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

### **3.3 Fixed Interest Rate Borrowings**

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and thereafter maintain on average in any year, of not less than 30% of its gross debt in the form of fixed interest rate borrowings.

In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

In circumstances where Council needs to raise new fixed interest rate borrowings it will consider using medium to long term borrowings (3 years or more duration) that:

- have a fixed interest rate;
- require interest payments only; and
- allow the full amount of principal to be repaid (or rolled over) at maturity.

Council will ensure that no more than 25% of its fixed interest rate borrowings mature in any year.

### **3.4 Variable Interest Rate Borrowings**

Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve, and then maintain, not less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

Council will establish, and make extensive use of, a long term variable interest rate borrowing facility / [LGFA's](#) Cash Advance Debenture facility, that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

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### **3.5 Borrowing for Council or Local Community/Sporting Organisations**

No officer of the Council is authorised to undertake the establishment of a new loan facility without the authorisation of the Council.

Loans funds may be raised on behalf community and sporting organisation that are situated within the Council area, the purpose of which should be for capital items or infrastructure.

Before providing loans to local organisation, the Council shall take into account:

- the ability of the organisation to satisfactorily meet loan repayments
- provision of security in the event that repayments cannot be met
- a financial assessment must occur which shall include provision of the organisations' last three financial years activities and its projected activity following the provision of the loan funds

Each application made by a community or sporting organisation will be treated on a case by case basis. If approved, the Council shall disburse the funds to the organisation which shall provide an acquittal statement of use at the conclusion of the project being undertaken.

### **3.6 Investments**

Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

When investing funds Council will select the investment type that delivers the best value having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Staff may from time to time invest surplus funds in:

- deposits with the Local Government Financing Authority; and/or
- Interest bearing deposits with authorised Deposit-taking Institutions (ADIs) such as banks, building societies or credit unions where the Australian Government guarantees deposits up to \$250,000.

Any other investment requires the specific approval of Council. Where Council authorises any investments of a type outside of those specified above, the amount so invested will be cumulatively limited to no more than 20% of the average level of funds expected to be available for investment by Council over the duration of the specific authorised investments.

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### 3.7 Reporting

At least once a year Council shall receive a specific report regarding treasury management performance relative to this Policy. The report shall highlight:

- for each Council borrowing and investment - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and,
- the proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period and an estimate of the average of these proportions across this period along with key reasons for significant variances compared with the targets specified in this Policy.

### 3.8 Reserves

Reserves are an allocation of Council's accumulated surplus. Council may establish various equity accounts called 'Reserves' to identify accumulated surpluses that will be used for specific future purposes. Separate bank accounts will not be established for reserves unless legally required to do so.

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### 4. Related Documents

Annual Budget  
Funding Policy  
Long Term Financial Plan  
Strategic Plan

### 5. Records Management

All documents relating to this Policy will be registered in Council's Record Management System and remain confidential where identified.

### 6. Document Review

This Policy will be reviewed periodically to ensure legislative compliance and that it continues to meet the requirements of Council its activities and programs.

### 7. References

Local Government Act 1999

[LGA's Financial Sustainability Information Paper 15: Treasury Management \(Revised February 2015\)](#)~~Local Government Financial Sustainability Information Paper 15 Feb 2015~~

### 8. Further Information

Members of the public may inspect this Policy free of charge on Council's website at <http://www.apc.sa.gov.au/> or at Council's Principal Office at:


**Note:** Electronic version in Council's EDRMS is the controlled version. Printed copies are considered uncontrolled.  
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2a Wasleys Rd, Mallala SA 5502

On payment of a fee, a copy of this policy may be obtained.

Any queries in relation to this Policy must be in writing and directed to the General Manager – Finance and Business.

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 <b>Adelaide Plains Council</b>	<b>6.4</b>	<b>Policy Review – Funding Policy</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance Business</b>
<b>Date: 11 April 2022</b>	<b>Document Ref:</b>	<b>D22/13920</b>

### **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with an opportunity to review Council’s Funding Policy (the current policy).
- Council regularly reviews its policies to ensure they remain relevant and are compliant with current legislation and best practise.
- Council’s current Policy was last reviewed in February 2020 and, in accordance with the Audit Committee Annual Works Program, is now due for review.
- The Policy satisfies the requirements of the *Local Government Act 1999* and *Local Government (Financial Management Regulations) 2011*.
- Council management therefore proposing only minor changes to the current policy.
- It is for the Audit Committee to consider whether it wishes to recommend any further amendments for consideration by the Council.

### **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.4 – Policy Review – Funding Policy, dated 11 April 2022, receives and notes the report and in doing so recommends to Council that it adopt the Funding Policy as presented in Attachment 1 to this report, subject to the following changes:-**

**a) .....**”

### **BUDGET IMPACT**

Estimated Cost:	Not Applicable
Future ongoing operating costs:	Not Applicable
Is this Budgeted?	Not Applicable

## **RISK ASSESSMENT**

Nil

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## **Attachments**

1. Mark-up version of the Funding Policy Reviewed in April 2022

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to present Funding Policy for review by the Audit Committee and make appropriate recommendation to the Council for consideration at the April 2022 Ordinary Council meeting.

### **Background/History**

The Funding Policy was last reviewed by Council's Audit Committee, and subsequently reviewed and adopted by Council, in February 2020.

### **Discussion**

The Policy satisfies the requirements of the *Local Government Act 1999* and *Local Government (Financial Management Regulations) 2011*. Accordingly, Council management proposing only minor changes to the current policy in line with 'Local Government Financial Sustainability Paper 20 - Rating and Other Funding Policy Options' and updated Council's 'Strategic Plan 2021-2024'.

### **Conclusion**

The Funding Policy is now due for review. It is for the Audit Committee to consider proposed changes and recommend any further amendments to the current policy for consideration by the Council.

---

## **References**

### **Legislation**

*Local Government Act 1999*

*Local Government (Financial Management Regulations) 2011*

### **Other**

*LGA's Financial Sustainability Information Paper 9: Financial Indicators*

*Local Government Financial Sustainability Paper 20 - Rating and Other Funding Policy Options (Revised August 2012)*

*Audit Committee Annual Work Program 2021/2022*

	<b>Funding Policy</b>	
	<b>Version Adoption by Council: Date</b> <a href="#">24 February 2020</a> <b>Resolution Number:</b> <a href="#">1020/037</a> <b>Current Version:</b> <a href="#">V1.6V.1.7</a>	
	<b>Administered by:</b> General Manager – Finance and Business	<b>Last Review Date:</b> <a href="#">2020</a> <b>Next Review Date:</b> <a href="#">2022</a>
<b>Document No:</b> <a href="#">D19/15655D22/1085</a>	<a href="#">Strategic Response 4.5 Accountable &amp; Sustainable Governance</a> <a href="#">Proactive Leadership - Strategic and sustainable financial management</a>	

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## 1. Objective

This Policy sets out Council's approach to the funding of services and is based on an assessment of the beneficiaries of all Council's services and how these should be funded. It provides the framework within which Council will raise the revenue necessary to fund expenses of programs set out in its Long Term Financial Plan.

## 2. Scope

This Policy reflects Council's determined balance between the principles of:

- user or beneficiary pays and the capacity to pay of different sections of the community;
- costs of provision of services and, where relevant, prices charged by others for provision of similar services;
- maximising sourcing of external funding;
- accommodating individual circumstances of financial hardship; and
- achieving and preserving reasonable inter-generational equity.

## 3. Specific Provisions / Responsibilities

### 3.1 Long-Term Financial Plan

Council has adopted a 10 year Long-Term Financial Plan that sets out the funding (revenue raising) and financing (paying for outlays) requirements for services to be provided to equitably meet its Strategic and Asset Management Plans, and identified community needs and preferences.

The Long-Term Financial Plan is based on achievement of the targets set by Council for each of its financial sustainability indicators and in particular those for its operating result, to achieve an operating surplus ratio of between 0% and 10% over any five year period in line with the LGA's Financial Sustainability Program Financial Indicators 2015.

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### **3.2 Budget Management and Review**

Council will manage its Long-Term Financial Plan through its annual budget process ensuring that its planned long-term service, infrastructure levels and standards are met without unplanned increases in rate or disruptive cuts to services.

### **3.3 Financial Assistance and Other Discretionary Grants**

Council values the ongoing Commonwealth Financial Assistance Grants that it receives through the SA Local Government Grants Commission (LGGC). Similarly Roads to Recovery Grants from the Commonwealth are an important funding source.

Council will continue to provide timely and accurate information requested by the LGGC to ensure that it receives its appropriate funding allocation as determined by the LGGC's methodology for allocating Financial Assistance Grants. Timely and accurate information also will be provided to the Commonwealth in respect of Roads to Recovery Grants.

### **3.4 Special Purpose Grants**

Council recognises that opportunities arise from time to time to secure grants or funding for specific projects or purposes. Council will pursue such opportunities where the funding objectives support the directions of its Strategic Plan and its financial sustainability objectives.

Council will assess the whole-of-life costs of a project considered for a special purpose grant or funding application (including maintenance and other operating costs over the life of the project) and will consider the impact of these costs on Council's financial sustainability indicators over the life of the project.

### **3.5 General and Other Rates**

Council will raise general and other rates from its community in accordance with its Rating Strategy.

Council's Rating Strategy sets out its application of the following rating provisions contained in the *Local Government Act, 1999*:

- minimum rates or fixed charges;
- separate rates;
- service rates and charges;
- differential rates;
- rate rebates; and
- postponement of rates.

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Council keeps its Rating Strategy under review, as contained in the Annual Business Plan, to ensure it has appropriate regard for any material changes in:

- capacity to pay within sections of the community; and
- the extent of opportunity of access to, use of and benefit from Council services by various groups of service users and ratepayers.

Revenue from general rates helps meet a substantial part of the cost of Council services and activities that are widely available to ratepayers.

### **3.6 User Charges**

To reduce dependence on rate revenue Council applies user charges to meet the cost of its services where this is equitable, efficient and practical. Charges set have regard to Councils costs, the benefits to direct users and others from the provision of the services and prices charged elsewhere for similar services. Council's user charges are set out in its Schedule of Fees and Charges.

[Council's user charges are set out in Council's Fees and Charges Register.](#)

### **3.7 Borrowings**

Council recognises that borrowings are not a funding source but are nevertheless likely to be required at times particularly as a result of decisions to add to or enhance Councils stock of assets. If Council sets revenue raising targets at levels that not only meet the full cost of existing services but also enable it to accumulate funds to finance net asset acquisition it could create significant inter-generational inequity between beneficiaries of Councils services. Council will manage decisions about when to borrow and what type of borrowings to raise in accordance with its Treasury Management Policy.

### **3.8 Private Sector Contributions / Partnerships**

Council will seek private sector funding for projects e.g. through joint venture, grants or provision of infrastructure etc where this is considered beneficial to the community. In assessing the community benefit of such arrangements Council will take account of its financial exposure through an analysis of the whole-of-life costs of the project.

## **4. Related Documents**

Annual Business Plan

Asset Management Plans

Long-Term Financial Plan

Strategic Plan

Treasury Management Policy

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## 5. Records Management

All documents relating to this Policy will be registered in Councils Record Management System and remain confidential where identified.

## 6. Document Review

This Policy will be reviewed periodically to ensure legislative compliance and that it continues to meet the requirements of Council its activities and programs.

## 7. References

Local Government Act 1999

- [Section 133](#) - Sources of Funds
- [Section 146 to 166](#) - Rates and Charges on Land
- [Sections 182 and 182A](#) - Remission and postponement of Rates

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Local Government (Financial Management) Regulations 2011.

- [Regulations 5](#) - Long-term Financial Plans
- [Regulation 6](#) - Annual business plans
- [Regulation 7](#) - Budgets

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~~Local Government Financial Sustainability Paper 9 2015.~~

[Local Government Financial Sustainability Paper 20 - Rating and Other Funding Policy Options \(Revised August 2020\)](#)

## 8. Further Information


Members of the public may inspect this Policy free of charge on Councils website at [www.apc.sa.gov.au](http://www.apc.sa.gov.au) or at Councils Principal Office at:

2a Wasleys Rd, Mallala SA 5502

On payment of a fee, a copy of this policy may be obtained.

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	6.5	Policy Review – Internal Financial Controls Policy
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> 11 April 2022	<b>Document Ref:</b>	<b>D22/2947</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with an opportunity to review Council’s Internal Financial Controls Policy (the current policy) that was last updated in February 2021.
- Under the Local Government Reform Program, Round 3 Amendments were commenced on 6 January 2022. This has resulted in the addition of *Clause 125 (2) - Internal Control policies to the Local Government Act 1999*.
- In addition, new regulation (10A) was added to the *Local Government (Financial Management) Regulations 2011* regarding internal control policies.
- Therefore, current policy as contained in the **Attachment 1** has been updated to include changes made under Round 3 Amendments.
- It is for the Audit Committee to consider whether it wishes to recommend any further amendments for consideration by the Council.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.5 – Policy Review – Internal Financial Controls Policy, dated 11 April 2022, receives and notes the report and in doing so recommends to Council that it adopt the Internal Financial Controls Policy as presented in Attachment 1 to this report, subject to the following changes:-**

**a) .....**”

## **BUDGET IMPACT**

Estimated Cost	Not applicable
Future ongoing operating costs:	Not applicable
Is this Budgeted?	Not Applicable

## **RISK ASSESSMENT**

It is important that Council implement effective Internal Financial Controls and that they are managed effectively; ensuring Council has a focus on risk mitigation. The implementation of such controls will help Council identify areas for improvement and negate the need for a reactive approach in addition to minimising the risk associated with poor financial practices.

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## **Attachments**

1. Mark-up version of the Internal Financial Controls Policy Reviewed in April 2022.

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to present Internal Financial Controls Policy for review by the Audit Committee and make appropriate recommendation to the Council for consideration at the April 2022 Ordinary Council meeting.

### **Background/History**

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

Section 129(1) of the Local Government Act 1999, requires council's auditors to undertake an audit of;

- the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities (Section 129(1)(b); and
- the auditor must provide to the council an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law (Section 129(3)(b).

Adelaide Plains Council adopted its first Internal Control Policy in October 2015. Review of the policy was undertaken in April 2018 following changes made to the Better Practice Model – Internal Financial Controls for South Australian Councils.

With regard to the effectiveness of internal financial controls during 2020/2021 Financial Year, Council's Auditor Galpins concluded that *'Adelaide Plains Council has complied, in all material respects, with Section 125 of the Local Government Act 1999 in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021'*

### **Discussion**

Under the Local Government Reform Program, Round 3 Amendments were commenced on 6 January 2022. This has resulted in the addition of *'Clause 125 (2) - Internal Control policies'* to the *Local Government Act 1999*.

In addition, new regulation (10A) was added to the *Local Government (Financial Management) Regulations 2011* regarding internal control policies.

Above changes now stipulates those internal controls policies must be in accordance with the Better Practice Model - Internal Financial Controls.

Therefore, current policy as contained in the Attachment 1 has been updated to include changes made under Round 3 Amendments and no other changes are proposed by the Council management except for minor for minor formatting changes.

## **Conclusion**

Internal Financial Control Policy assists the Council in maintaining sound internal financial controls over the financial affairs of the Council as required by the Local Government Act and Local Government (Financial Management) Regulations 2011. The proposed changes makes current policy compliant with recent regulatory updates following LG Reforms.

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## **References**

### Legislation

*Local Government Act 1999 - Sections 125, 126, 129 & 130*

*Local Government (Financial Management) Regulations 2011 - Regulation 14 (e)*

*LGA's Financial Sustainability Information Paper No. 21 – Internal Financial Controls*


Better Practice Model – Internal Financial Controls for South Australian Councils – April 2017

### Council Policies/Plans

Procurement Policy

Internal Financial Controls Policy

Audit Committee Annual Work Program 2021/2022

 <b>Adelaide Plains Council</b>	<b>Internal Financial Controls Policy</b>	
	<b>Version Adoption by Council:</b> <u>22 February 2021</u> <del>TBC</del> <b>Resolution Number:</b> <u>2021/054</u> <del>TBC</del> <b>Current Version:</b> <u>V3.0</u> <del>V4.0</del>	
	<b>Administered by:</b> General Manager Finance and Business	<b>Last Review Date:</b> <u>2021</u> <del>2022</del> <b>Next Review Date:</b> <u>2022</u> <del>2024</del>
<b>Document No:</b> <u>D21/3912D22/1077</u>	<b>5.5</b> <u>Effective financial management that ensures Council's financial sustainability</u> <b>Proactive Leadership</b> - Strategic and sustainable financial management	

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## ➤ Objective

This Policy is made pursuant to *Section 125 of the Local Government Act 1999 (Act)* which provides:

(1) A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.

(2) The policies, practices and procedures of internal financial control under subsection (1) must be in accordance with a standard or document (such as a model relating to financial controls) adopted by the regulations.

Regulation 10A of the Local Government (Financial Management) Regulations 2011 also states that:

for the purposes of section 125(2) of the Local Government Act, the policies, practices and procedures of internal financial control of a council must be in accordance with the Better Practice Model—Internal Financial Controls.

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Council's objectives of this Policy are:

- Risks relating to the stewardship of public resources are adequately managed through effective internal controls.
- A framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the council and to all employees that they are responsible for adhering to those internal controls.

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- c) To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

➤ **Scope**

This policy covers the internal financial controls and audit functions in place for the Adelaide Plains Council.

### **3. Internal Financial Control**

Internal Financial Controls, as a part of Council's broader internal control processes, is designed to assist the Council in addressing the risk of fraud and error, improving reliability of financial reporting and compliance with laws, regulations and policies. It focuses on Council's financial processes and functions that deal with, but are not limited to, budgeting, financial reporting, transaction processing, financial delegations and treasury management.

Internal control is part of Council's corporate governance framework and covers areas such as strategic management, business development, project management and finance. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies/rulings are complied with and financial reporting is accurate and reliable.

As a first step towards developing a complete risk management and corporate governance framework, the financial component of internal controls will be addressed and these are required to ensure Council resources are used prudently and in an efficient, effective and economical manner. Examples of the types of activities addressed are accounts payable, payroll, budgeting, management reporting, banking and contracting. Financial internal controls are critical to effective risk management of a Council's operations and promote the achievement of its goals and objectives.

Council is committed to maintaining an effective Internal Control environment.

### **4. Risk Management Approach**

Council will maintain an internal control framework, which will be based upon a pro-active risk management culture. The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximising its opportunities. The first risk area covered by Council is financial management, for which internal controls will be identified, documented and managed. It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk.

Council will develop and promote a culture that emphasises integrity, ethical values and competence.

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## 5. Roles and Responsibilities

The Council is responsible for approval of the Internal Control Policy and the Chief Executive Officer for developing and maintaining an internal control framework, which ensures Council objectives are achieved efficiently and effectively. Updates on changes to the framework will be presented to the Audit Committee.

The Chief Executive Officer and presiding member of Council must also sign the financial statements in regard to internal controls as required by *Local Government (Financial Management) Regulations 2011* r14.

The Council management must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls. Council employees must conduct their duties in accordance with internal control policies procedures and practices of Council.

## 6. Elements of an Internal Control Framework

The essential elements of an effective internal control framework are:

- Structure and culture of Council;
- Delegations of Authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information Technology controls;
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior Management compliance assurance;
- Risk identification and assessment.

## 7. Better Practice Model

The Local Government (Financial Management) Regulations (2011) prescribe an internal controls framework customised for Council adoption and use. This has been developed and endorsed by South Australian peak local government finance and audit management bodies in conjunction with private sector risk management experts.

The Better Practice Model – Internal Financial Controls framework is a risk management tool that assists Council and its administration to assess mitigate against and employ processes to reduce risk in its day-to-day operations.

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The model is underpinned by the “Three Lines of Defence” – functions that own and manage risk, functions that oversee risk (e.g. control self-assessment) and independent assurance (e.g. internal audit).

Diagram depicting the relationship between these planks and their relationship with Local Government Act and external auditors is provided below.



#### *Responsibility for Control Environment*

Council is statutorily responsible for maintaining financial controls aimed at preventing fraud and minimise the likelihood of error or misstatement.

As part of the delegated powers passed to the Council administration, the Chief Executive plays a key role in establishing and developing an effective internal control environment, through delegating functional control duties to management.

Administrative management is primarily responsible for overseeing and mitigating organisational risks on a day-to-day basis. Practically this means identifying risks, establishing and adhering to policies and procedures and undertaking control self-assessment in establishing the procedural framework by which all business operations will be transacted within.

The final line of defence specifically calls for internal audit function to perform objective tests on the performance and effectiveness of the first two lines.

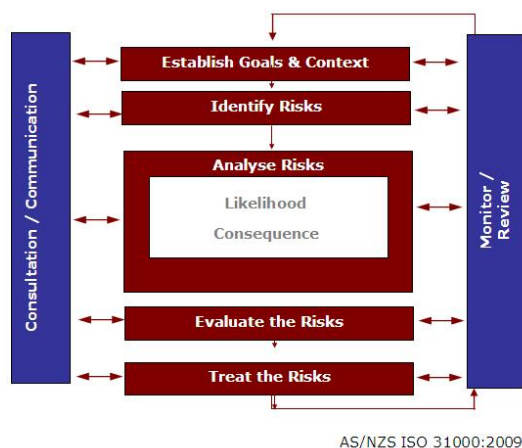
Further advice and assurance may be sought from the current external auditor if required, particularly leading up to and within the annual external audit engagement period.

## **8. The Risk Management Process**

The process followed by Council in developing the framework appears below in diagrammatic form extracted from Australian/New Zealand Standard AS/NZS ISO 31000:2009

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### The Risk Management Process



- Establish Goals & Context – Effective risk management requires a thorough understanding of the goals and context of Council to assist in establishing the assessment criteria for risk management.
- Identify Risks – Identify the risks most likely to impact on the achievement of Council's objectives.
- Analyse Risks – Assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.
- Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.
- Treat Risks – Treat risks by one of the following methods - discontinuing activity that generates it, reducing likelihood of occurrence, reducing consequence of occurrence, transfer the risk or retain the risk.
- Consultation/Communication – These are important elements to ensure that all stakeholders understand why actions are required. These stakeholders include all staff and elected members.
- Monitor/Review – Responsible officers must be identified for each internal control and provide feedback to managers on progress with controls. The Managers monitor the effectiveness of risk treatments and report progress to the Executive Leadership and the Audit Committee at regular intervals.

## 9. Review of Database of Internal Controls

The database of internal financial controls will be reviewed at least every twelve months to ensure all controls are current and appropriate and the Executive Leadership and the Audit Committee will be informed of the outcome of each review and updated regularly on progress with action plans identified during the reviews.

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## **10. Support with Development of a Risk Management System**

To assist in the ongoing improvement of a risk management system the Local Government Association's *Better Practice Model – Internal Financial Controls* should be reviewed from time to time, to identify the current recommended risk management database of internal controls and supporting documentation.

## **11. Related Documents**

Annual Business Plan

Long Term Financial Plan

Risk Management Policy and Framework

Strategic Plan [2017-2021-2020-2024](#)

## **12. Records Management**

All documents relating to this Policy will be registered in Council's Record Management System and remain confidential where identified.

## **13. Document Review**

This Policy will be reviewed annually to ensure legislative compliance and that it continues to meet the requirements of Council its activities and programs.

## **14. References (Legislative and Standards Requirements)**

*Local Government Act 1999* - Sections 125, 126, 129 & 130

*Local Government (Financial Management) Regulations 2011* – Regulation 14 (e)

Australian/New Zealand Standard AS/NZS ISO 31000:2009

LGA's Financial Sustainability Information Paper No. 21 – Internal Financial Controls

Better Practice Model – Internal Financial Controls for South Australian Councils – April 2017

## **15. Further Information**

Members of the public may inspect this Policy free of charge on Council's website at [www.apc.sa.gov.au](http://www.apc.sa.gov.au) or at Council's Principal Office at:


2a Wasleys Rd, Mallala SA 5502

A copy of this policy may be obtained on payment of a fee.

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Any queries in relation to this Policy must be in writing and directed to the General Manager Finance and Business.

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 <b>Adelaide Plains Council</b>	<b>6.6</b>	<b>Policy Review – Rates Arrears and Debtor Management Policy</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> <b>11 April 2022</b>	<b>Document Ref:</b>	<b>D22/13969</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with an opportunity to review Council’s Rates Arrears and Debtor Management Policy (the current policy) that was last updated in February 2020.
- Council regularly reviews its policies to ensure they remain relevant and in line with current legislation and best practise.
- The current policy satisfies the requirements of the *Local Government Act 199*.
- The proposed changes, provided under **Attachment 1** to this report, includes minor changes to the policy to reflect current organisation structure, updated ‘Strategic Plan 2021-2024’ and Council’s delegation register.
- It is for the Audit Committee to consider whether it wishes to recommend any further amendments for consideration by the Council.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.6 – *Policy Review – Rates Arrears and Debtor Management Policy*, dated 11 April 2022, receives and notes the report and in doing so recommends to Council that it adopt the Rates Arrears and Debtor Management Policy as presented in Attachment 1 to this report, subject to the following changes:-**

**a) .....**”

## **BUDGET IMPACT**

Estimated Cost:	Not Applicable
Future ongoing operating costs:	Not Applicable
Is this Budgeted?	Not Applicable

## **RISK ASSESSMENT**

Nil

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## **Attachments**

1. Mark-up version of the Rates Arrears and Debtor Management Policy Reviewed in April 2022.



## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to present Rates Arrears and Debtor Management Policy for review by the Audit Committee and make appropriate recommendation to the Council for consideration at the April 2022 Ordinary Council meeting.

### **Background/History**

The management and recovery of outstanding revenue is an important aspect of Council's financial management function and therefore the Rates Arrears and Debtor Management Policy provides a clear and concise policy framework to staff in recovering overdue Council debts.

### **Discussion**

The Policy currently provides appropriate guidance and direction to Council Members, staff and the community in relation to Council's debt recovery processes. Management is therefore not proposing any changes to the current policy except for minor changes to reflect current organisation structure, updated 'Strategic Plan 2021-2024' and Council's delegation register.

### **Conclusion**

The Rates Arrears and Debtor Management Policy is now due for review. It is for the Audit Committee to consider proposed changes and recommend any further amendments to the current policy for consideration by the Council.

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## **References**

### **Legislation**

Section 143 and 144 of the Act provides Council with the statutory right to recover fees, charges, expenses or other amounts from a person, by action in a court of competent jurisdiction or to write off a debt. In addition, following sections of the *Local Government Act 1999* are also applicable for the debt management policy.

*Section 44 - Delegations*

*Section 181 - Payment of rates – general principles*

*Section 182 - Remission and postponement of payment*


*Section 182A - Postponement of rates – Seniors*

*Section 184 - Sale of Land for non-payment of rates*

Council Policies

Budget Management Policy

Treasury Management Policy

 <b>Adelaide Plains Council</b>	<b>Rates Arrears and Debtor Management Policy</b>	
	<b>Version Adoption by Council:</b> <a href="#">24 February 2020</a> <a href="#">TBC</a> <b>Resolution Number:</b> <a href="#">2020/040</a> <a href="#">TBC</a> <b>Current Version:</b> V2	
	<b>Administered by:</b> General Manager – Finance and Business	<b>Last Review Date:</b> <a href="#">2020-2022</a> <b>Next Review Date:</b> <a href="#">2022-2022</a>
<b>Document No:</b> <a href="#">D19/15661D22/1046</a>	<del><a href="#">Strategic Outcome: 4.5 Accountable &amp; Sustainable Governance</a></del> <a href="#">Proactive Leadership - Strategic and sustainable financial management</a>	

## 1. Objective

The purpose of this Policy is to:

- Provide a clear and concise framework in which to recover all outstanding Council debts (rates, infringement and sundry debtors) owed to the Adelaide Plains Council;
- Ensure consistency, fairness, integrity and confidentiality for both the Council and the debtor; and
- Assist in the efficient management of Council assets through the timely collection of outstanding monies.

## 2. Scope

This Policy will apply to all rateable assessments, infringements and sundry debtors for monies owed to the Adelaide Plains Council.

## 3. Policy Statement

3.1 The management and recovery of outstanding revenue is an important aspect of Council's financial management function. The principles that will apply in the management and recovery of overdue debt are as follows:

- Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management;
- Council will operate effective and consistent billing and debt collection processes;
- Council aims to minimise the amount of outstanding monies that it is owed;
- Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required;
- If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt;

- f) In cases of financial hardship Council will consider deferment of payment and/or a suitable repayment plan;
- g) Staff will maintain procedures to support the administration of this policy, including the monitoring of compliance with associated internal controls.
- h) Council will not issue a letter of demand to a debtor without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt.
- i) Once a letter of demand has been issued legal action can proceed and any settlement negotiations will be made on a “without prejudice” basis so that the legal right to collect the debt is not compromised.

3.2 An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:

- a) Public accountability and transparency – Policies and procedures publicly document the Council’s position on which it will base its decisions. They demonstrate the Council’s commitment to sound financial management and establish transparency for audit purposes;
- b) Ensuring a considered approach – The formal adoption of carefully documented policies and procedures helps ensure that the Council’s position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;
- c) Consistency of decision making – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;
- d) Clear guidance for staff – Explicit policies and procedures set out the required approach, responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of financial mismanagement as long as the policies and procedures are followed.

### 3.3 Council Rates

Rates Debtors shall include all those owing general rates, separate rates, differential rates, CWMS service charges, waste service charge amounts, [including sundry debts linked to a rateable property where applicable](#)) and any other [fines and interest charge](#) levied by [the Council annually](#) and issued on a quarterly rate notice.

#### 3.3.1 Payment Plans

If a ratepayer is experiencing difficulties meeting rates payments on time and are experiencing financial hardship, a payment plan can be organised with the ratepayer by the Rates Officer. However, all payment arrangements/plans shall be determined on the merits of each individual case. Recovery action for overdue rates will be suspended whilst the terms/conditions of the payment plan are being met.

Each payment plan shall specify the amounts of each regular payment and the dates by which each payment must be made to Council. Payments under a plan should be of regular amounts and be payable at regular intervals.

~~Any payment plan that will not clear all overdue rates and current year rates by the due date of the 4<sup>th</sup> instalment of current financial year, will require the approval of General Manager Finance & Economic Development and Business.~~ All other payments plans can be approved by the Rates Officer or the equivalent delegate.

If ratepayer fails to honour the payment plan or contact Council, the arrangement may be terminated and the full amount of the outstanding rates and charges and accrued interest shall be due and payable immediately. A maximum of three defaults applies for any one financial year. Further action may be taken for recovery of the amount due through Council debt collection agency without further notice to the ratepayer.

### **3.3.2 Fines & Interest**

If an instalment of rates is not paid on or before the date on which it falls due, the instalment:

- a) will be regarded as being in arrears;
- b) will incur a fine of 2% as prescribed under Section 181(8)(b) of the *Local Government Act 1999* (the Act) per cent of the amount of the instalment, applied immediately after the due date of the instalment; and
- c) on the expiration of each full month from that date, will incur interest at the prescribed percentage as per the Act of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month).

### **3.3.3 Overdue Notice**

A Rates Overdue Notice shall be issued within 14 days after the due date of an instalment to those ratepayers who have not made a satisfactory payment plan. This Overdue Notice gives the ratepayer their total outstanding debt (including any fines and interest) and detailing options of paying, or making suitable a payment arrangement.

### **3.3.4 Final Demand**

A Final Demand shall be issued 14 days after the issue of the Overdue Notice to those ratepayers who have not made payment or negotiated a satisfactory payment plan. This Final Notice gives the ratepayer their total outstanding debt and the option of paying, or making suitable payment arrangements. The Final Demand will also advise the ratepayer that failure to pay or make a suitable arrangement to pay will result in the debt being referred to Council's Debt Collection Agency for recovery.

### **3.3.5 Legal Action**

Council's Debt Collection Agency will send a Letter of Demand to the ratepayer to pay the amount due in 21 days. Council is then to be guided by the Collection agency as to the most

suitable form of recovery action. Debt Collection Agency may initiate a legal action only with approval from General Manager – Finance & ~~Economic Development~~ and Business, if the debt remains unpaid after 21 days.

Once the debt has been referred to the Debt Collection Agency all communication is to be directed to them. All legal costs and expenses incurred by the Council ~~from for~~ the recovery of outstanding rates and charges will be charged against the ratepayer's property.

### **3.3.6 Registered Mortgagee**

Once the legal action process in Clause 3.3.5 has been exhausted and before any other legal action in terms of Section 184 of The Act has commenced:

- a) a copy of the Certificate of Title for the property is to be obtained
- b) Council will advise the ratepayer in writing of the debt outstanding & inform that the Council will contact the mortgagee in relation to ~~recover~~ the overdue rates; and
- c) a copy of the above letter will be sent to the Registered Mortgagee to establish the option of refinancing or paying the arrears outstanding.

If the registered mortgagee advises that they are not willing to pay the overdue rates then the sale of land for unpaid rates and charges under Section 184 of the Act may begin.

### **3.3.7 Remission and postponement of payment**

Under Section 184A of the Act, rate payers who hold a State Seniors Card are able to apply to Council to postpone payment of Council rates on their principal place of residence provided they satisfy the conditions stated under Section 184A of the Act. Any such applications will be considered by General Manager – Finance & ~~Economic Development~~ and Business or the Rates Officer.

### **3.3.8 Sale of Land for Unpaid Rates and Charges**

Council may proceed to sell the land where any rate or charge is overdue and has remained in arrears for more than three (3) years from the date on which it became payable in accordance with Section 184 of the Act.

In agreement with the General Manager – Finance & ~~Economic Development~~ and Business, the Rates Officer may from time to time report to Council on any rate debts that have remained unpaid following implementation of recovery action as detailed above and seek direction from Council as to the implementation of Section 184 of the Act.

### **3.3.9 Deceased Estates**

Where Council rates on deceased estates are not paid by the due date, the appropriate fines in accordance with the *Local Government Act 1999*, shall apply. In the event that the executor can show proof of financial hardship, the application for waiving of fines will be considered by the General Manager – Finance & ~~Economic Development~~ and Business.

### **3.4 Infringement Debtors**

If fines on expiation notices are not paid on time, without further notice, the outstanding amount will be referred to the Fines Enforcement and Recovery Unit for collection. Any overdue fines will attract additional fees as determined by the respective act that impose the fines and infringement.

### **3.5 Sundry Debtors**

Sundry Debtors include people owing Council money for food inspections, on-charging of utilities, recurring charges or any other monies owed to Council. Council will carry out private works only after the payment of estimated cost of the service. The final invoice will be issued for private works, if the actual cost is more than the estimated cost of the private works.

#### **3.5.1 Invoices**

Invoices will be sent for any debt raised providing 30 days for payment.

#### **3.5.2 Monthly statement**

A monthly Statement shall be issued at the beginning of each month. The Statement provides the debtor with a summary of the debt outstanding at the end of the prior month.

#### **3.5.3 First Reminder**

If the debt is outstanding for more than 30 days, monthly Statement with a “friendly reminder – your account is overdue” sticker will be sent or phone call will be made.

#### **3.5.4 Payment Plans**

All payments plans shall be ~~determined~~ approved by the Rates Officer or the equivalent delegate by the General Manager – Finance & Economic Development and the Officer based on the merits of each individual case. Recovery action for overdue debts will be suspended whilst the terms/conditions of the payment plan are being met.

#### **3.5.5 Final Notice**

If the debt is outstanding for more than 60 days, a monthly statement with a final notice sticker shall be issued requesting payment within 07 days to those debtors who have not made satisfactory payment arrangements.

If Council receives no response from the debtor for the final notice, it may refer the debt to Council's Debt Collection Agency for recovery without further notice to the debtor.

### 3.5.6 Legal Action

Legal action will be initiated by referring the account to Council's Debt Collection Agency which will send a letter of demand to the ratepayer requesting the payment within 21 days. Council is then to be guided by the Collection Agency as to the most suitable form of recovery action.

Once the debt has been referred to the Debt Collection Agency all communication is to be directed to them. All legal costs and expenses incurred by Council from the recovery of outstanding debts may be charged to the Debtor and against the Debtor's property if applicable.

## 4. Writing off bad debts

- 4.1 In accordance with Section 143 of the *Local Government Act 1999*, a council may write off any debts owed to the council if:
  - a) the council has no reasonable prospect of recovering the debts; or
  - b) the costs of recovery are likely to equal or exceed the amount to be recovered.
- 4.2 A council must not write off a debt unless the Chief Executive Officer (CEO) has certified:
  - a) that reasonable attempts have been made to recover the debt; or
  - b) that the costs of recovery are likely to equal or exceed the amount to be recovered.
- 4.3 The debts are only to be written off in exceptional circumstances where the following applies:
  - a) It is not economical to pursue the debt further, or
  - b) The debt was raised in error and is not legally enforceable, or
  - c) The debt cannot be proved, or
  - d) The debtor cannot be located, or
  - e) Upon advice from a solicitor and/ or collection agent that the debt cannot be pursued.
- 4.4 Under the delegation of power, General Manager – Finance and Business can write off debts up to \$500. In addition, the CEO is the delegated authority under Section 143 of the *Local Government Act 1999* to approve debt write offs up to a maximum of \$1,000. Any debt write off exceeding \$1,000 must be approved by Council.
- 4.5 For each case when a debt is written off details of the debt recovery action undertaken and the circumstances as to why the debt cannot be recovered must be documented and maintained on file. The CEO will review and certify that all appropriate action has been taken prior to approving the write off of the debt and the amount written off will be reported to the Council via the Quarterly Budget Review Report



## **5. Related Documents**

Section 143 and 144 of the *Local Government Act 1999* provides Council with the statutory right to recover fees, charges, expenses or other amounts from a person, by action in a court of competent jurisdiction or to write off a debt.

In addition, following sections of the *Local Government Act 1999* are also applicable.

Section 44 - Delegations

Section 181 - Payment of rates – general principles

Section 182 - Remission and postponement of payment

Section 182A - Postponement of rates – Seniors


Section 184 - Sale of Land for non-payment of rates

## **6. Further Information**

The Policy is available for inspection during ordinary business hours at the Council principal office, 2a Wasleys Road, Mallala or on Council's website [www.apc.sa.gov.au](http://www.apc.sa.gov.au).

On payment of a fee, a printed copy of this policy may be obtained.

Any queries in relation to this Policy must be in writing and directed to the General Manager – Finance and Business.

	6.7	Update on Audit Committee Annual Work Program 2021/2022
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> 11 April 2022	<b>Document Ref:</b>	<b>D22/13989</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with the progress update on the activities identified in the Audit Committee Works Program for 2021/2022 Financial Year.
- At its meeting held on 9 August 2021, Audit Committee approved its 2021/2022 Works Program.
- Following reports were provided as part of 17 November 2021 meeting.
  - The final audit for 2020/2021 was completed and draft audited financial statements, audit report on financial statements and internal controls;
  - A report on the review of audited results of 2020/2021 against the adopted budget; and
  - Draft 2023-2032 Long Term Financial Plan.
- In addition, the agenda of the 14 February 2022 Audit Committee meetings contained following reports;
  - 2022/2023 Annual Business Plan and budget development framework;
  - Outcome of the public consultation on Draft 2023-2032 Long Term Financial Plan; and
  - Budget Management Policy reviews;
- Draft 2022/2023 Budget and several finance policies that have been reviewed recently are included in the agenda of the 11 April Audit Committee meeting.

## **RECOMMENDATION**

***“that the Audit Committee, having considered Item 6.7 – Update on Audit Committee Annual Work Program 2021/2022, dated 11 April 2022, receives and notes the report and in doing so recommends to the Council that the Council acknowledges the progress made to complete the activities identified for Audit Committee during 2021/2022 Financial Year.”***

## **BUDGET IMPACT**

Estimated Cost:	Not Applicable
Future ongoing operating costs:	Not Applicable
Is this Budgeted?	Not Applicable

## **RISK ASSESSMENT**

The Audit Committee must ensure that the Annual Work Program addresses the statutory obligations and focuses on the adequacy of the Councils' systems and practices with respect to risk management, financial reporting, the internal control environment and other financial management systems. The ongoing monitoring of the Annual Work Program aids minimisation of exposure to associated risks allowing for adequate resourcing for mitigation strategies by the Council.

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## **Attachments**

1. Audit Committee Annual Work Program 2021/2022 – April 2022 Update

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to provide the Audit Committee with the progress update on the activities identified in the Audit Committee Works Program for 2021/2022 Financial Year.

### **Background/History**

At its meeting on 9 August 2021, the Audit Committee approved the work program for 2021/2022 Financial Year.

### **Discussion**

To ensure that the requirements of the *Local Government Act 1999* and the Terms of Reference of the Audit Committee are fulfilled, the Audit Committee must develop a Work Program each year. A regular update on the 2021/2022 Work Program will assist the members of the committee to monitor their planned activities and the **Attachment 1** shows progress to date. Accordingly, following reports have been provided to the Audit Committee;

#### **17 November 2021**

- Draft 2021/2022 audited financial statements, independent audit report on financial statements and internal controls;
- Updated Strategic Management Plan (SMP) was approved by the Council on 27 February 2021. In addition, updated I&AMP was approved by the Council on 25 October 2021. Draft LTFP for the period 2023-2032 which has been developed based on updated SMP & I&AMP is presented to 17 November Audit Committee meeting for comment and consideration; and
- A report on the review of audited financial results of 2021/2022 against the adopted budget;

#### **14 February 2022**

- 2022/2023 Annual Business Plan and budget development framework;
- Outcome of the public consultation on Draft 2023-2032 Long Term Financial Plan; and
- Budget Management Policy reviews.

#### **11 April 2022**

- Draft 2022/2023 Budget;
- Review of Treasury Management Policy;
- Review of Funding Policy;
- Review of Internal Financial Controls Policy;
- Review of Rates Arrears and Debtor Management Policy; and

- Review of Credit Card Policy

## **Conclusion**

Audit Committee has been provided with several reports for consideration in line with its annual work program for 2021/2022. Council management is intending provide remaining reports to future Audit Committee meetings (where applicable) before 30 June 2022.

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## **References**

### Legislation

*Section 126 of the Local Government Act 1999*

*Local Government (Financial Management) Regulations 2011*

### Council Policies/Plans

*Audit Committee Terms of Reference.*

## Audit Committee Annual Work Program 2021/2022 – April 2022 Update

Activity	Target Meeting	Current Status/Outcome	Action Taken	Date Completed
<b>1. Financial Reporting (LGA – Section 126(4)(a))</b>				
1.1 Ensure that financial information included in following publications for external audiences accurately reflects key accrual based financial information and where appropriate sector-endorsed financial indicators and provide commentary and or recommendation to Council: <ul style="list-style-type: none"> <li>▪ Annual Business Plan;</li> <li>▪ Annual Financial Statements;</li> </ul>	April & June 2022  November 2021 and June 2022	Completed		17 November
1.2 Annual Review of financial performance indicators provided to Council as part of Budget Reviews.	November 2021	Completed		17 November
<b>2. Strategic Management and Annual Business Plans (LGA – Section 126(4)(ab))</b>				
2.1 The Audit Committee should satisfy itself regarding the: <ul style="list-style-type: none"> <li>▪ Review of Strategic Management Plan 2020-2024 for consistency with Council's long-term financial plan and annual business plan;</li> <li>▪ Review of Long Term Financial Plan for consistency with its infrastructure and asset management plan (I&amp;AMP);</li> <li>▪ soundness of the I&amp;AMP; e.g. Is it supported by engineering and other professional assessments regarding the condition of Council's infrastructure assets;</li> <li>▪ likely impact on Council's ongoing financial sustainability of implementation of its suite of strategic management plans;</li> </ul>	November 2021  February 2022	Updated Strategic Management Plan (SMP) was approved by the Council on 27 February 2021. Updated I&AMP was approved by the Council on 25 October 2021. Draft LTFP 2023-2032 which has been developed based on updated SMP & I&AMP was presented as part of the agenda of 17 November meeting.  Feedback from the public consultation on draft LTFP and		17 November  February 2022

## Audit Committee Annual Work Program 2021/2022 – April 2022 Update

<ul style="list-style-type: none"> <li>appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan.</li> </ul>		updated draft LTFP 2023-2032 was provided to 14 February meeting.		
<b>3. Exercise of Powers under Section 130A (LGA – Section 126(4)(ac))</b>				
3.1 Determine whether a recommendation to the Council is required to request its auditor or some other person to examine and report on any matter considered significant relating to financial management or the efficiency and economy of the management of Council's resources that would not be addressed or included as part of the annual audit.	Ongoing			
<b>4. Liaising with External Auditor (LGA – Section 126(4)(b))</b>				
4.1 An in-camera meeting with Council's external auditors during the 2020/2021 financial year to: <ul style="list-style-type: none"> <li>discuss any points of concern raised by the External Auditor in their interim audit;</li> <li>assess the appropriateness of the Council's response to matters raised in the interim audit;</li> <li>discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter;</li> <li>assess the appropriateness of the Council's response to matters so raised.</li> </ul>	August 2021  August 2021  November 2021  November 2021	Completed  Completed  Completed  Completed		August 2021  August 2021  17 November  17 November
4.2 Ensure compliance with regulation 22 (1) of the Local Government (Financial Management) Regulations 2011 which prevent a Council from engaging its auditor to provide any services to the Council outside the scope of the auditor's functions under the Local Government Act.	Ongoing	Completed		17 November

## Audit Committee Annual Work Program 2021/2022 – April 2022 Update

5. Internal Controls and Risk Management Systems (LGA – Section 126(4)(c))				
<p>5.1 Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council’s external auditor, and if so whether action has been taken to have them addressed:</p> <ul style="list-style-type: none"> <li>▪ consider the range of documented internal control policies and procedures; and</li> <li>▪ whether they are being followed.</li> <li>▪ regular self-assessment of internal financial controls</li> </ul>	<p>November 2021</p> <p>June 2022</p>	<p>Completed</p>		<p>17 November</p>
<p>5.2 Review Business Continuity &amp; Emergency Management Plan (BCEMP).</p> <p>BCEMP has been reviewed and will be separated and replaced with the following documents.</p> <ul style="list-style-type: none"> <li>✓ The following plans replace the Emergency Mgt. plan component of the BCEMP: <ul style="list-style-type: none"> <li>• Emergency Mgt. Plan.</li> <li>• Incident Operations Arrangements Manual</li> <li>• Recovery Operations Manual</li> </ul> </li> <li>✓ APC Business Continuity Plan replaces the Business continuity component of BCEMP.</li> </ul>	<p>June 2022</p>			
<p>5.3 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:</p> <ul style="list-style-type: none"> <li>▪ whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect e.g.</li> </ul>	<p>June 2022</p>			




## Audit Committee Annual Work Program 2021/2022 – April 2022 Update

<ul style="list-style-type: none"> <li>✓ whether a business continuity plan has been developed in case of major damage to key Council properties or other (e.g. computer, assets);</li> <li>✓ whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard;</li> <li>✓ adequacy of insurance coverage.</li> </ul>				
5.4 Review of Council's risk management processes	June 2022			
5.5 Review the appropriateness of the range and content of Council's financial policies and practices. Policies due for review are; <ul style="list-style-type: none"> <li>✓ Credit Card Policy</li> <li>✓ Risk Management Policy</li> <li>✓ Fixed Assets Accounting Policy</li> <li>✓ Prudential Management Policy</li> <li>✓ Rates Arrears and Debtor Management Policy</li> <li>✓ Treasury Management Policy</li> <li>✓ Budget Management Policy</li> <li>✓ Funding Policy</li> <li>✓ Internal Financial Control Policy</li> <li>✓ Disposal of Land and Other Assets Policy</li> </ul>	April 2022 June 2022 June 2022 June 2022 April 2022 April 2022 February 2022 April 2022 April 2022 June 2022	Agenda 11 April 2022  Agenda 11 April 2022 Agenda 11 April 2022 Completed Agenda 11 April 2022 Agenda 11 April 2022		14 February
<b>6. Public Interest Disclosures</b>				
6.1 Review Council's Public Interest Disclosure Procedure (Last reviewed in February 2019)	To be reviewed in 2022			
<b>7. Reporting</b>				
7.1 Ensure progress of the outstanding Audit Committee resolutions are followed up regularly.	Ongoing			

## Audit Committee Annual Work Program 2021/2022 – April 2022 Update

7.2 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.	Ongoing			
7.3 Report annually to the Council; <ul style="list-style-type: none"> <li>▪ outlining outputs relative to the audit committee’s work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate;</li> <li>▪ outlining any identified training needs;</li> <li>▪ Audit Committee Self-Assessment Survey</li> <li>▪ advise on future work program proposals; and invite comment from the Council on all of the above.</li> </ul>	To be confirmed   To be confirmed To be confirmed To be confirmed			

 <b>Adelaide Plains Council</b>	<b>7.1</b>	<b>Committee Resolutions</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date: 11 April 2022</b>	<b>Document No:</b>	<b>D22/14031</b>

## **OVERVIEW**

### Purpose

The purpose of this report is to provide an update to the members of the Audit Committee on the outstanding Committee resolutions yet to be actioned by the Council management.

### Discussion

Audit Committee resolutions that require actioning by Council management are captured in the Resolution Register and presented to each committee meeting for the information of the members of the Audit Committee.

A report on the review of Council's Credit Card Policy has been provided within the agenda of 11 April 2022 Audit Committee meeting. Accordingly, there are no further Audit Committee resolutions outstanding.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 11 April 2022, receives and notes the report.”**

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## **Attachments**

1. Audit Committee Resolution Register – Updated April 2022.

## **References**

### Legislation

N/A

### Other

Audit Committee Annual Work Program 2021/2022

## 2020 Audit Committee Resolution Register

D20/6624

Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
10-Feb-20	9.1	Committee Resolution	"that the Audit Committee, recommend to Council that a report be prepared reviewing the adequacy of current Council policies in light of the recent Ombudsman reports on credit card and travel expenditure."	2020/016	Finance and Business	Agenda	Report is contained within the agenda of 11 April Audit Committee meeting.	

 <b>Adelaide Plains Council</b>	<b>8.1 Confidential Item</b>
<b>11 April 2022</b>	

8.1            Crown Land, Two Wells – April 2022 Audit Committee Update

## **RECOMMENDATION**

**“that:**

- 1. Pursuant to section 90(2) of the Local Government Act 1999, the Audit Committee orders that all members of the public, except Chief Executive Officer, General Manager – Governance and Executive Office, General Manager – Finance and Business, General Manager – Development and Community, Manager – Governance and Administration, Administration and Executive Support Officer/Minute Taker and Information Technology Support Officer be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.1 – *Crown Land, Two Wells – April 2022 Audit Committee Update*;**
- 2. The Audit Committee is satisfied that pursuant to section 90(3)(b) of the *Local Government Act 1999*, Item 8.1 – *Crown Land, Two Wells – April 2022 Audit Committee Update* concerns commercial information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, or to prejudice the commercial position of Council in relation to ongoing negotiations regarding Crown Land at Two Wells;**
- 3. The Audit Committee is satisfied that the principle that Audit Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential.”**

## **RECOMMENDATION**

**“that the Audit Committee, having considered the matter of Item 8.1 – *Crown Land, Two Wells – April 2022 Audit Committee Update* in confidence under sections 90(2) and 90(3)(b) of the *Local Government Act 1999*, resolves that:**

- 1. The report pertaining to Item 8.1 – *Crown Land, Two Wells – April 2022 Audit Committee Update* remain confidential and not available for public inspection until further order of the Council;**
- 2. Pursuant to section 91(9)(a) of the Local Government Act 1999, the confidentiality of the matter will be reviewed every 12 months; and**
- 3. Pursuant to section 91(9)(c) of the Local Government Act 1999, the Committee delegates the power to revoke this confidentiality order to the Chief Executive Officer.”**