

NOTICE OF MEETING

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

Audit Committee Meeting of the



will be held in the

**Council Chamber
Redbanks Road, Mallala**

on

Monday 4 September 2023 at 4.30pm

A handwritten signature in black ink, appearing to read "James Miller", is positioned above the printed name.

James Miller
CHIEF EXECUTIVE OFFICER

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1 ACKNOWLEDGEMENT OF COUNTRY

The Adelaide Plains Council Audit Committee acknowledges that we meet on the traditional country of the Kurna people of the Adelaide Plains and pays respect to elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

2 ATTENDANCE RECORD

3 MINUTES

3.1 Confirmation of Minutes - Audit Committee Meeting - 3 July 2023

“that the minutes of the Audit Committee Meeting held on Monday 3 July 2023 (MB Folios 265 to 272, inclusive), be accepted as read and confirmed.”

MINUTES

of the

Audit Committee Meeting



**Adelaide
Plains
Council**

Held, pursuant to the provisions of the
Local Government Act 1999, in the

**Council Chamber
Redbanks Road
Mallala**

on

Monday 3 July 2023 at 4.30pm

The Chairperson formally declared the meeting open at 4.31pm.

1 ACKNOWLEDGEMENT OF COUNTRY

The Audit Committee acknowledges that we meet on the traditional country of the Kurna people of the Adelaide Plains and pays respect to elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

2 ATTENDANCE RECORD

2.1 Present

Mr Alan Rushbrook (Chairperson)

Mr Peter Fairlie-Jones (Independent Member)

Mayor Mark Wasley

Deputy Mayor Marcus Strudwicke (*by electronic means*)

Also in Attendance

Chief Executive Officer

Mr James Miller

Director, Corporate Services

Ms Sheree Schenk

Director, Finance

Mr Rajith Udugampola

Director, Infrastructure and Environment

Mr Thomas Jones

Director, Growth and Investment

Mr Darren Starr

Group Manager, Development and Community

Mr Michael Ravno

Accountant

Ms Carmel Vandermolen

Executive Assistant to the Mayor and Chief Executive Officer

Ms Susan Cook

People and Culture Advisor

Ms Angie-Marie Ross

Governance Administration Officer/Minute Taker

Ms Stacie Shrubsole

2.2 Apologies

Councillor Margherita Panella

3 MINUTES**3.1 CONFIRMATION OF MINUTES – AUDIT COMMITTEE MEETING HELD 3 APRIL 2023****COMMITTEE RESOLUTION 2023/035****Moved: Mayor Wasley****Seconded: Mr Fairlie-Jones**

“that the minutes of the Audit Committee Meeting held on Monday 3 April 2023 (MB Folios 252 to 258, inclusive), be accepted as read and confirmed.”

CARRIED**3.2 CONFIRMATION OF MINUTES – SPECIAL AUDIT COMMITTEE MEETING HELD 21 JUNE 2023****COMMITTEE RESOLUTION 2023/036****Moved: Mr Fairlie-Jones****Seconded: Deputy Mayor Strudwicke**

“that the minutes of the Special Audit Committee Meeting held on Wednesday 21 June 2023 (MB Folios 259 to 264, inclusive), be accepted as read and confirmed.”

CARRIED**4 BUSINESS ARISING**

Nil

5 DECLARATION OF MEMBERS' INTEREST

Nil

6 REPORTS FOR DECISION**6.1 DRAFT 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND REVISED LONG TERM FINANCIAL PLAN 2024-2033**

The Chief Executive Officer gave a 45-minute presentation to the Audit Committee titled, *'Growth, Productivity and Labour Resourcing'*, including answering questions of Members.

COMMITTEE RESOLUTION 2023/037**Moved: Deputy Mayor Strudwicke****Seconded: Mayor Wasley**

“that the Audit Committee, having considered Item 6.1 – *Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that it adopts consulted *Draft 2023/2024 Annual Business Plan and Budget* as contained in the Attachment 1, subject to the following changes:-

- 1. Changes to the draft budget post-public consultation as identified in Table 1 of this report;**
- 2. Updated final valuation reports from the Valuer General; and**
- 3. Adjustments to reflect the adoption of the *2023/2024 Annual Business Plan and Budget*.”**

CARRIED**COMMITTEE RESOLUTION 2023/038****Moved: Mayor Wasley****Seconded: Deputy Mayor Strudwicke**

“that the Audit Committee, having considered Item 6.1 – *Draft 2023/2024 Annual Business Plan, Budget and Revised Long Term Financial Plan 2024-2033*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that it adopts consulted *Revised Long Term Financial Plan 2024-2033* as contained in the Attachment 2, subject to the following changes:-

- 1. Changes to the revised long term financial plan post-public consultation as identified in Table 1 of this report; and**
- 2. Updated final valuation reports from the Valuer General.”**

CARRIED**COMMITTEE RESOLUTION 2023/039****Moved: Deputy Mayor Strudwicke****Seconded: Mr Fairlie-Jones**

“that the Audit Committee receive and note the presentation by the Chief Executive Officer titled ‘Growth, Productivity and Labour Resourcing’.”

CARRIED

6.2 UPDATE ON AUDIT COMMITTEE ANNUAL WORK PROGRAM 2022/2023**COMMITTEE RESOLUTION 2023/040**

Moved: Mayor Wasley

Seconded: Deputy Mayor Strudwicke

“that the Audit Committee, having considered Item 6.2 – *Update on Audit Committee Annual Work Program 2022/2023*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that Council acknowledge the progress made to complete the activities identified for the Audit Committee during the 2022/2023 Financial Year.”

CARRIED

The Chairperson sought leave of the meeting pursuant to Regulation 20(1) of the *Local Government (Procedures at Meetings) Regulations 2013* to bring forward item 6.4 – *Review of Audit Committee Terms of Reference*. Leave was granted.

6.4 REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE**COMMITTEE RESOLUTION 2023/041**

Moved: Mr Fairlie-Jones

Seconded: Mayor Wasley

“that the Audit Committee, having considered Item 6.4 – *Review of Audit Committee Terms of Reference*, dated 3 July 2023, receives and notes the report and request a further report be brought back to the next meeting of the Audit Committee.”

CARRIED

6.3 DRAFT ANNUAL WORK PROGRAM FOR 2023/2024 FINANCIAL YEAR**COMMITTEE RESOLUTION 2023/042**

Moved: Mayor Wasley

Seconded: Mr Fairlie-Jones

“that the Audit Committee, having considered Item 6.3 – *Draft Annual Work Program for 2023/2024 Financial Year*, dated 3 July 2023, receives and notes the report and request a further report be brought back to the next meeting of the Audit Committee.”

CARRIED

6.5 POLICY REVIEW – TREASURY MANAGEMENT POLICY**COMMITTEE RESOLUTION 2023/043****Moved: Mr Fairlie-Jones****Seconded: Deputy Mayor Strudwicke**

“that Audit Committee, having considered Item 6.5 – *Policy Review – Treasury Management Policy*, dated 3 July 2023, receives and notes the report and in doing so recommends to the Council that the updated Treasury Management Policy as presented in Attachment 1 to this report be adopted.”

CARRIED**6.6 POLICY REVIEW – ASSET MANAGEMENT POLICY****COMMITTEE RESOLUTION 2023/044****Moved: Mayor Wasley****Seconded: Deputy Mayor Strudwicke**

“that Council, having considered Item 6.6 – *Policy Review – Asset Management Policy*, dated 3 July 2023, receives and notes the report and in doing so recommends to the Council that the updated Assets Management Policy as presented in Attachment 1 to this report be adopted.”

CARRIED**6.7 RISK MANAGEMENT FRAMEWORK UPDATE****COMMITTEE RESOLUTION 2023/045****Moved: Deputy Mayor Strudwicke****Seconded: Mayor Wasley**

“that Council, having considered Item 6.7 – *Risk Management Framework Update*, dated 3 July 2023, receives and notes the report and in doing so recommends to Council that the Risk Management workshops facilitated by Bentleys occur in August 2023, and encourage full support and participation by the Elected Members.”

CARRIED

7 REPORTS FOR INFORMATION**7.1 COMMITTEE RESOLUTIONS****COMMITTEE RESOLUTION 2023/046**

Moved: Deputy Mayor Strudwicke

Seconded: Mr Fairlie-Jones

“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 3 July 2023, receives and notes the report.”

CARRIED

7.2 INTERIM AUDIT 2022/2023 – MANAGEMENT REPORT**COMMITTEE RESOLUTION 2023/047**

Moved: Mayor Wasley

Seconded: Mr Fairlie-Jones

“that the Audit Committee, having considered Item 7.2 – *Interim Audit 2022/2023 – Management Report*, dated 3 July 2023, receives and notes the report.”

CARRIED

7.3 BUSINESS CONTINUITY PLAN**COMMITTEE RESOLUTION 2023/048**

Moved: Deputy Mayor Strudwicke

Seconded: Mr Fairlie-Jones

“that the Audit Committee, having considered Item 7.3 – *Business Continuity Plan*, dated 3 July 2023, receives and notes the report.”

CARRIED

8 QUESTIONS WITHOUT NOTICE

Not recorded in Minutes in accordance with Regulation 9(5) of the *Local Government (Procedures at Meetings) Regulations 2013*.

9 MOTIONS WITHOUT NOTICE

COMMITTEE RESOLUTION 2023/049

Moved: Mr Fairlie-Jones

Seconded: Deputy Mayor Strudwicke

“that the Chief Executive Officer bring back a report for consideration by the Audit Committee at its next meeting to be held September 2023 on the accounting treatment of the recently acquired Two Wells Town Centre land.”

CARRIED

10 URGENT BUSINESS

Nil

11 NEXT MEETING

Monday, 4 September 2023 at 4.30pm.

12 CLOSURE

There being no further business, the Chairperson declared the meeting closed at 6.27pm.

Confirmed as a true record.

Chairperson:.....

Date: ___/___/___

- 4 BUSINESS ARISING**
- 5 DECLARATION OF MEMBERS' INTEREST**

6 REPORTS FOR DECISION

6.1 POLICY REVIEW - RATING POLICY

Record Number: D23/36495

Author: General Manager – Finance and Business

Authoriser: Chief Executive Officer

Attachments: 1. **Mark-up version of the Rating Policy – Reviewed in August 2023** [↓](#) 

EXECUTIVE SUMMARY

- The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review and update Council’s current Rating Policy (the current policy) following the adoption of 2023/2024 Annual Business Plan and Budget on 24 July 2023.
- Council management have reviewed the current policy and identified following changes as contained in **Attachment 1**. They are;
 - Change to staff job titles to reflect current organisational structure;
 - References to 2023/2024 Financial Year;
 - Rate-in-the dollar adopted for the 2023/2024 Financial Year;
 - Changes to the relativity of differential land use categories in comparison to residential land use;
 - Increase of fixed charge to \$185;
 - Changes to CWMS services charges and Regional Landscape Levy; and
 - Minor formatting changes.
- It is for the Audit Committee to consider whether it wishes to recommend any further amendments for consideration by the Council.

RECOMMENDATION

“that the Audit Committee, having considered Item 6.1 – Policy Review – Rating Policy, dated 4 September 2023, receives and notes the report and in doing so recommends to the Council that the updated Rating Policy as presented in Attachment 1 to this report, be adopted subject to the following changes:-

1.”

BUDGET IMPACT

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

RISK ASSESSMENT

Nil

DETAILED REPORT

Purpose

The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review Council's Rating Policy (the current policy) and make appropriate recommendation to the Council for consideration at the September 2023 Ordinary Council meeting.

Background

Section 123 of the *Local Government Act 1999* requires councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates. The Council's power to raise rates and the framework within which the Council must operate is outlined in Chapter 10 of the Act.

At the meeting held on 7 November 2022, the Committee resolved as follows: -

7.4 Update on Finance Related Policies

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones 2022/063

“that Council, having considered Item 7.4 – Update on Finance Related Policies, dated 7 November 2022, receives and notes the report and in doing so resolves to include an annual update of Council's policy review schedule within the Audit Committee Annual Work Program and requests that the Chief Executive Officer bring back to a future meeting of the Committee a;

- 1. Draft Rates Policy and***
- 2. Draft Fraud and Corruption Prevention Policy.”***

CARRIED

The current policy was first reviewed by the Audit Committee at its meeting held on 13 February 2023 and subsequently reviewed and adopted by the Council on 27 February 2023. Next Review of the Rating Policy will be undertaken in August 2024 following the adoption of 2024/2025 Annual Business Plan and the Budget.

Discussion

Council management have reviewed the current policy and identified following changes as contained in **Attachment 1**. They are;

- Change to staff job titles to reflect current organisational structure;
- References to 2022/2023 financial year has been replaced with 2023/204 financial year;
- Rate-in-the dollar adopted for the 2023/2024 Financial Year;
- Changes to the differential rates based on land use categories;
- Increase of fixed charge to \$185 in 2023/2024 Financial Year;
- Changes to CWMS services charges and Regional Landscape Levy; and
- Minor formatting changes.

Conclusion

The purpose of the Rating Policy is to provide a clear understanding of the process for determining rates on an annual basis and to provide guidance that the Adelaide Plains Council adheres to when setting and collecting rates from its community. Rating policy outlines the principles governing: -

- Council's revenue raising powers
 - Principles of taxation
 - Method used to value land
 - Adoption of valuations
 - Differential general rates and Fixed charges
 - Service charges
 - Regional Landscape Levy
 - Concessions
 - Payment of rates
 - Payment plans
 - Late payment of rates & debt recovery
 - Remission and postponement of rates
 - Rebate of rates
 - Sale of land for non-payment of rates
-

ReferencesLegislation

Local Government Act 1999

Council Policies/Plans

Rates Arrears and Debtor Management Policy


Funding Policy

Strategic Plan 2021-2024

2023/2024 Annual Business Plan and Budget

2024-2033 Long Term Financial Plan

Audit Committee Annual Works Program 2022/2023

	Rating Policy	
	Version Adopted by Council: Resolution Number: Current Version:	<u>27 February 2023</u> <u>TBC</u> <u>2023/039</u> <u>TBC</u> <u>V1.0</u> <u>V2.0</u>
	Administered by: General Manager – Finance and Business Director - Finance	Last Review Date: <u>2022</u> <u>20</u> <u>23</u> Next Review Date: <u>2023</u> <u>20</u> <u>24</u>
Document No: <u>D22/57106</u> <u>D23/36474</u>	Strategic Objective: Proactive Leadership Strategic and sustainable financial management Proactively engage in Local Government Reform and continuous improvement.	

1. Objective

1.1 Section 123 of the *Local Government Act 1999* (the Act) requires Councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates. The Council’s power to raise rates and the framework within which the Council must operate is outlined in Chapter 10 of the Act.

1.2 The purpose of this policy is to: -

- provide a clear understanding of the process for determining rates on an annual basis.
- provide guidance that the Adelaide Plains Council adheres to when setting and collecting rates from its community.

2. Scope

2.1 Council’s decision regarding its rating is underpinned by:

- accountability and transparency with its community;
- equitable and fair distribution of the general rate responsibility across the whole community; and
- consistency with Council’s strategic and financial direction and budgetary requirements.

2.2 Therefore, this policy outlines the principles governing: -

- Council’s revenue raising powers;
- Principles of taxation;
- Method used to value land;

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- Adoption of valuations;
- Differential general rates and fixed charges;
- Service charges;
- Regional Landscape Levy;
- Payment of rates and payment plans;
- Late payment of rates and collection of overdue rates;
- Remission and postponement of rates;
- Rebate of rates; and
- Sale of land for non-payment of rates

3. Definitions

Council – refers to the Adelaide Plains Council;

Contiguous land (adjoining land) are parcels of land which abut (touch) one another or are separated only by certain types of public land. Under section 149 of the Act, for the purposes of rating, land will be considered contiguous where:

- the owner or occupier of all the land concerned is the same;
- all the land is used for the same purpose as defined by the Valuer-General.

Pieces of land will be taken to be contiguous if they abut (touch) one another at any point or if they are separated only by:

- a street, road, lane, footway, court, railway, thoroughfare or travelling stock route;
or
- a reserve or other similar open space dedicated for public purposes.

Strategic Documents – refers to Council’s Strategic Management Plan, Infrastructure and Assets Management Plan and Long-Term Financial Plans

Single Farm Enterprise – A single farm enterprise must be comprised of two or more pieces of rateable land, which are farmland and are occupied by the same person or persons.

Section 152 of the Act defines a “single farm enterprise” as:

- a) a land which is used wholly or mainly for the business of primary production as a single enterprise and is occupied by the same person or persons. The land which constitutes the single farm enterprise need not be adjoining parcels of land.
- b) Where the land has upon it a dwelling which is used as a principal place of residence for one of the occupiers, the land with the dwelling must adjoin at least one of the other pieces of land used for the single farm enterprise.

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- c) If different persons occupy any of the allotments which constitute the farm, then a single farm enterprise does not exist.

The definition imposes an absolute requirement that all of the occupiers must be the same for all the allotments comprising the single farm enterprise (regardless of who may own the land).

Where multiple dwellings are located on a farming enterprise it will be necessary for Councils to be advised of every occupier in order to assess whether a single enterprise exists.

4. Policy Statement

4.1 What are Rates?

- 4.1.1 Rates are levied as a tax on property in accordance with the provisions of the Act. They constitute a system of taxation for Local Government purposes.
- 4.1.2 Rates are not a service or user charge. For example, some property owners may choose to not use the library, but nevertheless make a contribution to the library service through their rates.
- 4.1.3 Because rates are levied on the value of property, those in higher valued properties pay more in rates than those in lower valued properties.

4.2 Strategic Focus

- 4.2.1 In adopting its rates for the ~~2022/2023~~2023/2024 Financial Year, Council has considered its Strategic Plan 2021-2024, the current economic climate, specific issues faced by the community and the budgetary requirements for the financial year.

4.3 Council's Revenue Raising Powers

- 4.3.1 The Act provides for a Council to raise revenue for the broad purposes of the Council through a general or differential rate which applies to all rateable land.
- 4.3.2 In accordance with the Act, all land within a council area is rateable, except for land specifically exempt under Section 147 (2) of the Act. This includes;
- unalienated Crown land;
 - land used or held by the Crown or an instrumentality of the Crown for a public purpose (including an educational purpose), except any such land—
 - o that is held or occupied by the Crown or instrumentality under a lease or licence; or
 - o that constitutes domestic premises;

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- land (not including domestic or residential premises) occupied by a university established by statute;
- land that is exempt from rates or taxes by virtue of the *Recreation Grounds Rates and Taxes Exemption Act 1981*;
- land occupied or held by the council, except any such land held from a council under a lease or licence;
- land occupied by a subsidiary where the land is situated in the area of the council that established the subsidiary or a constituent council (as the case may be);
- land occupied or held by an emergency services organisation under the *Fire and Emergency Services Act 2005*; and
- land that is exempt from council rates under or by virtue of another Act.

4.3.3 The Act provides for rates to be assessed against any piece or section of land subject to separate ownership or occupation and requires that the division of land for the purposes of establishing separate ownership and occupation be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of the council.

4.4 Principles of Taxation

4.4.1 This Policy represents the Council's commitment to balancing the five main principles of taxation:

- **Benefits received** (i.e. services provided, or resources consumed). Reliance on this principle suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax. Ratepayers should receive some benefit from the tax paid, but not necessarily to the extent of tax paid as rates are not a fee-for-service.
- **Capacity to pay.** This principle suggests that a person who has less capacity to pay should pay less; and ~~that persons of similar~~ meansthose persons of similar means should pay similar amounts.
- **Administrative simplicity.** This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid. The tax must also be understandable and easy to collect.
- **Economic efficiency.** This refers to whether or not the tax distorts economic behavior. For example, a tax which is designed to change behavior, and the behavior changes, then the tax is considered efficient.
- **Policy consistency.** The principle that taxes should be internally consistent, and based on transparent, and predictable rules.

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4.4.2 These principles may be in conflict with each other. Therefore, the Council must strike a balance between the:

- application of the principles of taxation;
- policy objective of levying rates;
- need to raise revenue; and
- the effect of the tax on the community.

4.4.3 The Council has considered each principle when determining its Rating Policy.

4.5 Method Used to Value Land

4.5.1 Pursuant to Section 151 of the Act, Councils may adopt one of three valuation methodologies to value the land in its area. They are:

- **Capital Value** – the value of the land and all of the improvements on the land;
- **Site Value** - the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but *excluding* the value of buildings and other improvements; and
- **Annual Value** – the valuation of the rental potential of the land.

4.5.2 Local Government reforms passed through SA Parliament will see site value removed as an option from the 2024/2025 Financial Year.

4.5.3 Council resolved to use Capital Value for the purpose of valuing land within the council area for the ~~2022/2023~~2023/2024 Financial Year.

4.5.4 Council considers that this method of valuing land provides the fairest method of distributing the rates across all ratepayers because:

- property value is a good indicator of wealth. Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- as a measure of wealth, it most closely reflects property owners' capacity to pay; and
- it accords with the taxation principle, that people should contribute to the community social and physical infrastructure, in accord with their capacity to pay, as measured by property wealth.

4.5.5 Site value (value of land only) and annual value (value of rental potential of property) are not considered appropriate for the Council.

4.6 Adoption of Valuations

4.6.1 The Council adopts the Capital Valuations as assessed by the State

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Valuation Office, effective at 1 July as the Capital Value of each property.

- 4.6.2 If a ratepayer is dissatisfied with the valuation made by the Valuer-General then they may object to the Valuer-General in writing within 60 days of receiving the first notice of the valuation, explaining the basis for the objection - provided they have not:
- previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or
 - previously had an objection to the valuation considered by the Valuer-General.
- 4.6.3 The sixty (60) day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause. Contact details to lodge an objection are included on the Rates Notice sent by the Council.
- 4.6.4 The Council has no role in this process. It is also important to note that the lodgment of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.
- 4.6.5 If an objection is upheld and a new value issued by the Office of the Valuer General, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued.
- 4.6.6 Retrospective adjustments will not be made for prior financial years.

4.7 Differential General Rates

- 4.7.1 Every resident will benefit from the general amenity of the Council area in some way, whether that is at the present time or in the future. The amenity includes the local economy, general Council operations and the option to use Council facilities.
- 4.7.2 However, Council has assessed that the level of differential rating imposed is governed in part by the;
- ability to pay;
 - the potential for income tax deductions; and
 - the perception of accessibility or usability of council services by the residents and consumers.
- 4.7.3 To this end, Council has determined the following.

a) Commercial Properties

Commercial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases commercial users have a greater impact on the

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main services such as road maintenance and generally derive a greater benefit from the services provided. In addition, commercial properties have potential taxation benefits.

b) Industrial Properties

Industrial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases industrial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising Council's infrastructure. Similar to commercial properties, industrial properties have potential taxation benefits.

c) Primary Production Properties

Primary Production properties tend to be more remote from some of the services provided by Council. In terms of infrastructure adjacent to their properties, they may not have sealed or formed roads, footpaths or street lighting. However, they do have capacity to enjoy the formed roads, footpaths or street lighting and enjoy the same level of amenity as other residents of the Council area. Primary production properties also have potential taxation benefits.

4.7.4 Pursuant to Section 153 of the Act, the Council can impose a general rate on all rateable land/or a differential rate based on location of land and/or the use to which the land is put. In applying the equity and benefit principles, the Council will apply a differential rate based on the use of the land.

4.7.5 Land use categories as provided in the *Local Government (General) Regulations 1999* (regulation) are used as the basis of Council's general rate calculation.

4.7.6 Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential;
- Commercial – Shop;
- Commercial – Office;
- Commercial – Other;
- Industrial – Light;
- Industrial – Other;
- Primary Production;
- Vacant Land; and,

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- Other

- 4.7.7 If a ratepayer believes a particular property has been incorrectly classified as to its land use, then an objection may be made to the Council within sixty (60) days of being notified of the land use classification.
- 4.7.8 It is important to note that the lodgment of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.
- 4.7.9 For the ~~2022/2023~~2023/2024 Financial Year, the Council determined that the following differential rates will be applied to all of its rateable assessments:

Land Use	Differential Rate Cents -in-the-Dollar	Relativity against Residential Rates
Residential, land & Other Vacant	0.00440940 0.0038216	100%
Commercial & Industry	0.00573180 0.0055414	130% 145%
Primary Production	0.00400860 0.0037452	91% 98%
Vacant land	0.0045860	120%

4.8 Fixed Charge

- 4.8.1 Section 152 of the Act permits Council to impose a fixed charge. Adelaide Plains Council’s rates are made up of both a fixed charge component and a variable (differential general rates) charge.
- 4.8.2 Council considers it appropriate that all rateable properties make a base level contribution (Fixed Charge) to the cost of providing Council services and to the cost of creating and maintaining the physical infrastructure that supports each property.
- 4.8.3 If two or more pieces of rateable land are *contiguous*, ratepayer may be eligible for a reduction in the fixed charge component of annual rates, meaning you only pay one fixed charge across all applicable properties.
- 4.8.4 Ratepayer will still be required to pay the *variable charge* for each piece of rateable land.
- 4.8.5 If two or more pieces of rateable land within the area of the council constitute a *single farm enterprise*, only one fixed charge may be imposed against the whole of the land.
- 4.8.6 As per the Act, Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component.
- 4.8.7 In the ~~2022/2023~~2023/2024 Financial Year, Council adopted a fixed charge of ~~\$123.20~~\$185. This equates to approximately ~~6%~~8% of general

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rate revenue.

4.9 Service Charges

- 4.9.1 Council provides specific services for the benefit of specific properties for which service charges are applied.
- 4.9.2 Services charges may be raised to cover the cost of establishing, operating, maintaining, improving, and replacing such services.
- 4.9.3 Funds raised may not be immediately required until future capital expenditure is necessary for renewing or replacing assets used in the provision of the service. Council imposed the following service charges for the ~~2022/2023~~2023/2024 Financial Year.
- 4.9.4 Community Wastewater Management Scheme (CWMS)
 - 4.9.4.1 Council operates two (2) CWMS in Mallala and Middle Beach under a license from The Essential Services Commission of South Australia (ESCOSA).
 - 4.9.4.2 ESCOSA has determined that the common effluent drainage schemes (i.e. CWMS) that the council provides are a regulated service and as such charges applied by councils are effectively oversighted by ESCOSA.
 - 4.9.4.3 ESCOSA's responsibility is to ensure that councils charge a fair price (that complies with sound economic and equity principles) on an ongoing basis.
 - 4.9.4.4 Councils set their own charges but ESCOSA can provide directions and seeks to be satisfied that prices determined are reasonable and appropriate.
 - 4.9.4.5 In accordance with South Australian and other states commitments, ESCOSA requires that council's pricing methodology is not in conflict with the National Water Initiative (NWI) principles/objectives.
 - 4.9.4.6 All revenue raised from the CWMS service charge must be used to cover the cost to the Council of establishing, operating, maintaining, improving, and replacing (including by future capital works) the CWMS service.
 - 4.9.4.7 The service charge for CWMS is calculated using the Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.
 - 4.9.4.8 In the ~~2022/2023~~2023/2024 financial year, the CMWS service charge for Mallala and Middle Beach is ~~\$692~~\$740 and ~~\$456~~\$488 per property unit respectively on all land to which the Council provides or makes available the service.

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4.9.5 Kerbside Waste Collection and Recycling Charge

- 4.9.5.1 Council provides a three-bin refuse collection service (Domestic Waste, Recycling and Organic) within the townships of Mallala, Two Wells and Dublin and a two-bin refuse collection service (Domestic Waste and Recycling) in rural and coastal settlement areas.
- 4.9.5.2 The service is provided to those ratepayers in Council's area that are able to access the service along the designated collection routes.
- 4.9.5.3 Where the service is provided to rebated land, a service charge is still levied against the land.
- 4.9.5.4 Some residents may have to utilise one of the collection points to have their bin emptied as the waste collection truck does not traverse all roads in the district.
- 4.9.5.5 Those residents are entitled to the following waste levy reductions if the resident's collection point is greater than 500 meters from the access point to their land: -
- If greater than 500 meters but no more than 2 kilometers from the resident's access point to their land, 75% of the annual levy is charged;
 - If greater than 2 kilometers but less than 5 kilometers, 50% of the annual levy is charged; and
 - If 5 kilometers or more from the resident's access point to their land, no annual levy is charged.
- 4.9.5.6 The waste levy is *mandatory* for properties located within the townships of Mallala, Two Wells and Dublin.

4.10 Regional Landscape Levy

- 4.10.1 The Regional Landscape Levy is a State Government tax which the Council is required to collect under the *Landscape South Australia Act 2019*, in order to make a specified contribution to the funding of the operations of the Green Adelaide Board.
- 4.10.2 Revenue collected from this levy is not retained by the Council and the Council does not determine how the revenue raised is allocated by the State Government.
- 4.10.3 The Council's contribution to the Green Adelaide Board is collected from property owners through a separate rate, the Regional Landscape Levy, based on Capital Value. The rate is fixed and calculated to raise the equivalent amount as Council's share to be contributed to the Green Adelaide Board, taking into account any rebates/remissions under Section 159-166 of the Act.

4.10.4 The Regional Landscape Levy is separate to the General Rates levied by the Council.

4.10.5 For the ~~2022/2023~~2023/2024 Financial year, the Council will collect ~~\$0.197~~\$0.319m for the payment of the State Government Regional Landscape Levy. The Regional Landscape Levy has been set at ~~0.0082040.00011019 cents- rate~~ in-the-dollar against all rateable properties.

4.11 Payment of Rates

4.11.1 Rate Notices are issued to the principal ratepayer either by post or by email to an address nominated by the Principal Ratepayer 30 days prior to the due date of each instalment (unless paid in full by the due date of the first instalment).

4.11.2 Council rates will be due in four instalments in the months of September, December, March and June. The exact date that rates fall due are detailed on the Rates Notice. Alternatively, the total outstanding balance of rates may be paid in full at any time.

4.11.3 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments due dates can contact the Council's Rates Officer to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.

4.11.4 Fines and interest are still levied in accordance with the Act while there is an arrears balance.

4.11.5 The council provides various methods to enable the payment of rates. which are detailed on the rates notice.

4.12 Payment Plans

4.12.1 If a ratepayer is experiencing difficulties meeting rates payments on time and are experiencing financial hardship, a payment plan can be organised with the ratepayer by the Rates Officer.

4.12.2 However, all payment arrangements/plans shall be determined on the merits of each individual case. Recovery action for overdue rates will be suspended whilst the terms/conditions of the payment plan are being met.

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

4.12.4 All payments plans can be approved by the Rates Officer or the equivalent delegate.

4.12.5 If ratepayer fails to honour the payment plan or contact Council, the arrangement may be terminated and the full amount of the outstanding rates and charges and accrued interest shall be due and payable immediately.

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- 4.12.6 A maximum of three defaults applies for any one financial year. Further action may be taken for recovery of the amount due through Council debt collection agency without further notice to the ratepayer.

4.13 Late Payment of Rates

- 4.13.1 If the Council does not receive quarterly rates instalment in full on or before the due date of the instalment, fines (and interest) will apply in accordance with the provisions of the Section 181 (8) of the Act.
- 4.13.2 When paying online (via Council website, Bpay or Australia Post), ratepayers need to be mindful that it can take up to 72 hours for funds to be transferred to Council.
- 4.13.3 It is the ratepayer's responsibility to ensure payment is received by Council on or before the due date of each instalment.
- 4.13.4 If an instalment of rates is not paid on or before the date on which it falls due, the instalment:
- will be regarded as being in arrears;
 - will incur a fine of 2% as prescribed under Section 181(8)(b) of the Act of the amount of the instalment, applied immediately after the due date of the instalment; and
 - on the expiration of each full month from that date, will incur interest at the prescribed percentage as per the Act of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month).
- 4.13.5 The Council will consider applications for remissions of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested.
- 4.13.6 Council allows a further two working days after the due date for payment as a grace period. Thereafter late payment fines are applied in accordance with the Act.

4.14 Collection of Overdue Rates

- 4.14.1 Steps will be taken to recover overdue rates including fines and interest as per Council's Rates Arrears and Debtor Management Policy.
- 4.14.2 When Council receives a payment in respect of overdue rates, Council applies the money received as follows:
- **First** – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken by the Council for the recovery of the rates;
 - **Second** – in satisfaction for any liability for interest;

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- **Third** – in payment of any fine;
- **Fourth** – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).

4.15 Remission and Postponement of Rates

4.15.1 Postponement of Rates - Hardship

Section 182 of the Act permits Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship.

Where a ratepayer is suffering hardship in paying rates they are invited to contact Council's Rates Officer to discuss the matter. Such enquiries are treated confidentially by Council.

4.15.2 Seniors Rate Postponement

Section 182A of the Act provides the option for State Senior Card holders to apply to postpone part of their council rates on a long-term basis.

The deferred amount is subject to a monthly interest charge at the prescribed percentage rate), with the accrued debt being payable on the disposal or sale of the property.

Postponement is similar to a reverse mortgage by relying on the equity in the property.

A ratepayer who has a State Seniors Card may apply for postponement of council rates payable on property they own:-

- if it is their principal place of residence; and
- if no other person other than their spouse has an interest as owner of the property; and
- there is appropriate equity in the property.

Further information can be obtained from Council's Rates Officer.

4.16 Rebate of Rates

4.16.1 Section 159 to 165 of the Act requires councils to rebate the rates payable for certain land uses. This includes a 100% rate rebate granted on places of worship, public cemeteries, hospitals and land occupied by universities, and 75% rate rebates have been granted on educational facilities (subject to some qualifications).

4.16.2 Discretionary rebates may be applied by the Council under section 166 of the Act. Council annually considers rate rebates and for the ~~2022/2023~~2023/2024 Financial Year has rebated rates charged to various district community and sporting organisations.

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4.17 Sale of Land for Non-Payment of Council Rates

4.17.1 Section 184 of the Act provides that a council may sell any property where the rates have been in arrears for three (3) years or more, and Council has unsuccessfully pursued all reasonable attempts to secure payment.

4.17.2 Before a Council sells land in pursuance of this section, it must send a notice to the principal ratepayer at the address appearing in the assessment record stating:-

- the period for which the rates have been in arrears; and
- the amount of the total liability for rates presently outstanding in relation to the land; and
- that if that amount is not paid in full within one (1) month of service of the notice (or such longer time as the Council may allow), the Council intends to sell the land for non-payment of rates.

4.17.3 Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates, in accordance with the Local Government Act.

5. Related Documents

Local Government Act 1999

Section 133 – Sources of Funds

Section 146-166 – Rates and Charges on Land

Sections 182 and 182A – Remission and postponement of Rates

Local Government (Financial Management) Regulations 2011.

Regulations 5 – Long-term Financial Plans

Regulation 6 – Annual business plans

Regulation 7 – Budgets

Local Government (General) Regulations 1999

Landscape South Australia Act 2019

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

Rates Arrears and Debtor Management Policy

Funding Policy

Strategic Plan 2021-2024

Annual Business Plan and Budget

Long Term Financial Plan

Local Government Association's CWMS Accounting Principles - The Costing and Pricing of

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CWMS

6. ~~Records Information~~ Management

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

7. Document Review

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

8. Further Information

Members of the public may inspect this Policy free of charge on Council's website at 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 Chief Executive Officer.

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6.2 POLICY REVIEW – PROCUREMENT POLICY

Record Number: D23/37773

Author: General Manager - Finance and Business

Authoriser: Chief Executive Officer

- Attachments:**
1. **Current Procurement Policy - Last Reviewed in April 2021** [↓](#) 
 2. **Proposed Procurement Policy - September 2023** [↓](#) 

EXECUTIVE SUMMARY

- The purpose of this report is for the Audit Committee (the Committee) to consider, and make recommendations to Council in relation to, proposed changes to Council’s Procurement Policy.
- Council’s current Procurement Policy (the Current Policy), presented as **Attachment 1** to this report was last reviewed in April 2021.
- Following sector-wide consultation, LGA Procurement recently released ‘model Procurement Policy for Councils’ (the model policy).
- The proposed policy in **Attachment 2** has been developed in consultation with staff and largely reflects Council’s current Policy and the model policy of the LGA Procurement.

RECOMMENDATION

“that the Audit Committee, having considered Item 6.2 – Policy Review – Procurement Policy, dated 4 September 2023, receives and notes the report and in doing so recommends to the Council that it:-

- 1. Rescind the current Procurement Policy as presented as Attachment 1 to this Report; and**
- 2. Adopt the proposed Procurement Policy as presented as Attachment 2 to this Report subject to the following amendments: -**

.....”

BUDGET IMPACT

Estimated Cost:	Not applicable
Future ongoing operating costs:	Not applicable
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 Proposed Policy will promote more efficient, transparent and practical daily operations in procurement in line with industry best practices and regulatory requirements.

DETAILED REPORT

Purpose

The Purpose of this report is to provide the Audit Committee with an opportunity to review Council's Procurement Policy (the current policy) and make appropriate recommendation to the Council in relation to proposed procurement policy (the proposed policy).

Background

Council's current policy was last reviewed in April 2021 and therefore now due for review. LGA Procurement released a Model Procurement Policy for Council's in June 2023 following sector-wise consultation.

Discussion

The Proposed Policy continues to provide overarching strategic, principle and risk-based guidance on Council's procurement activity in accordance with Section 49 of the *Local Government Act 1999* and best practice principles in procurement. Main changes in the proposed policy (**Attachment 2**) compared to the current policy (**Attachment 1**) are;

- Expanded list of definitions;
- Nine (9) procurements principles are being replaced by 9 procurement objectives;
- 'Principle 5 - Ensuring compliance with all relevant legislation' of the current policy has been removed from proposed policy as relevant acts and regulations are listed under references in the proposed policy.
- Addition of 'Social Impact' and 'Effective Management of the End-to-End Procurement Lifecycle' as two (2) new procurement objectives;
- A clause to encourage Aboriginal and Torres Strait suppliers and contractors to quote and tender and giving preference to Aboriginal and Torres Strait, local and regional businesses when all other commercial conditions are equal;
- Requirement to have acquisition or probity plan when undertaking procurements significant in value and risks;
- Linking Council's procurement activities to its risk management framework (i.e., risk based procurement); and
- Expanded list of related documents, mainly covering conduct/behaviour for Council staff, Elected Members and volunteers.

Conclusion

It is recommended that the Audit Committee consider the Proposed Procurement Policy (at **Attachment 2** to this report) and make appropriate recommendations to the Council accordingly.

ReferencesLegislation

Local Government Act 1999

Council Policies/Plans

Current Procurement Policy

Caretaker Policy

Budget Management Policy

Code of Conduct for Council Employees

Code of Conduct for Volunteers

LGA's Model Behavioural Management Policy

Behavioural Standards for Council Members

Credit Card Policy

Delegation Register

Fraud, Corruption, Misconduct and Maladministration Prevention Policy

Internal Financial Controls Policy

Local Government Association Procurement Handbook

National Competition Policy (Federal)

Prudential Management Policy

Risk Management Policy

Council's Strategic Plan

Work Health and Safety - Emergency Management Policy

Work Health and Safety - Contractor Management Policy


Other

Purchase Order Procedure

Credit Card Receipts Procedure

Audit Committee Annual Works Program 2022/2023

LGA Procurement – Model Procurement Policy – June 2023

 Adelaide Plains Council	Procurement Policy	
	Adoption by Council: 27 April 2021 Resolution Number: 2021/149 Current Version: V4	
	Administered by: General Manager – Finance and Business	Last Review Date: 2021 Next Review Date: 2023
Document No: D21/10178	Strategic Objective: Strategic and sustainable financial management	

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, and procedures directed towards:

- obtaining value in the expenditure of public money;
- providing for ethical and fair treatment of participants; and
- 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
- 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 that the best possible outcome is achieved for the Council.

2. Scope

This Policy informs procurement activities associated with the acquisition of goods, works, services or consultants.

This Policy applies to anyone who undertakes or is involved in procurement activities on behalf of

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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;
- 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.

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.

5. Procurement

5.1 Principles

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

Principle 1 - Encouragement of open and effective competition

Open and 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;
- where market circumstances limit competition, procurement activities recognise this and an associated methodology is used to address these requirements; and
- 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 strategic and long term financial plans;
- any relevant direct and indirect benefits to Council, both tangible and intangible;

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- efficiency and effectiveness of the proposed procurement activity;
- the performance history, and quality, scope of services and support of each prospective supplier;
- fit 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.*

Principle 6 - Development and Support of 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.

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.

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 shall 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.

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
- Provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

5.2 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 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 or services on agreed terms; or
- 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 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 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).

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. ²

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 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.

Total Cumulative Spend

Council should consider the total cumulative 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 total Cumulative 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 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.

5.5 Exemptions from this Policy

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergency 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 emergency 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 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. 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.

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.

- **Other Limitations**

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

5.7 Prudential Requirements

Refer to Council's *Prudential Management Policy*.

6. Related Documents

Caretaker Policy

Contractor Management 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

7. 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.

8. Document Review

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

9. 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)

10. Further Information

Members of the public may inspect this Policy free of charge on Council's website at 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 Business.

Schedule 1 – Value of the Purchase Threshold

Value of Purchase (\$)	Method of Procurement	Decision Making Responsibility
<i>\$1 to \$5,000</i>	Direct Purchase Based on Advertised Price or Written Quotation	Employees – within the limit of their delegated purchasing authority and the approved budget
<i>\$5,001 - \$10,000</i>	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
<i>\$10,001 - \$100,000</i>	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
<i>\$100,001 - \$500,000</i>	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.
<i>\$500,001 and above</i>	Open Tender	Council resolution

 <p>Adelaide Plains Council</p>	Draft Procurement Policy	
	Version Adoption by Council: TBC	
	Resolution Number: TBC	
	Current Version: V1	
	Administered by: Director - Finance	Last Review Date: 2023 Next Review Date: 2025
Document No: D23/32493	Strategic Outcome Strategic and sustainable financial management	

1. Objective

1.1 Council is committed to implementing fair, transparent and competitive purchasing and contracting practices achieving optimum value for money outcomes aligned to the Council’s strategic objectives, community expectations and the requirements of any special funding sources.

1.2 In compliance with Section 49 of the *Local Government Act 1999* (the Act) and best practice principles in procurement, this Policy seeks to:

- Define the methods by which Council can acquire goods and services.
- Demonstrate probity, accountability, and responsibility of Council to all stakeholders.
- Be fair and equitable to all parties involved.
- Enable consistency of approach in the application of procurement processes. and
- Ensure that the best possible outcome is achieved for Council.

2. Scope

2.1 This Policy applies to all procurement activities undertaken in the acquisition of goods or services on behalf of Council, whilst giving due regard to financial thresholds outlined in the associated Procedures and/or outlined in Procurement Thresholds - Clause 5 below, whether solicited by Council, or the result of an unsolicited proposal from the private or not-for-profit sectors, and whether transacted via a trading account or Council credit card.

2.2 This Policy does not cover:

- Non-procurement expenditures such as sponsorships, grants from the Council, funding arrangements, donations, and employment agreements;
- Real property acquisitions of land, buildings or structures;
- The disposal of land and other assets; or
- Procurement processes during the Council Caretaker period. These will be conducted under the requirements of the Council’s Caretaker Policy.

3. Definitions

3.1 **Council** means Adelaide Plains Council.

3.2 **Acquisition Plan** is a document that outlines the procurement methodology and sourcing strategy to be undertaken in a proposed procurement.

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- 3.3 **Agreement** is an agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act that is enforceable in law. An agreement may be verbal, written or inferred by conduct.
- 3.4 **Contractor** is an individual or organisation that is formally engaged to provide goods or services for or on behalf of an entity. This definition does not apply to casual, fixed-term or temporary employees directly employed by the entity.
- 3.5 **Direct Purchase** is a procurement process undertaken by directly approaching and negotiating with one supplier or contractor without testing the market. This method is generally only appropriate for low value and low risk goods and services.
- 3.6 **Emergency Situation** is 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 or contractor without reference to the financial limitations provided in this Policy.
- 3.7 **Expression of interest (EOI)** is used to identify suppliers and contractors interested in, and capable of, delivering the required goods or services. Potential suppliers and contractors are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.
- 3.8 **Goods** is a physical or tangible item that does not include a labour component.
- 3.9 **Lifecycle cost** is the total cost of an item or system over its full life. It includes the cost of development, production, ownership (operation, maintenance, support), and disposal, if applicable. Also referred to as whole of life cycle cost or total cost of ownership.
- 3.10 **Local Supplier** is a supplier or contractor which is beneficially owned by persons who are residents or ratepayers of the Council, or has its principal business within the Council area, or a business that substantially employs persons who are residents or ratepayers.
- 3.11 **Market Approach** is the process undertaken to inform the market of your requirements to obtain offers to meet your requirements.
- 3.12 **Probity** means uprightness, honesty, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.
- 3.13 **Procurement** is a series of activities that are undertaken when purchasing goods and services, based on three key phases: planning, purchasing and contract management.
- 3.14 **Procurement process** is the step-by-step process for the planning, establishment and contract management of small and large acquisitions.
- 3.15 **Purchasing** is the process by which an organisation contracts with another party to obtain the goods and services required to fulfil its business objectives.
- 3.16 **Quotation/quote** is an offer to supply goods and/or services, usually in response to an invitation to supply known as a request for quotation. Often used interchangeably with proposal, tender, bid and offer.

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- 3.17 **Request for Quote (RFQ)** is a written process of inviting offers to supply goods and/or services involving simple documentation and a limited number of potential suppliers or contractors.
- 3.18 **Request for Tender (RFT)** is an invitation to supply or a request for offer against a set of clearly defined and specified requirements. Invitees are advised of all requirements involved including the conditions of participation and proposed contract conditions.
- 3.19 **Services** is the performance of a task, duties or work for another, by an individual or an organisation, which normally involves the provision of labour and/or professional services.
- 3.20 **Supplier** is a person or entity that provides goods or service to the Council.
- 3.21 **Total Cumulative Spend** is the total expenditure with a supplier or contractor or a number of suppliers or contractors over a set time period providing similar goods or services of an ongoing nature.
- 3.22 **Value for money** is achieved in procurement by finding the optimum balance of financial and non-financial factors including whole of life cost (lifecycle cost).

4. Procurement Objectives

- 4.1 Council is committed to achieving a range of objectives through its procurement processes that may be considered alongside achieving value for money outcomes. Such objectives should be supported by appropriate evaluation criteria and weightings and decisions of Council. Procurement activities undertaken by Council include the following nine (9) objectives.

4.2 Objective 1 - Open and Fair Competition

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

- There is reasonable access for all suitable and competitive suppliers and contractors to the Council's business;
- Where market circumstances limit competition, procurement activities recognise this, and associated methodology takes account of it; and
- Adequate, identical, and timely information is provided to all suppliers and contractors to enable them to quote or tender.

4.3 Objective 2 - Value for Money

Value for money outcomes can be achieved through balanced consideration of financial and non-financial factors relevant to the procurement. The following factors should be considered:

- The contribution to Council's long-term plan and strategic direction;
- Any relevant direct and indirect benefits to Council, both tangible and intangible;
- Efficiency and effectiveness of the proposed procurement activity;

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- The performance history, quality and scope of services, and support of each prospective supplier and contractor;
- Fit for purpose of the proposed goods or service;
- Whole of life costs including acquiring, using, maintaining and disposal;
- Council's internal administration costs;
- Technical compliance issues and costs;
- Risk exposure and WHS considerations;
- Prevailing market forces and trends;
- The value of any associated environmental benefits;
- Local Economic development and social inclusion;
- Trade-in values; and
- Other relevant matters identified in specific procurement process documentation.

4.4 Objective 3 - Probity, Accountability and Transparency

All procurement shall be undertaken in a manner that ensures:

- Clearly established roles and responsibilities;
- Appropriate record keeping and documentation;
- Integrity through transparency of process and documentation of decisions made;
- Adherence to relevant legislation, policy, and procedure;
- Identification and management of actual or potential conflicts of interest; and
- Confidentiality of all commercial information.

A Probity Advisor and/or Auditor may be appointed to advise on, or review, the procurement activity.

4.5 Objective 4 - Ethical Behaviour and Fair Dealing

All personnel involved in procurement activities are to:

- Behave with impartiality, fairness, openness, integrity, and professionalism;
- Provide all compliant suppliers and contractors (i.e. those who fulfil OHS , licences, insurances and procurement requirements) with equal opportunity to supply to Council;
- Establish clear and easy to understand documentation requirements, evaluation criteria and methodology;
- Provide consistent processes and constructive feedback on decisions upon request from suppliers and contractors; and
- Ensure effective communication and provision of information to all suppliers and contractors.

4.6 Objective 5 – Identification and Management of Risk

4.6.1 The Risk Assessment process should consider financial, supply, business, legal, management, reputations, probity, work health and safety, environmental, public safety, political and sensitive risks. Risks relating to the procurement process may include:

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- Procurement of unsuitable product or service;
- Funding (e.g. internal & external, impact on long term financial plan);
- Probity failure;
- Inappropriate or inadequate specification;
- Negotiation of agreement terms/failure to agree to terms;
- Actual or perceived breach of probity/confidentiality;
- Lack of responses/limited supplier participation; and
- Evaluation processes.

4.6.2 Risks relating to the engagement of the product/service provider may include:

- Supplier capability/capacity/availability;
- Agreement management/supervision;
- Price variations;
- Agreement disputes; and
- Unauthorised change in scope of work.

4.6.3 Risk Assessment

- Council staff will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities, including risk identification, assessment, and implementation of controls.
- Procurement risk assessments will focus on assessing a potential supplier's and contractor's capacity and capability to meet Council's requirements, and identify any other factors which might result in goods or services not being successfully delivered.

4.6.4 Risk Based Approach to Market

- Council's approach to market will be influenced by procurement risk assessments, with high-risk and high-value acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

4.6.5 Work Health Safety

- Council is committed to protecting health, safety, and welfare. Council staff will ensure that its procurement activities protect the health, safety and welfare of its workers, elected members, customers, and community.
 - If the procurement of services, goods, materials or plant and equipment involves implications for work, health or safety, Council's Work Health & Safety & Risk Management staff should also be consulted prior to such procurement; and
 - Where appropriate, procurement evaluation must ensure an appropriately skilled person confirms all WHS requirements.

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4.7 Objective 6 - Environmental Sustainability

Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal. This can be by:

- Purchasing recycled and environmentally preferred products where possible;
- Adopting purchasing practices which conserve natural resources;
- Aligning the Council's procurement activities with principles of ecological sustainability;
- Select products and services which have lower environmental impacts across their life cycle compared with competing products and services;
- Integrating relevant principles of waste minimisation and conservation of energy;
- Provide leadership to business, industry, and the community in promoting the use of environmentally sensitive goods and services; and
- Fostering the development of products and services which have a low environmental impact.

4.8 Objective 7 - Local Economic Benefit

Council recognises the significant impact that its operations play in the local economy yet is mindful of its requirement to provide optimum value for money outcomes through its procurement activities and achieve budget expectations.

Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:

- Promoting to local and regional businesses opportunities to supply to the Council;
- Giving preference to local business when all other commercial considerations are equal;
- Encouraging Aboriginal and Torres Strait suppliers and contractors to quote and tender;
- Giving preference to Aboriginal and Torres Strait, local and regional businesses when all other commercial conditions are equal to ensure local employment opportunities and economic stability and/or growth; and
- Considering economic and social inclusion elements such as employment creation and training opportunities specifically within the Council area.

4.9 Objective 8 - Social Impact

This refers to the intentional generation of social value through procurement processes that can occur through direct or indirect approaches, but is not limited to:

- Indigenous Suppliers and Contractors;
- People with a disability;
- Women in business; and
- Small to medium business.

4.10 Objective 9 - Effective Management of the End-to-End Procurement Lifecycle

The procurement lifecycle includes all of the steps and tasks within the procurement process, from needs identification and data gathering to contract management, delivery of goods or services and relationships with suppliers and contractors.

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Council staff will determine appropriate methodology within the various steps of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting and financial control with regard to the scale, complexity and importance of the goods or services being acquired.

5. Procurement Thresholds

- 5.1 Procurements are to be conducted in accordance with Council's financial thresholds outlined in this Procurement Policy and within the limit of Council employees delegated purchasing authority.
- 5.2 The value of the procurement is calculated as follows (excluding GST):
- Single one-off procurement – the total amount, or estimated amount, of the procurement;
 - Multiple procurements with the same supplier or contractor – the gross value, or the estimated gross value, of the procurements; or
 - Ongoing procurements over time – the annual gross value, or the estimated annual gross value, of the procurements.
- 5.3 The value of a procurement or transaction is calculated across all elements of the procurement process including any agreement options, extensions, renewals, and contingencies (exclusive of GST) and should be considered in the planning phase of the project.
- 5.4 Splitting the value of the purchase into individual components to meet with lower value of Purchase Thresholds is *not permitted*.
- 5.5 If the Council enters into a strategic alliances procurement process under this policy, then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken.
- 5.6 Council can meet its procurement requirements through contractual arrangements established and administered by other Councils and/or procurement organisations that demonstrate adherence to the requirements of this policy.
- 5.7 The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances.
- 5.8 Procurements are to be in accordance with Council's financial thresholds outlined below:

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Value (ex GST)	Market Approach Minimum Requirements	Risk Rating	Market Approach Options	Agreement Type	Approver
Up to \$10,000	Direct purchase based on advertised price or written quotation	Not applicable or insignificant	Council’s pre-qualified contractor register Council’s existing panel arrangement or standing offer VendorPanel www.vendorPanel.com.au Direct approach i.e., email Verbal quote - must be supported by a level of written documentation	Purchase Order (For Purchases of a value less than \$1,000 (ex. GST)) Credit Card Store Card (Ex. BP Fuel Card)	Employees – within the limit of their delegated purchasing authority and the approved budget
\$10,001 to \$100,000	RFQ – Minimum three (3) written quotations OR one (1) written quotation from Panel	Moderate to Major	Council’s pre-qualified contractor register Council’s existing panel arrangement or standing offer Strategic Alliances VendorPanel www.vendorPanel.com.au	Purchase Order Services Agreement Works Agreement Goods Agreement	Employees – within the limit of their delegated purchasing authority and the approved budget Where the Risk Assessment/CEO determines that a tender is of commercial or community sensitivity, approval must be obtained by Council resolution

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Value (ex GST)	Market Approach Minimum Requirements	Risk Rating	Market Approach Options	Agreement Type	Approver
\$100,001 - \$500,000	EOI, Select Tender (Minimum three (3) tenderers) OR Open Tender OR RFQ from the Panel (minimum three (3) Written quotes)	Major to Catastrophic	Council’s pre-qualified contractor register Council’s existing panel arrangement or standing offer Strategic Alliances VendorPanel www.vendorPanel.com.au	Purchase Order Services Agreement Works Agreement Goods Agreement	Employees – within the limit of their delegated purchasing authority and the approved budget Where the Risk Assessment/CEO determines that a tender is of commercial or community sensitivity, approval must be obtained by Council resolution
\$500,001 and above	Open Tender	Catastrophic	SA Tenders and Contracts www.tenders.sa.gov.au VendorPanel www.vendorpanel.com.au Strategic Alliances	Purchase Order Services/ Works/ Goods Agreement	Council resolution

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6. Cumulative Spend

- 6.1 Cumulative Spend is identified as the estimated value of the total proposed purchase(s), including any agreement options, extensions and renewals (exclusive of GST), and potential cumulative value of the goods or services supplied over a period of time i.e. twelve (12) months against a supplier and contractor.
- 6.2 Cumulative Spend shall be monitored annually by Council to determine whether the appropriate procurement process has been undertaken and/or an alternative procurement method is required to be undertaken to comply with this policy.

7. Procurement Methods

- 7.1 The method of procurement for major procurements will typically be documented in an Acquisition or Probity Plan, with reference to a number of factors including procurement complexity, estimated value, risks, characteristics of the supply market, and Council's strategic objectives - and in accordance with procurement thresholds.
- 7.2 Acquisition or Probity Plan must be prepared when procuring all goods and services that can be considered as being of high expenditure, and/or for which there is a high degree of strategic, financial, operational, technological, environmental, regulatory or political risks. As a monetary threshold, an Acquisition Plan is required for all purchases over \$50,000 (ex GST).
- 7.3 Staff with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures, including the identification of risk are observed.

7.4 Direct Purchasing

- Direct purchasing is a procurement method undertaken by directly approaching and negotiating with one (1) supplier or contractor.
- Procurement method may be conducted where transactions are of low value and low risk.
- Prices should be tested for currency prior to awarding supplier or contractor to give consideration to Value for Money.

7.5 Request for Quotations (RFQ)

- This is where Council obtains quotations from prospective suppliers or contractors for the provision of low value, low risk goods and services.
- This method may be suitable for simple, largely price-based purchases.

7.6 Expressions of Interest (EOI)

- Expressions of Interest are useful when the number of suppliers or contractors, market size or the approach to solving a problem is largely unknown.
- Such a process can form the platform for a future Request for Tender for the goods and/or services required.
- Council should attempt to assess the market before conducting an EOI process and

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refine its requirements as much as possible to ensure responses are targeted appropriately.

7.7 Request for Tender (RFT)

- This is where the Council issues a tender for the goods or services required.
- Council may issue a “Select” Request for Tender where it has already issued an EOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers or contractors.
- Otherwise, Council may issue an “Open” Request for Tender.

7.8 Panel Contracts

7.8.1 Council may establish its own panel arrangements with a select group of suppliers or contractors to increase efficient procurement of goods and services.

- Panels must be established following the principles of this Policy.
- Any panels must operate under an Agreement and managed for performance and on-going value for money opportunities.

7.9 Strategic Alliances

7.9.1 If the Council enters into a strategic alliances procurement process under this policy (Strategic Alliances) then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken.

7.9.2 Council can meet its procurement requirements through contractual arrangements established and administered by other organisations that demonstrate adherence to the requirements of this policy.

7.9.3 The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances. These include, but is not limited to:

- LGA Procurement (via VendorPanel);
- A purchasing group of which the Council is a member;
- Some State Government contracts; and
- Ad hoc alliances created with other Local Government entities.

8. Exemptions from this Policy

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

8.2 The authority to provide an exemption from using the required method of procurement will be delegated to the Chief Executive Officer in accordance with expenditure sub-delegations as prescribed in Council’s Delegations Register. Reasons for any exemption to the procurement method must be documented and registered in Council’s Electronic Document and Records Management System (EDRMS).

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- 8.3 The Chief Executive Officer, in approving an exempt method, will consider the scale, scope and relative risk of the purchase, including the principles defined in this Policy.
- 8.4 A request for waiver of a competitive process should not be viewed as a mechanism to remove the need for rigorous procurement planning.
- 8.5 Situations where it may be appropriate to waive application of this policy are:
- There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property;
 - The pressures of time are such that an open tender call is not feasible, such as where there has been an unanticipated Council or Government policy decision;
 - Council purchases assets or goods at an auction up to \$100,000;
 - Council purchases second hand assets or goods up to \$100,000;
 - A supplier or contractor is evidenced to be a “sole supplier or contractor” in the market and effectively a niche specialist or monopoly, rendering the tender process redundant;
 - A supplier or contractor who has considerable background knowledge and experience, or specialist expertise on that particular Council project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to the project. This could include engaging the supplier or contractor on a retainer basis for a specialised period of time;
 - Continuation of services under an existing purchasing arrangement (i.e., variations/extensions to existing purchase orders or agreements);
 - Goods or services are being provided under an existing purchasing arrangement (i.e., warranty, servicing, maintenance or defects liability); and
 - Where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g., time, objective, financially) if subjected to a further competitive engagement process.

9. Delegations

- 9.1 Expenditure sub-delegations, detailing authorised purchases, purchasing limits and the ability to enter an agreement are prescribed in Council’s Delegations Register.
- 9.2 This Policy also applies to other delegated bodies of the Council with specific delegated authority to procure good under its Terms of Reference.
- 9.3 Where there is a conflict between the Terms of Reference and this Policy for the procurement of goods or services, this Policy will prevail.

10. Related Documents

Policies

- Caretaker Policy
- Budget Management Policy
- Code of Conduct for Council Employees
- Code of Conduct for Volunteers
- LGA’s Model Behavioural Management Policy
- Behavioural Standards for Council Members

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- Credit Card Policy
- Delegation Register
- Fraud, Corruption, Misconduct and Maladministration Prevention Policy
- Internal Financial Controls Policy
- Local Government Association Procurement Handbook
- National Competition Policy (Federal)
- Prudential Management Policy
- Risk Management Policy
- Council's Strategic Plan
- Work Health and Safety - Emergency Management Policy
- Work Health and Safety - Contractor Management Policy

Procedures

- Credit Card Receipts Procedure
- Procurement Procedures (related to this Policy)
- Purchase Order Procedure

Others

- Adelaide Plains Council Risk Management Framework
- AS ISO 31000:2018 Risk Management – Guidelines
- Acquisition Plan template

11. Information Management

All documents relating to this Policy will be registered in Council's Electronic Document and Records Management System (EDRMS) and remain confidential where identified.

12. Document Review

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

13. References

This Policy should not be considered as the only document that may relate to procurement; other tiers of government, agencies or organisations may have legislation or policies that also apply.

- *Competition and Consumer Act (Cth) 2010*
- *Competition Policy Reform (SA) Act 1996*
- *Criminal Law Consolidation Act 1935*
- *Disability Inclusion Act 2018*
- *Environment Protection Act 1993*
- *Freedom of Information Act 1991*
- *Independent Commission Against Corruption Act 2012*
- *Industry Advocate Act 2017*
- *Local Government (Elections) Act 1999 – Caretaker Provision*
- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- *Modern Slavery Act (Cth) 2018*
- *Ombudsman Act, 1972*

Note: Electronic version in TRIM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

- *State Records Act 1997*
- *Trades Practices Act (Cth) 1974*
- *Work Health and Safety Act (SA) 2012 and Regulations 2012*

14. Further Information

Members of the public may inspect this Policy free of charge on Council's website at 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 made in writing to info@apc.sa.gov.au to the Attention of Chief Executive Officer of the Council.


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6.3 DRAFT FRAUD, CORRUPTION, MISCONDUCT AND MALADMINISTRATION PREVENTION POLICY

Record Number: D23/36503

Author: General Manager - Finance and Business

Authoriser: Chief Executive Officer

Attachments: 1. Draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy [↓](#) 

EXECUTIVE SUMMARY

- The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review and comment on Council’s draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy (the draft policy) following a resolution by the Committee at its meeting held on 7 November 2022.
- Draft policy contained in **Attachment 1** has been developed in consultation with Norman Waterhouse Lawyers and Council staff and largely reflect similar policies in place at other Councils and model policy developed by Local Government Association of South Australia.
- It is recommended by Council’s Management that the Audit Committee review and make appropriate recommendation to the Council with regard to the adoption of draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy.

RECOMMENDATION

“that the Audit Committee, having considered Item 6.3 – *Draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy*, dated 4 September 2023, receives and notes the report and in doing so recommends to the Council that the draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy as presented in Attachment 1 to this report, be adopted subject to the following changes:-

1.”

BUDGET IMPACT

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

RISK ASSESSMENT

Fraud, corruption, misconduct and maladministration have the potential to cause significant financial and non-financial harm to the Council. Therefore, the prevention and control of fraud, corruption, misconduct and maladministration should feature predominantly within the systems governance and procedures of a responsible Council dealing with 'public money'.

By having a policy which identifies and manages/mitigate the risk of incidence of fraud, corruption misconduct and maladministration including prevention and monitoring strategies, Council can ensure that its resources are used only for the indented purposes in an open and transparent manner.

DETAILED REPORT

Purpose

The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review and comment on Council's draft Fraud, Corruption, Misconduct and Maladministration Prevention (the draft policy) following a resolution by the Committee at its meeting held on 7 November 2022.

Background

At the meeting held on 7 November 2022, the Committee resolved as follows: -

7.4 Update on Finance Related Policies

Committee Resolution

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones 2022/063

“that Council, having considered Item 7.4 – Update on Finance Related Policies, dated 7 November 2022, receives and notes the report and in doing so resolves to include an annual update of Council’s policy review schedule within the Audit Committee Annual Work Program and requests that the Chief Executive Officer bring back to a future meeting of the Committee a;

- 1. Draft Rates Policy and***
- 2. Draft Fraud and Corruption Prevention Policy.”***

CARRIED

Discussion

The purpose of the draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy is to clearly define Council's commitment to preventing fraud, corruption, misconduct and maladministration and to outline the methodology in place to protect Council's assets, interests and reputation from risks associated with fraudulent conduct and to minimise any associated threats/losses.

Draft policy contained in **Attachment 1** has been developed in consultation with: -

- o Norman Waterhouse Lawyers; and
- o Council staff,

and largely reflect similar policies already in place at other Councils and a model policy developed by Local Government Association of South Australia.

It is recommended by the Council's Management that the Audit Committee review and make appropriate recommendation to the Council with regard to the adoption of draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy as contained in **Attachment 1**.

Conclusion

It is recommended that the Audit Committee consider the draft Fraud, Corruption, Misconduct and Maladministration Prevention Policy (at **Attachment 1** to this report) and make appropriate recommendations to the Council accordingly.

ReferencesLegislation

Public Finance and Audit Act 1987

Independent Commission Against Corruption Act 2012

Local Government Act 1999

Public Interest Disclosure Act 2018

Ombudsman Act 1972

Council Policies/Plans

Public Interest Disclosure Procedure

Risk Management Policy

Internal Financial Controls Policy

Human Resource Management Policy

Code of Conduct for Volunteers

Council Member Allowances and Benefits Policy

Gifts and Benefits Policy for Council Employees

Gifts and Benefits Policy for Council Members

Behavioural Management Policy

Council Members Allowances and Benefits Policy

	Fraud, Corruption, Misconduct and Maladministration Prevention Policy	
	Version Adopted by Council: TBC Resolution Number: TBC Current Version: V1	
	Administered by: Chief Executive Officer	Last Review 2023 Date: Next Review 2025 Date:
Document No: D23/28532	Strategic Objective: Proactive Leadership Strategic and sustainable financial management Proactively engage in Local Government Reform and continuous improvement.	

1. Objective

- 1.1 Adelaide Plains Council is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency, which are all key components of good governance.
- 1.2 This Policy is designed to protect public funds and assets and the integrity, security and reputation of the Council by outlining Council's approach to the prevention or minimisation, identification and control of fraudulent and/or corrupt activity and summarises the associated responsibilities of Council members and Council Employees.
- 1.3 The Council recognises that Fraud, Corruption, Maladministration and Misconduct in Public Administration have the potential to cause significant financial and non-financial harm. Therefore, the prevention and control of Fraud, Corruption, Maladministration and Misconduct features predominantly within the systems and procedures of Council.

2. Scope and Purpose

- 2.1 The Purpose of this Policy is to ensure that Adelaide Plains Council;
 - properly fulfils its responsibilities under the *Independent Commission Against Corruption Act 2012 (ICAC Act)*;
 - takes appropriate steps towards compliance with relevant legislation, policies and instruments;
 - provides a clear statement to all Employees through practices, policies and procedures that Fraud, Corruption, Misconduct and Maladministration are not acceptable and will not be tolerated;

- protects Council assets, interests and reputation from the risks associated with Fraud, Corruption Misconduct and Maladministration;
- outlines the Council's approach to the prevention and detection or, and response to, Fraud, Corruption, Misconduct and Maladministration;
- fosters an ethical environment and culture which is conscious of, actively discourages, does not tolerate and appropriately deals with Fraud, Corruption, Misconduct and Maladministration;
- identifies the relevant responsibilities of Council members, Employees, the Chief Executive Officer, Managers and the Audit and Risk Committee;
- educates Employees and Council members about legal requirements for reporting conduct reasonably suspected of being Fraud, Corruption, Misconduct and/or Maladministration;
- evaluates practices, policies and procedures it has in place in order to further advance Council systems for preventing or minimising Fraud, Corruption, Misconduct and Maladministration; and
- develops a consistent approach to the management of relevant conduct across the organisation through the establishment and maintenance of effective systems and internal controls to guard against Fraud, Corruption, Misconduct and Maladministration.

2.2 Council has established a number of policies and procedures to assist with the prevention and control of Fraud, Corruption, Misconduct and Maladministration, and this Policy forms part of that suite of internal controls. The effectiveness of these procedures will be continuously reviewed and assessed and will remain up to date with any future developments in Fraud, Corruption, Maladministration and Misconduct prevention control techniques.

2.3 This Policy applies to all Council members, Employees, contractors, consultants and volunteers of the Council. It is intended to complement and be implemented in conjunction with other relevant Council policies and procedures including:

- Public Interest Disclosure Procedure
- Risk Management Policy
- Internal Financial Controls Policy
- Human Resource Management Policy
- Code of Conduct for Volunteers
- Behavioural Management Policy
- Council Members Allowances and Benefits Policy

3. Definitions

For the purposes of this Policy the following definitions apply:

- 3.1 **Behavioural Management Policy** means the Local Government Association's Model Behavioural Management Policy or any subsequent behavioral management policy for Council members adopted by the Council pursuant to section 262B of the *Local Government Act 1999*.
- 3.2 **CEO** means the Chief Executive Officer of the Council.
- 3.3 **Commissioner** means the person holding or acting in the office of the principal officer of the Independent Commission Against Corruption per section 8 of the ICAC Act.
- 3.4 **Corruption means corruption in public administration as provided for in section 5(1) of the ICAC Act** and means conduct that constitutes:
- 3.4.1 an offence against Part 7 Division 4 (offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:
- bribery or corruption of public officers;
 - threats or reprisals against public officers;
 - abuse of public office;
 - demanding or requiring benefit on basis of public office;
 - offences relating to appointment to public office; or
- 3.4.2 an offence against the *Public Sector (Honesty and Accountability) Act 1995* or the *Public Corporations Act 1993*, or an attempt to commit such an offence; or
- 3.4.3 an offence against the *Lobbyists Act 2015*, or an attempt to commit such an offence; or
- 3.4.4 any of the following in relation to an offence referred to in a preceding paragraph:
- aiding, abetting, counselling or procuring the commission of the offence;
 - inducing, whether by threats or promises or otherwise, the commission of the offence;
 - being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;
 - conspiring with others to affect the commission of the offence.
- 3.5 **Council** means Adelaide Plains Council.
- 3.6 **Employee** refers to all the Council's employees whether they are working in a full-time, part-time or casual capacity, but also includes any contractors, volunteers and consultants undertaking work for or on behalf of Council.

- 3.7 **False Disclosure** is a disclosure of information relating to Fraud, Corruption, Maladministration or Misconduct that is made by a person who knows the information to be false.
- 3.8 **Fraud** includes an intentional dishonest act or omission done with the purpose of deceiving and may include conduct which does not strictly constitute Corruption, Misconduct or Maladministration.
- 3.9 **ICAC Act** is the *Independent Commission Against Corruption Act 2012*.
- 3.10 **Maladministration** means maladministration in public administration as defined in section 3(2) of the Ombudsman Act and
- 3.10.1 means:
- a. conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or
 - b. conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and
- 3.10.2 includes conduct resulting from impropriety, incompetence or negligence; and
- 3.11.3 is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.
- 3.11 **Manager** means any Employee of the Council who is responsible for the direct supervision of other Employees.
- 3.12 **Misconduct** means misconduct in public administration as defined in section 3(1) of the Ombudsman Act and means an intentional and serious contravention of a code of conduct by a public officer while acting in their capacity as a public officer that constitutes a ground for disciplinary action against the officer.
- 3.13 **Office for Public Integrity (OPI)** is the office established under the ICAC Act that has the function to:
- 3.13.1 receive and assess complaints about public administration from members of the public;
 - 3.13.2 receive and assess reports about Corruption, Misconduct and Maladministration in public administration from inquiry agencies (including the Ombudsman), public authorities (including the Council) and public officers; and
 - 3.13.3 refer complaints and reports to inquiry agencies, public authorities and public officers in circumstances approved by the Commissioner or make recommendations as to whether and by whom complaints and reports should be investigated.

- 3.14 **Ombudsman Act** means the *Ombudsman Act 1972*.
- 3.15 **PID Act** means the *Public Interest Disclosure Act 2018*.
- 3.16 **Public administration** is defined at section 4 of the ICAC Act and, without limiting the acts that may comprise public administration, an administrative act within the meaning of the Ombudsman Act will be taken to be carried out in the course of public administration.
- 3.17 **Public Officer** has the meaning given by section 4 and Schedule 1 of the ICAC Act, and includes:
- 3.17.1 a Council member; and
- 3.17.2 an Employee or officer of the Council;
- 3.18 **Publish** is defined in section 4 of the ICAC Act, and means publish by:
- 3.18.1 newspaper, radio or television;
- 3.18.2 internet or other electronic means of creating and sharing content with the public or participating social networking with the public; or
- 3.18.3 any similar means of communication with the public.
- 3.19 **Relevant Authority** means the person or entity that receives an appropriate disclosure of public interest information in accordance with the PID Act.
- 3.20 **Responsible Officer** is a person who has been designated by the Council as a responsible officer under section 12 of the PID Act.

4. Prevention

- 4.1 The Council recognises that the occurrence of Fraud, Corruption, Misconduct and Maladministration will be more likely to prevail in an administrative environment where opportunities exist for waste and abuse.
- 4.2 The Council also recognises that the most effective way to prevent the occurrence of Fraud, Corruption, Misconduct and Maladministration is to instill and continually reinforce a culture across the Council of acting lawfully, ethically and in a socially responsible manner, and to support this culture with the implementation of appropriate internal control mechanisms.
- 4.3 The Council expects Employees and Council members will assist in facilitating a sound ethical culture and preventing Fraud, Corruption, Misconduct and Maladministration by:
- 4.3.1 understanding the responsibilities of their positions;
- 4.3.2 familiarising themselves with Council policies and procedures and adhering to them;

- 4.3.3 understanding what behaviour constitutes Fraud, Corruption, Misconduct and/or Maladministration;
- 4.3.4 maintaining an awareness of the strategies that have been implemented by Council to minimise Fraud, Corruption, Misconduct and Maladministration;
- 4.3.5 being continuously vigilant to the potential for Fraud, Corruption, Misconduct and Maladministration to occur in the Council environment; and
- 4.3.6 reporting suspected or actual occurrences of Fraud, Corruption, Misconduct and Maladministration in accordance with Part 7,8 and 9 of this Policy.

5. Roles and responsibilities

- 5.1 The table in **Appendix 1** to this Policy outlines the roles and responsibilities of key individuals and groups with respect to Fraud, Corruption, Misconduct and Maladministration prevention within Council.

6. Educating for Awareness

- 6.1 The Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.
- 6.2 The Council will, therefore, from time to time take proactive steps towards ensuring that the wider community is aware of the Council's zero-tolerance stance towards Fraud, Corruption, Misconduct and Maladministration, including by:
 - 6.2.1 promoting the Council's initiatives and policies regarding the control and prevention of Fraud, Corruption, Misconduct and Maladministration on the Council website and at Council offices;
 - 6.2.2 referring to the Council's Fraud, Corruption, Misconduct and Maladministration initiatives in the Council's Annual Report; and
 - 6.2.3 facilitating public access to all of the documents that constitute the Council's Fraud, Corruption, Misconduct and Maladministration framework, including those documents identified at clause 2.3 of this Policy.

7. Reporting Corruption

- 7.1 Any Public Officer who knows of or reasonably suspects Corruption in the Council must report this information to the OPI as soon as practicable.
- 7.2 All knowledge or reasonable suspicion of Corruption must be reported the OPI in accordance with the Directions and Guidelines for Public Officers published by the

OPI pursuant to section 18B(1) of the ICAC Act.

7.2.1 A report to the OPI must be made using the online report form available at: publicintegrity.sa.gov.au

- 7.3 When reporting knowledge or reasonable suspicion of Corruption in the Council to the OPI under the ICAC Act, any requirements of other documents that form part of the Council's Fraud, Corruption, Misconduct and Maladministration framework (including those documents identified at clause 2.3 of this Policy) should also, to the extent possible, be adhered to.
- 7.4 Nothing in this section is intended to prevent a Public Officer from reporting suspected Corruption in the Council to a Relevant Authority, like the Council's Responsible Officer, for the purposes of the PID Act. Such a disclosure may be protected under the PID Act and, if made to the Council's Responsible Officer, will be managed in accordance with the Council's Public Interest Disclosure Procedure. Public Officers are encouraged to have regard to the Council's Public Interest Disclosure Procedure when determining where to direct a disclosure.
- 7.5 Further information about reporting requirements is available at the OPI's website: <https://www.publicintegrity.sa.gov.au/>

8. Reporting Misconduct or Maladministration

- 8.1 Any Public Officer who knows of or reasonably suspects Misconduct or Maladministration in the Council should report this information to the Ombudsman as soon as practicable.
- 8.2 All knowledge or reasonable suspicion of Misconduct or Maladministration should be reported to the Ombudsman in accordance with the Directions and Guidelines published by the Ombudsman pursuant to section 12D(1) of the Ombudsman Act.
- 8.2.1 A report to the Ombudsman can be made online at <http://ombudsman.sa.gov.au>
- 8.3 When reporting knowledge or reasonable suspicion of Misconduct or Maladministration in the Council to the Ombudsman under the Ombudsman Act, any requirements of other documents that form part of the Council's Fraud, Corruption, Misconduct and Maladministration framework (including those documents identified at clause 2.3 of this Policy) should also, to the extent possible, be adhered to.
- 8.4 Nothing in this section is intended to prevent a Public Officer from reporting suspected Misconduct or Maladministration in the Council to a Relevant Authority, like the Council's Responsible Officer, for the purposes of the PID Act. Such a disclosure may be protected under the PID Act and, if made to the Council's Responsible Officer, will be managed in accordance with the Council's Public Interest Disclosure Procedure. Public Officers are encouraged to have regard to the Council's Public Interest Disclosure Procedure when determining where to direct a disclosure.

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Note: Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

9. Reporting Fraud

- 9.1. Where a Public Officer knows of or reasonably suspects Fraud or other similar conduct that does not constitute Corruption, Misconduct or Maladministration (and is therefore not required to be reported to OPI or expected to be reported to the Ombudsman), that knowledge should be reported to the Council's Responsible Officer.

10. Confidentiality and Publication Prohibitions

- 10.1. A person who receives information knowing that the information is connected with a matter that forms or is the subject of a complaint, report, assessment, investigation, referral or evaluation under the ICAC Act or Ombudsman Act must not disclose that information, other than in the limited circumstances set out in section 54(3) of the ICAC Act or section 29A(6) of the Ombudsman Act.
- 10.2. A person must not, other than as authorised by the Commissioner or Director of the OPI (in the case of matters under the ICAC Act) or the Ombudsman or a person approved by the Ombudsman (in the case of matters under the Ombudsman Act) publish or cause to be published any of the following:
 - 10.2.1. information tending to suggest that a particular person is, has been, may be, or may have been, the subject of a complaint, report, assessment, investigation or referral under the ICAC Act or the Ombudsman Act;
 - 10.2.2. information that might enable a person who has made a complaint or report under the ICAC Act or the Ombudsman Act to be identified or located;
 - 10.2.3. the fact that a person has made or may be about to make a complaint or report under the ICAC Act or the Ombudsman Act;
 - 10.2.4. information that might enable a person who has given or may be about to give information or other evidence under the ICAC Act or the Ombudsman Act to be identified or located;
 - 10.2.5. the fact that a person has given or may be about to give information or other evidence under the ICAC Act or the Ombudsman Act; or
 - 10.2.6. any other information or evidence which the Commissioner or the Ombudsman has prohibited from publication.
- 10.3. A failure to comply with these requirements can constitute an offence.
- 10.4. A Council employee who fails to comply with these requirements may also face disciplinary action which may include dismissal from employment.

- 10.5. In addition to the requirements in this part, Council members and Employees should also be mindful of the confidentiality provisions in the Council's Public Interest Disclosure Procedure.

11. Action by the Chief Executive Officer

- 11.1. Unless otherwise directed by OPI, the Independent Commission Against Corruption, the Ombudsman or SAPOL, the CEO will investigate how the alleged Corruption, Fraud, Misconduct or Maladministration occurred to determine the cause for the breakdown in controls and identify if any recommendations as to changes in policies, procedures or internal controls should be made to the Council. The investigation should:
 - 11.1.1. occur as soon as practicable after the alleged incident;
 - 11.1.2. not impose on or detract from any investigation being undertaken by the Independent Commission Against Corruption, the Ombudsman or SAPOL; and
 - 11.1.3. have regard to any recommendations in any report received from the Independent Commission Against Corruption, the Ombudsman or SAPOL on the incident.
- 11.2. The CEO will, in conducting the investigation and deciding whether and how to report on the investigation to Council, have regard to the provisions of the Public Interest Disclosure Policy, and any confidentiality requirements under the PID Act, Ombudsman Act and/or ICAC Act.
- 11.3. Action taken by the CEO following an investigation into alleged Corruption, Fraud, Misconduct or Maladministration may include disciplinary action against any Employee involved in the incident, up to and including the termination of employment

12. False Disclosure

- 12.1. A person who knowingly makes a False Disclosure or a false or misleading statement in a complaint or report under the ICAC Act or Ombudsman Act may be guilty of an offence.
- 12.2. An Employee who makes a False Disclosure may also face disciplinary action which may include the summary termination of their employment.
- 12.3. Council members who make a False Disclosure may also face disciplinary action pursuant to the Council's Behavioural Management Policy.

13. Related Documents

Legislation

Public Finance and Audit Act 1987

Independent Commission Against Corruption Act 2012

Local Government Act 1999

Public Interest Disclosure Act 2018

Ombudsman Act 1972

Other

Public Interest Disclosure Procedure

Risk Management Policy

Internal Financial Controls Policy

Human Resource Management Policy

Code of Conduct for Volunteers

Council Member Allowances and Benefits Policy

Gifts and Benefits Policy for Council Employees

Gifts and Benefits Policy for Council Members

Behavioural Management Policy

Council Members Allowances and Benefits Policy

14. Information Management

All documents relating to this Policy will be registered in Council's Electronic Document and Records Management System (EDRMS) and remain confidential where identified.

15. Document Review

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

16. Further Information

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

2a Wasleys Road, Mallala SA 5502

Note: Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

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 Chief Executive Officer.

Note: Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

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Appendix 1 —

Responsibilities and accountability for Fraud, Corruption, Misconduct and Maladministration prevention actions

Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
Governance and ethics							
1	Comply with this policy and any related legislation, policy, protocol or procedure.	✓	✓	✓	✓	✓	✓
2	At all times in the performance of duties or in association with their role with Council, act in an ethical manner.	✓	✓	✓	✓	✓	✓
3	Promote a culture and environment in which Fraud, Corruption, Misconduct and Maladministration is discouraged and not tolerated	✓	✓	✓	✓		✓
4	Remain scrupulous in the use of Council information, assets, funds, property, goods or services	✓	✓	✓	✓	✓	✓
Awareness and training							

Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
1	Promote community awareness of the Council's commitment to the prevention of Fraud, Corruption, Misconduct and Maladministration.	✓	✓		✓ (as appropriate)		
2	Ensure all Employees under their supervision have been educated regarding Fraud, Corruption, Maladministration and Misconduct.		✓	✓	✓		
3	Undertake awareness training or education regarding Fraud, Corruption, Maladministration and Misconduct.	✓	✓	✓	✓	✓	✓ (as appropriate)
4	Develop and deliver training to Employees and other public officers to promote ethical conduct and an ethical culture.		✓	✓			
5	Act in an ethical manner at all times in the performance of duties, and comply with ethical obligations in accordance with any relevant code or policy regarding conduct and behaviour	✓	✓	✓	✓	✓	✓
6	Adopt and model constructive behaviours and approaches to work which promote ethical behaviours in Council Employees	✓	✓	✓	✓	✓	✓
Fraud prevention							

Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
1	Provide adequate security, including the provision of secure facilities for storage of assets, to assist in the prevention of Fraud, Corruption, Misconduct and Maladministration		✓	✓			
2	Develop procedures to deter fraudulent or corrupt activity from occurring	✓	✓	✓	✓		
3	Where relevant, comply with the <i>Public Interest Disclosure Act 2019</i>	✓	✓	✓	✓	✓	✓
4	Ensure appropriate internal controls are in place and operating effectively to minimise the risks of incidents	✓	✓	✓		✓	
5	Ensure effective screening (e.g. criminal history) of Employees and prospective Employees is undertaken, including by use of appropriate and effective contractual arrangements		✓	✓			
6	Ensure all powers and authorities are appropriately delegated in order to minimise the risk of Fraud, Corruption, Misconduct or Maladministration	✓	✓	✓			

Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
Detection and investigation							
1	Ensure that where appropriate, proper investigations are conducted into allegations of Fraud, Corruption, Misconduct or Maladministration.	✓	✓				
2	Facilitate cooperation with any investigations undertaken by an external authority	✓	✓				
3	Undertakes risk assessments on a regular basis	✓	✓			✓	
4	Provides mechanisms for receiving allegations of Fraud, Corruption, Misconduct and Maladministration	✓	✓	✓			
5	Investigates matters of Fraud, Corruption, Misconduct and Maladministration	✓	✓	✓			
6	Cooperate as required with any investigations undertaken whether internally or by an external authority	✓	✓	✓	✓		✓
Monitoring and reporting							

Responsibility		Council Members	Chief Executive Officer	Managers	Employees	Audit and Risk Committees	Other (e.g. certain contractors and volunteers)
1	Report all instances of conduct known or reasonably suspected to be Fraud, Corruption, Maladministration or Misconduct in accordance with Council's policies	✓	✓	✓	✓	✓	✓ (report to Responsible Officer)
2	Develop mechanisms for receiving allegations of Fraud, Corruption, Misconduct or Maladministration including appointing a Responsible Officer	✓	✓				
3	Work jointly with other areas of Council to co-ordinate activities relating to the control, prevention, detection and management of Fraud, Corruption, Misconduct or Maladministration	✓	✓	✓		✓	
4	Review the effectiveness of the implemented policies that ensure risks are identified and that controls implemented by management are adequate	✓	✓			✓	

6.4 DRAFT ANNUAL WORK PROGRAM FOR 2023/2024 FINANCIAL YEAR**Record Number:** D23/39102**Author:** Director Finance**Authoriser:** Chief Executive Officer**Attachments:** 1. **Draft Audit Committee Annual Work Program 2023-2024**  **EXECUTIVE SUMMARY**

- The purpose of the report is to provide the Audit Committee with the Draft Work Program for the year ended 30 June 2024 for review and comment by the Committee members before being implemented by the Council management during 2023/2024 Financial Year.
- It reflects the yearly activities of the Council as required under: -
 - Section 126 of the *Local Government Act 1999* (the Act);
 - Proposed amendments to the Act to be effective from 30 November 2023 as provided in the *Statutes Amendment (Local Government Review) Bill 2021*; and
 - the current Audit Committee Terms of Reference.

RECOMMENDATION

“that the Audit Committee, having considered Item 6.4 – *Draft Annual Work Program for 2023/2024 Financial Year*, dated 4 September 2023, receives and notes the report and in doing so adopts Draft 2023/2024 Audit Committee Work Program.”

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 aides minimisation of exposure to associated risks allowing for adequate resourcing of mitigation strategies by the Council.

DETAILED REPORT

Purpose

The purpose of the report is to provide the Audit Committee with the Draft Work Program for the year ended 30 June 2024 for review and comment by the Committee members before being implemented by the Council Management during 2023/2024 Financial Year.

Background

Pursuant to proposed changes to the Section 126 of the *Local Government Act 1999* (the Act) and as detailed in the Audit Committee's Terms of Reference, the Audit Committee is responsible for facilitating:

- a) the enhancement of the credibility and objectivity of internal and external financial reporting;
- b) provision of information relevant to a review of the Council's Strategic Management Plans and Annual Business Plan;
- c) the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;
- d) effective management of financial and other risks and the protection of the Council's assets;
- e) compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;
- f) the provision of an effective means of communication between the external auditor, management and the Council;
- g) the review of the exercise of powers under Section 130A of the Act.
- h) review of the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
- i) liaising with the Council's Auditor; and
- j) reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

Discussion

To ensure that Council's Audit Committee complies with the requirements of the: -

- *Local Government Act 1999*;
- *proposed changes to the Act* from 30 November 2023 as stated in the *Statutes Amendment (Local Government Review) Bill 2021*; and
- the current Terms of Reference of the Audit Committee are fulfilled,

2023/2024 Annual Work Program has been drafted and is contained in **Attachment 1**.

The Committee can either endorse the Work Program or amend the document as appropriate.

Conclusion

Adoption of the work program for 2023/2024 Financial Year allows the members of the Audit Committee to monitor their activities in a formal way while providing a clear reporting framework

to the Council Management to support the activities of the Audit Committee for 2023/2024 Financial Year.

References

Legislation

Section 126 of the Local Government Act 1999.

Statutes Amendment (Local Government Review) Bill 2021

Local Government (Financial Management) Regulations 2011.

Council Policies/Plans

Audit Committee Terms of Reference.

LGA Financial Sustainability Information Paper 3 - Audit Committees

Draft Audit Committee Annual Work Program 2023/2024

Activity	Target Meeting	Current Status/Outcome	Action Taken	Date Completed
1. Financial Reporting - LGA Act 1999 – Section 126(4)(a)				
1.1 Review Council’s Annual Financial Statements, the application of Australian Accounting Standards and Council’s policies with Council Management and the external auditor and provide a recommendation to the Council on whether Annual Financial Statements present a true and fair view of the Council’s financial position at year end and the results of its operations and cash flows for the financial year.				
1.2 Review and make recommendations to the Council regarding any other significant financial, accounting and reporting issues as deemed necessary by the Audit Committee, the Council or Council Administration.				
1.3 Consider and provide comment on the financial and risk related issues associated with any Council business referred to it by the Council for such comment.				
2. Strategic Management and Annual Business Plans - LGA Act 1999 – Section 126(4)(b)				
2.1 Review and provide recommendations and comment on Council’s Strategic Management Plan, Long Term Financial Plan, Annual Business Plan and Asset Management Plans.				
2.2 Monitor and review the effective delivery of these plans.				
2.3 Review and make recommendations to the Council regarding the assumptions, financial ratios and financial targets in the Long-Term Financial Plan.				
2.4 Provide commentary and advice on the financial sustainability of the Council and any risks in relation to, as part of the adoption of the Long-Term Financial Plan, Annual Budget and periodic Budget Reviews.				

Draft Audit Committee Annual Work Program 2023/2024

3. Continuous improvement - LGA Act 1999 – Section 126(4)(c)				
3.1 Monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council’s external auditor.				
4. Exercise of Powers under Section 130A - LGA Act 1999 – Section 126(4)(d)				
4.1 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.				
5. Liaising with External Auditor - LGA Act 1999 – Section 126(4)(e)				
5.1 Consider and recommend to the Council on the appointment of an external auditor including the terms of engagement and fees of the external auditor at the start of each audit contract.				
5.2 Make recommendation to the Council on the scope of work, reports and activities of the external auditor.				
5.3 Ensure compliance with regulation 22 (1) of the <i>Local Government (Financial Management) Regulations 2011</i> 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.				
5.4 Review the findings of the annual and interim audits with the external auditor.				
5.5 Meet with the external auditor at least annually without the Council administration being present to enable discussion of any issues arising out of the external audit program during the year: <ul style="list-style-type: none"> • assess the appropriateness of the Council’s response to matters raised by the auditors; 				

Draft Audit Committee Annual Work Program 2023/2024

<ul style="list-style-type: none"> • discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter; • assess the appropriateness of the Council’s response to matters so raised. 				
6. Internal Controls - LGA Act 1999 – Section 126(4)(f)				
6.1 Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.				
6.2 Review of self-assessment of internal financial controls.				
7. Review of Chief Executive Officer Internal Controls Report - LGA Act 1999 – Section 126(4)(g) (ii)				
7.1 Reviewing and commenting on an annual report provided by the CEO in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures.				
8. Review of strategic, financial and operational risks - LGA Act 1999 – Section 126(4)(h)				
8.1 Reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.				
8.2 Annually review Council’s insurance program for adequacy having regard to business and insurable risks associated with Council’s business.				
8.3 Two Wells Town Centre Project Risk be reassessed throughout the life of the project.				
9. Reviewing any report obtained by the council under section 48(1) - LGA Act 1999 – Section 126 (4) (i)				
9.1 Prudential issues associated with Gawler River Floodplain Management Authority flood mitigation works.				
9.2 Review any other report obtained by the Council under section 48(1) of the LGA Act 1999				

Draft Audit Committee Annual Work Program 2023/2024

10. Performing any other function determined by the council or prescribed by the regulations - LGA Act 1999 – Section 126 (4) (j)				
10.1 Monitor and review the governance arrangements for Council's subsidiaries and provide advice on the effectiveness of such arrangements as they pertain to financial and other risk exposures to Council.				
11. Public Disclosure Act 2018				
11.1 Review and comment on the adequacy of Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or any other matters.				
11.2 Ensure these arrangements allow independent investigation of such matters and appropriate follow up action.				
12. Governance matters				
12.1 Review the adequacy and the currency of all policies of the Council.				
12.2 Periodic review of finance-related policies.				
12.3 Legislative compliance review.				
13. Other Functions				
13.1 Risk Management of Major Projects.				
13.2 Review of Council's Investments and Borrowings.				
13.3 Review of overdue Council rates.				
13.4 Review of Council's leave liability.				
13.5 Review Information Technology updates.				
13.6 Annual Review of Audit Committee Terms of Reference.				
14. Reporting				
14.1 Ensure progress of the outstanding Audit Committee resolutions are followed up regularly.				
14.2 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.				

Draft Audit Committee Annual Work Program 2023/2024

<p>14.3 Report to the Council after each Audit Committee meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting</p>				
<p>14.4 Provide an annual report to the council on the work of the committee during the period to which the report relates;</p> <ul style="list-style-type: none"> ▪ outlining outputs relative to the audit committee’s Annual Work Program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate; ▪ outlining any identified training needs; ▪ Audit Committee Self-Assessment Survey ▪ advise on future work program proposals; and invite comment from the Council on all of the above. 				

6.5 APPOINTMENT OF EXTERNAL AUDITORS FOR 2023/2024 FINANCIAL YEAR AUDIT

Record Number: D23/30291
Author: Director Finance
Authoriser: Chief Executive Officer
Attachments: Nil

EXECUTIVE SUMMARY

- The purpose of this report is for the Audit Committee to consider a recommendation to the Council in relation to a contract extension for provision of external audit service with Galpins Accountants, Auditors & Business Consultants (Galpins).
- Elected Members appointed Tim Muhlhausler of Galpins as Council's auditor from 01 March 2021 (2020/2021 Audit) to 31 December 2023 (2022/2023 Audit), at its ordinary meeting held on 22 February 2021, with an option of right to renew for a further period of two (2) X one (1) year extensions.
- Council Management has assessed Galpin's performance of the contract over the first three (3) years, and is satisfied that the services being offered are in accordance with the contract terms and relevant legislative requirements of the *Local Government Act 1999*.
- It is Council Management's recommendation that the first right of renewal be taken, and the contract be extended to carry out the 2023/2024 audit.
- Galpins have also indicated their willingness to a one-year contract extension.

RECOMMENDATION

"that Council, having considered Item 6.5 – *Appointment of External Auditors for 2023/2024 Financial Year Audit*, dated 4 September 2023, receives and notes the report and in doing so recommend to the Council that it authorise the Chief Executive Officer to extend the contract for the provision of audit service with Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants by one (1) year to include audit of 2023/2024 Financial Year."

BUDGET IMPACT

Estimated Cost: Audit fee of \$14,800 (ex2. GST) for 2023/2024 Financial Year
Future ongoing operating costs: Not applicable
Is this Budgeted? No

RISK ASSESSMENT

As the term of the Council's current Auditor Galpins expires on 31 December 2023, by extending the current audit contract by one (1) year, Council can satisfy the requirements of the Section 128 (1) of the *Local Government Act 1999* which states that 'A council must have an auditor'.

Alternatively, if the members of the Audit Committee or the Elected Members are not satisfied with the performance of Galpins over the first three (3) years of the audit contract, Council Management should start the procurement process now to appoint a new auditor so that sufficient time is available for the Management to complete tender process and make appropriate recommendations to the Audit Committee and the Council before 31 December 2023.

DETAILED REPORT**Purpose**

The purpose of this report is for the Audit Committee to consider a recommendation to the Council in relation to a contract extension for provision of external audit service with Galpins Accountants, Auditors & Business Consultants (Galpins).

Background

With regard to Council's Auditors, Section 128 of the *Local Government Act 1999* states as follows:

1. *A council must have an auditor;*
2. *the auditor will be appointed by the council on the recommendation of the council's audit committee.*

Adelaide Plains Council engaged Galpins to provide external audit service for an initial term of three (3) financial years, being the 2020/2021 and 2022/2023 financial years. The relevant agreement included a further right of renewal of two (2) one-year extensions through to the financial year 2024/2025.

Discussion

The current agreement with Galpins expires on 31 December 2023 with the conclusion of 2022/2023 audit. Council Management has assessed the Galpin's performance of the contract over the first three (3) years, and is satisfied that the service level being offered are in accordance with the contract terms and 'Section 129- Conduct of audit' of the *Local Government Act 1999*.

It is Council Management's recommendation that the first right of renewal be taken, and the audit contract be extended until 31 December 2024 to carry out the 2023/2024 audit. Galpins have also indicated their willingness to a one-year contract extension.

Conclusion

It is recommended that Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants be appointed for a further one (1) year period, to provide external audit service for 2023/2024 Financial Year.

ReferencesLegislation

Local Government Act 1999 – Section 128 - Auditor

Local Government Act 1999 – Section 129 - Conduct of audit

Council Policies/Plans/Other

Audit Committee Terms of Reference

7 REPORTS FOR INFORMATION

7.1 COMMITTEE RESOLUTIONS

Record Number: D23/37522

Author: Director Finance

Authoriser: Chief Executive Officer

Attachments: 1. Outstanding Audit Committee Resolutions [↓](#) 

OVERVIEW

RECOMMENDATION

“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 4 September 2023, receives and notes the report.”

Purpose

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

Discussion

Audit Committee resolutions that require actioning by Council Management are captured in the Committee’s Resolution Register and presented to each meeting of the Audit Committee.

One (1) resolution remains outstanding from the February 2020 Audit Committee meeting which requires staff to develop a new policy framework in relation to Council’s credit card and travel expenditure.

In addition, one (1) resolution is outstanding from 3 July 2023 Council meeting in relation to ‘Review of Audit Committee Terms of Reference’.

References

Legislation

N/A

Council Policies/Plans

Audit Committee Annual Work Program 2022/2023

2020 Audit Committee Resolution Register								
D23/29063								
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 Corporate Services	Ongoing	<p>Progress update was provided to 7 November 2022 meeting. Refer to the agenda item 7.3 titled 'Reporting of Credit Card Transactions'. Of note, are the additional annual reporting requirements included in the LG reforms in relation to credit card reporting and interstate/international travel.</p> <p>Gifts and Benefits for council employees have also been elevated directly into the LG Act (as opposed to the previous Code of Conduct) and so no policy is required for this.</p> <p>The LGA CEO network is currently looking at a unified sector approach in discussion with the LGA to develop a policy framework on credit card and travel expenditure.</p> <p>With this guidance, Council will be in a better position to consider its policy position in this regard.</p>	

2022 Audit Committee Resolution Register								
D23/29063								
Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
44872	7.4	Update on Finance Related Policies	“that Council, having considered Item 7.4 – Update on Finance Related Policies, dated 7 November 2022, receives and notes the report and in doing so resolves to include an annual update of Council’s Policy Review schedule within the Audit Committee Annual Work Program and requests that the Chief Executive Officer bring back, to a future meeting of the Committee, a: 1. Draft Rates Policy and 2. Draft Fraud and Corruption Prevention Policy.”	2022/63	Finance	Completed	Draft Rating Policy was presented to 13 February Audit Committee meeting. New Fraud, Corruption, Misconduct and Maladministration Prevention Policy is contained in the agenda of 4 September 2023 Audit Committee meeting report.	

2023 Audit Committee Resolution Register								
D23/29063								
Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
3/07/2023	6.4	Review of Audit Committee Terms of Reference	“that the Audit Committee, having considered Item 6.4 – Review of Audit Committee Terms of Reference, dated 3 July 2023, receives and notes the report and request a further report be brought back to the next meeting of the Audit Committee.”	2023/041	Finance	In Progress		
3/07/2023	6.3	Draft Annual Work Program for 2023/2024 Financial Year	“that the Audit Committee, having considered Item 6.3 – Draft Annual Work Program for 2023/2024 Financial Year, dated 3 July 2023, receives and notes the report and request a further report be brought back to the next meeting of the Audit Committee.”	2023/042	Finance	Completed	Updated draft Annual Work Program for 2023/2024 is contained in the agenda of 4 September 2023 Audit Committee meeting report.	

7.2 ACCOUNTING TREATMENT OF THE LAND PURCHASED IN TWO WELLS

Record Number: D23/37469
Author: Director Finance
Authoriser: Chief Executive Officer
Attachments: Nil

OVERVIEW**RECOMMENDATION**

“that the Audit Committee, having considered Item 7.2 – *Accounting Treatment of the Land Purchased in Two Wells*, dated 4 September 2023, receives and notes the report.”

Purpose

The purpose of this report is, further to the Audit Committee’s request made, to provide information to the Committee in relation to the accounting treatment of the recently acquired Two Wells Town Centre land and associated costs.

Discussion

At its meeting held on 3 July 2023, the Audit Committee resolved as follows:

COMMITTEE RESOLUTION 2023/049

Moved: Mr Fairlie-Jones

Seconded: Deputy Mayor Strudwicke

“that the Chief Executive Officer bring back a report for consideration by the Audit Committee at its next meeting to be held September 2023 on the accounting treatment of the recently acquired Two Wells Town Centre land.”

CARRIED

In addition to the land purchase price, Council has incurred expenses since the acquisition of the subject land on probity advice, prudential reviews, commercial & strategic advice and market engagement (as adopted by the Council by way of various resolutions).

Furthermore, Council will also incur interest on funds borrowed from the Local Government Financing Authority (LGFA) to finance the land acquisition.

Therefore, Australian Accounting Standards (AASB) applicable to the recording of purchase price, post-acquisition costs and interest expenses are as follows;

- AASB 5 - Non-current Assets Held for Sale and Discontinued Operations;
- AASB 116 - Property, Plant and Equipment; and
- AASB 123 - Borrowing Costs.

AASB 5 - Non-current Assets Held for Sale and Discontinued Operations

Relevant paragraphs extracted from the AASB 5 are as follows;

Classification of non-current assets (or disposal groups) as held for sale or as held for distribution to owners.

- 6 *An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.*
- 7 *For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.*
- 8 *For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.*
- 9 *Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).*

Measurement of a non-current asset (or disposal group)

- 15 *An entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.*
- 18 *Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable Australian Accounting Standards.*

Accounting treatment proposed by the Council Management

As the subject land (and Council's intentions/commitments for the land) satisfy the criteria of Paragraphs 6,7 and 8 of AASB 5, it will be classified as 'non-current assets held for sale' in the Balance Sheet as of 30 June 2023.

Land value will be measured at the lower of its carrying amount and fair values less costs to sell as per Paragraph 15 of AASB 5.

AASB 116 - Property, Plant and Equipment

With regard to the elements of costs of an assets, Paragraph 16 of AASB 116 applies;

Elements of cost

16 *The cost of an item of property, plant and equipment comprises:*

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.*
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.*
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.*

Accounting treatment proposed by the Council Management

Post-acquisition costs were not incurred to bring the asset to location and condition to be able to operate in the manner intended by the Council. Therefore, post-acquisition costs will be expensed in the Statement of Comprehensive income for the year ending 30 June 2023.

AASB 123 - Borrowing Costs

Borrowing costs are interest and other costs that the Council incurs in connection with the funds borrowed from LGFA to finance land purchase.

AASB 123 provides guidance on how to capitalise borrowing costs. Following are relevant extracts from the AASB 123.

Definitions

5 *A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.*

Recognition

8 *An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them.*

Commencement of capitalisation

17 *An entity shall begin capitalising borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalisation is the date when the entity first meets all of the following conditions:*

- (a) it incurs expenditures for the asset;*
- (b) it incurs borrowing costs; and*

(c) it undertakes activities that are necessary to prepare the asset for its intended use or sale

Accounting treatment proposed by the Council Management

The land was ready for its intended use / ready for sale since Council purchase the land (i.e., no significant development activity was required except for the tendering process to find a suitable developer). Therefore, interest payable to the LGFA will be expensed in the Statement of Comprehensive income for the year ending 30 June 2023.

Council management has proposed above accounting treatments in consultations with Council's Auditor, Galpins.

References

Legislation

Local Government Act 1999

Paragraph 127 - Financial statements

Paragraph 129 (2) - Conduct of audit

Local Government (Financial Management) Regulations 2011

Paragraph 11 - Accounting standards

Paragraph 13 - Form of financial statements

Council Policies/Plans

Model Financial Statements 2022/2023

Audit Committee Annual Work Program 2022/2023;

Fixed Assets Accounting Policy;

AASB 5 - Non-current Assets Held for Sale and Discontinued Operations;

AASB 116 - Property, Plant and Equipment; and

AASB 123 - Borrowing Costs.

7.3 CHIEF EXECUTIVE OFFICER CREDIT CARD EXPENSES FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023

Record Number: D23/37999
Author: Director Finance
Authoriser: Chief Executive Officer
Attachments: Nil

OVERVIEW

RECOMMENDATION

“that the Audit Committee, having considered Item 7.3 – Chief Executive Officer Credit Card Expenses for the period 1 January 2023 to 30 June 2023, dated 4 September 2023, receives and notes the report.”

Purpose

The purpose of this report is to provide information to the Audit Committee on the Chief Executive Officer’s credit card transactions for the period 1 January 2023 to 30 June 2023, as resolved by Council at its meeting held on 27 February 2023.

Background

At the Audit Committee meeting held on 7 November 2022, the committee resolved as follows: -

7.3 Moved Deputy Mayor Strudwicke Seconded Mayor Wasley 2022/062

“that the Audit Committee, having considered Item 7.3 – Reporting of Credit Card Transactions, dated 7 November 2022, received and notes the report and in doing so;

- 1. notes that a report by the Auditor General in 2020 on credit card use at The Coorong District Council recommended that “Council should ... periodically report the CEO’s and Mayor’s credit card transactions to its audit committee” (page 8 of Auditor General’s Report 4 of 2020) and**
- 2. Recommends to Council that it revise its Credit Card Policy to include the reporting of the Chief Executive Officer’s credit card transactions, to the Audit Committee, on a 6-monthly basis and including the details of ‘Supplier’, ‘Amount’ and ‘Description’.”**

CARRIED

Following the resolution 2022/062 of the Audit Committee, below clause 3.19 was inserted to the Council’s Credit Card Policy (The Policy) as part of the periodic review of the Policy which was adopted by the Council at its meeting held on 27 February 2023.

3.19 A report containing the details such as ‘Supplier’, ‘Amount’ and ‘Description’ is presented to the Audit Committee on the Chief Executive Officer’s credit card transactions, on a 6-monthly basis.

Discussion

As the Council adopted revised Credit Card Policy in February 2023, Council Management advised to the Audit Committee in February that first 6-monthly report will cover the period 1 March 2023 to 31 August 2023 and will be presented to the Audit Committee meeting to be held in November 2023. However, in order to ensure transparency, the CEO wishes to report his credit card transactions from 1 January 2023. Therefore, this report covers six (6) months period from 1 January 2023 to 30 June 2023. Total expenditure of \$6,005.80 (Incl. GST) has been made via CEO's credit card for the period 1 January 2023 to 30 June 2023 as summarised in the below table.

Date	Supplier	Amount \$	Description
	News Limited	168.00	Monthly Advertiser Subscription
12/1/2023	Dalrymple Hotel Stansbury	58.00	Meals for CEO and Alan Rushbrook, Audit Committee Chair re GRFMA and general Council business
30/1/2023	CMI Toyota West Terrace Adelaide	398.02	Periodic Vehicle Servicing
8/2/2023	Myer Centre Car Park	15.00	CEO Carparking - Meeting with Tony Lutfi in relation to Development, Investment and Engagement
28/2/2023	UPK Wyatt Adelaide	20.00	CEO carparking. Group Manager interviews at McArthur, Grenfell Street Offices
28/2/2023	UPK Wyatt Adelaide	25.00	P&C Advisor carparking. Group Manager interviews at McArthur, Grenfell Street Offices
14/4/2023	Bunnings Group	639.90	Pie Warmer for the Chamber Kitchen
18/4/2023	Tom's Car Wash	154.00	Half yearly vehicle maintenance/detail to maximise its value at resale/hold its value
16/5/2023	UPK Pirie Adelaide	19.00	CEO Carparking - Full day leadership program at LGA House
22/5/2023	Mylk Bar	17.50	Meals for CEO & external consultant – Michael Kelledy and Tracy Riddle, Kelledy Jones Lawyers re GRFMA, organisation review / restructure and employment matters / general advices
1/6/2023	UPK Wyatt Adelaide	25.00	CEO Carparking - Mayor/CEO EA Interviews at McArthur, Grenfell Street Offices
1/6/2023	UPK Wyatt Adelaide	25.00	P&C Advisor Carparking - Mayor/CEO EA Interviews at McArthur, Grenfell Street Offices
5/6/2023	UPK Wyatt Adelaide	30.00	CEO Carparking - GRFMA chairperson interviews held at McArthur, Grenfell Street offices.
<i>Australian Local Government Association, National General Assembly 2023, Canberra:</i>			
28/4/2023	- Webjet Melbourne	1,637.41	Flights for CEO & Mayor
12/6/2023	- QT Canberra OPI	2,584.31	Accommodation and meals for CEO & Mayor
12/6/2023	- Aerial CG	33.34	Cab charges for CEO & Mayor
12/6/2023	- QT Canberra OPI	116.73	Meals for CEO & Mayor
15 & 16/6/2023	- ACT Cabs	39.59	Cab charges for CEO & Mayor
Total Payments		6,005.80	

References

Legislation

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

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

Council Policies/Plans

Credit Card Policy

Internal Financial Control Policy

Procurement Policy

Audit Committee Annual Work Program 2022/2023

7.4 LEAVE LIABILITY AS AT 30 JUNE 2023**Record Number: D23/37597****Author: Director Finance****Authoriser: Chief Executive Officer****Attachments: Nil****OVERVIEW****RECOMMENDATION**

“that Council, having considered Item 7.4 – *Leave Liability as at 30 June 2023*, dated 4 September 2023, receives and notes the report.”

Purpose

The purpose of this report is to present to the members of the Audit Committee the information on Council’s financial liability as of 30 June 2023 associated with unused staff leave entitlements

Background

As part of 2019/2020 audit, Council then auditor Bentleys made an observation that as at 30 June 2020, there were 19 employees with annual leave accumulated hours of more than 250 (6.5 weeks).

Council’s current auditor Galpins also identified 14 employees with annual leave balances in excess of 300 hours (7.9 weeks) as part of 2020/2021 audit.

Discussion

Some of the risks associated with higher level of unused staff leave entitlements are:

- a) Cash flow effects if employees left unexpectedly;
- b) As unused leave hours are valued based on hourly pay rates, as the pay rates increases in accordance with Enterprise Bargaining Agreements, Council’s financial liability also increases significantly every year;
- c) Not taking leave was detrimental to employees' performance and wellbeing at work;
- d) A financial and operational risks if multiple employees decided to take their full entitlement at the same time;
- e) An increased risk of fraud may occur but could not be detected.

➤ Long Service Leave (LSL) and Annual Leave (AL)

Compared to previous year, LSL hours has increased and AL hours have decreased during 2022/2023 Financial Year and there are 15 staff members who have accrued over 300 hours or more of annual leave (7.9 weeks) as at 30 June 2023 compared to 16 on 30 June 2022.

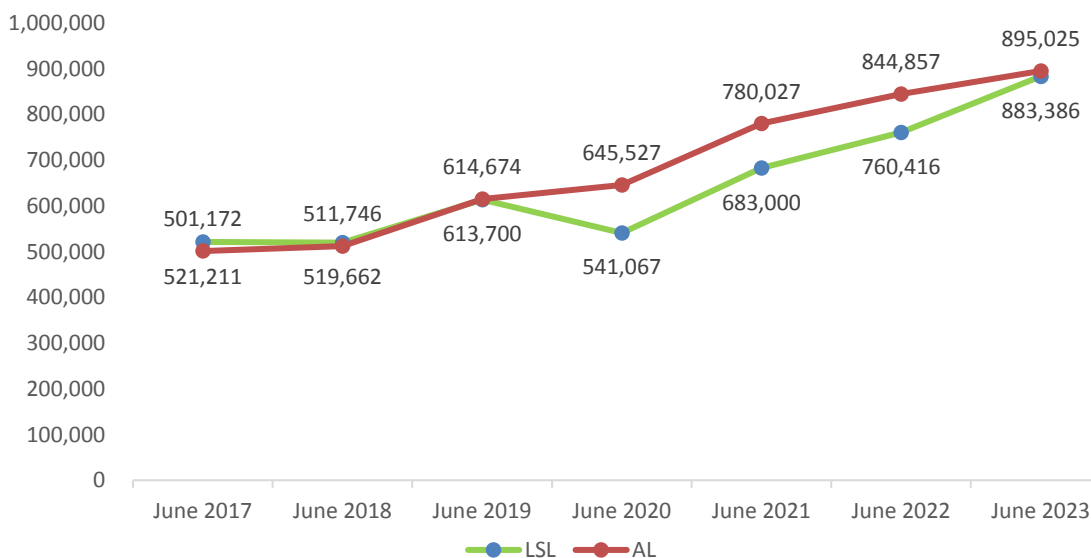
Following graphs (**Figure 1 and 2**) shows the movement of unused LSL and AL by hours and value at the end of last seven (7) financial Years. Accordingly for 2022/2023 Financial Year:

- a) Unused LSL hours has increased by 7% or 988 hours.
- b) Unused AL hours has decreased by 2% or 226 hours.
- c) LSL liability has increased by 16% or \$122,971.
- d) AL liability has increased by 6% or \$50,168.

Figure 1: Unused Long Service Leave and Annual Leave Hours



Figure 2: Long Service Leave and Annual Leave Liability (\$)



➤ Time in Lieu (TIL) and Rostered Days Off (RDO)

Compared to the prior year, at the end of 2022/2023 Financial Year both unused TIL and RDO have been reduced by 122 hours and 62 hours respectively (**Figure 3**) and the associated leave liability have also reduced by \$5,065 and \$2,895 respectively (**Figure 4**)

Figure 3: Unused Time in Lieu and Rostered Days Off by hours

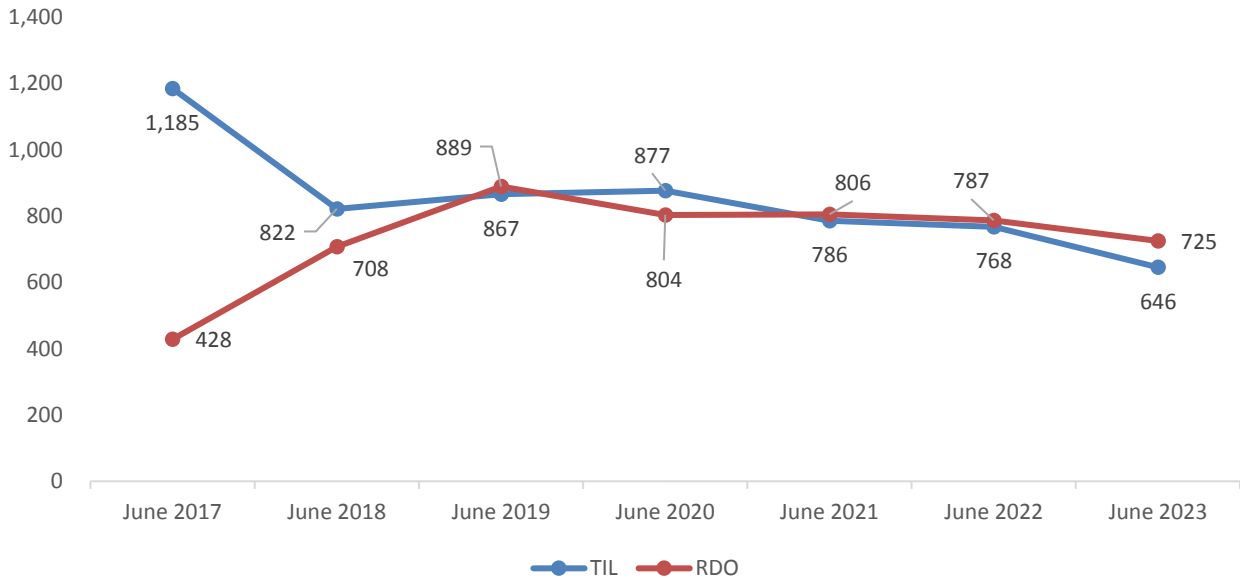
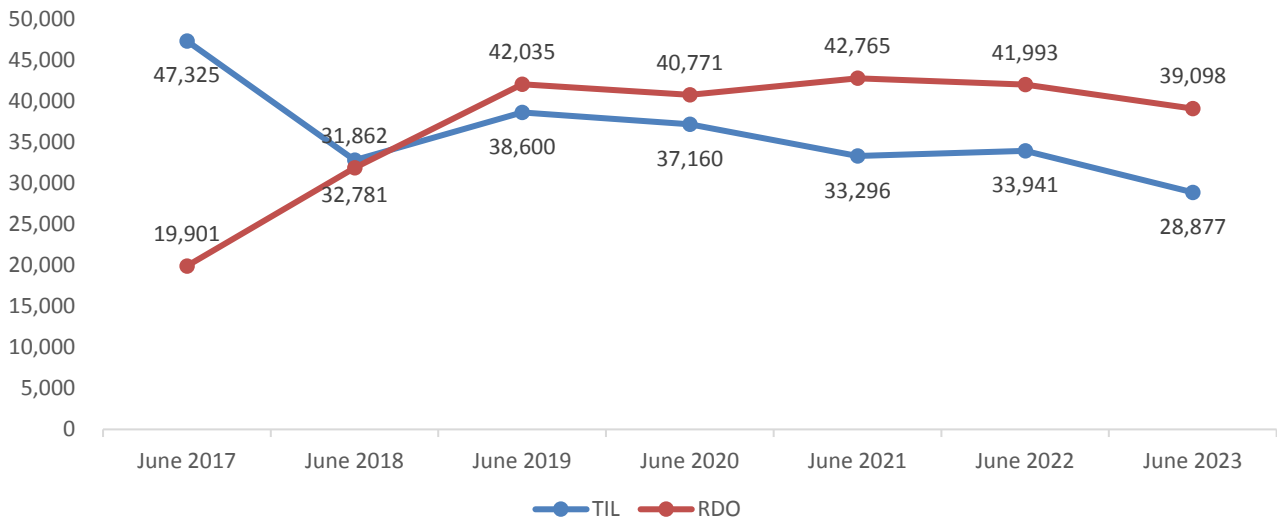


Figure 4: Time in Lieu and Rostered Days Off (\$)



Leave entitlement reserves (long service/annual/time in lieu leave) are being utilised for cash flow management (as per the *Treasury Management Policy*), and the appropriate provisions remain as a liability in the balance sheet, and will be updated yearly as part of finalising end of year financial statements.

References

Legislation

Nil

Council Policies/Plans

Nil

7.5 REVIEW OF COUNCIL INVESTMENT AND BORROWINGS 2022-2023**Record Number: D23/37600****Author: Director Finance****Authoriser: Chief Executive Officer****Attachments: Nil****OVERVIEW****RECOMMENDATION**

“that the Audit Committee, having considered Item 7.5 – *Review of Council Investment and Borrowings 2022-2023*, dated 4 September 2023, receives and notes the report.”

Purpose

The purpose of this report is to advise the Audit Committee of Council’s Treasury Management activities for the 2022/2023 Financial Year relative to its Treasury Management Policy (the policy).

Background

Council’s Treasury Management Policy provides: -

“3.6 Reporting

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

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

Section 3.3 and 3.4 of the Council Treasury Management Policy stipulated that:-

“3.3 Fixed Interest Rate Borrowings

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

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

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

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

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

3.4 Variable Interest Rate Borrowings

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

This report has been prepared in response to the policy provision. In addition, pursuant to Section 140 of the *Local Government Act 1999* (Act), Council is required, at least once in each year, to review the performance (individually, and as a whole) of its investments.

Discussion

Cash management practices have continued in the same manner as in previous years, in line with the Council’s *Treasury Management Policy*. This resulted in no funds being retained for specific purposes except for:-

- Developer contributions of \$0.034m for new footpaths; and
- Two Wells Community Fund of \$0.050m

that are required to be cash backed, and existing cash reserves were utilised for daily cash flow management based on operational needs.

All of Council’s loans and deposits are with Local Government Financing Authority (LGFA).

Borrowings

Section 134 of the Act, allows Councils to enter into financial arrangements which the Council deems appropriate, to borrow monies to fund recurrent operations and capital expenditure requirements.

Council had one fixed rate debenture loan outstanding on 30 June 2023 which was obtained to fund Mallala CWMS. The balance due on 30 June 2023 was \$1.767m (Please refer to **Table 1** for details). It is a reduction of \$0.023m when compared with the outstanding fixed rate borrowings of \$1.790m on 30 June 2022 as a result of repayment of loans instalments when they fall due.

Council also had outstanding variable rate cash advance (CAD) of \$7.948m from the LGFA on 30 June 2023 at an average interest rate of 5.87% (CAD loan balance as at 30 June 2022 was \$0.996m).

The terms of the fixed rate borrowing is twenty (20) years, with the interest rate of 4.45% per annum. To minimise the future financing costs, the current funding strategy is to utilise surplus funds in the first instance, with short-term funding needs being met via the utilisation of the CAD facility. A listing of all active loans is contained in **Table 1** and **Table 2** below.

Table 1: Outstanding Fixed Rate Debenture Loans at 30 June 2023

Purpose of the Loan	Loan Term (Yrs.)	Principal Amount (\$'000)	Date of Borrowing	Date of Maturity	Interest Rate (%)	Balance (\$'000)
Mallala CWMS Scheme	20	1,910	15/06/2016	15/06/2036	4.45	1,767
Total		1,910				1,767

Table 2: Outstanding Variable Rate Cash Advance Loans at 30 June 2023

Loan Number	Purpose of the Loan	CAD Limit (\$'000)	CAD Facility Expiry Date	Interest Rate (%)	Balance (\$'000)
CAD 123	General Council operations	2,660	5/07/2028	6.05	108
CAD LGIPP	Deliver Projects Under LGIPP	2,340	16/05/2025	5.30	2,340
CAD 124CV19	General Council operations	1,200	15/10/2023	5.30	1,200
CAD 124	General Council operations	300	15/05/2030	6.05	300
CAD 126	General Council operations	4,000	17/10/2027	6.05	4,000
CAD 126	General Council operations	4,473	17/10/2027	6.05	-
Total		14,973			7,948

Table 3 below summarises the Council performance as at 30 June 2023 against the Treasury Management Policy. Accordingly, Council has satisfied the targets set for variable rate borrowings in the policy but not for fixed rate borrowings.

Non-compliance in relation to targets set for fixed interest rate borrowings is mainly due to use of short-term borrowings to finance land purchase in Two Wells. However, on 8 August 2023, relevant loan was converted in to fixed interest rate loan and therefore, currently complies with the Council's Treasury Management Policy.

Table 3: Summary of Council Performance against Treasury Management Policy

Type of Borrowings	% - Target as per Treasury Management Policy	Balance (\$'000)	%	Target Achieved
Fixed Rate	Fixed rates borrowings are to be not less than 30% of gross debts	1,767	18	No
	No more than 25% of Council fixed interest rate borrowings matures in any financial year			No
Variable Rate	Variable rates borrowings are to be not less than 30% of gross debts	7,948	82	Yes
Total		9,715	100	

Investments

The Council's total short-term deposit on 30 June 2023 was \$0.084m (please refer to **Table 4** below) which was \$0.109m year ago.

Table 4: Short-term Investment Balances (\$)

	<u>30/06/2023</u>	<u>30/06/2022</u>
Adel Plains 36 Nissi Development Footpath	33,464	32,523
Two Wells Community Fund	50,445	76,083
General Council Deposit Account	62	83
	<u>83,971</u>	<u>108,689</u>

Interest expenses for the 2022/2023 Financial Year

During 2022/2023 Financial Year, \$0.360m was paid as interest expenses (\$0.106m in 2021/2022) on Council's borrowings.

ReferencesLegislation

Section 140 of the *Local Government Act 1999*

Council Policies/Plans

Treasury Management Policy

Audit Committee Terms of Reference

7.6 OVERDUE COUNCIL RATES AS AT 30 JUNE 2023

Record Number: D23/37602
Author: Director Finance
Authoriser: Chief Executive Officer
Attachments: Nil

OVERVIEW

RECOMMENDATION

“that the Audit Committee, having considered Item 7.6 – *Overdue Council Rates as at 30 June 2023*, dated 4 September 2023, receives and notes the report.”

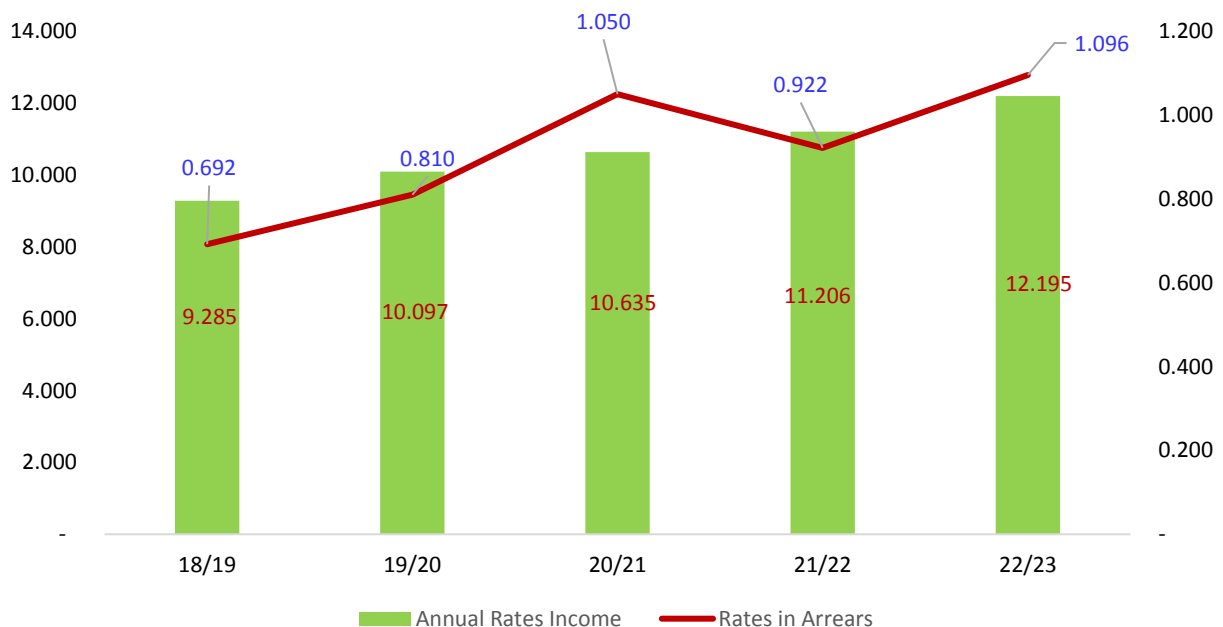
Purpose

The purpose of this report is to provide an update to the Audit Committee on the overdue Council rates at the end of 2022/2023 Financial Year.

Discussion

In 2022/2023, Council’s total rates income is \$12.195m (\$11.206m in 2021/2022 Financial Year). During the year, overdue Council rates have increased by 19% to \$1.096m from \$0.922m on 30 June 2022.

Figure 1: Annual Rates Income and Overdue Rates (\$'Mn)

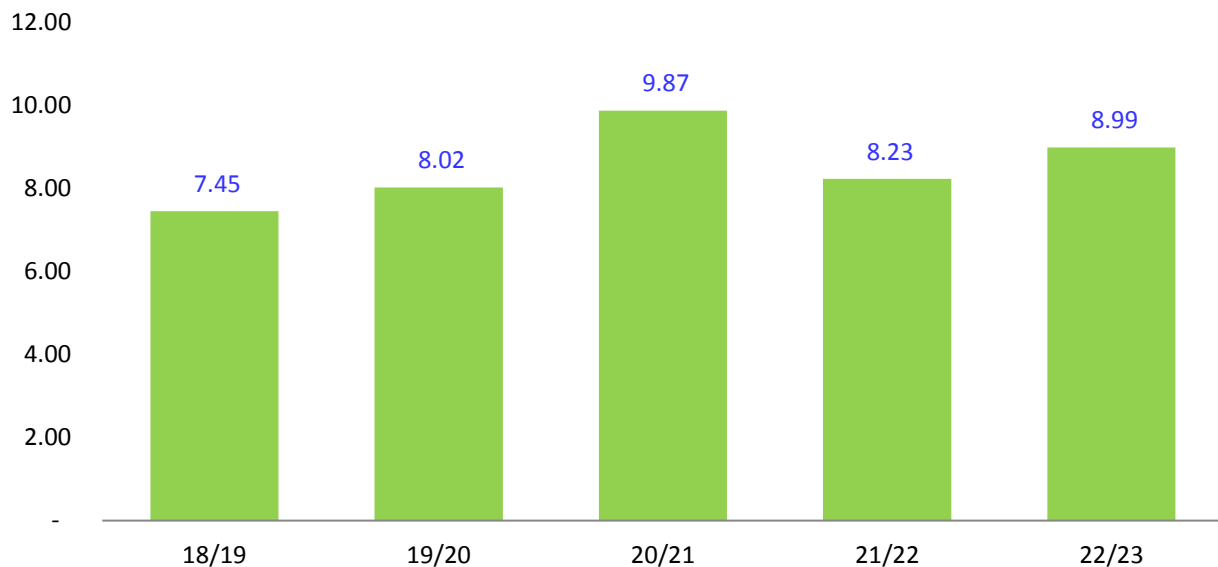


The above graph shows that Council’s overdue rates on 30 June of each year since 2018/2019 Financial Year compared to the total rates income (General Rates, CWMS charges, Waste Collection Levy and Regional Landscape Levy) of the respective financial year.

While rates income has gone up by 31% from \$9.285m in 2018/2019 Financial Year to \$12.195m in 2022/2023 Financial Year, overdue rates have increased by 58% or \$0.404m during the same period.

Overdue rates as a percentage of annual rates income also have increased from 7.45% in 2018/2019 to 8.99% in 2022/2023 as illustrated under **Figure 2** below.

Figure 2: Rates Outstanding as % of Total Rates Income



Sale of Properties for non-payment of rates

At the Ordinary Council Meeting held on 27 September 2021, Council resolved in confidence to sell 26 properties under Section 184 of the Local Government Act 1999 for non-payments of rates for more than three (3) year. Total amount due from those 26 properties was \$200,639.

As of the 18 August 2023: -

- a) Eleven (11) ratepayers have paid all the outstanding rates in full;
- b) Twelve (12) ratepayers have entered in to a payment plan and therefore Council has not yet commenced S184 proceedings; and
- c) S184 proceedings have been commenced through Council's debt collection agency and their lawyers with regard to the remaining three (3) properties. Accordingly;
 - Two (2) properties have been sold via public auction; and
 - One (1) property was not sold at the auction (due to not meeting reserve price) and therefore, Council's real estate agent has secured conditional sale agreement through negotiations.

Total amount owing from 13 Properties (12 with active payment plan and 1 being sold via negotiation) is \$112,212 as of 18 August 2023 inclusive of rates instalments became overdue since the Council decision on 27 September 2021.

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

8 QUESTIONS WITHOUT NOTICE

9 MOTIONS WITHOUT NOTICE

10 URGENT BUSINESS

11 NEXT MEETING

Monday 13 November 2023 at 4.30pm

12 CLOSURE