

# Audit Committee Agenda & Reports

**28 February 2022**

## **Our Vision**

*A City which values its heritage, cultural diversity,  
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable  
and socially cohesive, with a strong community spirit.*

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
Norwood  
Payneham  
& St Peters

24 February 2022

## To all Members of the Audit Committee

### Committee Members

- Mayor Robert Bria
- Cr John Minney (Presiding Member)
- Cr Mike Stock
- Ms Sandra Di Blasio (Independent Member)
- Ms Brigid O'Neill (Independent Member)

### Staff

- Mario Barone (Chief Executive Officer)
- Sharon Perkins (General Manager, Corporate Services)
- Andrew Alderson (Financial Services Manager)

### NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

**Monday 28 February 2022 commencing at 7.00pm**

Please advise Sharon Perkins on 83664585 or email [sperkins@npsp.sa.gov.au](mailto:sperkins@npsp.sa.gov.au), if you are unable to attend this meeting or will be late.

Yours faithfully



Mario Barone  
**CHIEF EXECUTIVE OFFICER**

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
**Norwood  
Payneham  
& St Peters**

1.	CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 25 OCTOBER 2021 .....	1
2.	PRESIDING MEMBER'S COMMUNICATION .....	1
3.	QUESTIONS WITHOUT NOTICE .....	1
4.	QUESTIONS WITH NOTICE .....	1
5.	WRITTEN NOTICES OF MOTION.....	1
6.	STAFF REPORTS.....	1
6.1	2021-2022 MID YEAR BUDGET REVIEW .....	2
6.2	2022-2023 ANNUAL BUSINESS PLAN AND BUDGET .....	8
6.3	2021-2022 BUDGETED VACANT POSITIONS.....	14
6.4	LOCAL GOVERNMENT FINANCE AUTHORITY – CHANGE IN LENDING POLICY .....	19
6.5	STATUTES AMENDMENT (LOCAL GOVERNMENT REVIEW) ACT 2021 .....	22
6.6	GOVERNANCE ARRANGEMENTS – REGIONAL SUBSIDIARIES .....	30
6.7	FINANCE POLICIES.....	33
7.	CONFIDENTIAL REPORTS.....	36
7.1	2021 RISK EVALUATION REPORT .....	37
7.2	PLANNING, DEVELOPMENT & INFRASTRUCTURE ACT 2016 – TRANSITION AUDIT .....	38
7.3	SELECTION OF INTERNAL AUDITOR .....	39
8.	OTHER BUSINESS.....	40
9.	NEXT MEETING.....	40
10.	CLOSURE .....	40



## 6.1 2021-2022 MID YEAR BUDGET REVIEW

---

**REPORT AUTHOR:** Financial Services Manager  
**GENERAL MANAGER:** General Manager, Corporate Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A341  
**ATTACHMENTS:** A

---

### PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with a summary of the forecast Budget position for the year ended 30 June 2022, following the Mid-Year Budget Review. The forecast is based on the year-to-date December 2021 results.

### BACKGROUND

Pursuant to Section 123 (13) of the *Local Government Act 1999*, the Council must, as required by the Regulations, reconsider its Annual Business Plan or its Budget during the course of a financial year and, if necessary or appropriate, make any revisions.

The Budget Reporting Framework set out in Regulation 9 of the *Local Government (Financial Management) Regulations 2011* ("the Regulations") comprises two (2) types of reports, namely;

1. Budget Update; and
2. Mid-year Budget Review.

#### 1. Budget Update

The Budget Update Report sets out a revised forecast of the Council's Operating and Capital investment activities compared with the estimates for those activities which are set out in the Adopted Budget. The Budget Update is required to be presented in a manner which is consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

The Budget Update Report must be considered by the Council at least twice per year between 30 September and 31 May (both dates inclusive) in the relevant financial year, with at least one (1) Budget Update Report being considered by the Council prior to consideration of the Mid-Year Budget Review Report.

The Regulations requires a Budget Update Report must include a revised forecast of the Council's Operating and Capital investment activities compared with estimates set out in the Adopted Budget, however the Local Government Association of SA has recommended that the Budget Update Report should also include, at a summary level:

- the year-to-date result;
- any variances sought to the Adopted Budget or the most recent Revised Budget for the financial year; and
- a revised end of year forecast for the financial year.

#### 2. Mid-Year Review

The Mid-Year Budget Review must be considered by the Council between 30 November and 15 March (both dates inclusive) in the relevant financial year. The Mid-Year Budget Review Report sets out a revised forecast of each item shown in its Budgeted Financial Statements compared with estimates set out in the Adopted Budget presented in a manner consistent with the Model Financial Statements. The Mid-Year Budget Review Report must also include revised forecasts for the relevant financial year of the Council's Operating Surplus Ratio, Net Financial Liabilities Ratio and Asset Sustainability Ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled *Financial Indicators*.

The Mid-year Budget Review is a comprehensive review of the Council's Budget and includes the four principal financial statements, as required by the Model Financial Statement, detailing:

- the year-to-date result;
- any variances sought to the Adopted Budget; and
- a revised full year forecast of each item in the budgeted financial statements compared with estimates set out in the Adopted budget.

The Mid-year Budget Review Report should also include information detailing the revised forecasts of financial indicators compared with targets established in the Adopted Budget and a summary report of operating and capital activities consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

### **RELEVANT STRATEGIC DIRECTIONS & POLICIES**

The Council's Long Term Strategic directions are set out in *City Plan 2030 – Shaping our Future*. The Council's *Long Term Financial Plan (LTFP)*, is a key document in the Councils Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *City Plan 2030 – Shaping our Future*, Whole-of-Life Assets Management Plans, the Annual Business Plan and Budget.

The *2021-2022 Annual Business Plan* and Budget, sets out the proposed services, programs and initiatives for the 2021-2022 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial year.

### **FINANCIAL AND BUDGET IMPLICATIONS**

The Mid-Year Budget Review, provides the opportunity to reflect any changes in projections based on the actual year-to-date results to December 2021 and forecast the 2021-2022 Operating result.

Details of material movements in the forecast from the Adopted Budget are contained in the Discussion section of this Report.

### **EXTERNAL ECONOMIC IMPLICATIONS**

This report provides information on the planned financial performance of the Council for the year ended 30 June 2022 and has no direct external economic impacts.

### **SOCIAL ISSUES**

Nil

### **CULTURAL ISSUES**

Nil

### **ENVIRONMENTAL ISSUES**

Nil

### **RESOURCE ISSUES**

There are no resource implications arising from this issue.

## RISK MANAGEMENT

There are no risk management issues arising from this issue. All documents have been prepared in accordance with the statutory requirements.

## COVID-19 IMPLICATIONS

Since the opening of the South Australian border on 23 November 2021 and the emergence of the Omicron variant of COVID-19, a number of businesses have been impacted by the increase in the number of COVID-19 cases and capacity restrictions introduced by State Government. To support the local businesses, a Financial Assistance Package was approved by the Council at its Meeting held on 17 January 2022.

The financial impact of the Financial Assistance Package are detailed in the Discussion section of this report.

## CONSULTATION

- **Elected Members**  
The Council will consider the Mid-year Review at the Council meeting scheduled for 7 March 2022.
- **Community**  
Not Applicable.
- **Staff**  
Responsible Officers and General Managers.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

The 2021-2022 Adopted Operating Budget, projected an Operating Surplus of \$471,215. At the Council meeting held on 6 December 2021, the Council considered and endorsed the First Budget Update, which reported a forecast Operating Surplus of \$130,072.

Following the Mid-Year Budget Review, as presented in this report, the Council is forecasting an Operating Surplus of \$229,200.

The material movements in the components that make up the Operating Deficit following the Mid-Year Budget Review are detailed below.

### A. Recurrent Operating Budget

For 2021-2022, the Recurrent Operating Budget forecast a Recurrent Operating Surplus of \$1.064 million, which was reduced to \$872,000 following the First Budget Update.

As a result of the Mid-Year Budget Review, the Recurrent Operating Surplus is forecast to be \$977,000, an increase of \$105,000 on the Adopted First Budget Update. The major reasons for the movement in Operating Surplus are detailed in Table 1.

**TABLE 1: MAJOR VARIANCES IN RECURRENT OPERATING BUDGET - MID-YEAR BUDGET REVIEW**

	Favourable/ (Unfavourable) \$
<b>General movements</b>	
Savings in employee expenses resulting from vacant positions that remain unfilled or not backfilled while undertaking the recruitment process.	345,000
The insurance rebate received from Workers Compensation Scheme, Mutual Liability Scheme and Asset Mutual Fund is higher than estimated.	45,000
The Council has successfully applied for and received funding from National Australia Day Council for the Council's Australia Day event	20,000
The interest income from Local Government Financial Authority (LGFA) is reduced by \$65,000 to reflect the actual interest income received and will be received for 2021-2022 Financial Year and there is an increase of \$35,000 to recognise the Bonus Payment received to reflect the value of deposits and loans which the Council held with the Authority.	(35,000)
The forecasted admission charges for Swimming Centres are reduced due to the cold weather conditions for the first half of the season	(20,589)
Funding requested for a traffic technical assistance to work 20 hours a week for 12 weeks	(20,000)
<b>COVID-19 Restrictions and Impact</b>	
Net Loss of income from the Norwood Concert Hall resulting from cancellation of events due to capacity restrictions imposed by the State Government from 26 December 2021.	(36,500)
Loss of income from swimming lessons due to the less enrolments and the availability of swimming instructors furlonged due to COVID-19.	(26,456)
<b>COVID-19 Financial Support Package</b>	
Waiving of Outdoor Dining Licenses Permit fees for the period 1 December 2021 to 30 June 2022 is waived.	(64,000)
Granting of a Discretionary Rebate of the Differential Rate (20%) provided to non-residential property owners impacted by the density restrictions introduced by the State Government following the borders opening on 23 November 2021 for the Third Quarter and Final Quarter of 2021-2022.	(51,000)
Rebate of the Parade Separate Rate for property owners and businesses impacted by the density restrictions introduced by the State Government following the borders opening on 23 November 2021 for the Third Quarter and Final Quarter of 2021-2022.	(23,000)
Waiving of fines and interest charged on the late payment of the 2021-2022 Third and Fourth Quarter Council Rate payments for non-residential property owners.	(20,000)

**B. Operating Projects**

The Adopted Budget includes an estimate of operating project expenditure for the year under review and:

- previously approved and carried forward projects from the prior budget years; less
- an allowance for current year approved projects projected to be carried forward to subsequent budget years.

Carried Forward estimates (from prior financial years) are reviewed upon finalisation of the Annual Financial Statements. Additional expenditure required for non-completed Operating Projects at the end of the Financial Year, is incorporated in the Budget as part of First Budget Update.

Taking into account the carried forward Operating Project expenditure and new projects which have been endorsed by the Council, the 2021-2022 Adopted Operating Projects Budget forecast a cost to the Council of \$955,272.



Carried Forward Operating Project expenditure was estimated as part of the Adopted Budget to be \$203,272. Following the First Budget Update, the value of carried forward expenditure is \$510,222. The increase in the Carried Forward Budget, is due to projects not progressing as anticipated or the commencement of some projects being deferred due to workload and other priorities.

The First Budget Update forecast the cost of Operating Projects to be \$1.164 million, the Mid-Year Budget Update is estimating a slight increase in this figure to \$1.170 million. The budget is requested to increase by \$6,000 to cover the Council's contribution to LiDAR Urban Mapping and analysis report for the project of Resilient East Program.

### C. Capital Projects

The Council adopted a Capital Budget of \$26.972 million for 2021-2022, which comprised funding allocations for New Capital Projects involving new or the upgrading of existing assets (\$8.081 million), the renewal/replacement of existing assets (\$14.089 million) and Carried Forward Projects from 2020-2021 (\$4.801million).

The First Budget Update forecast the cost of Capital Projects to be \$30.594 million. The increase is predominately due to a number of projects which were initially anticipated to be completed by 30 June 2021 being delayed or still being in progress as at 30 June 2021. Following the Mid-Year Budget Review, the Capital Project expenditure is forecast to increase by \$289,952 to \$30.884 million. The budget variations identified in the Mid-Year Review are detailed in Table 4 below:

**TABLE 4: MAJOR VARIANCES IN CAPITAL PROJECT BUDGET - MID-YEAR BUDGET REVIEW**

Capital Project	Increase/ (Decrease) \$
As the Council Meeting held on 4 May 2020, \$115,000 was approved to design and construct the commemorative infrastructure recognising Nino Solari, pedestrian and cycling paths, furniture and landscaping withing the Osmond Terrace median, as well as verge landscaping at all four (4) intersection corners. Due to the timing of the funding approval, this funding was inadvertently omitted from the 2021-2022 Capital Budget.	115,000
The Council received a petition regarding traffic management issues associated with Langman Grove, Briar Road and Turner Street, Felixstow. To respond the petition, as per the recommendation from the Traffic Management Committee, the Council is undertaking the design and construction of the traffic management devices along Langman Grove.	155,000
The funding is requested to undertake the landscape improvements on Arabella Court, Orlando Court and Alexander Lane within Marden Connect & River Street Development. The project will include: <ul style="list-style-type: none"> <li>• renewing existing tree planters and garden beds;</li> <li>• installing new plants in tree planters and garden beds and mulch; and</li> <li>• installing wheel stops for tree pits which are adjacent to on street parking spaces in order to preserve the new landscape planting from wheel damage.</li> </ul>	20,000

It is not expected that the increase in Capital Expenditure for the 2021-2022 Financial Year will result in any additional borrowings being required. However this will be monitored during the second half of the year.

A review of status of the Capital Projects will be undertaken as part of the Third Budget Update, which will be considered by the Council at the Council Meeting scheduled for May 2022.

Regulation 9 (1) (b) of the Regulations states the Council must consider:

*“between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.”*

Further Regulation 9 (2) of the Regulations states the Council must consider:

*“revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.”*

The revised Budgeted Financial Statements and Financial Indicators as a result of the Mid-Year Budget Update are included in **Attachment A**.

#### **OPTIONS**

Not Applicable.

#### **CONCLUSION**

Nil

#### **COMMENTS**

Nil

#### **RECOMMENDATION**

1. That the Mid-Year Budget Update Report be received and noted.
2. That the Committee recommends to the Council that pursuant to Regulation 9 (1) and (2) of the Local Government (Financial Management) Regulations 2011, the Budgeted Financial Statements and Financial Indicators as contained within **Attachment A**, be adopted.

# Attachment A

## 2021-2022 Mid Year Budget Review

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD December 2021
\$	\$		\$			
<b>INCOME</b>						
36,181,201	36,287,820	Rates	37,810,867	37,790,867	(20,000)	18,906,569
1,595,430	1,751,114	Statutory charges	1,865,875	1,801,875	(64,000)	1,162,861
3,408,253	3,505,662	User charges	3,910,411	3,764,666	(145,745)	1,797,149
2,958,655	2,921,485	Grants, subsidies and contributions	2,883,167	2,963,167	80,000	1,551,153
87,981	18,786	Investment income	110,500	45,500	(65,000)	10,189
1,526,956	771,114	Other revenues	498,126	577,126	79,000	340,299
27,605	217,074	Net gain - joint ventures & associates	<b>2,288</b>	-		
<b>45,786,081</b>	<b>45,473,055</b>	<b>Total Revenues</b>	<b>47,081,234</b>	<b>46,943,201</b>	<b>(135,745)</b>	<b>23,768,220</b>
<b>EXPENSES</b>						
14,050,351	14,447,559	Employee costs	16,115,712	15,682,087	(433,625)	7,901,938
18,936,897	19,165,311	Materials, contracts & other expenses	18,920,993	19,460,885	539,892	8,923,845
404,968	454,465	Finance costs	730,000	730,000	-	276,305
9,503,233	9,968,299	Depreciation, amortisation & impairment	10,640,005	10,640,005	-	5,262,502
515,399	327,202	Net loss joint ventures and associates	203,305	244,908	41,603	-
<b>43,410,847</b>	<b>44,362,836</b>	<b>Total Expenses</b>	<b>46,610,015</b>	<b>46,757,885</b>	<b>147,870</b>	<b>22,364,590</b>
2,375,234	1,110,219	<b>OPERATING SURPLUS / (DEFICIT)</b>	471,219	185,316	(285,903)	1,403,630
(1,529,255)	(1,145,242)	Net gain (loss) on disposal or revaluation of assets	25,000	25,000	-	-
-	-	Non-operating items - joint ventures and associates	-	-	-	-
744,208	3,303,447	Amounts specifically for new or upgraded assets	5,540,707	6,172,517	631,810	-
-	-	Physical resources received free of charge	-	-	-	-
<b>1,590,187</b>	<b>3,268,424</b>	<b>NET SURPLUS (DEFICIT)</b>	<b>6,036,926</b>	<b>6,382,833</b>	<b>345,907</b>	<b>1,403,630</b>
3,542,270	12,045,839	Changes in revaluation Surplus- infrastructure, property, plant & equipment	2,000,000	2,000,000	-	-
12,526	5,388	Share of Other comprehensive Income - joint ventures and associates	-	-	-	-
<b>3,554,796</b>	<b>12,051,227</b>	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>
<b>5,144,982</b>	<b>15,319,651</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,036,926</b>	<b>8,382,833</b>	<b>345,907</b>	<b>1,403,630</b>



**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2020

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD December 2021
\$	\$		\$	\$		
		<b>ASSETS</b>				
		<b>Current Assets</b>				
9,177,369	7,070,828	Cash and cash equivalents	1,359,355	5,139,880	3,780,525	7,807,455
2,889,164	3,699,322	Trade & other receivables	2,772,165	2,799,096	26,931	18,662,275
<b>12,066,533</b>	<b>10,770,150</b>	<b>Total Current Assets</b>	<b>4,131,520</b>	<b>7,938,977</b>	<b>3,807,457</b>	<b>26,469,730</b>
		<b>Non-current Assets</b>				
104,780	104,044	Financial Assets	44,587	104,044	59,457	-
2,463,297	2,207,035	Equity accounted investments in Council businesses	2,546,299	2,246,146	(300,153)	2,495,860
476,469,020	507,904,397	Infrastructure, Property, Plant & Equipment	519,456,645	527,617,342	8,160,697	496,765,411
17,891,485	2,509,203	Other Non-current Assets	-	-	-	-
<b>496,928,582</b>	<b>512,724,679</b>	<b>Total Non-current Assets</b>	<b>522,047,531</b>	<b>529,967,532</b>	<b>7,920,001</b>	<b>499,261,271</b>
<b>508,995,115</b>	<b>523,494,829</b>	<b>Total Assets</b>	<b>526,179,051</b>	<b>537,906,509</b>	<b>11,727,458</b>	<b>525,731,001</b>
		<b>LIABILITIES</b>				
		<b>Current Liabilities</b>				
7,309,501	8,006,434	Trade & Other Payables	5,175,046	7,195,916	2,020,870	23,198,183
1,651,032	971,642	Borrowings	945,921	931,098	(14,823)	(473,544)
3,134,785	3,325,976	Short-term Provisions	2,960,805	2,948,347	-	1,651,065
<b>12,095,318</b>	<b>12,304,052</b>	<b>Total Current Liabilities</b>	<b>9,081,772</b>	<b>11,075,361</b>	<b>2,006,047</b>	<b>24,375,704</b>
		<b>Non-current Liabilities</b>				
10,356,769	9,391,818	Long-term Borrowings	16,659,577	16,580,645	-	10,322,917
1,159,734	1,328,251	Long-term Provisions	1,159,951	1,193,655	1	2,912,492
1,396,501	1,164,265	Liability - Equity accounted Council businesses	1,837,980	1,367,570	(470,410)	1,348,350
<b>12,913,004</b>	<b>11,884,334</b>	<b>Total Non-current Liabilities</b>	<b>19,657,508</b>	<b>19,141,870</b>	<b>(470,409)</b>	<b>14,583,759</b>
<b>25,008,322</b>	<b>24,188,386</b>	<b>Total Liabilities</b>	<b>28,739,280</b>	<b>30,217,231</b>	<b>1,535,638</b>	<b>38,959,463</b>
<b>483,986,793</b>	<b>499,306,443</b>	<b>NET ASSETS</b>	<b>497,439,771</b>	<b>507,689,278</b>	<b>10,191,819</b>	<b>486,771,538</b>
		<b>EQUITY</b>				
56,825,014	60,098,826	Accumulated Surplus	66,277,990	66,481,658	203,668	59,609,760
427,161,779	439,207,617	Asset Revaluation Reserve	431,161,781	441,207,620	-	427,161,779
<b>483,986,793</b>	<b>499,306,443</b>	<b>TOTAL EQUITY</b>	<b>497,439,771</b>	<b>507,689,278</b>	<b>203,668</b>	<b>486,771,539</b>



City of  
Norwood  
Payneham  
& St Peters

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

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD December 2021
\$	\$			\$		
<b>ACCUMULATED SURPLUS</b>						
55,222,301	56,825,014	Balance at end of previous reporting period	60,241,064	60,098,825	-	60,098,826
1,590,187	3,268,424	Net Result for Year	6,036,926	6,382,833	345,907	1,403,630
-	-	Other Comprehensive Income	-	-	-	-
12,526	5,388	Share of other Comprehensive income - joint ventures and associates	-	-	-	-
<b>56,825,014</b>	<b>60,098,826</b>	<b>Balance at end of period</b>	<b>66,277,990</b>	<b>66,481,658</b>	<b>345,907</b>	<b>61,502,456</b>
<b>ASSET REVALUATION RESERVE</b>						
423,619,509	427,161,779	Balance at end of previous reporting period	429,161,781	439,207,620	-	439,207,618
3,542,270	12,045,839	Gain on revaluation of infrastructure, property, plant & equipment	2,000,000	2,000,000	-	-
<b>427,161,779</b>	<b>439,207,618</b>	<b>Balance at end of period</b>	<b>431,161,781</b>	<b>441,207,620</b>	<b>-</b>	<b>439,207,618</b>
<b>483,986,793</b>	<b>499,306,444</b>	<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>497,439,771</b>	<b>507,689,278</b>	<b>345,907</b>	<b>500,710,074</b>



**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD December 2021
		<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$			
		<u>Receipts</u>				
46,202,352	42,414,473	Operating receipts	46,674,130	47,797,927	1,123,797	23,758,031
87,981	2,755,845	Investment receipts	110,500	45,500	(65,000)	10,189
		<u>Payments</u>				
(32,515,736)	(32,620,886)	Operating payments to suppliers & employees	(33,377,348)	(36,465,715)	(3,088,367)	(14,671,019)
(406,609)	(447,160)	Finance Payments	(730,000)	(730,000)	-	(276,305)
<b>13,367,988</b>	<b>12,102,272</b>	<b>Net Cash provided by (or used in) Operating Activities</b>	<b>12,677,282</b>	<b>10,647,711</b>	<b>(2,029,571)</b>	<b>8,820,896</b>
		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
		<u>Receipts</u>				
1,164,734	2,625,998	Grants specifically for new or upgraded assets	5,540,707	6,172,517	631,810	-
50,739	25,659	Sale of replaced assets	25,000	25,000	-	-
43,077	21,190	Repayments of loans by community groups	-	-	-	-
7,179	11,040	Capital contributed to associated entities	-	-	-	-
		<u>Payments</u>				
(8,919,370)	(9,651,815)	Expenditure on renewal/replacement of assets	(11,653,096)	(11,453,664)	199,432	(782,002)
(13,174,690)	(5,507,612)	Expenditure on new/upgraded assets	(15,318,948)	(14,430,625)	888,323	(699,036)
-	-	Loans made to community groups	-	-	-	-
(80,714)	(80,714)	Capital contributed to associated entities	(80,714)	(80,714)	-	(104,740)
<b>(20,909,045)</b>	<b>(12,556,254)</b>	<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(21,487,051)</b>	<b>(19,767,486)</b>	<b>1,719,565</b>	<b>(1,585,778)</b>
		<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
		<u>Receipts</u>				
6,500,000	-	Proceeds from Borrowings	8,119,925	8,119,925	-	-
		<u>Payments</u>				
(1,933,691)	(1,652,559)	Repayments of Borrowings	(931,098)	(931,098)	-	(514,087)
<b>4,566,309</b>	<b>(1,652,559)</b>	<b>Net Cash provided by (or used in) Financing Activities</b>	<b>7,188,827</b>	<b>7,188,827</b>	<b>-</b>	<b>(514,087)</b>
<b>(2,974,748)</b>	<b>(2,106,541)</b>	<b>Net Increase (Decrease) in cash held</b>	<b>(1,620,942)</b>	<b>(1,930,948)</b>	<b>(310,006)</b>	<b>6,721,031</b>
12,152,118	9,177,369	Cash & cash equivalents at beginning of period	2,980,297	7,070,828	1	7,070,828
<b>9,177,370</b>	<b>7,070,828</b>	<b>Cash &amp; cash equivalents at end of period</b>	<b>1,359,355</b>	<b>5,139,880</b>	<b>(310,005)</b>	<b>13,791,859</b>



City of  
Norwood  
Payneham  
& St Peters

**UNIFORM PRESENTATION OF FINANCES**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Variance	Actual YTD December 2021
45,786,081	45,473,055	Income	47,081,234	46,943,201	(138,033)	23,768,220
(43,410,847)	(44,362,836)	less Expenses	(46,610,015)	(46,757,885)	(147,870)	(22,364,590)
<b>2,375,234</b>	<b>1,110,219</b>	<b>Operating Surplus / (Deficit)</b>	<b>471,219</b>	<b>185,316</b>	<b>(285,903)</b>	<b>1,403,630</b>
		<i>less Net Outlays on Existing Assets</i>				
8,919,370	9,651,815	Capital Expenditure on renewal and replacement of Existing Assets	11,653,096	11,453,664	(199,432)	782,002
(9,503,233)	(9,968,299)	less Depreciation, Amortisation and Impairment	(10,640,005)	(10,640,005)	-	(5,262,502)
(50,739)	(25,659)	less Proceeds from Sale of Replaced Assets	(25,000)	(25,000)	-	-
<b>(634,602)</b>	<b>(342,143)</b>		<b>988,091</b>	<b>788,659</b>	<b>(199,432)</b>	<b>(4,480,500)</b>
		<i>less Net Outlays on New and Upgraded Assets</i>				
13,174,690	5,507,612	Capital Expenditure on New and Upgraded Assets	15,318,948	14,430,625	(888,323)	699,036
(1,164,734)	(2,625,998)	less Amounts received specifically for New and Upgraded Assets	(5,540,707)	(6,172,517)	(631,810)	-
(7,179)	(11,040)	Proceeds from Sale of Surplus Assets				
<b>12,002,777</b>	<b>2,870,574</b>		<b>9,778,241</b>	<b>8,258,108</b>	<b>(1,520,133)</b>	<b>699,036</b>
<b>(8,992,942)</b>	<b>(1,418,212)</b>	<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(10,295,113)</b>	<b>(8,861,451)</b>	<b>1,433,662</b>	<b>5,185,094</b>





**FINANCIAL RATIOS**  
for the year ended 30 June 2022

Actual 2019-2020	Actual 2020-2021		Adopted Budget 2021-2022	Revised Budget 2021-2022	Actual YTD December 2021
<b>Operating Ratio</b>					
5%	2%	<u>Operating Result</u>	1%	0%	6%
		Total Operating Revenue			
<b>Net Financial Liabilities Ratio</b>					
28%	29%	<u>Net Financial Liabilities</u>	52%	47%	53%
		Total Operating Revenue			
<b>Asset Sustainability Ratio</b>					
113%	124%	<u>Net Asset Renewals</u>	140%	138%	na
		Infrastructure & Asset Management Plan required expenditure			
		<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets,</i>			
<b>Recommended for disclosure by Local Government Association</b>					
2,375,234	1,110,219	<b>Operating Surplus/(Deficit)</b>	471,219	185,316	1,403,630
		<i>Being the operating surplus (deficit) before capital amounts .</i>			
12,837,009	13,314,192	<b>Net Financial Liabilities</b>	24,563,173	22,174,210	12,489,733
		<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in</i>			
<b>Interest Cover Ratio</b>					
1%	1%	<u>Net Interest Expense</u>	2%	2%	1%
		Total Operating Revenue less Investment Income			
<b>Asset Consumption Ratio</b>					
61%	55%	<u>Carrying value of depreciable assets</u>	58%	60%	55%
		Gross value of depreciable assets			
		<i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before</i>			
<b>Requested by Council</b>					
<b>Debt Repayment to Rate Revenue Ratio</b>					
6%	6%	<u>Debt Servicing</u>	4%	4%	4%
		Rate Revenue			

## 6.2 2022-2023 ANNUAL BUSINESS PLAN AND BUDGET

---

**REPORT AUTHOR:** General Manager, Corporate Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A338657  
**ATTACHMENTS:** A

---

### PURPOSE OF REPORT

The purpose of this report is to advise the Audit Committee of the objectives and parameters which will apply in the development of the draft 2022-2023 Annual Business Plan and Annual Budget.

### BACKGROUND

#### Legislative Requirements

Pursuant to Section 123 of the *Local Government Act 1999* (the Act), each financial year the Council is required to prepare an Annual Business Plan and Annual Budget. The Annual Business Plan and Annual Budget are to be adopted by the Council after 31 May for the ensuing financial year and except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.

Pursuant to Section 123(2) of the Act and in Regulation 6 of the *Local Government (Financial Management) Regulations 2011* (the Regulations), each Annual Business Plan of a Council must—

- (a) include a summary of the Council's long-term objectives (as set out in its strategic management plans); and
- (b) include an outline of—
  - (i) the Council's objectives for the financial year; and
  - (ii) the activities that the Council intends to undertake to achieve those objectives; and
  - (iii) the measures (financial and non-financial) that the Council intends to use to assess the performance of the Council against its objectives over the financial year; and
- (c) assess the financial requirements of the Council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and
- (d) set out the rates structure and policies for the financial year; and
- (e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the Council; and
- (f) take into account the Council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the Council; and
- (g) address or include any other matter prescribed by the Regulations.

Pursuant to Section 123 (3) of the Act, prior to the adoption of the Annual Business Plan, the Council must undertake public consultation for a minimum period of twenty-one (21) days. At the conclusion of the public consultation period, a public meeting is to be held where members of the community can ask questions and make submissions regarding the draft Annual Business Plan. During the public consultation period, the Council must make available copies of the draft Annual Business Plan at its principal place of business.

Pursuant to Section 123 (6a) of the Act, if, following consideration of the submissions received during the public consultation on the Annual Business Plan, the Council proposes to adopt the Annual Business Plan with amendments, the Annual Business Plan must include a statement that sets out any significant amendments from the draft Annual Business Plan and the reasons for the amendments.

## RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030: Shaping Our Future*, the Long-term Financial Plan and Whole-of-Life Asset and Infrastructure Management Plans, provide the basis and framework upon which the Council's Annual Business Plan and Budget is based.

## FINANCIAL AND BUDGET IMPLICATIONS

The Council's Long-Term Financial Plan (LTFP), sets out the Councils' financial goal as, "A City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner", in short to be financially sustainable.

The Local Government Association of South Australia defines financial sustainability as;

- "A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."
- The key elements to the definition are
  - ensuring the maintenance of a Council's high priority expenditure programs, both operating and capital;
  - ensuring a reasonable degree of stability and predictability in the overall rate burden; and,
  - promoting a fair sharing in the distribution of Council resources and the attendant taxation between current and future ratepayers.

In simple terms, financial sustainability means positioning the Council so that it can continue to provide quality services, programs and facilities and maintain the Council's infrastructure to a defined service standard, with stable rate increases (removal of sudden increases) and ensuring inter-generational equity.

To ensure that the Council achieves its financial objectives, as set out in the Council's LTFP, the Council will need to ensure that its Annual Business Plan and Budget, contains objectives and financial parameters which will deliver a responsible budget and meet the reasonable needs of the community on an equitable and "value for money" basis.

## EXTERNAL ECONOMIC IMPLICATIONS

The Annual Business Plan and Budget will have an economic impact on property owners and suppliers of goods and services to the Council, the level of which will be dependent on the final decisions taken in respect to the level of income and subsequently, the Rate increase required to meet proposed expenditure.

## SOCIAL ISSUES

Nil.

## CULTURAL ISSUES

Nil.

## ENVIRONMENTAL ISSUES

Nil.

## RESOURCE ISSUES

Nil.

## RISK MANAGEMENT

Financial Management and Annual Business Plan preparation processes are governed by the *Local Government Act 1999* and Regulation 6 of the *Local Government (Financial Management) Regulations 2011*.

Pursuant to the *Statutes Amendment (Local Government Review) Act 2021*, a number provision of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* have been updated under the staged transition to the *Statutes Amendment (Local Government Review) Act 2021*.

The Annual Business Plan and Budget will need to be prepared in accordance with the relevant statutory requirements.

## CONSULTATION

- **Elected Members**

The Council endorsed the Annual Business Plan and Budget process for the 2022-2023 financial year at its meeting held on 17 January 2022.

- **Community**

Not Applicable

- **Staff**

Not Applicable

- **Other Agencies**

Not applicable.

## DISCUSSION

### The 2022-2023 Annual Budget

The draft 2022-2023 Annual Budget is proposed to be developed with reference to and within the framework of the Councils LTFP. To ensure that the Council delivers its financial objectives, the draft 2021-2022 Annual Budget should be developed with reference to the assumptions set out in the LTFP.

For the 2022-2023 Financial year, the Council's LTFP projects an Operating Surplus of \$306,000, based on a Rate Revenue increase of 4.45%. The target Rate Revenue increase as set in the draft LTFP, is based on the following:

- rate revenue indexation of 2.45% which is equivalent to the ten (10) year average of the Local Government Price Index (as a 30 June 2019);
- 0.5% revenue increase derived from new assessments; and
- 1.5% to cover for the financial impacts of investment in new and upgraded infrastructure.

The Local Government Price Index for the year ended 30 June 2020, has been published with the ten (10) year average reducing to 2.05%. The ten (10) year average in revenue growth from new assessments is 0.9%. Adopting the principle of rate revenue increases comprising of the elements set out above, the base rate revenue increase for the 2021-2022 financial year, would be between 4.05% and 4.55%, depending on the extent of the financial impact of revenue growth from new development which is passed on to existing ratepayers. As such, based on a rate revenue increase of between 4.05% and 4.55%, the target Operating Surplus for the 2022-2023 Budget, should be set between \$120,000 and \$350,000.

It should be noted that the target Operating Surplus includes Grant Income of \$362,000, which is expected to be received in the 2022-2023 Financial Year under the Roads-to-Recovery Program and is included in the Capital Projects budget to be spent on a Capital Road Project(s).

To ensure that the Council delivers its financial objectives and in accordance with the Council's standard practice, the draft 2022-2023 Annual Budget should be developed with reference to and within the framework of the LTFP, which, based on the components of the rate revenue increase set out in the Budget and Financial Implications above, sets out a target Operating Surplus between \$120,000 and \$350,000.

To ensure the Councils financial targets are achieved, the Annual Budget must be set with reference to similar key influences and assumptions. The influences and assumptions relating to external economic conditions and internal policy decisions are set out below.

### **Key Influences**

- maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces, are consistent with the *Whole-of Life Infrastructure and Asset Management Plans*;
- commitment to major projects which span more than one (1) financial year;
- initiatives and major projects which are undertaken need to contribute to the Vision, strategic direction and the wellbeing of our City as set out in the *CityPlan 2030: Shaping Our Future*;
- previously recognised ongoing operational savings are to be maintained;
- to continue to implement the principles and practices of the Business Excellence Framework (i.e., Continuous Improvement of the organisations procedures and process to ensure the "best value "is achieved);
- prudent financial management to ensure ongoing financial sustainability; and
- decisions will be informed and based on the best available evidence and information at the time

### **Key Assumptions**

As in previous years, the preparation of the Annual Budget will be broken down into two (2) stages. The first stage will be the preparation on the Recurrent Budget, which incorporates the revenues and expenditure required to provide the "Business as Usual" services. The second stage will focus on the Capital and Operating Project budget.

### **Rate Revenue Increases**

As in previous years, for the initial review of the draft Recurrent Budget, no increase in rate revenue will be taken into account in the analysis. Notwithstanding this, it should be noted, that the financial projections set out in the Council's Long-Term Financial Plan, is based on a Rate Revenue increase of 4.45%, which comprises of:

- rate revenue indexation of 2.45% which is equivalent to the ten (10) year average of the Local Government Price Index (as a 30 June 2020);
- 0.5% revenue increase derived from new assessments; and
- 1.5% to cover for the financial impacts of investment in new and upgraded infrastructure.

### **New Operating and Capital Projects**

New projects, both Operating and Capital, which are put forward for consideration, will be assessed based on the objectives contained in *CityPlan 2030: Shaping Our Future*, the Councils LTFP and the Infrastructure and Asset Management Plans.

All new Projects proposed are to be considered and approved within the constraints of the LTFP. New services and "one-off" operating projects are funded through Rate Revenue increases, grant funding or by expenditure savings. New Capital Projects will be funded via Grant Funding, borrowings or cash reserves, with an allowance being made in rate revenue increases to contribute to the ongoing lifecycle costs associated with the new asset.

At its meeting held on 17 January 2022, the Council adopted “in principle” the following budget parameters and assumptions be adopted in principle for the purpose of preparing the draft 2022-2023 Annual Business Plan and Budget:

- the Recurrent Operating Budget be prepared on a “business as usual” basis;
- the continuation of previously recognised ongoing operational savings;
- maximum Material, Contracts and Other Expenses cost escalation be set at 2.25%;
- wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;
- maximum combined increase in overall budget be based on salary increase and 2.25% non-salary increase;
- fees and charges not set by Legislation be increased by 2.0% at a minimum;
- new Capital Projects to be considered and approved within the context of the Annual Business Plan objectives contained in **Attachment A, CityPlan 2030: Shaping Our Future**, I&AMP and the LTFFP;
- new services and one-off projects to be considered and approved within the context of the Annual Business Plan objectives contained in **Attachment A, CityPlan 2030: Shaping Our Future**, I&AMP and the LTFFP and be funded through Rate Revenue increases or by expenditure savings; and
- new capital projects are funded via grant funding and or long-term borrowings.

### Budget Timetable

Pursuant to Section 123 of the Act and in Regulation 6 of the Regulations, the Council is required to adopt the Annual Business Plan and Annual Budget after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.

In line with the resolution which was endorsed by the Council at its meeting held on 5 July 2021, a Special Meeting of the Audit Committee has been scheduled for 28 March 2022 to allow for the Audit Committee to provide comment on the Draft Budget prior to it being considered by the Council.

As set out in Table 1 below, a proposed budget timetable has been developed to ensure that the Council is in a position to adopt the 2022-2023 Annual Business Plan and Annual Budget at the Council meeting to be held on 4 July 2022.

**TABLE 1: KEY BUDGET PROCESS ACTIVITIES 2022-2023**

<i>KEY STEPS</i>	<i>DATES</i>
Budget process, parameters and objectives adopted	Monday 17 January 2022 (Council Meeting)
Fees and charges adopted in principle by the Council	Monday 7 March 2022 (Council Meeting)
Budget Workshop with Elected Members	Wednesday 2 March 2022
Budget Workshop with Elected Members	Wednesday 16 March 2022
Special Audit Committee Meeting	Monday 28 March 2022
Budget Council Meeting <ul style="list-style-type: none"> <li>• <i>Recurrent Budget considered</i></li> <li>• <i>Operating and Capital Projects considered</i></li> </ul>	Wednesday 13 April 2022 (Special Meeting)
Draft Annual Business Plan endorsed for Public Consultation	Monday 2 May 2022 (Council Meeting)
Draft Annual Business Plan available for viewing by the public	Monday 9 May 2022
Meeting to receive public submissions on the Annual Business Plan	Wednesday 1 June 2022
Consideration of public submissions	Wednesday 15 June 2022 (Special Council Meeting)
Adoption of Annual Business Plan and Budget	Monday 4 July 2022 (Council Meeting)

In respect to the community consultation on the Annual Business Plan, a Public Meeting is proposed to be held on Wednesday 1 June 2022 to allow members of the community to present their comments and feedback to the Council, on the content of the Annual Business Plan and Budget.

**OPTIONS**

Not Applicable.

**CONCLUSION**

The development of the 2022-2023 Annual Business Plan and Budget form the platform to position the Council to achieve future and ongoing Financial Sustainability. Financial Sustainability is not a number on the Income Statement, it is a strategy. Therefore, strategies need to be developed that integrate into the Councils planning and are supported by longer term planning, with any future decisions made being consistent with and supporting the strategy.

**COMMENTS**

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585 or email [sperkins@npsp.sa.gov.au](mailto:sperkins@npsp.sa.gov.au) prior to the meeting.

**RECOMMENDATION**

That the report be received and noted.

# Attachment A

## 2022-2023 Annual Business Plan and Budget

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



## **ANNUAL BUSINESS PLAN OBJECTIVES**

### ***Social Equity***

#### **An inclusive, connected, accessible and friendly community**

- Our cost effective services are welcoming, inclusive, and socially connected all ages and abilities.
- Our infrastructure assets are maintained and renewed in line with Councils Whole of Life Infrastructure framework.
- Deliver programs and activities which result in an engaged and participating community.
- Engage disabled, aged, youth and varied cultures in the life of the City through a variety of events and programs.
- Rates are fair and equitable for our residents and ratepayers.

### ***Cultural Vitality***

#### **A culturally rich and diverse City, with a strong identity, history and 'sense of place'.**

- Promote a healthy cultural life and creative expression through the use of public art and events that complement the City's cultural heritage.
- Provide opportunities for the community to contribute to the social and creative life of the City through events, activities, arts and cultural initiatives

### ***Economic Prosperity***

#### **A dynamic and thriving centre for business and services**

- Support the development of a prosperous local economy.

### ***Environmental Sustainability***

#### **A leader in environmental sustainability.**

- Ensure urban development undertaken enhances the environmental, social and cultural character of our City.
- Maximise the use of the City's open space by providing a range of active and passive open space recreation opportunities.
- Promote recycling and environmental sustainable practices throughout the City.
- Consider innovative infrastructure solutions which minimise the impact on the environment.

### ***Organisational Excellence***

- Ensure best use of Council resources by innovative, efficient and effective service provision.
- Demonstrate Business Excellence Principles.
- Financially sound organisation

### 6.3 2021-2022 BUDGETED VACANT POSITIONS

---

**REPORT AUTHOR:** General Manager, Corporate Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA8/ A315049  
**ATTACHMENTS:** Nil

---

#### **PURPOSE OF REPORT**

The purpose of this report is to present information to the Audit Committee on staff positions included in the 2021-2022 Budget.

#### **BACKGROUND**

At the Council Meeting held on 5 October 2021, the Council considered the following Notice of Motion submitted by Councillor Patterson:

*The Work Program for Council's Audit Committee be amended to include a review of unoccupied staff positions that:*

- *are funded in the 2021-22 financial year;*
- *were also funded in the 2020-21 financial year; and*
- *have not been advertised for a period of 12 months or more,*

*with respect to the continued relevance of unoccupied staff positions, the filling of such positions and related budgetary impacts.*

The Audit Committee's Work Plan was updated at its meeting held on 28 October 2021.

#### **RELEVANT STRATEGIC DIRECTIONS & POLICIES**

Not Applicable

#### **FINANCIAL AND BUDGET IMPLICATIONS**

There are no immediate financial or budget implications however consideration of this report may result in a different approach, in the future, when budgeting Salaries & Wages.

The Councils Salaries & Wages Budget represents approximately 35% of total recurrent expenditure.

#### **EXTERNAL ECONOMIC IMPLICATIONS**

Nil

#### **SOCIAL ISSUES**

Nil

#### **CULTURAL ISSUES**

Nil

#### **ENVIRONMENTAL ISSUES**

Nil

## RESOURCE ISSUES

Nil

## RISK MANAGEMENT

The Salaries and Wages budget is currently developed on the assumption that all established positions are fully funded for twelve (12) months of the year. Due to retirements, resignations, unplanned or extended leave and delays in the recruitment process (which is expected to continue due to the tight labour market), vacancies occur, resulting in favourable budget variances. This occurs in most, if not all councils. The value of the variance varies from year-to-year, dependent on the circumstances or situation that arise in a given year.

The Council can, during the development of the Annual Salaries and Wages Budget, make an allowance for the scenario that there will be vacancies or unplanned absences to minimise the probability of the budget variances, however in making any such allowance the Council, may as a consequence, result in the Council being under-funded, as rating and other decisions are based on lower expenditure forecasts.

In short, this is an unnecessary risk.

## COVID-19 IMPLICATIONS

Not Applicable.

## CONSULTATION

- **Committee Members**  
Nil
- **Community**  
Not Applicable.
- **Staff**  
Chief Executive Officer  
General Manager, Governance & Community Affairs  
General Manager, Urban Planning & Environment  
Manager, Library Services  
Manager, City Services
- **Other Agencies**  
Not Applicable.

## DISCUSSION

As part of the 2021-2022 Salaries and Wages Budget, fourteen (14) established positions were budgeted for which were unfilled as at 1 July 2021.

During the development of the Salaries and Wages Budget, all vacant positions are reviewed to determine if the position is still required in the long term and whether the position is to be funded for the current financial year. As a result reviews, all of the vacant positions were considered required for the 2021-2022 financial year.

Of the fourteen (14) vacancies, six (6) of those positions were also a budgeted vacancy as part of the 2020-2021 Salaries & Wages Budget. At the time of writing this report, two (2) positions remain vacant. These positions are:

### Arts Officer

This position has been vacant since November 2015, following the resignation of the incumbent. As with all positions, following a resignation, the objectives of the position are reviewed to determine if the position is still required. The Arts Officer position encompasses the management and delivery of;

- public art;
- community art; and
- arts events that support artists within the City.

In 2015, the Council reviewed its Community Grants Program and adopted a Program that included the consolidation of Community Arts within the Community Grants Program, with part of the funding being allocated specifically for Community Art.

This aspect of the Arts Officer position has in the interim being managed by the General Manager, Governance & Community Affairs.

In respect to public art, the Program includes events such as SALA and *Art on The Parade*. Given the “event” nature of these programs, these events have been managed by the Council’s events staff in-conjunction with art consultants/specialists engaged to curate the exhibitions.

In respect to public art, the Council has adopted the approach that with the exception of the Quadrennial art installation, which is currently managed by the General Manager, Governance & Community Affairs and the Council’s Quadrennial Art Committee, public art installations are included as part of major upgrade projects, such as reserve and streetscape upgrades (i.e. Felixstow Reserve and The Parade Upgrade). Art expertise has been engaged on an as needs basis.

So, while the Council has not filled the Arts Officer position for a number of years, the funding allocated within the Salaries and Wages budget has been used to deliver the Council’s Arts Program, albeit not to the same extent as the employment cost of a person to undertake the Arts position. Having said that, the approach taken by the Council over the past few years has probably seen a reduction in activity in the Arts space and as the Council has been advised, will be addressed shortly.

To this end, the Council recently endorsed a review of the Council’s Arts Strategy. This review is being funded from unspent monies from the Salaries and Wages Budget for the Arts Officer position and is being undertaken by the Chief Executive Officer.

Subject to the outcome of this review, it is anticipated that the Council will engage resources to deliver its Arts Program.

Irrespective of the approach which was adopted by the Council, funding will still be required in some form within the Council’s Budget.

### Customer & Information Co-ordinator

This is a part-time position (0.5FTE) which is based in Library Services. The Customer & Information Coordinator liaises with Public Library Services and Council staff, regarding the One Card Network standards and guidelines and the utilisation of the One Card Library system. In addition, the position is responsible for the development of processes and procedures across all three library sites, statistical reporting for Libraries board and Council purposes and the delivery of front-line customer services at the Library. The position became vacant in March 2018. During this period, the User Education Officer (0.5FTE) has backfilled the position through additional hours.

The Chief Executive Officer and the Manager, Library Services & Lifelong Learning have been conducting a review of all library functions. The review is anticipated to be finalised before the end of the financial year and an appointment to or restructure of the position will be made following the finalisation of the review.

Of the additional eight (8) budgeted vacancies included in the 2021-2022 Salaries and Wages Budget, four (4) positions remain vacant at the time of writing this report, however it should be noted that the recruitment has commenced for three (3) of these positions. The vacant positions are set out below:

### Team Member – Civil Infrastructure

There are currently two (2) Team Member – Civil Infrastructure vacancies, however, it should be noted that these vacancies are not the same vacancies that existed when the 2021-2022 Salaries and Wages Budget was developed.

Recruitment for these positions have commenced and depending on the suitability of the applicant, it is anticipated that these positions will be filled in the near future. It should be noted that given the high level of infrastructure investment, the availability of staff with the pre-requisite skills is limited and due to the demand for Civil Infrastructure workers across all industries, the Council is experiencing unusually high levels of turn-over of staff in this area.

### Digital Marketing Officer

This position became vacant in September 2020, with the recruitment for this position being put on hold until December 2020, as a result of the COVID-19 Pandemic.

The responsibilities of this position, which is primarily to manage the social media for the Council and the Business Precincts, is currently being undertaken by one of the Events staff, while the events program has contracted due to the COVID-19 Pandemic and the associated complexities with hosting large scale events.

Recruitment for this position was undertaken during late 2021, however no suitable candidate was found. The delivery of the Council's Digital Marketing activities is currently being re-assessed, with review planned to be completed shortly.

### Planning Assistant

The part-time (0.4FTE) Planning Assistant position became vacant in October 2020, through a staff retirement. The recruitment of this position was initially put on hold due to the COVID-19 Pandemic in 2020.

Due to the new Planning system, which went live in March 2021, the position is being reviewed to determine the ongoing operational needs. In the interim, the Executive Assistant to the General Manager, Urban Planning & Environment, is assisting while the review is being undertaken.

While it is acknowledged that the Council has been reporting favourable variances with respect to Employee Expenses over the past few years, it should be noted that subject to other information being available, the Salaries and Wages Budget is developed on the assumption that all established positions are filled for the entirety of the financial year.

While the objective of the organisation is to have all established positions filled, a number of factors do impact on the delivery of this. Such factors include;

### Staff Resignations

On average, a successful recruitment will take three (3) months from the time of resignation to the candidate commencing with the Council. On average, staff turnover is around 10% per annum. Based on an average FTE of 150 (excluding Swimming Centre staff), which based on a three (3) month recruitment process equates to 3.75 FTE vacancies per year. Based on an average employment cost of \$90,000, the impact of staff resignations equates to a budget variance of \$337,500. However, it should be noted that front line vacancies (i.e., customer service staff, childcare workers etc) are backfilled with temporary staff.

While an ideal recruitment timeframe is three (3) months, depending on the position that is being recruited, due to either the nature of the position or the time that the recruitment process commences, the availability of staff within the employment market often extends the recruitment timeframes beyond three (3) months timeframe, which in turn impacts on reported budget variances.

### Apprentices

Each year, the organisation budgets for five (5) Apprentice positions. While the plan is to engage a full complement of apprentices each year, this is dependent upon the suitability and availability of the apprentices in any given year. In addition, due to the nature of the apprenticeship program, if an apprentice leaves during the year, they are not replaced. On average, over the last four financial years the budget variance for apprentice labour has been \$100,000.

### Leave

In developing the Salaries and Wages Budget, it is assumed that all staff will take the four (4) weeks Annual Leave entitlement. This entitlement is accrued to the Income Statement each financial year, with the payment of the leave taken costed to the annual leave provision on the Balance Sheet when taken. If staff take more than four (4) weeks annual leave, the additional leave paid is costed against the annual leave provision, resulting in less than 48 weeks (52 week less 4 weeks annual leave) salary being costed against the Salaries and Wages budget.

The Council's Enterprise Agreements allows for staff to purchase up to an additional four (4) weeks Annual Leave. By purchasing additional leave, staff are essentially sacrificing salary for the additional annual leave.

Given the variability of staff accessing purchase leave or accrued entitlements each year, it is difficult to budget for the additional leave taken each year.

In addition, each year the Council experiences unplanned absences, which can also impact favourably on the Salaries and Wages budget.

### **OPTIONS**

Not Applicable.

### **CONCLUSION**

In developing the annual Salaries and Wages Budget, it is assumed that all budgeted established positions will be filled however, for various reasons, as detailed in this report, there are instances during the year where vacancies will occur. Depending on the nature of the role, the timing or circumstance of the resignation or status of the employment market, the length of the vacancies is quite variable however the intent is to minimise the period that positions remain vacant. The scenario is not different to that which occurs across Local Government.

Despite the Council regularly reporting favourable budget variances, which may be interpreted as the Council having a number of long-term vacancies, over the past two (2) financial years there is only reporting one (1) long term vacancy. Given that the Council has in the order of 190 established positions (excluding Swimming Centres), this is considered a small percentage.

### **COMMENTS**

It should be noted that while the Council may be reporting favourable variances against its Salaries and Wages Budget, as the Council must continue to provide its core service functions, while the recruitment is being undertaken, the Chief Executive Officer considers how the on-going service is to be delivered. This may be through the engagement of temporary staff, engagement of external services provider or consultants on either a short-term engagement or ad-hoc basis for specific task or activities. Depending on the outcome of those considerations, unfavourable budget variances may result in other areas of the Council's Budget.

### **RECOMMENDATION**

That the report be received and noted.

## 6.4 LOCAL GOVERNMENT FINANCE AUTHORITY – CHANGE IN LENDING POLICY

---

**REPORT AUTHOR:** General Manager, Corporate Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A338627  
**ATTACHMENTS:** Nil

---

### PURPOSE OF REPORT

The purpose of this report is to advise the Audit Committee of a change in Lending Policy from the Council's primary financier, the Local Government Finance Authority (LGFA).

### BACKGROUND

Investment and Financing activities are presently carried out through the LGFA. The LGFA secures loans over the Council's general Rate revenue and as the Council is considered to have an unlimited life as an organisation; it will remain an 'on-going' entity, as such the Council is considered to have an advantage with regard to the access to debt, however the access to debt is not unfettered.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Treasury Management Policy, sets out the Council's Treasury Management Strategy and how it will use borrowings to finance its operations.

The Council's operating and capital expenditure decisions, and subsequent financing decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery;
- affordability of proposals having regard to the Council's long-term financial sustainability and the Council's Net Financial Liabilities and Interest Cover ratios;
- borrowing funds in accordance with the requirements set out in its annual budget and projections in its Long-Term Financial Plan (LTFP);
- invest any funds that are not immediately required to meet approved expenditure with the Local Government Finance Authority and/or the ANZ Bank, in accounts which will generate the best return for the time the funds are projected to be available; and
- where excess funds are expected to be available for a considerable period of time as identified in the LTFP, consideration is to be given to reduce the level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

### FINANCIAL AND BUDGET IMPLICATIONS

In determining the Annual Budget, given the change in the LGFA lending policy, as set out in this report, greater emphasis will need to be placed on the consideration of the future impact of its decisions on the Council's ability to deliver on the financial objectives and targets set out in its Long-term Financial Plan to ensure future access to borrowings.

### EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

### SOCIAL ISSUES

Not Applicable.

## **CULTURAL ISSUES**

Not Applicable.

## **ENVIRONMENTAL ISSUES**

Not Applicable.

## **RESOURCE ISSUES**

Not Applicable.

## **RISK MANAGEMENT**

Not Applicable.

## **COVID-19 IMPLICATIONS**

Not Applicable.

## **CONSULTATION**

- **Elected Members**  
Not Applicable.
- **Community**  
Not Applicable.
- **Staff**  
Manager, Finance.
- **Other Agencies**  
Not Applicable.

## **DISCUSSION**

In December 2021, the Council was advised that the LGFA has changed its lending policy. The review and changes to the lending policy arose from Bank Royal Commission, which highlighted that as part of the obligations of responsible lending, lenders need to ensure that their customers have the ability to repay loans over time.

While the LGFA is technically a South Australian State Government Authority, the business which the Authority conducts is banking in nature, therefore in undertaking this business, the LGFA, like other lenders, are required to ensure that they undertake an appropriate level of due diligence to assess the Council's financial position and our ability to borrow and service the borrowings.

Previously in applying for borrowings, the assessment was undertaken with reference to Rate Revenue, current debt levels and historic financial indicator ratios. Moving forward, the credit assessment process will not only look at current debt levels and the historical financial ratios but will also include an assessment of the long-term viability of the Council.

In making an assessment of the long-term viability, the LGFA will consider the Council's annual budget, asset management plans (AMP), long term financial plan (LTFP) and the integration of these plans, with particular focus on the forecast operating position of the Council.

If concerns exist with the LGFA's assessment of the long-term viability of the Council, the LGFA may seek further information to gain a better understanding of the Council's future financial position.



## **OPTIONS**

Not Applicable.

## **CONCLUSION**

While in the past, the Council has experienced relative ease at accessing borrowings to fund its investment in new and upgraded community assets, given the change in the LGFA's Lending Policy, greater consideration will need to be given to the impact the investment on the Council's future financial sustainability.

## **COMMENTS**

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585 or email [sperkins@npsp.sa.gov.au](mailto:sperkins@npsp.sa.gov.au) prior to the meeting.

## **RECOMMENDATION**

The report be received and noted.

## 6.5 STATUTES AMENDMENT (LOCAL GOVERNMENT REVIEW) ACT 2021

---

**REPORT AUTHOR:** General Manager, Corporate Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A339146  
**ATTACHMENTS:** Nil

---

### PURPOSE OF REPORT

The purpose of this report is to advise the Audit Committee of the second stage of the implementation process of the *Statutes Amendment (Local Government Review) Act 2021*

### BACKGROUND

The *Statutes Amendment (Local Government Review) Bill 2020* (the Bill) was introduced into Parliament by the State Government on 17 June 2020. The reforms that are contained within the Bill are the result of the Local Government Reform Program that the State Government ran during 2019–2020. The reform program focused on the following areas:

- strong Council Member capacity and better conduct;
- efficient Local Government representation;
- cost savings and financial accountability; and
- simpler regulation

The Bill was passed by both Houses of Parliament on 10 June 2021 and following the Governor's assent on 17 June 2021, is now referred to as the *Statutes Amendment (Local Government Review) Act 2021 (the Review Act)*.

In September 2021 a number of sections of the Act came into effect as the first stage of implementing the reforms. These included;

- Functions and Principles of a Council;
- References to the SA Boundaries Commission;
- References to SACAT;
- Obtaining Legal Advice – Repealed Section;
- Removing References to Older Technology;
- Quorum;
- Meeting in Confidence – New Ground to consider Award Recipients;
- CEO Remuneration and Appointment, Performance Review and Termination;
- Conduct of Audit – Auditor General;
- Annual Reports;
- Sale of Land for Non-payment of Rates;
- Mobile Food Vendors; and
- other minor matters.

The second stage of the implementing the commenced in January 2022

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

## **FINANCIAL AND BUDGET IMPLICATIONS**

The second stage of the reforms focus on the cost savings and financial accountability aspects of the Local Government Reform process. While the reforms do not have a direct financial impact, the Council will need to consider the enacted sections of the Review Act and the *Local Government (Financial Management) (Review) Variation Regulations 2021* that commenced in January 2022 when preparing the 2022-2023 Annual Business Plan and Budget.

## **EXTERNAL ECONOMIC IMPLICATIONS**

Not Applicable.

## **SOCIAL ISSUES**

Not Applicable.

## **CULTURAL ISSUES**

Not Applicable.

## **ENVIRONMENTAL ISSUES**

Not Applicable.

## **RESOURCE ISSUES**

Not Applicable.

## **RISK MANAGEMENT**

Not Applicable.

## **COVID-19 IMPLICATIONS**

Not Applicable.

## **CONSULTATION**

- **Committee Members**  
Cr John Minney, Mayor Robert Bria and Cr Mike Stock have participated in Council Information Sessions which have detailed the changes to the provisions of the *Local Government Act 1999* and the relevant regulations.
- The Audit Committee considered a report at its meeting held on July 2020 which detailed the then proposed amendment and how they related to the operations and scope of the Audit Committees Terms of Reference.
- **Community**  
Not Applicable.
- **Staff**  
Not Applicable.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

As part of the second stage of the implementation process, a number of Sections of the Review Act came into operation in January 2022, these Sections relate to the reforms associated with the following areas:

- Strategic Management Plans;
- Annual Business Plans and Budgets;
- Internal Control Policies;
- A Council's Auditor;
- Annual Reports;
- Declaration of the General Rate; and
- Payment of Rates;

In addition, the following Regulations also came into effect;

- *Local Government (Financial Management) (Review) Variation Regulations 2021*;
- *Local Government (General) (Annual Reports) Variation Regulations 2021*;
- *Local Government (Amendment of Schedule 4 of Act) Regulations 2021*; and
- *Local Government (Transitional Provisions) (Stage 2) Variation Regulations 2021*.

### Strategic Management Plans

The enactment of Section 79(3) – 79(5) of the Review Act, has resulted in a number of amendments to Section 122 of the *Local Government Act 1999*. The amended clauses of Section 122 are set out in Table 1 below.

**TABLE 1: SECTION 122 OF THE LOCAL GOVERNMENT ACT 1999 – AMENDED CLAUSES**

Review Act	Nature of amendment	Impact of amendment	Comment
<b>Section 79(3)</b>	<b>New clause S122 (3a)</b> , <i>The regulations may prescribe additional requirements with respect to strategic management plans.</i>	Regulation 5 (2)(b) of the <i>Local Government (Financial Management) Regulations 2011 (the Regulations)</i> , which relates to Long-term Financial Plans, has been amended due to the commencement of the <i>Local Government (Financial Management) (Review) Variation Regulations 2021</i> and now requires Council's Long Term Financial Plans to include a statement which sets out the key assumptions, on which the Long-term Financial Plan has been prepared.	The Councils current and previous Long Term Financial Plans have set out the key assumptions underlying the financial estimates over the period of the Plan.

Review Act	Nature of amendment	Impact of amendment	Comment
<b>Section 79 (4)</b>	Amendment to the wording to S122 (4) (a) around when the Council reviews its LTFP	<b>S122 (4)(a)</b> – now requires the Council to review its Long-Term Financial Plan (LTFP) (and any other elements of its strategic management plans prescribed by the regulations) on an annual basis (as opposed to the previous provisions which required a review ‘as soon as practicable after adopting the Council’s annual business plan for a particular financial year’).	Council’s practice has been to update the financial forecasts included in the Long-term Plan, with the current years Adopted Budget and undertake a review of the underlying assumptions to determine if those assumptions are holding true.
<b>Section 79 (5)</b>	New Clause S122 (4) (b) <i>A report from a chief executive officer under subsection (4a) must— (a) address any matters required by the Minister; and (b) be published in a manner and form, and in accordance with any other requirements, determined by the Minister.</i>	Whilst this provision is new and introduces the ability for the Minister to specify matters to be included, and the manner and form of the report, the obligation for a Council to take into account a report from the Chief Executive Officer regarding the sustainability of the Council’s long-term financial performance is not new.  To date, the Minister has not prescribed any particular matters and/or determined a particular manner and form.	

**Annual Business Plans and Budgets**

The enactment of Section 80(3) – 80(5) and Section 80(7) of the Review Act, has resulted in a number of amendments to Section 123 of the *Local Government Act 1999*. The amended clauses of Section 123 are set out in Table 2 below.

**TABLE 2: SECTION 123 OF THE LOCAL GOVERNMENT ACT 1999 – AMENDED CLAUSES**

Review Act	Nature of amendment	Impact of amendment	Comment
<b>Section 80(3)</b>	<b>New clause S123 (6a),</b> <i>However, if a council proposes to adopt an annual business plan with amendments, the council must include in the adopted business plan a statement— (a) setting out any significant amendments from the draft annual business plan; and (b) providing reasons for those amendments.</i>	Following consideration of the public submissions received, if the Council resolves to amend the Annual Business Plan (ABP), the adopted ABP must include a statement which outlines any significant amendments from the draft ABP and the reasons for the amendments.	
<b>Section 80 (4)</b>	<b>New Clause S123 (7) (a)</b> A budget of a council may authorise the entry into borrowings and other forms of financial accommodation for a financial year of up to an amount specified in the budget.	The Council can pass a resolution when adopting the budget which sets out the maximum amount of borrowings the Council can enter into for any given financial year. If a resolution is passed, the Council is not required to pass individual resolutions each time the Council enters into a loan agreement	The Council has adopted this approach for a number of years
<b>Section 80 (5)</b>	<b>Amendment to S123 (8)</b>  Councils must now adopt their Annual Business Plan and Budget by 15 August (previously 31 August) each year.		The Council adopts its Annual Business Plan and Budget at the Ordinary Council Meeting held in July
<b>Section 80 (7)</b>	<b>New Clause S123 (10)(a)</b>  Without limiting subsection (10), regulations under that subsection relating to an annual business plan may—	Section 10 relates to the form and content of the Annual Business Plan and Budget as prescribed by the regulations.	

Review Act	Nature of amendment	Impact of amendment	Comment
	(a) relate to the manner in which matters included in the plan are to be presented (such as, for example, by prescribing the location, style and level of emphasis that must be given to specified matters); and (b) prescribe requirements relating to the description or explanation of matters included in the plan.	<b>123(10a)</b> Inserts a regulation making power to prescribe additional requirements with respect to the manner in which matters are presented in Annual Business Plans (no regulations are currently anticipated however Section makes provision for regulations to be made in future).	

Regulation 6 of the *Local Government (Financial Management) Regulations 2011 (the Regulations)*, which relates to Annual Business Plans, has been amended due to the commencement of the *Local Government (Financial Management) (Review) Variation Regulations 2021 (the Review Regulations)*.

The Review Regulations have inserted new clauses to ensure consistent reporting of rating matters in Annual Business Plans.

The new provisions are set out below:

*6 (1) (ea) a statement on the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);*

*6 (1) (eb) a statement on the percentage change in the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);*

*6 (1) (ec) if relevant, a statement on the average change in the expected rates for the financial year (expressed as a whole number of dollars) for each land use category declared as a permissible differentiating factor compared to the expected rates for each category for the previous financial year as set out in the annual business plan for that previous financial year;*

*6 (2) If an annual business plan sets out a growth component in relation to general rates, it may only relate to growth in the number of rateable properties (and must not relate to growth in the value of rateable properties).*

The LGA is working with the South Australian Local Government Financial Management Group (SALGFMG), to develop a suggested template/format for information which should be included in the Annual Business Plan to comply with this requirement.

These new obligations, together with the provisions which provide reporting requirements to ESCOSA as set out in Section 122 of the Act, represents part of the negotiated alternative to rate capping.

The Council's Annual Business currently complies with the new requirements, albeit some modification as to how the information is presented in the Annual Business Plan may be required once the template/format has been developed.

## Internal Control Policies

The enactment of Section 82 of the Review Act, inserts a new clause in S125 – Internal Control Policies in the *Local Government Act 1999*.

The new provision set out in Section 125 (2) sets out a regulation making power to prescribe a standard or document (such as a model relating to financial controls) with respect to internal financial control policies, practices and procedures.

The Review Regulations have been updated to include Regulation 10A – Internal Control Policies, which sets out that the policies, practices and procedures of internal financial control of the Council must be in accordance with the *Better Practice Model—Internal Financial Controls*

The *Better Practice Model – Internal Financial Controls* (BPM) was already an adopted standard in the *Local Government (Financial Management) Regulations 2011*; however, it will now be a document that Councils are **required** to comply with.

The Council currently assesses its Financial Internal Controls against the *Better Practice Model—Internal Financial Controls*

## Auditor

The enactment of Section 87(3) of the Review Act, amending Section 128(6) of the *Local Government Act 1999* which relates to the appointment of an Auditor.

The amendment to Section 128(6) requires a Council to change their Auditor every five (5) years. In addition, it prevents a Council from re-appointing an Auditor for five (5) years since they were last appointed.

Previously this Section allowed a Council to retain an Audit **firm** for a period longer than five (5) years, providing the **person** who played a significant role in the audit process did not play a role for more than five (5) continuous years without a two (2) year break.

Transitional regulations have been proposed which will allow Councils to honour their existing contracts with their Auditor.

The contract with the Councils Auditor expires at the finalisation of the 2021-2022 financial year audit.

## Annual Reports

The enactment of **section 90(1) of the Review Act, inserting Section 131(1a) in the *Local Government Act 1999***.

Section 131(1a) requires a Council to include the amount of legal costs incurred in the relevant financial year in their Annual Report.

This means that Councils will be required to report the total amount of legal costs in their 2021-2022 Annual Report.

The minimum requirement is to provide the total amount of legal costs however there is nothing preventing a Council from including other explanatory notes, as appropriate, to explain the costs incurred.

The LGA is updating their Annual Report Guidelines to reflect the new provisions.

It should be noted that Note 3 to the Financial Statements currently disclose the total amount of legal costs incurred.



### **Declaration of General Rate**

The enactment of section 95 of the Review Act, amends section 153(5)(b) of *the Local Government Act 1999* to align with the amendment to Section 123(8) of the *Local Government Act 1999* which now requires a Council to adopt their Annual Business Plan and Budget by 15 August of each year.

Section 153(5) requires the Council to adopt its Annual Business Plan and Budget prior to declaring a general rate and unless extraordinary circumstances exist the general rate must be declared before 15 August of each year (previously 31 August).

### **Payment of Rates**

The enactment of **Section 98 of the Review Act, amends Section 181(3) of the *Local Government Act 1999* to** align with the amendment to Section 153(5) where the date has changed from 31 August to 15 August.

Section 181(3) sets out that *“if a council declares a general rate for a particular financial year after 15 August in that financial year, the council may adjust the months in which instalments would otherwise be payable under subsection (1) (taking into account what is reasonable in the circumstances).”*

### **OPTIONS**

Nil

### **CONCLUSION**

Nil

### **COMMENTS**

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585 or email [sperkins@npsp.sa.gov.au](mailto:sperkins@npsp.sa.gov.au) prior to the meeting.

### **RECOMMENDATION**

That the report be received and noted.

## 6.6 GOVERNANCE ARRANGEMENTS – REGIONAL SUBSIDIARIES

---

**REPORT AUTHOR:** General Manager, Corporate Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A341505  
**ATTACHMENTS:** A - C

---

### PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with a record of information which has been provided to the Council since the last meeting.

### BACKGROUND

At the Audit Committee meeting held on 21 January 2010, it was resolved:

*“That reports be prepared by the General Managers responsible for each Regional Subsidiary on any matters of concern within the Subsidiary, for consideration by the Audit Committee in lieu of the distribution of minutes etc.”*

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Pursuant to the *Local Government Act 1999* (the Act) and the *Local Government (Financial Management) Regulations 2011* (the Regulations), Regional Subsidiaries, like the Council, are required to review their budget at least three (3) times per year. In addition, pursuant to Clause 25 (3) of Schedule 2 of the Act, any proposed amendments to the budget must be forwarded to the Constituent Councils for approval.

Following consideration of some legal advice on the interpretation of Clause 25 (3) of Schedule 2 of the Act, in-particular the word “amendment”, which defined the word “amendment “ in the context of Clause 25 (3) of Schedule 2 , as a material change to the Adopted Budget during the course of the financial year, where the change is a result of something that was accounted for in the annual plan or budget, or is an extraordinary item over and above the revision process required by the Regulations, as such, where the respective Regional Subsidiaries Charter is silent with respect to Budget Reviews, the Regional Subsidiaries will only seek approval for Budget revisions from Constituent Councils where there has been a material change to their Adopted Budget.

### FINANCIAL AND BUDGET IMPLICATIONS

The emphasis of this report is to provide the Audit Committee an overview of the 2021-2022 Budget Reviews of the Council’s Regional subsidiaries.

The Councils 2021-2022 Budget includes the respective cost of services which are delivered on behalf of the Council by the respective Regional Subsidiary and the Council’s share of the respective Regional Subsidiary operating result.

The Budget implications are discussed in the Discussion section of this report

### EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

### SOCIAL ISSUES

Not Applicable.

### CULTURAL ISSUES

Not Applicable.

## ENVIRONMENTAL ISSUES

Not Applicable.

## RESOURCE ISSUES

There are no resource issues arising from this report.

## RISK MANAGEMENT

There are no risk management issues arising from this report.

## CONSULTATION

- **Committee Members**  
Cr Minney is a Board member of ERA Water and Highbury Landfill Authority. Cr Mike Stock is a Board member of East Waste. Ms Brigid O'Neill is a member of the Audit Committee of ERA Water. Ms Sandra DiBlasio is a member of the Audit Committee of East Waste.
- **Community**  
Not applicable.
- **Staff**  
Chief Executive Officer  
General Manager, Urban Services.  
General Manager, Urban Planning and Environment.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

### Eastern Health Authority (EHA)

The EHA Audit Committee considered the First Budget Review at its meeting held on 8 December 2021.

As part of the 2021-2022 Annual Budget, the Council forecasts a breakeven position from EHA's operations. While EHA is reporting an Operating Surplus of \$37,000 as at the end of September 2021, EHA is not proposing any amendments to the Adopted Budget following the First Budget Update.

A copy of the First Budget Update is contained in **Attachment A**.

### East Waste

East Waste's Audit & Risk Management Committee considered its First Budget Review at its meeting held on 16 November 2021.

As part of the 2021-2022 Annual Budget, the Council forecasts a small Operating Surplus of \$2,300 from East Waste operations. As a result of the First Budget Update, East Waste is now forecasting an Operating Deficit of \$134,000. The Council's share of the deficit is \$19,162, which will be reflected in the Council's Budget forecasts as part of its Mid-year Budget Review.

The Operating Deficit is primarily due to the following factors:

- an increase in fuel prices. The first Budget Update assumes an average fuel price of \$1.40 p/litre for the remainder of the financial year. The budget impact is an increase in fuel expenses by \$124,000.
- an increase in Legal Fees in the order of \$70,000.

The expenditure increase has been offset in ownership and financing costs due to delays in the capitalisation of assets compared to Adopted Budget and the timing of new loans and favourable interest rates compared to the Adopted Budget.

A copy of the First Budget Update is contained in **Attachment B**.

### **ERA Water**

As part of the 2021-2022 Annual Budget, the Council forecast a loss from the operations of ERA Water of \$200,087. As a result of the Mid-year Budget Review, ERA Water is now forecasting an operating loss of \$667,323. The Council's share of the loss is \$222,441, an increase of \$22,354, which will be reflected in the Council's Budget forecasts as part of its Mid-Year Budget Review.

The increase in the Operating loss is being driven by a reduction in the revenue target for external connections, which is now forecast to be \$60,000 (22% of the original budget). The reduction in the external sales budget is being driven by the following factors:

- inability to attract new customers in time for this irrigation season;
- constraints in the irrigation network in terms of the availability of water supply in the specific locations where additional sales opportunities exist;
- delays in the connection to new sites due to the inability to procure parts for construction of the water meters;
- operational issues associated with the Gaza Oval connection; and
- below budget water usage at Pembroke College.

The reduction in external water sales, has been offset by an increase in Constituent Council water sales budget, where it is anticipated, based on past and current water usage, that the City of Burnside will exceed its base level water allocation for this financial year. It should be noted that this is somewhat dependent on weather conditions for the remainder of the summer.

In response to the reduced income, ERA Water has reviewed its operating expenditure and has adjusted the expenditure forecast accordingly. Non-discretionary expenses have been reviewed and reduced to minimise the increase in the forecast Operating Loss.

The Council, at its meeting held on 7 February 2022 resolved to endorse the amendments to the ERA Water Budget as presented in the Mid-year Budget Review.

A copy of the ERA Water Mid-Year Budget Update is contained in **Attachment C**.

### **OPTIONS**

Not Applicable.

### **CONCLUSION**

Nil.

### **COMMENTS**

Nil.

### **RECOMMENDATION**

That the report be received and noted.

# Attachment A

## Governance Arrangements Regional Subsidiaries

### Eastern Health Authority (EHA)

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
Norwood  
Payneham  
& St Peters

## 5.1 FINANCE REPORT AND FIRST (SEPTEMBER 2021) BUDGET REVIEW FOR 2021/2022

Author: Michael Livori  
Ref: AF21/3

### Summary

So that members can ensure that Eastern Health Authority (EHA) is operating according to its adopted budget, financial performance is regularly monitored, and statutory budget reviews are considered.

In accordance with regulation 9 of the *Local Government (Financial Management) Regulations 2011*,

- (1) *A council, council subsidiary or regional subsidiary must prepare and consider the following reports:*
- (a) *at least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under sub regulation (1)(b), and at least 1 report must be considered after consideration of the report under sub regulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
  - (b) *between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

This report provides the first of the budget reviews required in accordance with regulation 9 (1) and relates to the financial performance of EHA between 1 July 2021 and 30 September 2021. It provides the opportunity to amend the adopted budget in line with revised projections of income and expenditure for the 2021/2022 financial year. The report was considered by the Board of Management at its meeting held on 17 November 2021.

### Report

The table below gives a simple analysis of year to date income, expenditure and operating result.

<b>Eastern Health Authority - Financial Statement (Level 1)</b>				
<b>1 July 2021 to 30 September 2021</b>				
	<b>Actual</b>	<b>Budgeted</b>	<b>\$ Variation</b>	<b>% Variation</b>
<b>Total Operating Expenditure</b>	\$611,933	\$666,764	(\$54,831)	-8%
<b>Total Operating Income</b>	\$995,531	\$1,013,380	(\$17,849)	-2%
<b>Operating Result</b>	\$383,598	\$346,615	\$36,982	11%

The table shows that for the reporting period income was **(\$17,849) (-2%)** less than budgeted and expenditure was **(\$54,831) (-8%)** less than budgeted. The net result is a variation of **\$36,982 (11%)** on the budgeted year to date comparative operating result.

More detailed information is provided in Attachment 1. The attachment provides detail on year to date performance of individual budget lines. Any variation greater than \$5,000 is detailed in the table below with explanatory comments.

Summary Table of Funding Statement Variations				
Income				
Favourable variances are shown in <b>black</b> and <b>unfavourable</b> variances are shown in <b>red</b> .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
<b>Income</b>				
Fines and Expiations	\$12,497	\$4,545	<b>(\$7,951)</b>	Less than budgeted expiations issued this period. No budget variation requested at this point in time.
<b>Total of Income Variations Requested</b>				<b>Nil</b>
Expenditure				
Favourable variances are shown in <b>black</b> and <b>unfavourable</b> variances are shown in <b>red</b> .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
<b>Expenditure</b>				
Employee costs	\$473,544	\$443,945	<b>(\$29,598)</b>	Maternity leave/ Long service leave. No budget variation requested at this point in time.
IT Support	\$8,667	\$8,531	<b>(\$135)</b>	Upgrade of Electronic Records Management System "Content Manager" Variation of <b>\$24,000</b> requested
Depreciation amortisation and impairment	\$37,000	\$30,000	<b>(\$7,000)</b>	Review of depreciation amortisation and impairment. Variation of <b>(\$24,000)</b> requested

<b>Total of Expenditure Variations Requested</b>	<b>\$0</b>
<b>Net Result of Variations Requested</b>	<b>\$0</b>

### **IT Support Requested Variation**

EHA have been made aware that a new software upgrade (to Version 10) for its Electronic Records Management System – “Content Manager” is required. EHA are currently using version 9.3 which was installed in January 2019 and was the latest version at the time of install. Microfocus have advised that this version (9.3) will become unsupported from the end of October 2021. FYB have advised that Microfocus set the life of a version and each version varies, usually between 2 and 3.5 years.

FYB have indicated that once a product becomes unsupported Microfocus will no longer provide support for this product for any issues that may arise. This means that if there is a problem with Content Manager and FYB don't have the fix for it, they will not get any support from Microfocus on the issue. This does not mean that we can't get ongoing general support and help from FYB, but we do run the risk that the issue won't be able to be resolved.

In summary, it is recommended that an upgrade to version 10 of the software occurs in late 2021 / early 2022 to ensure we continue to be supported and maintain a secure environment. FYB have provided us with a proposal for upgrading the Eastern Health Authority Content Manager's Electronic Document and Records Management System (EDRMS), Content Manager version 9.3 to 10.

### **Adjustments relating to 2020/2021 Audit**

The first budget review for the financial year is required to take into account any differences between the adopted financial statements for 2020/2021 and the audited financial statements for the previous year. The relevant figures from the 2020/2021 audited financial statements have now been incorporated into the financial statement for 2021/2022. The incorporation of these figures has no impact on the estimated operating result.

Included as Attachment 2 is a copy of the revised 2021/2022 Budgeted Statutory Financial Statements which include the:

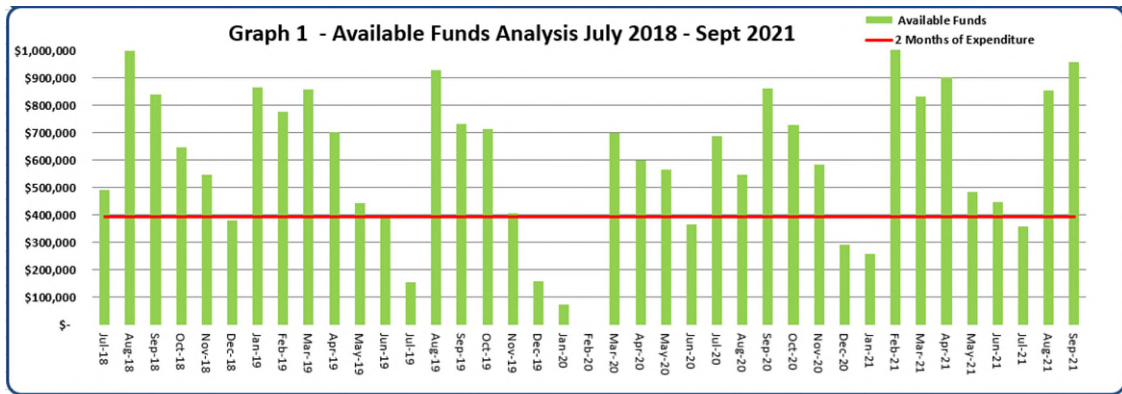
- Revised Statement of Comprehensive Income
- Revised Statement of Cash flows
- Revised Statement of Financial Position
- Revised Statement of Changes in Equity

### **Cash Management**

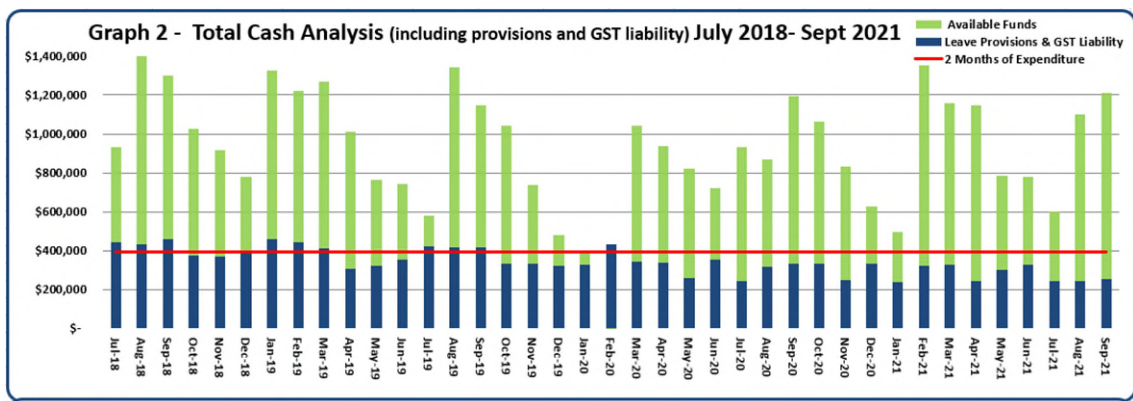
A Bank Reconciliation and Available Funds report for the period ending 30 September 2021 is provided as attachment 3. It shows that available funds were \$957,494 at 30 September 2021 in comparison with \$448,840 on 30 June 2021.

Graph 1 which follows details the level of available funds (total cash minus leave provisions and GST liability) for the preceding 5 year period.





Graph 2 below details the total level of cash on hand including leave provisions and GST liability.



The red line in both graphs indicates the target minimum levels of cash that are recommended to be held for working capital (equivalent to 2 months expenditure). The graphs show that the lowest levels of cash available in the annual cash cycle have generally maintained this target.

**RECOMMENDATION**

That:

1. The Finance Report and First (September 2021) Budget Review for 2021/2022 report be received.

<b>Eastern Health Authority - Financial Statement (Level 3)</b>				
<b>1 July 2021 to 30 September 2021</b>				
<b>Income</b>	<b>Actual</b>	<b>Budgeted</b>	<b>\$ Variation</b>	<b>% Variation</b>
<b>Constituent Council Income</b>				
City of Burnside	\$224,286	\$224,286	\$0	0%
City of Campbelltown	\$239,149	\$239,149	\$0	0%
City of NPS	\$285,893	\$285,893	\$0	0%
City of Prospect	\$112,949	\$112,949	\$0	0%
Town of Walkerville	\$51,855	\$51,855	\$0	0%
<b>Total Constituent Council Contributions</b>	<b>\$914,132</b>	<b>\$914,132</b>	<b>\$0</b>	<b>0%</b>
<b>Statutory Charges</b>				
Food Inspection fees	\$31,239	\$30,500	\$739	2%
Legionella registration and Inspection	\$1,816	\$2,000	(\$184)	-9%
Fines & Expiation Fees	\$4,545	\$12,497	(\$7,952)	-64%
<b>Total Statutory Charges</b>	<b>\$37,601</b>	<b>\$44,997</b>	<b>(\$7,396)</b>	<b>-16%</b>
<b>User Charges</b>				
Immunisation: Clinic Vaccines	\$12,606	\$15,000	(\$2,394)	-16%
Immunisation: Worksites Vaccines	\$1,544	\$0	\$1,544	0%
Immunisation: Clinic Service Fee	\$490	\$0	\$490	0%
Food Auditing	\$15,728	\$20,000	(\$4,272)	-21%
<b>Total User Charges</b>	<b>\$30,368</b>	<b>\$35,000</b>	<b>(\$4,632)</b>	<b>-13%</b>
<b>Grants, Subsidies, Contributions</b>				
Child Immunisation Register	\$2,256	\$4,500	(\$2,244)	-50%
PHN Project	\$9,500	\$9,500	\$0	0%
<b>Total Grants, Subsidies, Contributions</b>	<b>\$11,756</b>	<b>\$14,000</b>	<b>(\$2,244)</b>	<b>-16%</b>
<b>Investment Income</b>				
Interest on investments	\$332	\$2,500	(\$2,168)	-87%
<b>Total Investment Income</b>	<b>\$332</b>	<b>\$2,500</b>	<b>(\$2,168)</b>	<b>-87%</b>
<b>Other Income</b>				
Motor Vehicle re-imburements	\$1,145	\$1,000	\$145	15%
Sundry Income	\$197	\$1,751	(\$1,554)	-89%
<b>Total Other Income</b>	<b>\$1,342</b>	<b>\$2,751</b>	<b>(\$1,409)</b>	<b>-51%</b>
<b>Total of non Constituent Council Income</b>	<b>\$81,399</b>	<b>\$99,248</b>	<b>(\$17,849)</b>	<b>-18%</b>
<b>Total Income</b>	<b>\$995,531</b>	<b>\$1,013,380</b>	<b>(\$17,849)</b>	<b>-2%</b>

<b>Eastern Health Authority - Financial Statement (Level 3)</b>				
<b>1 July 2020 to 31 December 2020</b>				
<b>Expenditure</b>	<b>Actual</b>	<b>Budgeted</b>	<b>\$ Variation</b>	<b>% Variation</b>
<b>Employee Costs</b>				
Salaries & Wages	\$382,683	\$417,794	(\$35,112)	-8%
Superannuation	\$42,738	\$36,250	\$6,488	18%
Workers Compensation	\$18,525	\$18,000	\$525	3%
Medical Officer Retainer	\$0	\$1,500	(\$1,500)	-100%
<b>Total Employee Costs</b>	<b>\$443,946</b>	<b>\$473,544</b>	<b>(\$29,599)</b>	<b>-6%</b>
<b>Prescribed Expenses</b>				
Auditing and Accounting	\$13,428	\$15,000	(\$1,573)	-10%
Insurance	\$17,329	\$15,000	\$2,329	16%
Maintenance	\$5,137	\$11,250	(\$6,113)	-54%
Vehicle Leasing/maintenance	\$6,030	\$4,896	\$1,134	23%
<b>Total Prescribed Expenses</b>	<b>\$41,924</b>	<b>\$46,146</b>	<b>(\$4,222)</b>	<b>-26%</b>
<b>Rent and Plant Leasing</b>				
Electricity	\$2,155	\$2,750	(\$595)	-22%
Plant Leasing Photocopier	\$871	\$750	\$121	16%
Water	\$0	\$75	(\$75)	-100%
Gas	\$0	\$675	(\$675)	-100%
<b>Total Rent and Plant Leasing</b>	<b>\$3,026</b>	<b>\$4,250</b>	<b>(\$1,224)</b>	<b>-29%</b>
<b>IT Licensing and Support</b>				
IT Licences	\$25,375	\$26,000	(\$625)	-2%
IT Support	\$8,532	\$8,667	(\$135)	-2%
Internet	\$3,396	\$2,750	\$646	23%
IT Other	\$327	\$500	(\$173)	-35%
<b>Total IT Licensing and Support</b>	<b>\$37,630</b>	<b>\$37,917</b>	<b>(\$287)</b>	<b>-1%</b>
<b>Administration</b>				
Administration Sundry	\$1,885	\$1,500	\$385	26%
Accreditation Fees	\$0	\$750	(\$750)	-100%
Board of Management	\$1,184	\$3,000	(\$1,816)	-61%
Bank Charges	\$1,041	\$1,000	\$41	4%
Public Health Sundry	\$251	\$1,250	(\$999)	-80%
Fringe Benefits Tax	\$3,568	\$3,750	(\$182)	-5%
Health promotion	\$0	\$1,250	(\$1,250)	-100%
Legal	\$3,612	\$5,000	(\$1,388)	-28%
Printing & Stationery & Postage	\$9,523	\$5,000	\$4,523	90%
Telephone	\$7,368	\$4,750	\$2,618	55%
Occupational Health & Safety	\$1,388	\$2,500	(\$1,112)	-44%
Rodenticide	\$0	\$500	(\$500)	-100%
Staff Amenities	\$200	\$1,750	(\$1,550)	-89%
Staff Training	\$2,855	\$5,500	(\$2,645)	-48%
Human Resource Sundry	\$45	\$4,000	(\$3,955)	-99%
<b>Total Administration</b>	<b>\$32,918</b>	<b>\$41,500</b>	<b>(\$8,582)</b>	<b>-21%</b>

<b>Eastern Health Authority - Financial Statement (Level 3)</b>				
<b>1 July 2021 to 30 September 2021</b>				
<b>Immunisation</b>				
Immunisation SBP Consumables	\$1,654	\$2,250	(\$596)	-26%
Immunisation clinic vaccines	\$7,961	\$8,750	(\$789)	-9%
Immunisation worksite vaccines	\$24	\$0	\$24	0%
<b>Total Immunisation</b>	<b>\$9,639</b>	<b>\$11,000</b>	<b>(\$1,361)</b>	<b>-12%</b>
<b>Sampling</b>				
Legionella Testing	\$366	\$497	(\$131)	-26%
<b>Total Sampling</b>	<b>\$366</b>	<b>\$497</b>	<b>(\$131)</b>	<b>-26%</b>
<b>Finance Costs</b>				
Interest on Loan	\$0	\$2,238	(\$2,238)	-100%
Interest - Building Lease	\$9,812	\$10,000	(\$188)	-2%
<b>Total Finance Costs</b>	<b>\$9,812</b>	<b>\$ 12,238</b>	<b>(\$2,425)</b>	<b>-20%</b>
<b>Total Materials, contracts and other expenses</b>	<b>\$135,315</b>	<b>\$153,547</b>	<b>(\$18,232)</b>	<b>-12%</b>
<b>Depreciation - Building Lease</b>	<b>\$24,000</b>	<b>\$30,000</b>	<b>(\$6,000)</b>	<b>-20%</b>
<b>Depreciation - Motor Vehicle Lease</b>	<b>\$6,000</b>	<b>\$7,000</b>	<b>(\$1,000)</b>	<b>-14%</b>
<b>Finance Costs</b>	<b>\$2,672</b>	<b>\$2,672</b>	<b>\$0</b>	<b>0%</b>
<b>Total Operating Expenditure</b>	<b>\$611,933</b>	<b>\$666,764</b>	<b>(\$54,831)</b>	<b>-8%</b>
<b>Total Operating Income</b>	<b>\$995,531</b>	<b>\$1,013,380</b>	<b>(\$17,849)</b>	<b>-2%</b>
<b>Operating Result</b>	<b>\$383,598</b>	<b>\$346,615</b>	<b>\$36,982</b>	<b>11%</b>

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		ADOPTED BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2021/2022
	<b>INCOME</b>			
1,790,675	Council Contributions	1,828,263		1,828,263
31,190	Public Health Plan / Service Review Contributions	-		-
150,625	Statutory Charges	181,500	-	181,500
236,151	User Charges	256,000	-	256,000
256,514	Grants, subsidies and contributions	254,000	-	254,000
4,901	Investment Income	10,000	-	10,000
4,549	Other Income	11,000	-	11,000
2,474,605	<b>TOTAL INCOME</b>	<b>2,540,763</b>	-	<b>2,540,763</b>
	<b>EXPENSES</b>			
1,635,933	Employee Costs	1,802,000	-	1,802,000
509,065	Materials, contracts and other expenses	526,000	24,000	550,000
48,445	Finance Charges	44,209	(1,209)	43,000
190,797	Depreciation	168,554	(23,277)	145,277
2,384,240	<b>TOTAL EXPENSES</b>	<b>2,540,763</b>	<b>(486)</b>	<b>2,540,277</b>
90,365	Operating Surplus/(Deficit)	-	486	486
	Net gain (loss) on disposal of assets	-	-	-
90,365	Net Surplus/(Deficit)	-	486	486
90,365	<b>Total Comprehensive Income</b>	-	<b>486</b>	<b>486</b>

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS				
FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		DRAFT BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2021/2022
	<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
	Receipts			
1,821,865	Council Contributions	1,828,263	-	1,828,263
150,625	Fees & other charges	181,500	-	181,500
227,736	User Charges	256,000	-	256,000
5,757	Investment Receipts	10,000	-	10,000
256,514	Grants utilised for operating purposes	254,000	-	254,000
4,549	Other	11,000	-	11,000
	Payments			
(1,637,628)	Employee costs	(1,802,000)		(1,802,000)
(525,832)	Materials, contracts & other expenses	(652,166)	127,359	(524,807)
(49,988)	Finance Payments	(44,209)	-	(43,000)
253,598	<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>42,388</b>	<b>127,359</b>	<b>170,956</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Loans Received	-	-	-
(70,732)	Repayment of Borrowings	(76,131)	-	(76,131)
(121,280)	Repayment of Finance Lease Liabilities		(102,873)	(102,873)
(192,012)	<b>Net Cash Provided/(Used) by Financing Activities</b>	<b>(76,131)</b>	<b>(102,873)</b>	<b>(179,004)</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Receipts			
	Sale of Replaced Assets	-	-	-
	Payments			
	Expenditure on renewal / replacements of assets	-	-	-
	Expenditure on new / upgraded assets	-	-	-
	Distributions paid to constituent Councils	-	-	-
-	<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
61,586	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>(33,743)</b>	<b>24,486</b>	<b>(9,257)</b>
721,310	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD</b>	<b>694,220</b>	<b>88,676</b>	<b>782,896</b>
782,896	<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	<b>660,477</b>	<b>113,162</b>	<b>773,639</b>

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION				
FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		DRAFT BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2021/2022
	<b>CURRENT ASSETS</b>			
782,896	Cash and Cash Equivalents	660,477	113,162	773,639
188,901	Trade & Other Receivables	155,650	33,251	188,901
971,797	<b>TOTAL CURRENT ASSETS</b>	816,127	146,413	962,540
	<b>NON-CURRENT ASSETS</b>			
1,300,714	Infrastructure, property, plant and equipment	1,129,957	25,480	1,155,437
1,300,714	<b>TOTAL NON-CURRENT ASSETS</b>	1,129,957	25,480	1,155,437
2,272,511	<b>TOTAL ASSETS</b>	1,946,084	171,893	2,117,977
	<b>CURRENT LIABILITIES</b>			
163,940	Trade & Other Payables	157,719	6,221	163,940
307,903	Provisions	307,885	18	307,903
177,021	Borrowings	38,391	138,630	177,021
648,864	<b>TOTAL CURRENT LIABILITIES</b>	503,995	144,869	648,864
	<b>NON-CURRENT LIABILITIES</b>			
21,716	Provisions	38,690	(16,974)	21,716
1,036,687	Borrowings	956,520	(98,835)	857,685
1,058,403	<b>TOTAL NON-CURRENT LIABILITIES</b>	995,210	(115,809)	879,401
1,707,267	<b>TOTAL LIABILITIES</b>	1,499,205	29,060	1,528,265
322,933	<b>NET CURRENT ASSETS/(CURRENT LIABILITIES)</b>	312,132	1,544	313,676
565,244	<b>NET ASSETS</b>	446,879	142,833	589,712
	<b>EQUITY</b>			
565,244	Accumulated Surplus/(Deficit)	446,879	118,833	565,712
565,244	<b>TOTAL EQUITY</b>	446,879	118,833	565,712

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY				
FOR THE YEAR ENDING 30 JUNE 2022				
AUDITED RESULTS 2020/2021		DRAFT BUDGET 2021/2022	SEPTEMBER REVIEW	REVISED BUDGET 2020/2021
	<b>ACCUMULATED SURPLUS</b>			
474,879	Balance at beginning of period	446,879	118,347	565,226
90,365	Net Surplus/(Deficit)	-	486	486
565,244	<b>BALANCE AT END OF PERIOD</b>	446,879	118,833	565,712
	<b>TOTAL EQUITY</b>			
474,879	Balance at beginning of period	446,879	118,347	565,226
90,365	Net Surplus/(Deficit)	-	486	486
565,244	<b>BALANCE AT END OF PERIOD</b>	446,879	118,833	565,712

# Attachment B

## Governance Arrangements Regional Subsidiaries

### East Waste

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



City of  
Norwood  
Payneham  
& St Peters



## 8.1: FINANCIAL STATEMENTS – BUDGET REVIEW ONE

**REPORT AUTHOR:** General Manager

**ATTACHMENTS:**  
**A: Summary Budget Movement – Budget Review 1**  
**B: Budgeted Statement of Comprehensive Income FY2022**  
**C: Budgeted Balance Sheet FY2022**  
**D: Budgeted Statement of Cash Flow FY2022**  
**E: Budgeted Statement of Changes in Equity FY2022**  
**F: Budgeted Uniform Presentation of Finances Statement FY2022**

### Purpose of the Report

To provide the Committee with an opportunity to review the first review of the budgeted statutory Financial Statements (Budget Review One) for the financial year ending 30 June 2022 as prescribed by the Regulations.

### Background

At the meeting held 24 June 2021, the East Waste Board resolved:

#### **8.2 2021/22 ANNUAL BUSINESS PLAN & BUDGET**

*Moved Mr Di Iulio that the Board endorse the 2021/22 Annual Business Plan and Budget, as presented in Attachment A.*

*Seconded Cr Ashby*

**Carried**

### Report

Member will note new summary report format provided in Attachment A (refer Attachment A) which is proposed for the Committee and the Board to provide high level reporting and overview of proposed movements and performance against adopted budget at each review. Details on the key movements of note can be found in the comments section included in Attachment A.

While this first quarter budget result is favourable this is principally due to timing and projects yet to commence, which is common for this time of year. More relevant, the full year result predicts an unfavourable budget movement of \$151,000 which results in a forecast Net Deficit of circa. \$19,000.

The material forecast budget movements relate primarily due to the following key factors:

- Fuel: increase of \$124K to budget assuming fuel prices for the remainder of the financial year average \$1.40 p/litre.
- Legal Fees: \$70K increase compared to original budget estimates.
- Depreciation: \$40K decrease due to the delay in capitalisation of assets compared to original budget assumptions.
- Grant income: of \$133K which has been offset by additional costs totalling an estimated \$140K relating to Contamination Audit Costs and Consultants to deliver on grant related programs.
- Interest Costs: \$10K decrease due to timing of loans and favourable interest rates compared to original budget.

While the proposed FY2022 BR1 predicts a Net Loss, the Administration have not factored in an increase in the Common Fleet Costing for the purposes of this Budget review given the high number of assumptions and uncertainties that exist with projections in income and expenses for the rest of the financial year. East Waste also has sufficient cash reserves to cover additional forecasted costs and will discuss at the November 2021 Board Meeting whether Common Fleet Costs are to be amended for future charges noting that the budget presented to the Audit Committee is not in conformance with the financial targets set in the Budget Framework Policy.

With respect to the non-operating budget, BR1 figures have been adjusted to reflect actual borrowings and an amount of \$160,000 included as a carry forward from FY21 for completion of the Operations Hub upgrade.

East Waste's operating cash balance is favourable, with an October closing cash balance of \$2.07M. This high balance is consistent with previous years and will be drawn down significantly over the coming months through loan repayments, wages and salaries, operational expenditure and ATO obligations.

In considering the BR1 Forecasted Budgeted Financial Statements, the following key assumptions are to be noted:

- Creditors have been adjusted by \$470K and reflected in the Cash Flow Statement to reflect the payment of the Member Council Rebate from FY2021 which as at the time of preparing this Budget, has yet to be paid. This is expected to be paid to Member Councils when future waste charges are raised.
- There has been no other change to the expected level of working capital for Debtors and Creditors for the purposes of preparing the Budgeted Financial Statements. Changes to working capital movements will be monitored and updated at future budget reviews should there be a material change.
- Forecast lease borrowing repayments have been updated to account for adjustments to the lease liability in FY2021. A further review of this liability will be undertaken in future budget reviews and updated accordingly (if required).
- Assumes that all forecast capital works will be completed in the same financial year and there are no carry forward works to future years.

## **RECOMMENDATION**

**The Committee notes and accepts the forecasted end of year FY2022 result associated with the 2021/22 Budget Review One and recommends to the Board for endorsement.**

**EAST WASTE**

Summary Budget Movement Worksheet  
for the Financial Year Ending 30 June 2022

	Actual YTD	Adopted Budget Full Year	Actual YTD / Adopted Budget	Proposed Budget	Proposed Budget Movement	Comments
Administration Fee	59,900	239,600	25%	239,600	-	
Common Fleet Costing	3,165,638	12,662,552	25%	12,662,552	-	
Processing Income	908,549	5,338,900	17%	4,638,900	(700,000)	Significant Budget Reduction based on pricing of the first six months of the FY .
Bin Services & Maintenance	346,187	1,154,000	30%	1,154,000	-	Higher due to Additional Bin activity occurring in first quarter of year
Profit from Disposal	-	115,000	0%	115,000	-	
Grant Income	-	-	0%	133,400	133,400	Income from successful GISA grants and project partners
Other Income	10,630	19,300	55%	19,300	-	
<b>Total</b>	<b>4,490,905</b>	<b>19,529,352</b>		<b>18,962,752</b>	<b>(566,600)</b>	
Processing Expenses	901,776	5,338,900	17%	4,638,900	(700,000)	Significant Budget Reduction based on pricing of the first six months of the FY .
Bin Service & Maintenance Expenses	320,838	1,154,000	28%	1,154,000	-	
Employee Costs	1,379,316	6,308,919	22%	6,308,919	-	
Fleet Maintenance	371,430	1,570,004	24%	1,570,004	-	
Depreciation	481,058	2,122,000	23%	2,082,000	(40,000)	Adjustment made following confirmation of new truck delivery
Interest	57,340	281,000	20%	271,000	(10,000)	Rate Adjustment
Fuel	284,984	1,157,250	25%	1,281,276	124,026	Sharp inc. in price, above budget in Sep & Oct requiring full year adjustment
Other Expenses	351,732	1,465,966	24%	1,675,966	210,000	Consultancy & Auditing inc. resulting from Grant funding, Legal Fees adjustment
<b>Total</b>	<b>4,148,475</b>	<b>19,998,040</b>		<b>18,982,066</b>	<b>(415,974)</b>	
<b>Net Surplus/Deficit</b>	<b>342,430</b>	<b>131,313</b>		<b>(19,314)</b>	<b>(150,626)</b>	
<b>Non Operating Activities</b>	<b>Actual YTD</b>	<b>Adopted Budget Full Year</b>	<b>Actual YTD / Adopted Budget</b>	<b>Proposed Budget</b>	<b>Proposed Budget Movement</b>	
<b>Income</b>						
Proceeds from Sale of Assets	-	115,000	-	115,000	-	
Proceeds from Borrowings	-	2,200,000	-	2,031,000	(169,000)	Loan borrowings reduced
<b>Total</b>	<b>-</b>	<b>2,315,000</b>		<b>2,146,000</b>	<b>(169,000)</b>	
<b>Expenses</b>						
Fleet Replacement Costs	-	2,095,610	-	2,071,000	(24,610)	
Plant & Equipment Purchases	-	75,000	-	75,000	-	
ICT Upgrades	-	150,000	-	150,000	-	
Facility Upgrades	72,443	60,000	121%	220,000	160,000	Carry forward from FY21 to complete Operations Hub renewal
Loan Principal Repayments	23,397	1,810,000	1%	1,792,000	(18,000)	
<b>Total</b>	<b>95,840</b>	<b>4,190,610</b>		<b>4,308,000</b>	<b>117,390</b>	
<b>Net Non-Operating Result</b>	<b>(95,840)</b>	<b>(1,875,610)</b>		<b>(2,162,000)</b>	<b>(286,390)</b>	

## ITEM 8.1 - ATTACHMENT B

**EAST WASTE**

Projected Statement of Comprehensive Income (Budgeted)  
for the Financial Year Ending 30 June 2022

FY2021		FY2022	FY2022
Audited Actuals		Adopted Budget	BR1
\$'000		\$'000	\$'000
	<b>Income</b>		
16,707	User Charges	18,241	17,541
12	Investment income	2	2
-	Grants, subsidies and contributions	-	133
917	Other	1,171	1,171
<b>17,636</b>	<b>Total</b>	<b>19,414</b>	<b>18,848</b>
	<b>Expenses</b>		
6,089	Employee Costs	6,309	6,309
9,149	Materials, contracts & other expenses	10,686	10,320
1,986	Depreciation, amortisation & impairment	2,122	2,082
262	Finance costs	281	271
<b>17,486</b>	<b>Total</b>	<b>19,398</b>	<b>18,982</b>
<b>150</b>	<b>Operating Surplus / (Deficit)</b>	<b>16</b>	<b>(134)</b>
105	Asset disposals & fair value adjustments	115	115
<b>255</b>	<b>Net Surplus / (Deficit)</b>	<b>131</b>	<b>(19)</b>
-	Other Comprehensive Income	-	-
<b>255</b>	<b>Total Comprehensive Income</b>	<b>131</b>	<b>(19)</b>

**EAST WASTE**

Projected Balance Sheet (Budgeted)

for the Financial Year Ending 30 June 2022

<b>FY2021</b>		<b>FY2022</b>	<b>FY2022</b>
<b>Audited Actuals</b>		<b>Adopted Budget</b>	<b>BR1</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
	<b>Assets</b>		
	<b>Current</b>		
3,168	Cash & Cash Equivalents	2,192	2,317
661	Trade & Other Receivables	1,020	661
-	Other Financial Assets	-	-
<b>3,829</b>	<b>Total</b>	<b>3,212</b>	<b>2,978</b>
	<b>Non-Current</b>		
8,098	Infrastructure, Property, Plant & Equipment	8,576	8,532
<b>8,098</b>	<b>Total</b>	<b>8,576</b>	<b>8,532</b>
<b>11,927</b>	<b>Total Assets</b>	<b>11,788</b>	<b>11,510</b>
	<b>Liabilities</b>		
	<b>Current</b>		
1,609	Trade & Other Payables	1,224	1,139
1,925	Borrowings	2,176	1,850
654	Provisions	642	694
<b>4,188</b>	<b>Total</b>	<b>4,042</b>	<b>3,683</b>
	<b>Non-Current</b>		
6,423	Borrowings	6,273	6,490
97	Provisions	123	137
<b>6,520</b>	<b>Total</b>	<b>6,396</b>	<b>6,627</b>
<b>10,708</b>	<b>Total Liabilities</b>	<b>10,438</b>	<b>10,310</b>
<b>1,219</b>	<b>Net Assets</b>	<b>1,350</b>	<b>1,200</b>
	<b>Equity</b>		
1,219	Accumulated Surplus	1,350	1,200
<b>1,219</b>	<b>Total Equity</b>	<b>1,350</b>	<b>1,200</b>

<b>EAST WASTE</b>			
<b>PROJECTED STATEMENT OF CASH FLOWS (BUDGET)</b>			
for the Financial Year Ending 30 June 2022			

	FY2021	FY2022	FY2022
Audited Actuals		Adopted Budget	BR1
\$'000		\$'000	\$'000
	<b>Cash Flows from Operating Activities</b>		
	<b>Receipts</b>		
18,457	Operating Receipts	19,412	18,846
7	Investment Receipts	2	2
	<b>Payments</b>		
(6,012)	Employee costs	(6,309)	(6,229)
(9,243)	Materials, contracts & other expenses	(10,686)	(10,790)
(233)	Interest Payments	(281)	(271)
<u>2,976</u>	<b>Net Cash Flows from Operating Activities</b>	<u>2,138</u>	<u>1,558</u>
	<b>Cash Flows from Investing Activities</b>		
	<b>Receipts</b>		
124	Sale of Replaced Assets	115	115
	<b>Payments</b>		
(2,452)	Expenditure on Renewal/Replaced Assets	(2,381)	(2,516)
-	Expenditure of New/Upgraded Assets	-	-
<u>(2,328)</u>	<b>Net Cash Flows from Investing Activities</b>	<u>(2,266)</u>	<u>(2,401)</u>
	<b>Cash Flow from Financing Activities</b>		
	<b>Receipts</b>		
2,284	Proceeds from Borrowings	2,200	2,031
	<b>Payments</b>		
(260)	Repayment of Lease Liabilities	(265)	(247)
(1,826)	Repayment of Borrowings	(1,810)	(1,792)
<u>198</u>	<b>Net Cash Flow from Financing Activities</b>	<u>125</u>	<u>(8)</u>
846	<b>Net Increase (Decrease) in cash held</b>	<b>(3)</b>	<b>(851)</b>
<u>2,322</u>	<b>Cash &amp; cash equivalents at beginning of period</b>	<u>2,195</u>	<u>3,168</u>
<u>3,168</u>	<b>Cash &amp; cash equivalents at end of period</b>	<u>2,192</u>	<u>2,317</u>

**EAST WASTE**

Projected Statement of Changes in Equity (Budgeted)  
for the Financial Year Ending 30 June 2022

<b>FY2021</b>		<b>FY2022</b>	<b>FY2022</b>
<b>Audited Actuals</b>		<b>Adopted Budget</b>	<b>BR1</b>
<b>\$</b>		<b>\$'000</b>	<b>\$'000</b>
964	<b>BALANCE AT END OF PREVIOUS REPORTING PERIOD</b>	1,219	1,219
255	Net Surplus / (Deficit) for Year	131	(19)
-	Contributed Equity	-	-
-	Distribution to Councils	-	-
<b>1,219</b>	<b>BALANCE AT END OF REPORTING PERIOD</b>	<b>1,350</b>	<b>1,200</b>

## ITEM 8.1 - ATTACHMENT F

**EAST WASTE**

Projected Uniform Presentation of Finances (Budgeted)  
for the Financial Year Ending 30 June 2022

<b>FY2021</b>		<b>FY2022</b>	<b>FY2022</b>
<b>Audited Actuals</b>		<b>Adopted Budget</b>	<b>BR1</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
17,636	Income	19,414	18,848
(17,486)	Expenses	(19,398)	(18,982)
<b>150</b>	<b>Operating Surplus / (Deficit)</b>	<b>16</b>	<b>(134)</b>
<b>Net Outlays on Existing Assets</b>			
(2,452)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,381)	(2,516)
1,986	Depreciation, Amortisation and Impairment	2,122	2,082
124	Proceeds from Sale of Replaced Assets	115	115
<b>(342)</b>		<b>(144)</b>	<b>(319)</b>
<b>Net Outlays on New and Upgraded Assets</b>			
-	Capital Expenditure on New and Upgraded Assets	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-
-	Proceeds from Sale of Surplus Assets	-	-
-		-	-
<b>(192)</b>	<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(128)</b>	<b>(453)</b>



# Attachment C

## Governance Arrangements Regional Subsidiaries

### ERA Water

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**

**Report Title:** FY2022 Budget Review 2

In accordance with the Local Government (Financial Management) Regulations 2011, ERA Water is required to provide to its Constituent Councils:

*“Between 30 November and 15 March (both dates inclusive) in the relevant financial year — a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.”*

The ERA Water Administration has reviewed YTD performance and the forecast for the remainder of the financial year and has endorsed the following changes to the budget at BR2.

The original budget for FY2022 was set in March 2021. The major changes proposed at BR2 are as follows:

- Reduction in external sales budget – caused by a multitude of factors including:
  - Inability to attract new customers in time for this irrigation season (including the Department of Education)
  - Constraints in the irrigation network in terms of the availability of water supply in the specific locations where additional sales opportunities exist.
  - Delays in the connection to Daly Oval due to the inability to get parts for construction of the water meter.
  - Operational issues in relation to the Gaza Oval connection.
  - Below budget water usage at Pembroke.
- Increase in Constituent Council sales budget – based on current run rates and water usage profile for last irrigation season, we expect Burnside will exceed their water allocation for this financial year. This will be somewhat dependent on climatic conditions for the remainder of the summer.
- Maintenance – the scheme is operating relatively well and hence there has been limited reactive maintenance required so far this financial year. There has been a recent issue with pumping equipment which will require remediation works. Budget adjustment based on expected cost to the end of the financial year.
- Other expenses – efforts have been made to reduce all other forms of non-discretionary spending.

The overall impact from this budget review is a reduction in revenue of \$173k and a reduction in expenses of \$106k producing a net reduction in forecast performance of \$67k.

**Attachments:**

1. Budget Review 2 P&L with commentary.
2. Modelled Financial Statement output Profit and Loss, Balance Sheet and Cashflow.

BR2 ERA Water Regional Subsidiary January 2022					ERA WATER
	Endorsed Budget (released April 2021)	Endorsed BR1 (no change)	Recommended BR2 Adjustment	Proposed Revised Full Year FY2022 Budget	Comments
<b>Income</b>					
Revenue - ERA Councils	594,336	594,336	28,237	622,573	Based on current usage rates, City of Burnside is assumed to exceed take or pay amount 10ML
Revenue - other customers	260,910	260,910	(201,286)	59,624	Revised forecast usage by reserve: Pembroke 10ML Daly Oval 5ML Gaza 10ML Total revised external demand for FY2022 is 25ML.
Other Revenue	0	0		0	
<b>Total Income</b>	<b>855,246</b>	<b>855,246</b>	<b>(173,049)</b>	<b>682,197</b>	
<b>Operating Expenses</b>					
<b>Employment Costs</b>					
Executive Officer	100,000	100,000		100,000	
Principal Operator	150,000	150,000	(10,000)	140,000	Budget contained provision for Principal Operator to engage additional contractor support. This provision has been removed due to current financial issues.
Customer & Admin Support	0	0		0	
<b>Sub Total</b>	<b>250,000</b>	<b>250,000</b>	<b>(10,000)</b>	<b>240,000</b>	
<b>Materials, contracts &amp; other</b>					
Audit & Accounting	18,000	18,000	(10,000)	8,000	Adjusted to align with quoted audit fee.
Governance	16,000	16,000		16,000	
Bank Charges	500	500		500	
ICT	2,500	2,500	(2,000)	500	Not expected to incur significant additional IT expenses in FY2022.
Insurance	40,000	40,000		40,000	
Office Expenses	1,000	1,000	(500)	500	
Vehicle lease and minor equipment	0	0		0	
Professional Services	40,000	40,000		40,000	
Staff Amenities	2,500	2,500	(2,000)	500	
General	2,500	2,500		2,500	
<b>Sub Total</b>	<b>123,000</b>	<b>123,000</b>	<b>(14,500)</b>	<b>108,500</b>	
<b>Operational Costs</b>					
<b>Maintenance</b>					
Maintenance	110,000	110,000	(25,000)	85,000	Maintenance provision updated to account for budgeted runrate of expenditure and known new maintenance requirements.
Electricity	125,000	125,000	(30,000)	95,000	Adjusted based on current usage runrate and below budget external sales and based on new electricity rates available to ERA Water.
Licensing & Testing	15,000	15,000		15,000	
Telecoms & Scada	19,000	19,000		19,000	
<b>Sub Total</b>	<b>269,000</b>	<b>269,000</b>	<b>(55,000)</b>	<b>214,000</b>	
<b>Total expenses (ex depreciation and finance)</b>	<b>642,000</b>	<b>642,000</b>	<b>(79,500)</b>	<b>562,500</b>	
<b>Profit / (Loss) before interest and depreciation</b>	<b>213,246</b>	<b>213,246</b>	<b>(93,549)</b>	<b>119,697</b>	
Depreciation and Amortisation	466,534	466,534		466,534	
Finance Costs	346,975	346,975	(26,489)	320,486	Budget reflects modelled changes to finance costs based on updated LTFF.
<b>Net Profit</b>	<b>(600,263)</b>	<b>(600,263)</b>	<b>(67,060)</b>	<b>(667,323)</b>	

## Statement of Comprehensive Income

\$	Jun-22 Budget Yr 2
All error checks	
<b>Income</b>	
User Charges	
Net Water Sales ERA Councils	622,573
Water Sales Other Customers	59,624
Grants, Subsidies and Contributions	-
Investment Income	-
<b>Total Income</b>	<b>682,197</b>
<b>Expenses</b>	
Employee Costs	240,000
Materials, Contracts & Other Expenses	322,500
Depreciation & Amortisation	466,534
Finance Costs	320,486
<b>Total Expenses</b>	<b>1,349,520</b>
<b>Operating Surplus / (Deficit)</b>	<b>(667,323)</b>
Amounts Received Specifically for New or Upgraded Assets	-
<b>Net Surplus / (Deficit)</b>	<b>(667,323)</b>
<b>Other Comprehensive Income</b>	
Amounts which will not be reclassified to operating result	-
Impairment expense	-
<b>Total Comprehensive Income</b>	<b>(667,323)</b>

## Balance Sheet

\$	Jun-22 Budget Yr 2
<b>Assets</b>	
<b>Current Assets</b>	
Cash & cash equivalents	89,333
Trade & Other Receivables	61,495
<b>Total Current Assets</b>	<b>150,828</b>
<b>Non-current Assets</b>	
Financial assets	-
Infrastructure, property, plant & equipment	20,147,648
<b>Total Non-current Assets</b>	<b>20,147,648</b>
<b>Total Assets</b>	<b>20,298,476</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Trade & Other Payables	217,749
Provisions	1,231
Borrowings	-
<b>Total Current Liabilities</b>	<b>218,980</b>
<b>Non-current Liabilities</b>	
Trade & Other Payables	-
Borrowings	15,194,502
<b>Total Non-current Liabilities</b>	<b>15,194,502</b>
<b>Total Liabilities</b>	<b>15,413,482</b>
<b>NET ASSETS</b>	<b>4,884,994</b>
<b>Equity</b>	
Accumulated Surplus	4,884,994
Asset Revaluation Reserves	-
<b>TOTAL EQUITY</b>	<b>4,884,994</b>
Net Debt	15,105,169

## Statement of Cash Flows

\$	Jun-22 Budget
<b>Cash Flows from Operating Activities</b>	
<b>Receipts</b>	
Water Sales ERA Councils	546,328
Water Sales ERA Councils - Annual True-Up	-
Net Water Sales ERA Councils	546,328
Water Sales Other Customers	58,792
Other receipts	-
Investment Income	-
<b>Payments</b>	
Employee costs	(237,165)
Materials, contracts & other expenses	
Fixed Operating Costs	(84,256)
Operational Costs	(227,259)
Finance Payments	(160,222)
<b>Net cash provided by (or used in) Operating Activities</b>	<b>(103,783)</b>
<b>Cash Flows from Investing Activities</b>	
<b>Receipts</b>	
Amounts Received Specifically for New Assets	-
<b>Payments</b>	
Expenditure on new/upgraded Assets	(52,560)
<b>Net cash provided by (or used in) Investing Activities</b>	<b>(52,560)</b>
<b>Cash Flows from Financing Activities</b>	
<b>Receipts</b>	
Proceeds from Borrowings	139,470
<b>Payments</b>	
Repayment of borrowings	-
<b>Net cash provided by (or used in) Financing Activities</b>	<b>139,470</b>
<b>Net Increase (Decrease) in cash held</b>	<b>(16,872)</b>
Cash and cash equivalents at beginning of period	106,205
<b>Cash and cash equivalents at end of period</b>	<b>89,333</b>

## 6.7 FINANCE POLICIES

---

**REPORT AUTHOR:** Accountant  
**GENERAL MANAGER:** General Manager, Corporate Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA75186/A340671  
**ATTACHMENTS:** A - E

---

### PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee finance policies which have been reviewed, for consideration and endorsement prior to being presented to the Council for adoption.

### BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to;

- carry out its activities in an efficient and orderly manner to deliver on its objectives;
- ensure adherence to management policies;
- safeguard the Council's assets; and
- secure (as far as possible) the accuracy and reliability of the Council's records.

The Audit Committee Work Program requires the Audit Committee to review the appropriateness of the range and content of the Council's financial policies and practices.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

### FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

### EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

### SOCIAL ISSUES

Not Applicable.

### CULTURAL ISSUES

Not Applicable.

### ENVIRONMENTAL ISSUES

Not Applicable.

### RESOURCE ISSUES

Not Applicable.

### RISK MANAGEMENT

Documentation of policies relating to the Council's financial transactions improves transparency and ensures consistent treatment over subsequent reporting periods, subject to changes in Accounting Standards and or legislation.

## CONSULTATION

- **Committee Members**  
Not Applicable.
- **Community**  
Not Applicable.
- **Staff**  
Nil
- **Other Agencies**  
Not Applicable.

## DISCUSSION

In accordance with the Finance Policy Timetable, a review of finance policies, as contained in **Attachment A** to **E**, has been undertaken. Following the review, the proposed amendments to the policies, as detailed in Table 1 below, are presented to the Committee for consideration and recommendation to the Council for adoption, subject to any amendment which may be considered appropriate by the Audit Committee.

**TABLE 1: PROPOSED POLICY AMMENDMENTS**

<b>Policy</b>	<b>Details of Proposed Amendment</b>
Elected Members Communication Policy & Guidelines <b>(Attachment A)</b>	No changes are recommended.
Fees & Charges Policy <b>(Attachment B)</b>	No changes are recommended
Internal Control Policy <b>(Attachment C)</b>	Proposed amendments to the policy reflect the stage two implementation of the <i>Statutes Amendment (Local Government Review) Act 2021</i> and the subsequent changes to Section 125 of the <i>Local Government Act 1999</i> and the <i>Local Government (Financial Management) Regulations 2011</i> , which now stipulates those internal controls policies must be in accordance with the <i>Better Practice Model - Internal Financial Controls</i> .
Payments Policy <b>(Attachment D)</b>	Proposed amendments are minor administrative changes to position titles and the removal of the Team Leaders Customer & Regulatory Services as an authorised signatory for EFT Payments as the position no longer exists.
Treasury Management Policy <b>(Attachment E)</b>	Proposed amendment to reflect the change in the Local Government Finance Authority's Lending Policy, which now considers the Council's ratio forecasts as set out in the Council's Long Term Financial Plan.

## OPTIONS

The Policies can be recommended to the Council for adoption with or without amendment.

## CONCLUSION

To ensure compliance with Section 125 of the Act, the Council must have in place appropriate policies, practices and procedures, to assist the Council to carry out its activities in an efficient and orderly manner. It is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

## COMMENTS

Nil



## RECOMMENDATION

1. The Audit Committee notes that the following policies have been reviewed and notes that no amendments are recommended:
  - Elected Members Communication Policy & Guidelines (**Attachment A**)
  - Fees & Charges Policy (**Attachment B**).
2. The Audit Committee notes that the Payments Policy (Attachment D) has been reviewed and notes that minor administrative amendments are recommended.
3. The Audit Committee notes that the Internal Controls Policy (**Attachment C**) has been reviewed and notes that amendments to reflect the stage two implementation of the *Statutes Amendment (Local Government Review) Act 2021* and the subsequent changes to Section 125 of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* are recommended.
4. The Audit Committee notes that the Treasury Management Policy (**Attachment E**) has been reviewed and notes that amendments to reflect the change in the Local Government Finance Authority's Lending Policy are recommended.
5. The Audit Committee recommends to the Council that the following policies be adopted:
  - Elected Members Communication Policy & Guidelines (**Attachment A**)
  - Fees & Charges Policy (**Attachment B**)
  - Internal Control Policy (**Attachment C**)
  - Payments Policy (**Attachment D**)
  - Treasury Management Policy (**Attachment E**).

# Attachment A

## Finance Policies

### Elected Members Communication Policy & Guidelines

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



City of  
Norwood  
Payneham  
& St Peters

---

**NAME OF POLICY:** Elected Members Electronic Communications Policy

---

**POLICY MANUAL:** Governance

---

## BACKGROUND

The City of Norwood Payneham & St Peters recognises the need to embrace new, emerging and innovative technologies to improve the way business is conducted and which contribute to improving the way the Council meets its operational objectives.

Current and new electronic communication technologies provide opportunities for sharing information and conducting business.

The City of Norwood Payneham & St Peters has provided electronic communication facilities such as tablets (IPAD's), Internet access, and E-mail to assist Elected Members in discharging their legislative functions and duties.

However, the use of electronic communication methods requires the effective management of the associated risks to ensure a dependable and consistent communications environment and to protect the Council from commercial harm.

## DISCUSSION

Electronic communication facilities and equipment are Council owned resources which are provided for the purpose of assisting Elected Members in the proper discharge and performance of their legislative functions and duties.

Electronic communication facilities and equipment are primarily provided for Council's business use and must be used in accordance with this Policy and related procedures. Reasonable personal use of the Council's electronic communication facilities is permissible. However, personal use is a privilege, which needs to be balanced in terms of operational needs. Personal use must be appropriate, ethical and lawful.

Elected Members will be required to reimburse the Council for any excessive costs or expenses associated with the private use of electronic communication facilities and equipment

This Policy applies to Elected Members in their use of Council technology, equipment and services.

*Electronic Communication* includes but is not limited to:

- Internet sites and pages;
- Electronic journals and texts;
- Library catalogues;
- Email;
- Discussion lists and forums;
- Online News groups;
- Internet relay chat;
- Social Media; and
- Data of all kinds.

The use of Electronic Communication Facilities are subject to the requirements of the following Legislation;

- *Local Government Act 1999;*
- *State Records Act 1997;*
- *Independent Commissioner Against Corruption Act 2012;*
- *Freedom of Information Act 1991; and*
- *Copyright Act 1968.*

All material which is sent, received, forwarded or transmitted, may from time to time, be subject to monitoring or retrieval.

## **POLICY**

### **Personal Use**

All use, personal and council related, must be appropriate and lawful.

Technology equipment is primarily for the use and conduct of Council related services and must be used in accordance with the Guidelines set out in this Policy. The Council recognises that a prudent level of use of electronic services and facilities may occur for private purposes.

Personal (non-Council) use of Council supplied equipment or services by Elected Members, is not allowed under Section 78 of the *Local Government Act 1999*, unless the use is specifically approved by the Council and the Elected Member has agreed to reimburse the Council for any additional costs or expenses associated with service use. Incidental private use of equipment and services which are provided to Elected Members, is recognised and approved by the Council.

Elected Members should be aware that sensitive or personal information conveyed through electronic communication facilities, cannot be guaranteed as completely private and may be subject to the *Freedom of Information Act 1991*. The potential also exists for sensitive information to be read, intercepted, misdirected, traced or recorded by unauthorised persons.

### **Unlawful/Inappropriate Activities**

Misuse Electronic Communication Facilities and equipment which is supplied by the Council can damage the Council's corporate and community image, infringe copyright and intellectual property generally and could result in legal proceedings being brought against both the Council and the user (i.e. the Elected Member).

Elected Members are not to access or send material that is prohibited or potentially prohibited, provocative, pornographic, offensive, abusive, sexist or racist. This includes not forwarding to others any material of this nature that is received.

Unlawful activities are prohibited, including but are not limited to:

- gaining access to any material which is prohibited or potentially prohibited, pornographic, offensive or objectionable;
- engaging in any conduct which offends Federal or State laws and regulations;
- embarrassing, bullying or harassing (sexually or otherwise) another person;
- sending or forwarding any material which is defamatory, abusive, sexist, racist or otherwise illegal;
- acting outside of copyright legislation;
- circumventing any filtering or other content access device or software; and
- interfering with electronic records management information.

Inappropriate activities include but are not limited to;

- gambling activities;
- representing personal opinions as those of the Council;
- use which may otherwise expose the Council to legal liability; and
- use contrary to any legislation or any Council Code or Policy.

The Council may monitor, copy, access and disclose any information or files that are stored, processed or transmitted using the Council's electronic communication facilities. Such monitoring will be used for legitimate purposes only (such as legal discovery) and in accordance with any relevant legislation and/or guidelines.

### **Defamation**

For the purpose of defamation law, "publication" is very broad and includes any means whatsoever used to communicate with each other, including Internet and email. A statement made electronically is, by its very distribution, published. A statement is also published, if it is simply received electronically and forwarded on electronically. The Council is at risk of being sued for any defamatory material stored, reproduced or transmitted via any of our facilities. Likewise, an individual may also be sued.

Elected Members are required to exercise caution in all electronic communications which they undertake or are involved in.

### **Identity**

No email or other electronic communication may be sent which conceals or attempts to conceal the identity of the sender.

The only exception is where a system's functionality is intended to keep the identity of the sender anonymous, such as feedback forums or electronic surveys.

### **Confidential Information**

Confidential information should be sent with caution. It is strongly recommended that highly confidential messages are not sent via the Internet or email.

Electronic Communications are perceived to be instant in nature and instantly disposed of. However Electronic Communications can be retained by both the recipient and the sender until specifically disposed of. There may also be an additional backup facility that retains a copy of the file even if it is eliminated from the sender's and recipient's computers.

Improper statements can give rise to liability – personally (i.e. the Elected Member) and for the Council. Elected Members are advised to work on the assumption that messages may be sent, forwarded, or transmitted to someone other than the intended recipient of the message. Controlled or limited distribution of messages cannot be guaranteed. Accordingly, Elected Members are advised to exercise caution when committing totally private, sensitive or confidential messages to electronic communications. If confidential messages must be sent via electronic communications, Elected Members should exercise a high level of care and discretion.

Elected Members should also be aware that electronic communications, even if expressed to be confidential, may be disclosed in Court proceedings, Freedom of Information requests, or in investigations by the Independent Commissioner Against corruption, the Ombudsman, competition authorities and regulatory bodies.

It may be necessary for the Council's Information Services staff or third parties (under Court or regulatory body appointments) to retrieve and/or disclose electronic information and communications.

### **Copyright**

Elected Members are required to adhere to the requirements of copyright legislation. Intellectual property rights apply to most material on the Internet, including text, graphics and sound. It cannot be assumed that an Elected Member can reproduce, print, transmit or download all material to which you have access. Usage of any material should comply with the copyright requirements, as any material reproduced outside permitted uses or without the permission of the owner may be unlawful and may result in legal action against you and the Council.

## Records Management

Electronic Communications are officially the Council's correspondence and the corporate standards and records management requirements, practices and procedures applying to hard copy correspondence, also apply to Electronic Communications and any attachments.

All Electronic Communication, other than those which are personal or private in nature, are Council records and need to be retained for record keeping purposes and compliance with the *State Records Act 1997*. The Council's Electronic Document Management System (EDMS) is required be used for this purpose.

In order to comply with the *State Records Act 1997*, the Council's EDMS automatically retains copies of all email communication which is sent and received via Elected Member email accounts.

## Breach of the Conditions of this policy

In circumstances where an Elected Member breaches the conditions of this Policy, the Council reserves the right to restrict the use or access to the technology, equipment or services and to maintain that restriction at its discretion and may invoke other disciplinary action or sanctions under the Elected Member Mandatory Code of Conduct.

## REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

## INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's General Manager, Governance & Community Affairs telephone 8366 4549.

This Policy was implemented when the Elected Members of the Council were provided with iPads in September 2013.

## ADOPTION OF THE POLICY

This Policy was reviewed by the Audit Committee on 26 February 2018.

This Policy was adopted by the Council on 5 March 2018.

This Policy was reviewed by the Audit Committee on 24 February 2020

This Policy was adopted by the Council on 2 March 2020.

[This Policy was reviewed by the Audit Committee on February 2022](#)

[This Policy was adopted by the Council on March 2022.](#)

## TO BE REVIEWED

February [20222024](#)



City of  
Norwood  
Payneham  
& St Peters

---

<b>NAME OF POLICY:</b>	Elected Member Electronic Communications Policy Guidelines
<b>POLICY MANUAL:</b>	Governance

---

These guidelines are to be applied in conjunction with the Elected Member Electronic Communication Policy.

**Use of Electronic Communication Facilities**

Elected Members are provided Electronic Communications Facilities such as IPAD’s, Email and Internet to enable them to discharge and performance of their legislative functions and duties.

Electronic Communication Facilities remain the property of the Council and must be returned upon the Elected Member no longer holding Office with the City of Norwood Payneham & St Peters.

**Personal Use**

Elected Members are allowed reasonable personal or private use of the Electronic Communication Facilities provided by the Council.

With respect to data downloads, each Elected Member has a data download limit of 4GB per month. Elected Members are required to reimburse the Council for the cost of data downloads in excess of 4GB per month.

**Passwords**

Passwords are considered to be the Elected Member’s electronic authorisation to use the Council’s Electronic Communication Facilities. However, Elected Members should be aware that while access passwords and other protection methods are in place, there is a general level of “insecurity” for communications via the Internet and email.

Elected Members are responsible for maintaining the security of their password(s) and are required to take reasonable precautions to ensure that their password is not known by any other party. Elected Members are responsible for changing their password if it becomes known by another party.

Elected Members may be required to disclose their password(s) to the Information Services staff upon request.

**General Security**

Elected Members must ensure that Electronic Communication Devices, such as IPAD’s, are to be kept in a secure location at all times

If an Electronic Communication Device is lost or stolen, Elected Members must notify the General Manager, Corporate Services immediately.

I,.....acknowledge the terms and conditions outlined in City of Norwood Payneham & St Peters Elected Member Electronic Communications Policy and Guidelines.

**SIGNED:**

**DATE:**

# Attachment B

## Finance Policies

### Fees & Charges Policy

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**





City of  
Norwood  
Payneham  
& St Peters

---

**NAME OF POLICY:** Fees & Charges

---

**POLICY MANUAL:** Finance

---

## BACKGROUND

Section 188 of the *Local Government Act 1999* sets out the requirements to be met by the Council in establishing its fees and charges.

The Council will adopt a Fees and Charges Schedule on an annual basis, separated between Statutory and User Charges. Where the Council's Fees and Charges are not of a statutory nature, the Council will apply the principle of user pays and where possible, recover the full cost of operating or providing the service or goods. Where it can be demonstrated that citizens are unable to meet the full cost, concessions may apply.

## POLICY

The Fees and Charges Schedule details the user charges to be set by the Council and the current statutory charges set by the State Government in regulations.

User Charges set by Council includes but not limited to:

- Swimming Pool Fees
- Library Service Fees
- Halls/Community Centre Hire Fees
- Recreational Fees
- Community Care
- Community Development
- Child Care Fees
- Sale of Goods
- Outdoor Dining Permit Fees

Statutory Charges set by State Government in regulations includes:

- Animal Registration Fees
- Parking Infringements
- By Laws
- Development Assessment Fees

The statutory fees and charges may be amended at any time during the financial year. The Fees and Charges Schedule will be updated as statutory charges are amended.

The relevant work areas and community groups (where appropriate) are consulted in relation to the proposed fees and charges and the following factors are considered when determining the proposed fees:

- the cost of providing the service, inclusive of overhead costs;
- the importance of the service to the community;
- market comparison of fees and pricing structures with other enterprises who offer a similar service;
- the level of service/facility provided by the City of Norwood Payneham & St Peters; and
- increase in statutory charges set by regulation.

The Council will approve the fees and charges as part of the Annual Budget setting process.

The Schedule of Fees and Charges will be posted on the Council's website and be made available at the Council's Libraries and at the Principal Office, Norwood Town Hall.

### Definitions

Statutory Charges	Fees from regulated services and in most circumstances set by Legislation. Statutory fees are associated with the granting of a permit/licence or the regulation of an activity.
User Fees/Charges	Revenue from the sale of goods and services or rent/hire of property facilities. They are voluntary charges for which the payer receives a direct benefit.

### REVIEW PROCESS

The ~~Financial Services~~ Manager, Finance will review the Fees & Charges Policy within 24 months from the adoption of the Policy and where appropriate submit recommendations for changes for approval to the Council's Audit Committee.

### INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

### ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 March 2012.  
 This Policy was adopted by the Council on 2 April 2012.  
 This Policy was endorsed by the Audit Committee on 25 February 2013.  
 This Policy was adopted by the Council on 4 March 2013.  
 This Policy was endorsed by the Audit Committee on 24 February 2014.  
 This Policy was adopted by the Council on 3 March 2014.  
 This Policy was endorsed by the Audit Committee on 25 May 2015.  
 This Policy was adopted by the Council on 1 June 2015.  
 This Policy was endorsed by the Audit Committee on 29 February 2016.  
 This Policy was adopted by the Council on 7 March 2016.  
 This Policy was endorsed by the Audit Committee on 28 May 2018.  
 This Policy was adopted by the Council on 4 June 2018.  
 This Policy was endorsed by the Audit Committee on 24 February 2020.  
 This Policy was adopted by the Council on 2 March 2020.  
[This Policy was endorsed by the Audit Committee on 28 February 2022](#)  
[This Policy was adopted by the Council on](#)

### TO BE REVIEWED

February ~~2022~~2024

# Attachment C

## Finance Policies

## Internal Controls Policy

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



City of  
Norwood  
Payneham  
& St Peters

**NAME OF POLICY:** Internal Control

**POLICY MANUAL:** Governance

## BACKGROUND

Internal Controls are a key factor in ensuring that the Council is properly managed and that the Council's resources are not misused or misappropriated. Internal Controls are integral to effective risk management of the Council operations, and to ensure that the Council is managed efficiently and effectively, with appropriate policies and procedures that promote the achievement of the Council's goals and objectives.

Internal Control is established to respond to the risk management of all of the Council's internal operations, including both the financial and other non-financial operations.

Internal Control does not associate with risk management as it applies to matters external to the Council's operations. Specifically, internal control does not deal with risks faced by the Council including potential disasters or political, economic and environmental risks.

Pursuant to Section 125 of the *Local Government Act 1999* (the Act), the Council must ensure that policies, practices and procedures associated with Internal Control are implemented and maintained [and pursuant to Regulation 10A of the Local Government \(Financial Management\) Regulations 2011 \(the Regulations\) the policies must be in accordance with the Better Practice Model - Internal Financial Controls.](#)

Formatted: Font: Italic

Formatted: Font: Italic

## DISCUSSION

The Council's Internal Control System is associated with the financial, political, human resource, technical, information and technological operations of the Council. A comprehensive and appropriate system of internal control includes policies, practices and procedures, which establish a framework to ensure that:

- activities and services are planned, efficient and effective;
- management policies are followed;
- assets are secured and protected from unauthorised use or loss; and
- records are complete, accurate and reliable.

In establishing and assessing Internal Control practices, it is necessary to recognise that in practical terms, a certain level of risk will always exist within any organisation. The purpose of Internal Control therefore is to provide assurance that the internal risks faced by the Council are contained to acceptable levels.

This Policy describes the purpose and the major factors which are required to be considered in the development of an effective Internal Control Framework. It provides a framework to assist in the development of policies, practices and procedures, to collectively ensure that the financial and non-financial activities of the Council are conducted in a proper and prudent manner.

## KEY PRINCIPLES

A comprehensive and appropriate system of Internal Control includes policies, practices and procedures, which establish a framework that ensures that:

- resources are adequately safeguarded and efficiently and effectively utilised;
- risks are identified and realistically managed;
- fraudulent or dishonest behaviour is identified and dealt with;
- systems produce reliable information for internal and external use and results are fairly disclosed;
- compliance with applicable legislation, regulations, policies and prevailing community standards of best practice.
- objectives of the Council's Strategic Management Plan (*City Plan 2030: Shaping the Future*) are monitored and reported in an efficient and orderly manner;
- reporting information is accurate and reliable to facilitate sound decision making; and
- policies and procedures are followed.

Internal Control and risk management are key components of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency.

## POLICY

The City of Norwood Payneham & St Peters will implement strategies to maintain sound Internal Controls that are based on risk analysis of the internal operations of the Council, with a focus on a number of key elements which are set out below:

Organisation Environment - the structure and broad policies adopted to manage the organisation and assist staff to discharge their roles, functions and responsibilities. An effective and transparent Internal Control environment is based upon the following key areas:

- integrity and ethics;
- policies and delegated authority;
- levels of responsibilities and authorities;
- audit practices;
- information system access and security;
- management operating style; and
- human resource management and practices

Information System - the methods and procedures which are used to collect, collate and distribute financial and non-financial information. The Council's Information System comprises all of the records and reporting methods of the Council which is used to maintain accountability for assets, liabilities, revenue and expenses and for the achievement of the objectives of the Council.

Processing System –the mechanisms which are in place to ensure that transactions are captured, checked and verified. The Council's Processing System comprises of control procedures including policies, delegated authority levels, system procedures and practices established to achieve the objectives of this policy. The use of technology with automated controls strengthen the internal control environment.

The City of Norwood Payneham & St Peters will undertake regular reviews of its Internal Control environment in order to monitor and identify any changes in the level of type of risk exposure. A risk review,(if required) will also be undertaken in response to any changes to processes or systems. The aim of a risk review is to:

- assess reliability and integrity of system information;
- ensure that system procedures comply with policies, standards, laws and regulations;
- evaluate system compliance to written procedures and work practices;
- determine overall effectiveness;
- identify issues; and
- plan and implement changes.

The assessment of risks is required to consider aspects of internal control including:

- relevant principles;
- recommended practices;
- key issues; and
- options for improvement.

[The policies, practices and procedures will reference the \*Better Practice Model – Internal Financial Controls\*](#)

Formatted: Font: Italic  
Formatted: Font: Italic

Limitations of Internal Control

A sound system of internal control will provide staff and Elected Members, with a high degree of confidence that the Councils operations are being effectively managed and all resources are properly deployed. However, there are limits to the level of certainty which can be achieved

These limitations include:

- controls are designed for routine transactions – abnormal or non-routine transactions may bypass control mechanisms;
- the Internal Control system is operated by people, so there is potential for human error with mistakes as a result of lack of attention, carelessness, improper judgement, lack of knowledge or misunderstanding of instructions;
- people may act together in collusion to undermine the system of internal control;
- employees may abuse a delegation or responsibility to override the internal control system;
- the cost of implementing some controls maybe greater than the benefit; and
- over time, internal controls may become ineffective because of changes to procedures or practices.

Responsibilities

The Council is responsible for the approval and endorsement of the Internal Control Policy.

The Council's Audit & Risk Committee is responsible for the provision of an independent review and advice to the Council regarding the administration's approach to corporate governance matters and any major amendments, including providing internal controls.

[The Council will undertake a self-assessment of the Internal Controls as set out in the \*Better Practice Model – Internal Financial Controls\*, with the results of the self-assessment being presented, at least annually, to the Council's Audit & Risk Committee](#)

Formatted: Font: 10 pt  
Formatted: Default, Left, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers  
Formatted: Font: 10 pt  
Formatted: Font: 10 pt, Not Italic  
Formatted: Font: 10 pt  
Formatted: Font: 10 pt, Not Italic  
Formatted: Font: 10 pt

The Council's Audit Committee, in conjunction with the Chief Executive Officer, is responsible for the development of the Council's three (3) year Strategic Internal Audit Plan.

The Council's Audit Committee is responsible for the independent review of the Internal Audit reports which are delivered as part of the Council's Strategic Internal Audit Plan.

The Chief Executive Officer is accountable to the Council for the development and implementation of appropriate systems to achieve accountability and integrity.

Management responsible for the development of adequate internal controls and their implementation, evaluation and revision of such controls on an on-going basis in respect to all of the functions of the Council under their control to ensure, as far as practicable, that:

- financial records and other relevant databases completely and accurately reflect the actual operational activities and the timely preparation of reports;
- assets are safeguarded from unauthorised use or disposal; and
- irregularities are prevented, or detected and corrected if and when such irregularities occur.

Management is expected to promote a "best practice" approach in support of effective business practices and properly functioning controls.

Council staff are responsible for conducting their duties in accordance with Internal Control policies, procedures and practices which are established by the Council. Staff are also responsible for reporting to Management instances where staff consider that internal control procedures are inadequate or are not being met.

#### REVIEW PROCESS

This Policy will be reviewed within 24 months from the adoption date of the Policy.

#### INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's [Finance Services](#) Manager, [Finance](#), telephone 8366 4548 or email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au).

#### ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 21 July 2011.  
This Policy was adopted by the Council on 1 August 2011.  
This Policy was endorsed by the Audit Committee on 28 July 2014.  
This Policy was adopted by the Council on 4 August 2014.  
This Policy was endorsed by the Audit Committee on 29 February 2016.  
This Policy was adopted by the Council on 7 March 2016.  
This Policy was reviewed by the Audit Committee on 26 February 2018.  
This Policy was adopted by the Council on 5 March 2018.  
This Policy was reviewed by the Audit Committee on 26 February 2018.  
This Policy was adopted by the Council on 5 March 2018.  
This Policy was reviewed by the Audit Committee on 24 February 2020.  
This Policy was adopted by the Council on 2 March 2020.  
[This Policy was reviewed by the Audit Committee on February 2022.](#)  
[This Policy was adopted by the Council on March 2022.](#)

#### TO BE REVIEWED

February ~~2022~~2024

# Attachment D

## Finance Policies

## Payments Policy

---

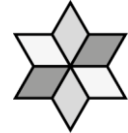
City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**





City of  
Norwood  
Payneham  
& St Peters

---

**NAME OF POLICY:** Payments

---

**POLICY MANUAL:** Finance

---

## BACKGROUND

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

## DISCUSSION

The City of Norwood Payneham & St Peters operates in an environment which is subject to public scrutiny and legislative requirements. The Council is required to ensure that financial resources are allocated in an effective manner to ensure that "best value" is achieved and the continuation of service provision to the community in the most efficient and cost effective manner.

At the time of payment, authorised signatories must satisfy themselves that the:

- purchase of goods and/or services have been properly authorised; and
- the invoice details have been verified
  - against purchase requisition / order / approval;
  - to evidence receipt of goods / services;
  - for correct pricing, extensions and additions; and
  - to ensure all available discounts and incentives have been availed.
  -

The City of Norwood Payneham & St Peters will make supplier payments on a weekly basis.

## KEY PRINCIPLES

All Council disbursements are authorised in line with the Council's Expenditure Policy, prior to the payment being made.

This Policy applies to all payments which are made by the Council.

## POLICY

The Council will make payments in line with the supplier's agreed payment terms.

Where the payment terms are not specified, the Council's standard payment term is thirty (30) days from the date of the invoice.

All payments must be authorised for payment in line with the Council's Expenditure Policy.

A payment on behalf of the Council, must be made by a cheque drawn on Council's bank, Electronic Funds Transfer (EFT) or Direct Debit. The preferred payment method is EFT.

Cheques shall be printed on Council stationery, pre-numbered and issued in numerical sequence. A cheque register is required to be maintained at all times.

The Cheque Register must be signed by authorised cheque signatories.

All disbursements shall be authorised for payment by any two (2) of the following authorised signatories;

<b>ANZ Transactive (EFT Payments)</b>	General Manager, Corporate Services, <del>Financial Services Manager, Finance Accountant, Assistant Accountant, Team Leader, Customer &amp; Regulatory Services.</del>
<b>Cheque Signatories</b>	Chief Executive Officer, General Manager, Corporate Services, <del>Financial Services Manager, Finance,</del> Accountant, Assistant Accountant.

Documentation regarding disbursements shall be retained for the period set down prescribed by the *State Records Act 1997*.

## REVIEW PROCESS

The Council will review within 24 months of adoption of the Policy.

## INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

## ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 March 2012.  
 This Policy was adopted by the Council on 2 April 2012.  
 This Policy was endorsed by the Audit Committee on 25 February 2013.  
 This Policy was adopted by the Council on 4 March 2013.  
 This Policy was endorsed by the Audit Committee on 24 February 2014.  
 This Policy was adopted by the Council on 3 March 2014.  
 This Policy was endorsed by the Audit Committee on 25 May 2015.  
 This Policy was adopted by the Council on 1 June 2015.  
 This Policy was endorsed by the Audit Committee on 29 February 2016.  
 This Policy was adopted by the Council on 7 March 2016.  
 This Policy was endorsed by the Audit Committee on 26 February 2018.  
 This Policy was adopted by the Council on 5 March 2018.  
 This Policy was endorsed by the Audit Committee on 24 February 2020.  
 This Policy was adopted by the Council on 2 March 2020.  
[This Policy was endorsed by the Audit Committee on February 2022.](#)  
[This Policy was adopted by the Council on March 2022.](#)

## TO BE REVIEWED

February ~~2022~~2024

# Attachment E

## Finance Policies

### Treasury Management Policy

---

City of Norwood Payneham & St Peters  
175 The Parade, Norwood SA 5067

Telephone 8366 4555  
Facsimile 8332 6338  
Email [townhall@npsp.sa.gov.au](mailto:townhall@npsp.sa.gov.au)  
Website [www.npsp.sa.gov.au](http://www.npsp.sa.gov.au)



*City of*  
**Norwood  
Payneham  
& St Peters**



City of  
Norwood  
Payneham  
& St Peters

**NAME OF POLICY:** Treasury Management

**POLICY MANUAL:** Finance

## BACKGROUND

Sections 134, 139 and 140 of the *Local Government Act 1999*, provides for the following in respect to borrowings and investments:

### **Borrowings**

- (1) A council may borrow money and obtain other forms of financial accommodation.
- (2) A borrowing may take any form considered appropriate by the council, including through the use of an overdraft or finance lease.
- (3) A council may enter into financial arrangements for the purpose of managing, hedging or protecting against movements in interest rates or other costs of borrowing money, including—
  - (a) interest rate swaps;
  - (b) forward interest rate agreements;
  - (c) interest rate options;
  - (d) other prescribed arrangements.
- (4) However, a council must not enter into a financial arrangement under subsection (3) unless or until—
  - (a) the council has obtained and considered independent and impartial advice about the proposed financial arrangements and the appropriate risk-management policies, controls and systems that should be in place from a person whom the council reasonably believes to be competent to give the advice; and
  - (b) the council has adopted risk-management policies, controls and systems by a resolution passed by at least a two-thirds majority of the members of the council.

### **Part 4 – Section 139**

### **Investments**

- (1) A council may invest money under its control.
- (2) A council must, in exercising its power of investment—
  - (a) exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and
  - (b) avoid investments that are speculative or hazardous in nature.
- (3) Without limiting the matters that a council may take into account when exercising its power of investment, a council must, so far as may be appropriate in the circumstances, have regard to—
  - (a) the purposes of the investment;
  - (b) the desirability of diversifying council investments;
  - (c) the nature of and risk associated with existing council investments;

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 0.27 cm

Formatted: Indent: Left: 1 cm

Formatted: Indent: Left: 0.27 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 1 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 1 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 0.9 cm

- (d) the desirability of maintaining the real value of the capital and income of the investment;
- (e) the risk of capital or income loss or depreciation;
- (f) the potential for capital appreciation;
- (g) the likely income return and the timing of income return;
- (h) the length of the term of a proposed investment;
- (i) the period for which the investment is likely to be required;
- (j) the liquidity and marketability of a proposed investment during, and on the determination of, the term of the investment;
- (k) the aggregate value of the assets of the council;
- (l) the likelihood of inflation affecting the value of a proposed investment;
- (m) the costs of making a proposed investment;
- (n) the results of any review of existing council investments.

(3) Without limiting the matters that a council may take into account when exercising its power of investment, but subject to the operation of subsection (3), a council may, so far as may be appropriate in the circumstances, have regard to—

- (a) the anticipated community benefit from an investment;
- (b) the desirability of attracting additional resources into its local community.

(5) A council may obtain and consider independent and impartial advice about the investment of funds or the management of its investments from a person whom the council reasonably believes to be competent to give the advice.

#### Part 4 – Section 140

##### Investments

A council must, at least once in each year, review the performance (individually and as a whole) of its investments.

##### DISCUSSION

The intent of this Policy is to provide clear direction regarding the Council's treasury management function. This Policy underpins the Council's decision making associated with the financing of its operations as documented in its Annual Budget and Long-Term Financial Plan and associated projected and actual cash flow receipts and outlays.

##### KEY PRINCIPLES

###### Objectives

This Policy provides a framework to ensure that:

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

###### Treasury Management Strategy

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

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery;
- affordability of proposals having regard to the Council's long-term financial sustainability and the Council's Net Financial Liabilities and Interest Cover ratios;
- borrowing funds in accordance with the requirements set out in its annual budget and projections in its Long-Term Financial Plan (LTFP);

Formatted: Indent: Left: 0.27 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 1 cm

Formatted: Indent: Left: 0.27 cm

Formatted: Indent: Left: 0 cm

Formatted: Indent: Left: 0 cm

- ~~invest any funds that are not immediately required to meet approved expenditure with the Local Government Finance Authority and/or the ANZ Bank, in accounts which will generate the best return for the time the funds are projected to be available; and~~
- ~~where excess funds are expected to be available for a considerable period of time as identified in the LTFP, consideration is to be given to reduce the level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.~~

## PoliciesPolicy

### Treasury Management Strategy

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

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery;
- affordability of proposals having regard to the Council's long-term financial sustainability and the Council's Net Financial Liabilities, Debt Servicing and Interest Cover ratios;
- borrowing funds in accordance with the requirements set out in its annual budget and projections in its Long-Term Financial Plan (LTFP);
- invest any funds that are not immediately required to meet approved expenditure with the Local Government Finance Authority and/or the ANZ Bank, in accounts which will generate the best return for the time the funds are projected to be available; and
- where excess funds are expected to be available for a considerable period of time as identified in the LTFP, consideration is to be given to reduce the level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

### Borrowings

The Council will borrow long term to fund Capital Expenditure only (i.e. Fixed Assets).

The term of the borrowing will not exceed the useful life of the asset which is being funded.

- Each year, as part of the budget setting process and with reference to the Annual Capital Expenditure Program, the Council will determine the maximum value of borrowings for the given financial year.
- In determining the maximum value of borrowings for a given financial year, the Council will consider the impact of the borrowings on the forecast Net Financial Liabilities, Debt Servicing and Interest Cover ratios, as set out in the Council's LTFP.
- The Council will take out long term borrowings with the Local Government Financing Authority.
- Borrowing from other financial institutions must be authorised by the Council.
- The Council will utilise the Cash Advance Debenture facility to borrow for short term cash flow deficits.
- The Chief Executive Officer and General Manager, Corporate Services, are authorised to enter into long term borrowing arrangements (in line with this Policy and the Act), up to the annual maximum value which is set by the Council.

### Interest Rate Risk Exposures

In order to spread its exposure to interest rate movements, the Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity range and will consider the best option available at the time (i.e. variable or fixed rate options).

### Investments

Funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings, will be invested. The balance of funds held in any operating bank account, shall be kept at a level that is no greater than the amount which is required to meet immediate working capital requirements.

Funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments, the term should not exceed a point in time where the funds otherwise could be

applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of the variable interest rate borrowing facility.

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

The Council's management may from time to time invest surplus funds in:

- deposits with the Local Government Finance Authority; and/or
- bank interest bearing deposits.

Any other investment will require the specific approval of the Council.

#### Reporting

At least once a year, a specific report regarding the performance of the Council's treasury management relative to this Policy, will be provided to the Audit Committee. The report is required to highlight the following 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.

#### **REVIEW PROCESS**

This Policy will be reviewed within 24 months of the adoption date of the Policy or when a change of legislation occurs beforehand.

#### **INFORMATION**

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's [Financial Services Manager, Finance](#), telephone 8366 4548.

#### **ADOPTION OF THE POLICY**

This Policy was endorsed by the Audit Committee on 11 December 2008.

This Policy was adopted by the Council on 20 January 2009.

This Policy was endorsed by the Audit Committee on 26 March 2012.

This Policy was adopted by the Council on 2 April 2012.

This Policy was endorsed by the Audit Committee on 25 February 2013.

This Policy was adopted by the Council on 4 March 2013.

This Policy was endorsed by the Audit Committee on 28 July 2014.

This Policy was adopted by the Council on 4 August 2014.

This Policy was endorsed by the Audit Committee on 27 July 2015.

This Policy was adopted by the Council on 3 August 2015.

This Policy was endorsed by the Audit Committee on 29 February 2016.

This Policy was adopted by the Council on 7 March 2016.

This Policy was reviewed by the Audit Committee on 26 February 2018.

This Policy was adopted by the Council on 5 March 2018.

This Policy was reviewed by the Audit Committee on 24 February 2020.

This Policy was adopted by the Council on 2 March 2020.

[This Policy was reviewed by the Audit Committee on February 2022.](#)

[This Policy was adopted by the Council on March 2022.](#)

#### **TO BE REVIEWED**

February ~~2022~~2024

**7. CONFIDENTIAL REPORTS**



## 7.1 2021 RISK EVALUATION REPORT

---

### RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999* the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (g) matters that must be considered in confidence in order to ensure that the Council does not breach any duty of confidence;

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

### RECOMMENDATION 2

Under Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that the report, discussion and minutes be kept confidential for a period not exceeding twelve (12) months, after which time the order will be reviewed.

## 7.2 PLANNING, DEVELOPMENT & INFRASTRUCTURE ACT 2016 – TRANSITION AUDIT

---

### RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999*, the Committee orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Committee will receive, discuss and consider:

(h) legal advice

And the Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

### RECOMMENDATION 2

Under Section 91(7) and (9) of the *Local Government Act 1999*, the Committee orders that the report, discussion and minutes be kept confidential for a period not exceeding 24 months, after which time the order will be reviewed.

## 7.3 SELECTION OF INTERNAL AUDITOR

---

### RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999* the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which –
  - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information; and
  - (ii) would, on balance, be contrary to the public interest;

and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

### RECOMMENDATION 2

Under Section 91(7) and (9) of the *Local Government Act 1999*, the Council orders that the report and discussion be kept confidential for a period not exceeding five (5) years and that this order be reviewed every twelve (12 months).

Under Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that the minutes be kept confidential until the contract has been entered into by all parties to the contract.

**8. OTHER BUSINESS**  
(Of an urgent nature only)

**9. NEXT MEETING**

Monday 28 March 2022 – Special Audit Committee Meeting

**10. CLOSURE**