

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 in

**Council Chamber
Redbanks Road
Mallala**

on

Monday 7 November 2022 at 4.30pm



James Miller
CHIEF EXECUTIVE OFFICER

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2. Confirmation of Minutes

Monday 7 November 2022

- 2.1 “that the minutes of the Audit Committee Meeting held on Monday 8 August 2022 (MB Folios 225 to 231, inclusive), be accepted as read and confirmed.”

MINUTES

of the

Audit Committee Meeting

of the



**Adelaide
Plains
Council**

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

HELD IN

**Council Chamber
Redbanks Road
Mallala**

on

Monday 8 August 2022 at 4.30pm

The Chairperson formally declared the meeting open at 4.30pm, acknowledged that the meeting was taking place on Kurna land and paid respect to Kurna Elders, past and present.

1. ATTENDANCE AND WELCOME

1.1 Present

Mr Alan Rushbrook (Chairperson)

Mr Peter Fairlie-Jones

Deputy Mayor Marcus Strudwicke

Councillor Margherita Panella (*by electronic means*)

Also in Attendance

Chief Executive Officer

Mr James Miller

General Manager – Finance and Business

Mr Rajith Udugampola

Acting General Manager – Governance and Executive Office

Ms Alyssa Denicola

General Manager – Infrastructure and Environment

Mr Thomas Jones

Information Technology Officer (*for Item 8.1*)

Mr Thomas Harris-Howson

Accountant

Ms Carmel Vandermolten

Administration and Executive Support Officer/Minute Taker

Ms Stacie Shrubsole

Administration Support Officer – Infrastructure and Environment

Ms Lauren Bywaters

1.2 Apology:

Mayor Mark Wasley

2. CONFIRMATION OF MINUTES

2.1 Confirmation of Minutes – Meeting held 6 June 2022

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 041**

“that the minutes of the Audit Committee Meeting held on Monday 6 June 2022 (MB Folios 214 to 219, inclusive), be accepted as read and confirmed.”

CARRIED

2.2 Confirmation of Minutes – Meeting held 19 July 2022

Committee Resolution

Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke **2022/ 042**

“that the minutes of the Special Audit Committee Meeting held on Tuesday 19 July 2022 (MB Folios 220 to 224, inclusive), be accepted as read and confirmed.”

CARRIED

The Chair sought leave of the meeting pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulations 2013* to bring forward Item 8.1 – *Cyber Security Briefing* and Item 8.2 – *Crown Land, Two Wells – August 2022 Audit Committee Update*. Leave was granted.

8. CONFIDENTIAL ITEMS

8.1 Cyber Security Briefing

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 043**

“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 – Finance and Business, Acting General Manager – Governance and Executive Office, General Manager – Infrastructure and Environment, Accountant, Information Technology Officer, Administration and Executive Support Officer/Minute Taker and Administration Support Officer – Infrastructure and Environment be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.1 – *Cyber Security Briefing*;**
- 2. The Audit Committee is satisfied that pursuant to section 90(3)(e) of the *Local Government Act 1999*, Item 8.1 – *Cyber Security Briefing* concerns matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person, being a verbal briefing by the Information Technology Officer in relation to cyber security;**
- 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

The Information Technology Officer gave a 39 minute presentation in relation to Cyber Security.

8.1 Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones 2022/ 044

“that the Audit Committee, having considered Item 8.1 – *Cyber Security Briefing*, dated 8 August 2022, receives and notes the report.”

CARRIED

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

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones 2022/ 045

“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 – Finance and Business, Acting General Manager – Governance and Executive Office, General Manager – Infrastructure and Environment, Accountant, Administration and Executive Support Officer/Minute Taker and Administration Support Officer – Infrastructure and Environment be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.2 – *Crown Land, Two Wells – August 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 – August 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

The Chief Executive Officer gave a 23 minute verbal update in relation to Crown Land, Two Wells including questions from Committee Members.

8.2 Committee Resolution

Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke 2022/ 046

“that the Audit Committee, having considered Item 8.2 – *Crown Land, Two Wells – August 2022 Audit Committee Update*, dated 8 August 2022, receives and notes the report.”

CARRIED

3. BUSINESS ARISING

Nil

4. ADJOURNED BUSINESS

Nil

5. DECLARATION OF MEMBERS' INTERESTS

Nil

6. REPORTS FOR DECISION**6.1 Draft Annual Work Program 2022/2023**

Councillor Panella disconnected from the meeting at 5.48pm.

Councillor Panella re-connected to the meeting at 5.51pm.

Committee ResolutionMoved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke **2022/ 047**

“that the Audit Committee, having considered Item 6.1 – *Draft Annual Work Program 2022/2023*, dated 8 August 2022, receives and notes the report and in doing so adopts Draft 2022/2023 Audit Committee Work Program as presented at Attachment 1 to this Report subject to:

- 1. Inclusion of a new Item that the Committee review Information Technology audit reports**
- 2. Inclusion of a new Item relating to risk management of major projects**
- 3. Replacing the current Item 5.4 with ‘Review of Council’s Risk Management Plan and Strategic Management Plan’**
- 4. Insertion of a new Item 5.6 ‘Review list of finance-related policies and their currency’ and**
- 5. Insertion of a new Item pertaining to the Gawler River Floodplain Management Authority.”**

CARRIED**6.2 Update on Audit Committee Annual Work Program 2021/2022****Committee Resolution**Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke **2022/ 048**

“that the Audit Committee, having considered Item 6.2 – *Update on Audit Committee Annual Work Program 2021/2022*, dated 8 August 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 Deputy Mayor Strudwicke Seconded Councillor Panella **2022/ 049**

“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 8 August 2022, receives and notes the report.”

CARRIED

7.2 Leave Liability as at 30 June 2022

Committee Resolution

Moved Mr Fairlie-Jones Seconded Deputy Mayor Strudwicke **2022/ 050**

“that Audit Committee, having considered Item 7.2 – *Leave Liability* as at 30 June 2022, dated 8 August 2022, receives and notes the report.”

CARRIED

7.3 Review of Council’s Investments and Borrowings in 2021/2022 Financial Year

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 051**

“that the Audit Committee, having considered Item 7.3 – *Review of Council’s Investments and Borrowings in 2021/2022 Financial Year*, dated 8 August 2022, receives and notes the report”

CARRIED

7.4 Overdue Council Rates as at 30 June 2022

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 052**

“that Audit Committee, having considered Item 7.4 – *Overdue Council Rates* as at 30 June 2022, dated 8 August 2022, receives and notes the report.”

CARRIED

7.5 Interim Audit 2021/2022 – Management Report

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Councillor Panella **2022/ 053**

“that Audit Committee, having considered Item 7.5 – *Interim Audit 2021/2022 – Management Report*, dated 8 August 2022, receives and notes the report.”

CARRIED

9. GENERAL BUSINESS

Nil

10. NEXT MEETING

4.30pm on Monday 7 November 2022.

11. CLOSURE


There being no further business, the Chairperson declared the meeting closed at 6.17pm.

Confirmed as a true record.

Chairperson:.....

Date: ____/____/____

Subject to Confirmation

 Adelaide Plains Council	6.1	Draft Audited Annual Financial Statements 2021/2022
	Department: Report Author:	Finance and Business General Manager – Finance and Business
Date: 7 November 2022	Document No:	D22/45643

EXECUTIVE SUMMARY

- The purpose of this report is to provide Audit Committee Members with the draft audited 2021/2022 Financial Statement for comment and consideration before it is considered for adoption by the Council at a special meeting on Wednesday 9 November 2022.
- Adelaide Plains Council has completed 2021/2022 Financial Year with an operating surplus of \$1.572m, which is an improvement of \$0.329m against the operating surplus of \$1.243m reported in the 2020/2021 Financial Year.
- The improvement in financial performance has been achieved primarily due to;
 - Increase in rate revenue;
 - 75% of the 2022/2023 Financial Assistance Grant (FAG) was paid in advance in April 2022 whereas only 50% was paid as advance in 2020/2021 Financial Year;
 - Reduction in materials, contracts and other expenses; and
 - Reduction in interest expenses.

Detailed analysis of the reasons for improved performance is given under **Table 2**.

- Total outstanding loan balance has increased slightly from \$2.836m at 30 June 2021 to \$2.787m at 30 June 2022.
- Overdue Council rates have decreased by \$0.128m from \$1.050m at 30 June 2021 to \$0.922m at 30 June 2022.
- Council's external Auditor, Mr Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants (the Auditor), has completed the audit of the 2021/2022 Financial Statements and has issued 2021/2022 Audit Completion Report (**Attachment 3**) with the intention to issue an unqualified audit opinion on the financial statements and internal financial controls of the Council.
- The Auditor has identified three (3) performance improvement observations in the final Management Letter (**Attachment 3**) for 2021/2022 Financial Year. They are:
 - Council review/reassess existing lease agreements for application of AASB 16 - Leases
 - No formal process to record the completion of capital works; and
 - High level of accrued annual leave.

RECOMMENDATION 1

“that Audit Committee, having considered Item 6.1 – *Draft Audited Annual Financial Statements 2021/2022*, dated 7 November 2022, receives and notes the report and in doing so, receives and notes the Annual Financial Statements and notes forming part of the Annual Financial statements for the 2021/2022 Financial Year.”

RECOMMENDATION 2

“that Audit Committee, having considered Item 6.1 – *Draft Audited Annual Financial Statements 2021/2022*, dated 7 November 2022, receives and notes the report and in doing so, acknowledges that it has reviewed the Annual Financial Statements for the year ended 30 June 2022 and formed the opinion that they present a true and fair view, and recommends to the Council that they be formally adopted and be certified on behalf of the Council by the Mayor and Chief Executive Officer, subject to adjustment to the

RECOMMENDATION 3

“that the Audit Committee, having considered Item 6.1 – *Draft Audited Financial Statements 2021/2022*, dated 7 November 2022, receives and notes the report and in doing so, authorises its Chairman to sign the *Certification of Auditor Independence*.”

RECOMMENDATION 4

“that the Audit Committee, having considered Item 6.1 – *Draft Audited Financial Statements 2021/2022*, dated 7 November 2022, receives and notes the report and in doing so, acknowledges that Council’s independent Auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants intends to issue an unqualified opinion in relation to the Financial Statements and the Internal Financial Controls of the Council for the 2021/2022 Financial Year.”

BUDGET IMPACT

Estimated Cost:	Not Applicable
Is this Budgeted?	Not Applicable

RISK ASSESSMENT

Not applicable

Attachments

1. Draft Management Representation Letter 2021/2022.
2. Draft Audited Financial Statement 2021/2022.
3. 2021/2022 Audit Completion Report issued by the Auditor.
4. Statement by Auditor on independence.

DETAILED REPORT

Purpose

The purpose of this report is to present the draft 2021/2022 Audited Annual Financial Statements to the Audit Committee for comment and consideration in accordance with the Section 126 of the *Local Government Act 1999* (the Act) and the Regulations 11,12,13,14,19 and 22 of the *Local Government (Finance Management) Regulations 2011* (the Regulations).

Background/History

The 2021/2022 audited annual financial statements and notes have been prepared in accordance with Section 127 of the Act and the Regulations. Regulation 13 requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements.

Section 126 (4) (a) of the Act requires that the functions of an Audit Committee to include *'reviewing annual financial statements to ensure that they present fairly the state of affairs of the council'*.

Discussion

Management can confirm that to the best of their knowledge, the 2021/2022 Financial Statements represent a true and fair view of the state of affairs of the Council as at 30 June 2022 and accordingly will be issuing a Management Representation Letter (Please refer to **Attachment 1**) as part of the audit of 2021/2022 Financial Statements.

The Council's external Auditor, Mr Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants has audited the financial statements of the Adelaide Plains Council contained in **Attachment 2**, which comprises;

- i. the Statement of Comprehensive Income for the year ending 30 June 2022;
- ii. the Statement of Financial Position as at 30 June 2022;
- iii. the Statement of Changes in Equity as at 30 June 2022;
- iv. the Statement of Cash Flows for the year ending 30 June 2022; and
- v. notes to the financial statements,

Accordingly, the Auditor has indicated in his Proposed Independent Auditor's Report on the Financial Report (**Attachment 3 – Appendix 1**) that in his opinion *"....financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011."*

Independent Assurance Report on Internal Controls 2022

With regard to Council's internal financial controls framework, the Auditor has 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 2021 to 30 June 2022". Proposed Independent Auditor's Report on the Internal Controls for 2022 is contained in **Attachment 3 – Appendix 2**.

Final Management Letter

Auditor has made three (3) performance improvement observations. They are;

- Council review/reassess existing lease agreements for application of AASB 16 - Leases
- No formal process to record the completion of capital works; and
- Council had 16 employees with more than 300 hours of accrued annual leave.

Please refer to the **Attachment 3** which contains Final Management Letter (Section 6) for the details of the performance improvement observations raised by the Auditor.

Council Management response to Final Management Letter

Council management accepts the recommendation of the Auditor with regard accounting of leases and capital works completion forms and plan to roll out a review/procedure in 2022/2023 Financial Year.

With regard to the higher annual leave, due to removal of restrictions associated with Covid-19, Council management foreshadow a reduction in number of staff with more than 300 hours of annual leave hours by 30 June 2023.

Auditor's Independence Declaration

As declared by the Auditor (**Attachment 4**), Council management can confirm that throughout the audit of Council's financial statements, the auditor has maintained his independence and did not receive any other financial benefit from the Council during 2021/2022 Financial Year other than the fee for the audit of Council's annual financial statements.

Statement of Comprehensive Income

In 2021/2022 Financial Year, the Council is reporting an operating surplus of \$1.572m against an operating surplus of \$1.243m made in 2020/2021 Financial Year. Please refer to **Table 1** below for the comparison of Statement of Comprehensive Income.

Table 1: Statement of Comprehensive Income

Description	2021/2022	2020/2021	Favourable/ (Unfavourable)	
	Actual	Actual		
	\$	\$	\$	%
INCOME				
Rates	11,206,407	10,634,893	571,515	5
Statutory charges	525,371	603,101	(77,730)	(13)
User charges	240,693	178,414	62,278	35
Grants, subsidies and contributions	3,354,785	3,315,715	39,070	1
Investment income	992	991	2	0
Reimbursements	48,090	24,412	23,678	97
Other income	164,647	142,580	22,067	15
Total Income	15,540,985	14,900,106	640,879	4
EXPENSES				
Employee costs	5,665,785	5,150,560	(515,225)	(10)
Materials, contracts & other expenses	4,934,658	5,388,820	454,162	8
Depreciation, amortisation & impairment	3,196,571	2,910,953	(285,618)	(10)
Finance costs	105,636	131,771	26,135	20
Net loss - equity accounted Council businesses	66,040	74,840	8,800	12
Total Expenses	13,968,690	13,656,944	(311,746)	(2)
OPERATING SURPLUS / (DEFICIT)	1,572,296	1,243,162	329,134	26
Asset disposal & fair value adjustments	(394,064)	(273,009)	(121,055)	44
Amounts received specifically for new or upgraded assets	237,273	1,494,412	(1,257,139)	(84)
Physical resources received free of charge	4,674,028	5,344,703	(670,675)	(13)
NET SURPLUS / (DEFICIT)	6,089,532	7,809,268	(1,719,736)	(22)
Other Comprehensive Income				
Changes in revaluation surplus	2,817,240	1,405,039	1,412,201	101
Share of other comprehensive income	(59,054)	(55,383)	(3,671)	7
Total Other Comprehensive Income	2,758,186	1,349,656	1,408,530	104
TOTAL COMPREHENSIVE INCOME	8,847,718	9,158,924	(311,206)	(3)

The reasons for major variances in 2021/2022 actual income and expenses against that of 2020/2021 are explained below.

Table 2: Statement of Comprehensive Income

Description	2021/2022	2020/2021	Favourable/ (Unfavourable)	
	Actual \$	Actual \$	\$	%
Rates	11,206,407	10,634,893	571,515	5
Average existing rate increase in 21/22 was 2.49% plus growth of 2.67%			496,434	
Income from Kerbside Waste collection service charge has increased due to combined impact of increase in service charge from \$160 in 2020/2021 to \$167 in 2021/2022 and increase in number of services			48,406	
Legal & other costs recovered on overdue rates have been higher in 21/22 - Offset by increase in debt collection charges as explained under 'Materials, Contracts and Other Expenses'			18,634	
Statutory Charges	525,371	603,101	(77,730)	(13)
Income from development application has decreased by \$28,717 due to number of applications processed being reduced from 745 in 2020/2021 to 578 in 2021/2022. The value of the development approvals also decreased from \$198m 2020/2021 to \$91m in 2021/2022.			(28,717)	
A total of 167 wastewater applications were approved in the 2021/2022 financial year, a 44% decrease from the 299 approvals processed in 2020/2021 resulting a decrease of income from wastewater approvals			(62,321)	
Income from dog infringements has reduced by \$7,420.			7,420	
User Charges	240,693	178,414	62,278	35
Income from Two Wells Waste Transfer Station has increased in 21/22 compared to 20/21. (Increase in income has been offset by increase in waste disposal costs at the TW Waste Transfer Station)			17,451	
Income from leasing premises to NBN Co for the period 10/02/2020 to 15/09/2022 was received in 2021/2022 Financial Year.			20,055	
Grants, Subsidies and Contributions	3,354,785	3,315,715	39,070	1
75% of the 22/23 Financial Assistance Grant (FAG) was paid in advance in April 2022 whereas only 50% was paid as advance in 20/21 Financial Year.			502,768	
Council received grant income of \$139,400 for coastal protection in 21/22. No such income in 20/21			139,400	
Supplementary Local Road Funding of \$132,459 was received in 21/22 whereas Supplementary Local Road Funding for 20/21 was received in June 21 and was considered as an income in 19/20 financial year			132,459	
21/22 FAG allocated to the Council is higher than 20/21			104,267	
Grant income of \$574,987 was recorded in 20/21 under Drought Communities Program			(574,987)	
Income recognised in 21/22 as grant under Local Roads and Community Infrastructure Program and Roads to Recovery is lower than that in 20/21.			(253,748)	
Investment Income	992	991	2	0
Reimbursements	48,090	24,412	23,678	97
Reimbursement from Local Government Income Protection for actual wages adjustment in 21/22 in higher than in 20/21			19,798	
Other Income	164,647	142,580	22,067	15
WorkCover rebate in 21/22 has been \$22,571 higher than that of 20/21			22,572	
TOTAL INCOME	15,540,985	14,900,106	640,879	4

Employee Costs	5,665,785	5,150,560	(515,225)	(10)
As part of EBA, staff salary was increased by 3% in 21/22. In addition, number of vacant positions that existed in 20/21 was filled in 21/22 resulting increase in staff numbers from 55 FTEs on 30/6/2021 to 63 FTEs on 30/06/2022 which includes 3 new positions added as part of 21/22 budget at an additional cost of \$394,000				
			(515,225)	
Materials, Contracts and Other Expenses	4,934,658	5,388,820	454,162	8
Expenditure on Operating Projects in 21/22 has been lower compared to 20/21 mainly due to completion of several projects under Drought Communities Program in 20/21				
			753,551	
\$86,000 increase in Solo Waste Collection & Disposal Costs due to combines impact of cost increases and increase in number of services. (Increase in costs is offset by increase in income from Waste Levy)				
			(86,728)	
Reduction in legal expenses				
			114,128	
Diesel cost in 21/22 has been higher than 20/21 mainly due to increase in market prices (average cost increased from 103 cents per litre to 145 cents)				
			(103,791)	
Expenses on coastal conservation activities in 21/22 is higher than that of 20/21 due to completion of additional coastal conservation projects with grant funding				
			(80,463)	
Cost of collecting overdue rates have increased				
			(17,920)	
Increase in telephone costs due to additional services being added to the contract plus the increase in contract price by Telstra				
			(28,233)	
Increase in software costs - upgrade of corporate accounting system Authority (\$66,910), increase in Adobe Licensing costs (16,648), Council contribution to Planning Portal (\$15,210) & purchase of new mapping software (\$38,000)				
			(136,768)	
Depreciation, Amortisation and Impairment	3,196,571	2,910,953	(285,618)	(10)
In 20/21 \$7.6m of assets were added under the asset class 'roads, kerbing, footpath & street lights' with the date of addition being 30/06/2021 (i.e. no depreciation in 20/21). Full year depreciation of those assets were accounted in 21/22 resulting significant increase in depreciation expense. Further, there was an increase in assets values due to indexation of assets as of 1 July 2021.				
Finance Costs	105,636	131,771	26,135	20
Interest paid on long-term debentures has reduced in 21/22 compared to 20/21 as interest portion included in loan instalments being reduced progressively.				
			26,135	
Net Loss - Equity Accounted Council Business	66,040	74,840	8,800	12
Gawler River Floodplain Management Authority (GRFMA) made an Operating Deficit of \$250,818 in 21/22 compared to an Operating Deficit of \$281,354 in 20/21. Council share of the operating result of GRFMA is 26.33%.				
			8,800	
TOTAL EXPENSES	13,968,690	13,656,944	(311,746)	(2)

Statement of Financial Position

Comparison of audited Statement of Financial Position on 30 June is given below in **Table 3**.

Table 3: Statement of Financial Position

Description	30 June	30 June	Favourable/ (Unfavourable)	
	2022 Actual	2021 Actual	\$	%
	\$	\$	\$	%
ASSETS				
Current Assets				
Cash and cash equivalents	215,791	256,781	(40,990)	(16)
Trade & other receivables	1,469,508	2,386,481	(916,973)	(38)
Inventories	779,431	238,610	540,821	227
Total Current Assets	2,464,730	2,881,872	(417,141)	(14)
Non-current Assets				
Equity accounted investments in Council businesses	5,692,786	5,817,880	(125,094)	(2)
Infrastructure, property, plant & equipment	130,807,427	121,078,242	9,729,185	8
Other non-current assets	941,431	990,926	(49,495)	(5)
Total Non-current Assets	137,441,644	127,887,048	9,554,596	7
Total Assets	139,906,374	130,768,920	9,137,455	7
LIABILITIES				
Current Liabilities				
Trade & other payables	1,652,373	1,819,620	(167,247)	(9)
Borrowings	1,019,641	1,045,818	(26,177)	(3)
Provisions	1,327,943	1,253,471	74,472	6
Total Current Liabilities	3,999,957	4,118,909	(118,952)	(3)
Non-current Liabilities				
Borrowings	1,766,880	1,790,122	(23,242)	(1)
Provisions	277,330	209,556	67,774	32
Total Non-current Liabilities	2,044,210	1,999,678	44,532	2
Total Liabilities	6,044,167	6,118,587	(74,420)	(1)
NET ASSETS	133,862,207	124,650,333	9,211,875	7
EQUITY				
Accumulated Surplus	49,336,239	42,882,551	6,453,688	15
Asset Revaluation Reserves	82,410,036	79,592,796	2,817,240	4
Other Reserves	2,115,932	2,174,986	(59,054)	(3)
TOTAL EQUITY	133,862,207	124,650,333	9,211,875	7

Total Assets

Council's total asset base has increased from \$131m at 30/06/2021 to \$140m at 30/06/2022, an increase of \$9m due to the combined impact of: -

- a) Increase in rubble stock as at 30 June 2022 resulting an increase in valuation by \$0.541m;
- b) New assets donated to the Council (\$4.674m);
- c) Council's expenditure on assets renewal and new/upgraded assets (\$3.934m) in 2021/2022;
- d) Depreciation expense of \$3.197m recorded in the 2021/2022 Financial Year; and
- e) The impact of the revaluation of fixed assets on 1 July 2021 being \$2.817m.

Total Liabilities

Council's total liabilities have decreased from \$6.119m on 30/06/2021 to \$6.044m at 30/06/2022, a reduction of \$0.074m, mainly due to combined impact of:

- a) Reduction in Council's long-term debts by \$0.507m;
- b) Increase in Council's short-term borrowings by \$0.458m;
- c) Reduction in trade creditors by \$0.167m; and
- d) Increase in provisions by \$0.142m due to increase in unused staff leave hours.

Financial Indicators

Following tables shows Council's audited financial indicators for 2021/2022 Financial Year and previous four (4) financial Years.

Table 4: Financial Indicators

Financial Ratio	21/22	20/21	19/20	18/19	17/18
Operating Surplus/(Deficit) - \$'000	1.572	1.243	0.651	0.134	(0.234)
Operating Surplus Ratio - %	10.1	8.30	4.80	1.10	(2.00)
Adjusted Operating Surplus/(Deficit) - \$'000	1.070	1.240	0.621	(0.143)	(0.301)
Adjusted Operating Surplus Ratio - %	7.00	8.00	5.00	(1.00)	(3.00)
Net Financial Liabilities Ratio - %	28	23	31	38	51
Adjusted Net Financial Liabilities Ratio - %	38	29	37	47	57
Asset Renewal Funding Ratio - %	111	78	78	41	107

Conclusion

The Council is reporting an Operating Surplus of \$1.572m from its operations in the 2021/2022 Financial Year against an Operating surplus of \$1.243m reported in 2020/2021, an improvement of \$0.329m.

Council's external Auditor, Mr Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants, has completed the audit of the 2021/2022 Financial Statements and has issued draft audit report with an unqualified audit opinion on the financial statements and internal financial controls of the Council.

References

Legislation

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Council Policies/Plans

Audit Committee Terms of Reference

Audit Committee Annual Work Programme 2021/2022

DATE

Mr Tim Muhlhausler
Partner
Galpins Accountants Auditors and Business Consultants
PO Box 4067
Norwood South SA 5067

Dear Tim,

This representation letter is provided in connection with your audit of the financial report of the Adelaide Plains Council (the Council) for the year ended 30 June 2022 for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

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

A. FINANCIAL REPORT

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*; in particular the financial report presents fairly in accordance therewith.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.
3. Significant accounting policies adopted in the preparation of the financial report are fully and fairly described in the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards. Such transactions with related party may include:
 - sales, purchases, loans, transfers of assets / liabilities/ services, leasing arrangements, guarantees etc.
 - all balances due to or from related party at year end.
6. All events subsequent of the date of the financial report for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
7. There are no identifiable misstatements, both individually and in the aggregate, within the financial report.

B. OWNERSHIP

1. The Council has good title (or lease interest) in all assets recorded in the accounts.

C. VALUATION

1. We have no plans and intentions that may affect materially the carrying value, or classification, of Council's assets and liabilities.
2. The fair value of land and buildings as determined by the external valuer is reasonable.
3. Adequate provisions have been recorded in the accounts for all anticipated losses.
4. Depreciation rates for capital and other assets have been reviewed having regard to such factors as asset usage and obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all capital and other assets has been recognised and disclosed in the financial report.
5. The carrying amount of capital and other assets does not materially differ from its fair value at the reporting date.

D. Information Provided

1. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in accounting records and are reflected in the financial report.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
5. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial report.
6. We have disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the Council's financial report communicated by employees, former employees, analysts, regulators or others.

7. We have disclosed to you all known instances of non-compliance or suspected non-compliances with laws and regulations including all covenants, conditions or other requirements of outstanding debts, whose effects should be considered when preparing the financial report.
8. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework.
9. We have disclosed to you all known unusual commitments or contractual obligations that were not in the ordinary course of business whose effects should be considered when preparing the financial report.
10. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

E. COMPLETENESS

1. All assets owned or controlled by the Council have been recorded in the accounts.
2. All services rendered prior to the year-end have been recorded in the correct financial year.
3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at year-end.
4. All charges to capital assets (and additions under capital leases) during the year represent actual additions and no expenditure of a capital nature have been charged to expenses during the year.
5. All capital assets sold or dismantled during the year have been properly accounted for in the accounts.
6. Capital and other assets with a limited life are being depreciated, amortised, or otherwise written off as a charge to income over their estimated useful lives in a systematic and rational manner.
7. All liabilities of the Council at year-end have been recorded in the accounts (including provisions for such items as salaries and wages, employee benefits, professional services and long term debts).

F. ELECTRONIC PUBLICATION OF FINANCIAL REPORT

1. We acknowledge our responsibility for the electronic presentation of the audited financial report and independent auditor's report on the internet is identical to the signed hard copy version.
2. We acknowledge our responsibility to clearly differentiate between audited and unaudited information in the construction of the Council's website as we understand the risk of potential misrepresentation.
3. We acknowledge our responsibility for the design, implementation and internal control to ensure the security and integrity of the data published on the internet.
4. We acknowledge our responsibility to only publish the independent auditor's report when the full financial report is presented on the website.

G. OTHER

1. Minute book provided to you contains complete and authentic minutes of all meetings and committees held throughout the year to the most recent meetings.
2. We believe that the Council will be able to meet its financial commitments when they fall due.

Yours Sincerely,

James Miller
Chief Executive Officer

DRAFT

ADELAIDE PLAINS COUNCIL

General Purpose Financial Reports for the year ended 30 June 2022

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ADELAIDE PLAINS COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
INCOME			
Rates	2	11,206,407	10,634,893
Statutory charges	2	525,371	603,101
User charges	2	240,693	178,414
Grants, subsidies and contributions	2	3,354,785	3,315,715
Investment income	2	992	991
Reimbursements	2	48,090	24,412
Other income	2	164,647	142,580
Total Income		15,540,985	14,900,106
EXPENSES			
Employee costs	3	5,665,785	5,150,560
Materials, contracts & other expenses	3	4,934,658	5,388,820
Depreciation, amortisation & impairment	3	3,196,571	2,910,953
Finance costs	3	105,636	131,771
Net loss - equity accounted Council businesses	18	66,040	74,840
Total Expenses		13,968,690	13,656,944
OPERATING SURPLUS / (DEFICIT)		1,572,295	1,243,162
Asset disposal & fair value adjustments	4	(394,064)	(273,009)
Amounts received specifically for new or upgraded assets	2	237,273	1,494,412
Physical resources received free of charge	2	4,674,028	5,344,703
NET SURPLUS / (DEFICIT)		6,089,532	7,809,268
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	2,817,240	1,405,039
Share of other comprehensive income - equity accounted Council businesses	18	(59,054)	(55,383)
Total Other Comprehensive Income		2,758,186	1,349,656
TOTAL COMPREHENSIVE INCOME		8,847,718	9,158,924

This Statement is to be read in conjunction with the attached Notes.

ADELAIDE PLAINS COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2022

ASSETS	Notes	2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	5	215,791	256,781
Trade & other receivables	5	1,469,508	2,386,481
Inventories	5	779,431	238,610
Total Current Assets		2,464,730	2,881,872
Non-current Assets			
Equity accounted investments in Council businesses	6	5,692,786	5,817,880
Infrastructure, property, plant & equipment	7	130,807,427	121,078,242
Other non-current assets	6	941,431	990,926
Total Non-current Assets		137,441,644	127,887,048
Total Assets		139,906,374	130,768,920
LIABILITIES			
Current Liabilities			
Trade & other payables	8	1,652,373	1,819,620
Borrowings	8	1,019,641	1,045,818
Provisions	8	1,327,943	1,253,471
Total Current Liabilities		3,999,957	4,118,909
Non-current Liabilities			
Borrowings	8	1,766,880	1,790,122
Provisions	8	277,330	209,556
Total Non-current Liabilities		2,044,210	1,999,678
Total Liabilities		6,044,167	6,118,587
NET ASSETS		133,862,207	124,650,333
EQUITY			
Accumulated Surplus		49,336,239	42,882,551
Asset Revaluation Reserves	9	82,410,036	79,592,796
Other Reserves	9	2,115,932	2,174,986
Total Council Equity		133,862,207	124,650,333
TOTAL EQUITY		133,862,207	124,650,333

This Statement is to be read in conjunction with the attached Notes.

ADELAIDE PLAINS COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2022

	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	Other Reserves \$	TOTAL EQUITY \$
2022					
Balance at end of previous reporting period		42,882,551	79,592,796	2,174,986	124,650,333
Adjustments (Correction of Prior Period Errors)		364,156	-	-	364,156
Restated opening balance		43,246,707	79,592,796	2,174,986	125,014,489
Net Surplus / (Deficit) for Year		6,089,532	-	-	6,089,532
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	2,817,240	-	2,817,240
Share of other comprehensive income - equity accounted Council businesses		-	-	(59,054)	(59,054)
Balance at end of period		49,336,239	82,410,036	2,115,932	133,862,207
2021					
Balance at end of previous reporting period		35,073,283	78,187,757	2,230,369	115,491,409
Net Surplus / (Deficit) for Year		7,809,268	-	-	7,809,268
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	1,405,039	-	1,405,039
Share of other comprehensive income - equity accounted Council businesses		-	-	(55,383)	(55,383)
Balance at end of period		42,882,551	79,592,796	2,174,986	124,650,333

This Statement is to be read in conjunction with the attached Notes

ADELAIDE PLAINS COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		11,334,218	10,395,368
Fees & other charges		515,399	616,641
User charges		183,162	236,485
Investment receipts		948	1,242
Grants utilised for operating purposes		3,354,820	2,622,149
Reimbursements		48,090	24,412
Other revenues		164,647	142,580
<u>Payments</u>			
Employee costs		(5,482,904)	(4,884,602)
Materials, contracts & other expenses		(5,147,082)	(5,384,837)
Finance payments		(150,906)	(177,040)
Net Cash provided by (or used in) Operating Activities		4,820,392	3,592,399
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		967,092	760,398
Sale of replaced assets		70,091	124,099
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,875,502)	(2,141,883)
Expenditure on new/upgraded assets		(1,973,646)	(2,997,314)
Net Cash provided by (or used in) Investing Activities		(4,811,965)	(4,254,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		10,068,912	9,859,439
Proceeds from aged care facility deposits		-	-
<u>Payments</u>			
Repayments of borrowings		(10,118,330)	(9,810,246)
Net Cash provided by (or used in) Financing Activities		(49,418)	49,193
Net Increase (Decrease) in cash held		(40,990)	(613,108)
Cash & cash equivalents at beginning of period	11	256,781	869,889
Cash & cash equivalents at end of period	11	215,791	256,781

This Statement is to be read in conjunction with the attached Notes

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Council in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of *the Local Government (Financial Management) Regulations 2011* dated 28 November 2022.

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

The Adelaide Plains Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 2A Wasleys Road, Mallala. Other entities in which Council has an interest but does not control are reported in Note 19.

3 Income recognition

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

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

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

In recent years the payment of untied grants (financial assistance grants/ local roads/ supplementary grants) has varied from the annual from the annual allocation as shown in the table below :

Financial Year	Cash Payment Received	Annual Allocation		Difference
2019/2020	1,478,003	1,455,290	+	22,713
2020/2021	1,467,802	1,462,155	+	5,647
2021/2022	2,204,205	1,545,413	+	658,792

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred.

The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

- Office Furniture & Equipment	\$ 1,000
- Other Plant & Equipment	\$ 1,000
- Buildings - new construction/extensions	\$10,000
- Park & Playground Furniture & Equipment	\$ 2,000
- Road construction & reconstruction	\$10,000
- Paving & footpaths, Kerb & Gutter	\$ 2,000
- Drains, Culverts & Reticulation extensions	\$ 5,000
- Sidelines & household connections	\$ 5,000

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

Plant, Furniture & Equipment

> Office Equipment & Furniture	4 to 25 years
> Vehicles and Road-making Equipment	6 to 40 years
> Other Plant & Equipment	5 to 40 years

Building & Other Structures

> Buildings – masonry	50 to 150 years
> Buildings – other construction	20 to 40 years
> Park Structures – masonry	50 to 100 years
> Park Structures – other construction	20 to 40 years
> Playground equipment	5 to 15 years
> Benches, seats, etc	10 to 20 years

Infrastructure

> Sealed Roads – Surface	15 to 30 years
> Sealed Roads – Structure	20 to 130 years
> Unsealed Roads	10 to 30 years
> Bridges – Concrete	80 to 150 years
> Paving & Footpaths, Kerb & Gutter, Drains	50 to 100 years
> Culverts	50 to 80 years
> Flood Control Structures	80 to 100 years
> Reticulation Pipes – PVC	70 to 80 years
> Reticulation Pipes – other	25 to 75 years
> Pumps & Telemetry	15 to 25 years

6.5 Impairment

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

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

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

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

10 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services. Council's equity in Gawler River Flood Plan Management Authority is accounted for in accordance with AASB 128 and set out in detail in Note 18.

11 Leases

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

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

Right-of- Use Assets

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 1 (cont) - SIGNIFICANT ACCOUNTING POLICIES

Lease Liabilities

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

Short-term leases and leases of low-value assets

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

12 GST Implications

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

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

13 New and Amended Accounting Standards and Interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

14 Comparative Figures

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

15 Disclaimer

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 2 - INCOME

	Notes	2022 \$	2021 \$
RATES			
<u>General Rates</u>		10,093,645	9,597,211
Less: Discretionary rebates, remissions & write offs		<u>(101,119)</u>	<u>(89,679)</u>
		9,992,526	9,507,532
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		192,070	188,055
Waste collection		660,479	612,072
Community wastewater management systems		<u>250,391</u>	<u>246,611</u>
		1,102,940	1,046,738
<u>Other Charges</u>			
Penalties for late payment		92,482	76,271
Legal & other costs recovered		<u>22,946</u>	<u>4,312</u>
		115,428	80,583
Less: Discretionary rebates, remissions & write offs		<u>(4,487)</u>	<u>40</u>
		11,206,407	10,634,893
STATUTORY CHARGES			
Development Act fees		244,070	272,787
Health & Septic Tank Inspection fees		69,661	131,982
Animal registration fees & fines		193,085	185,665
Parking fines / expiation fees		444	416
Other licences, fees, & fines		<u>18,111</u>	<u>12,251</u>
		525,371	603,101
USER CHARGES			
Cemetery/crematoria fees		37,776	42,073
Museum Admission Fees		2,481	731
Hall & equipment hire		20,055	591
Rubbish/Recycling Collection Fees		65,794	48,342
Sales - general		1,158	1,342
Sundry		<u>113,429</u>	<u>85,335</u>
		240,693	178,414
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		991	977
Banks & other		<u>1</u>	<u>14</u>
		992	991

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

NOTE 2 - INCOME (continued)

	Notes	2022 \$	2021 \$
REIMBURSEMENTS			
- by joint undertakings		33,960	23,099
- other		<u>14,130</u>	<u>1,313</u>
		<u>48,090</u>	<u>24,412</u>
OTHER INCOME			
Rebates received		127,785	108,751
Sundry		<u>36,861</u>	<u>33,829</u>
		<u>164,647</u>	<u>142,580</u>
GRANTS, SUBSIDIES AND CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		237,273	1,494,412
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		2,204,205	1,467,802
Local Roads and Community Infrastructure Program		518,189	640,255
Roads to Recovery		263,364	395,046
NRM Board		101,716	101,779
Coastal Protection		139,400	-
Stormwater Management		-	27,435
Library & Communications		31,366	27,467
Drought Communities Program		-	574,987
Sundry		<u>96,545</u>	<u>80,944</u>
		<u>3,354,785</u>	<u>3,315,715</u>
		<u>3,592,058</u>	<u>4,810,127</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		838,358	2,326,536
State government		2,660,187	2,419,872
Other		<u>93,513</u>	<u>63,719</u>
		<u>3,592,058</u>	<u>4,810,127</u>
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Landscaping & Open Space		1,405,866	-
Roads, Bridges & Footpaths		2,631,092	4,414,924
Stormwater Drainage		<u>637,070</u>	<u>929,779</u>
TOTAL PHYSICAL RESOURCES RECEIVED		<u>4,674,028</u>	<u>5,344,703</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 3 - EXPENSES

	Notes	2022 \$	2021 \$
EMPLOYEE COSTS			
Salaries and Wages		4,714,070	4,237,737
Employee leave expense		688,034	668,108
Superannuation - defined contribution plan contributions	17	441,524	357,046
Superannuation - defined benefit plan contributions	17	56,177	65,362
Workers' Compensation Insurance		233,843	215,344
Less: Capitalised and distributed costs		(467,863)	(393,037)
Total Operating Employee Costs		5,665,785	5,150,560
Total Number of Employees		63	55
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		14,200	22,950
Elected members' expenses		142,931	137,115
Operating Lease Rentals - cancellable leases		51,284	52,221
Subtotal - Prescribed Expenses		<u>208,415</u>	<u>212,286</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		847,715	1,298,360
Energy		407,724	326,087
Repairs & Maintenance		426,210	547,448
Parts, accessories & consumables		364,315	403,711
Waste Collection & Disposal		768,546	683,601
Information Technology - Software & Licensing		521,993	408,569
Rubble		112,910	140,880
Contributions & Donations		18,788	28,467
Legal Expenses		87,328	201,456
Levies paid to government - NRM levy		192,061	188,195
- Other Levies		11,214	10,598
Professional services		393,605	488,209
Memberships & Subscriptions		152,745	163,853
Insurance		273,637	244,225
Grading		100,677	138,427
Sundry		925,836	956,210
Less: Capitalised and distributed costs		(879,062)	(1,051,761)
Subtotal - Other Materials, Contracts & Expenses		<u>4,726,243</u>	<u>5,176,534</u>
		<u>4,934,658</u>	<u>5,388,820</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 3 - EXPENSES (cont)

	Notes	2022 \$	2021 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Landscaping		16,695	16,556
Buildings & Open Space		552,362	522,599
<u>Infrastructure</u>			
- Roads, Kerbing, Footpath & Street Lights		1,945,105	1,751,343
Stormwater Drainage		150,848	136,716
CWMS		149,077	145,835
Plant, Machinery & Equipment		343,432	308,860
Furniture & Equipment		39,052	29,044
		<u>3,196,571</u>	<u>2,910,953</u>
 FINANCE COSTS			
Interest on overdraft and short-term drawdown		9,290	5,422
Interest on Loans		96,346	126,349
		<u>105,636</u>	<u>131,771</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2022 \$	2021 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		70,091	124,099
Less: Carrying amount of assets sold	7	<u>464,155</u>	<u>397,108</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>(394,064)</u>	<u>(273,009)</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 5 - CURRENT ASSETS

		2022	2021
CASH AND CASH EQUIVALENTS	Notes	\$	\$
Cash on Hand and at Bank		107,101	119,961
Deposits at Call		<u>108,690</u>	<u>136,820</u>
		<u>215,791</u>	<u>256,781</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		922,032	1,049,842
Accrued Revenues		18,993	748,768
Debtors - general		116,334	48,832
GST Recoupment		359,216	357,436
Prepayments		<u>52,933</u>	<u>181,603</u>
		<u>1,469,508</u>	<u>2,386,481</u>
INVENTORIES			
Stores & Materials		<u>779,431</u>	<u>238,610</u>
		<u>779,431</u>	<u>238,610</u>

Note 6 - NON-CURRENT ASSETS

		2022	2021
FINANCIAL ASSETS	Notes	\$	\$
Receivables			
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Gawler River Floodplain Management Authority	18	<u>5,692,786</u>	<u>5,817,880</u>
		<u>5,692,786</u>	<u>5,817,880</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>941,431</u>	<u>990,926</u>
		<u>941,431</u>	<u>990,926</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2021 \$				2022 \$			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land - Community	3	11,706,575	-	-	11,706,575	11,964,120	-	-	11,964,120
Land - Other	2	1,913,501	-	-	1,913,501	1,955,598	-	-	1,955,598
Landscaping	3	723,273	-	(620,267)	103,006	1,127,802	562,101	(650,648)	1,039,255
Buildings & Open Space									
Buildings - Other	2	2,379,700	29,094	(1,551,671)	857,123	2,462,925	-	(1,541,766)	921,159
Open Space	2	129,334	-	(7,199)	122,135	31,834	-	(12,276)	19,558
Buildings - Community	3	12,917,555	18,947	(7,888,461)	5,048,041	12,963,593	888,341	(8,072,724)	5,779,210
Open Space	3	5,788,828	218,852	(3,628,876)	2,378,804	7,105,428	448,442	(3,878,214)	3,675,656
Infrastructure									
- Roads	3	28,628,721	2,755,252	(13,119,433)	18,264,540	33,042,733	1,786,484	(13,820,171)	21,009,046
- Road Pavement	3	62,096,832	99,117	(12,879,841)	49,316,108	63,051,522	892,226	(13,262,935)	50,680,813
- Footpath	3	3,900,355	146,144	(599,658)	3,446,841	4,548,645	103,399	(670,385)	3,981,659
- Kerb and Spoon Drain	3	8,315,208	92,937	(1,099,330)	7,308,815	8,765,171	33,155	(1,163,468)	7,634,858
- Pram Ramps	3	326,340	15,430	(29,532)	312,238	361,620	22,964	(33,790)	350,794
- Car Parks	3	-	49,468	-	49,468	49,468	-	(2,472)	46,996
- Street Lighting		-	43,903	-	43,903	44,869	-	(2,242)	42,627
Bridges	3	4,935,627	-	(2,641,061)	2,294,566	5,044,210	-	(2,749,572)	2,294,638
Stormwater Drainage	3	12,447,462	-	(2,852,257)	9,595,205	13,411,241	90,783	(3,055,885)	10,446,139
CWMS	3	6,575,991	-	(789,662)	5,786,329	6,720,663	-	(956,120)	5,764,543
Plant, Machinery & Equipment		-	4,972,405	(2,745,821)	2,226,584	-	5,789,488	(2,854,138)	2,935,350
Furniture & Equipment		-	761,171	(456,711)	304,460	-	761,171	(495,763)	265,408
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		162,785,302	9,202,720	(50,909,780)	121,078,242	172,651,442	11,378,554	(53,222,569)	130,807,427
Comparatives		153,704,674	10,168,763	(50,424,521)	113,448,916	162,785,302	9,202,720	(50,909,780)	121,078,242

This Note continues on the following pages.

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2021	CARRYING AMOUNT MOVEMENTS DURING YEAR						2022	
	\$	\$							
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers		Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals	In			Out			
Land - Community	11,706,575	-	-	-	-	-	-	257,545	11,964,120
Land - Other	1,913,501	-	-	-	-	-	-	42,097	1,955,598
Landscaping	103,006	950,718	-	-	(16,695)	-	-	2,226	1,039,255
<u>Buildings & Open Space</u>									
Buildings - Other	857,123	-	-	-	(55,839)	99,208	-	20,667	921,159
Open Space	122,135	-	-	-	(3,869)	-	(99,208)	500	19,558
Buildings - Community	5,048,041	571,455	368,556	(75,853)	(258,378)	-	-	125,389	5,779,210
Open Space	2,378,804	1,414,021	-	-	(234,276)	-	-	117,107	3,675,656
<u>Infrastructure</u>									
- Roads	18,264,540	1,170,676	1,553,720	(368,808)	(1,347,495)	-	-	1,736,413	21,009,046
- Road Pavement	49,316,108	1,629,879	-	-	(393,470)	-	-	128,296	50,680,813
- Footpath	3,446,841	588,768	13,522	(0)	(80,623)	-	-	13,152	3,981,659
- Kerb and Spoon Drain	7,308,815	469,211	-	-	(64,138)	-	-	(79,030)	7,634,858
- Pram Ramps	312,238	43,544	-	-	(4,260)	-	-	(728)	350,794
- Car Parks	49,468	-	-	-	(2,472)	-	-	-	46,996
- Street Lighting	43,903	-	-	-	(2,242)	-	-	966	42,627
					-	-	-	-	
Bridges	2,294,566	-	-	-	(50,405)	-	-	50,477	2,294,638
Stormwater Drainage	9,595,205	727,853	-	(943)	(150,848)	-	-	274,872	10,446,139
CWMS	5,786,329	-	-	-	(149,077)	-	-	127,291	5,764,543
Plant, Machinery & Equipment	2,226,584	1,042,749	28,000	(18,551)	(343,432)	-	-	-	2,935,350
Furniture & Equipment	304,460	-	-	-	(39,052)	-	-	-	265,408
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	121,078,242	8,608,874	1,963,798	(464,155)	(3,196,571)	99,208	(99,208)	2,817,240	130,807,427
<i>Comparatives</i>	113,448,916	7,367,844	2,164,504	(397,108)	(2,910,953)	1,039,128	(1,039,128)	1,405,040	121,078,242

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 7 (cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

Other Information

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

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

Highest and best use

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

Transition to AASB 13 - Fair Value Measurement

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 7 (cont) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Land & Landscaping

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, are initially recognised on the cost basis. Last revaluation of land was done at fair value as at 01 July 2019 by Mitch Ekonomopoulos of AssetVal Pty Ltd. During the year, a desktop valuation has been completed based on market evidence of valuation provided by Mitch Ekonomopoulos of AssetVal Pty Ltd as at 1 July 2021.

No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements represent landscaping and are recognised on the cost basis and depreciated over the estimated remaining life of the relevant asset.

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

Building & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings which Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. All building and other structure assets were last revalued as at 01 July 2019 by Mitch Ekonomopoulos of AssetVal Pty Ltd. During the year, a desktop valuation has been completed based on market evidence of valuation provided by Mitch Ekonomopoulos of AssetVal Pty Ltd as at 1 July 2021.

Road Infrastructure

The Adelaide Plains Council conducted a condition assessment of its road infrastructure assets as part of the 2018/2019 valuation for sealed roads, kerb and footpath assets. Unsealed roads were condition assessed as part of the 2016/2017 and 2018/2019 valuation. As there is no market for Council to use to determine fair value of its Road assets, all assets have been valued as Level 3 inputs using a cost approach.

During the year, a desktop valuation has been completed by Tonkin Consulting Pty Ltd as at 1 July 2021 using rates from Rawlinsons Australian Construction Handbook which provides the latest information for 2021 and where available contract rates provided by Council. All acquisitions made after 1 July 2021 are recorded at cost.

Other Infrastructure

Stormwater drainage infrastructure assets were last valued by Council officers with external assistance by Tonkin Consulting Pty Ltd at written down replacement cost as at 1 July 2017. All acquisitions made after 1 July 2017 are recorded at cost. During the year, a desktop valuation has been completed based on unit rates developed for Adelaide Plains Council's stormwater assets by Tonkin Engineering Ltd as at 1 July 2021.

Bridges were last revalued as at 01 July 2019 by Mitch Ekonomopoulos of AssetVal Pty Ltd. During the year, a desktop valuation has been completed based Building Price Index by Tonkin Engineering Ltd as at 1 July 2021.

Community wastewater management scheme at Middle Beach was last valued by Graham L Martin of Maloney Field Services at written down current replacement cost as at 01 July 2015. All acquisitions made after 1 July 2015 for both Mallala and Middle Beach schemes are recorded at cost. During the year, a desktop valuation has been completed by Tonkin Consulting Pty Ltd as at 1 July 2021 using rates from Rawlinsons Australian Construction Handbook which provides the latest information.

Equipment & Furniture and All other Assets

Pursuant to Council's election, these assets are recognised on the cost basis.

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 8 - LIABILITIES

	Notes	2022		2021	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		1,430,627	-	1,208,954	-
Payments received in advance		35	-	-	-
Accrued expenses - employee entitlements		153,771	-	113,136	-
Accrued expenses - other		5,550	-	23,719	-
Other		62,390	-	473,811	-
		<u>1,652,373</u>	<u>-</u>	<u>1,819,620</u>	<u>-</u>
BORROWINGS					
Loans		1,019,641	1,766,880	1,045,818	1,790,122
		<u>1,019,641</u>	<u>1,766,880</u>	<u>1,045,818</u>	<u>1,790,122</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		1,327,943	277,330	1,253,471	209,556
		<u>1,327,943</u>	<u>277,330</u>	<u>1,253,471</u>	<u>209,556</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2021	Net Increments (Decrements)	30/6/2022
Notes	\$	\$	\$
Land - Community	9,549,824	257,545	9,807,369
Land - Other	2,596,458	42,097	2,638,555
Land Improvements	6,902,276	2,226	6,904,502
Buildings & Other Structures	788,265	263,664	1,051,929
Infrastructure			
- Roads, Kerbing & Footpaths	59,755,973	2,251,708	62,007,681
TOTAL	79,592,796	2,817,240	82,410,036
<i>Comparatives</i>	<i>78,187,757</i>	<i>1,405,039</i>	<i>79,592,796</i>

OTHER RESERVES	1/7/2021	Transfers to Reserve	30/6/2022
CWMS Reserve - Middle Beach	48,917	-	48,917
Footpath Construction Reserve	31,419	-	31,419
Joint Ventures - Other Comprehensive Income	2,094,650	(59,054)	2,035,596
TOTAL OTHER RESERVES	2,174,986	(59,054)	2,115,932
<i>Comparatives</i>	<i>2,230,369</i>	<i>(55,383)</i>	<i>2,174,986</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Other Reserves

The CWMS Reserve is rate revenue received in excess of annual expenditure held for future maintenance of the scheme

Footpath Construction Reserve is funds received from developers and held for future footpath construction.

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	Notes	2022 \$	2021 \$
CASH & FINANCIAL ASSETS			
Developer Contributions		32,523	32,301
Two Wells Community Fund		76,083	52,932
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		108,606	85,233

Developer Contributions are restricted to either open space landscaping or footpaths in the applicable developments.

Two Wells Community fund is maintain to provide financial assistance to Two Wells community.

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2022 \$	2021 \$
Total cash & equivalent assets	5	<u>215,791</u>	<u>256,781</u>
Balances per Cash Flow Statement		<u>215,791</u>	<u>256,781</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)		6,089,532	7,809,268
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		3,196,571	2,910,953
Equity movements in equity accounted investments		66,040	74,840
Net increase (decrease) in unpaid employee benefits		182,881	279,148
Non-cash asset acquisitions		(4,674,028)	(5,344,703)
Grants for capital acquisitions treated as Investing Activity		(237,273)	(1,494,412)
Net (Gain) Loss on Disposals		394,064	273,009
		<u>5,017,787</u>	<u>4,508,103</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		187,152	(415,921)
Net (increase) decrease in inventories		(540,821)	20,830
Net increase (decrease) in trade & other payables		156,274	(520,612)
Net Cash provided by (or used in) operations		<u>4,820,392</u>	<u>3,592,400</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	2	<u>4,674,028</u>	<u>5,344,703</u>
		<u>4,674,028</u>	<u>5,344,703</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	25,000	17,000
LGFA Cash Advance Debenture Facility	6,500,000	6,500,000

Council has access to cash facilities of \$6,500,000 and minimises interest expense by transferring funds between cash at bank LGFA Cash Advance Debenture Facility

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										
INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL					
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Business Undertakings	251,290	283,583	387,215	491,306	(135,926)	(207,723)	-	-	1,349,113	1,261,001
Community Services	134,859	139,668	512,052	398,695	(377,194)	(259,028)	4,770	29,283	14,628,977	13,673,541
Culture	37,890	70,054	405,483	416,622	(367,593)	(346,568)	27,936	33,447	2,066,320	1,931,366
Economic Development	-	366,512	212,417	338,262	(212,417)	28,250	518,189	1,239,196	-	-
Environment	974,119	830,296	1,501,467	1,402,150	(527,348)	(571,854)	249,516	111,306	18,035,250	16,857,346
Recreation	8,405	321,954	624,069	850,536	(615,664)	(528,582)	4,305	39,634	12,393,931	11,584,468
Regulatory Services	578,107	571,140	1,557,892	1,608,632	(979,785)	(1,037,492)	60,000	-	305,348	285,405
Transport	28,545	334,025	2,904,546	3,092,324	(2,876,001)	(2,758,299)	285,864	395,047	77,263,835	72,217,642
Plant Hire & Depot/Indirect	11,565	9,852	1,176,043	756,812	(1,164,476)	(746,959)	-	-	7,616,013	7,118,601
Council Administration	13,516,207	11,973,024	4,617,674	4,226,766	8,898,533	7,746,258	2,204,205	1,467,802	6,247,587	5,839,550
TOTALS	15,540,987	14,900,108	13,898,858	13,582,105	1,642,129	1,318,003	3,354,785	3,315,715	139,906,374	130,768,920

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 12 (cont) - COMPONENTS of FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Camping facilities, Gravel Pits/Quarries, Private Works, and Sewerage/CWMS,

Public Order & Safety

Crime Prevention, Emergency Services, Other Fire Protection

Health Services

Pest Control – Health, Immunisation

Community Support

Child and youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support,

Community Amenities

Cemeteries/Crematoria, public Conveniences, Car Parking – non-fee-paying and Other Community Amenities.

Library Services

Provision of three static facilities

Cultural Services

Cultural Services, Cultural Venues, Heritage and Museums, and Other Cultural Services.

Economic Development

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Environment - Waste Management

Domestic Waste, Green Waste, E-Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management

Other Environment

Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

Recreation

Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor,

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

Plant Hire & Depot /Indirect

Plant and equipment, indirect expenditure and depot operations

Governance

Council Administration n.e.c., Elected Members, Organisational.

Support Services

Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records,

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 13 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned.</p> <p>Terms & conditions: Short term deposits have an average maturity of 30 days and an average interest rates of 0.30% (2020-21: 30 days, 0.30%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 5.05% per annum (2020-21: 5.20%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable on both credit foncier and cash advance; interest is charged at fixed rate of 4.45% for credit foncier (2020-21: between 4.45% and 7.05%) and the cash advance at variable of 2.05% as at 30 June 2022 (2020-21: 2.05% as at 30 June 2021).</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 17.</p>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2022	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	215,791	-	-	215,791	215,791
Receivables	1,416,575	-	-	1,416,575	1,416,575
Total	1,632,366	-	-	1,632,366	1,632,366
Financial Liabilities					
Payables	1,498,602	-	-	1,498,602	1,498,602
Current Borrowings	1,099,047	-	-	1,099,047	1,019,641
Non-Current Borrowings	-	410,585	2,273,941	2,684,526	1,766,880
Total	2,597,649	410,585	2,273,941	5,282,175	4,285,123
2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	256,781	-	-	256,781	256,781
Receivables	2,204,878	-	-	2,204,878	2,204,878
Total	2,461,659	-	-	2,461,659	2,461,659
Financial Liabilities					
Payables	1,706,484	-	-	1,706,484	1,706,484
Current Borrowings	1,148,578	-	-	1,148,578	1,045,818
Non-Current Borrowings	-	410,584	2,376,589	2,787,173	1,790,122
Total	2,855,062	410,584	2,376,589	5,642,235	4,542,424

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

	30 June 2022		30 June 2021	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Other Variable Rates	2.05	996,400	3.60	538,584
Fixed Interest Rates	4.45	1,790,121	4.47	2,297,356
		2,786,521		2,835,940

Net Fair Value

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

Risk Exposures

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

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

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

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 14 - COMMITMENTS FOR EXPENDITURE

	2022	2021
<u>Notes</u>	\$	\$
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	55,569	-
Plant & Equipment	10,740	196,279
	66,309	196,279
These expenditures are payable:		
Not later than one year	66,309	196,279
	66,309	196,279
Expenditure Commitments		
Other non-capital expenditure commitments:		
Other Contracts	4,848,348	3,058,440
	4,848,348	3,058,440
These expenditures are payable:		
Not later than one year	1,985,738	1,404,887
Later than one year and not later than 5 years	2,862,610	1,653,553
	4,848,348	3,058,440

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 15 - FINANCIAL INDICATORS

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

Operating Surplus Ratio

	2022	2021	2020
<u>Operating Surplus</u>	10.1%	8.3%	4.8%
Total Operating Revenue			

This ratio expresses the operating surplus as a percentage of total operating revenue.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	28%	23%	31%
Total Operating Revenue			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These **Adjusted Ratios** correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.*

Adjusted Operating Surplus Ratio	7.0%	8.0%	5.0%
Adjusted Net Financial Liabilities Ratio	38%	29%	37%

Asset Renewal Funding Ratio

<u>Net Asset Renewals</u>	111%	78%	41%
Infrastructure & Asset Management Plan required expenditure			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2022 \$	2021 \$
Income	15,540,985	14,900,106
less Expenses	<u>13,968,690</u>	<u>13,656,944</u>
Operating Surplus / (Deficit)	1,572,295	1,243,162
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	3,875,502	2,141,883
Depreciation, Amortisation and Impairment	(3,196,571)	(2,910,953)
Proceeds from Sale of Replaced Assets	<u>(70,091)</u>	<u>(124,099)</u>
	608,840	(893,169)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	1,973,646	2,997,314
Amounts received specifically for New and Upgraded Assets	(967,092)	(760,398)
	<u>1,006,554</u>	<u>2,236,916</u>
Net Lending / (Borrowing) for Financial Year	<u>(43,099)</u>	<u>(100,585)</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 17 - SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (10% in 2021/22; 9.50% in 2020/21). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2020/21) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 18 - INTERESTS IN OTHER ENTITIES

Joint Operations

Section 43 of the Local Government Act 1999, provides that Councils may establish a regional subsidiary to carry out joint projects, functions or activities of the Councils

Legatus Group

The Adelaide Plains Council is a member of the Legatus Group, referred to in this report as the "Regional Subsidiary" for the following purposes:

1. Undertake co-ordinating, advocacy and representational roles on behalf of its Constituent Councils at a regional level;
2. Facilitate and co-ordinate activities of local government at a regional level related to community and economic development with the object of achieving improvement for the benefit of the communities of its Constituent Councils;
3. Develop, encourage, promote, foster and maintain consultation and co-operation and to strengthen the representation and status of local government when dealing with other governments, private enterprise and the community;
4. Develop further co-operation between its Constituent Councils for the benefit of the communities of the region;
5. Develop and manage policies which guide the conduct of programs and projects in the region with the objective of securing the best outcomes for the communities of the region;
6. Undertake projects and activities that benefit the region and its communities;
7. Associate, collaborate and work in conjunction with other regional local government bodies for the advancement of matters of common interest.

During the 2020-21 year Council Subsidiary contribution was \$12,249 (\$12,249 in 2019-20).

Equity accounted Council Businesses

All equity accounted Council businesses are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

Gawler River Floodplain Management Authority (GRFMA)

The GRFMA has been established for the following purposes:

1. To coordinate the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area (the Floodplain);
2. To raise finance for the purpose of developing, managing and operating and maintaining flood mitigation works within the Floodplain;
3. To provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation within the Floodplain;
4. To enter into agreements with Constituent Councils for the purpose of managing and developing the Floodplain.

During the 2020-21 year Council contribution to GRFMA was \$42,749 (\$53,709 in 2019-20).

This note is continued on the next page.

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 18 (cont) - INTERESTS IN OTHER ENTITIES

	2022	2021
Gawler River Floodplains Management Authority	\$	\$
Council's respective interests are:		
- interest in the operating result	27.65%	27.65%
- ownership share of equity	26.33%	26.60%
- the proportion of voting power	16.67%	16.67%
<u>Movements in Investment in Joint Operation</u>	<u>\$</u>	<u>\$</u>
Opening Balance	5,817,880	5,948,103
Share in Operating Result	(66,040)	(74,840)
Adjustment to Equity Share	(59,054)	(55,383)
Share in Equity of Joint Operation	<u>5,692,786</u>	<u>5,817,880</u>
Summarised financial information of the equity accounted business		
<u>Statement of Financial Position</u>		
Cash and cash equivalents	126,130	169,344
Other current assets	98,664	49,278
Non-current assets	21,959,256	21,689,675
Total assets	<u>22,184,050</u>	<u>21,908,297</u>
Current trade and other payables	61,003	36,567
Borrowings	502,136	-
Total liabilities	<u>563,139</u>	<u>36,567</u>
Net Assets	<u>21,620,911</u>	<u>21,871,730</u>
<u>Statement of Comprehensive Income</u>		
Other income	100	100
Contributions from constituent Councils	261,256	196,235
State Government Grants	70,518	20,000
Interest income	1,132	1,009
Total Income	<u>333,006</u>	<u>217,344</u>
Materials, contracts & other expenses	258,251	177,536
Depreciation, amortisation & impairment	322,298	321,162
Finance costs	3,275	-
Total expenses	<u>583,824</u>	<u>498,698</u>
Total Comprehensive Income	<u>(250,818)</u>	<u>(281,354)</u>

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 19 - CONTINGENT ASSETS & CONTINGENT LIABILITIES

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

1 LAND UNDER ROADS

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

2 LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. Council had notice of 1 appeal against planning decisions made prior to reporting date.

3 POTENTIAL INSURANCES LOSSES

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

Council has insured against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

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

ADELAIDE PLAINS COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2022

Note 20 - RELATED PARTY DISCLOSURES

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 19 persons were paid the following total compensation:

Type of compensation	2021 (\$)
Salaries, allowances & other short term benefits	1,373,964
Total	1,373,964

Amount payable as direct reimbursement of expenses incurred on behalf of the Adelaide Plains Council have not been included above.

Other Related Parties

Adelaide Plains Council is a member of Gawler River Floodplains Management Authority (GRFMA). The Council is represented by two Elected Members as Board Member and Deputy Board member of the GRFMA. In addition, Council's Chief Executive Officer and General Manager - Governance and Executive are the proxy board member of the GRFMA.

During the 2021-22 year Council's contribution to GRFMA was \$59,363.

Council contains some key management personnel that have relationships with parties that the Council may transact with on a regular basis. Relationships includes, Two Wells Community Centre, Mallala Football Club and Two Wells Melodrama Group inc.

The nature of these organisation's activities with Council typically include lease of property from the Council: they may also be the recipient of hire income from the Council.

Key management personnel and their close family members may either have an employment relationship or committee role with these organisations and/or access their services. All matters when addressed by the key management personnel are covered by Council's conflict of interest policies & procedures.

Galpins

Accountants, Auditors & Business Consultants

2021/22 Audit Completion Report

Adelaide Plains Council



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EXECUTIVE SUMMARY

To the members of the audit committee of Adelaide Plains Council

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2022. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Key Audit Matters	Section 2
Internal Controls Opinion and Recommendations	Section 3
Corrected Adjustments	Section 4
Immaterial Uncorrected Misstatements	Section 5
Final Management Letter	Section 6
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2

We have also signed the statement by auditor regarding our independence, and confirmed that for the audit of the year ended 30 June 2022 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully



Tim Muhlhausler CA Registered Company Auditor

Date: 26 October 2022

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	Note 1
Final financial report after considerations from the audit committee	Management	Note 1
Signed certification of financial statements	Management	Note 1
Signed management representation letter	Management	Note 1
Final Independent Auditor's Report on the Internal Controls	Audit	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 2

Note 1 To be provided after the audit committee meeting.

Note 2 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Key Audit Matters

Key audit matters are those matters that, in the auditor’s professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

2.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
<p>Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation.</p> <p>Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> ▪ components of assets that are replaced at different times in the asset lifecycle ▪ costs required to replace these components using current prices for materials, labour, and plant costs ▪ indices for measuring subsequent changes in unit rates. <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives.</p> <p>The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset register ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ reviewed the fair value hierarchy provided in note 7 for each category of asset ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation ▪ reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council’s actual asset management practices and to other local government entities ▪ reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the valuer’s report ▪ reviewed the unit rates mentioned above and compared them to different local government entities ▪ assessed the adequacy of disclosures in the financial report.

2.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
<p>Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors.</p> <p>Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process.</p> <p>Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3).</p> <p>For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset registers ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation; and ▪ assessed the adequacy of disclosures in the financial report.

2.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
<p>Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> ▪ whether Council is incurring capital expenditure on physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as the concept goes beyond the legal ownership; ▪ Inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116; ▪ Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; ▪ Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and ▪ accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure. 	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; ▪ reviewed internal controls in place for capitalisation of assets; ▪ selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; ▪ reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and ▪ reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

2.4 Management Override of Controls

Why the matter is significant	How the matter was addressed
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is a significant risk.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ tested the appropriateness of journal entries recorded in the general ledger ▪ reviewed accounting estimates for biases ▪ performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity ▪ requested written representation from Management ▪ reviewed IT access controls rights processes in place ▪ reviewed processes in place to ensure independent reviews of exception reports generated by Council ▪ reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

2.5 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	<ul style="list-style-type: none"> - largest revenue item - often used as a reference point for analysing expenditure decisions - politically sensitive – reputational risk involved if rates are raised incorrectly. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions / data – subject to error - errors impact individuals financially. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions, inherently higher risk of error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	<ul style="list-style-type: none"> - material balance - fraud risk - if there is any instance of errors and/or fraud it will be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment - public money 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	<ul style="list-style-type: none"> - one of the largest liabilities - material balance - opportunity for understatements - if there is a poor use of accrual basis of accounting it may be indicative of poor culture - payments represent an opportunity for fraud. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.

2.6 Intended Opinion on the Financial Report

We have completed our final risk of material misstatements assessment and concluded that the audit procedures performed were sufficient to reduce the audit risk to an acceptable level. We have evaluated the results of our audit testing and determined that no further adjustments to the financial statements are required.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the financial report prepared by Council presents fairly***, in all material respects, the Council's financial position as at the end of the current financial year and its financial performance for the year ended on that date (refer to our proposed Independent Auditor's Report on the Financial Report included in Appendix 1 of this report).

3. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically 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.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively		2022 Findings			
		2022	2021	H	M	L	BP
Purch Procurement/Contracting	7	5	6	-	2	-	-
Fixed Assets	8	8	6	-	-	-	-
General Ledger	8	7	5	-	1	-	-
Accounts Payable	8	7	7	-	1	-	-
Rates / Rates Rebates	8	7	7	-	-	-	1
Payroll	11	11	10	-	-	-	-
Banking	5	5	5	-	-	-	-
Credit Cards	5	5	4	-	-	-	-
Debtors	3	3	3	-	-	-	-
Receipting	2	2	2	-	-	-	-
Total	65	61	55	-	4	-	1

Overall the Council demonstrated a **high level of compliance** with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (61 out of 65 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* as described in Appendix 3 – Risk Ratings.

An interim audit management letter was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

Council has an action plan in place to address most of the findings related to the controls that were not operating effectively as indicated in Management responses to our interim management letter issued in June 2022.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, **the 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.

4. Corrected Adjustments

Adjustment 1 – Reclassification of buildings items included in the open space register					
D/C	Account at FS level	Assets	Liabilities	Surplus/Deficit	Other Comprehensive Income
		Increase/ (decrease) \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease) \$'000
D	IPPE – Buildings	99	-	-	-
C	IPPE – Open Space	(99)	-	-	-
Description: Reclassification of buildings items included in the open space register.					

Adjustment 2 – Open space contributions recognised as a liability					
D/C	Account at FS level	Assets	Liabilities	Surplus/Deficit	Other Comprehensive Income
		Increase/ (decrease) \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease) \$'000
D	Trade and other payables	-	-	364	-
C	Accumulated surplus	-	-	-	(364)
Description:					
<p>The financial report is prepared in compliance with section 127 of the <i>Local Government Act 1999</i>, in accordance with relevant Australian Accounting Standards and in accordance with the requirements set out in the Model Financial Statements (as required by the <i>Local Government (Financial Management) Regulations 1999</i>).</p> <p>The 2022 Model Financial Statements in its page 116 provides that '<i>developer contributions, such as parking, open space or Urban Tree Fund cannot give rise to a liability because no amount is owed to any party external to Council arising from the receipt of the contribution. Certainly, Council has an obligation to expend monies for the purpose for which they were contributed, but a liability can only arise after Council determines on a specific project and lets contracts for its execution</i>'.</p> <p><i>'Contributions that are related to services rendered by the Council to the contributor should be classified as reimbursements. Developer contributions received should be classified as grants and contributions specifically for new/upgraded assets'</i>.</p>					

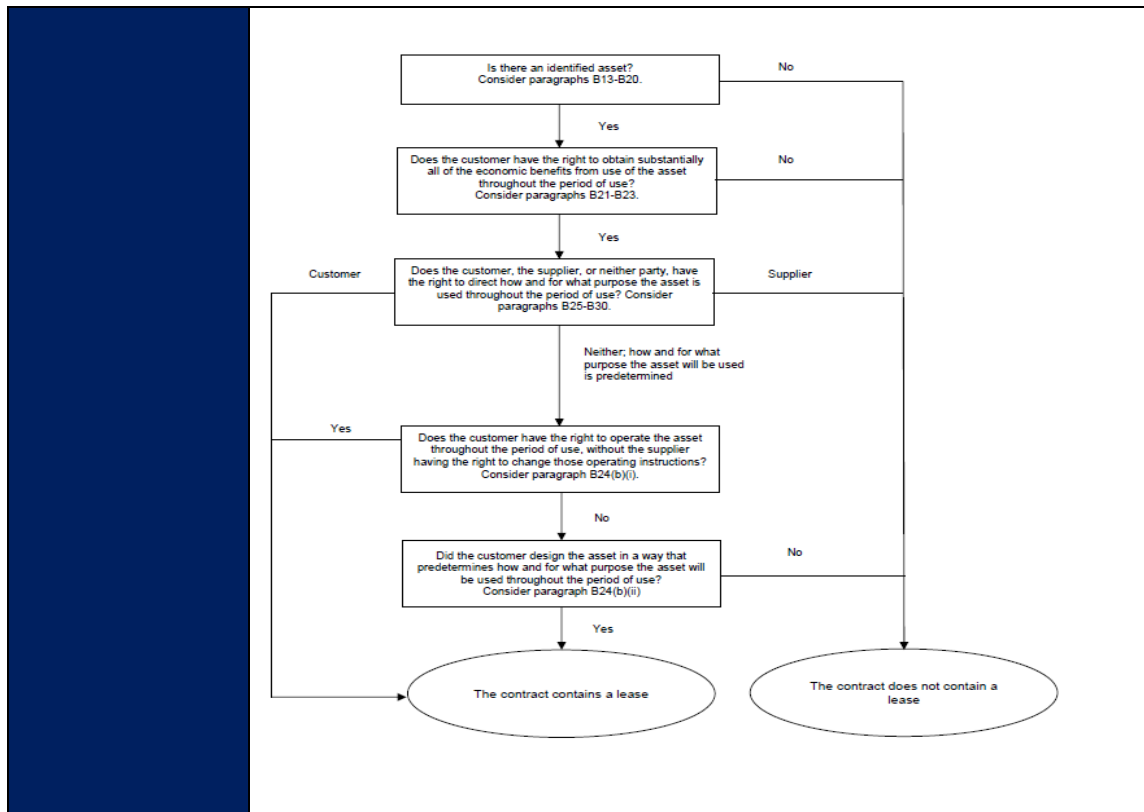
5. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to be reported.

6. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk																																													
6.1. Agreements requiring further assessment for application of AASB 16		Moderate																																													
Finding	<p>AASB 16 - Leases, with effective date of 1 January 2019, brought changes to the way local government entities report leases.</p> <p>AASB 16 – Leases eliminated the distinction between operating and finance leases. The accounting treatment is based on the ‘right-of-use’ of an asset rather than ‘risks and rewards’ incidental to the ownership. The standard requires entities to recognise a right-of-use asset and a lease liability in the Statement of Financial Position related to its current lease agreements.</p> <p>Council has not recognised any right-of-use asset in its statement of financial position, as management is of the view that all the current lease agreements relate to low value items (items with a value below the threshold determined by the Asset Accounting Policy - currently \$10,000).</p> <p>Audit identified some items in the lease agreement register that may require further assessment from management to conclude whether they relate to low value items and whether these agreements contain a lease. These items are described in the table below:</p> <table border="1" data-bbox="501 1281 1377 1693"> <thead> <tr> <th>CM reference</th> <th>Description</th> <th>Remaining lease liability</th> </tr> </thead> <tbody> <tr> <td>D20/46628</td> <td>14 x virtual & physical servers in Datacentre</td> <td>\$181,319.11</td> </tr> <tr> <td>D19/45476</td> <td>Computers 2022 Refresh</td> <td>\$122,355.36</td> </tr> <tr> <td>D19/36973</td> <td>Network equipment</td> <td>\$100,260.00</td> </tr> <tr> <td>CON17/237</td> <td>Landlines account</td> <td>\$45,913.20</td> </tr> <tr> <td>D20/46628</td> <td>Civica Software Fees</td> <td>\$45,860.22</td> </tr> <tr> <td>D20/46628</td> <td>Data landlines (3 x Cisco routers)</td> <td>\$44,750.97</td> </tr> <tr> <td>D20/39931</td> <td>Server hosting</td> <td>\$36,960.00</td> </tr> <tr> <td>CON20/965</td> <td>Telstra mobile phones</td> <td>\$32,173.32</td> </tr> <tr> <td>D20/39471</td> <td>Multifunction printers</td> <td>\$28,170.87</td> </tr> <tr> <td>D22/980</td> <td>Crowdstrike EDR</td> <td>\$17,262.50</td> </tr> <tr> <td>D22/978</td> <td>Blue Revu software</td> <td>\$16,720.00</td> </tr> <tr> <td>D21/34278</td> <td>Enterprise Ethernet NBN</td> <td>\$13,869.17</td> </tr> <tr> <td>D20/28888</td> <td>ElementTime licence</td> <td>\$12,936.00</td> </tr> <tr> <td>D21/34185</td> <td>Adobe Software</td> <td>\$12,260.75</td> </tr> </tbody> </table>		CM reference	Description	Remaining lease liability	D20/46628	14 x virtual & physical servers in Datacentre	\$181,319.11	D19/45476	Computers 2022 Refresh	\$122,355.36	D19/36973	Network equipment	\$100,260.00	CON17/237	Landlines account	\$45,913.20	D20/46628	Civica Software Fees	\$45,860.22	D20/46628	Data landlines (3 x Cisco routers)	\$44,750.97	D20/39931	Server hosting	\$36,960.00	CON20/965	Telstra mobile phones	\$32,173.32	D20/39471	Multifunction printers	\$28,170.87	D22/980	Crowdstrike EDR	\$17,262.50	D22/978	Blue Revu software	\$16,720.00	D21/34278	Enterprise Ethernet NBN	\$13,869.17	D20/28888	ElementTime licence	\$12,936.00	D21/34185	Adobe Software	\$12,260.75
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Risk	Risk of misstatements in the financial report.																																														
Recommendation	Audit recommends that management further assesses the agreements listed in the table above, with a view to identifying individual items greater than the \$10,000 threshold and, for items valued greater than this threshold, following the decision chart within AASB 16 (Appendix B para. B31) to determine whether the agreement is, or contains, a lease.																																														



		Risk
6.2. Capital work completion is confirmed verbally		Moderate
Finding	Capital work completion is confirmed verbally. There is no formal documentation such as an asset completion form signed and dated by project manager to substantiate that a capital work in progress project is ready to be capitalised and recorded as a depreciable capital asset in the asset registers to allow council to start recording depreciation expenses.	
Risk	Risk of errors in the classification of work in progress and capital asset, consequently, risk of the financial statements being misstated.	
Recommendation	Management to consider adopting an asset completion form to keep a record for capital work completion.	




		Risk
6.3. Employees with excessive annual leave balances		Low
Finding	Audit identified 16 employees (14 employees in 2021) with annual leave balances in excess of 300 hours.	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave may lead to health safety and welfare issues.	
Recommendation	Ensure that employees do not accumulate excessive annual leave balances.	


Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 3 – Risk Ratings.


7. Contact Details



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Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of Adelaide Plains Council

Opinion

We have audited the accompanying financial report of Adelaide Plains Council (the Council), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Adelaide Plains Council.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2022, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

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

Council’s Responsibility for the Financial Report

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

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

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of Adelaide Plains Council

Independent Assurance Report on the Internal Controls of Adelaide Plains Council

Opinion

We have audited the compliance of Adelaide Plains Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2021 to 30 June 2022 have been conducted properly and in accordance with the law.

In our opinion, 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 2021 to 30 June 2022.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council’s Responsibility for Internal Controls

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

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2021 to 30 June 2022. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitation of Use

This report has been prepared for the members of the Council in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 3 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.



ADELAIDE PLAINS COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Plains Council for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 26 October 2022

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 Adelaide Plains Council	6.2	Update on Audit Committee Annual Work Program 2022/2023
	Department:	Finance and Business
	Report Author:	General Manager – Finance and Business
Date: 7 November 2022	Document Ref:	D22/47884

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 2022/2023 Financial Year.
- At the meeting held on 8 August 2022, Audit Committee approved its 2022/2023 Works Program.
- Following reports are provided as part of the agenda for the 7 November 2022 meeting.
 - Final audit for 2021/2022 has been completed and draft audited financial statements, audit report on financial statements and internal controls;
 - Information technology update;
 - A report on the review of audited financial results of 2021/2022 against the adopted budget;
 - Review of Risk Management Policy; and
 - A report on the review list of finance-related policies and their currency

RECOMMENDATION

“that the Audit Committee, having considered Item 6.2 – *Update on Audit Committee Annual Work Program 2022/2023*, dated 7 November 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 2022/2023 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 assist minimisation of exposure to associated risks allowing for adequate resourcing for mitigation strategies by the Council.

Attachments

1. Audit Committee Annual Work Program 2022/2023 – November 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 2022/2023 Financial Year.

Background/History

At its meeting on 8 August 2022, the Audit Committee approved the work program for 2022/2023 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 2022/2023 Work Program will assist the members of the committee to monitor their planned activities and the **Attachment 1** shows progress to date. Accordingly, agenda of the 7 November 2022 Audit Committee meeting includes following reports;

- Draft 2021/2022 audited financial statements, independent audit report on financial statements and internal controls;
- A report on the review of audited financial results of 2021/2022 against the adopted budget;
- Information technology update;
- Review of Risk Management Policy; and
- A report on the review list of finance-related policies and their currency

Conclusion

Draft audited financial statements for 2021/2022 Financial Year is presented to the 7 November 2022 meeting for review by the Audit Committee before being considered by the Council at a Special Council meeting to be held on 9 November 2022.

Further reports are provided to the 7 November meeting as identified in the works program for 2022/2023.

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 2022/2023

Activity	Target Meeting	Current Status/Outcome	Action Taken	Date Completed
1. Financial Reporting (LGA – Section 126(4)(a))				
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"> ▪ Annual Business Plan; ▪ Annual Financial Statements; 	April & June 2023 November 2022 and August 2023	21/22 Annual Financial Statements are presented to 7 November meeting		7 November 2022
1.2 Annual Review of financial performance indicators provided to Council as part of Budget Reviews.	November 2022	An information report is presented to 7 November 2022 meeting		7 November 2022
2. Strategic Management and Annual Business Plans (LGA – Section 126(4)(ab))				
2.1 The Audit Committee should satisfy itself regarding the: <ul style="list-style-type: none"> ▪ Review of Strategic Management Plan 2020-2024 for consistency with Council’s long-term financial plan and annual business plan; ▪ Review of Long Term Financial Plan for consistency with its infrastructure and asset management plan (I&AMP); ▪ soundness of the I&AMP; e.g. Is it supported by engineering and other professional assessments regarding the condition of Council’s infrastructure assets; 	April & June 2023 April & June 2023			

Audit Committee Annual Work Program 2022/2023

<ul style="list-style-type: none"> ▪ likely impact on Council’s ongoing financial sustainability of implementation of its suite of strategic management plans; ▪ appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan. ▪ Review of draft Annual Business Plan and Budget before it is released for public consultation 	April 2023			
3. Exercise of Powers under Section 130A (LGA – Section 126(4)(ac))				
<p>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.</p>	Ongoing			
4. Liaising with External Auditor (LGA – Section 126(4)(b))				
<p>4.1 An in-camera meeting with Council’s external auditors during the 2022/2023 financial year to:</p> <ul style="list-style-type: none"> ▪ discuss any points of concern raised by the External Auditor in their interim audit; ▪ assess the appropriateness of the Council’s response to matters raised in the interim audit; ▪ discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter; ▪ assess the appropriateness of the Council’s response to matters so raised. 	<p>November 2022</p> <p>November 2022</p> <p>November 2022</p> <p>November 2022</p>	<p>A decision report is presented to 7 November 2022 meeting</p>		7 November 2022

Audit Committee Annual Work Program 2022/2023


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			
5. Internal Controls and Risk Management Systems (LGA – Section 126(4)(c))				
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: <ul style="list-style-type: none">▪ consider the range of documented internal control policies and procedures; and▪ whether they are being followed.▪ regular self-assessment of internal financial controls	November 2022 November 2022	A decision report is presented to 7 November 2022 meeting		7 November 2022
5.2 Review Business Continuity & Emergency Management Plan (BCEMP). BCEMP has been reviewed and will be separated and replaced with the following documents. <ul style="list-style-type: none">✓ The following plans replace the Emergency Mgt. plan component of the BCEMP:<ul style="list-style-type: none">• Emergency Mgt. Plan.• Incident Operations Arrangements Manual• Recovery Operations Manual✓ APC Business Continuity Plan replaces the Business continuity component of BCEMP.	April 2023	An internal review of our BCP has been undertaken and it has been determined that the scope of works is too significant to be undertaken internally. Three (3) quotes have therefore been sought from suitably qualified consultants. Review of BCP to be undertaken following the procurement process.		
5.3 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:	April 2023			

Audit Committee Annual Work Program 2022/2023

<ul style="list-style-type: none"> ▪ 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. <ul style="list-style-type: none"> ✓ whether a business continuity plan has been developed in case of major damage to key Council properties or other (e.g. computer, assets); ✓ 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; ✓ adequacy of insurance coverage. 				
<p>5.4 Review of Council’s Risk Management Plan and Strategic Management Plan</p>	<p>June 2023</p>			
<p>5.5 Review the appropriateness of the range and content of Council’s financial policies and practices. Policies due for review are:</p> <ul style="list-style-type: none"> ✓ Risk Management Policy ✓ Disposal of Land and Other Assets Policy ✓ Asset Management Policy ✓ Council Vehicle Policy ✓ Procurement Policy 	<p>November 2022 February 2023 June 2023 June 2023 April 2023</p>	<p>A decision report is presented for the Risk Management Policy to 7 November 2022 meeting</p>		<p>7 November 2022</p>
<p>5.6 Review list of finance-related policies and their currency</p>	<p>November 2022</p>	<p>An information report is presented to 7 November 2022 meeting</p>		<p>7 November 2022</p>
<p>5.7 Risk Management of Major Projects</p>	<p>Ongoing</p>			
<p>5.8 Review Information Technology audit reports</p>	<p>Ongoing</p>	<p>An information report is presented to 7 November 2022 meeting</p>		<p>7 November 2022</p>
<p>5.9 Update on Gawler River Floodplain Management Authority</p>	<p>Ongoing</p>			

Audit Committee Annual Work Program 2022/2023

6. Public Interest Disclosures				
6.1 Review Council's Public Interest Disclosure Procedure (Last reviewed in February 2019)	June 2023			
7. Reporting				
7.1 Ensure progress of the outstanding Audit Committee resolutions are followed up regularly.	Ongoing			
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"> ▪ 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; ▪ outlining any identified training needs; ▪ Audit Committee Self-Assessment Survey ▪ advise on future work program proposals; and invite comment from the Council on all of the above. 	To be confirmed To be confirmed To be confirmed To be confirmed			

 Adelaide Plains Council	6.3	Policy Review – Risk Management Policy
	Department: Report Author:	Governance and Executive Office WHS and Risk Advisor
Date: 7 November 2022	Document Ref:	D22/47865

EXECUTIVE SUMMARY

- The purpose of this report is for the Audit Committee to consider, and provide recommendations to Council in relation to, the revised Risk Management Policy (the revised policy), presented as **Attachment 1** to this Report.
- Council’s current Risk Management Policy (the current policy) was last reviewed in November 2019 and is therefore now due for review in accordance with Council’s Policy Review Schedule and indeed, best practice principles.
- The revised policy is now aligned with the Local Government Association (LGA) Mutual Liability Scheme (MLS) Model Policy and consequently includes some changes to terminology as well as structure. The amendments are shown by way of track changes in the revised policy.
- It is recommended that the Audit Committee consider the revised policy and recommend to Council that it adopt the revised policy subject to any amendments that the Committee considers necessary.

RECOMMENDATION

“that the Audit Committee, having considered Item 6.3 – *Policy Review – Risk Management Policy*, dated 7 November 2022, receives and notes the report and in doing so recommends to Council that it adopt the revised Risk Management Policy, as presented at Attachment 1 to this Report.”

BUDGET IMPACT

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

RISK ASSESSMENT

There is no legislative provision that specifically requires councils to implement a risk management policy. However, the *Local Government Act 1999* requires councils to adopt appropriate policies, practices and procedures that ensure their assets are protected through sound administrative management. In addition, each councils' Audit Committee is responsible for "reviewing the adequacy of accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis" and each council auditor is also required to provide an opinion about the adequacy of a Council's internal financial controls. As a member of the Local Government Association Mutual Liability Scheme, Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

Attachments

1. 'Marked-up' Revised Risk Management Policy
2. 'Clean copy' Revised Risk Management Policy

DETAILED REPORT

Purpose

The purpose of this report is for the Audit Committee to consider, and provide recommendations to Council in relation to, the revised Risk Management Policy (the revised policy), presented as **Attachment 1** to this Report.

Background/History

Council's current Risk Management Policy (the current policy) was adopted in 2019 and is now due for review in accordance with Council's Policy Review Schedule and indeed, best practice principles.

Discussion

The revised policy is now more in line with the LGA MLS's Model Risk Management Policy, which can be viewed [here](#). The main changes have been to the terminology used as well as structure/formatting. A summary of the key changes is outlined below.

- Clause 1 – Objective has been reworded in line with the LGA MLS Model Policy and this has resulted in a more concise and clearer approach to the wording.
- Clause 2 – Legislative requirement and policy context has been updated to ensure currency, as well as now including reference to the LGA MLS Rules.
- Clause 4 – Policy Statement has been reworded to reflect the LGA MLS Model Policy and is now more concise.
- Clause 5 – Updated to 'Performance Measures' and the relevant performance measures have been included.
- Clause 6 – Now 'Roles and Responsibilities' and the various roles and responsibilities have been outlined in dot-point form, rather than within one paragraph – again, in line with the LGA MLS Model Policy.

As part of the review process, consultation occurred with Management and other key internal stakeholders. Feedback received was minor (e.g. changes to reflect updated roles and responsibilities) and has been incorporated into the revised policy.

Conclusion

The revised policy is presented as **Attachment 1** to this report, and a 'clean copy' is provided for ease of reference as **Attachment 2**. It is for the Audit Committee to consider and make recommendations to Council accordingly prior to the revised policy being adopted.

References

Legislation

Local Government Act 1999

Work Health and Safety Act 2012

Civil Liabilities Act 1936

Local Government (Financial Management) Regulations 2011


Council Policies/Plans

Adelaide Plains Council Strategic Plan 2021-2024

AS ISO 31000:2018 Risk Management – Guidelines

Adelaide Plains Council Risk Management Framework

LGAMLS Scheme Rules as gazetted July 2020

	Risk Management Policy	
	Version Adoption by Council: <u>TBA</u> Resolution Number: <u>TBA</u> Current Version: <u>V32</u>	
	Administered by: General Manager - Finance and Economic Governance and Executive Office Development	Last Review Date: <u>20192021</u> Next Review Date: <u>20242024</u>
Document No: <u>D17/16718D21/32338</u>	Strategic Outcome: <u>Strategic Outcome: Proactive Leadership – WHS and Risk Management – Compliance with all legislation governing Council business</u> <u>4.5.1 Implement Risk Management Policy and Procedures</u>	

1. Objective

1.1 Adelaide Plains Council (Council) recognises that effective management of risk will support successful achievement of its vision and strategic objectives.

1.1.2 The purpose of the Risk Management Policy is to enable an integrated approach to risk management throughby:

1.1.1.2.1 Articulating Adelaide Plains Council’s commitment to core risk management principles;

1.1.2 Defining responsibilities for the application of risk identification, assessment, evaluation and treatment programs across Council operations;

1.1.3.1.2.2 A Risk Management pProcedure that provides the tools and programmes to underpin Council’s approach to achieving a balance between the costs/ impacts of managing a risk and the anticipated benefits. Supporting the implementation and maintenance of a Risk Management Framework (“the Framework”) that comprises the tools and processes that underpin the organisation’s risk management approach.

1.2 To achieve the objectives of the Policy, a Risk Management pProcedure has been developed.

1.3 Council’s Risk Management Policy defines the aims, objectives and actions necessary to ensure that best practice risk management remains an integral part of Council’s focus and outlines Council’s commitment to sustainability and continuous improvement.

1.4 Council is committed to the implementation and progression of a formal risk management framework with the integration of risk management principles fundamental to achieving Council’s strategic and operational objectives.

Risk Management Policy Electronic version in Council’s EDRMS is the controlled version. Printed copies are considered uncontrolled.	Page 1 of 8
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~~1.5 The management of risk is recognised as an integral part of good management practice and is an essential component of effective corporate governance. Risk Management leads to the successful achievement of Council's Vision, Strategic Plan objectives and community expectations.~~

~~1.61.3 The aim of this framework is to provide a consistent program for dealing with uncertainties likely to impact on the achievement of Council's Vision.~~

2. Scope Legislative requirement and policy context

~~2.1 This policy applies to Council, its workers and associated committees.~~

~~2.2 The performance of the risk management program will be measured through three (3) distinct categories:~~

~~2.2.1 Compliance with this Policy and related documentation;~~

~~2.2.2 Value add to the whole of Council; and~~

~~2.2.3 Maturity of Council's Risk Culture.~~

~~2.3 Section 125 of the Local Government Act 1999 ('LG Act') requires Council to 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.~~

~~2.4 Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.~~

~~Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems.~~

~~Local Government (Financial Management) Regulations 2011~~

~~2.1 Section 14 (e) of the Local Government (Financial Management) Regulations 2011, requires internal controls be implemented by Council and to provide assurance that its financial records are complete, accurate and reliable. Section 48 of the Local Government Act 1999 ('LG Act') requires Councils to identify risks associated with a project and take steps to manage, reduce or eliminate those risks, (including by provision of periodic reports to the CEO and to the Meetings of Council.)~~

~~2.2 Section 125 of the LG Act requires Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.~~

~~2.3 Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.~~

Risk Management Policy
Electronic version in Council's EDRMS is the controlled version. Printed copies are considered uncontrolled.

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2.4 Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems by a resolution passed by at least a two thirds majority of the members of Elected Members prior to entering into financial arrangements for the purpose of managing, hedging or protecting against interest rates or other costs of borrowing money.

2.5 As a member of the Local Government Association Mutual Liability Scheme, Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

~~2.5~~

3 Definitions

Definitions are outlined within ~~Council's Risk Management Procedure~~ the Framework.

4 Policy Statement

4.1 The management of risk will be integrated into governance and leadership structures, including decision-making at all levels.

4.2 Council is committed to developing and maintaining structured and comprehensive risk management processes that are dynamic and based on best available information.

4.3 Engagement with Council employees and stakeholders is integral to the success of risk management processes and, as such, structures to facilitate consultation and communication will be developed and maintained.

4.4 Council will monitor and review its strategic, operational and project risks and apply learnings to continually improve efficiency and effectiveness.

~~4.2 Council is committed to maintaining and applying governance and risk management principles to ensure that any impacts to strategic and business objectives are considered and analysed.~~

~~4.3 Council will adopt and implement a systematic approach to identify, assess, evaluate and treat (mitigate) risks. The risk management procedure (framework) involves identifying opportunities to ensure Council achieves its strategic goals whilst recording its operational risks.~~

~~4.4 Management will lead, actively participate and have complete oversight over all aspects of risk management within their areas of responsibility.~~

~~4.5 Council will maintain a Risk Management Framework consistent with the guidelines and principles of risk management as set out in the International Standard ISO31000:2018 – Risk Management pPrinciples and gGuidelines. The aim of this framework is to provide a consistent program for dealing with uncertainties likely to impact on the achievement of Council's Vision.~~

Risk Management Policy

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~~4.6 All risk registers will be periodically and consistently reviewed in accordance with set timeframes identified in the Risk Management pProcedure.~~

5 Risk Management Roles and Responsibilities Performance Measures

The performance of the risk management program will be measured through the following performance indicators:

- a. Number of strategic objectives achieved, (as a percentage of total)
- b. Percentage of strategic risks within risk appetite
- c. Percentage achievement of risk evaluation action plan actions

6 Risk Management Roles and Responsibilities

4.16.1 Council

Council is responsible for:

- a. Setting the organisation's risk appetite and policy for managing risk;
- b. Giving adequate consideration to risks when setting objectives and making decisions;
- c. Fostering a culture that is consistent with the organisation's appetite for risk;
- d. Ensuring the organisation has the structures and processes in place to support decision making and management of risk;
- e. Setting an appropriate governance structure for risk and risk management including Audit Committee and delegations;
- f. Requiring the CEO to demonstrate that the framework for managing risk is effective and appropriate; and
- g. Requiring the CEO to provide information to allow the Council to understand the risks that may have material impacts on achievement of the organisation's objectives; and
- h. Considering recommendations from the Audit Committee relating to strategic risks or any other risk matter.

~~the approval of this pPolicy and Procedure, and endorsing the systematic approach to managing risk across Council operations. Council should ensure there is consideration of risks and opportunities as part of decision-making processes.~~

4.26.2 Audit Committee

The Audit Committee is responsible:

- a. Reviewing reports from the Executive Management Team and auditors to

Commented [LM1]: Reworded in line with the LGAMLS Policy

Commented [LM2]: Section reworded to be in line with the LGAMLS Policy

ascertain the adequacy of controls that have been implemented; and

b. Monitoring strategic risks on a quarterly basis.

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

~~The Audit Committee is responsible for overseeing Council's risk management and audit requirements. Reporting on risk management shall will be provided occur via Audit Committee m Meetings.~~

4.36.3 Chief Executive Officer (CEO)

The CEO has the responsibility for ~~ensuring that:~~

a. The risk management procedure (framework) is established and implemented;

b. The risk management procedure (framework) framework is integrated into Council's activities and functions;

c. The risk management culture is promoted positively across the organisation;

d. Appropriate systems and resources are in place to manage risks; and

a. Council's internal controls, external and internal audit functions are monitored and reviewed for effectiveness in the context of the Council's overall risk management framework. Promoting a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;

b. Reviewing and endorsing the Risk Management Framework;

c. Developing and implementing a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility & accountability at appropriate levels within the organisation;

d. Allocating and upholding accountability for managing risk;

e. Ensuring the Executive Management Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;

f. Regularly reviewing strategic and operational risks and maintaining an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;

g. Ensuring compliance with legislative and contractual obligations and policy requirements;

h. Providing reliable information about risks, controls and their effectiveness to the Council; and

i. Escalating all strategic risks that exceed the organisation's risk appetite to the

Audit Committee or Council, as required

4.46.4 Executive Management Team (EMT)

Members of the Executive Management Team are responsible for:

- ~~a. The promotion of this pPolicy and the pProcedure whilst monitoring Council's overall risk profile and controls;~~
- ~~b. Reporting on the risk profile and mitigation strategies to the Audit Committee;~~
- ~~c. The implementation, management and evaluation of risk management, in accordance with the pPolicy and pProcedure within their areas of responsibility;~~
- ~~d. Ensuring identified risks are communicated and recorded in Council's rRisk rRegister;~~
- ~~e. Quarterly review of the operational risk register and associated action plans for the respective departments of the General Managers; and~~
- ~~a. Ensure Council and Audit Committee are made aware of risks and what controls are in place to mitigate them. Commitment to, and promotion of, this Policy and the Framework;~~
- ~~b. Monitoring the organisation's overall risk profile and mitigation strategies;~~
- ~~c. Ensuring that risk management is embedded into all functions and activities, including decision making;~~
- ~~d. Ensuring that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments);~~
- ~~e. Incorporating risk treatments into departmental/divisional/business unit plans;~~
- ~~f. Ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively be involved in managing risk;~~
- ~~g. Providing incentives and performance management arrangements that support the desired approach to managing risk;~~
- ~~h. Promoting a proactive risk culture in accordance with business management initiatives;~~
- ~~i. Collectively reviewing strategic risks and considering emerging risks, (prior to Audit Committee)~~
- ~~j. Ensuring compliance with legislative and contractual obligations and policy requirements~~
- ~~f.k.~~

Risk Management Policy

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4.56.5 ~~WHS and/ Risk Officer/Advisor~~

Commented [LM3]: Reworded to be in line with the LGAMLS Policy

The ~~WHS and/ Risk Officer/Advisor~~ is responsible for:

- a. ~~Providing guidance and assistance to the Executive Management Team and employees in relation to the application of this framework;~~
 - b. ~~Ensuring relevant risk information is recorded in the Risk Register and reported and escalated to the Executive Management Team or cascaded to employees, as relevant;~~
 - c. ~~Maintaining this Risk Management Policy and the Framework to ensure their currency and relevance; and~~
 - d. ~~Maintaining the Risk Register and reporting timeframes as required.~~
- a. ~~The development, monitoring and review of the Risk Management Policy and Procedure;~~
 - b. ~~Assisting the Executive Management Team to develop, implement and maintain the risk management procedure (framework) and program in a systematic and standardised manner;~~
 - c. ~~The development and maintenance of the Risk Register(s) that captures reasonably foreseeable operational and strategic risks, including risk mitigation strategies;~~
 - d. ~~Reviewing the risk register quarterly and providing a report to the EMT;~~
 - e. ~~Assisting the Executive Management Team in development and compilation of reports relating to Council's risk profile and mitigation strategies; and~~
 - f.e. ~~Coordinating and or facilitating training on the risk management policy and procedure.~~

4.66.6 ~~Employees, Volunteers and Contractors (Workers)~~

All ~~Council~~ Workers are responsible for:

- a. ~~Understanding and adhering to the Risk Management processes that apply to their area of work; and~~
- a.b. ~~Identifying, evaluating, reporting and managing (or escalating) risks relating to in their daily operational activities and projects; and~~
- b. ~~Understanding and adhering to the Risk Management policy and procedure.~~

7 Related Documents

[AS ISO 31000:2018 Risk Management - Guidelines](#)

[Adelaide Plains Council Risk Management Framework](#)

Risk Management Policy

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[LGAMLS Scheme Rules as gazetted July 2020](#)

[Strategic Plan Annual Business Plan](#)

[Risk Management Procedure](#)

~~[ISO21000:2018 Risk](#)~~

~~[Management](#)~~

~~[Guidelines](#)~~

~~[Better Practice Model – Financial Internal Controls for South Australian Councils](#)~~

~~[Civil Liability Act](#)~~

~~[1936](#)~~

~~[5 Work Health and](#)~~

~~[Safety Act 2012](#)~~

[Long Term Financial Plan](#)

[Council's Asset Management Plans\(s\)](#)

[Emergency Management Plan \(EMP\)](#)

[Business Continuity Emergency Management Plan \(BCEMP\)](#)

[Work Health Safety and Return to Work Plan](#)

68 Records Management

All documents relating to this [pPolicy](#) will be registered in Council's Record Management System, on the Intranet, [on Council's website](#) and remain confidential where identified.

79 Document Review

This policy will be reviewed every two (2) years, or more frequently if legislation, relevant standards or organisational needs change.

~~This [pPolicy](#) will be reviewed at least every (2) years to ensure legislative compliance and that it continues to meet the legislative requirements of Council, its activities and programs.~~

10 References

[Local Government Act 1999](#)

[Work Health and Safety Act 2012](#)

Risk Management Policy

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[Civil Liabilities Act 1936](#)

[State Records Act 1997](#)

[Civil Liability Act 1936](#)

[Local Government Act 1999 Work, Health and Safety Act 2012 ISO 31000:2018 Risk Management Guidelines ISO 31000:2018](#)

[Local Government \(Financial Management\) Regulations 2011 Better Practice Model – Financial Internal Controls for South Australian Councils](#)

811 Further Information

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

2a Wasleys Rd, Mallala SA 5502

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

[The Framework is available to all employees via the Council's intranet.](#)

DRAFT

Risk Management Policy

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	Risk Management Policy	
	Version Adoption by Council: TBA Resolution Number: TBA Current Version: V3	
	Administered by: General Manager - Governance and Executive Office	Last Review Date: 2021 Next Review Date: 2024
Document No: D21/32338	Strategic Outcome: Strategic Outcome: Proactive Leadership	

1. Objective

- 1.1 Adelaide Plains Council (Council) recognises that effective management of risk will support successful achievement of its vision and strategic objectives.
- 1.2 The purpose of the Risk Management Policy is to enable an integrated approach to risk management by:
 - 1.2.1 Articulating Council’s commitment to core risk management principles;
 - 1.2.2 Supporting the implementation and maintenance of a Risk Management Framework (“the Framework”) that comprises the tools and processes that underpin the organisation’s risk management approach.

2. Legislative requirement and policy context

- 2.1 Section 48 of the Local Government Act 1999 (‘LG Act’) requires Councils to identify risks associated with a project and take steps to manage, reduce or eliminate those risks, (including by provision of periodic reports to the CEO and to the Meetings of Council.)
- 2.2 Section 125 of the LG Act requires Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.
- 2.3 Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.
- 2.4 Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems by a resolution passed by at least a two thirds majority of the members of Elected Members prior to entering into financial arrangements for the purpose of managing, hedging or protecting against interest rates or other costs of borrowing money.

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2.5 As a member of the Local Government Association Mutual Liability Scheme, Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

3 Definitions

Definitions are outlined within the Framework.

4 Policy Statement

- 4.1 The management of risk will be integrated into governance and leadership structures, including decision-making at all levels.
- 4.2 Council is committed to developing and maintaining structured and comprehensive risk management processes that are dynamic and based on best available information.
- 4.3 Engagement with Council employees and stakeholders is integral to the success of risk management processes and, as such, structures to facilitate consultation and communication will be developed and maintained.
- 4.4 Council will monitor and review its strategic, operational and project risks and apply learnings to continually improve efficiency and effectiveness.

5 Performance Measures

The performance of the risk management program will be measured through the following performance indicators:

- a. Number of strategic objectives achieved, (as a percentage of total)
- b. Percentage of strategic risks within risk appetite
- c. Percentage achievement of risk evaluation action plan actions

6 Roles and Responsibilities

6.1 Council

Council is responsible for:

- a. Setting the organisation's risk appetite and policy for managing risk;
- b. Giving adequate consideration to risks when setting objectives and making decisions;
- c. Fostering a culture that is consistent with the organisation's appetite for risk;
- d. Ensuring the organisation has the structures and processes in place to support decision making and management of risk;
- e. Setting an appropriate governance structure for risk and risk management including Audit Committee and delegations;

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- f. Requiring the CEO to demonstrate that the framework for managing risk is effective and appropriate; and
- g. Requiring the CEO to provide information to allow the Council to understand the risks that may have material impacts on achievement of the organisation's objectives; and
- h. Considering recommendations from the Audit Committee relating to strategic risks or any other risk matter.

6.2 Audit Committee

The Audit Committee is responsible:

- a. Reviewing reports from the Executive Management Team and auditors to ascertain the adequacy of controls that have been implemented; and
- b. Monitoring strategic risks on a quarterly basis.

6.3 Chief Executive Officer (CEO)

The CEO has the responsibility for:

- a. Promoting a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;
- b. Reviewing and endorsing the Risk Management Framework;
- c. Developing and implementing a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility & accountability at appropriate levels within the organisation;
- d. Allocating and upholding accountability for managing risk;
- e. Ensuring the Executive Management Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;
- f. Regularly reviewing strategic and operational risks and maintaining an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;
- g. Ensuring compliance with legislative and contractual obligations and policy requirements;
- h. Providing reliable information about risks, controls and their effectiveness to the Council; and
- i. Escalating all strategic risks that exceed the organisation's risk appetite to the Audit Committee or Council, as required

6.4 Executive Management Team (EMT)

Members of the Executive Management Team are responsible for:

- a. Commitment to, and promotion of, this Policy and the Framework;
- b. Monitoring the organisation's overall risk profile and mitigation strategies;
- c. Ensuring that risk management is embedded into all functions and activities,

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- including decision making;
- d. Ensuring that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments);
 - e. Incorporating risk treatments into departmental/divisional/business unit plans;
 - f. Ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively be involved in managing risk;
 - g. Providing incentives and performance management arrangements that support the desired approach to managing risk;
 - h. Promoting a proactive risk culture in accordance with business management initiatives;
 - i. Collectively reviewing strategic risks and considering emerging risks, (prior to Audit Committee)
 - j. Ensuring compliance with legislative and contractual obligations and policy requirements

6.5 **WHS and Risk Advisor**

The WHS and Risk Advisor is responsible for:

- a. Providing guidance and assistance to the Executive Management Team and employees in relation to the application of this framework;
- b. Ensuring relevant risk information is recorded in the Risk Register and reported and escalated to the Executive Management Team or cascaded to employees, as relevant;
- c. Maintaining this Risk Management Policy and the Framework to ensure their currency and relevance; and
- d. Maintaining the Risk Register and reporting timeframes as required.

6.6 **Employees, Volunteers and Contractors (Workers)**

All Workers are responsible for:

- a. Understanding the Risk Management processes that apply to their area of work; and.
- b. Identifying, evaluating, reporting and managing (or escalating) risks relating to daily activities and projects.

7 Related Documents

AS ISO 31000:2018 Risk Management - Guidelines

Adelaide Plains Council Risk Management Framework

LGAMLS Scheme Rules as gazetted July 2020

8 Records Management

All documents relating to this policy will be registered in Council's Record Management System, on the Intranet, on Council's website and remain confidential where identified.

9 Document Review

This policy will be reviewed every two (2) years, or more frequently if legislation, relevant standards or organisational needs change.

10 References

Local Government Act 1999

Work Health and Safety Act 2012

Civil Liabilities Act 1936

State Records Act 1997


11 Further Information

Members of the public may inspect this policy on Council's website at www.apc.sa.gov.au or at Council's Principal Office at:

2a Wasleys Rd, Mallala SA 5502

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

The Framework is available to all employees via the Council's intranet.

 Adelaide Plains Council	7.1	Committee Resolutions
	Department: Report Author:	Finance and Business General Manager – Finance and Business
Date: 7 November 2022	Document No:	D22/47886

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 meeting for the information of the members of the Audit Committee.

Agenda of the 7 November 2022 Audit Committee meeting contains an information report titled '*Reporting of Credit Card Transactions and Travel Expenditure*'. Accordingly, only one (1) resolution is outstanding from February 2020 Audit Committee meeting.

RECOMMENDATION

“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 7 November 2022, receives and notes the report.”

Attachments

1. Audit Committee Resolution Register – Updated November 2022.

References

Legislation

N/A

Other

Audit Committee Annual Work Program 2022/2023

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/Governance and Executive Office	Ongoing	Progress update is contained in the agenda. Refer to the agenda item titled ' <i>Reporting of Credit Card Transactions and Travel Expenditure</i> '	

2022 Audit Committee Resolution Register

D20/6624

Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
11-Apr-22	6.2	Policy Review – Credit Card Policy	“that the Audit Committee, having considered Item 6.2 – Policy Review – Credit Card Policy, dated 11 April 2022, requests that a further report be brought back to the Audit Committee regarding the reporting of credit card transactions.”	2022/022	Finance and Business/Governance and Executive Office	Completed	Refer to the agenda item titled <i>'Reporting of Credit Card Transactions and Travel Expenditure'</i>	07-Nov-22

 Adelaide Plains Council	7.2	Review of Audited Financial Results for 2021/2022 against Adopted Budget
	Department: Report Author:	Finance and Business General Manager - Finance and Business
Date: 7 November 2022	Document No:	D22/47210

OVERVIEW

Purpose

The purpose of this report is to summarise 2021/2022 Audited result and provide explanation for major variations from the 2021/2022 Adopted Budget in accordance with the Section 127 of the *Local Government Act 1999* (the Act) and with Regulations 10 of the *Local Government (Finance Management) Regulations 2011* (the Regulations).

Background

Pursuant to Section 127 of the Act, Council must prepare Annual Financial Statements in accordance with the Regulations.

Regulation 10 of the Regulations, requires Council to prepare and consider a report, no later than 31 December in each year, showing the audited financial results of each item shown in the statement of comprehensive income and statement of financial position of the budgeted financial statements, operating surplus ratio, net financial liabilities ratio and asset renewal ratio of the Council for the previous financial year, compared with the estimates set out in the budget presented in a manner consistent with the Model Financial Statements.

Discussion

Adelaide Plains Council has reported an operating surplus of \$1.572m for the 2021/2022 Financial Year. This has been an improvement of \$1.758m compared to the operating budget adopted for the financial year on 8 July 2021, which forecasted an operating deficit of \$0.186m.

The significant improvement in operating results was made possible due to various reasons, including:

- Higher than budgeted income from planning applications;
- Lower than budgeted employee costs due to delay in filling vacant positions;
- Expenses associated with some of the operating projects were not incurred in 2021/2022 Financial Year as planned and therefore being carried over to 2022/2023 Financial Year;
- Reduction in interest expenses associated with short-term borrowings.

Total asset base has increased by \$8.089m while total liabilities being reduced by \$1.488m over the Adopted Budget for 2021/2022.

The 2021/2022 Audited Financial Statements have been finalised and a separate report on the 2021/2022 Annual Financial Statements has been provided for consideration by the Audit Committee under Agenda Item 6.1 - *Draft Audited Annual Financial Statements 2021/2022*.

Statement of Comprehensive Income

Council concluded the financial year with an operating surplus of \$1.572m compared to the Adopted Budget, which forecasted an operating deficit of \$0.186m, an improvement of \$1.758m. **Table 1** shows major variances in audited income and expenses in the 2021/2022 Statement of Comprehensive Income compared to the adopted budget.

Table 1: Statement of Comprehensive Income

Description	2021/2022	2021/2022	Favourable/ (Unfavourable)	
	Actual	Budget	\$	%
	\$	\$	\$	%
INCOME				
Rates	11,206,407	11,173,095	33,312	0
Statutory charges	525,371	495,968	29,403	6
User charges	240,693	169,927	70,766	42
Grants, subsidies and contributions	3,354,785	4,269,841	(915,056)	(21)
Investment income	992	2,652	(1,660)	(63)
Reimbursements	48,090	126,346	(78,256)	(62)
Other income	164,647	22,841	141,806	621
Total Income	15,540,985	16,260,670	(719,685)	(4)
EXPENSES				
Employee costs	5,665,785	5,915,547	249,762	4
Materials, contracts & other expenses	4,934,658	7,453,418	2,518,760	34
Depreciation, amortisation & impairment	3,196,571	2,861,531	(335,040)	(12)
Finance costs	105,636	152,759	47,123	31
Net loss - equity accounted Council businesses	66,040	63,334	(2,706)	(4)
Total Expenses	13,968,690	16,446,589	2,477,900	15
OPERATING SURPLUS / (DEFICIT)	1,572,296	(185,919)	(1,758,215)	946
Asset disposal & fair value adjustments	(394,064)	67,000	(461,064)	(688)
Amounts received specifically for new or upgraded assets	237,273	1,245,000	(1,007,727)	(81)
Physical resources received free of charge	4,674,028	2,000,000	2,674,028	134
NET SURPLUS	6,089,532	3,126,081	2,963,451	95
Other Comprehensive Income				
Changes in assets revaluation surplus	2,817,240	1,500,000	1,317,240	88
Share of other comprehensive income	(59,054)	-	59,054	-
Total Other Comprehensive Income	2,758,186	1,500,000	1,258,186	84
TOTAL COMPREHENSIVE INCOME	8,847,718	4,626,081	4,221,637	91

The reasons for major variances in 2021/2022 income and expenses against the adopted budget are explained below.

Statutory charges income (Over budget by \$29,403)

- Income from development application has increased over the budget \$ 59,070
- Income from septic tank inspection and approvals is lower than budgeted by \$ 30,339

User charges income (Over budget by \$70,766)

- User charges income has increased due to combined impact of;
 - Income from cemetery burials being lower than budgeted by \$ 12,224
 - Income from the Two Wells Waste Transfer Station is higher than budgeted by \$ 38,363
 - Income from leasing premises to NBN Co for the period 10/02/20 to 15/09/22 was received in 2021/2022 (an unbudgeted income) \$ 20,055
 - Rates searches income is higher than budgeted by \$ 3,213

Grants, subsidies and contributions income (Under budget by \$915,056)

- Increase in Financial Assistance Grant (FAG) allocated for 2021/2022 \$ 68,978
- Unbudgeted Supplementary Local Road Funding (Federal Government) received \$ 132,459
- Advance payment of FAG increased to 75% whereas only 50% was budgeted \$ 502,768
- Budgeted grant income not received in full due to relevant projects being in progress
 - Grant for Two Wells Stormwater Levee (\$1,650,000)
 - Local Roads and Community Infrastructure Round 3 (\$ 172,729)
- Application for Building Better Regions Programs has been unsuccessful (\$ 35,000)
- Unbudgeted grant income of \$189,000 was received during the year 2021/2022.
 - Breeder and Compliance Grant from Dog & Cat Management Board \$ 60,000
 - Coastal Settlement Adaptation Study Review \$ 54,000
 - Thompson Beach dune fencing project \$ 75,000

Reimbursements & Other Income (Over budget by \$63,550)

- Higher than budgeted reimbursement from LG Income Protection for wages adj. \$ 15,721
- WorkCover rebate for 21/22 has been higher than budgeted \$ 16,074
- Reimbursement from Mallala Museum for Transport Gallery Project \$ 11,722
- Unbudgeted reimbursement from a compliance matter \$ 6,147
- Unbudgeted Insurance claim received \$ 9,911

Employee costs (Under budget by \$249,762)

- The main reason for the reduction in employee costs compared to the adopted budget is delay in recruiting for several positions (Accountant, Marketing and Communication Officer, Property Officer and Procurement Advisor).

Materials, contracts & other expenses (Under budget by \$2,518,760)

Increase in material, contracts and other expenses due to:

- Expenses incurred in 2021/2022 on projects carried forward from 2020/2021 \$104,937

Reduction in material, contracts and other expenses due to:

- Expenditure under Local Roads and Community Infrastructure Round 3 was budgeted under operating project. However, following Elected members decision to allocate funds to seal unsealed roads, funds were reallocated to the capital program (\$ 690,918)
- Operating Project expense not incurred as budgeted under following projects;
 - Building Better Regions Programs (\$70,000)
 - Grant Writer (\$15,000)
- Legal expenses incurred in 21/22 is lower than budgeted (\$111,672)

Reduction in material, contract and other expenses due to Operating Project expenses not incurred as budgeted in 2021/2022 Financial Year and carried over to 2022/2022 Financial Year (\$1,635,288)

- Two Wells Levee \$1,625,088
- Community Survey 2022 \$10,200

Depreciation, amortisation & impairment (Over budget by \$335,040)

- Actual depreciation expense is higher than the budget. This is mainly due to additional depreciation expense associated with \$7.368m of new/upgraded assets and donated assets added in 2020/2021 whereas \$2,886m was expected in the 2020/2021 budget.

Finance costs (Under budget by \$47,123)

- The actual interest expenses on short-term cash advance from LGFA was lower than budgeted due to carry over project expenses and improved cash flows for 2021/2022 Financial Year.

Statement of Financial Position

The Audited Statement of Financial Position of the Council is shown below in comparison to the adopted budget.

Table 2: Statement of Financial Position as at 30 June 2022

Description	Actual	Adopted Budget	Favourable/ (Unfav.)	
	\$	\$	\$	%
ASSETS				
Current Assets				
Cash and cash equivalents	215,791	306,452	(90,661)	(30)
Trade & other receivables	1,469,508	1,030,610	438,898	43
Inventories	779,431	153,868	625,563	407
Total Current Assets	2,464,730	1,490,931	973,800	65
Non-current Assets				
Equity accounted investments in Council businesses	5,692,786	5,928,205	(235,419)	(4)
Infrastructure, property, plant & equipment	130,807,427	124,384,699	6,422,728	5
Other non-current assets	941,431	13,662	927,769	6,791
Total Non-current Assets	137,441,644	130,326,566	7,115,078	5
Total Assets	139,906,374	131,817,497	8,088,878	6

LIABILITIES

Current Liabilities

Trade & other payables	1,652,373	1,353,264	(299,109)	(22)
Borrowings	1,019,641	3,183,235	2,163,594	68
Provisions	1,327,943	1,008,691	(319,252)	(32)
Total Current Liabilities	3,999,957	5,545,190	1,545,233	28

Non-current Liabilities

Borrowings	1,766,880	1,766,882	2	0
Provisions	277,330	219,683	(57,647)	(26)
Total Non-current Liabilities	2,044,210	1,986,565	(57,645)	(3)

Total Liabilities

Total Liabilities	6,044,167	7,531,754	1,487,587	20
NET ASSETS	133,862,207	124,285,742	9,576,464	8

EQUITY

Accumulated Surplus	49,336,239	40,867,617	8,468,622	21
Asset Revaluation Reserves	82,410,036	81,129,515	1,280,521	2
Other Reserves	2,115,932	2,288,611	(172,679)	(8)
TOTAL EQUITY	133,862,207	124,285,742	9,576,464	8

Total Assets

Council's total asset base has increased by \$8.089m over the Adopted Budget due to combined impact of;

- Cash and cash equivalent assets being lower than budgeted by \$0.091m;
- Value of rubble stock as at 30 June 2022 has been higher than budgeted by \$0.626m in preparation for the significant road sealing program in 2022/2023;
- Value of Council's investments in GRFMA has been lower than budgeted by \$0.235m;
- The adopted budget estimated donated assets of \$2.000m. However, Council has received \$4.675 of donated assets during 2021/2022 Financial Year, a variance of \$2.675m;
- Higher than budgeted capital work-in-progress balance of \$0.928m as at 30 June 2022; and
- Budgeted 'Infrastructure, property, plant & equipment' value as at 1 June 2021, being underestimated due to new/upgraded assets and donated assets for 2020/2021 also being underestimated by \$4.482m.

Total Liabilities

Total liabilities have reduced by \$1.488m due to combined impact of;

- Actual short-term borrowings were \$0.041m whereas new short-term borrowings of \$2.201m were planned in the adopted budgets for 2021/2022 Financial Year; and
- increase in short-term trade payables and provisions associated with employee leave entitlements by \$0.676m.

Financial Indicators

Audited actual financial indicators against that of the adopted budget are given below in **Table 3**. It shows that the Council exceeded its financial targets for all ratios.

- a) An improved operating results has been achieved due to reasons explained above, resulting an operating surplus ratio of 10.1% against budgeted operating deficit ratio of 1.36%.
- b) Reduction in Net Financial Liabilities Ratio compared to the adopted budget has been achieved due to total net financial liabilities as of 30 June 2022 being lower than that were estimated in the Adopted Budget.
- c) Assets Renewal Funding Ratio has increased over the budgeted due to expenses incurred on assets renewal being higher than budgeted by \$0.958m.

Table 3: Financial Indicators for 2021/2022 (%)

	Audited Actual 2021/2022	Adopted Budget 2021/2022
Operating Surplus/(Deficit) Ratio	10.1	(1.36)
Adjusted Operating Surplus Ratio	7	(1.36)
Net Financial Liabilities Ratio	28	45
Adjusted Net Financial Liabilities Ratio	38	45
Asset Renewal Funding Ratio	111	98

Conclusion

Adelaide Plains Council has been able to achieve an improvement in its operating results (i.e. improved operating results and a reduction in borrowings) when compared to the 2021/2022 Adopted Budget approved by the Council in July 2021. This improvement was due to the combined impact of various favourable/unfavourable budget variances such as:

- Advance payment of 75% of the 2022/2023 Financial Assistance Grant;
- reduction in Council's budgeted short-term borrowings;
- carried forward of 2020/2021 unspent operating project expenses in to 2021/2022 Financial Year.
- carried forward of 2021/2022 unspent operating project expenses in to 2022/2023 Financial Year.

RECOMMENDATION

“that Audit Committee, having considered Item 7.2 – Review of Audited Financial Results for 2021-2022 against Adopted Budget, dated 7 November 2022, receives and notes the report.”

Attachments

Nil

References

Legislation

Local Government Act 1999

- Section 127 – Financial Statements


Local Government (Financial Management) Regulations 2011

- Regulation 10 - Report on financial results

Other

Audit Committee Terms of Reference.

Audit Committee Working Program 2021/2022

 Adelaide Plains Council	7.3	Reporting of Credit Card Transactions
	Department: Report Author:	Governance and Executive Office Manager Governance and Administration
Date: 7 November 2022	Document Ref:	D22/48059

OVERVIEW

Purpose

The purpose of this report is to provide, in accordance with Audit Committee Resolution 2022/022, the Committee with an overview of the current legislative obligations regarding the reporting of credit card transactions and to also provide an update in relation to the Committee's Resolution 2020/016.

Background

The Committee, at its Meeting on 10 February 2020, resolved as follows:

- 9.1 *Moved Councillor Panella* *Seconded Deputy Mayor Strudwicke* **2020/ 016**
“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.”

CARRIED

A thorough review of Council's Credit Card Policy was subsequently undertaken (including being presented to the Audit Committee on 11 April 2022 prior to being adopted by Council on 26 April 2022) with a view to ensuring that the Policy satisfied the regulatory and community expectations in relation to the appropriate use of credit cards – refer [Item 6.2 – Policy Review – Credit Card Policy](#). In addition, Management is continuing to explore the development of a policy framework to reflect the current internal protocols around appropriate spending in the context of credit cards, travel, gifts and hospitality.

The Audit Committee, in considering the Item 6.2, resolved as follows:

- 6.2 *Policy Review – Credit Card Policy*
Moved Mayor Wasley *Seconded Mr Fairlie-Jones* **2022/ 021**
“that the Audit Committee, having considered Item 6.2 – Policy Review – Credit Card Policy, dated 11 April 2022, receives and notes the report and in doing so recommends to Council that it adopt the Credit Card Policy as presented in Attachment 1 to this report, subject to, at clause 3.17, replacing the word ‘authorised’ with the word ‘reviewed’.”

CARRIED

The Audit Committee also discussed the potential for additional reporting of credit card transactions in the future and resolved as follows:

6.2 Moved Deputy Mayor Strudwicke Seconded Councillor Panella 2022/ 022

“that the Audit Committee, having considered Item 6.2 – Policy Review – Credit Card Policy, dated 11 April 2022, requests that a further report be brought back to the Audit Committee regarding the reporting of credit card transactions.”

CARRIED

Discussion

Adequacy of current Council policies – credit card and travel expenditure – Resolution 2020/016

Notwithstanding the recent review of Council’s Credit Card Policy, Council’s Management is exploring the development of a policy framework to reflect the current internal protocols around credit card expenditure. Importantly, and linking to previous recommendations from the Ombudsman, this framework will also incorporate Council’s approach to travel, gifts and hospitality.

It is anticipated that this framework will be presented to both the Audit Committee and Council’s Governance Advisory Panel in mid-2023.

Reporting of credit card transactions, travel and gifts/hospitality – Resolution 2022/022

As Members are likely aware, Section 131 of the *Local Government Act 1999* (the Act) requires a council to, on or before 30 November in each year, prepare and adopt an annual report relating to the operation of the council for the financial year ending on the preceding 30 June.

The annual report must, amongst other things, include the material, and include specific reports on the matters, specified in Schedule 4 of the Act as amended from time to time by regulation. Schedule 4 of the Act requires a council to include in its annual report ‘other material prescribed by the regulations’.

An outcome of the recent Local Government Reform Program, and relevant to both Resolutions 2020/016 and 2022/022, are the following ‘new’ legislative reporting requirements under the *Local Government (General) Regulations 2013* (the Regulations) which commenced on 23 December 2021 for the purposes of annual reports for the 2021/2022 financial year:

- Regulation 35(2)(b) and (c): a summary of the details (including the cost) of any interstate and international travel (excluding prescribed interstate travel) undertaken by members and employees of the council during the relevant financial year funded in whole or in part by the council;
- Regulation 35(2)(d) and (e): a summary of the details (including the cost) of any gifts (including hospitality) above the value of \$50 provided to members and employees of the council during the relevant financial year funded in whole or in part by the council; and
- Regulation 35(2)(f): a statement of the total amount of expenditure incurred using credit cards provided by the council for use by members or employees of the council during the relevant financial year.

There are currently no prescribed requirements, or more specific sector guidelines, as to how this content should be presented. Management will, naturally, continue to monitor guidelines as they are updated in order to ensure that in addition to legislative compliance, Council is also reporting on the various obligations, and indeed presenting its annual report, in accordance with ‘best practice’ each year.

For the Audit Committee’s interest and reference, Council, at its Ordinary Meeting on 24 October 2022 considered the Draft Annual Report 2021-2022 (the Draft Annual Report), and adopted same subject to the subsequent endorsement of the Audited Financial Statements 2021-2022, which includes the above new reporting requirements as follows:

- Travel – refer pages 43 and 44 of the Draft Annual Report;
- Gifts (including hospitality) – refer page 45 of the Draft Annual Report; and
- Credit card expenditure – refer page 67 of the Draft Annual Report.

[Click here to view](#) a copy of Item 13.1 – Adoption of Annual Report 2021-2022, including a copy of the Draft Annual Report, presented to Council on 24 October 2022.

Conclusion

This report is provided in accordance with Resolution 2022/022 and also by way of update in relation to Resolution 2020/016.

If the Committee wishes to request additional reporting to what is now provided for within the Regulations, it is recommended that this occur formally and with sufficient particulars so as to ensure that such reporting occurs in a format that is satisfactory to the Committee.

In any event, Management will report back to the Committee in relation to the development of a new policy framework, and Resolution 2020/016 will remain ‘ongoing’ until such time that this body of work is completed.

RECOMMENDATION

“that Council, having considered Item 7.3 – *Reporting of Credit Card Transactions*, dated 7 November 2022, receives and notes the report.”

Attachments

Nil

References

Legislation

Local Government Act 1999


Local Government (General) Regulations 2013

Council Policies/Plans

Strategic Plan 2021-2024 Proactive Leadership

Annual Report 2021-2022

Credit Card Policy

 Adelaide Plains Council	7.4	Update on Finance Related Policies
	Department: Report Author:	Finance and Business General Manager – Finance and Business
Date: 7 November 2022	Document Ref:	D22/48149

OVERVIEW

Purpose

The purpose of this report is to provide members of the Audit Committee with an update on the list of finance-related policies and their currency.

Background

At the meeting held on 8 August 2022, Audit Committee resolved to include ‘Review list of finance-related policies and their currency’ as a new item to it’s 2022/2023 Works Program

Discussion

As shown below, Adelaide Plains Council have 14 finance related policies. All of these policies are up-to-date and following policies will be reviewed during the 2022/2023 Financial Year.

- a) Asset Management Policy.
- b) Disposal of Land and Other Assets Policy.
- c) Risk Management Policy.
- d) Procurement Policy.
- e) Council Vehicle Policy.

Policy Name	Adopted on	Proposed Review
1) Asset Management Policy	23/08/2021	Aug-23
2) Disposal of Land and Other Assets Policy	22/06/2022	Feb-23
3) Risk Management Policy	22/07/2019	Nov-22
4) Procurement Policy	27/04/2021	Apr-23
5) Council Vehicle Policy	23/08/2021	Aug-23
6) Budget Management Policy	28/02/2022	Feb-24
7) Credit Card Policy	26/04/2022	Apr-24
8) Funding Policy	26/04/2022	Apr-24
9) Internal Financial Controls Policy	26/04/2022	Apr-24
10) Rates Arrears and Debtor Management Policy	26/04/2022	Apr-24
11) Treasury Management Policy	26/02/2022	Apr-24
12) Fixed Assets Accounting Policy	27/06/2022	Jun-24
13) Prudential Management Policy	27/06/2022	Jun-24
14) Land Under Roads Policy	22/02/2021	Feb-26

RECOMMENDATION

“that Council, having considered Item 7.4 – *Update on Finance Related Policies*, dated 7 November 2022, receives and notes the report.”

Attachments

Nil

References


Legislation

Nil

Council Policies/Plans

Nil

Audit Committee Annual Works Program 2022-2023

	7.5	Two Wells Town Centre Market Engagement and Expression of Interest Update
	Department: Report Author:	Governance and Executive Office Chief Executive Officer
Date: 7 November 2022	Document Ref:	D22/48525

OVERVIEW

Purpose

The purpose of this report is to provide the Audit Committee with a progress update regarding Council’s strategic land assemblage initiative at Two Wells; a catalysing town centre activation project which will facilitate retail, commercial, recreational and community investment to service our rapidly-growing community and broader catchment.

Background

After years of diligent, prudential planning, Council, at its 22 August 2022 ordinary meeting, resolved to acquire a strategic eight-hectare site in the heart of the Two Wells town centre from the Crown for the purposes of delivering retail, commercial, recreational and community facilities.

A copy of Council’s media release is provided as **Attachment 1** and provides relevant details of the land purchase, Council’s rationale behind the initiative and the market engagement process that has now commenced with the private sector to realise investment and facilities over the site.

At the 22 August 2022 meeting, Council further resolved a suite of resolutions to advance the market engagement process; the most notable of which being to engage Alinea Group to commence the market engagement and expression of interest process, including preparation of land development concept plans (resolution 267/2022).

Since that meeting, the Chief Executive Officer (CEO) has duly engaged Alinea Group and established fortnightly meetings with Alinea Group and Jensen PLUS, branded internally as *Operation TWIG* [Two Wells Invest+Grow]. Council’s CEO is the self-appointed Chair of *Operation TWIG Steering Committee* meetings and, with support from his Executive, ensures governance, finance, planning and infrastructure considerations are appropriately identified

and addressed. In addition, probity oversight is assured at all steering committee meetings through the engagement of Powell and Co.

Discussion

Significant progress has been achieved in recent months through the CEO's establishment of the *Operation TWIG Steering Committee*. With settlement on the land now secured, the market engagement and Expression of Interest process has formally commenced with details surrounding said process entailed within Council's most recent media release dated 28 October 2022 (see **Attachment 2**).

Notwithstanding Local Government Caretaker Period, the CEO considers it necessary and appropriate to brief the Audit Committee of the market engagement and expression of interest process by way of a verbal update at the meeting.

Conclusion

It is appropriate that the Audit Committee, and indeed the community, are provided with an open session status update on Council's land assemblage and market engagement initiative at this juncture.

This report is therefore provided for information purposes only and no decisions are sought in relation to its contents.

RECOMMENDATION

"that the Audit Committee, having considered Item 7.5 – *Two Wells Town Centre Market Engagement and Expression of Interest Update*, dated 7 November 2022, receives and notes the report."

Attachments

1. Media Release - Adelaide Plains Council Invests in Community's Future – 25 August 2022
2. Media Release – Two Wells Town Centre Development Opportunity – 28 October 2022

Media Release

Council Invests in Community's Future

25 August 2022

After years of diligent planning, Council is excited to announce the strategic purchase of eight hectares of 'Crown Land' in the heart of Two Wells for the purposes of delivering commercial, retail and community facilities.

With Council's population growing at an unprecedented rate, the purchase of this strategic landholding in the town centre of Two Wells positions the broader region for further substantial economic growth and will provide convenient access to amenities for residents and visitors alike. The landholdings are bound by the Port Wakefield Highway, Old Port Wakefield Road, Wells Road and Windmill Road with extensive exposure to arterials and the historic main street.



Geographic location of land – Section 180 Old Port Wakefield Road and Section 716 Buckland Park Road

To advance this initiative, Council will now undertake market engagement and expressions of interest with the private sector for the purposes of delivering a mix of commercial, retail and community facilities through the engagement of commercial property advisors, Alinea Group, who will work closely with urban designers, Jensen PLUS.

Mayor Mark Wasley said of the decision, “It is Council’s responsibility to create this opportunity for investment in our region and to bring the facilities and services needed for the growing population. It is not only Two Wells that will benefit – the whole region will enjoy access to future amenities. There is still much work to be done and acquiring the land is the foundation of exciting things to come”.

Council’s Chief Executive Officer, Mr James Miller, described Council’s approach of purchasing the land direct from the State Government, and then engaging with the private sector, as “visionary; catalysing investment and town centre activation while ensuring that the Two Wells Town Centre is developed in an orderly and economically sustainable manner to meet the community’s needs”.

Reflecting on progress to date, Mr Miller said “Council, having commissioned an updated retail supply and demand study in 2019, became aware that additional land was needed in Two Wells to accommodate retail and commercial investment for our rapidly growing community. Since then, Council has worked diligently and prudentially in securing strategic land which Council will now own and control”.

Alinea Group Principal, Mr Ben Koop, described the opportunity as a "landmark holding in the Two Wells regional catchment that sets the foundation for an exceptional and vibrant town centre development and investment opportunity. This will enable Council to strategically respond to the strong demand in the catchment for major investment in new retail, commercial and enhanced amenity to support the fast-growing residential catchment area. One of the most exciting elements is the opportunity for the development community to create a major new town centre within an historic main street environment, providing further catalytic benefits for Two Wells and the surrounding region. We look forward to working closely with Council and Jensen PLUS in preparing a compelling preliminary concept and vision for land holdings in the lead up to a national Expression of Interest process for development partners and occupiers to commence later in 2022”.

Mr Miller remarked, “This is truly wonderful news for our community and demonstrates Council’s commitment to plan at the local and regional level for the development and future requirements of our area. I look forward to continuing momentum as we enter the next dynamic phase of this project, namely market engagement through to contractual close, with on-ground retail, commercial and community investment soon realised”.

The Department for Environment and Water’s General Manager Crown Lands Program, Mr Piers Brissenden commented, “The transfer of land ownership is the result of more than four years of discussion and collaboration, with the land sold in accordance with the provisions of the Crown Land Management Act 2009”.

The Contract for Sale and Purchase was executed on 22 August 2022 with an anticipated settlement date of 24 October 2022. To protect the Council’s commercial position during the market engagement and expression of interest process, the purchase price remains confidential at this stage.



Mayor Mark Wasley (left), General Manager Crown Lands Program Piers Brissenden (centre) and APC CEO James Miller (right) executing the Contract for Sale and Purchase



Mayor Mark Wasley and General Manager Crown Land Program Piers Brissenden following execution of Contract for Sale of Purchase.

With the big picture in mind, Mayor Wasley said “Council’s strategic land purchase will have wide-ranging benefits for our community. In addition to attracting new residents and businesses to the area, this will support and enhance the visibility and profile of existing local business and will foster community connection into the future”.

Mark Wasley
Mayor

Media Requests for Further information:

Clarisse Semler-Hanlon
Marketing and Communications Officer
Adelaide Plains Council
08 8527 0211
info@apc.sa.gov.au



Two Wells Town Centre Development Opportunity

Having now settled the land purchase, Adelaide Plains Council, through its property advisors Alinea Group and Leedwell, is pleased to invite innovative responses from qualified and well credentialed groups to deliver an exceptional development outcome for the Two Wells Town Centre development opportunity. Expressions of Interest for the site are now open until 15 December 2022.

The landmark site – located between the Port Wakefield Highway, Old Port Wakefield Road and Wells Road – is to host a vibrant Town Centre precinct with a mix of retail, commercial, and community offerings complemented by high-quality landscaped and civic open spaces.

Growth in Two Wells is driven by our enviable supply of quality housing and master planned communities, easy accessibility, new schools and amenity.

At the centre of this growth is the township of Two Wells, growing at triple the state average. Council is driving a number of strategic projects across the region to support this growth, with the Two Wells Town Centre project being the largest of these.

This project will see a high-quality master planned outcome delivered, that becomes a flagship offering for our community and a legacy project for the region.

The strategic landholding presents a significant opportunity to be delivered through a collaborative development outcome with the private sector.

“This presents an exciting opportunity for the development community to create a major expansion and renewal of the Town Centre within a historic main street environment. This represents a rare opportunity within South Australia to drive a master planned outcome of this scale, and leverage the benefits of an existing town centre environment. Undoubtedly, this will provide further catalytic benefits for Two Wells and the surrounding region,” said Mr Ben Koop, Principal of Alinea Group.

The community can access major project updates on Council’s website:

www.apc.sa.gov.au/our-council/two-wells-investment

All enquiries in relation to this opportunity must be directed to the Exclusive Marketing Agents and Commercial Advisors, Alinea Group and Leedwell. Contact details available at: <https://www.realcommercial.com.au/for-sale/property-two-wells-town-centre-port-wakefield-highway-two-wells-sa-5501-504191955>


James Miller

Chief Executive Officer

28 October 2022



Attached: Artist impressions of indicative development outcomes for the landholdings comprising the Two Wells Town Centre development opportunity, by Jensen PLUS.

 <p data-bbox="438 250 628 376">Adelaide Plains Council</p>	<p data-bbox="805 250 1110 286">8.1 Confidential Item</p>
<p data-bbox="683 456 943 492">7 November 2022</p>	

8.1 Information Technology 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 – Finance and Business, General Manager – Governance and Executive Office, Manager Governance and Administration, Accountant, Administration and Executive Support Officer/Minute Taker, Information Technology Officer and Administration Support Officer – Infrastructure and Environment be excluded from attendance at the meeting of Audit Committee for Agenda Item 8.1 – *Information Technology Update*;**
- 2. The Audit Committee is satisfied that pursuant to section 90(3)(e) of the *Local Government Act 1999*, Item 8.1 – *Information Technology Update* concerns matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person, being a report in relation to information technology of the Council; and**
- 3. The Audit Committee is satisfied that the principle that 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 Item 8.1 – *Information Technology Update*, dated 7 November 2022 in confidence under sections 90(2) and 90(3)(e) of the *Local Government Act 1999*, resolves that:

1. The report, Attachment 1 and Attachment 2 pertaining to Item 8.1 – *Information Technology Update* remain confidential and not available for public inspection until further order of the Council except such disclosure as the Chief Executive Officer determines necessary or appropriate for the purpose of furthering the discussions or actions contemplated;
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.”