

# NOTICE OF MEETING

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

## **Audit Committee Meeting of the**



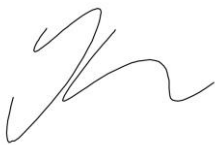
**Adelaide  
Plains  
Council**

will be held in

**Council Chamber  
Redbanks Road, Mallala**

on

**Monday 12 April 2021 at 4.30pm**



James Miller  
**CHIEF EXECUTIVE OFFICER**

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

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

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**2. Confirmation of Minutes**

**Monday 12 April 2021**

- 2.1 “that the minutes of the Audit Committee Meeting held on Tuesday 2 February 2021 (MB Folios 166 to 173, 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

**by electronic means**

on

**Tuesday 2 February 2021 at 4.00pm**

The Chairperson formally declared the meeting open at 4.01pm.

**1. ATTENDANCE AND WELCOME**

**1.1 Present**

Mr Alan Rushbrook (Chairperson)

*By audio-visual link*

Mr Peter Fairlie-Jones

*By audio-visual link*

Mayor Mark Wasley

*By audio-visual link*

**Also in Attendance by audio-visual link**

Chief Executive Officer

Mr James Miller

Acting General Manager – Governance and Executive Office

Ms Alyssa Denicola

General Manager – Finance and Business

Mr Rajith Udugampola

General Manager – Infrastructure and Environment

Mr Thomas Jones

General Manager – Development and Community

Mr Darren Starr

WHS and Risk Officer

Ms Angie-Marie Fuss

Administration and Executive Support Officer/Minute Taker

Ms Stacie Shrubsole

IT Support Officer

Mr Sean Murphy

Local Government Consultant & Chief Internal Audit Executive,  
UHY Haines Norton

Ms Corinne Garrett

**1.2 Apologies:**

Deputy Mayor Marcus Strudwicke

Councillor Margherita Panella

**2. CONFIRMATION OF MINUTES**

2.1 Confirmation of Minutes – Meeting held 16 November 2020

**Committee Resolution**

Moved Mayor Wasley

Seconded Mr Fairlie-Jones

**2021/ 001**

**“that the minutes of the Audit Committee Meeting held on Monday 16 November 2020 (MB Folios 160 to 165, inclusive), be accepted as read and confirmed.”**

**CARRIED****3. BUSINESS ARISING**

Nil

**4. DECLARATION OF MEMBERS’ INTERESTS**

Nil

**5. ADJOURNED BUSINESS**

Nil

**6. REPORTS FOR DECISION**

6.1 Rates Review – Draft Discussion Paper

Ms Corinne Garrett, HY Haines Norton, took questions from the Audit Committee in relation to Item 6.1 – Rates Review – Draft Discussion Paper

**Committee Resolution**

Moved Mr Fairlie-Jones

Seconded Mayor Wasley

**2021/ 002**

**“that the Audit Committee, having considered Item 6.1 – Rates Review – Draft Discussion Paper, dated 2 February 2021, receives and notes the report.”**

**CARRIED UNANIMOUSLY**

Ms Corinne Garrett left the meeting at 4.42pm and did not return.



## 6.4 Review of Internal Financial Controls Policy

**Committee Resolution**

Moved Mr Fairlie-Jones                                  Seconded Mayor Wasley                                  **2021/ 005**

**“that the Audit Committee, having considered Item 6.4 – Review of Internal Financial Controls Policy, dated 2 February 2021, receives and notes the report and in doing so recommends to the Council that the Internal Financial Controls Policy reviewed in February 2021 as presented in Attachment 1 to this report, be adopted at its February 2021 Ordinary meeting.”**

**CARRIED**

## 6.5 Review of Land Under Roads Policy

**Committee Resolution**

Moved Mayor Wasley                                  Seconded Mr Fairlie-Jones                                  **2021/ 006**

**“that the Audit Committee, having considered Item 6.5 – Review of Land Under Roads Policy, dated 2 February 2021, receives and notes the report and in doing so recommends to the Council that the Land Under Roads Policy reviewed in February 2021 as presented in Attachment 1 to this report, be adopted at its February 2021 Ordinary meeting.”**

**CARRIED**

**7. REPORTS FOR INFORMATION**

## 7.1 Committee Resolutions

**Committee Resolution**

Moved Mr Fairlie-Jones                                  Seconded Mayor Wasley                                  **2021/ 007**

**“that the Audit Committee, having considered Item 7.1 – Committee Resolutions, dated 2 February 2021, receives and notes the report.”**

## 7.2 Risk Management Progress Update

**Committee Resolution**

Moved Mayor Wasley                                  Seconded Mr Fairlie-Jones                                  **2021/ 008**

**“that the Audit Committee, having considered Item 7.2 – Risk Management System Update, dated 2 February 2021 , receives and notes the report.”**

**CARRIED**





**8. CONFIDENTIAL ITEMS**

8.1 Appointment of External Auditor

**Committee Resolution**

Moved Mayor Wasley

Seconded Mr Fairlie-Jones

**2021/ 013**

**“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, Administration and Executive Support Officer/Minute Taker and Information Technology Support Officer be excluded from attendance at the meeting of the Audit Committee for Agenda Item 8.1 – *Appointment of External Auditor*;
2. Audit Committee is satisfied that, pursuant to section 90(3)(d) of the *Local Government Act 1999*, Item 8.1 – *Appointment of External Auditor* contains commercial information of a confidential nature (not being a trade secret), being proposals for service, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party and disclosure would, on balance, be contrary to the public interest; and
3. 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**

8.1 **Committee Resolution**

Moved Mayor Wasley

Seconded Mr Fairlie-Jones

2021/ 015

**“that the Audit Committee, having considered the matter of Item 8.1 – *Appointment of External Auditor* in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999*, resolves that:**

1. The agenda report and the minutes of this meeting pertaining to Agenda Item 8.1 – *Appointment of External Auditor* remain confidential and not available for public inspection until all consultants who submitted a proposal have been notified in writing of Council’s decision;
2. Attachments 1 to 5 and any other associated information submitted to this meeting pertaining to Agenda Item 8.1 – *Appointment of External Auditor* remain confidential and not available for public inspection until further order of the Council;
3. Pursuant to section 91(9)(a) of the *Local Government Act 1999*, the confidentiality of the matter will be reviewed every 12 months; and
4. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Audit Committee delegates the power to revoke this confidentiality order to the Chief Executive Officer.”

**CARRIED**

9. **GENERAL BUSINESS**

Nil

10. **NEXT MEETING**

Monday 12 April 2021 at 4.30pm


11. **CLOSURE**

There being no further business, the Chairperson declared the meeting closed at 6.11pm

Confirmed as a true record.

Chairperson:.....

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

 <b>Adelaide Plains Council</b>	<b>6.1</b>	<b>COVID-19 Rate Relief – Status Update</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> <b>12 April 2021</b>	<b>Document Ref:</b>	<b>D21/12423</b>

## **EXECUTIVE SUMMARY**

- Following an Audit Committee recommendation, Council at a special meeting held on 15 April 2020 resolved to provide rate relief by way of rates postponement for six (6) months until 1 November 2020.
- At the Ordinary Council meeting held on 26 October 2020, Council resolved to extend COVID-19 Rate Relief by further six (6) months until 1 May 2021.
- Ratepayers who applied for COVID-19 Rate Relief were able to either postpone or pay by instalments four (4) quarterly rates instalments without having to pay any fines or interest.
- As of 2 April 2021, 98 ratepayers have either postponed or pay their Council rates by instalments to the value of \$122,107 under COVID-19 Rate Relief.
- In addition, Council management suspended all the debt recovery actions since May 2020 to recover overdue rates under Council’s “Rates Arrears and Debtor Management Policy”.
- Council’s overdue rates have increased significantly over the last 12 months. It is \$1.102m as of 2 April 2021, an increase of 36% when compared to the overdue rates balance of \$0.810m as of 30 June 2020.
- Council rates represent approximately 74% of total income of the Council. Therefore, increase in overdue rates poses a significant financial risk for the Council.
- Therefore, given the relative success of South Australia in managing the health impact of COVID-19 and keeping the State economy open during COVID-19 pandemic, Council management recommends that the COVID-19 Rate Relief is not extended beyond 1 May 2021.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.1 – Covid-19 Rate Relief – Status Update, dated 12 April 2021, receives and notes the report and in doing so recommend to the Council that:-**

- 1. No new applications for COVID-19 Rate Relief be accepted after 1 May 2021;**
- 2. Current applicants on COVID-19 Rate Relief be provided with a grace period of one (1) month to 1 June 2021 to pay in full outstanding rates without incurring any fines or interest;**

3. After 1 June 2021, current applicants on COVID-19 Rate Relief are charged with statutory fines and interest for overdue rates under Section 181 (8) of the Local Government Act 1999; and
4. Subject to b) above, Council management is to commence the recovery of overdue rates as per 'Rates Arrears and Debtor Management Policy' after the current COVID-19 Rate Relief expires on 1 May 2021."

### **BUDGET IMPACT**

Estimated Cost:	Cost of debt recovery by external debt collection agency
Future ongoing operating costs:	Cost of debt recovery by external debt collection agency
Is this Budgeted?	Yes

### **RISK ASSESSMENT**

Rates are the main source of income for the Council. Therefore, increase in overdue rates poses a significant financial risks that could potentially impact Council's day-to-day operations if appropriate actions are not taken to reduce overdue rates.

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### **Attachments**

Nil

## DETAILED REPORT

### **Purpose**

The purpose of this report is to provide an update to the Audit Committee on the COVID-19 Rate Relief Provided by the Council over the last 12 months and seek recommendation from the Committee Members whether current COVID-19 Rate Relief that will expire on 1 May 2021 should be extended.

### **Background/History**

At a Special Council meeting held on 15 April 2020, Council adopted following resolution to provide financial assistance to ratepayers who may be impacted by the COVID-19.

Moved Councillor Lush                                  Seconded Councillor Parker                                  2020/ 102

4.1

***“that Council endorses resolution 2020/018 of the Audit Committee and in doing so instructs the Chief Executive Officer to implement the following:***

- 1. Those impacted by COVID-19 (i.e. through becoming unemployed, underemployed or enduring business closure or financial hardship) may apply to Council for access to the following financial relief:***
  - No fines or interest charged on overdue rates until 1 November 2020***
  - Ratepayers can arrange to pay their rates weekly, fortnightly or monthly, based on an amount that suits their budget***
  - Ratepayers can postpone the fourth instalment of 2019/2020 and the first instalment of 2020/2021 up to 1 November 2020 without having to pay any fines or interest***
- 2. Access to the financial hardship relief due to COVID-19 will be granted upon application.”***

**CARRIED**

Following the adoption of above resolution, Council management suspended all the debt recovery actions that was being undertaken to recover overdue rates under Council’s “Rates Arrears and Debtor Management Policy”.

In addition, at the Ordinary Council meeting held on 26 October 2020, Council resolved as follows to extend COVID-19 Rate Relief by further six (6) months until 1 May 2021.

14.6      COVID-19 Rate Relief Update

Moved Councillor Keen                                  Seconded Councillor Boon                                  2020/ 364

***“that the Council having considered Item 14.6 – COVID-19 Rate Relief Update, dated 26 October 2020 receives and notes the report and in doing so instructs the Chief Executive Officer to implement the following:***

- 1. Those impacted by COVID-19 (i.e. through becoming unemployed, underemployed or enduring business closure or financial hardship) may apply to Council for access to the following financial relief:***

- *No fines or interest charged on overdue rates from the date of application until 1 May 2021*
  - *Ratepayers can arrange to pay their rates weekly, fortnightly or monthly, based on an amount that suits their budget*
  - *Ratepayers can postpone the second and third instalments of 2020/2021 rates up to 1 May 2021 without having to pay any fines or interest.*
2. *Access to the financial hardship relief due to COVID-19 will be granted upon application.*
  3. *Extend the COVID-19 Rate Relief already approved to 1 May 2021."*

**CARRIED**

## Discussion

As of 2 April 2021, Council's overdue rates balance is \$1.102m which is applicable to 1,313 ratepayers. This is a 36% increase compared to that of \$0.810m on 30 June 2020. Among the overdue rates are;

- a) \$0.725m being paid by 702 ratepayers under a payment plan.
- b) Out of the 702 ratepayers, there are 98 on 'COVID-19 Rate Relief' to the amount of \$122,107.
- c) The remaining \$0.377m is from property owners who are late payers, which do not have a payment plan or have not paid their rates for some time.
- d) Among the properties without a payment plan (c), there are 18 ratepayers who have accumulated an excess of three years of outstanding rates totalling \$0.166m.

**Table 1: Breakdown of Overdue Rates as at 2 April 2021**

<b>%</b>	<b>Range</b>	<b>Total Outstanding</b>	<b>No of Properties</b>
(6.02)	Over Paid	(66,342)	201
0.00	\$0.1 to \$0.99	10	49
0.17	\$0.99 to \$50	1,925	176
0.20	\$51 to \$100	2,256	29
0.46	\$101 to \$150	5,017	39
0.32	\$151 to \$200	3,516	20
1.00	\$201 to \$250	11,054	49
7.35	\$251 to \$500	80,988	211
10.10	\$501 to \$750	111,357	184
6.05	\$751 to \$1000	66,667	77
7.20	\$1,001 to \$1,500	79,324	66
8.19	\$1,501 to \$2,000	90,297	52
12.57	\$2,001 to \$3,000	138,549	55
11.67	\$3,001 to \$4,000	128,670	36
9.23	\$4,001 to \$5,000	101,778	23
16.14	\$5,001 to \$7,500	177,953	29
5.39	\$7,500 to \$10,000	59,434	7
9.98	Over \$10,001	109,996	8
100.00		1,102,450	1,311

Council rates represent approximately 74% of total income of the Council. Therefore, increase in overdue rates poses a significant financial risks that could potentially impact Council's day-to-day operations if appropriate actions are not taken early to reduce overdue rates.

Therefore, given the relative success of South Australia in managing the health impact of COVID-19 and keeping the State economy open during COVID-19 pandemic, Council management recommends that the COVID-19 Rate Relief is not extended beyond 1 May 2021. Accordingly, Council management recommends that:

- a) no new applications for COVID-19 Rate Relief be accepted after 1 May 2021;
- b) Current applicants on COVID-19 Rate Relief be provided with a grace period of one (1) month to 1 June 2021 to pay in full outstanding rates without incurring any fines or interest. This will provide the opportunity for Council management to advise those applicants that their overdue rates are to be paid in full by 1 June 2021 to avoid fines and/or interest.
- c) After 1 June 2021, applicants on COVID-19 Rate Relief are charged with statutory fines and interest for overdue rates under Section 181 (8) of the *Local Government Act 1999*; and
- d) Subject to b) above, Council management is to commence the recovery of overdue rates as per 'Rates Arrears and Debtor Management Policy' after the COVID-19 Rate Relief expires on 1 May 2021.

## Conclusion

Over the past 12 months, Council assisted ratepayers who were impacted by COVID-19 by providing the ability to postpone/defer four (4) instalments of their Council rates. Given the success of South Australia in managing the COVID-19 health crisis, South Australian economy has not been impacted significantly when compared to interstate or other countries. Therefore, by not extending COVID-19 Rate Relief beyond 1 May 2021, Council has the opportunity to reduce its overdue rates.

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## References

### Legislation


*Local Government Act 1999.*

- Section 181 - Payment of rates – general principles
- Section 182 - Remission and postponement of payment
- Section 182A - Postponement of rates – Seniors
- Section 184 - Sale of Land for non-payment of rates

### Council Policies/Plans

Rates Arrears and Debtor Management Policy



 <b>Adelaide Plains Council</b>	<b>6.2</b>	<b>Draft 2021/2022 Budget and Updated Long Term Financial Plan 2022-2031</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager - Finance and Business</b>
<b>Date:</b> <b>12 April 2021</b>	<b>Document Ref:</b>	<b>D21/14743</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide for Audit Committee’s information and consideration, Draft 2021/2022 Budget (draft budget) and updated 10 year Long-Term Financial Plan for the period 2022-2031 (LTFP).
- Work towards the adoption of the 2021/2022 Budget has been occurring since January 2021. Two (2) workshops with Elected Members and one (1) with Council Management have occurred so far. These workshops have focused on:-
  - Renewing community infrastructure in line with the *Infrastructure and Assets Management Plans (I&AMP)*;
  - Sealing of unsealed roads that are vital for the freight and tourism network of the Council region;
  - Allocate additional resources to meet demand for Council services driven by growth;
  - Delivering Council’s services and programs to ensure implementation of priorities and strategies identified in the *Strategic Plan 2017 – 2020*;
  - Improving Council’s operating performance and long-term financial sustainability;
  - Recovering long-overdue Council rates; and
  - Reviewing Council operations to find saving without impacting core services.
- Council’s Infrastructure and Environment (I&E) Committee at its meeting on 15 March 2021 considered a draft infrastructure program for the next four (4) financial years and recommended ‘to Council that it adopts the draft 2021-2025, 4 Year Capital Renewal Program’.
- The draft 2021/2022 Budget estimates an Operating Deficit of \$0.270m which consists of:-
  - Recurrent budget surplus of \$0.562m;
  - CWMS Budget deficit of \$0.153m; and
  - Operating Project budget of \$0.679m (**Table 5**).
- The estimated Operating Deficit of \$0.270m takes into account an average rate increase of 1.28% on existing properties whereas current Long Term Financial Plan adopted in June 2019 assumed an average rate revenue increase of 3.50%.
- Rates income from growth is estimated to be 2.11% in the next financial year which is significantly higher than 1% factored in the current Long Term Financial Plan.
- It is also proposed to increase the fixed charge by 1.50%.

- The proposed capital expenditure program (**Table 8**) for 2021/2022 is estimated to be \$8.641m of which \$2.917m (34%) would be spent on assets renewals in line with Council's Infrastructure and Assets Management Plans.
- The remaining capital expenditure of \$5.724m (67%) is proposed to be spent on new and upgraded assets some of which are partially funded by external grants.
- New loan borrowings (**Table 11**) are proposed to be around \$3.987m of which;
  - \$2.340m will be used to fund Council co-contribution required under State Government's Local Government Infrastructure Partnership Program (funding application has been successful);
  - \$0.235m will be used to fund Council co-contribution required under Building Better Regions Fund and Open Space and Places for People Funding (if the funding application is successful);
  - \$0.844m will be spent on new/upgraded assets across the Council district; and
  - \$0.568m will be allocated for day-to-day Council's operations.
- Kerbside waste collection levy is expected to increase by 4.30% mainly due to increase in recyclable disposal costs while the CWMS charges has been estimated based on a 3.00% increase.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.2 – Draft 2021/2022 Budget and Updated Long Term Financial Plan 2022-2031, dated 12 April 2021, receives and notes the report and in doing so acknowledges that:-**

- 1. With a 1.28% increase in average rates, the estimated operating budget Deficit is \$0.270m for the 2021/2022 Financial Year;**
- 2. The estimated operating deficit from Council's two (2) Community Wastewater Management System (CWMS) is \$0.153m;**
- 3. In order to provide the service levels outlined to the community in Council's *Infrastructure and Assets Management Plans*, Council is required to spend \$2.917m on asset renewal in the 2021/2022 Financial Year; and**
- 4. Capital expenditure of \$5.724m proposed to be spent on new/upgraded assets in the next financial year are not funded in the Council's Long Term Financial Plan. Therefore, should the Council wish to continue with these new spending, it needs to be funded by a combination of:-**
  - Reducing operating expenses;**
  - Increase non-rate revenue;**
  - Increase in the average rate by more than 1.28%; and**
  - Borrow long-term funds.”**

## **BUDGET IMPACT**

Estimated Cost:	\$0.270m (operating deficit)
Future ongoing operating costs:	Interest expenses associated with borrowings to finance new capital expenditure
Is this Budgeted?	Yes

## **RISK ASSESSMENT**

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

Overdue rates have increased significantly over the last 12 months mainly due to COVID-19 Rate Relief provided by the Council from May 2020. It is \$1.102m as of 2 April 2021, an increase of 36% when compared to the overdue rates balance of \$0.810m as of 30 June 2020. Therefore, increase in overdue rates poses a significant liquidity risk for the Council.

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## **Attachments**

1. Elected Member Budget Workshop presentation on 9 March 2021.

## DETAILED REPORT

### Purpose

The purpose of this report is to provide members of the Audit Committee an opportunity to review and comment on the Draft 2021/2022 Budget and the updated Long Term Financial Plan for the period 2021/2022 to 2030/2031 before it is released for public consultation in late April/early May 2021.

### Background/History

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

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

A framework to assist Council Management and Elected Members for the development of the 2021/2022 budget was presented to the Ordinary Council meeting held on 27 January 2021. Accordingly, Council resolved as follows:-

14.14 2021/2022 Annual Business Plan, Budget and 2022-2031 Long Term Financial Plan Development Framework

Moved Councillor Boon                                      Seconded Councillor Di Troia                                      **2021/032**

***“that Council, having considered Item 14.14 – 2021/2022 Annual Business Plan, Budget and 2022 – 2031 Long Term Financial Plan Development Framework, dated 27 January 2021, receives and notes the report and in doing so:***

- 1. Endorses the schedule set out in Table 2 within this Report as the process to be undertaken in the preparation of the 2021/2022 Annual Business Plan, 2021/2022 Budget and the review of 10-Year Long Term Financial Plan, subject to any date changes that the Chief Executive Officer determines necessary; and***
- 2. Endorse the following budget parameters and assumptions for the purpose of preparing the draft 2021/2022 Annual Business Plan and Budget.***

- *Rates modelling based on 1.25% increase in average existing rates (subject to the outcome of the Rates Review)*
- *The Recurrent Operating Budget be prepared based on “business as usual” basis;*
- *Maximum Material, Contracts and Other Expenses cost escalation be set at 1.25% in the absence of any other reliable way of estimating such expenses;*
- *Salaries and wages to be determined as per the outcome of the Enterprise Bargaining Agreement negotiations and additional budget bids for labour resourcing;*
- *Fees and charges not set by legislation and decided by the Council be increased by 1.25% as a minimum;*
- *New Capital Projects to be considered and approved within the constraints of the LTFP;*
- *New services and one off projects to be funded through Rate Revenue increases or by expenditure savings;*
- *New capital projects are funded through a mixture of rate increases, expenditure savings, new grant funding and long term borrowings; and*
- *Council will continue to review its operations to identify costs savings and productivity improvements.”*

## Discussion

### Budget Workshops/meetings

Preparatory work for the 2021/2022 Budget has been occurring since January 2020 and includes the following workshops/meetings:-

- 27 January 2021 : Budget process, parameters and objectives adopted by the Council;
- 2 February 2021 : Budget process, parameters and objectives adopted by the Audit Committee;
- 10 February 2021 : A bus tour of proposed infrastructure program for 2021/2022.
- 9 March 2021 : Presentation on Draft Four (4) Year Capital Program to Elected Members
- 9 March 2021 : Presentation on the Recurrent & Operating Project Budget to Elected Members  
**(Attachment 1)**
- 15 March 2021 : Presentation of Council’s Draft 2021/2022 Capital Project Budget to the I&E Committee.

The I&E Committee at its meeting held on 15 March 2021 resolved as follows;

#### *Draft 2021-2025 – 4 Year Capital Program*

7.1 *Mr Dodson disconnected from the meeting 6.29pm*

*Mr Dodson reconnected to the meeting 6.33pm.*

#### **Committee Resolution**

*Moved Councillor Lush*

*Seconded*

*Councillor Boon*

**2021/ 003**

***“that the Committee, having considered Item 7.1 – Draft 2021-2025 – 4 Year Capital Program, dated 15 March 2021, receives and notes the report and in doing so recommends to Council that it adopts the draft 2021-2025, 4 Year Capital Renewal Program as presented at Attachment 1 to this Report.”***

**CARRIED**

## Strategic Plan

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

Therefore, the focus in developing the Draft 2021/2022 Budget has been on ensuring that the Council can maintain the service standards for its existing services (business as usual) and that those services receive appropriate funding, balanced with ensuring that the community does not face significant/ad-hoc increases in their annual rates contribution in next year or future years. To achieve above objectives, Council's management has applied "zero based budgeting" by reviewing its current actual level of income and expenditures and comparing it with proposed activities for the next financial year to estimate the appropriate level of income and expenditures for 2021/2022 Financial Year.

At the Ordinary Council meeting held on 27 January 2021, Council reviewed and updated its strategic plan for the period 2021–2024. Therefore, Council staff have developed draft budget and the LTFP presented in this report based on previous 'Strategic Plan 2017-2020' due to not having sufficient time to update the budget and LTFP in line with 'Strategic Plan 2021-2024'.

## Kerbside Waste Collection Services

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

For 2021/2022 Financial Year, it is estimated that the total cost of the kerbside waste collection program is expected to be increased by 4.30% mainly due to increase cost of recyclables disposal. Therefore, the annual waste collection service charge is expected to increase from \$160 to \$167.

## Draft 2021/2022 Budget

The draft 2021/2022 Budget has two components:-

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

Statement of Comprehensive Income (Profit & Loss Statement)

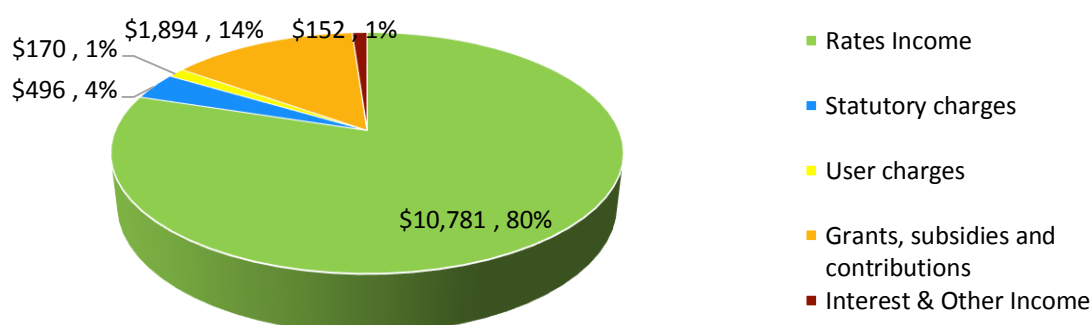
As shown in **Table 1** below, based on a 1.28% increase in average rates and further 2.11% growth from new assessments, it is estimates that for 2021/2022 Financial Year, there will be an Operating Deficit of \$0.270m from recurrent and operating project activities.

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

Description	2020/2021	2021/2022		Budget	
	Adopted Budget (\$)	Draft Budget (\$)	(%)	\$	%
<b>OPERATING INCOME</b>					
Rates					
- General Rates - Existing Assessments	9,614	9,730	72	116	1.21
- General Rates - New Assessments	0	216	2	216	
- Rate Rebates	(94)	(93)	(1)	2	(1.74)
- Waste Levy	605	653	5	49	8.07
- Regional Landscape Levy	188	193	1	5	2.50
- Other Rates Income	85	81	1	(3)	(3.98)
Statutory charges	410	496	4	86	21.07
User charges	168	170	1	2	1.18
Grants, subsidies & contributions	1,890	1,894	14	4	0.19
Interest Income	3	3	0	-	-
Reimbursements	125	126	1	1	0.88
Other Income	23	23	0	0	0.47
<b>TOTAL INCOME</b>	<b>13,016</b>	<b>13,493</b>	<b>100</b>	<b>477</b>	<b>3.66</b>
<b>OPERATING EXPENSES</b>					
Employee Costs	5,289	5,473	42	184	3.47
Materials, contracts and other	4,367	4,591	36	224	5.13
Depreciation	2,683	2,731	21	48	1.79
Interest Expenses	101	72	1	(29)	(28.53)
Share of loss from GRFMA	63	63	0	-	-
<b>TOTAL EXPENSES</b>	<b>12,503</b>	<b>12,930</b>	<b>100</b>	<b>427</b>	<b>3.41</b>
<b>RECURRENT SURPLUS</b>	<b>512</b>	<b>562</b>	<b>4</b>	<b>50</b>	<b>9.77</b>
Net Cost of the 2 x CWMS	(115)	(153)	(1)	(38)	32.89
Funding for growth initiatives/OPs	(314)	(679)	(5)	(365)	116.14
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>83</b>	<b>(270)</b>		<b>(353)</b>	

**Figure 1** below shows the distribution of recurrent income for 2021/2022 Financial Year

**Figure 1: Recurrent Income (Excl. CWMS) - \$'000**



## Major changes in the draft 2021/2022 budget (in comparison to 2020/2021 Adopted Budget)

Below is a summary of major changes in recurrent income in the draft budget (\$'000)

### Rates

Additional rates income from growth (2.11% increase)	\$ 216	
Additional income from existing ratepayers (1.28% increase)	\$ 116	\$ 332
Increase in income from Waste Levy		\$ 49

### Statutory

Increase in income from Waste water approvals	\$ 50	
Increase in Development application fees	\$ 60	
Reduction in income from dog infringements	(\$ 20)	\$ 90
		<u>\$ 516</u>

For next financial year, Council is expected to receive following **grant income** (\$'000).

- Library operating grant (from State Government)	\$ 28
- Financial Assistance Grant (from Federal Government)	\$ 1,500
- Roads-to-Recovery (R2R) Grant (from Federal Government)*	\$ 263
- Coastal Officer Grant (Green Adelaide formerly NRM Board)**	\$ 102
<b>Total Grants, subsidies &amp; contributions</b>	<b>\$ 1,894</b>

\* For accounting purpose R2R grant is recorded as operating income. However, as per R2R guidelines, grant should be spent on roads renewal/upgrades (Capital)

\*\*53% of the Regional Landscape Levy is invested back in the region

➤ Below is a summary of major changes in recurrent expenses in the draft budget (\$'000)

### Reduction in expenses

Council contribution to Flood Monitoring and Alert System has been over estimated in 20/21	32
Council's contribution to TW Community Fund is not expected to be required	15
Council contribution to Community Passenger Network (20/21 budget was over estimated)	6

### Increase in expenses

Legal fees on planning appeals, regulatory activities, human resources advice in relation to appeals, enforcements, prosecutions and other proceedings).	(80)
Increase in building, reserve & seal road maintenance and street sweeping expenses	(54)
Increase in waste collection costs mainly due to increase in recyclables disposal costs	(26)
Cost to implement Council's Disability Action and Inclusion Plan initiatives	(15)
Income Protection Insurance (20/21 budget was under estimated)	(17)
Assets management consultancy cost	(15)
Cost of road signs	(11)
Increase in minor plant replacement budget	(10)
Cost of external advice on Council's Risk Evaluation Action Plan	(7)

### Employee Costs

Excluding CWMS, the estimated employee costs on recurrent activities is \$5.473m as summarised below. It is calculated based on full-time equivalent staff numbers (FTEs) of 57.16 as of 30 June 2021.



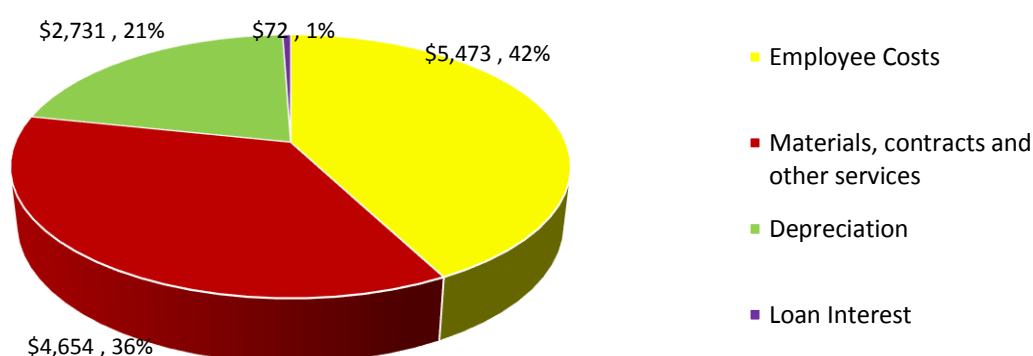
The estimated cost of the employee in **Table 2** is subject to change depending on the outcome of Enterprise Bargaining Agreement current being negotiated with the Council staff.

**Table 2: Draft Employee Expenses – Excluding CWMS (\$'000)**

Description	Costs
Salaries & Wages	4,690
Long Service Leave	116
Superannuation	456
Workers Compensation Insurance	211
<b>Total Employee Cost budget</b>	<b>5,473</b>

**Figure 2** below shows the distribution of recurrent expenditure for 2021/2022 Financial Year

**Figure 2: Recurrent Expenses (Excl. CWMS) - '\$000**



#### LTFP and Updated Statement of Comprehensive Income comparison

LTFP adopted by the Council on 27 June 2019, forecast that for 2021/2022 Financial Year, the operating deficit would be \$0.088m. However as shown below in **Table 3**, the updated operating deficit is \$0.270m mainly due to previously unbudgeted expenses added and the reduction in average rate rises from 3.50% to 1.28% in the updated budget for 2021/2022 Financial Year.

**Table 3: Draft Budget for 2021/2022 in comparison with LTFP Projections (\$'000)**

OPERATING INCOME	LTFP	Draft Budget	Variance	
			(\$)	(%)
<b>Rates</b>				
- General Rates Revenue	9,921	9,853	(68)	(1)
- Waste Levy	556	653	97	18
- Regional Landscape Levy	188	193	5	2
- Other Rates Income	87	81	(6)	(7)
Statutory charges	417	496	79	19
User charges	168	170	2	1
Grants, subsidies and contributions	2,029	1,894	(135)	(7)
Investment Income	3	3	-	-
Reimbursements	111	126	16	14
Other Income	39	23	(17)	(42)
<b>TOTAL INCOME</b>	<b>13,519</b>	<b>13,493</b>	<b>(26)</b>	<b>(0)</b>
<b>OPERATING EXPENSES</b>				
Employee Costs	5,752	5,473	279	5
Materials, contracts and other services	4,087	4,591	(504)	(12)

Depreciation	3,229	2,731	498	15
Interest Expenses	72	72	0	0
Share of loss from GRFMA	63	63	-	-
<b>TOTAL EXPENSES</b>	<b>13,203</b>	<b>12,930</b>	<b>273</b>	<b>2</b>
<b>RECURRENT SURPLUS</b>	316	562	247	78
Net Cost of the 2 x CWMS	(104)	(153)	(50)	48
Net Operating Project Expenses	(300)	(679)	(379)	126
<b>OPERATING DEFICIT</b>	<b>(88)</b>	<b>(270)</b>	<b>(182)</b>	207

Main reasons for increase in operating deficit over and above LTFP forecasts for 2021/2022 are summarised in **Table 4** below.

**Table 4: Draft Budget movements for 2021/2022 in comparison with LTFP Projections (\$'000)**

Description	Amount
Supplementary Local Road Funding for South Australian Councils has not been confirmed by the Federal Government beyond 2020/2021 Financial Year	(130)
Increase in various IT software costs in 2020/2021	(100)
Increase in legal fees	(80)
Reduction in average rate increase (from 3.50% in LTFP to 1.28% in draft budget) partially offset by higher than estimated growth from new assessments	(68)
Increase in building, reserve & seal road maintenance and street sweeping expenses	(54)
Weed Spraying contractor (previously done in-house)	(40)
Assets management and Associated engineering/consultant requirement	(35)
Reduction in income from dog infringements	(20)
NearMap Aerial for Planning & Infrastructure Team (not included in LTFP)	(18)
Income Protection Insurance (20/21 budget was under estimated)	(17)
Cost to implement Council's Disability Action and Inclusion Plan initiatives	(15)
Assets management consultancy cost	(15)
Cost of road signs	(11)
Increase in minor plant replacement budget	(10)
Increase in come from planning applications and waste water application approvals	110
Budgeted employee costs have reduced compared to LTFP estimates mainly due to combined impact of freeing wage rises in 2020/2021 Financial year and contracting weed spraying and assets register administration work previously executed by Council staff	279
Reduction in depreciation expense due to the remaining life of some road assets being shortened and expired as part of the 01 July 2017 revaluation (in 2017/2018 Financial Year) resulting no depreciation for those assets in subsequent years	498
<b>Total Budget Changes</b>	<b>275</b>

#### Proposed Operating Project Program 2021/2022

The cost of the draft Operating Project program as summarised in **Table 5** below is estimated to be \$0.814m of which \$0.135m applicable to three (3) projects is expected to be funded by Federal and State Government grant funding, resulting a net Operating Project Program budget of \$.679m. However, these three (3) projects will not proceed if the grant applications are unsuccessful.

**Table 5: Proposed Operating Projects Program for 2021/2022 (\$'000)**

Operating Project Name	Estimated Cost
1) Resources required to meet growth in the Council district and develop local economy.	514
2) GRFMA Charter Review.	20
3) Community Survey 2021.	10
4) Develop Two Wells and Mallala Oval Master Plan.**	200
5) Develop Recreational trail strategy.*	50
6) Stage Adelaide Plains Food and Business Festival.*	20
<b>Total cost of the draft Operating Project Program</b>	<b>814</b>

\*\*50% to be funded under 'Open Space and Places for People Funding'.

\*50% to be funded under 'Building Better Regions Programs'.

#### Rates Modelling – Property Valuation

An extract from the latest property valuation data available from Valuer General (VG) is given below in **Table 6** in comparison to similar information as of 30 June 2020.

**Table 6: An Extract from latest valuation data from the VG**

Description	28 March	30 June
	2021	2020
Increase in number of properties through sub-division	226	173
Sub-Division Growth (valuation increase) - \$'Mn	34	24
Building Development Growth (valuation increase) - \$'Mn	1	54
Total Development Growth - \$'Mn	35	78
Total Development Growth - %	2.11	2.04
Increase in Rates income due to Development Growth - \$'Mn	0.216	0.197
Increase in Rates income due to Development Growth - %	2.25	2.15
Natural Growth (valuation increases due to reasons other than development) - %	4.42	1.86

#### Rates Modelling – Options to consider

Given a significant increase in 'Natural Growth', to achieve a 1.28% increase in average rate, a reduction in rate in the dollar by 2.75% will be applied in the rates modelling calculations. However, this will benefit properties that have reported an increase in valuations due to 'Development Growth'.

Alternatively, if the Council wish to reduce the reliance on borrowings to deliver new/upgraded assets program, it can do so by increasing the average rate by more than 1.28%. Given below are some of the options that the Council can consider.

For example, a 2.26% increase in average rate would generate an additional income of \$0.096m and a 3% increase in average rate would generate an additional income of \$0.168m that could be allocate to the delivery of new/upgraded assets program reducing the need to rely on borrowed funds.

Description	Option 1	Option 2	Option 3
Reduce Rate in the \$ by	2.75%	1.75%	1.00%
Increase in Fixed Charge	1.50%	1.50%	1.50%

Land Use Category	Option 1	Option 2	Option 3
Residential Properties	1.42	2.40	3.13
Commercial	(4.45)	(3.55)	(2.87)
Commercial - Other	(4.87)	(3.94)	(3.24)
Industry - Light	(0.53)	0.43	1.15
Industry - Other	(1.50)	(0.50)	0.25
Primary Production	1.46	2.47	3.23
Vacant Land	(1.03)	(0.14)	0.53
Other	(0.70)	0.23	0.93
<b>Average Rate Increase for all properties</b>	<b>1.28</b>	<b>2.26</b>	<b>3.00</b>

% of ratepayers with less than 2.00% increase in rates	54%	41%	33%
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<b>Total Rates Income (\$'000)</b>	<b>9,936</b>	<b>10,033</b>	<b>10,105</b>
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<b>Additional Income - (\$'000)</b>		<b>96</b>	<b>169</b>
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#### Depreciation and Assets Renewal

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

#### Infrastructure Backlog

According to sound asset management principles, Council should (on average) spend annually on assets renewal an amount equal to its annual depreciation expenses. Council has been able to achieve this since 2019/2020 Financial Year with a very significant assets renewal expenditures that cleared major part of infrastructure back log in 2019/2020. With the proposed asset renewal expenditures, it is expected that Council will not increase its infrastructure backlog as summarised in the following table.

**Table 7: Depreciation and Assets Renewal Expenditure (\$'000)**

Description	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Depreciation	2,862	2,683	2,923	2,696	3,434
Assets Renewal Expenditure	2,917	2,589	3,149	1,454	1,729
<b>Infrastructure (backlog)</b>	<b>55</b>	<b>(94)</b>	<b>226</b>	<b>(1,242)</b>	<b>(1,705)</b>

## Proposed Capital Project Program for 2021/2022

Draft four (4) year capital programme is shown below. The estimated cost of the capital works program in 2021/2022 is \$2.917m whereas only \$2.400m has been allocated for 2021/2022 in the long term financial plan, an increase of \$0.517m as summarised in the **Table 8** below.

**Table 8: Draft Four (4) Year Capital Works Program (\$'000)**

<b>Asset Class</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Fleet	-	135	120	60
Plant & Equipment	939	534	369	692
Streetscape*	302	397	82	89
Sealed Roads	5,540	837	609	609
Unsealed Roads	1,195	974	974	974
Site Improvements	585	538	200	200
Structure	80	-	-	-
Levee	-	272	507	793
Stormwater	-	320	-	-
Pump Station	-	5	-	-
<b>Total Draft Capital Expenditure</b>	<b>8,641</b>	<b>4,011</b>	<b>2,861</b>	<b>3,417</b>
Renewal	2,917	3,014	2,300	2,535
Upgrade	504	70	-	-
New	5,220	927	561	885
<b>Total Draft Capital Expenditure</b>	<b>8,641</b>	<b>4,011</b>	<b>2,861</b>	<b>3,417</b>

\* Streetscapes includes Footpath, Kerbing and Street Trees

<b>Extract from LTFP</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Renewal	2,400	2,525	2,378	3,122
New/Upgrade	414	392	72	684
<b>Total Capital Expenditure as per I&amp;AMP</b>	<b>2,814</b>	<b>2,917</b>	<b>2,450</b>	<b>3,806</b>

### New/Upgraded Assets to be delivered with external grant funding

State Government's Local Government Infrastructure Partnership Program (LGIPP) has recently approved \$2.340m for Adelaide Plains Council to seal four (4) unsealed roads that are vital for the freight and tourism of the area. Council's contribution to these LGIPP works is 50% or \$2.340m that is proposed to be funded by new borrowings.

In addition, Council has applied for a grant of \$0.135m from the Federal Government's Building Better Regions Fund and \$0.100m from Open Space and Places for People Funding. While the outcome of these two (2) grant applications are yet to be confirmed, they have been included in the draft budget.

### New/Upgraded Assets to be delivered with Council's own funding

The draft capital programme has identified new/upgraded assets to the value of \$0.844m that will be funded from new borrowings. Please refer to **Table 9** below for the reasons for these new/upgraded assets spending.

**Table 9: New/Upgraded Assets to be delivered with Council's own funding (\$'000)**

Type of Expenditure	Description	Budget	Comment
New	Plant Replacement	135	New excavator and trailer – Increase activities requiring an excavator, purchasing will lower the requirements for plant hire.
New	Street Scape (Footpath, Kerbing and Street Trees)	292	Part of IAMP
Upgrade	Intersection Upgrade - Hill Street (Dublin Road and Balaklava Road)	100	Upgrade required due to accelerated deterioration of asset and increased frequently of maintenance.
Upgrade	Germantown Road - Gawler Road to Temby Road	110	Upgrade required due to accelerated deterioration of asset and increased frequently of maintenance.
New	Parham Playground - Shade shelter	60	All playgrounds in APC have shelters over the playground elements except for Parham.
New	Parham Playground - New element	15	To provide further playground equipment for the community enjoyment.
New	Mallala Playground - New element	15	To provide further playground equipment for the community enjoyment.
New	Computer Monitors and Laptops	23	End of Lease Buy-out
Upgrade	Council Chamber and Meeting Rooms Audio/Video equipment	94	Council resolution
<b>Total Expenditure on New/Upgraded Assets</b>		<b>844</b>	

#### CWMS Charges

CWMS charges for both Mallala and Middle Beach is proposed to increase by 3% to \$443 and \$659 respectively in order to cover the costs associated with full operation of the scheme including maintenance and loan repayments. However, the income generated for Mallala CWMS is not sufficient to cover its operating expenses as shown below in **Table 10**.

**Table 10: Budgeted CWMS Income and Expenses with 3% Increase in Service Charge (\$'000)**

Description	Mallala	Middle Beach
CWMS service charges (345 connections X \$659 per connection)	227	
CWMS service charges (52 connections X \$443 per connection)		23
Less : CWMS Rebates	(10)	-
<b>Total Income</b>	<b>217</b>	<b>23</b>
<b>Less : Operating Expenses</b>		
Depreciation	125	5
Salaries and Wages	16	-
Interest Payments - CWMS Loan	80	-
Consultants	10	-
Consumables and Hardware	9	1

Contractors	82	7
Electricity	28	6
Insurance	9	1
ESCOSA Licence Fee	2	-
Materials	10	-
Other Expenses	1	1
<b>Total Expenses</b>	<b>372</b>	<b>21</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(155)</b>	<b>2</b>

### Financing the budget

An operating deficit means, Council is spending more than what it generates as income in delivering services to the community. In addition, Council has loan obligations to pay as well as the need to fund new and upgraded assets. Therefore, if the Council decides to continue the same level of service and draft operating project program as included in this report with an average rate increase of 1.28%, it has to borrow \$3.987m to deliver operating and capital projects identified above and meet its loan repayment obligations as summarised in the **Table 11** below. Out of the new borrowings;

- \$2.340m will used to fund Council co-contribution required under State Government's Local Government Infrastructure Partnership Program;
- \$0.235m will be used to fund Council co-contribution required under Building Better Regions Fund and Open Space and Places for People Funding;
- \$0.844m will be spent on new/upgraded assets across the Council district; and
- \$0.568m will be allocated for day-to-day Council's operations.

While the maximum amount to be borrowed is \$3.987m, the timing of the actual borrowings would depend on the progress of the capital works program. Local Government Finance Authority has made available convertible cash advance debenture of 3 years for LGIPP funded projects at a concessionary rate of 1.30% to a maximum limit of \$1.238m.

**Table 11: Funding Shortfall for 2021/2022 (\$'000)**

<b>Description</b>	<b>Amount</b>
Cash shortfall due to Operating Deficit	(270)
Cash injection from sale of surplus/replaced assets	67
Share of loss - joint ventures & associates (non-cash transactions)	63
To fund capital Program - Money available through depreciation	2,862
- Proposed assets renewal expenditure	(2,917)
- Proposed new capital expenditure	(5,724)
Grants specifically for new or upgraded assets	2,440
Loan Repayment	(507)
<b>Total funding shortfall</b>	<b>(3,987)</b>

## ➤ Long Term Financial Plan 2021/2022 to 2030-2031

### Background

Section 122(1a) of the *Local Government Act 1999* requires councils to develop and adopt:

- a *Long Term Financial Plan (LTFP)* for a period of at least 10 years; and
- an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years (and these plans will also be taken to form part of the council's strategic management plans).

Section 122(4)(a)(i) the Act requires that the LTFP should be *reviewed* as soon as practical after the adoption of the *Annual Business Plan*. However, section 122(4)(b) of the Act specifies that the Council must undertake a *comprehensive review* of its Long Term Financial Plans within two (2) years after each general election of the council.

The purpose of a Council's LTFP is to express, in financial terms, the activities that it proposes to undertake over the medium to longer term to achieve its stated objectives. It is similar to, but usually less detailed than, the annual budget. Just like the budget, it is a guide for future action although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals. The aggregation of future strategic plans and business initiatives and their intended outlays and anticipated revenues, enables the accumulating overall financial and economic implications to be readily identified and, if warranted, proposed future activities to be revised. The LTFP should specify and take account of:

- Expected expenses and capital outlays for each year of the plan;
- Expected revenues for each year and their source;
- Any variations in net debt required as a result of expected cash flow needs;
- Performance measures to enable assessment of the Council's financial sustainability over the period of the plan.

### Long-Term Financial Objectives of the Council

The Long Term Financial Objective of Adelaide Plains Council is to be *"a Council which delivers on its strategic Objectives by managing its financial resources in a sustainable and equitable manner by incremental growth and service cost containment to reduce the operating deficit over time; as opposed to burdening the ratepayers of the Council with short term excessive increases to their annual council rate bill"*.

Financial sustainability means having a financial position capable of meeting long-term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services. The Long Term Financial Plan has been developed based on following budget principles. They are;

#### Principle 1: Breakeven budget

Annual cost of Council's services and programs, including depreciation of assets, are fully funded by the current ratepayers being the consumers of those services, programs and assets.

#### Principle 2: Rate Stability

Annual rate collections are fair and equitable for the ratepayers with the aim to keep rate revenue increases stable over the medium term.



### Principle 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's Infrastructure Asset Management Plan.

### Principle 4: Prudent Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

The LTFP provides the financial projections and budget framework to guide the development of the detailed annual budget and provide a level of assurance to Elected Members and the community on the sustainability of Council operations.

A 10 year Long Term Financial Plan summarises the financial impacts of Council's strategic directions and provides an indication of the sustainability of these plans. By evaluating our financial strategies over a planning horizon of 10 years, Council can determine how decisions it make now and for the 2021/2022 budget will impact on future and ensure the impact of rates is spread equitably across generations of ratepayers so that planned service standards over the long term and infrastructure levels can be met without unplanned and disruptive increases in rates or cuts to services.

The LTFP is prospective information. Actual results are likely to vary from the information presented. Consequently, the information presented is prepared on the basis of best estimate assumptions as to future events which Council expects are likely to take place. These estimates arise from information known as at 31 March 2021. The Long Term Financial Plan has been developed as part of Council's ongoing financial planning to assist Council to plan within a longer term strategic framework. Key inputs and influences on the Long Term Financial Plan include:

- An assessment of Council's current financial position for achieving longer term financial sustainability;
- Alignment with the Strategic Plan;
- Consideration of Council's appropriate role and responsibilities;
- Alignment with Council Programs;
- Alignment with Corporate Programs and internal support strategies;
- Alignment with agreed service provision and delivery standards; and
- Alignment with Infrastructure and Asset Management Plans.

### Assumptions Used in the Preparation of Long Term Financial Plan

Table 12 below summarises the assumptions that were used in the preparation of 2021/2022 Budget and 10 year Long-term Financial Plan for the period 2021/2022 to 2020/2031

**Table 12: Assumptions used in the preparation of Long Term Financial Plan**

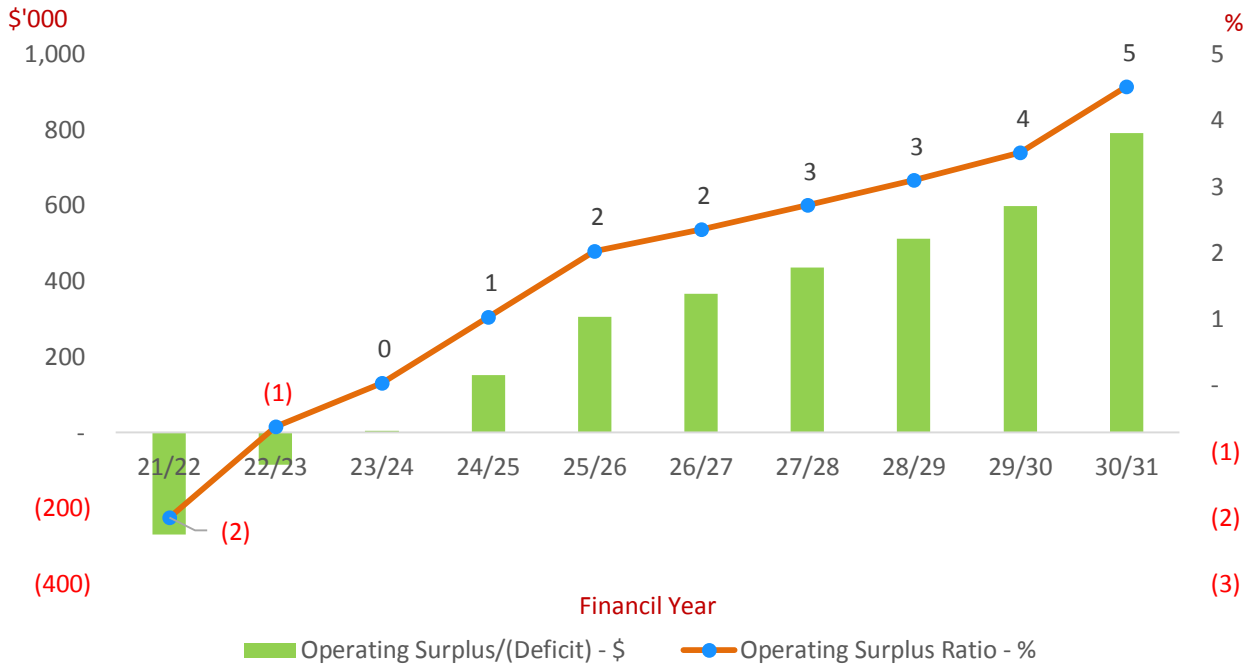
Description	Assumptions
Rates	
- General Rates	In Year 1 (2021/2022) – 1.28% increase in average rate plus 2.11% growth. From Year 2 onwards 1.75% increase in average rate plus growth of 1.75%.
- CWMS Charge	Average increase of 3.00% per annum from Year 1 to 10
- Waste Collection Charge	\$167.00 in Year 1 and 3.00% increase from Year 2 onwards.
- NRM Levy	For Year 1: NRM Levy as advised by NRM Board. 2.50% from Year 2 to 10.
- Fixed Charge	In Year 1 - 1.50% increase and 1.75% from Year 2 to 10.

Statutory charges	Remained constant at 2020/2021 income estimates.
User charges	0.65% on average from year 2 onwards.
Grants, subsidies and contributions	Based on confirmed grant funding only.
Investment Income	An estimated income of \$2,600 per year.
Reimbursements & Other income	0.50% on average from year 2 onwards
Employee Costs	2.50% on average from year 2 onwards
Materials, contracts and other	1.50% on average from year 2 onwards
Depreciation	2.88% on average from year 2 onwards
Finance Costs	Based on actual interest payable on existing loans and forecast new borrowings in future years.

## Long Term Financial Indicators

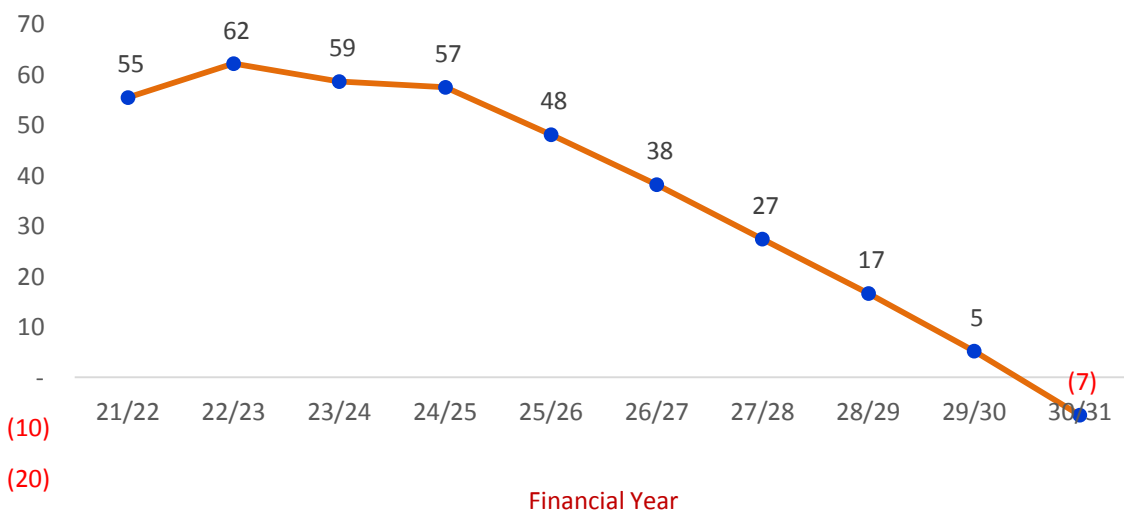
The following graph shows, Adelaide Plains Council's forecast 10-year financial indicators from 2021/2022 Financial Year.

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



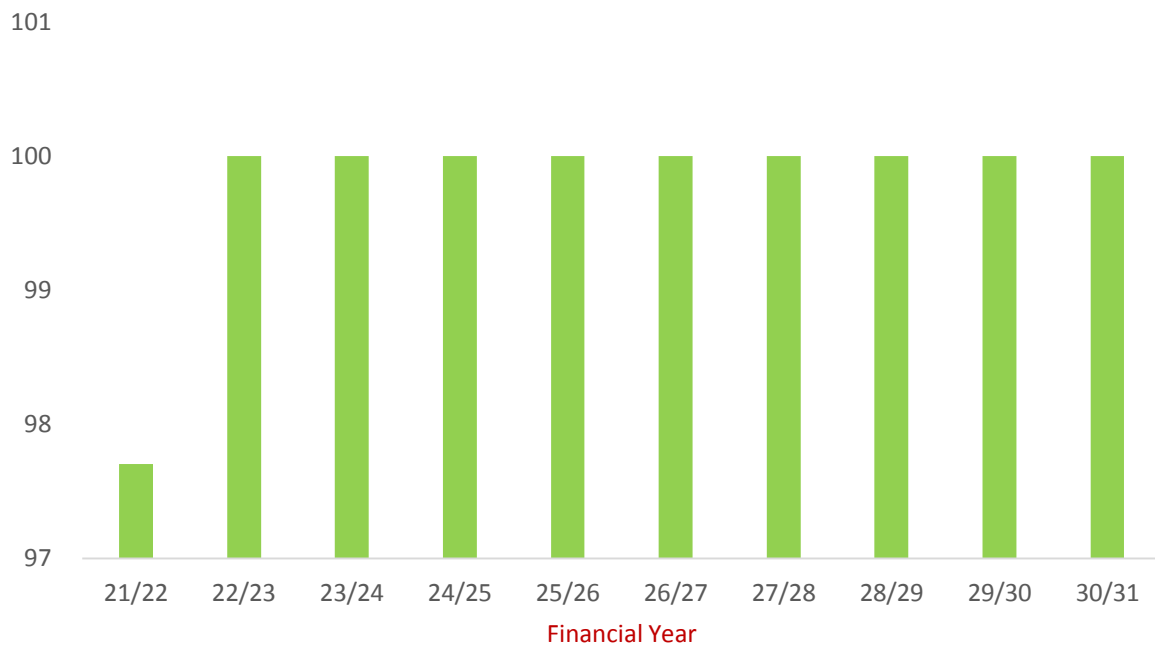
**Note:** Financial Sustainability Information Paper 9 of the LGA recommend an Operating Surplus Ratio of between 0% and 15% on average over long term.

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



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

### 3. Assets Sustainability Ratio (%)



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

### Conclusion

This report will provide the Audit Committee members with an opportunity to comment on the draft budget for the 2021/2022 Financial Year and the updated Long Term Financial Plan for the 2021/2022 to 2030/2031 period. The plan presented aims to continue the annual reduction in operating deficit with a view to achieving zero operating deficit or breakeven budget as soon as practicable.

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### References

#### Legislation

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

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

#### Council Policies/Plans

*Budget Management Policy*

*Council Vehicle Policy*

*Funding Policy*

*Treasury Management Policy*



**Adelaide  
Plains  
Council**

**2021/2022 Budget and 2022-2031  
LTFP Discussion  
Tuesday, 9 March 2021**

1

# Budget has 3 main income/expenses categories

## ➤ Profit & Loss Account

1. Recurrent Budget - Day to day running of the Council (no change in range & scope of council services);

Library service, road, footpath, open space maintenance, community services, planning & building approvals, cemeteries, community safety, WHS, Environmental Health, governance etc.

2. Operating Projects - New programs, resources or service initiatives to achieve Council's "Strategic Plan 2017-2020" objectives;

DPA Amendments, By-law Reviews, additional resources to meet growing demand for council services, unlocking crown land

## ➤ Balance Sheet

3. Capital Projects - New programs either to renew/replace existing assets or create new/upgraded assets (road resealing, resheeting, sealing of unseal roads etc.)

# Relationship between P&L & Balance Sheet

## Profit & Loss Account



Recurrent Income & Expenses  
Operating Projects Expenditure

## Balance Sheet



Unpaid Council Rates (Debtors)  
Supplies yet to be paid (Creditor)  
Unused staff entitlements (liability)

Depreciation

Capital Expenditures (Fixed Assets)



Interest Expense

Borrowings



# Updated 2021/2022 P&L vs.2020/2021 (\$'000)

Description	2020/2021	2021/2022		Budget	
	Adopted Budget	Draft Budget (\$)	(%)	\$	%
<b>OPERATING INCOME</b>					
Rates					
- General Rates - Existing Assessments	9,614	9,733	72	119	1.24
- General Rates - New Assessments	0	288	2	288	
- Rate Rebates	(94)	(93)	(1)	2	(1.74)
- Waste Levy	605	624	5	19	3.19
- Regional Landscape Levy	188	193	1	5	2.50
- Other Rates Income	85	81	1	(3)	(3.98)
Statutory charges	410	496	4	86	21.07
User charges	168	170	1	2	1.18
Grants, subsidies & contributions	1,890	1,894	14	4	0.19
Interest Income	3	3	0	-	-
Reimbursements	125	126	1	1	0.88
Other Income	23	23	0	0	0.47
<b>TOTAL INCOME</b>	<b>13,016</b>	<b>13,539</b>	<b>100</b>	<b>523</b>	<b>4.02</b>
<b>OPERATING EXPENSES</b>					
Employee Costs	5,289	5,473	43	184	3.47
Materials, contracts and other	4,367	4,540	35	173	3.96
Depreciation	2,683	2,731	21	48	1.79
Interest Expenses	101	62	0	(39)	(38.41)
Share of loss from GRFMA	63	63	0	-	-
<b>TOTAL EXPENSES</b>	<b>12,503</b>	<b>12,869</b>	<b>100</b>	<b>366</b>	<b>2.93</b>
<b>RECURRENT SURPLUS</b>	<b>512</b>	<b>669</b>	<b>5</b>	<b>157</b>	<b>30.59</b>
Net Cost of the 2 x CWMS	(115)	(154)	(1)	(39)	33.50
Funding for growth initiatives/OPs	(314)	(500)	(4)	(186)	59.24
<b>OPERATING SURPLUS</b>	<b>83</b>	<b>15</b>		<b>(68)</b>	



# Changes in Income (Compared to 2020/2021)

## Rates

Additional rates income from growth (3% increase)	288,000	
Additional income from existing ratepayers (1.25% increase)	<u>119,000</u>	407,000
Increase in income from Waste Levy		19,000

## Statutory

Increase in income from Waste water approvals	50,000	
Increase in Development application fees	60,000	
Reduction in income from dog infringements	<u>(20,000)</u>	90,000
		<u><u>516,000</u></u>

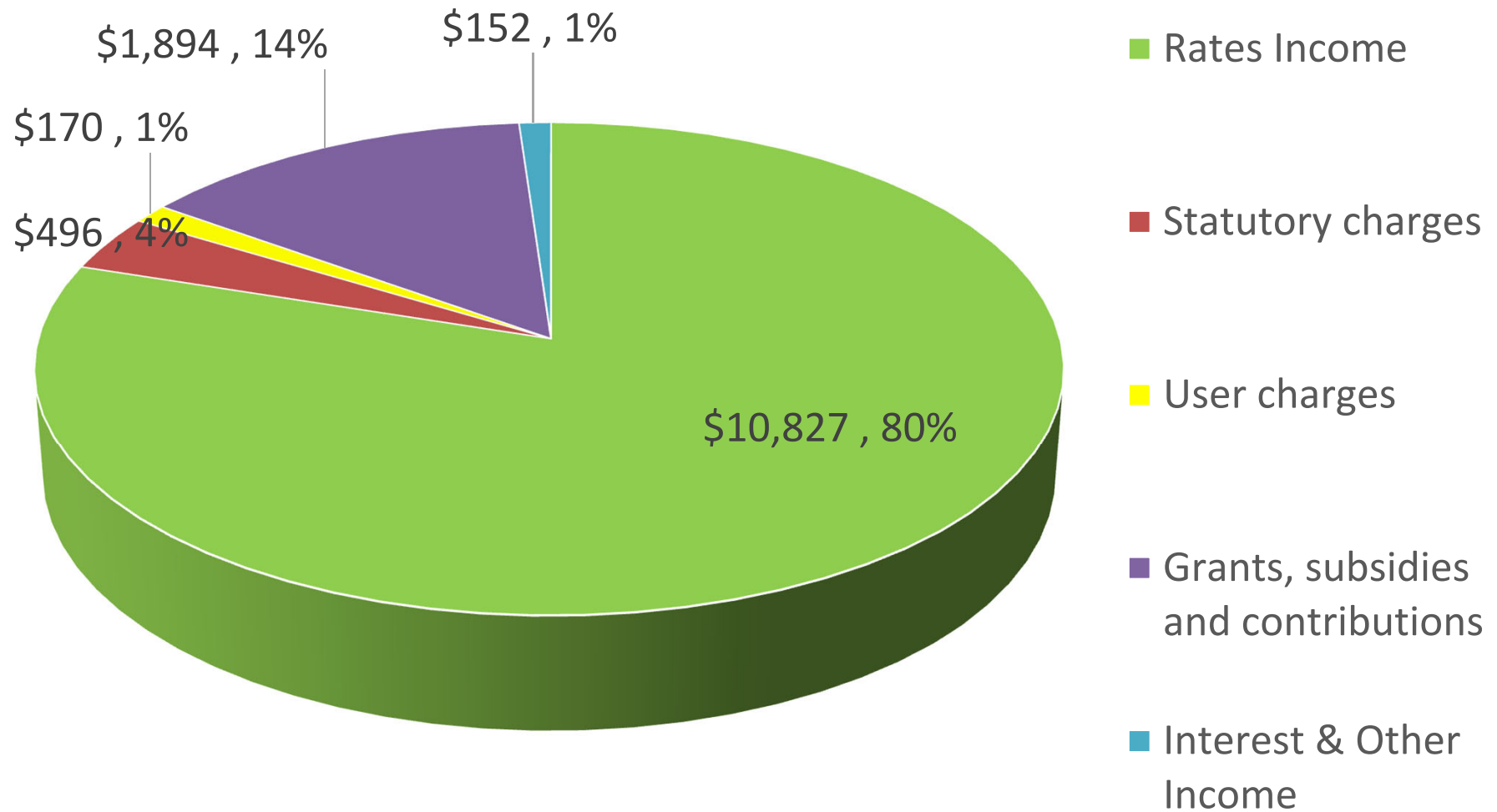
# Grants, subsidies & contributions in 2021/2022

➤ Library operating grant (State)	\$ 28,500
➤ Financial Assistance Grant (Federal)	\$ 1,500,000
➤ Roads-to-Recovery (R2R) Grant (Federal)*	\$ 263,364
➤ Coastal Officer Grant (Green Adelaide)**	\$ 102,059
<b>Total Grants, subsidies &amp; contributions</b>	<b>\$ 1,893,923</b>

*\* For accounting purpose R2R grant is recorded as operating income. However, as per R2R guidelines, grant should be spent on road renewal/upgrades (Capital)*

**\*\*53% of the Regional Landscape Levy is invested back in the region**

# Recurrent Income (Excl. CWMS)'\$000



# Notable Trends



## Resourcing - Growing Pains...

- Labour needs to be commensurate with growth (APC tracking at 3%)
- Organisation review of 2017/18 predicated on growth
- Growth comes in two parts: statutory obligations and non-mandated obligations
- Resourcing requirements cognisant of our overarching strategic planning documents (why plan for growth, investment and tourism and not invest in adequate resourcing?)

# Resourcing – The Landscape

- DAs, Building Inspections and Wastewater Applications have doubled
- Asset Handover (roads, open space etc.) leading to increased maintenance burden
- Economic Development/Strategic Planning initiatives include:-
  - Gawler River Floodplain Management Authority
  - Crown Land, Two Wells
  - Strategic Plan priorities
  - TEDS priorities
  - Coastal and Tourism initiatives (mangroves and walking trails)
  - Business Advisory Group
  - Light and Adelaide Plains Region Economic Development Authority
  - State and Federal funding stimulus/project delivery (DCP and LRCI)
  - Aged Living, Hart Reserve, Heritage Survey

# Resourcing – The Landscape

- Strategic Infrastructure initiatives
  - Two Wells CWMS
  - State and Federal funding initiatives (project management)
  - Mallala Road roundabout
  - Wasley's Road Bridge
  - Asset Handover and developer engagement
- Media and Communications

# Resourcing – The Landscape and Common Themes

- Too much being left to too few (no strategic support to the Executive Management Team)
- Organisation risk in failure to deliver on opportunities
- Resourcing needs have not kept up with community/private sector expectations
- Rate revenue increased; resourcing stagnant



# Resourcing – LTFP Alignment and Pressing Priorities

- Froze labour (numbers and budget) in 2020/2021
- Economic Development, Horticulture, Media & Communications and Building/Health Services comprise the current organisational needs analysis (no surprise being a growth council)
- Aligns with the 2017/2018 organisational review and restructure
- Aligns with projections comprised in the LTFP

# Employee Costs - Excl. CWMS (\$'000)

Description	2021/2022 Draft Budget (EX. CWMS)
Salaries & Wages	4,690
Long Service Leave	116
Superannuation	456
Workers Compensation Insurance	211
<b>Total Employee Cost budget</b>	<b>5,473</b>

## Changes in material, contract & other expenses (Compared to 2020/2021)

Council contribution to Flood Monitoring and Alert System (Gilbert, Light and Wakefield Rivers) has been over estimated in 2020/2021	32,061
Council's contribution to Two Wells Community Fund is not expected to be required in 2021/2022	15,000
Council contribution to Mid North Community Passenger Network (2020/2021 budget was over estimated)	5,769
Legal fees on planning appeals, regulatory activities, human resources advice in relation to appeals, enforcements, prosecutions and other proceedings).	(79,500)
Increase in building maintenance, reserve maintenance, street sweeping and seal road maintenance expenses	(54,345)
Increase in Kerbside Waste Collection costs mainly due to increase in recyclables disposal costs	(25,915)

## Changes in material, contract & other expenses (Compared to 2020/2021)

Cost to implement Council's Disability Action and Inclusion Plan initiatives	(15,000)
Income Protection Insurance (2020/2021 budget was underestimated)	(16,937)
Increase in consultancy cost with regard to Council's Infrastructure and Asset management	(15,000)
Cost of road signs has been increased	(11,313)
Increase in minor plant replacement budget as several existing old minor plants need to be replaced	(9,500)

# Depreciation & Assets Renewal

## Depreciation

The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes.

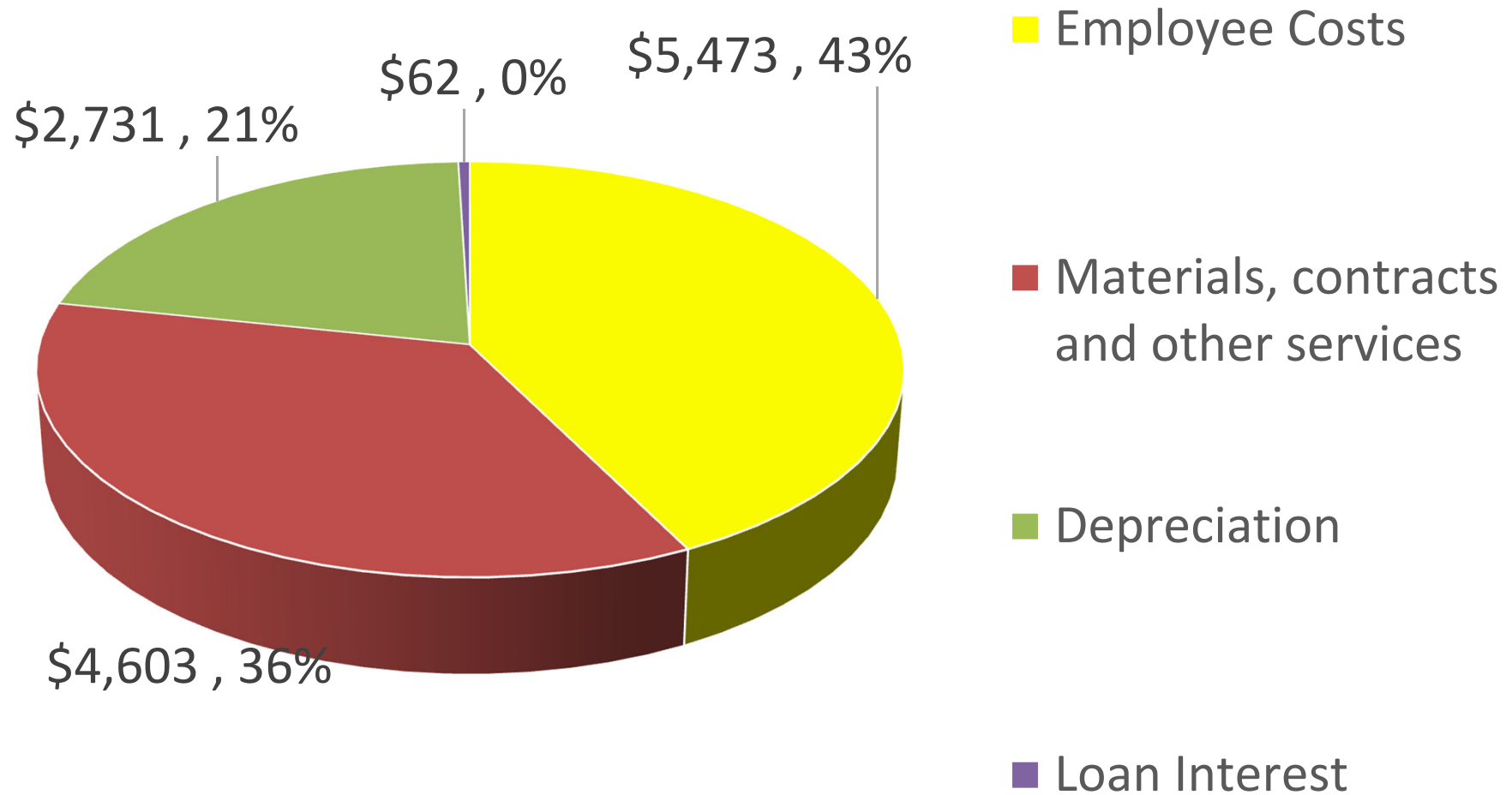
## Assets Renewal Expenditure

Expenditure on an existing asset which returns the service potential or the life of the asset to the level which it had originally.

# Depreciation & Assets Renewal (\$'000)

Description	20/21	19/20	18/19	17/18
Depreciation	2,683	2,923	2,696	3,434
Assets Renewal Expenditure	2,589	3,149	1,454	1,729
Infrastructure backlog	(94)	226	(1,242)	(1,705)

# Recurrent Expenses (Excl. CWMS)'\$000



# CWMS Operations (with an estimated 3% increase in CWMS Service Charge)

Description	Mallala	Middle Beach
CWMS service charges (344 connections X \$659 per connection)	226,696	
CWMS service charges (52 connections X \$442 per connection)		22,984
Less : CWMS Rebates	(9,929)	-
<b>Total Income</b>	<b>216,767</b>	<b>22,984</b>
<b>Less : Operating Expenses</b>		
Depreciation	125,450	5,358
Salaries and Wages	15,965	-
Interest Payments - CWMS Loan	80,405	-
Consultants	10,000	-
Consumables and Hardware	9,034	1,195
Contractors	82,040	7,371
Electricity	28,187	6,078
Insurance	9,056	742
ESCOSA Licence Fee	1,500	-
Materials	10,106	-
Other Expenses	1,166	246
<b>Total Expenses</b>	<b>372,909</b>	<b>20,990</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(156,142)</b>	<b>1,994</b>



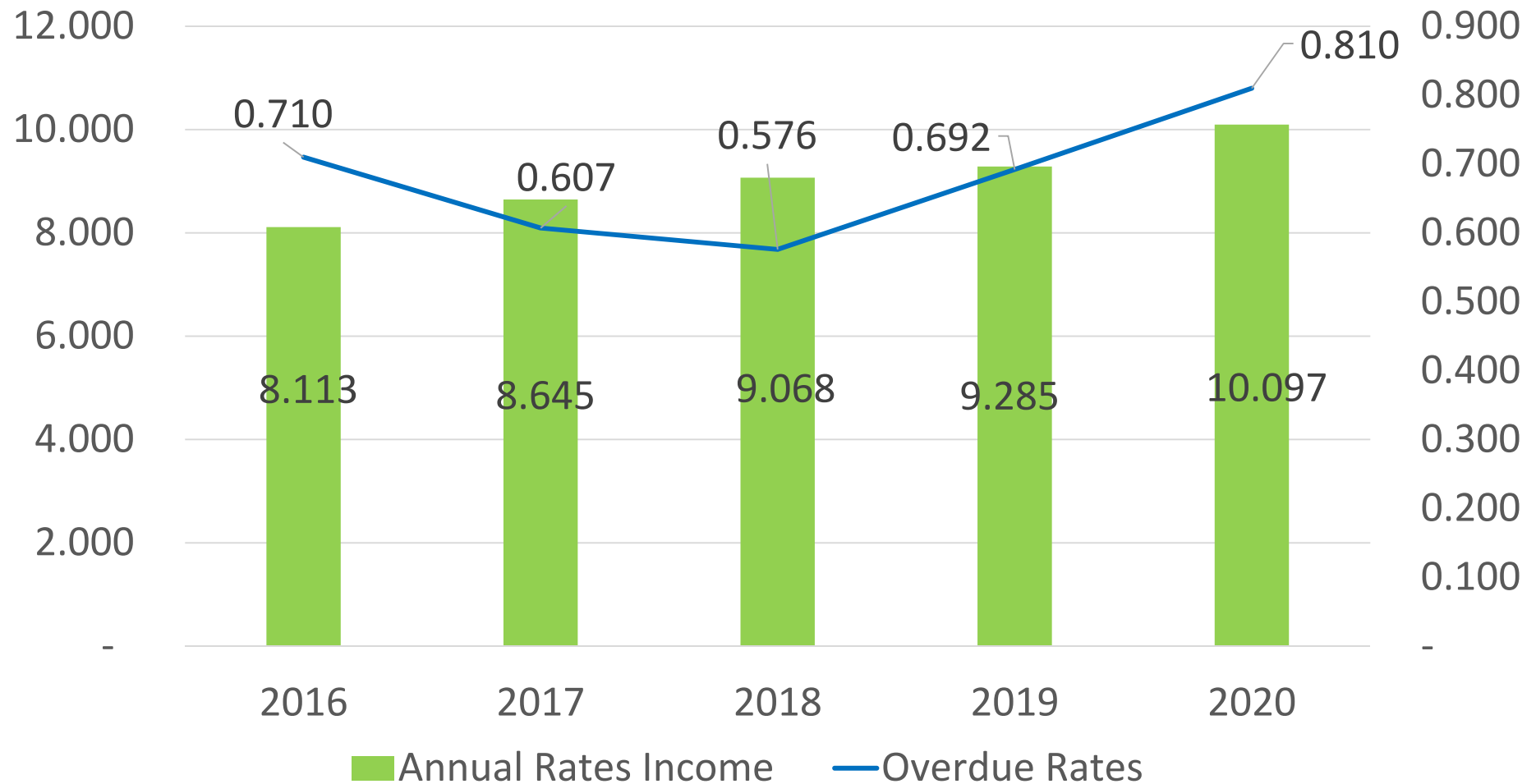
# Loan Borrowings

- Existing long-term debenture loans will be repaid in full by 15 June 2022 excl. CWMS loan
- No new long-term borrowings since April 2012 except for CMWS loan that was taken in June 2016

Borrowing Rates	Mar 20	Nov 20	Dec 20	Feb 21	Mar 21
5 years	1.95	1.55	1.60	1.40	1.95
10 years	2.25	2.05	2.15	1.70	2.60
15 years	2.45	2.40	2.50	2.15	3.05

- *Rates have moved by around 0.50% over the last 2 weeks*

# Overdue Council Rates (\$'Mn)



Overdue rates as of 9 March 2021 is \$0.768m

# Council's LTFP objectives

## Principle 1: Breakeven budget

Annual cost of Council's services and programs, including depreciation of assets, are fully funded by the current ratepayers being the consumers of those services, programs and assets.

## Principle 2: Rate Stability

Annual rate collections are fair and equitable for the ratepayers with the aim to keep rate revenue increases stable over the medium term.

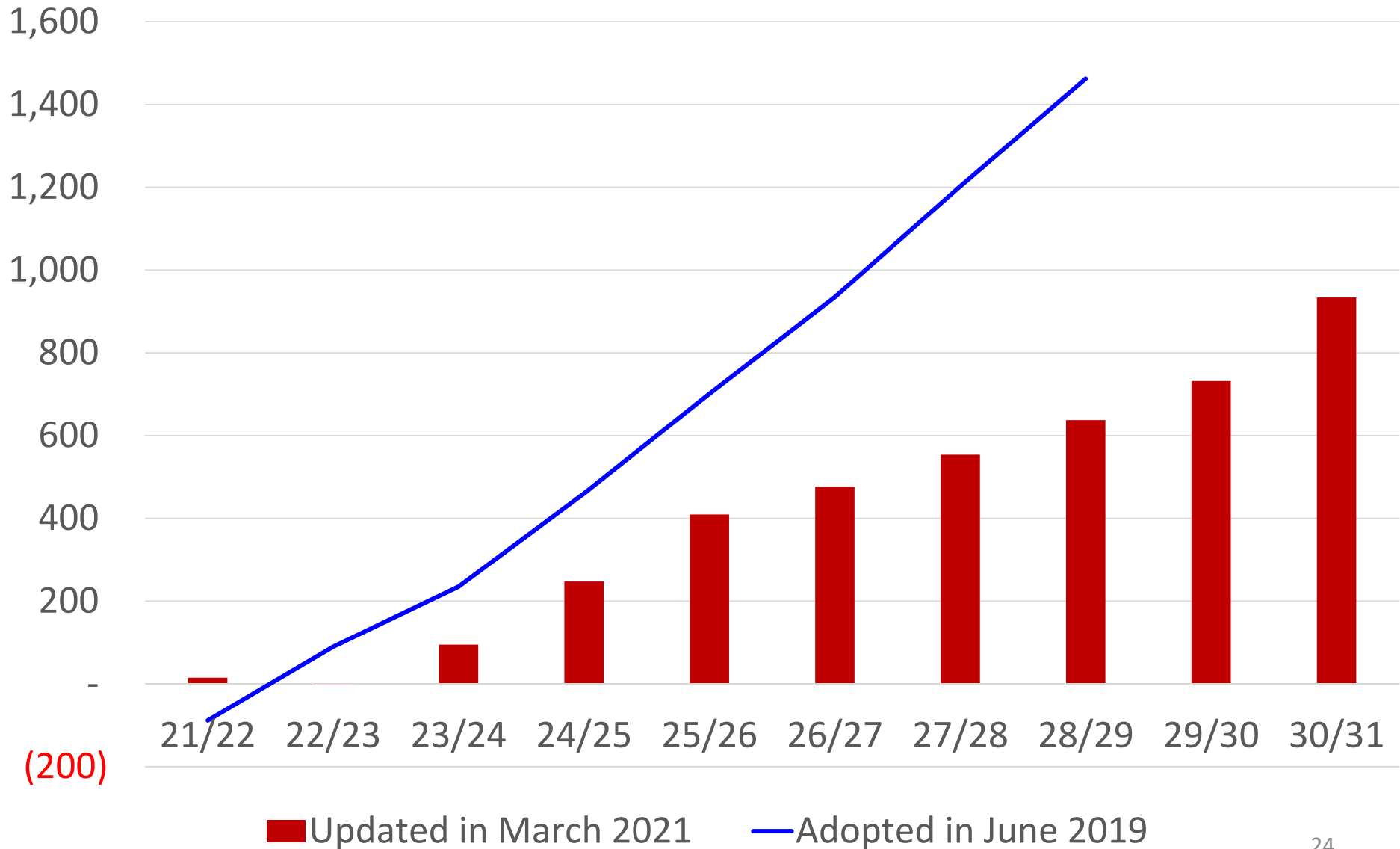
## Principle 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's Infrastructure Asset Management Plan.

## Principle 4: Prudent Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

# Updated Operating Surplus/(Deficit) vs LTFP



# Not included in the budget/LTFP

- Council contribution to GRFMA for major flood mitigation works
- Share of Council contributions to various grant applications endorsed by the Council in January 2021;
  - Building Better Regions Fund (*Parham Short Stay, Recreational Trails, Food and Business Festival*) - \$135,000
  - Open Space and Places for People funding (*Two Wells Oval and Mallala Oval Masterplan*) - \$100,000
  - Local Government Infrastructure Partnership (*Cheek Road, Barabba Road, Middle Beach Road*) - \$2,015,000 & Aerodrome Road - \$325,000

# LTFP SWOT Analysis from finance perspective

## Strength

- Sound fiscal management by Elected Members and the management
- Low debt level
- No significant infrastructure backlog
- Growth in residential and Primary production (NAIS) development
- Regional collaboration in procurement

## Weaknesses

- Higher overdue Council rates
- Limited office (Mallala & TW) and Library (TW) space to meet future demand.
- Present labour resources are not commensurate with the current growth.

## Opportunities

- SA economy has not been severely impact by COVID-19 – Opportunity for the Council to recommence recovery of overdue rates after 1 May)
- Federal & State stimulus spending.
- Economic Zone initiative with LRC.
- Projected significant population increase
- Potential to generate non-rate revenue from Parham camping site (given significant Council investment in upgrading facilities).

## Threats

- Higher service level expectation of new residents moving in.
- Increase in demand for Council resources (road sealing, tourism, cemetery expansion, CWMS
- Long-term borrowing rate has increased recently.
- Potential significant financial contribution to GRFMA for flood mitigation works

# Four (4) Year Operating Projects Program

Project Description	21/22	22/23	23/24	24/25
Resources required to meet growth in the Council district and develop local economy	513,687	438,529	448,617	458,957
GRFMA Charter Review	10,000	-	-	-
Community Survey 2021	20,000	-	-	-
Heritage Survey -Part 2	-	27,000	-	-
Council Election - November 2022	-	40,000	-	-
Customer Request Management Health Check	-	15,000	-	-
Upgrade of Electronic Records Management System	-	-	30,000	-
New Residents Kits and Business & Community Directory	-	-	23,000	-
<b>Total Costs</b>	<b>543,687</b>	<b>520,529</b>	<b>501,617</b>	<b>458,957</b>

Funding allocated in the draft budget and updated LTFP for OPs	500,000	600,000	600,000	600,000
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# Four (4) Year Capital Projects Program

- GM - I&E will present draft four (4) capital project program
- Draft capital program will be presented to the Infrastructure and Environment Committee Meeting on 15 March



## Next steps....

- A formal report to the March Council meeting on the draft budget for 2021/2022 and update on 10 year Long-term Financial Plan.

 <b>Adelaide Plains Council</b>	<b>6.3</b>	<b>Update on Audit Committee Annual Work Program 2020-2021</b>
	<b>Department:</b>	<b>Finance and Business</b>
	<b>Report Author:</b>	<b>General Manager – Finance and Business</b>
<b>Date: 12 April 2021</b>	<b>Document Ref:</b>	<b>D21/15546</b>

## **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with the progress update on the activities identified in the Audit Committee Works Program for 2020/2021 Financial Year.
- At its meeting held on 17 September 2020, the Audit Committee approved its 2020/2021 Works Program.
- The final audit for 2019/2020 was completed and draft audited financial statements, audit report on financial statements and internal controls were presented to the 16 November 2020 Audit Committee meeting.
- A report on the review of audited financial results of 2019/2020 against the adopted budget was also presented to the 16 November 2020 Audit Committee meeting.
- Report on the review of internal financial control policy, Land Under Roads Policy and an update on the progress of Council’s risk management framework was presented to February 2021 meeting.
- Report on the review of Procurement policy is presented to April 2021 meeting.
- Draft 2021/2022 budget and draft Long-Term Financial Plan is presented to April 2021 meeting.
- A report on the financial performance, project progress update and potential carry over projects has been provided to Audit Committee as a regular report.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.3 – *Update on Audit Committee Annual Work Program 2020-2021*, dated 12 April 2021, 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 2020/2021 Financial Year.”**

## **BUDGET IMPACT**

Estimated Cost: Not Applicable

Future ongoing operating costs: Not Applicable

Is this Budgeted?

Not Applicable

## **RISK ASSESSMENT**

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

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## **Attachments**

1. Audit Committee Annual Work Program 2020-2021 – April 2021 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 2020/2021 Financial Year.

### **Background/History**

At its meeting on 17 September 2020, the Audit Committee approved the work program for 2020/2021 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 2020/2021 Work Program will assist the members of the committee to monitor their planned activities and accordingly the **Attachment 1** shows progress to date.

- The final audit for 2019/2020 was completed and draft audited financial statements, audit report on financial statements and internal controls were presented to the 16 November 2020 Audit Committee meeting.
- A report on the review of audited financial results of 2019/2020 against the adopted budget was also presented to the 16 November 2020 Audit Committee meeting.
- Report on the review of internal financial control policy, Land Under Roads Policy and an update on the progress of Council's risk management framework is presented to February 2021 meeting.
- Draft 2021/2022 budget and draft Long-Term Financial Plan is presented to April 2021 meeting.
- Report on the review of Procurement policy is presented to April 2021 meeting.
- A report on the financial performance, project progress update and potential carry over projects has been provided to Audit Committee as a regular report.

### **Conclusion**

Draft audited financial statements for 2019/2020 Financial year was presented to 16 November 2020 meeting for review by the Audit Committee. A report on the financial results comparing actual results for 2019/2020 with Adopted budget also presented to 16 November 2020 meeting.

Draft 2021/2022 budget and draft Long-Term Financial Plan is presented to April 2021 meeting for comment and recommendation by the Audit Committee before its planned release for public consultation.

## **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 2020-2021 (A 2021 update)

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"> <li>▪ Annual Business Plan;</li> <li>▪ Annual Financial Statements;</li> </ul>	April & June 2021  November 2020 and June 2021	Completed		16 Nov 2020
1.2 Annual Review of financial performance indicators provided to Council as part of Budget Reviews.	November 2020	Completed		16 Nov 2020
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"> <li>▪ Review of Strategic Management Plan 2020-2024 for consistency with Council’s long-term financial plan and annual business plan;</li> <li>▪ Review of Long Term Financial Plan for consistency with its infrastructure and asset management plan (I&amp;AMP);</li> <li>▪ soundness of the I&amp;AMP; e.g. Is it supported by engineering and other professional assessments regarding the condition of Council’s infrastructure assets;</li> <li>▪ likely impact on Council’s ongoing financial sustainability of implementation of its suite of strategic management plans;</li> <li>▪ appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan.</li> </ul>	To be confirmed	Updated Strategic Management Plan (SMP) was approved by the Council on 27 February. Council Management is planning to develop business/action plan to deliver objectives of the updated SMP and the draft		

## Audit Committee Annual Work Program 2020-2021 (A 2021 update)

		business/action plan will be presented to the Audit Committee.		
3. Exercise of Powers under Section 130A (LGA – Section 126(4)(ac))				
3.1 Determine whether a recommendation to the Council is required to request its auditor or some other person to examine and report on any matter considered significant relating to financial management or the efficiency and economy of the management of Council’s resources that would not be addressed or included as part of the annual audit.	Ongoing			
4. Liaising with External Auditor (LGA – Section 126(4)(b))				
4.1 An in-camera meeting with Council’s external auditors during the 2020/2021 financial year to: <ul style="list-style-type: none"> <li>▪ discuss any points of concern raised by the External Auditor in their interim audit;</li> <li>▪ assess the appropriateness of the Council’s response to matters raised in the interim audit;</li> <li>▪ discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter;</li> <li>▪ assess the appropriateness of the Council’s response to matters so raised.</li> </ul>	September 2020 September 2020 November 2020 November 2020	Completed		17 Sep 2020 17 Sep 2020 16 Nov 2020 16 Nov 2020
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	November 2020	Completed		16 Nov 2020


## Audit Committee Annual Work Program 2020-2021 (A 2021 update)

<p>auditor, and if so whether action has been taken to have them addressed:</p> <ul style="list-style-type: none"> <li>▪ consider the range of documented internal control policies and procedures; and</li> <li>▪ whether they are being followed.</li> <li>▪ regular self-assessment of internal financial controls</li> </ul>	February 2021			
5.2 Review Business Continuity & Emergency Management Plan.	April 2021			
<p>5.3 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:</p> <ul style="list-style-type: none"> <li>▪ whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect e.g. <ul style="list-style-type: none"> <li>✓ whether a business continuity plan has been developed in case of major damage to key Council properties or other (e.g. computer, assets);</li> <li>✓ whether there are significant risks that have been identified by Council’s insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard;</li> <li>✓ adequacy of insurance coverage.</li> </ul> </li> </ul>	February 2021	An update on the progress of Council’s risk management framework is presented to February 2021 meeting		
<p>5.4 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"> <li>• Credit Card Policy (Last reviewed in April 2018)</li> <li>• Internal Financial Controls Policy (Last reviewed in April 2018)</li> <li>• Land Under Roads Policy (Last reviewed in 2008)</li> <li>• Council Vehicle Policy (Last reviewed in July 2018)</li> <li>• Procurement Policy (Last reviewed in March 2019)</li> </ul>	<p>Ongoing</p> <p>June 2021 February 2021 February 2021 June 2021 April 2021</p>	<p>Completed Completed</p> <p>Agenda 12/4/2021</p>		<p>2/2/2021 2/2/2021</p>



## Audit Committee Annual Work Program 2020-2021 (A 2021 update)

<ul style="list-style-type: none"> <li>• Risk Management Policy (Last reviewed in July 2019)</li> </ul>	June 2021			
6. Reporting				
6.1 Ensure progress of the outstanding Audit Committee resolutions are followed up regularly.	Ongoing	Update report is provided to 12 April meeting		
6.2 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.	Ongoing			
6.3 Report annually to the Council; <ul style="list-style-type: none"> <li>▪ outlining outputs relative to the audit committee’s work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate;</li> <li>▪ outlining any identified training needs;</li> <li>▪ Audit Committee Self-Assessment Survey</li> <li>▪ advise on future work program proposals; and invite comment from the Council on all of the above.</li> </ul>	To be confirmed  To be confirmed To be confirmed  To be confirmed			

 <b>Adelaide Plains Council</b>	<b>6.4</b>	<b>Policy Review – Procurement Policy</b>
	<b>Department:</b>	<b>Governance and Executive Office</b>
	<b>Report Author:</b>	<b>WHS and Risk Officer</b>
<b>Date: 12 April 2021</b>	<b>Document Ref:</b>	<b>D21/10160</b>

**EXECUTIVE SUMMARY**

- The purpose of this report is for the Audit Committee to consider proposed amendments to Council’s *Procurement Policy* (the Proposed Policy, presented by way of track-changes at **Attachment 1** to this report) and to make recommendations to the Council accordingly.
- Council’s current *Procurement Policy* (the Current Policy) was adopted in March 2019.
- The purpose of this Policy is to ensure compliance with section 49 of the *Local Government Act 1999* (the Act) when acquiring goods and services.
- The changes recommended within the Proposed Procurement Policy will promote more efficient and practical daily operations and provide local businesses better opportunities to quote/tender to the Council.
- It is recommended that the Audit Committee consider the Proposed Policy and make recommendations to the Council accordingly.

**RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.4 – *Policy Review – Procurement Policy*, dated 12 April 2021, receives and notes the report and in doing so recommends to the Council that it adopt revised Procurement Policy as contained in the Attachment 1 subject to the following changes:-**

1. ....
2. ....”

**BUDGET IMPACT**

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

## **RISK ASSESSMENT**

One of the fundamental purposes of Council's *Procurement Policy* is to provide consistency to the Elected Members, management and the community in relation to the expenditure of public funds. The level of risk associated with this policy review is relatively low.

---

### **Attachment**

1. Revised Procurement Policy with track changes.

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is for the Audit Committee to consider proposed amendments to Council's *Procurement Policy* (the Proposed Policy, presented by way of track-changes at **Attachment 1** to this report) and to make recommendations to the Council accordingly.

### **Background/History**

Council's current *Procurement Policy* (the Current Policy) was adopted in March 2019.

Council engaged a Procurement Officer in December 2018 to specifically focus on procurement across the organisation. The Procurement Officer has since moved on from Council and the WHS and Risk Officer is overseeing the procurement functions and providing support and advice to contract managers regarding procurement activities including review of Councils *Procurement Policy*.

### **Discussion**

The Current Policy was due for review in March 2021. The Proposed Policy provides overarching strategic, principle based guidance on Council's procurement activities associated with the acquisition of goods, works, services or consultants, in accordance with Section 49 of the *Local Government Act 1999* (the Act) and best practice principles in procurement. The Current Policy has been reviewed by Council staff and accordingly following changes are proposed:

- Policy statement 4, additional dot point
- Formatting changes throughout the policy
- Environmental Protection, Principle 9 – additional dot point
- 5.2 Heading change – Removed the word 'procurement', maintained the word 'method'
- 5.2 Direct Purchasing – additional two dot points
- Position titles updated throughout the policy (Coordinators to Managers)
- Schedule 2 has been removed in order to have a consistent approach with regard to procurement delegation and the Section 137 of the *Local Government Act 1999* - Expenditure of funds.

### **Conclusion**

It is recommended that the Audit Committee consider the Proposed *Procurement Policy* (at **Attachment 1** to this report) and make recommendations to the Council accordingly.

---


### **References**

#### Legislation

*Local Government Act 1999*

#### Council Policies/Plans

*Budget Management Policy*

	<b>Procurement Policy</b>	
	<b>Adoption by Council:</b> <del>25 March 2019</del> April 2021 <b>Resolution Number:</b> 202149/107XX <b>Current Version:</b> V43	
	<b>Administered by:</b> General Manager - Finance and <del>Economic</del> Development Business	<b>Last Review Date:</b> <del>2019</del> 2021 <b>Next Review Date:</b> <del>2021</del> 2023
<b>Document No:</b> <del>D19/10198</del> D21/10178	<b>Strategic Outcome:</b> 4.5.1.11 Meet all legislative compliance requirements	

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Commented [AF2]: Need to reflect new Strategic Plan objectives.

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**1. Objective**

- The purpose of this Policy is to ensure compliance with section 49 of the *Local Government Act 1999* (the Act) when acquiring goods and services.
- The Local Government Act requires Council to develop and maintain policies, ~~practices~~ and procedures directed towards:-
  - obtaining value in the expenditure of public money; ~~and~~
  - providing for ethical and fair treatment of participants; and
  - ~~ensuring~~ ~~ensuring~~ probity, accountability and transparency in all operations.
- In particular, section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders, including policies on:
  - the contracting out of services;
  - competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
  - ~~the~~ ~~encourages~~ ~~the~~ use of local goods and services.
- This Policy seeks to:
  - define the methods by which Council can acquire goods and services;
  - demonstrate accountability and responsibility of Council to ratepayers;
  - be fair and equitable to all parties involved;
  - enable all processes to be monitored and recorded; and
  - ~~ensure~~ ~~ensure~~ that the best possible outcome is achieved for the Council.

**2. Scope**

- This Policy informs procurement activities associated with the acquisition of goods, works,

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services or consultants.

- This Policy applies to anyone who undertakes or is involved in procurement activities on behalf of Council. Compliance with the provisions set out in this Policy is mandatory unless expressly indicated otherwise.
- This Policy does not apply to:
  - non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; ~~or~~
  - the disposal of land and other assets owned by the Council; or
  - the purchase of land by the Council.

During Caretaker Mode, the Caretaker Policy will apply. Where any provisions of the Procurement Policy are inconsistent with any provisions of the Caretaker Policy, the Caretaker Policy will operate.

### 3. Definitions

**Caretaker Mode** means the period preceding an election during which Council is required to operate pursuant to its *Caretaker Policy*.

**Council** means Adelaide Plains Council.

**Emergency Situation** means a situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. The Chief Executive Officer has the authority to act in an Emergency Situation; goods and services in these instances may be purchased from a supplier without reference to the financial limitations provided in this Policy.

**Employee/s** means any person that is employed full time, part time or casually by the Council and who receives remuneration for their work.

**Evaluation Team** means the team of Employees who evaluate tender submissions to assess their suitability in relation to a tender scope.

**Expressions of Interest (EOI)** means the process to shortlist potential suppliers before seeking detailed bids.

**Goods** means a physical or tangible item that does not include a labour component.

**Local Government Act (the Act)** means the *Local Government Act 1999* (SA).

**Local Supplier** means a supplier that is beneficially owned by persons who are residents or ratepayers of Adelaide Plains Council; or has its principle business within Adelaide Plains Council; or a business that substantially employs persons who are residents or ratepayers.

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**Officer** means an Employee of the Council with either delegated authority or sub delegated authority in relation to a power of Council.

**Procurement** means a series of activities that are undertaken when purchasing goods and services, based on three key phases: planning, purchasing and contract management.

**Request for Quotation (RFQ)** means the process where suppliers are invited to participate in a process to bid on specific products or services.

**Request for Tender (RFT)** means a formal and structured invitation to suppliers, to bid, to supply products or services.

**Service** means the performance of a task, duties or work for another, by an individual or organisation, which normally involves the provision of labour and/or professional services.

**Supplier** means an entity that provides goods, works or services to the Adelaide Plains Council.

**Total Cumulative Spend** means the total expenditure with a supplier or a number of suppliers over a set time period providing similar goods or services of an ongoing nature.

**Value of Purchase Threshold** means the relationship between the expected value of the purchase of a type of good or service from a supplier, or number of suppliers providing similar goods or services, and the procurement method used to procure those goods or services (refer **Schedule 1**).

#### 4. Policy Statement

Council aims to achieve advantageous procurement outcomes by:

- enhancing value for money through fair, competitive, non-discriminatory procurement;
- promoting the use of resources in an efficient, effective and ethical manner;
- making decisions with probity, accountability and transparency;
- advancing and/or working within Council's economic, social and environmental policies;
- providing reasonable opportunity for competitive local businesses to supply goods and services to Council;
- appropriately managing risk;
- where advantageous, undertaking a collaborative approach to the procurement of goods and services with other local government authorities and entities, and
- ensuring compliance with all relevant legislation; and
  - where advantageous, undertaking a collaborative approach to the procurement of goods and services with other local government authorities and entities.

#### 5. Procurement

##### 5.1 Principles

Council must have regard to the following principles in its acquisition of goods and services:

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*Principle 1 - Encouragement of open and effective competition*

Open and fair-effective competition is to be fostered and maintained by providing suppliers with appropriate access to Council's procurement opportunities. Council will ensure, where reasonably practicable, that:-

- there is reasonable access for all suitable and competitive suppliers to the Council's business;
- where market circumstances limit competition, procurement activities recognise this and a associated methodology takes account of it is used to address these requirements; and
- a Adequate, identical and timely information is provided to all suppliers to enable them to bid.

*Principle 2 - Obtaining Value for Money*

Value for money is not restricted to price alone. An assessment of value for money must include, where possible, consideration of:

- the contribution to Council's long term strategic and long term financial plan and strategic direction;
- any relevant direct and indirect benefits to Council, both tangible and intangible;
- efficiency and effectiveness of the proposed procurement activity;
- the performance history, and quality, scope of services and support of each prospective supplier;
- fitness for purpose of the proposed goods or services;
- whole of life costs;
- Council's internal administration costs;
- technical compliance issues;
- risk exposure; and
- the value of any associated environmental benefits.

*Principle 3 - Probity, Ethical Behaviour and Fair Dealing*

Council is to behave with impartiality, fairness, independence, openness and integrity throughout the procurement process, and in particular, during discussions and negotiations.

*Principle 4 - Accountability, Transparency and Reporting*

Council will demonstrate accountability and transparency by ensuring that decisions can be explained and evidenced, so that an independent third party can clearly see that a fair and reasonable process has been followed. An audit trail will be visible for all procurement activities for monitoring, reporting and review purposes.

*Principle 5 - Ensuring compliance with all relevant legislation*

Relevant legislation includes, but it not limited to, *Local Government Act 1999, Work Health and Safety Act 2012, Work Health and Safety Regulations 2012, Independent Commission Against Corruption Act 2012.*

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*Principle 6 - Encouragement of the development and support of competitive local business and industry*

Where the evaluation criteria are comparable, Council will endeavour to support the development of local businesses and industry, and may consider the following:

- the creation of local employment opportunities;
- increased availability of local servicing support;
- increased convenience with communications with the supplier for contract management;
- economic growth within the local area;
- benefit to Council of associated local commercial transaction; and/or
- the short and long term impact of the procurement on local business.

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*Principle 7 – Risk Management*

Risk assessment will focus on assessing a potential supplier’s capacity and capability to meet Council’s requirements, and identifying any other factors which might result in the works, goods or services not being successfully delivered. High risk acquisitions require more formal procurement planning methodologies and higher levels of management oversight.

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*Principle 8 – Work, Health, Safety*

Council is committed to meeting the legislative requirements of the Work Health Safety Act and Regulations 2012. To meet these requirements management will develop and effectively implement its procurement framework to eliminate and/or minimise the risk of injury or illness to its workers, Council members, customers and the community.

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*Principle 9 – Environmental protection*

Council will endeavour, where reasonably practicable, to promote environmental protection through its procurement processes. This may include:

- adopting purchasing practices which conserve natural resources;
- aligning its procurement activities with principles of ecological sustainability;
- purchasing recycled and environmentally preferred products where possible;
- integrating relevant principles of waste minimisation and energy efficiency;
- fostering the development of products and services which have a low environmental impact; Consider the whole of life environmental impacts of a product, from production to disposal; and
- providing leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

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**6. 5.2 Procurement Methods**

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender

process will not necessarily deliver the most advantageous outcome for the Council – in such instances, other market approaches may be more appropriate.

The Council may, having regard to its Procurement Principles and any other factors considered relevant by the Council, in its absolute discretion determine to utilise one or more of the following procurement methods.

- Direct Purchasing

Purchases made from a single source based on advertised price or written quotation and without obtaining competitive bids.

This method may be appropriate:-

- For low value, low risk goods and services;
  - There is only one supplier for the goods or services;
  - The prospective supplier has knowledge, experience and expertise or owns intellectual property associated with the goods or services that would prevent any other prospective supplier to compete for the goods or services; and
  - Where the supplier already has a successful service history with Council.
- Any use of direct purchasing must be evidenced and approved by the relevant financial delegate prior to entering into a contract for the goods or services.

- Request for Quotations (RFQ)

Formal quotations are obtained using Council's Request for Quotations template. Generally, a minimum of three (3) written quotations are sought, or one (1) written quotation from the Panel. This method may be suitable for simple complexity, low-medium value, low-medium risk, largely price-based purchases where the supplier is required to provide some detail.

- Request for Tenders (RFT) – Open Tender or Select Tender

Council may issue a tender for proposed goods and or services.

Council may issue a Select Request for Tender where it has already issued an EOI. A minimum of three (3) written quotations may also be sought where justification exists or three (3) written quotations from the Panel.

Otherwise, Council will issue an Open Request for Tender, for proposed goods or services where the scope and specifications have been clearly defined.

- Expressions of Interest (EOI)

Generally, an open invitation for proposed goods and/or services that outlines a general intention to acquire goods and services, and invites suppliers to indicate their interest in being considered to meet the requirement.

This method may be used where there is possibly a large, or speciality, market for the proposed goods and/or service, and Council would like to be able to prepare a short list of suppliers to invite to participate in a tender process. Potential suppliers are generally not

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required to provide prices as part of the EOI process.

• Panel Contracts

Panel arrangements are established with a select group of suppliers following a RFT approach to the marketplace; once Council has completed its appointment of such suppliers in accordance with this Policy, and can include:-

- a standing offer from a pool of suppliers for the provision of works, goods and/or services on agreed terms; or
- ~~prequalification~~prequalification of certain suppliers who may or may not be engaged on terms to be agreed.

A panel may be appropriate where:-

- there are a number of suppliers who can provide the works, goods, works or services and there is some advantage to the Council having a choice of suppliers (e.g. the availability of contractors to provide works services is not always guaranteed, or to avoid conflict of interest);
- there is an ongoing demand from the Council;
- marketplace competitiveness is advantageous;
- the procurement requirement cannot be accurately predicated; or
- ~~the~~The volume of work may be too large for one supplier.

Once a panel has been established, the Council will, in the first instance, seek to purchase the particular goods and/or services through such panel arrangements.

• Strategic Alliances

Procurement is undertaken through contract arrangements already established and administered by other organisations, including:

- LGA Procurement;
- Barossa Regional Procurement Group;
- Other Councils;
- Procurement Australia;
- Department Planning, Transport & Infrastructure;
- State Government Panel contracts;
- SA Tenders; and
- Council Solutions (Regional Authority).

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7. 5.3 Local Industry Sourcing

With the aim of achieving a value for money outcome, Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:-

- Actively promoting local businesses with opportunities to supply to the Council;

- Structuring the purchasing processes to be accessible to all businesses;
- Giving preference to a local business when all other commercial considerations are equal; and
- Ensuring that, where possible, specifications and purchasing descriptions are not structured in such a way that would potentially exclude local suppliers and contractors.

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#### 5.4 Considerations for the Council

The appropriate method of procurement will be determined by reference to a number of factors, including:

- Value of the Purchase Threshold (refer **Schedule 1**);  
The Value of the Purchase will be calculated as follows:
  - single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST);
  - multiple purchases – the gross value, or the estimated gross value, of the purchases (excluding GST); or
  - ~~ongoing~~Ongoing purchases over a period of time – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).
- Total cumulative spend;
- Cost of an open market approach versus the value of the acquisition and the potential benefits;
- The particular circumstances of the procurement activity;
- The objectives of the procurement;
- The size of the market and the number of competent suppliers;
- The Council's leverage in the marketplace;
- Time constraints;
- A global assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.

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#### Total Cumulative Spend

Council should consider the ~~t~~Total ~~c~~Cumulative ~~s~~Spend with a supplier, or a number of suppliers providing similar goods or services, during the planning phase of their procurement. Council is precluded from splitting the value of the purchase to bring individual purchases into a lower Value of Purchase Threshold. Council will monitor ~~the t~~Total ~~C~~Cumulative ~~s~~Spend with suppliers at least annually. If expenditure with a supplier, or a number of suppliers providing similar goods or services, is ongoing in nature, and the cumulative spend is likely to exceed the Value of Purchase ~~t~~Threshold over a 12 month period (financial year), Council should review the procurement method used and pursue opportunities to enter into contracts for the goods or service through a competitive process.

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#### 8. Records

~~Council must record written reasons for utilising a specific procurement method in each activity, and where it uses a procurement method other than tendering.~~

### ~~9.~~ 5.5 Exemptions from this Policy

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be ~~e~~emergency ~~s~~situations, or procurements in which a tender process will not necessarily deliver ~~the~~ best outcome for the Council, and other market approaches may be more appropriate.

In any event, where a contract is entered into other than as a result of a tender process, reasons will be documented.

The Chief Executive Officer has the authority to provide an exemption from using the required method of procurement, in accordance with the expenditure delegations in Schedule 2 and in order to pursue a method which will bring the best outcome for the Council. Reasons for any exemption to the procurement method must be documented and attached to the approved invoice and filed in Council's record management system.

These circumstances may include:

- There may be significant public risk if the procurement is delayed by process requirements, such as ~~e~~emergency ~~s~~situations threatening life and property; or
- The pressures of time are such that an open call is not feasible, such as where there has been an unanticipated Council or ~~g~~Government policy decision; or
- Council purchases assets or goods at an auction up to \$100,000; or
- Council purchases second-hand assets or goods up to \$100,000; or
- The contract is made with, or under arrangement with or made through a strategic alliance pursuant to part 6 of this Policy; or
- A situation presents itself wherein a contractor or consultant has considerable background knowledge and experience or specialist expertise on that particular Council project or asset ~~e.g.g.~~ an extension of a previous project. In such situations the procurement of assets, goods, works or services on negotiated fees and terms through that consultant or contractor alone may be deemed sound and advantageous to the project. This could include engaging the contractor or consultant on a retainer basis for a specified period of time.

### ~~10.~~ 5.6 Delegations

Council has delegated to the Chief Executive Officer the power in Section 137 of the Act to expend the funds of the Council.

- Monetary Limitations

All such delegations and sub delegations are subject to limitations set out in the instrument of delegations and sub delegations, ~~and identified specifically within Schedule 2 to this Policy.~~

- Other Limitations

The power to expend funds, outlined in Section 137 of the Act must be exercised by Council (and

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any Officers with delegated/sub delegated power) in accordance with this Policy.

In addition to the requirements set out in this Policy, and any other Council policies, resolutions or documentation, the following conditions apply to the exercise of the powers and functions by delegates and sub delegates:

- **Monetary Limitation applies to procurement processes:** An Officer may only commence a procurement process in respect of good(s) or service(s) or other purchase or expenditure the total value of which is not more that the monetary limitation set out in their instrument of delegation or sub delegation of the power in Section 137 of the Act to expend the funds of Council.
- **Monetary Limitation applies to contract documentation:** An Officer may only sign contract documentation in respect of good(s) or services (s) or other purchase or expenditure for the total value of which is not more that the monetary limitation set out in their instrument of delegation or sub delegation of the power in Section 137 of the Act to expend the funds of Council.
- **Prohibition on approval of procurement process and signing contract documentation:** An Officer may not sign off on or otherwise approve a procurement process as well as sign contract documentation in relation to the same good(s) or services (s) or other purchase or expenditure (including proposed purchase or expenditure).

~~11.~~ **5.7 Prudential Requirements**

Refer to Council's *Prudential Management Policy*.

~~12.~~ **6. Related Documents**

Caretaker Policy

~~Contractor Management Policy~~  
Contractor Management  
~~Procedure~~Policy

~~Contractor Management Procedure~~

Contractor Management Forms and Templates

Disposal of Surplus Land Policy

Internal Financial Controls Policy

Long Term Financial Plan

[Procurement Procedure](#)

[Pre-Purchase Checklist](#)

Prudential Management Policy

Strategic Plan

~~Pre-Purchase Checklist~~

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### 13.6. Records Management

All documents relating to this Policy will be registered in Council's Record Management System.

At a minimum, documentation which details the procurement method, risk analysis, evaluation process and outcome, must be prepared and maintained for each relevant procurement. The preferred method of capturing procurement activity records is through use of established templates available to Council Officers.

### 14.7. Document Review

This document will be reviewed every two (2) years, including within six (6) months following a Council general election.

### 8. References

- [Local Government Act 1999 \(SA\)](#)
- [Competition and Consumer Act 2010 \(Cth\)](#)
- [Independent Commissioner Against Corruption Act 2012 \(SA\)](#)
- [South Australian Industry Participation Policy](#)
- [Security of Payment Act 2009 \(SA\)](#)
- [Work Health and Safety Act 2012 \(SA\)](#)
- [Environment Protection Act 1993 \(SA\)](#)
- [State Procurement Act 2004](#)
- [State Procurement Board Guidelines](#)
- [Relevant Free Trade Agreements \(Various\)](#)

### 15.9. Further Information

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

2a Wasleys Road, Mallala SA 5502

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

Any queries in relation to this Policy must be in writing and directed to the General Manager – Finance and [Economic Development Business](#).

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Schedule 1 – Value of the Purchase Threshold

Value of Purchase (\$)	Method of Procurement	Decision Making Responsibility Approver
<u>\$1 to \$5,000</u>	Direct Purchase Based on Advertised Price or Written Quotation	Employees – within the limit of their delegated purchasing authority and the approved budget
<del>\$5,001 - Up to \$10,000</del>	Direct Purchase Based on Advertised Price or Written Quotation	Chief Executive Officer, General Managers, Managers and Assets Engineer – within the limit of their delegated purchasing authority and the approved budget As per Council Delegation Register
\$10,001 - \$100,000	Three (3) Written Quotations or one (1) Written Quotation from Panel	Chief Executive Officer and General Managers – within the limit of their delegated purchasing authority and the approved budget As per Council Delegation Register
\$100,001 - \$500,000	Open Tender or Select Tender (minimum three (3) tenderers) Where justification exists or three (3) Written Quotations from Panel.  Also includes Request for Expression of Interest	Chief Executive Officer. Where the CEO determines that a tender is of commercial or community sensitivity, approval must be obtained by Council resolution.
\$500,001 and above	Open Tender	Council resolution

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**Schedule 2: Delegation of Authority to Commit Funds and Approve Invoices for Payment  
(within Adopted Budget)**

<b>Position Held</b>	<b>Commit Funds* (sign purchase order /contract)</b>	<b>Authorise Payment* (per invoice)</b>
Chief Executive Officer	As per Council delegation	
General Managers	100,000	100,000
Coordinators	10,000	10,000
Executive Assistant to CEO & Mayor	5,000	Not applicable
Team Leaders	5,000	Not applicable
Infrastructure Support Officer**	5,000	Not applicable
Senior Workshop Officer	5,000	Not applicable
General Maintenance Officer	5,000	Not applicable
<b>Standing Delegation</b>		
Where the relevant General Manager/Coordinator is not available, other General Managers, Coordinators and Chief Executive Officer can authorise invoices for payment.		
* Purchase orders/invoices should not be split to avoid/bypass dollar thresholds when committing funds or authorise payments.		
**Up to 20,000 for fuel purchases		

 <b>Adelaide Plains Council</b>	<b>7.1</b>	<b>Committee Resolutions</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date: 12 April 2021</b>	<b>Document No:</b>	<b>D21/15545</b>

## **OVERVIEW**

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.

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

This report contains a table of all the outstanding resolutions and accordingly:-

- one (1) resolution from February 2020 meeting;
- one (1) resolutions from September 2020 meeting; and
- one (1) resolution November 2020 meeting are still outstanding.

## **RECOMMENDATION**

**“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 12 April 2021, receives and notes the report.”**

## **Attachments**

1. Resolution Register updated April 2021.

## **References**

### Legislation

N/A

### Other

Audit Committee Annual Work Program 2019-2020

## 2019 Audit Committee Resolution Register


D20/6644

Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
21-Jun-19	6.2	Committee Resolution	that, in consideration of the Long Term Financial Plan and forecast operating deficits, the Audit Committee recommends to Council that Council, as part of its strategic planning workshop earmarked for October 2019, prioritise a focus on reviewing the following:- 1. Long Term Financial Plan, with an emphasis on long term growth projections; 2. Infrastructure and Asset Management Plan; 3. Service levels; and 4. Rating strategy	2019/20	Finance and Business	Completed	Updated Strategic Management Plan 2021-2025 was approved by the Council on 27 January. Review of Rating Structure has been completed with no changes to the current structure. Review of LTFP and the I&AMP has been commenced in January 2021. Consultant has been appointed for the review of service levels as part of review of Council office accommodation.	22-Mar-21

## 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	Ongoing	To be addressed as part of the review of Council's <i>Credit Card Policy</i> . This review is due to take place in 2021 in accordance with Council's <i>Policy Review Schedule</i> .	
17-Sep-20	7.2	Interim Audit 2019/2020 – Management Report	"that the Audit Committee, having considered Item 7.2 – Interim Audit 2019/2020 – Management Report, dated 17 September 2020, receives and notes the report and in doing so requests that updates be brought back to the Audit Committee in relation to: 1. Segregation of Duties and 2. GRFMA Investment."	2020/033	Finance and Business	Ongoing		
16-Nov-20	6.2	Draft Audited Annual Financial Statement 2019/2020	"that the Audit Committee requests the Chief Executive Officer to bring back a report to the next Audit Committee meeting in regards to internal auditing and in particular the issue of assurance in relation to asset valuations."	2020/052	Finance and Business	Ongoing		

 <b>Adelaide Plains Council</b>	<b>7.2</b>	<b>Review of Internal Financial Controls</b>
	<b>Department:</b>  <b>Report Author:</b>	<b>Finance and Business</b>  <b>General Manager – Finance and Business</b>
<b>Date:</b> <b>12 April 2021</b>	<b>Document Ref:</b>	<b>D21/3910</b>

### EXECUTIVE SUMMARY

- A self–assessment of internal financial control self-assessment was carried out by Council staff using 151 controls that span over seven (7) main categories and 24 processes;
- Accordingly, an overall score of 4.65 (4.58 in August 2018) out of 5.00 has been achieved with two (2) financial controls requiring improvements.

### RECOMMENDATION

**‘that the Audit Committee, having considered Item 7.2 – *Review of Internal Financial Controls*, dated 12 April 2021, receives and notes the report’**

### BUDGET IMPACT

Estimated Cost:   \$3,000 p.a. for the ControlTrack software

Future ongoing operating costs:                           \$3,000 p.a. for the ControlTrack software

Is this Budgeted?   Yes

### RISK ASSESSMENT

Nil

### **Attachments**

1. Results of Self-Assessment of Internal Financial Controls – February 2021.

## **DETAILED REPORT**

### **Purpose**

The purpose of this report is to provide to the Audit Committee, the results of the self-assessment of Internal Financial Controls carried out by the Council Management.

### **Background/History**

Section 129(1) of the *Local Government Act 1999* (the Act) was amended in 2009 to include a new requirement for council's auditors to undertake an audit of:-

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

The *Better Practice Model – Financial Internal Controls Framework* (the Framework) has been developed, for these purposes, by the SA Local Government Financial Management Group and Deloitte, in close co-operation with the SA Local Government Auditor's Group, the Local Government Association of South Australia (LGA), and the Office for State/Local Government Relations.

Council auditors are required to express an opinion each year, on the adequacy of a council's internal financial controls - whether these controls have been 'sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law'.

Council's first self-assessment of Internal Financial Controls were undertaken in 2015 used excel based spreadsheet and due to time-consuming nature of such manual assessment, ControlTrack software was purchased by the Council in 2018 to streamline the review of internal controls.

## Discussion

To meet the legislative requirements with regard to the implementation of sound internal financial controls, Council management utilised ControlTrack software that was developed based on recently updated *Better Practice Model – Financial Internal Controls Framework*.

For this assessment, 151 core controls have been included for mitigating financial risks outlined in the framework. Initially an assessor was allocated for each control and they were asked to rate the effectiveness of the Council’s controls using the ranking below:-

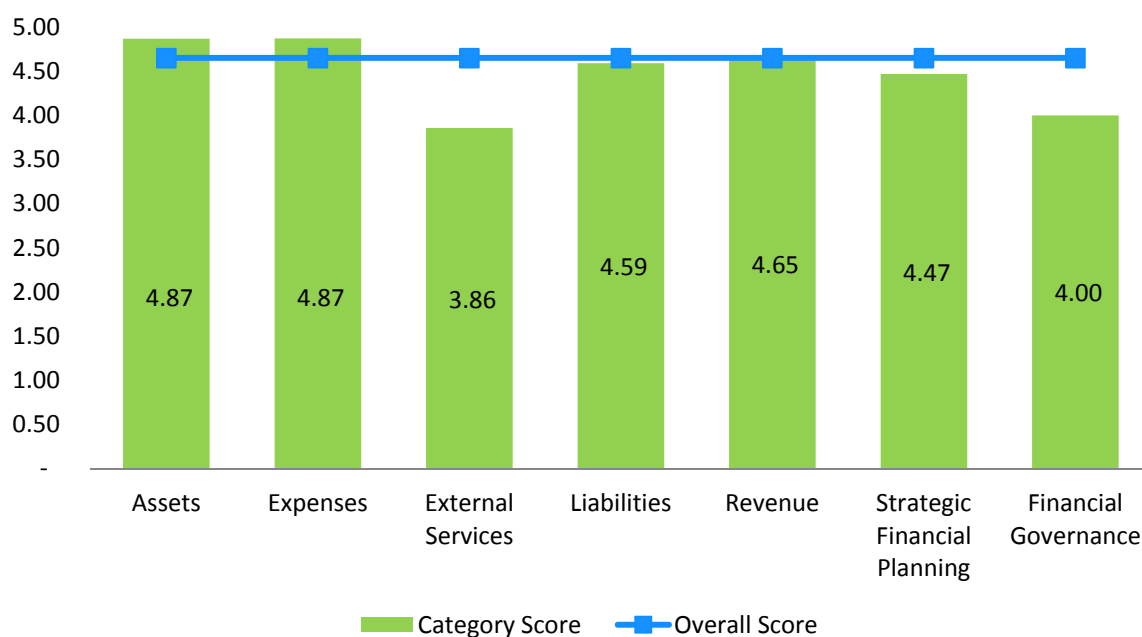
1. Ineffective;
2. Requires significant improvement;
3. Partially effective;
4. Majority effective; and
5. Effective.

A reviewer was assigned against each control who in most instances was the relevant team leader or manager of the assessor. This reviewer analysed the assessor’s rating before determining their own rating and where the rating is 3 or below an action plan was developed.

Accordingly, results shows that most of Council’s controls are between ‘Majority effective’ and ‘Effective’ (an overall score of 4.65), but some areas need attention / improvement. The following graph shows the average score assigned by the assessor to each control category. With the exception of ‘External Services’ all other categories have an average score of above 4.00 (majority effective). This is mainly due to two (2) controls requiring improvement. They are;

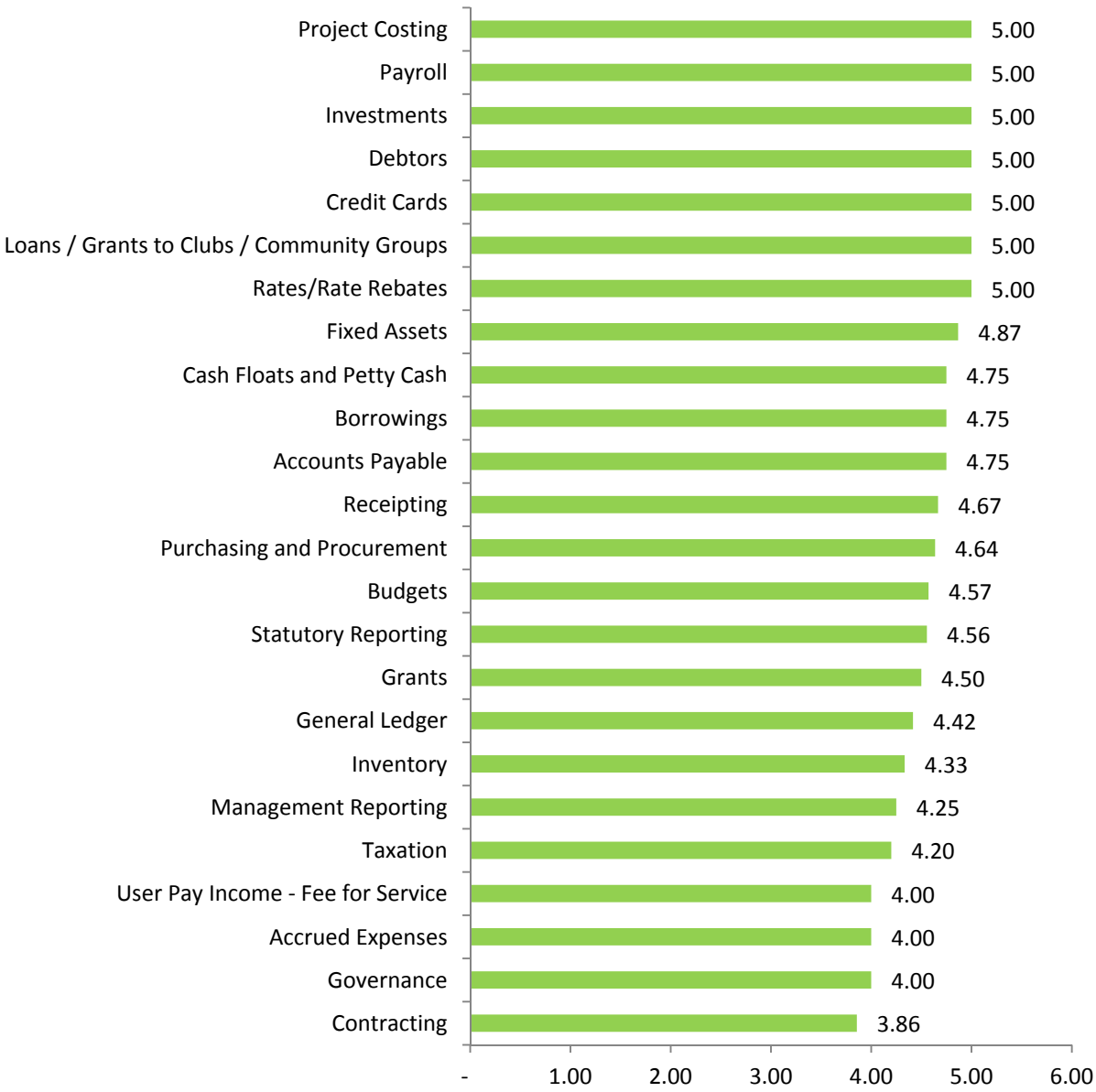
- a) Contractor management policy/procedure not being developed; and
- b) Follow up action on incomplete purchase orders not being undertaken regularly.

**Figure 1 : Internal Control Category Score**



**Figure 2** below summarises the score of 26 internal financial control processes and most of the processes have a score of 4.00 or higher except for contracting.

**Figure 2: Internal Control Process Score**



Internal Controls improvement plan

Council Management is currently working on improving its contract management practices and currently working on developing contractor management policy/procedure by 30 June 2021 in consultation with Barossa Regional Procurement Group Coordinator.

In addition, Council management has implemented procedure to regularly audit outstanding purchase orders in order to ensure their relevance and validity.



## **Conclusion**

Self-assessment of Council's internal financial controls shows that majority of Council's financial controls are between 'Majority effective' and 'Effective' and two (2) control are 'partially effective' that require Council management's attention to strengthen the overall internal financial controls of the Council.

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## **References**

### Legislation

Section 129 of the *Local Government Act 1999*.

### Council Policies/Plans

*Internal Financial Control Policy*

### Other

*Audit Committee Terms of Reference.*

*LGA Information Paper 21-Internal Financial Controls*

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<ul style="list-style-type: none"> <li>Strategic Financial Planning           <ul style="list-style-type: none"> <li>Budgets               <ul style="list-style-type: none"> <li><b>STR-BUD-0007</b> The process to establish the annual budget and any budget amendments are compliant with the Local Government Act 1999 and associated Regulations. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 5 Refer D21/1343</li> <li><b>STR-BUD-0006</b> The original budget and any budget amendments must be made in accordance with the Local Government Act 1999 and associated Regulations. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 5</li> <li><b>STR-BUD-0005</b> The adopted budget and budget amendments approved by Council are reviewed and the impact on financial sustainability considered. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 5 Annual budget is reviewed by the Audit Committee before Council approves it. Council and Audit Committee get quarterly updates on budget vs actuals and budget revisions.</li> <li><b>STR-BUD-0004</b> Process to establish the annual budget and ensure it is aligned with the Annual Business Plan and Strategic Management Plans, including Long Term Financial Plan and Asset Management Plans. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 5 Refer to D21/1343</li> <li><b>STR-BUD-0003</b> Council has in place a process which is delegated to council administration who are responsible to put in place a framework of internal controls over budget formulation and management. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 4 Refer D21/1343</li> <li><b>STR-BUD-0002</b> Budgets and budget amendments are based on realistic and achievable assumptions at time of preparation. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 4</li> <li><b>STR-BUD-0001</b> Access to edit Budget information and master file is restricted/limited to appropriately authorised personnel. Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 4 Only GM Finance and change budget in Authority. Budget managers can change budget in BIS quarterly and all changes are checked by GM - Finance &amp; Business</li> </ul> </li> <li>General Ledger               <ul style="list-style-type: none"> <li><b>STR-GEN-0012</b> There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 4</li> <li><b>STR-GEN-0011</b> Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger Dummy User <input type="checkbox"/> Rajith Udugampola <input type="checkbox"/> 4</li> </ul> </li> </ul> </li> </ul>							

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>STR-GEN-0010</b>	Journal entry access is restricted to appropriately authorised personnel.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Only GM F&B knows how to process journals
<b>STR-GEN-0009</b>	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	
<b>STR-GEN-0008</b>	Formal disaster recovery plan is in place and communicated to relevant staff.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	As part of Council's risk management framework, council has a disaster recovery plan
<b>STR-GEN-0007</b>	Financial data is backed up and stored offsite.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	Civica is backed up daily
<b>STR-GEN-0006</b>	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	GM F&B regularly review TB to ensure it is balancing and performs GL rebuilt as the first step is the TB is not reconciling then ask assistance from CIVICA if the TB is still not balancing
<b>STR-GEN-0005</b>	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	GM F&B review and update GL structure in consultation with relevant staff. Last such review was done in October 2020
<b>STR-GEN-0004</b>	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	Civica does all system changes in consultation with Council IT & Finance staff and Finance always get to test changes in TEST environment before posted to LIVE database
<b>STR-GEN-0003</b>	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Due to limited staff, only GM F&B prepares and post journals. This would be address when Manager - Finance position is filled
<b>STR-GEN-0002</b>	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	Gm F&B reviews all BS reconciliations
<b>STR-GEN-0001</b>	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Only GM - Finance & Business have the access
Management Reporting							
<b>STR-MAN-0008</b>	There is a process in place to ensure relevant staff are clearly informed of their duties and responsibilities in relation to financial management reporting.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	N/A	Only GM F&B prepares Financial Reporting
<b>STR-MAN-0007</b>	There is a process in place for the review of financial management reporting for reasonableness and accuracy.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Due to staff shortage, only GM Finance & Business prepare & check statutory reports

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
STR-MAN-0006	There are automated exception reports that identify variances to budget based on a predetermined threshold to be investigated.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	Variance threshold of \$5,000 is built in to the BIS software and positive variances over \$5k are highlighted in green and negative variances are highlighted in red
STR-MAN-0004	Management and/or Council review the financial management reports on a regular basis and investigate all significant variances to budget.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	As part of budget reviews and also occurs regular reporting to Audit Committee
STR-MAN-0003	Council reviews and reports on its financial performance in accordance with relevant legislative requirements.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	As part of quarterly budget reviews
<a href="#">Statutory Reporting</a>							
STR-STA-0010	There is a process to ensure that appropriate personnel responsible for preparing statutory reports are aware of changes to reporting requirements.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	GM Finance receive regular updates from LGA and SALGFMG
STR-STA-0009	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - Statutory Reporting	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	As part of quarterly budget reviews
STR-STA-0008	Statutory financial reports prepared by appropriate personnel are reviewed by senior management and/or Audit Committee.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	GM F&B prepares and check statutory financial reports
STR-STA-0007	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - Statutory Reporting	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	
STR-STA-0006	Liaison with legal and tax advisors as required to assist in timely completion and lodgement of statutory documents.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	N/A	Council staff does statutory lodgements
STR-STA-0005	Liaison with external auditors to ensure completion and lodgement of statutory documents.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	
STR-STA-0004	Financial policies and procedures, and related guidance are reviewed and updated as required.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Refer to D20/37819
STR-STA-0003	Council has complied with all of its financial reporting requirements as per the Local Government Act 1999 and relevant regulations	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	
STR-STA-0002	Council has a process in place to ensure statutory reporting deadlines are met.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>STR-STA-0001</b>	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - Statutory Reporting	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	Done by GM F&B
<div style="background-color: #e0e0e0; padding: 2px;"> <span style="font-size: 0.8em;">Revenue</span> </div>							
<div style="background-color: #e0e0e0; padding: 2px;"> <span style="font-size: 0.8em;">Grants</span> </div>							
<b>REV-GRA-0004</b>	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	GM Finance & Business prepares the acquittal forms in consultation with relevant staff member who manages the grant spending. Staff who applies for the grant aware of their obligations under relevant grant (Library operation and material grant, Australia Day grant, FAG, R2R, Supplementary grant, DCP grant etc)
<b>REV-GRA-0002</b>	Grant funding is identified as part of the budget process and/or subsequent budget reviews.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Only the confirmed grant funding is included in budget documents.
<div style="background-color: #e0e0e0; padding: 2px;"> <span style="font-size: 0.8em;">Rates/Rate Rebates</span> </div>							
<b>REV-RAT-0010</b>	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Peter Buchmann	<input type="checkbox"/>	N/A	Rajith Udugampola	5	There is no rate policy which describes this Control Description, as such a policy would only mirror what the Legislation states. Legislation is followed, as this is the only guidance necessary.
<b>REV-RAT-0008</b>	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Peter Buchmann	<input type="checkbox"/>	5	Rajith Udugampola	5	A manual spreadsheet is used to audit the accuracy of the system rate generation.
<b>REV-RAT-0007</b>	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Peter Buchmann	<input type="checkbox"/>	5	Rajith Udugampola	5	The Control Description is correct.
<b>REV-RAT-0006</b>	ensure that rates are collected in a timely manner and overdue rates are followed up.	Peter Buchmann	<input type="checkbox"/>	5	Rajith Udugampola	5	Overdue and Final Demand letters are issued to rate payers when their rates fall overdue. Council also has a Debt Management Policy to deal with overdue rates.
<b>REV-RAT-0005</b>	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Peter Buchmann	<input type="checkbox"/>	N/A	Rajith Udugampola	5	I am not a resident or ratepayer of the Council area.
<b>REV-RAT-0004</b>	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Peter Buchmann	<input type="checkbox"/>	5	Rajith Udugampola	5	Rates can not be generated unless all valuations are balanced. GM also tests the data in an external spreadsheet which confirms the system data is correct.
<b>REV-RAT-0003</b>	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Peter Buchmann	<input type="checkbox"/>	5	Rajith Udugampola	5	All software changes are fully tested in the TEST environment before the applications are used on LIVE data.
					Rajith Udugampola	5	Council performs rate modeling in Excel and Civica Authority and any discrepancies are promptly investigated and rectified

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>REV-RAT-0002</b>	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Peter Buchmann	5	GM has delegation to approve rate rebates and fines write offs. Any such transactions are approved before being actioned.	Rajith Udugampola	5	
<a href="#">Receipting</a>							
<b>REV-REC-0008</b>	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Lee Lillyman	3	Generally there are two customer service officers present at both locations (Mallala and Two Wells) both of which receipt monies. Recently there has been only one staff member at each location. The end of day banking process is carried out in the afternoon at both locations. Once balanced "checked and balanced" is noted in Content Manager against the audit trail. A second person also carries out the check and also adds a note "checked and balanced" in Content Manager. Generally it is one of these staff members that deposits the funds at the bank. If cash is over \$2000 two staff members attend together to deposit the funds.	Rajith Udugampola	5	
<b>REV-REC-0005</b>	Prior to and during the banking process, cash is stored securely at all times.	Lee Lillyman	4	Cash float at Mallala is \$100 and is kept in a cash drawer at front office. If large sums of money are received it is taken out of cash drawer and placed in a locked cash tin. Float is placed in locked safe overnight. Two Wells cash float is \$150 and is kept in a cash drawer in front office. If large sums of money are received it is taken out of the cash drawer and placed in locked cash tin. Float is placed in a locked drawer in a separate office overnight as there is no safe. Keys to the cash drawers and tins are not kept in a secure place. I would prefer to have them locked away in a key cupboard - similar to other keys that are kept in a locked key cupboard in the safe.	Rajith Udugampola	5	
<b>REV-REC-0002</b>	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Revenue - Receipting	Dummy User			Rajith Udugampola	4	GM Finance & Business does the bank reconciliation
<a href="#">User Pay Income - Fee for Service</a>							
<b>REV-USE-0008</b>	There is a process in place to manage and reconcile bonds and deposits.	Dummy User			Rajith Udugampola	4	Council only get deposits from developers as open space contribution. They are recorded separately in the Balance Sheet
<b>REV-USE-0007</b>	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by Council.	Dummy User			Rajith Udugampola	4	F&C register is reviewed and updated annually as part of budget process

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>REV-USE-0006</b>	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Council approved fees are charges are circulated with relevant staff member on 1 July each year. In addition, default receipt codes are updated on 1 July with news F&C.
<div style="background-color: #90EE90; padding: 2px;">Revenue</div>							
<div style="border: 1px solid #ADD8E6; padding: 2px;">User Pay Income - Fee for Service</div>							
<b>REV-USE-0002</b>	Fees and Charges register is maintained and made available to the public.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	
<div style="background-color: #800080; color: white; padding: 2px;">Liabilities</div>							
<div style="border: 1px solid #ADD8E6; padding: 2px;">Accounts Payable</div>							
<b>LIA-ACC-0015</b>	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Chris Bowden	4	Checked by GM of Finance & Business	Rajith Udugampola	4	
<b>LIA-ACC-0013</b>	Separation of Accounts Payable and Procurement duties.	Chris Bowden	5	Accounts Payable Officer cant authorise payments, process purchase orders or purchase goods.	Rajith Udugampola	5	
<b>LIA-ACC-0012</b>	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Chris Bowden	5	Yes checked with Audit Report & Payment Extract Report matched to invoices Checked by GM of Finance & Business	Rajith Udugampola	5	
<b>LIA-ACC-0009</b>	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Chris Bowden	5	Run an audit report every creditor run to show changes & authorised by GM of Finance & Business	Rajith Udugampola	5	
<b>LIA-ACC-0008</b>	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Chris Bowden	4	Variances of purchase orders to invoices are authorised by General Managers	Rajith Udugampola	5	
<b>LIA-ACC-0007</b>	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Chris Bowden	5	Payments are checked against invoices with an extract report & authorised by GM of Finance & Business & Governance Officer	Rajith Udugampola	5	
<b>LIA-ACC-0006</b>	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Chris Bowden	5	All invoices authorised by two officers & checked by GM of Finance & Business and Governance Officer before being paid	Rajith Udugampola	5	
<b>LIA-ACC-0001</b>	Access to the supplier masterfile is restricted to authorised staff	Chris Bowden	5	Yes	Rajith Udugampola	4	
<div style="border: 1px solid #ADD8E6; padding: 2px;">Accrued Expenses</div>							
<b>LIA-EXP-0001</b>	Accrued expenses reconciliations are completed in accordance with a schedule of review and/or procedure.	Chris Bowden	5	Statements are checked regularly & reconciled	Rajith Udugampola	4	Refer to 30 June Balance Sheet Reconciliations

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<a href="#">Borrowings</a>							
<a href="#">LIA-BOR-0010</a>	There is a process in place to ensure that loan repayments are made in accordance with the loan schedule.	Chris Bowden	5	We have a calendar with due dates so they are paid before they are due.	Rajith Udugampola	5	
<a href="#">LIA-BOR-0009</a>	The loan register and loan approvals are subject to management and/or internal audit review.	Chris Bowden	5	The loan register and loan approvals are subject to GM Finance & Business approval & subject to auditors for review as well	Rajith Udugampola	5	
<a href="#">LIA-BOR-0008</a>	Loan repayments made via automated direct debit, where applicable, are approved appropriately and monitored for on-going relevance.	Chris Bowden	5	Yes	Rajith Udugampola	N/A	All loan installments paid through Accounts Payable
<a href="#">LIA-BOR-0007</a>	Debt repayments are transacted and recorded in the correct accounting period, and are reconciled to ensure they are matched to the loan schedule where applicable.	Chris Bowden	4	Yes	Rajith Udugampola	5	
<a href="#">LIA-BOR-0005</a>	All new loan repayment schedules and conditions are checked prior to accepting each loan.	Chris Bowden	4	Yes	Rajith Udugampola	5	
<a href="#">LIA-BOR-0004</a>	All loans are in accordance with treasury management policy(ies) which outline appropriate approval mechanisms and authority required.	Chris Bowden	5	Yes authorised by GM of Finance & Business & CEO	Rajith Udugampola	5	
<a href="#">LIA-BOR-0003</a>	All additions, deletions, and other changes to the loan register and loan repayment data are undertaken by relevant staff, and are compared to the loan agreement to ensure that they were input accurately. Identified errors are corrected.	Chris Bowden	4	Checked & maintained by GM of Finance & Business	Rajith Udugampola	5	
<a href="#">LIA-BOR-0002</a>	A review is undertaken to identify unrecorded loan liabilities at key reporting dates.	Chris Bowden	4	Checked regularly by GM of Finance & Business	Rajith Udugampola	4	Loan confirmation balances from LGFA as of 30 June is reconciled to Council liabilities as part of audit
<a href="#">LIA-BOR-0001</a>	A loan register is maintained including reference to Council resolution approving the loan and schedule of the loan liability and loan repayments from the lender. This also includes details of any Cash Advanced Debentures.	Chris Bowden	4	Yes Loan register maintained & checked by GM of Finance & Business	Rajith Udugampola	4	
<a href="#">Taxation</a>							
<a href="#">LIA-TAX-0005</a>	There is a process in place to ensure that all taxation returns are lodged within statutory timeframes.	Dummy User			Rajith Udugampola	4	BAS lodged quarterly, PAYG & Super paid fortnightly. FBT is lodged annually



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<b>LIA-TAX-0004</b>	There is a process in place to ensure relevant staff responsible for preparation of taxation returns, are up to date and comply with relevant legislative requirements.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	GM Finance and Business attend relevant training regularly
<b>LIA-TAX-0003</b>	Relevant staff periodically review a selection of transactions to ensure appropriate tax treatment.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Due to limited staff GM - Finance & Business only currently review transactions
<b>LIA-TAX-0002</b>	External advice is sought where staff requires additional technical expertise.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	GM Finance and Business is a member of South Australia Local Government Financial Management Group and have access to the members of this network for advice and support
<b>LIA-TAX-0001</b>	All lodgement statements and returns are reviewed and approved by relevant staff prior to lodgement.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	GM Finance and Business is prepare all lodgements
<b>Financial Governance</b>							
<b>Governance</b>							
<b>FIG-GOV-0004</b>	There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Governance department ensure all of Council's policies are updated regularly and once updated send the details of updated policy to all staff and it is available on Council website
<b>FIG-GOV-0003</b>	There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Governance department maintain policy review table in consultation with relevant policy owner Refer to D20/37819
<b>FIG-GOV-0002</b>	There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Council governance department regularly update staff on Code of conduct and conflict of interest and organise relevant raining to staff
<b>FIG-GOV-0001</b>	Delegations of authority referenced in the Better Practice Model are reviewed for appropriateness, with changes approved as required.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	4	Procurement delegations are specified in Procurement Policy
<b>External Services</b>							
<b>Contracting</b>							
<b>EXT-CON-0007</b>	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	Angie-Marie Fuss	4	Schedules within the procurement templates outline these requirements and information.	Rajith Udugampola	4	

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	Angie-Marie Fuss	4	The procurement policy is in place which outlines delegations and approval processes. Tender Authorisation Form has been introduced to assist with this process.	Rajith Udugampola	4	Procurement Policy identifies staff delegations and all staff are aware of it. Restrictions has been placed in Authority Purchase Order module in line with delegation limits in Procurement Policy
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Angie-Marie Fuss	3	There isn't a designated contract management policy or procedure. There are elements outlined within the procurement procedure however this needs additional work. Currently reviewing.	Rajith Udugampola	3	Need to develop contract management policy/procedure
EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Angie-Marie Fuss	4	There are code of conduct policies and procedures in place and procurement policy. Appropriate HR procedures in place to address any breach of these policies for accountability.	Rajith Udugampola	4	
EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Angie-Marie Fuss	4	The procurement procedure is in place outlining the process including panel selection.	Rajith Udugampola	4	
EXT-CON-0002	Tender Documents are kept securely.	Angie-Marie Fuss	4	All tender documentation is registered within Content Manager. Under the new GDS requirements we have a designated Procurement section. Moving forward we are setting up new containers under procurement so that there is ease of access and relevant permissions assigned. There is clear policy and procedure in place. a position has been assigned as a supporting and advisory role to support staff completing the tender process.	Rajith Udugampola	4	
EXT-CON-0001	Council maintains a current contract register.	Angie-Marie Fuss	3	Staff turnover. No designated position overseeing this area. Person is now in place to maintain the contract register. Currently reviewing and updating. Looking to move to electronic e.g. Skytrust.	Rajith Udugampola	4	Refer to D21/3902
Expenses							
Credit Cards							
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Chris Bowden	5	All credit cards are checked by Accounts/Payroll Officer & GM Finance & Business to ensure it complies with Council's credit card policies	Rajith Udugampola	5	Also signed by CEO
EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Chris Bowden	5	Yes all Credit Card Holders sign a declaration, which is kept on file	Rajith Udugampola	5	

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>EXP-CRE-0003</b>	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Chris Bowden	5	Payroll/Accounts Officer & GM Finance & Business check all statements to make sure there are no personal expenses.	Rajith Udugampola	5	
<b>EXP-CRE-0002</b>	Cardholders are advised in the policy and procedures that improper use of the credit card, such as purchases of a personal nature, may result in disciplinary action in accordance with the Code of Conduct.	Chris Bowden	5	Council's credit card policy stipulates what type of transactions Council credit card can be used. There is a declaration that needs to be signed by the credit card holder before they are given a new credit card.	Rajith Udugampola	5	
Payroll							
<b>EXP-PAY-0024</b>	Where possible standard programmed formulae perform payroll calculations.	Chris Bowden	5	The system is set up to calculate pay rate by hours, overtime, leave accruals and is set up not to exceed normal hours worked for each employee.	Rajith Udugampola	5	
<b>EXP-PAY-0021</b>	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Chris Bowden	5	All timesheets & leave requests etc. are authorised by General Managers Payroll is only entered by the Payroll Officer & checked by GM of Finance & Business	Rajith Udugampola	5	
<b>EXP-PAY-0019</b>	There is a process to ensure employees are made inactive in payroll records upon termination.	Chris Bowden	5	The system is set up to terminate employees when the termination pay is processed.	Rajith Udugampola	5	
<b>EXP-PAY-0018</b>	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Chris Bowden	4	Auditors check all payroll records yearly & General Managers authorise all timesheets	Rajith Udugampola	5	Fortnightly pay calculations are checked and approved by GM - Finance & Business before the payment is released
<b>EXP-PAY-0017</b>	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Chris Bowden	4	Overtime is paid as per award & only if approved by Managers. Checked by GM of Finance & Business	Rajith Udugampola	5	
<b>EXP-PAY-0015</b>	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Chris Bowden	4	Previous employees are terminated after final pay. New employees are only set up with all the authorised documentation from HR Officer Payroll Edit Listing & Audit reports are checked for any variances & all checked by GM of Finance & Business	Rajith Udugampola	5	
<b>EXP-PAY-0014</b>	There is a process in place to ensure accurate data entry of payroll source documents.	Chris Bowden	4	All entries are ticked off when entered & timesheets checked against Payroll Edit Listing. GM of Finance & Business also checks before final processing.	Rajith Udugampola	5	
<b>EXP-PAY-0013</b>	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Chris Bowden	5	The Payroll is authorised by the GM of Finance & Business & Governance Officer every pay, who are not involved in the preparation	Rajith Udugampola	5	

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>EXP-PAY-0012</b>	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Chris Bowden	5	A remittance advice is matched to the Pay Edit Listing report before processing & checked by GM of Finance & Business & Governance Officer	Rajith Udugampola	5	GM - F&B only
<b>EXP-PAY-0010</b>	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Chris Bowden	5	Yes the payroll system can only be viewed or modified by authorised staff only	Rajith Udugampola	5	
<b>EXP-PAY-0008</b>	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Chris Bowden	5	Yes audit reports are processed every pay to pick up variances in pay or changes and authorised by GM of Finance & Business	Rajith Udugampola	5	
<div style="background-color: #f00; color: white; padding: 2px;">Expenses</div>							
<div style="border: 1px solid #000; padding: 2px; display: inline-block;">Payroll</div>							
<b>EXP-PAY-0007</b>	Payroll is periodically reconciled to the General Ledger accounts.	Chris Bowden	4	The GM of Finance & Business reconciles General Ledger accounts after each pay & all Managers regularly check. The System has settings to pick up any incorrect GL accounts entered wrongly.	Rajith Udugampola	5	
<b>EXP-PAY-0006</b>	Managers periodically review listings of current employees within their departments and variances are investigated.	Chris Bowden	5	Yes Managers review listings of their current employees before authorising their pays & regularly check for any variances. We also have an Edit Listing report that shows any variances from pay to pay which is authorised.	Rajith Udugampola	5	
<b>EXP-PAY-0005</b>	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Chris Bowden	5	Yes all change of employee records are in written form from the Human Resource Officer and filed in Content Manager. I process an audit report for every pay to show any changes, which is checked by GM Finance & Business	Rajith Udugampola	5	
<b>EXP-PAY-0004</b>	Any non-routine payroll queries or unusual payroll transactions/request are referred to management for investigation.	Chris Bowden	4	All non-routine payroll queries are referred to management for investigation if suspicious.	Rajith Udugampola	5	
<b>EXP-PAY-0002</b>	All calculations for generating payroll payments are verified for accuracy.	Chris Bowden	5	Yes all calculations are checked by GM Finance & Business before generating payroll payments	Rajith Udugampola	5	Calculations are checked based on exception information on 'Pay Edit Listing' report
<div style="border: 1px solid #000; padding: 2px; display: inline-block;">Purchasing and Procurement</div>							
<b>EXP-PUR-0011</b>	There is a process in place to review the supplier master file for ongoing pertinence and ensure all changes are checked against source documents to ensure they were input accurately.	Chris Bowden	5	Run an audit report to check any changes every creditor run & checked & authorised by GM of Finance & Business Also checked by Auditors annually	Rajith Udugampola	5	
<b>EXP-PUR-0010</b>	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	Chris Bowden	4	Employees must abide to Procurement Policy when purchasing to maximise use of preferred suppliers	Rajith Udugampola	4	

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<b>EXP-PUR-0009</b>	There is a process in place to follow up and action incomplete purchase orders.	Chris Bowden	4	GM of Finance & Business & General Managers check incomplete purchase orders	Rajith Udugampola	3	Outstanding purchase orders are not checked regularly
<b>EXP-PUR-0008</b>	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Chris Bowden	4	Invoices are authorised by two people, purchase orders matched & entered. Checked by GM of Finance & Business before being paid.	Rajith Udugampola	5	
<b>EXP-PUR-0007</b>	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Chris Bowden	4	Council require Businesses to have an ABN, registered for GST & require quotes for large purchases	Rajith Udugampola	4	Council procurement policy encourages use of preferred suppliers where relevant to maximise the best value for money to Council
<b>EXP-PUR-0006</b>	Purchase order numbers are either system generated and/or sequentially numbered.	Chris Bowden	5	System generates purchase order numbers sequentially numbered	Rajith Udugampola	5	
<b>EXP-PUR-0005</b>	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Chris Bowden	5	Employees abide to Procurement Policy, have two authorisations, have set limits for purchasing & support local businesses where possible and value for money	Rajith Udugampola	5	
<b>EXP-PUR-0004</b>	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	Chris Bowden	5	Employees are only issued by authorised staff, & must abide to the Procurement Policy. Employees have set limits that they are authorised for purchasing. All purchase orders require 2 authorisations.	Rajith Udugampola	5	
<b>EXP-PUR-0003</b>	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Chris Bowden	5	Council has a Procurement Policy in place to be followed & quotes & purchase orders are required	Rajith Udugampola	5	
<b>EXP-PUR-0002</b>	All relevant staff should undertake training for the raising of orders, posting of goods received and the requirements of the creditors process.	Chris Bowden	4	Staff have training to process purchase orders etc & have policies & procedures in place to follow and authorised by General Managers	Rajith Udugampola	5	
<b>EXP-PUR-0001</b>	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	Chris Bowden	5	Only limited authorised staff can access supplier master file to make changes	Rajith Udugampola	5	

▲ Assets

▲ Cash Floats and Petty Cash

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-PET-0010	Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation.	Lee Lillyman	4	There is a petty cash procedure for reconciliation at Two Wells. (D18/25460). This is carried out an adhoc basis when the petty cash tin is running low on funds. When reconciled a second officer checks the spreadsheet and the paperwork and receipts are forwarded to the Accounts Officer at Mallala.	Rajith Udugampola	5	
ASS-PET-0007	Custodians of cash floats are informed of and undertake their responsibilities and obligations including reconciliations and accountability for cash movements.	Lee Lillyman	5	Cash floats are balanced daily and recorded in a spreadsheet. The cash float money is taken out of cash drawer and locked in a cash tin and held in locked safe overnight at Mallala. Two Wells float is secured in a locked cash tin in a locked drawer. When a large sum of cash is taken it is locked away in cash tin/safe. When cash takings over \$2000 are to be banked - two staff members walk together to the bank.	Rajith Udugampola	5	
ASS-PET-0006	Cash handling and petty cash policy and/or procedures are available to all staff.	Lee Lillyman	5	End of day banking procedures D20/13622 (Mallala) and D20/13500 (Two Wells) are followed by all staff Cash Drawer Tally is carried out at the end of each day D20/25144 (Mallala) and D20/25143 (Two Wells) Two Wells Transfer Station process re reconciling dump tins D20/41320 All procedures are available in Content Manager for all staff	Rajith Udugampola	5	
ASS-PET-0001	A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.	Lee Lillyman	4	Petty cash has not been reimbursed at Mallala for over a year as the Form for Reimbursement D20/17599 is completed and provided to the Accounts Officer. Two Wells Customer Service staff currently reimburse via petty cash and provide a receipt to the staff member. As cash runs low the reconciliation is performed and sent to the Accounts Officer who processes and provides cash for the float. Preference would be that all staff are required to complete the reimbursement form which is managed by the Accounts Officer and funds are reimbursed by EFT. There is a process for Petty Cash Two Wells - D18/25460	Rajith Udugampola	4	
▾ Debtors							
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	Peter Buchmann	5	Council has a Debt Collection Policy/Procedure	Rajith Udugampola	5	Rates Arrears and Debtor Management Policy - Last updated February 2020
ASS-DEB-0012	Statements are provided regularly to debtors.	Peter Buchmann	5	Statements are generated monthly and sent to debtors.	Rajith Udugampola	5	
ASS-DEB-0010	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Peter Buchmann	5	Outstanding debtors are reviewed monthly. Doubtful debts are referred to CEO/Council for having debt waived.	Rajith Udugampola	5	
ASS-DEB-0006	Debtors and revenue are compared to budget regularly and investigates significant variances.	Peter Buchmann	5	GM regularly reviews debtors to budget	Rajith Udugampola	5	Revenue targets are reviewed as part of quarterly budget reviews

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ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Peter Buchmann	5	GM reviews monthly reconciliation document	Rajith Udugampola	5	
ASS-DEB-0004	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Peter Buchmann	5	Reconciliation is performed monthly and checked by GM.	Rajith Udugampola	5	Monthly balance sheet reconciliation of debtor control accounts
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Fixed Assets</div>							
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Thomas Harris	4	IT has implemented an Asset List for all new hardware coming into the organisation and is currently capturing a back log of the previous assets that Council owns, this includes the devices serial numbers, imei number (if applicable), device name and who it has been assigned to.	Rajith Udugampola	4	
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Thomas Jones	5	General Manager Infrastructure and Environment and General Manager Finance and Business and Tonkin have access to the asset register. All users have unique logins to monitor changes made.	Rajith Udugampola	5	
ASS-FIX-0015	Where appropriate, fixed assets are insured.	Dummy User			Rajith Udugampola	5	All assets (where applicable) are insured and Council annually have a insurance policy review meeting with LGRS
ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Thomas Jones	5	Assets created through capital renewal/new are captured with a 1 to 1 relationship with finance system (using the General ledger account number). Reports from each system is generated to ensure final figures match.	Rajith Udugampola	5	
ASS-FIX-0012	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Dummy User			Rajith Udugampola	5	Changes to FAR are performed by Tonkin in consultation with GM - I&E and GM - F&B
ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Dummy User			Rajith Udugampola	5	Reconciliation of fixed assets to the General Ledger is performed as part of annual asset capitalisation
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Thomas Jones	5	General Manager Infrastructure and Environment and General Manager Finance and Business and Tonkin have access to the asset register. All users have unique logins to monitor changes made.	Rajith Udugampola	5	
ASS-FIX-0008	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Thomas Jones	5	Asset Accounting Policy is adhered to. Assets created through capital renewal/new are captured with a 1 to 1 relationship with finance system. Free of change assets are captured at practical completion.	Rajith Udugampola	5	

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<a href="#">ASS-FIX-0007</a>	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Thomas Jones	5	Councils Asset Management system (Conquest) uses relevant accounting standards and is overseen by Tonkin to ensure compliance.	Rajith Udugampola	5	Depreciation rates are in Fixed Assets Accounting Policy
<a href="#">ASS-FIX-0006</a>	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Thomas Jones	5	Policy is adhered to.	Rajith Udugampola	5	Fixed Assets Accounting Policy was last reviewed in September 2019
<a href="#">ASS-FIX-0005</a>	Asset register calculations are reviewed for accuracy.	Thomas Jones	5	The asset register is reviewed and improved continuously to ensure data is accurate, and data is current e.g useful lives, unit rates, componentisation.	Rajith Udugampola	5	
<a href="#">ASS-FIX-0004</a>	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Thomas Jones	5	IAMP review in 2020-2021	Rajith Udugampola	5	
<a href="#">ASS-FIX-0003</a>	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Thomas Jones	5	IAMP review in 2020-2021 to include renewal and maintenance expenditure for current and future priorities.	Rajith Udugampola	5	
<a href="#">ASS-FIX-0002</a>	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Thomas Jones	4	Maintenance is scheduled routinely (part of the year Capital and maintenance gantt charts) IAMP review in 2020-2021 will formalism service levels and support the development of the capital and maintenance gannt charts annually.	Rajith Udugampola	4	
<a href="#">ASS-FIX-0001</a>	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Thomas Jones	5	Systems and polices in place and adhered to.	Rajith Udugampola	5	Budget for fixed assets acquisitions and capital expenditures are reviewed against actual as part of quarterly budget review. Delegations are controlled via limits on raising purchase orders in Authority system.
Inventory							
<a href="#">ASS-INY-0005</a>	Inventory is appropriately insured.	Dummy User			Rajith Udugampola	5	



## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-INY-0004	Goods are delivered to relevant inventory locations and checked for completeness and quality, and defective goods returned on a timely basis.	Keith Earl	3	FUEL All fuel purchased is delivered by L H Perry Fuels. Delivery drivers carry-out before delivery & after delivery tank dips & record the dip results on their delivery dockets, these dockets are provided to Council's Depot Admin Support Officer for reconciling. Fuel storage tanks at all sites are dipped to record stock in hand at the end of each fortnightly pay period & fuel delivery dockets are handed in the Depot Admin Support Officer for reconciling. All fuel used, delivered and in stock is reconciled fortnightly by Council's Depot Admin Support Officer and signed off as being correct by the Manager of Operations. I am not aware of any issues or discrepancies regarding fuel quality or quantities received RUBBLE All rubble raised by contractor SC Heinrich & Co is quantified for invoicing using a certified surveyor. All raised rubble crushed by contractor SCG is quantified for invoicing using their certified loader scales. All crushed rubble removed from Council's quarry sites is loaded using a Council certified loader scales. Data related to tonnes carted from Council's quarry sites is recorded on time sheets which are checked & recorded by Council's Depot Admin Support Officer who also allocates tons delivered to various Council projects.	Rajith Udugampola	4	
ASS-INY-0001	Access to inventory is restricted to authorised personnel, where appropriate.	Keith Earl	3	FUEL; Staff accessing fuel at the Mallala Depot are required to insert their Personal ID Number (pin) & an individual electronic plant ID tag into the Fuel bower to access fuel. Fuel used is electronically recorded in the bower. Staff accessing fuel from the Two Wells Depot or a mobile tanker require a key to unlock the tank padlock & are required to record the transaction on a fuel sheet at the tank. Fuel storage tanks at all sites are dipped to record stock in hand at the end of each fortnightly pay period & fuel delivery dockets are handed in the Depot Admin Support Officer for reconciling. All fuel used, delivered and fuel in stock is reconciled fortnightly by Council's Depot Admin Support Officer and signed off as being correct by the Manager of Operations. RUBBLE: Carslake Road Site - Access to Council's crushed rubble at Council's Carslake road quarry is via a locked farm gate, illegal access is possible if the adjacent stock fence is cut & knocked down. To my knowledge, Council have not recorded any theft of rubble. Borrow Pits - No security measures are in place at council's rubble borrow pit at Fidge road. Please note to access rubble stock a thief would require the use of a front end loader, Council's loader is kept locked when not use by Council staff.	Rajith Udugampola	4	

Investments


## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>ASS-INS-0011</b>	There is a process in place to ensure compliance with Conflict of Interests and Code of Conduct.	Chris Bowden	5	Payroll & Finance Officer do Investment transfers between Bank SA & LGFA is bound by Council's Policies & code of conduct. There is a control with LGFA that you can only transfer between LGFA & nominated Bank SA only.	Rajith Udugampola	5	
<b>ASS-INS-0010</b>	Staff involved in the investment decision making process understands their obligations under the Investment Policy.	Chris Bowden	5	As Treasury management policy all investments are held with LGFA	Rajith Udugampola	5	
<b>ASS-INS-0005</b>	Council has a clear and comprehensive investment policy to assist when making any decisions to invest funds.	Dummy User			Rajith Udugampola	5	As per Treasury Management Policy
<b>ASS-INS-0002</b>	All investments are to be held in the name of the Council or associated entities in accordance with the source of funds.	Chris Bowden	5	All Council investments are with LGFA for example CWMS, development contributions, Two Wells Community Fund	Rajith Udugampola	5	
<a href="#">Loans / Grants to Clubs / Community Groups</a>							
<b>ASS-LOA-0005</b>	Council has a policy for issuing funds to Clubs/Community Groups. The Policy includes criteria for approval of funds with reference to the Delegations of Authority and Conflicts of Interest.	Dummy User			Rajith Udugampola	5	Treasury Management Policy - Section 3.5 Borrowing for Council or Local Community/Sporting Organisations
<b>ASS-LOA-0003</b>	Appropriate staff monitor compliance of the funding arrangements.	Dummy User			Rajith Udugampola	N/A	Council doesn't have any outstanding loans with community groups. Council also not providing grants to community groups except for \$2,000 annual budget for youth grants which is overseen by Community Development Officer
<a href="#">Assets</a>							
<a href="#">Project Costing</a>							
<b>ASS-PRO-0006</b>	Where there is a separate system to manage projects, relevant financial information is reconciled to the general ledger.	Dummy User			Rajith Udugampola	N/A	No separate system to manage projects
<b>ASS-PRO-0005</b>	There is an on-going review of current projects having regard to project scope and delivery within budget and with variations communicated and endorsed within relevant Delegations of Authority.	Dummy User			Rajith Udugampola	5	As part of quarterly budget reviews and monthly Infrastructure report to the Council
<b>ASS-PRO-0004</b>	The project costing methodology is reviewed to ensure appropriate costs are recorded.	Dummy User			Rajith Udugampola	5	Internal plant hire rates and staff oncosts rates are reviewed annually.
<b>ASS-PRO-0003</b>	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Dummy User			Rajith Udugampola	5	As per Budget Management Policy

## Self-Assessment 2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>ASS-PRO-0002</b>	Exception report generated detailing all variances for project costs over a fixed threshold (i.e. percentage or dollar amount). Exception report reviewed by appropriate staff and all significant variances are investigated.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	As part of quarterly budget reviews actual costs is compared with budget. We don't use exception reports
<b>ASS-PRO-0001</b>	Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.	Dummy User	<input type="checkbox"/>		Rajith Udugampola	5	As part of quarterly budget reviews

Control Track

 <b>Adelaide Plains Council</b>	<b>7.3</b>	<b>Financial Performance for the period July-March 2021</b>	
	<b>Department:</b>	<b>Finance and Business</b>	
	<b>Report Author:</b>	<b>General Manager – Finance and Business</b>	
<b>Date:</b>	<b>12 April 2021</b>	<b>Document Ref:</b>	<b>D21/15297</b>

## **OVERVIEW**

### Statement of Comprehensive Income 2020/2021

Council's *Statement of Comprehensive Income* or Profit & Loss account has two parts:

1. Recurrent Budget surplus of \$0.397m;
2. Operating Project Budget expenditure of \$0.314m (net of grants);

resulting, an operating surplus of \$0.083m. The adopted budget also included capital project budget of \$3.976m

### First Budget Update

Following the First Budget Update in October 2020, it was estimated that an operating deficit of \$0.547m will be reported for 2020/2021 Financial Year which consists of:-

1. Recurrent Budget surplus of \$0.578m;
2. Operating Project Budget expenditure of \$1.125m (net of grants);

The total capital expenditure budget has also been increased by \$1.625m to \$5.601m due to carry over projects from 2019/2020 Financial Year.

### Mid-Year Budget Review

As a result of the Mid-Year Budget Review, the projected operating deficit was reduced by \$0.008m to \$0.538m, which consists of:-

1. Recurrent Budget surplus of \$0.549m;
2. Operating Project Budget expenditure of \$1.087m (net of grants);

The total capital expenditure budget has also been increased by \$1.562m to \$7.163m mainly due to addition of new capital projects that are 100% funded by Federal and State Government grants. **Table 1** below shows the value of all the approved projects after Mid-Year Budget Review.

**Table 1: Value of Projects Approved for 2020/2021 Financial Year (\$'000)**

Project Category	Adopted Budget	Carried Forward + New Projects	Q2 Approved Budget
Capital	2,930	2,543	5,473
Operating	314	1,179	1,493
Drought Communities Program 1 (DCP 1)	-	345	345
Drought Communities Program 2 (DCP 2)	1,000	-	1,000
Local Roads and Community Infrastructure Program Round 1	346	-	346
Local Roads and Community Infrastructure Program Round 2	-	470	470
	4,590	4,537	9,127
Total Capital Project Program			7,163
Total Operating Project Program			1,964
Total Value of the Project Budget			9,127

As shown in **Table 2** below, the number of new projects approved for 2020/2021 was 57. However, following the Mid-Year Budget Review, total number of projects earmarked for implementation by 30 June 2021 has been increased to 94 mainly due to carry over projects from 2019/2020.

**Table 2: Number of Projects Approved for 2020/2021 Financial Year (\$'000)**

Project Description	Adopted Budget	Carried Forward + New Projects	Q2 Approved Budget
Capital	30	12	42
Operating	11	15	26
Drought Communities Program 1 (DCP 1)	-	8	8
Drought Communities Program 2 (DCP 2)	10	-	10
Local Roads and Community Infrastructure Program (LRCI 1)	6	-	6
Local Roads and Community Infrastructure Program (LRCI 2)		2	2
<b>Total number of projects</b>	<b>57</b>	<b>37</b>	<b>94</b>

#### July - March Financial Performance

**Table 3** below shows the Profit and Loss account for the first nine (9) months of the 2020/2021 Financial Year. Where there is a favourable budget variances between July-March actual (Column A) and July-March budget (Column B) and it is greater than \$5,000, it is highlighted in **green** and unfavourable budget variances of greater than \$5,000 are highlighted in **red**.

**Table 3: Income Statement for the First Nine Months (July 2020 to March 2021)**

Description	A YTD March 2021 Actual	B YTD March 2021 Budget	C = A - B Variance	2020/2021 Q2 Revised Annual Budget
<b>Income</b>				
Rates Revenue	10,615,926	10,611,104	4,822	10,633,050
Statutory Charges	480,640	406,086	74,554	483,643
User Charges	127,094	115,370	11,724	161,716
Grants & Subsidies	1,596,621	1,236,805	359,816	2,900,685
Interest Income	854	1,989	(1,135)	2,652
Reimbursements	98,002	102,746	(4,744)	125,291
Other Income	33,677	22,339	11,338	23,734
<b>Total Income</b>	<b>12,952,813</b>	<b>12,496,439</b>	<b>456,374</b>	<b>14,330,771</b>
<b>Expenses</b>				
Employee Expenses	3,712,298	3,818,020	105,722	5,266,840
Material, Contracts & Other Expenses	3,607,903	4,154,260	546,357	6,638,066
Depreciation	2,024,883	2,024,883	-	2,781,422
Interest Expenses	59,134	136,944	77,810	182,597
<b>Total Expenses</b>	<b>9,404,218</b>	<b>10,134,107</b>	<b>729,889</b>	<b>14,868,925</b>
<b>Operating Surplus/(Deficit)</b>	<b>3,548,596</b>	<b>2,362,332</b>	<b>(1,186,264)</b>	<b>(538,154)</b>

The main reason for budget variances in the above table is the timing (i.e. actual income/expense occur not in line with timing assumed when preparing the budget) which will resolve itself as the financial year progresses.

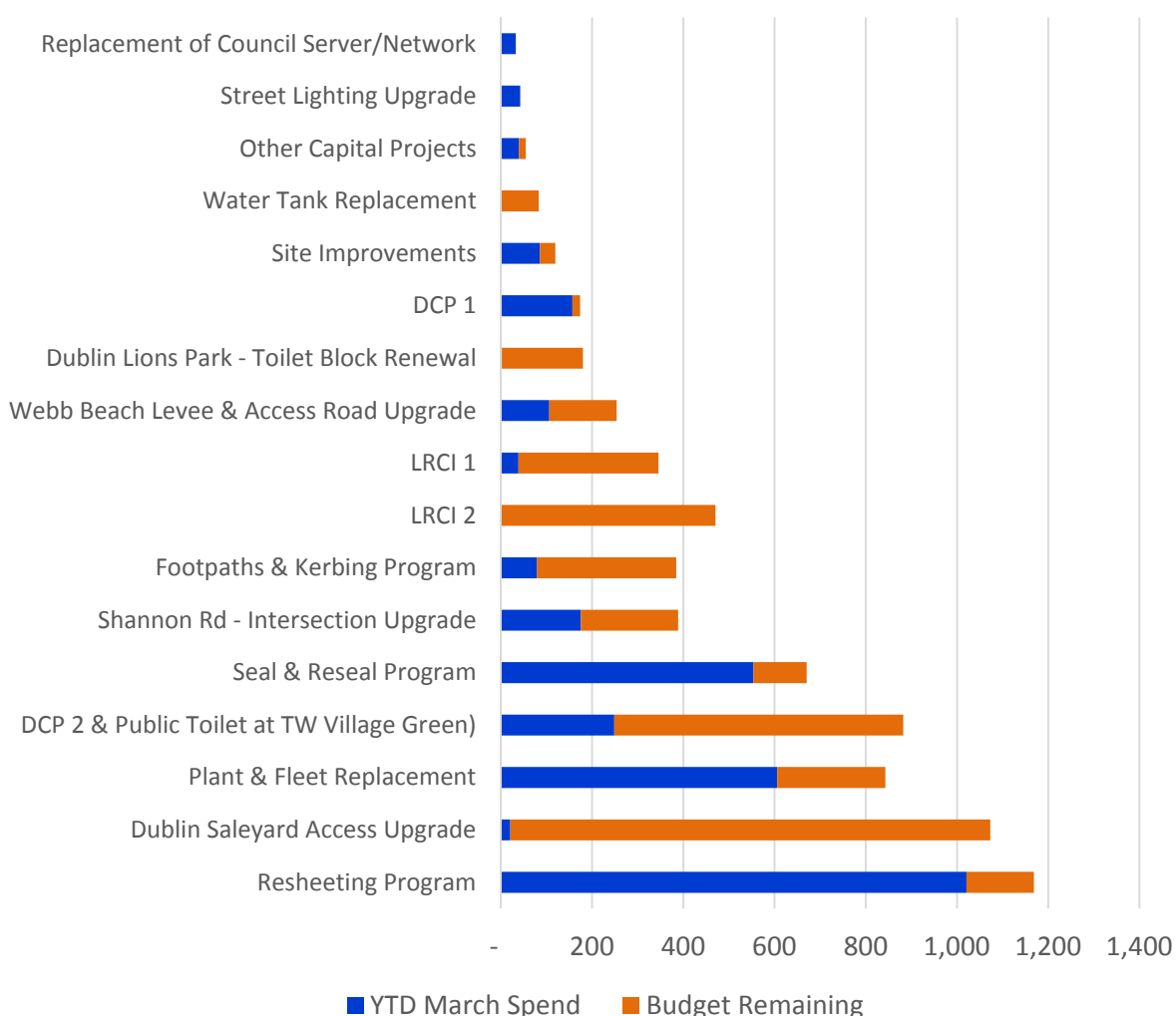
For the July-March period there are no known significant permanent budget variance (i.e. budget variances that are not expected to resolve itself as the financial year progresses). However, annual budget will be updated for permanent budget variances as part of Third Budget Update in May 2021.

#### Capital Project Progress as at 31 March 2021

At the end of March, \$3.136m has been spent on 36 capital projects which is 44% of total Capital Project budget of \$7.163m. Although there are no expenses for some of the Capital Projects, those projects are currently either at planning or tendering stage and expected to be completed by 30 June 2021 except for three (3) capital projects with a total budget of \$0.184m as identified in **Table 4**. A detailed project progress report will be presented to the May 2021 Council meeting as part of Third Budget Revision.

**Figure 1** below shows actual capital expenditure from July to March compared to the budget approved by the Council.

**Figure 1: Capital Project Progress (YTD March) - \$'000**

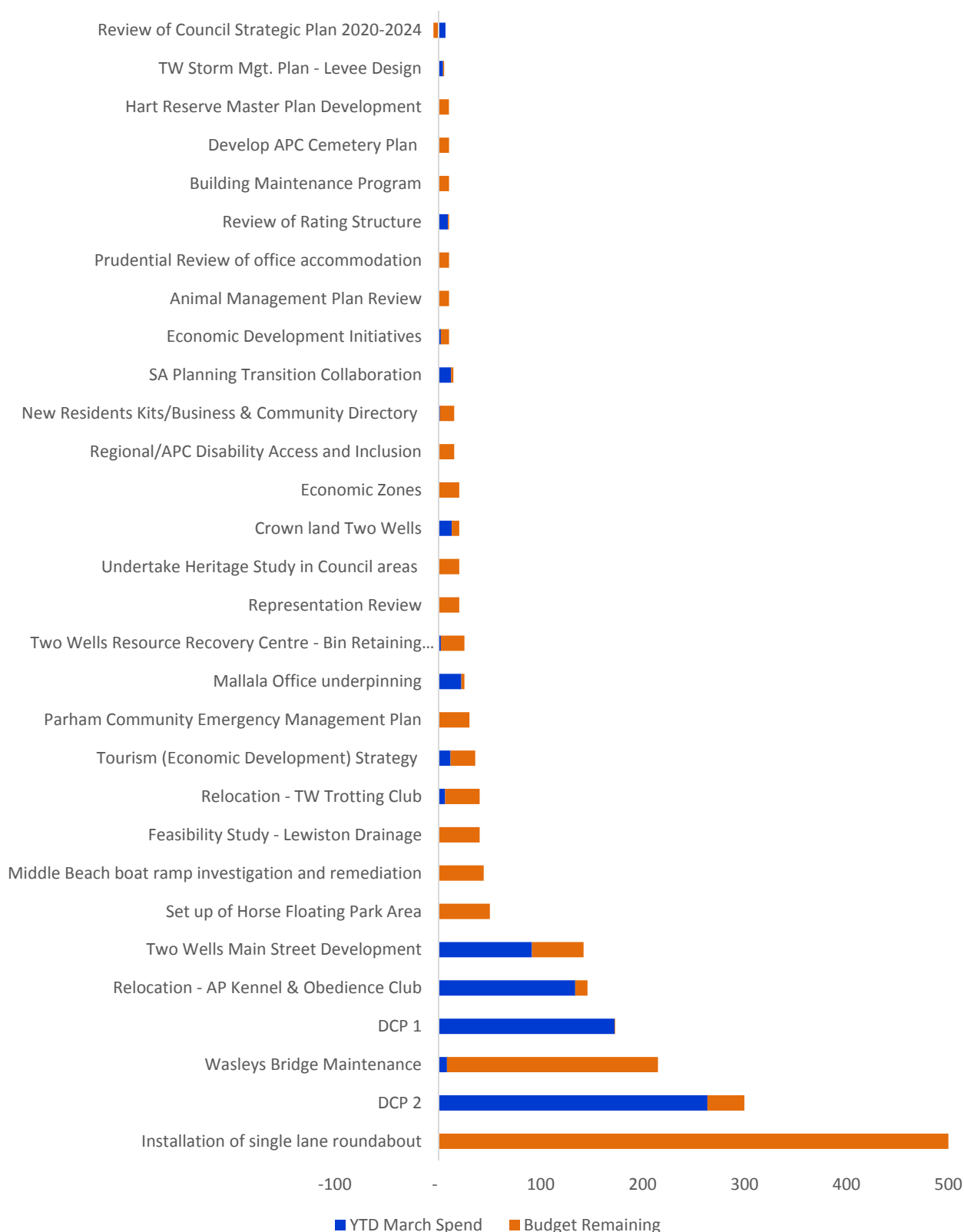


Operating Project Progress as at 31 March 2020

**Figure 2** below shows the progress of the operating project program. At the end of March 2021, Council has spent 39% (\$0.757m) of the Operating Project budget of \$1.965m. While there are no expenses for number of the Operating Projects, those projects are currently underway and Council has not yet received invoices for the work completed.

Drought Communities Program round 1 and 2 is has been completed (awaiting invoices for one (1) project). A detailed project progress report will be presented to the May 2021 Council meeting as part of Third Budget Update.

**Figure 2: Operating Project Progress (YTD March) - \$'000**



Potential Carry-over of projects to 2021/2022 Financial Year

**Table 4** below shows the summary of four (4) projects that could potentially be carry over to 2021/2022 Financial year. Final value of the carry over amount would be confirmed following the finalisation of the 2020/2021 Financial Year accounts.



**Table 4: Projects Expected to be carry over to 2021/2022 Financial Year**

<b>Project Name</b>	<b>Amount budgeted in 2020/2021 (\$)</b>	<b>Comment</b>
Sealing of Dawkins Road/Bethesda Road Intersection  (Capital Project)	70,000	Grant application was submitted to Black Spot Program in October 2020, notification of successful projects will be in May/June 2021. If the application is unsuccessful, this project will not go ahead.
Resealing of Aerodrome Rd from Carmel Street to Mallala Raceway Gate  (Capital Project)	58,962	Scope of work has changed due to a grain storage facility opening at the intersection of Owen Road and Farrelly Road. To comply with National Heavy Vehicle Regulator requirements additional work is required (widening of sealed road).
Raise Middle Beach Road Height  (Capital Project)	55,000	Following successful grant application for the sealing of Middle Beach Road , this project will need to be postponed until further design is undertaken to ensure it is in line with road sealing works.
Wasleys Bridge Maintenance  (Operating Project)	215,000	This project is expected to be completed by 31 December 2021 due to late approval to grant application. 50% funded under 'Bridge Renewal Program round 5'.
Installation of single lane roundabout in Two Wells  (Operating Project)	500,000	Department for Infrastructure and Transport is negotiating land acquisition required to begin the project. This could be a short or very drawn out process. \$439,500 is funded under Heavy Vehicle Safety and Productivity Program.
Establish a horse float parking area in Parham  (Operating Project)	50,000	Potential carry over due to land access and approval issues.

#### Treasury Management

At the beginning of the 2020/2021 Financial Year, Council had a short-term deposit balance of \$0.684m with no outstanding short-term borrowings. At the end of March 2021, Council's short-term deposit balance was \$0.551m and had no outstanding short-term borrowings.

Interest expenses associated with short-term borrowings for the nine (9) months period from July 2020 to March 2021 is \$2,954 (for the similar period last financial year, it was \$2,872)

## **RECOMMENDATION**

**“that Audit Committee, having considered Item 7.3 – *Financial Performance for the period July-March 2021*, dated 12 April 2021, receives and notes the report.”**

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### **Attachments**

Nil

### **References**

#### Legislation

*Nil*

#### Council Policies/Plans

Budget Management Policy

Treasury Management Policy

Audit Committee Annual Work Program 2020/2021