

# Audit Committee Minutes

**24 October 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.*

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City of  
Norwood  
Payneham  
& St Peters

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**VENUE** Mayors Parlour, Norwood Town Hall

**HOUR** 7.00pm

**PRESENT**

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

**Staff** Mario Barone (Chief Executive Officer)  
Sharon Perkins (General Manager, Corporate & Community Services)  
Andrew Alderson (Manager, Finance)  
Teri Hopkins (Manager, Governance & Legal)

**Visitor** Mr Geoff Edwards (BDO Australia – Adelaide) – External Auditor

**APOLOGIES** Nil

**ABSENT** Nil

**TERMS OF REFERENCE:**

*The Audit Committee is responsible to facilitate:*

- the enhancement of the credibility and objectivity of internal and external financial reporting;
- propose and provide information relevant to a review of the Council's Strategic Management Plans and Annual Business Plan;
- the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;
- effective management of financial and other risks and the protection of the Council's assets;
- compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;
- the provision of an effective means of communication between the external auditor, management and the Council;
- proposing and reviewing the exercise of powers under Section 130A of the Local Government Act 1999;
- review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
- liaising with the Council's Auditor; and
- reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

**1. CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 25 JULY 2022**

*Mayor Bria moved that the minutes of the Audit Committee meeting held on 25 July 2022 be taken as read and confirmed. Seconded by Ms Sandra Di Blasio and carried unanimously.*

**2. PRESIDING MEMBER'S COMMUNICATION**

The Presiding Member advised that as this meeting is the last meeting of the Committee for the 2018-2022 Council term, he would like to thank the Committee for its work over the last four (4) years.

**3. QUESTIONS WITHOUT NOTICE**

Nil

**4. QUESTIONS WITH NOTICE**

Nil

**5. WRITTEN NOTICES OF MOTION**  
Nil

**6. STAFF REPORTS**

*Ms Brigid O'Neill moved:*

*That as Mr Geoff Edwards, Council's External Auditor is present, Item 6.2 be brought forward for consideration.*

*Seconded by Mayor Bria and carried.*

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## 6.2 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2022

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**REPORT AUTHOR:** Financial Services Manager  
**GENERAL MANAGER:** General Manager, Corporate and Community services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA105726/A491622  
**ATTACHMENTS:** A – C

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### PURPOSE OF REPORT

The purpose of this report is to present the 2021-2022 Financial Statements to the Audit Committee for review and recommendation to the Council for adoption.

### BACKGROUND

Pursuant to Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 13 of the Regulations requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements. The City of Norwood, Payneham & St Peters has prepared the Annual Financial Statements in accordance with the Model Financial Statements.

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

A copy of the Annual Financial Statements is contained in **Attachment A**.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council’s long term strategic directions are outlined in the *City Plan 2030 – Shaping our Future*. The 2021-2022 Annual Business Plan and supporting Budget, set out the services and programs and initiatives for the 2021-2022 Financial Year.

The Council highlighted in the 2021-2022 Annual Business Plan, that financial sustainability was a high priority. In adopting the 2021-2022 Budget, the Council forecast an Operating Surplus of \$0.471 million for the 2021-2022 Financial Year.

### FINANCIAL AND BUDGET IMPLICATIONS

#### Statement of Comprehensive Income

The Council concluded the Financial Year with an Operating Surplus of \$2.645 million (2020-2021: \$1.110 million), compared to the Operating Surplus of \$1.356 million as set out in the 2021-2022 Third Budget Review.

After taking into account Capital Items which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Net Surplus of \$37.072 million (2020-2021: \$15.320 million).

The reasons for the variations to the Adopted Budget are outlined in Item 6.2: Financial Summary.

### EXTERNAL ECONOMIC IMPLICATIONS

Nil

### SOCIAL ISSUES

Nil

## **CULTURAL ISSUES**

Nil

## **ENVIRONMENTAL ISSUES**

Nil

## **RESOURCE ISSUES**

Nil

## **RISK MANAGEMENT**

Nil

## **CONSULTATION**

- **Elected Members**  
Nil
- **Community**  
Not Applicable.
- **Staff**  
Responsible Officers, General Managers and the Council's External Auditors.
- **Other Agencies**  
Nil

## **DISCUSSION**

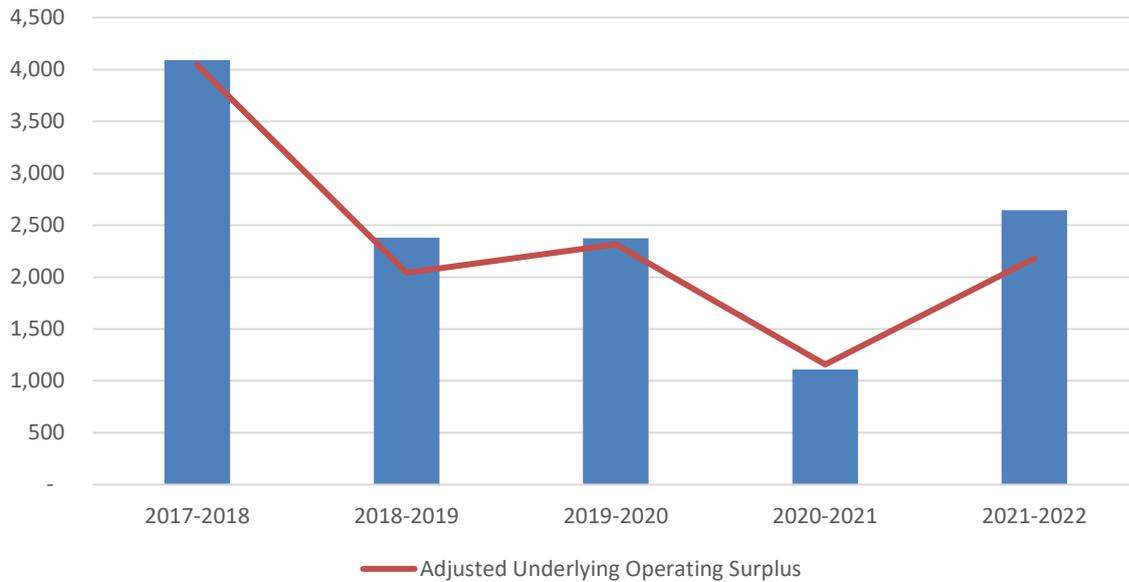
### **Statement of Comprehensive Income**

#### **a. Operating Result**

As detailed in Figure 1 below, the Council concluded the financial year with an Operating Surplus of \$2.645 million (2020-2021: \$1.110 million). The increase in the Operating Surplus is due to the increase in the rates revenue and the additional quarter of the 2022-2023 Financial Assistance grant which were advanced during 2021-2022.

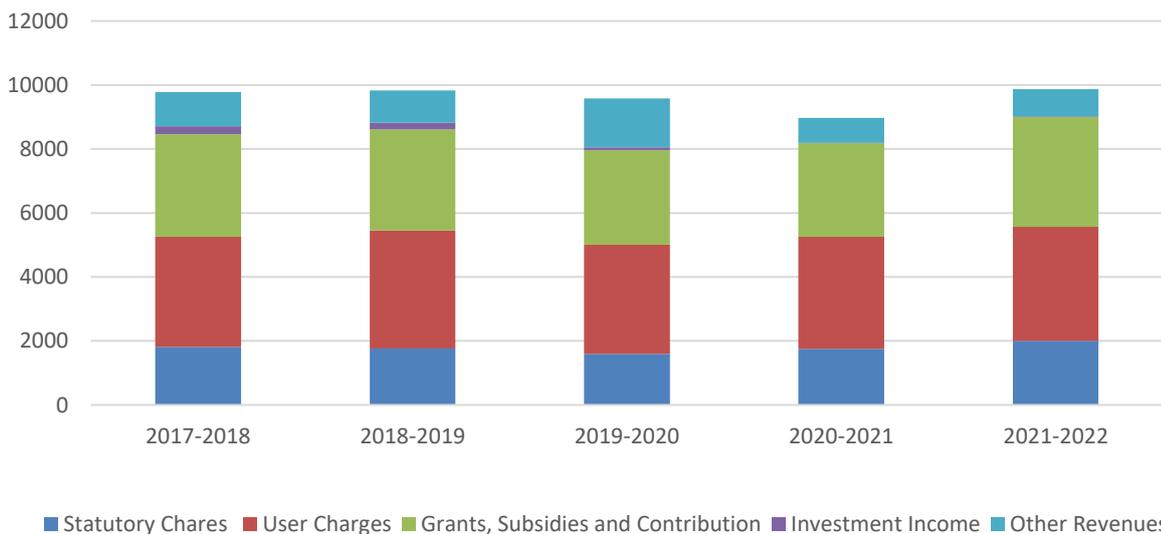
As the Committee is aware, for the last four (4) consecutive years, the Federal Government has made advance payments equal to approximately two quarters of the Financial Assistance Grants. The advance was increased to three quarters for the 2022-2023 financial year. Adjusting for the effect of the advance payments, the underlying Operating Surplus is \$2.182 million for 2021-2022, (2020-2021: \$1.158 million). Figure 1 below, shows the Operating Surplus over the last five years and compares the impacts of the advance payment of Financial Assistance Grants.

**FIGURE 1: OPERATING SURPLUS (DEFICIT) - \$'000**



As detailed in Figure 2 below, non-rate revenues have increased (10%) compared to the 2020-2021 financial year, which is primarily due to the addition advance of 2022-2023 Financial Assistance Grant (\$464,000). In addition, income from Parking Expiation fees has increased by \$240,000 compared to the 2022-2021 Financial Year. During the 2020-2021 financial year, to assist the business sector in its recovery from the impacts of COVID-19, the Council relaxed time limited parking within The Parade Precinct and other business precincts.

**FIGURE 2: NON-RATE REVENUES - \$'000**



The cost to deliver the Council's continuing services (i.e. Recurrent Operating Costs) increased by 2.96% (\$1.273 million) compared to 2020-2021. Primary drivers behind this increase were:

- The depreciation costs have increased by \$800,000 compared to 2020-2021 as a result of \$30.5 million capitalisation of fixed assets during 2020-2021 Financial Year.
- Legal costs associated with the scramble crossing between the Parade and George Street (\$420,979).
- The allowance for doubtful debts increased by \$231,406 in line with the Council's Credit Policy.

Offsetting these cost increases, Employee Costs were \$326,783 lower when compared to the 2020-2021, due to a number of vacant positions not filled during the 2021-2022 Financial Year.

In addition to the continuing services, the Council delivered twenty-six (26) Operating Projects, which encompassed a number of new service initiatives and one-off activities or programs. The net cost of delivering the Operating Projects was \$381,000 (2020-2021: \$463,000). Due to the physical distancing requirements and mass gathering restrictions imposed by the State Government in response to the COVID-19 pandemic, a number of planned events and activities were cancelled. Major Operating Projects which were undertaken during the year included:

- footpath defects works program;
- Raising the Bar;
- Various Cultural, Youth and Arts Programs and Events;
- additional Street Tree Planting; and
- Assets Condition Audit & Valuation.

Ownership costs, which incorporate interest paid on long term borrowings and depreciation, increased by 6.6% (\$68,000). The increase is attributed to depreciation costs on the major assets which have been capitalised in prior years offset by a reduction in interest paid.

#### b. Non-Operating Items

A Non-Operating Deficit of \$30,534 is reported for 2021-2022 (2020-2021 Non-Operating Surplus \$2,158,000). The Non-Operating Deficit comprised of:

- Loss on Sale and Write off of Infrastructure Assets renewed as part of the Capital Works program. (\$2.371 million)
- Grant Funding received or recognised for Capital Projects including: \$2.312 million
  - St Peters Street Streetscape \$847,049
  - Second Creek Outlet Upgrade \$734,153
  - Linear Park Path Upgrade \$267,500
  - Langman Grove Road Reconstruction \$177,757
  - Burchell Reserve Upgrade \$111,875
  - Library Book Acquisition \$109,973
  - Stormwater Drainage Program \$33,460
  - Capital Work Program Traffic Control \$30,000

#### c. Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by other Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of \$34.457 million.

The major factor contributing to the Surplus is the indexation of the Councils' Civil Infrastructure, Land and Building Assets. In line with the Councils Asset Revaluation Policy, independent valuations of the major long term asset classes are undertaken on a rolling five (5) year period. For the 2021-2022 financial year, an independent condition assessment for Recreation and Open Space assets commenced, however the valuation was not finalised due to resourcing issue from COVID-19.

### Balance Sheet

The Net Assets of the Council at 30 June 2022 is \$536 million, an increase of \$37 million from 2020-2021. Major movements include;

#### a. Assets

Current Assets have increased by \$3.298 million, predominately due to increase in cash held with the Local Government Financing Authority. The increase in cash was due to grants funding the Council received for the capital projects prior the commencement of projects.

Non-Current Assets have increased by \$37 million, predominately due to increase of \$34 million on the revaluation of the Council's fixed assets.

b. Liabilities

During 2021-2022 Financial Year, total liabilities increased by \$3.579 million. The increase was the predominately due to the grants funding received in advance being processed as revenue received in advance, to ensure that the revenue recognised is matched against the performance and delivery targets set out in the Grant Funding Agreements.

c. Revaluations

In line with the Councils *Asset Revaluation Policy*, formal valuations of the major asset classes are undertaken on a rolling five (5) year period. For the 2021-2022 financial year, the independent valuations commenced for Recreation & Open Space assets, however the valuation was not finalised and carried forward to 2022-2023 financial year. For Asset Classes, not subject to an independent valuation, the carrying values of Assets Classes were reviewed and adjusted where appropriate.

The revaluation impact for each asset class is detailed in Table 2.

**TABLE 2: IMPACT OF ASSET REVALUATION**

Asset Class	Revaluation Increase/(Decrease) \$million	Comments
Land	23.286	Based on the Valuer-Generals review of property values within the Council area, a 13.5% increase in Fair Value was deemed appropriate.
Buildings and Other Structures	3.437	Represents a 4.7% increase in the Fair value with the indexation based on the annual average movement in value of like assets
Open space Assets	0.257	While pending the finalisation of the condition assessment, represents a 1.4% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting
Road Infrastructure	5.683	Represents a 7% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Kerbing	0.443	Represents a 0.7% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Footpaths	0.010	Represents a 0.3% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Linear Park	0.035	Represents a 3.1% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Storm-water Drainage	1.251	Represents a 3.5% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Roads Carparks	0.041	Represents a 2.4% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Traffic Control Assets	0.020	Represents a 0.8% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
<b>Total</b>	<b>34.462</b>	

Overall, the revaluation increase for the 2021-2022 financial year is \$34 million, compared to an increase of \$12 million for the 2020-2021 financial year.

**Statement of Cash Flows**

For the 2021-2022 Financial year, the Council is reporting a net increase in cash and cash equivalents of \$4.322 million. The Council generated \$15.540 million from operating activities, with the funds used to complete the Councils Capital Infrastructure Works Program and the Asset Replacement Program (\$8.937 million), and principal repayments (\$1.011 million) associated with the Councils borrowings.

Section 126 (4) (a) of the *Local Government Act 1999*, requires that the functions of an Audit Committee are to include the review of the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council. To ensure that the Audit Committee discharges its responsibilities under the Act, the following papers are provided for review.

**Attachment B** - contains further clarification to the Significant Accounting Policies used in the preparation of the 2021-2022 Financial Statements.

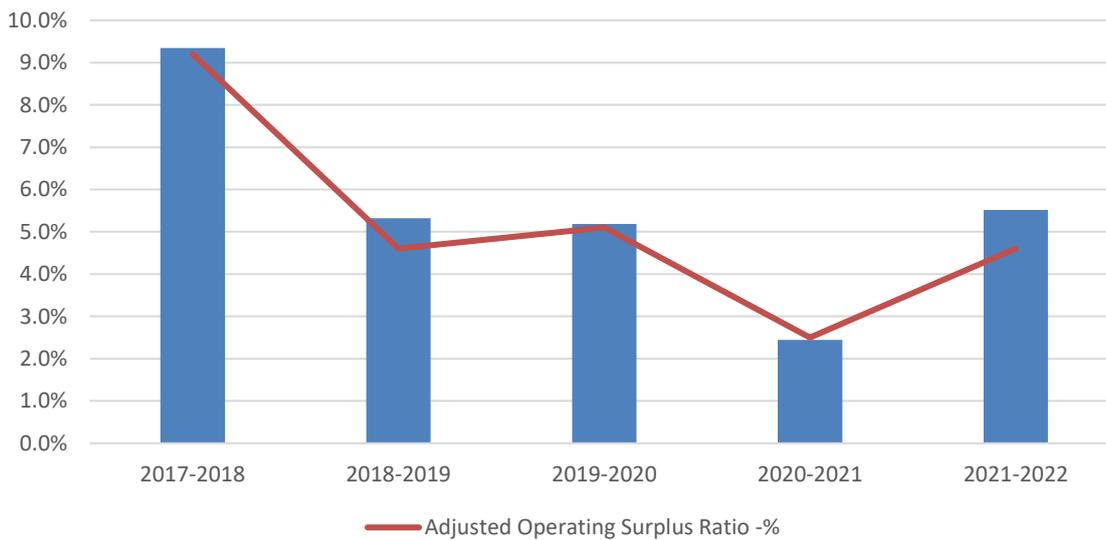
**Attachment C** - contains answers to the most common questions expected from Elected Members in respect of the preparation of the 2021-2022 Financial Statements.

**Financial Ratios**

The Model Financial Statements requires the Council to disclose in the Financial Statements, the following three (3) Financial Ratios:

- Operating Surplus Ratio (refer to Figure 3);
- Net Financial Liabilities Ratio (refer to Figure 4); and
- Asset Sustainability Ratio (refer to Figure 5).

**FIGURE 3: OPERATING SURPLUS RATIO**



**LTFP Target: less than or equal to 10%**

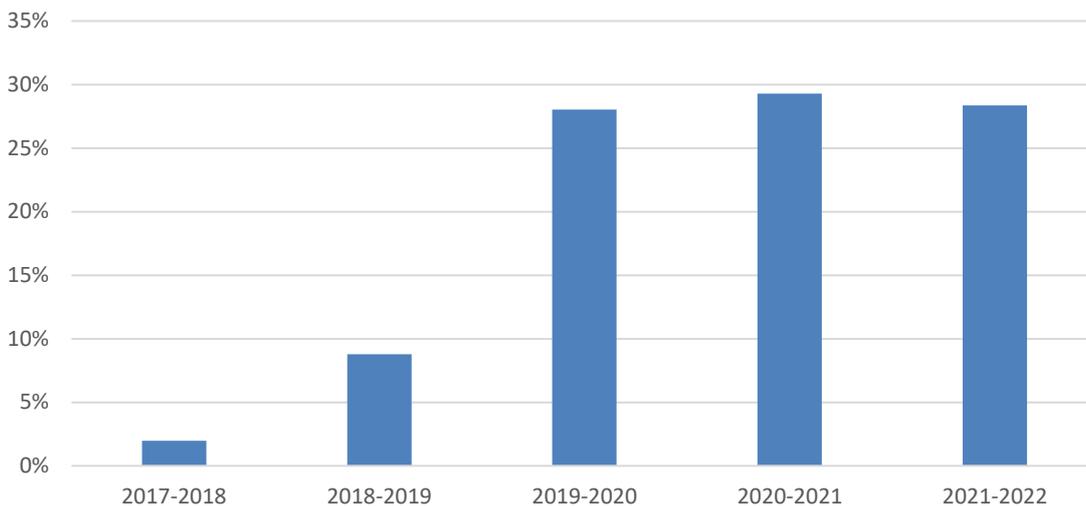
The Operating Surplus/ (Deficit) Ratio expresses the Council’s Operating Surplus/ (Deficit) as a percentage of Operating Revenue.

Figure 3 above shows the Adjusted Operating Surplus Ratio, which takes into account the effect of the advance payments of the Financial Assistance Grants in each of the respective years. The advanced payments which have been adjusted are detailed in Table 3 below.

**TABLE 3: FINANCIAL ASSISTANCE GRANTS ADVANCE PAYMENTS**

Financial Year	Number of Quarters Advanced	Increase in Operating Surplus (Value of Advance)
2021-2022	3	\$1,071,000
2020-2021	2	\$607,000
2019-2020	2	\$655,000
2018-2019	2	\$595,000
2017-2018	2	\$614,000

**FIGURE 4: NET FINANCIAL LIABILITIES RATIO**

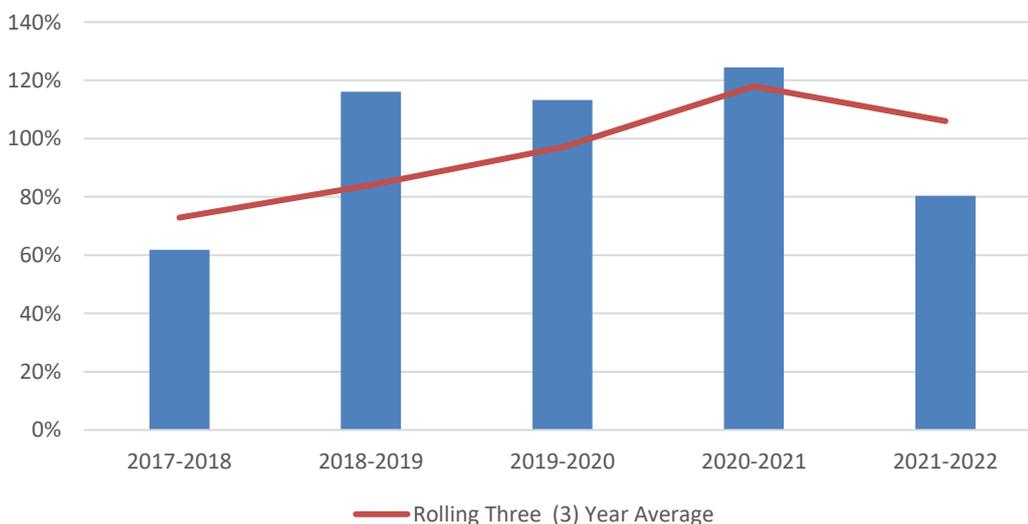


**LTFP Target: less than or equal to 75%**

The Net Financial Liabilities Ratio measures the extent to which the net amount owed by the Council is met by its Operating Revenue. Net Financial Liabilities are represented by Total Liabilities less Current Assets.

The Council's Long Term Financial Plan has set a target of less than 75%. The minor decrease in the ratio for 2021-2022, is due to the impact of increased cash balance as at the end of the financial year.

**FIGURE 5: ASSET SUSTAINABILITY RATIO**



**LTFP Target: between 90% and 110% on a 3 year rolling average.**

The Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.), at the same rate the stock of assets is "wearing out". Asset Sustainability, is measured against the extent of the renewal expenditure incurred, compared to the planned renewal expenditure, as set out in the Council Asset Management Plans.

The Council's Long Term Financial Plan has set a target of between 90% and 110%, on a three (3) year rolling average. In some instances, the Council may be required to accelerate or decelerate the renewal or replacement of its existing asset base. Based on the renewal expenditure set in the Council's Infrastructure and Asset Management Plans for the 2021-2022 financial year, the three (3) year rolling average is marginally above the upper limit of the target rate at 118%.

**OPTIONS**

There are no options associated with this issue.

**CONCLUSION**

The Council concluded the financial year with an Operating Surplus of \$2.645 million (2020-2021: \$1.110 million).

After Capital Items, which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Net Surplus of \$37.072 million (2020-2021: \$15.320 million).

The Council's Auditor, BDO Advisory (SA) Pty Ltd, have completed the audit of the Council's Financial Statements and have advised that they will sign an unqualified Independent Auditors' Reports in the form prescribed, upon the Presiding Member of the Audit Committee signing the "Council Certificate of Audit Independence".

There were no significant issues raised during the audit of this year's Financial Statements which would prevent the Audit Committee recommending to the Council to adopt the 2021-2022 Financial Statement.

**COMMENTS**

Nil

**RECOMMENDATION**

That the Audit Committee recommends to the Council that:

- a. The Annual Financial Statements for the year ended 30 June 2022, be adopted.
  - b. The Annual Financial Statements for the year ended 30 June 2022, be dated 7 November 2022 and be signed on behalf of the Council by the Mayor.
  - c. The Asset Revaluations as set out in Table 2 of this report, be adopted.
-

*Ms Brigid O'Neill moved:*

*That the Audit Committee recommends to the Council that:*

- a. The Annual Financial Statements for the year ended 30 June 2022, be adopted.*
- b. The Annual Financial Statements for the year ended 30 June 2022, be dated 7 November 2022 and be signed on behalf of the Council by the Mayor.*
- c. The Asset Revaluations as set out in Table 2 of this report, be adopted.*

*Seconded by Cr Stock and carried unanimously.*

## 6.1 FINANCIAL SUMMARY 2021-2022 ACTUAL RESULTS V ADOPTED BUDGET

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**REPORT AUTHOR:** Financial Services Manager  
**GENERAL MANAGER:** General Manager, Corporate Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA98586  
**ATTACHMENTS:** A

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### PURPOSE OF REPORT

This report provides a summary of the 2021-2022 Audited result and explanations for variations from the 2021-2022 Adopted Budget.

### BACKGROUND

Pursuant to Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 10 of the Regulations, requires the Council to prepare and consider a report, no later than 31 December in each year, showing the audited financial results of the Council for the previous financial year, compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

The financial information contained in this report is based on the 2021-2022 Annual Financial Statements, the 2021-2022 Adopted Budget and the various policies adopted by the Council as they impact the Councils financial performance (eg. Rating Policy.)

### FINANCIAL AND BUDGET IMPLICATIONS

The Council concluded the Financial Year with an Operating Surplus of \$2.645 million, compared to the Council's Adopted Operating Budget, which forecast an Operating Surplus of \$0.471 million. Details of the drivers behind the variances from the Adopted Operating Surplus, are contained in the Discussion Section of this report.

After capital items, the Council is reporting a Net Surplus of \$37.1 million against an Adopted Net Surplus of \$8 million, with the favourable variance being driven by revaluation of Infrastructure, Property, Plant & Equipment, which is difficult to predict when setting the Budget.

### EXTERNAL ECONOMIC IMPLICATIONS

Nil

### SOCIAL ISSUES

Nil

### CULTURAL ISSUES

Nil

## ENVIRONMENTAL ISSUES

Nil

## RESOURCE ISSUES

Nil

## RISK MANAGEMENT

Nil

## CONSULTATION

- **Elected Members**  
Elected Members have received regular reports on the Council's financial performance throughout the year.
- **Community**  
Not Applicable.
- **Staff**  
Responsible Officers, General Managers and Council's External Auditors.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

The 2021-2022 Annual Financial Statements have been finalised and will be presented to the Council for adoption at the Council Meeting to be held on 7 November 2022. A separate report has been provided on the 2021-2022 Annual Financial Statements for consideration by the Audit Committee.

### Statement of Comprehensive Income

#### Operating Result

The Council is reporting an Operating Surplus of \$2.645 million, compared to the Council Adopted Operating Budget, which forecasted an Operating Deficit of \$0.471 million, a favourable variance of \$2.174 million. The major variances (over \$50,000 or 5%) from the Adopted Operating Surplus are outlined in Table 1 below.

**TABLE 1: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS**

Reasons for the Variance	Amount (\$)
Statutory Charges was \$137,067 favourable to the Adopted Budget driven primary by: <ul style="list-style-type: none"> <li>• There was a significant increase in the number of Development Applications which were lodged, resulting in higher than anticipated Planning Consent and Building Assessment fees (\$287,993);</li> <li>• Income from issuing Parking Expiation Notices was slightly higher than anticipated (\$27,309).</li> </ul>	137,067
User Charges was \$349,255 unfavourable to the Adopted Budget driven primary by: <ul style="list-style-type: none"> <li>• A decrease in income at the St Peters Child Care Centre and Preschool (\$95,633) compared to the budget, due to room closures and child absences due to COVID-19 exposures and the gap fee above the Government Subsidy being waived</li> <li>• The hire income of Council's facilities was \$152,395 unfavourable due to COVID-19 and social distancing requirements which impacted on demand for large gathering events.</li> </ul>	(349,255)
Grant funding received was \$549,622 favourable to the Adopted Budget driven by the Federal Government advancing 75% of 2022-2023 Financial Assistance Grants.	549,622
Other Income was \$350,081 favourable to the Adopted Budget driven primarily by: <ul style="list-style-type: none"> <li>• insurance re-imbursments for claims made during the year which amounted to \$95,485. This income was offset by expenditure to replace or repair items subject to the insurance claim.</li> <li>• The receipt of Council's share of East Waste 2020-2021 Operating Surplus, which is returned to constituent councils as per the Charter (\$77,000)</li> <li>• The insurance rebates received relating to 2020-2021 premiums (\$44,882)</li> <li>• The reimbursement of \$53,107 as part of Australian Apprenticeship Incentive System</li> </ul>	350,081
Employee expenses were favourable against the adopted budget due: <ul style="list-style-type: none"> <li>• Turnover of Depots staff combined with difficulties in recruiting replacement staff. As a result, to meet need, contract providers were utilised.</li> <li>• Revaluation down of Annual Leave and Long Service Leave provision due to more leave being taken compared to budget estimate.</li> <li>• Vacant positions that were budgeted to be filled, combined with the time frame to replace positions which became vacant during the year due to resignations and extremely tight labour market.</li> </ul>	1,478,337
During the year, the Council completed 26 of the 40 Operating Projects included in the Adopted Budget, resulting in favourable variance of \$211,500. The majority of the savings were delivered across the following projects: <ul style="list-style-type: none"> <li>• Tour Down Under (\$99,500) – Due to COVID-19, the event was cancelled. The Council hosted a series of minor bicycle related events during the January 2022 School Holidays.</li> <li>• The Parade &amp; George Street Scramble Crossing (\$82,452) – The Construction works were not undertaken by the Council</li> <li>• Footpath Defect Rectification Project (\$40,000) – The program was completed with greater utilisation of internal resources as opposed to using external contractors.</li> </ul> <p>Fourteen (14) of the planned projects were yet to be completed as at 30 June 2022, with the budget to be carried forward to the 2022-2023 financial year (\$318,000) and 2023-2024 financial year (\$110,970)</p>	211,500
The long term borrowings planned to be drawn down as part of the Adopted Budget were not required, resulting in reduced financing costs.	227,000
Legal fees were unfavourable to the Adopted Budget, mainly due to the legal expenses incurred on the legal proceedings relating to scramble crossing at the intersection of the Parade and George Street Norwood.	(512,500)
Depreciation expense was greater than anticipated due to the full year impact of the 2020-2021 Asset Capitalisation and unit cost revaluation.	(126,000)

### Non-Operating Income

Non-Operating Income includes grant funding specifically for asset upgrades or renewals and gain/(loss) on asset disposals and assets received free of charge.

For the 2021-2022 Financial year, the Council is reporting Non-operating Loss of \$0.031 million against an Adopted Non-operating Surplus of \$5.566 million, a unfavourable variance of \$5.597 million. The unfavourable variance is set out in Table 2 below.

**TABLE 2: MAJOR VARIANCES FROM ADOPTED NON-OPERATING INCOME**

<b>Reasons for the Variance</b>	<b>Amount (\$'000)</b>
Loss on the sale and or disposal of the Council's small Plant and Equipment at the end of its operational life, combined with write-off of the carrying values of the Council Civil Infrastructure, upon renewal.	(2,400)
Grant funding budgeted but yet received due to the delay of capital projects as a result of lack of resources	(3,200)
<ul style="list-style-type: none"> <li>• Payneham Memorial Swimming Centre Upgrade - \$2,800,000</li> <li>• Linear Park Path Upgrade - \$1,000,000</li> <li>• St Peters Street Streetscape - \$400,000</li> </ul>	

Non-Operating Income, the Council is reporting a Net Surplus of \$2.6 million against an Adopted Net Surplus of \$6 million.

### Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of \$37million, which is primarily due to the revaluation of Land Assets.

### **Balance Sheet**

The Net Assets of the Council at 30 June 2022 is \$536 million, against an Adopted Budget of \$497 million, a favourable variance of \$39 million.

Major reasons for the variance in the Net Assets include;

### Assets

Cash deposits with the Local Government Financing Authority is favourable by \$10 million, with the variance resulting from the opening cash balance used to develop the 2021-2022 Budget being less than the actual closing cash balance at the 30 June 2021 and the receipt of the first payment of the Grant funding for the Trinity Valley Stormwater Drainage Project, and receipt of an additional quarter of Financial Assistance Grants.

The carrying values of Infrastructure, Property, Plant & Equipment is reporting a variance of \$24 million, resulting from the change in asset value resulting from the current market condition and cost reviews.

Other Non-current assets represent Capital Works-in-Progress. As at 30 June 2022, works on capital project not yet completed amounted to \$4.3 million.

### Liabilities

Trade and Other Payables – with the timing of expenditures at the end of financial year the Council had a larger than anticipated value of invoices due that anticipated in the Adopted budget resulting in the \$7.9 million unfavourable variance.

The long term borrowings planned to be drawn down as part of the Adopted Budget were not required, resulting in a favourable variance of \$8.1 million

**Attachment A** contains the 2021-2022 Financial Statements comparing the actual result to the 2021-2022 Adopted Budget as required by Section 10 of the Regulations.

### **Bad and Doubtful Debts**

The Council's accounts receivable balance has been reviewed at the end of the financial year for the recoverability of the outstanding debts. The outstanding amounts which make up the reported Accounts Receivable balance are considered to be recoverable.

With the ongoing impacts of the COVID-19 pandemic a more lenient approach to recovering outstanding amounts was applied which has seen an increase in the value of debts over 150 days. It would be expected that debts will be paid.

### **OPTIONS**

There are no options associated with this issue.

### **CONCLUSION**

Nil

### **COMMENTS**

Nil

### **RECOMMENDATION**

That the report be received and noted.

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*Cr Stock moved:*

*That the report be received and noted.*

*Seconded by Ms Sandra Di Blasio and carried unanimously.*

*[This Item was dealt with out of sequence – Refer to page 3 for the Minutes relating to this Item]*

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**6.2 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2022**

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*[This Item was dealt with out of sequence – Refer to page 3 for the Minutes relating to this Item]*

## 6.3 LONG-TERM FINANCIAL PLAN

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**REPORT AUTHOR:** General Manager, Corporate & Community Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA1826/A499469  
**ATTACHMENTS:** A

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### PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee an update on the financial impact of the 2022-2023 Annual Budget on the financial forecasts set out in the Council's Long-term Financial Plan (LTFP).

### BACKGROUND

Section 122 of the *Local Government Act 1999* ("the Act"), requires the Council to prepare a Long-Term Financial Plan for a period of at least ten (10) years. In addition, the Council must undertake a review of the Long-Term Financial Plan as soon as practicable after adopting the Council's Annual Business Plan for a particular financial year.

In addition, pursuant to Section 122 (4) of the Act, the Council must undertake a comprehensive review of its Strategic Management Plans (which incorporates the Long-Term Financial Plan), within two (2) years after each Local Government General Election.

Where a Council undertakes a review of its Strategic Management Plans, the Council must adopt a process or processes, to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its Strategic Management Plans.

The 2021-2031 Long-Term Financial Plan was adopted by the Council on 18 January 2021. At its meeting held on 25 July 2021, the Audit Committee considered and endorsed an update of the financial projections set out in the LTFP based on the 2021-2022 Budget.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030: Shaping our Future*, provides the framework upon which the Council's Strategic Management Plans are developed. The Council's suite of Strategic Management Plans comprises *CityPlan 2030: Shaping the Future*, the LTFP, the Infrastructure and Asset Management Plans and the Annual Business Plan and Budget.

The LTFP is the primary financial management tool which links all of the Councils' Strategic Management Plans, *City Plan 2030*, Whole of Life Asset Management Plans and the Annual Business Plan and Budget and the Social Development Framework.

### FINANCIAL AND BUDGET IMPLICATIONS

The financial projections contained within the LTFP, are designed to provide an indication of the Council's direction and financial capacity, rather than predicting the future financial performance and position of the Council. The LTFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions which are made on the Council's long-term financial sustainability. To this end, reference should be made each year to the LTFP when preparing the Annual Business Plan and Budget, to ensure that the broad financial outcomes of the Council are achieved.

### EXTERNAL ECONOMIC IMPLICATIONS

This report provides information on the financial projections of the Council for the 10-year period from 2021-2022 through to 2030-2031. The financial projections are based on a set of assumptions, some of which are based on external economic indicators relating to wages growth and cost increases. Should the assumptions regarding the economic indicators not come true, the financial outcomes set out in the projections may not be delivered.

## **SOCIAL ISSUES**

Nil.

## **CULTURAL ISSUES**

Nil.

## **ENVIRONMENTAL ISSUES**

Nil.

## **RESOURCE ISSUES**

Nil.

## **RISK MANAGEMENT**

Nil.

## **COVID-19 IMPLICATIONS**

Nil.

## **CONSULTATION**

- **Elected Members**

Through the various resolutions passed during the preparation of the 2022-2023 Annual Business Plan and Budget, Elected Members have contributed to the review of the financial projections set out in the LTFP.

- **Committee Members**

Committee Members considered the 2022-2023 Annual Business Plan and Budget at meetings held on 28 February 2022 and 28 March 2022 and 25 May 2022.

- **Community**

Pursuant to Section 122 (6) of the Act, the Council must adopt processes to ensure that members of the public have reasonable opportunity in the development or review of its strategic management plans however, given this review has been limited to the review of the financial projections only, as opposed to a review of the strategic objectives set out in the LTFP, a formal community consultation process is not recommended.

Members of the public were provided opportunity to provide feedback and comments on the 2022-2023 Annual Business Plan and Budget.

- **Staff**

Staff via the development of the 2022-2023 Budget have contributed to the review of the financial projections set out in the LTFP.

- **Other Agencies**

Not Applicable

## DISCUSSION

Pursuant to Section 122 (4) of the *Local Government Act 1999* ("the Act"), the Council is required to undertake a review of the Long-term Financial Plan on an annual basis. The annual review is undertaken following the adoption of the Council's current Annual Business Plan and Budget. The Council adopted the 2022-2023 Annual Business Plan and Budget on 4 July 2022. In considering the 2022-2023 Annual Business Plan and Budget, the Council considered the impact of the decisions made when preparing the Annual Business Plan and Annual Budget on the LTFP, to ensure that the broad financial outcomes of the Council are continuing to be achieved.

In reviewing the LTFP, the broad underlying principles adopted in preparing the 2021-2031 Long-Term Financial Plan have been maintained however, the following assumptions have been reviewed and updated.

### **Local Government Price Index (LGPI) and Consumer Price Index (CPI).**

The financial projections set out in the 2021-2031 Long-term Financial Plan adopted in January 2021 and updated in July 2021, were based on the ten-year average of the LGPI and CPI. Given the current economic conditions, with high inflation, the financial projections assume a higher-than-average LGPI and CPI for the next three (3) years before returning to the Reserve Bank preferred band-width of between 2% and 3%.

The LGPI and CPI assumptions are used to index operating and capital expenditure and forms the base position of the proposed Rate revenue increases.

### **Wages Growth**

The Council is currently re-negotiating the Enterprise Agreement for staff covered by the Municipal Officers Award. Given the current economic and labour market conditions, it is anticipated that the final negotiated position will be higher than the increase of 2% used in the adopted LTFP. Like the cost escalation, the wage indexation has been increased to reflect and increased percentage over the first three (3) years, then gradually reducing to come in-line with CPI.

The financial projections, contained in **Attachment A**, have been updated for the impact of the closing financial position as a 30 June 2022 and the adoption of the 2022-2023 Budget and the review of the assumptions as set out in this report.

### **Financial Projections**

The financial projections contained in the LTFP, seek to achieve the following objective:

***A City which delivers on its Strategic Outcomes by managing our financial resources in a sustainable and equitable manner.***

The Council's long-term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the projected revenues and that there is sufficient cash generated from the operating activities to meet the financial commitments required to meet asset renewal needs and the repayment of financing commitments.

Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources, including rates. This means the cost of replacing assets which benefit existing and future ratepayers, are being funded by those ratepayers.

The financial projections contained within the LTFP, are meant to provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

The delivery of the Councils financial objective is measured against the achievement of four financial outcomes.

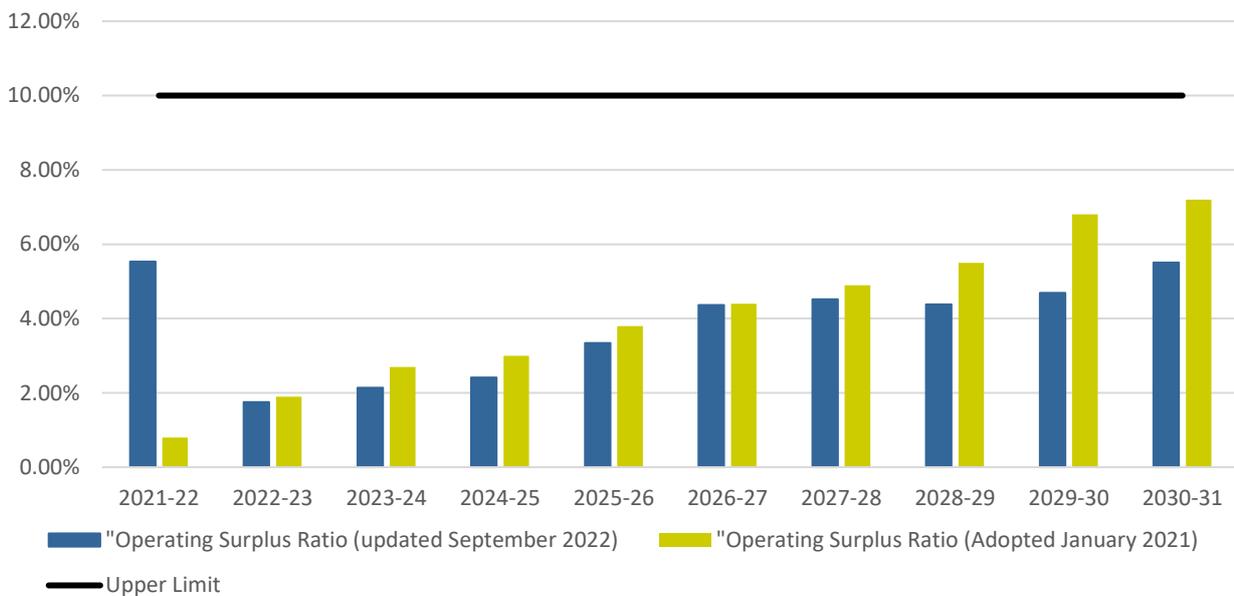
**Outcome 1: A Balanced Budget**

*Council’s services and programs, including depreciation of infrastructure and assets, is fully funded and the costs are shared equitably between current and future ratepayers*

Achievement of this objective is measured by the *Operating Surplus Ratio*, which measures the extent that income from all sources meets the day-to-day operational costs and have income available for capital funding and other purposes. The target has been set at between 0% and 10%.

As illustrated in Figure 1 below, the revised financial projections are forecasting a reduction in the forecast Operating Surplus compared to the Plan adopted in January 2021. The decrease is driven by the increase in the cost escalation factors for the period from 2023-2024 through to 2025-2026 and a reduction in the annual rate revenue increases. These negative impacts have been offset by the anticipated improvement in the Operating Result, following the redevelopment of the Payneham Memorial Swimming Centre, which is scheduled to be completed for the commencement of the 2024-2025 Swimming Season.

**Figure 1: Operating Surplus Ratio**



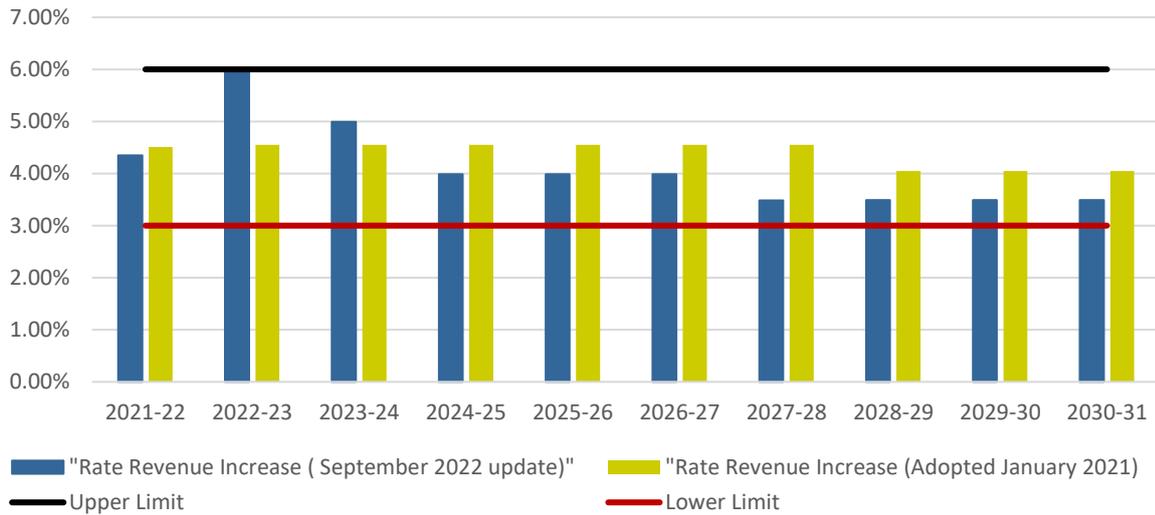
**Outcome 2: Rate Stability**

*Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increase stable over the medium term*

A number of factors impact on the annual rate increase which is adopted by the Council each year. Such factors include new property development, general valuation growth, general cost increases and the service level changes resulting from asset upgrades and new services, programs and activities.

The target has been set at Rate Revenue increases to be set between 3% and 6%. As Committee Members may recall, the basis for determining rate revenue increase is the ten year average of the Local Government Price Index (LGPI), growth in new assessments and a factor for the future financial impacts of new and upgraded infrastructure investment. The revised financial projections reflect the adjustments to the LGPI.

**Figure 2: Rate Revenue Increase**



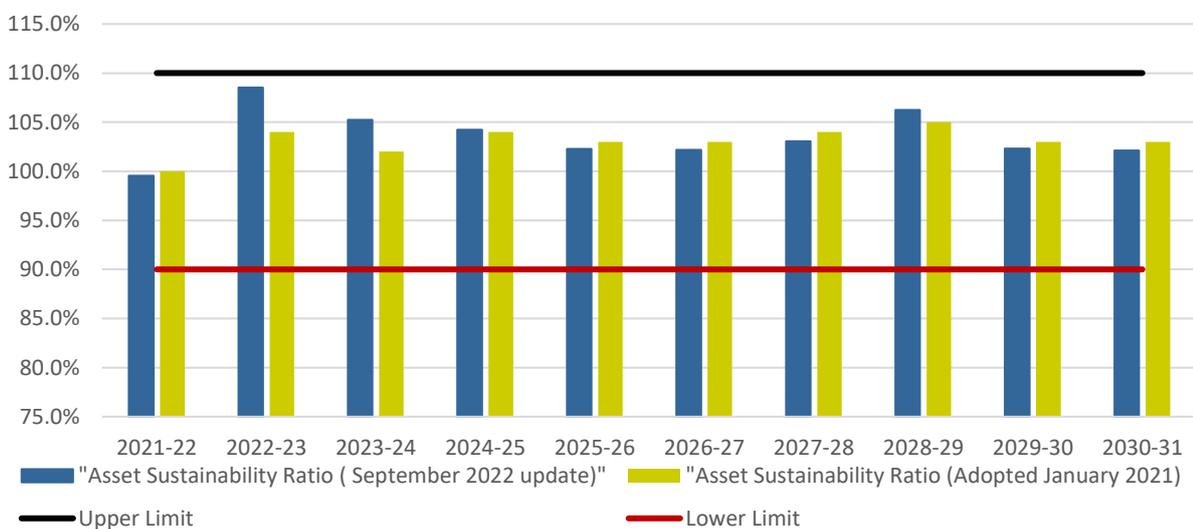
**Outcome 3: Infrastructure and Asset Management**

*Maintain Infrastructure and Assets in line Council’s Whole-of-Life Infrastructure Framework to achieve the outcomes and objectives, as set out in City Plan 2030*

Achievement of this objective is measured by the Asset Sustainability Ratio, which measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.) at the rate it has set out in its Infrastructure and Asset Management Plans. It is recognised that given Asset Management Plans are developed for a 10-year period and like the LTFP periodically reviewed, renewal expenditure may be accelerated or deferred from one year to the next, and as such the target has been set at between 90% and 110% over a rolling five-year average.

The revised financial projections are based on the Asset Management Plans which have been adopted by the Council. The 2022-2023 ratio, includes unspent funds carried forward from 2021-2022. In addition, the adopted LTFP was based on a constant spend on Building renewal spend, whereas the adopted Asset Management Plan, while being based on the same level of spend over the ten year period, the annual proposed spend was more variable across the life of the adopted Asset Management Plan.

**Figure 3: Asset Sustainability Ratio**



**Outcome 4: Debt Management**

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

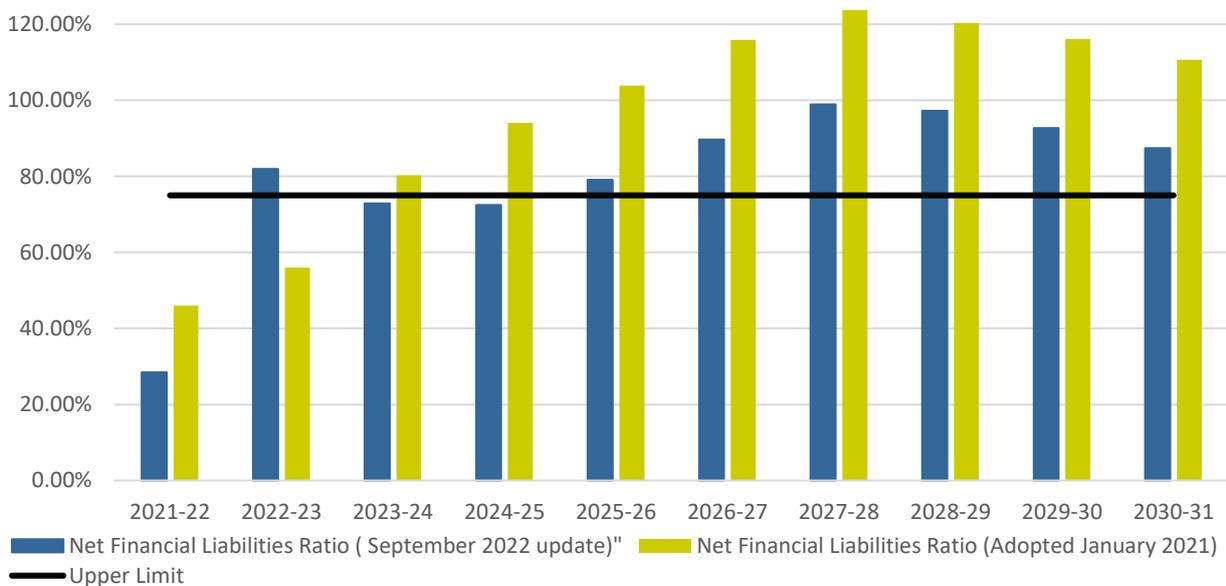
Managing debt is critical for the financial 'health' of the Council. If debt levels become too high, interest and principal loan repayments obligations will limit the capacity of the Council to invest in assets and services. Future investment in new and upgrade infrastructure and assets must be undertaken in a measured approach to ensure that the Council has the financial capacity to meet its current and on-going financial commitments and that intergenerational equity is maintained, as debt that is too high may lead to future generations paying for benefits that are received today.

Achievement of this objective is measured by the Net Financial Liabilities Ratio, which measures the level of debt being managed by the Council as a percentage of total revenue. The lower the ratio, the greater financial capacity the Council has to meet its future investment needs through the use of debt. The long-term target which has been set by the Council is less than 75% of total revenue, however it is recognised that in some circumstances it may be appropriate for the ratio to exceed this target, if the Council is committed to sound financial strategies, which take into account all four (4) of its financial outcomes.

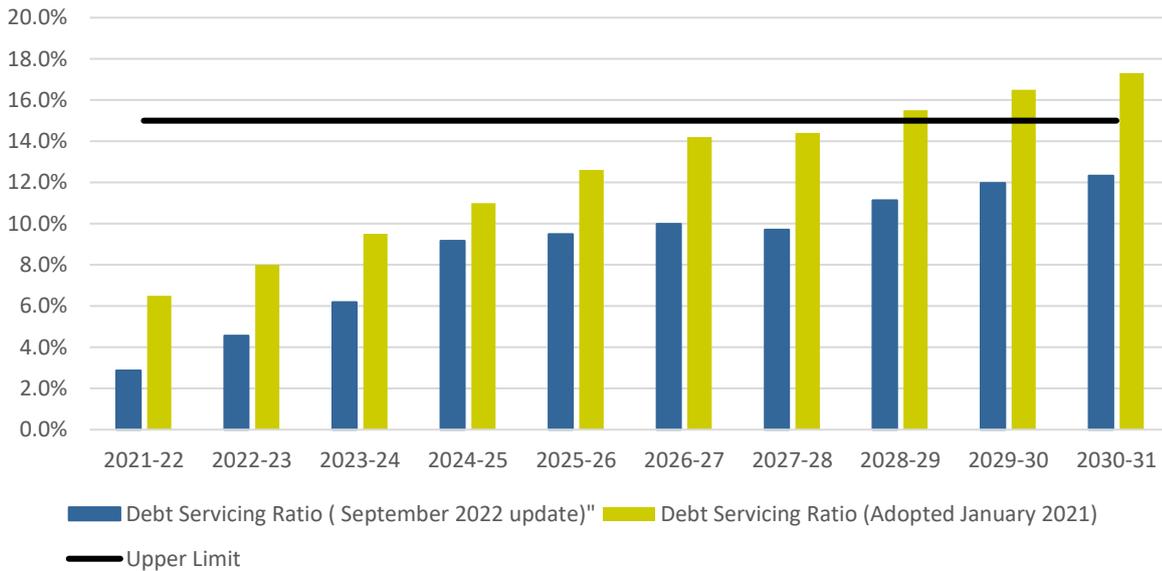
Financial Sustainability is dependent on the Council's ability to not only meet its operational costs but also have sufficient cash and financial resources to meet its debt management needs. As such, the Council measures its debt servicing ratio, which measures interest and loan repayments as a percentage of Rate Revenue. The target has been set at 15% of rate revenue.

As detailed in Figure 4 and Figure 5 below, there has been a projected improvement in both the Debt Management Indicators. The main factor behind the improvement is the 2021-2022 closing cash position and a reduction in total borrowings over the remaining life of the Plan, as the Council has been successful in securing Grant funding for a number of Strategic Projects, in particular the \$9.9 million of grant funding for the Trinity Valley Stormwater Drainage Project.

**Figure 4: Net Financial Liabilities**



**Figure 5: Debt Servicing Ratio**



**OPTIONS**

The Audit Committee has the following options with respect to the revised financial projects set out in the LTFP:

1. Recommend to the Council the revised financial projections as presented in this report , which has been revised in line with the decision made by the Council in adopting the 2022-2023 Annual Business Plan and Budget and takes into account the impact of the current economic climate be endorsed; or
2. Recommend to the Council that revised financial projections be changed by either:
  - changing the base assumptions; and/or
  - changing the timing of new capital project priorities; and/or
  - including new capital project priorities.

Given that the 2021-2031 Long-Term Financial Plan has only recently been adopted and that the overall financial outcomes demonstrate an improvement with those set out in the adopted LTFP. Option 1 is recommended.

**CONCLUSION**

The LTFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions which are made on the Council’s long-term financial sustainability.

The financial projections provide an indication of the Council’s direction and financial capacity to meet its long-term goals which have been set out in the Councils Strategic Management Plans and for this reason, the projections should be regularly reviewed to ensure that decisions made by the Council, are not adversely impacting on the Council's ability to deliver on its objectives and maintain its financial sustainability.

Despite the increase in the cost escalation assumptions due to the current economic climate, there has been an improvement in the some of the key financial indicators, in particular the Net Financial Liabilities Ratio, which measures the Councils indebtedness.

## COMMENTS

If Committee Members have any questions or require clarification, do not hesitate to contact the General Manager, Corporate & Community Services, Sharon Perkins on 8366 4585 or e-mail: [sperkins@npsp.sa.gov.au](mailto:sperkins@npsp.sa.gov.au), prior to the meeting.

## RECOMMENDATION

That the revised Long-Term Financial Plan financial projections, as contained in Attachment A, which has been revised in line with the decisions made by the Council when adopting the 2022-2023 Annual Business Plan and Budget, be recommended to the Council for adoption.

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*Mayor Bria moved:*

*That the revised Long-Term Financial Plan financial projections, as contained in Attachment A, which has been revised in line with the decisions made by the Council when adopting the 2022-2023 Annual Business Plan and Budget, be recommended to the Council for adoption.*

*Seconded by Ms Brigid O'Neill and carried unanimously.*

## 6.4 AUDITOR-GENERAL'S REPORT OF MANAGEMENT OF KERBSIDE WASTE SERVICES

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**REPORT AUTHOR:** Manager, Governance & Legal  
**GENERAL MANAGER:** General Manager, Governance & Civic Affairs  
**CONTACT NUMBER:** 8336 4646  
**FILE REFERENCE:** qA74130  
**ATTACHMENTS:** A

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### PURPOSE OF REPORT

To inform the Audit Committee of the recent examination by the Auditor-General into the management of kerbside waste services by the City of Norwood Payneham & St Peters (the Council).

### BACKGROUND

On 8 June 2021, the Acting Auditor-General, Mr Ian McGlen, wrote to the Mayor and the Chief Executive Officer of the Council giving notice of the intention to conduct an examination of the Council's management of kerbside waste services under section 32(1)(a) of the *Public Finance and Audit Act 1987*.

The purpose of the examination was to make findings on whether the Council effectively managed its kerbside waste management services, including achieving its waste related targets set by State Government.

As part of the examination the Council assisted the Auditor-General's Department by providing material and information for the purposes of the examination, including relevant Minutes from Audit and Risk Management Committee Meetings for the scope of the examination.

At its Special Meeting held on 21 June 2022, the Council considered the Draft Report prepared by the Auditor-General titled '*Examination of the Management of Kerbside Waste Services*'. The Draft Report made ten (10) findings and associated recommendations to the Council. The Council responded to each of the findings, which were tabled in Parliament along with the Final Report. The Council largely accepted the findings by the Auditor-General.

On the 17 August 2022, the Auditor-General published the Final Report into the *Management of Kerbside Waste Services* (Final Report) in accordance with Section 38(2) of the *Public Finance and Audit Act 1987*.

A copy of the Final Report published by the Auditor-General is contained in **Attachment A**.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

#### Objective 4.1- Sustainable and efficient management of resources

##### *Strategy*

4.1.2 Investigate and implement innovative waste reduction and education initiatives

### FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

### EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

### SOCIAL ISSUES

Not Applicable.

### CULTURAL ISSUES

Not Applicable.

## ENVIRONMENTAL ISSUES

A key responsibility of the Council under the *Local Government Act 1999*, is to effectively manage kerbside waste collection, including promoting and educating the community about recycling and the disposing of organic waste.

## RESOURCE ISSUES

A working group will be established with East Waste and other subsidiary Councils to develop and implement the recommendations by the Auditor-General in the Final Report. This will involve some Council staff with relevant skills and expertise in waste management.

## RISK MANAGEMENT

The examination was undertaken by the Auditor-General in accordance with the *Public Finance and Audit Act 1987*. The Auditor-General has the power to examine accounts of publicly funded bodies under section 32(1)(a) of the Act. The Council is a publicly funded body for the purposes of section 4 of the Act. The Auditor-General must prepare a report setting out the results of the examination for the purposes of section 32 of the Act.

## COVID-19 IMPLICATIONS

Not Applicable.

## CONSULTATION

- **Elected Members**  
Special Council Meeting on 21 June 2022
- **Community**  
Not Applicable.
- **Staff**  
Chief Executive Officer  
General Manager, Governance and Civic Affairs  
Manager, Governance & Legal  
Manager, City Services  
Manager, WHS & Risk  
Manager, Finance  
Manager, Urban Planning & Sustainability
- **Other Agencies**  
Not Applicable.

## DISCUSSION

As foreshadowed, the Final Report by the Auditor-General assessed whether the Council effectively managed its kerbside waste services to achieve diversion of waste from landfill against State Government targets. The Auditor-General also examined the City of West Torrens in parallel with the Council.

The Auditor-General's examination found that the Council was operating effectively in managing kerbside waste services. However, there were also opportunities for improvement specific to this Council, but also generally across Local Government.

The improvements related to the Council holding East Waste accountable for kerbside waste services. The Auditor-General found that the Council is at 'arms-length' with East Waste, meaning that the Council could not effectively manage its kerbside wastes services.

The Auditor-General recommended that the Council develop and implement a number of measures, including a Service Agreement with East Waste, with specific performance measures and targets, so that the Council could effectively manage and monitor East Waste's delivery of kerbside waste collection and performance generally.

The findings also suggested that the Council address waste management at a strategic level in its Corporate Plan and a Waste Management Plan.

Of relevance to the Audit Committee was Finding Seven and Finding Eight. The Auditor-General found that the Council had not implemented a risk management framework and that waste management risks were not fully assessed and documented.

At the time of the Auditor-General's examination, the Council's risk management procedure was being reviewed. Since the findings were made the Council endorsed a Risk Management Policy dated 6 October 2020, which included a Risk Register. The Council was also in the process of drafting an Implementation Plan addressing the comments and recommendations of the findings.

The next step is to establish a Working Group with East Waste and other Constituent Councils to implement the findings of the Auditor-General.

#### **OPTIONS**

Not Applicable.

#### **CONCLUSION**

The Auditor-General's examination into the management of kerbside services by the Council, has provided the Council with an opportunity to review its operations into waste management, as well as acknowledging what the Council does well.

#### **COMMENTS**

Not Applicable.

#### **RECOMMENDATION**

That the Audit Committee notes the Final Report by the Auditor-General into the management of kerbside waste services by the City of Norwood Payneham & St Peters.

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*Cr Stock moved:*

*That the Audit Committee notes the Final Report by the Auditor-General into the management of kerbside waste services by the City of Norwood Payneham & St Peters.*

*Seconded by Ms Brigid O'Neill and carried unanimously.*

## 6.5 DRAFT AUDIT & RISK COMMITTEE TERMS OF REFERENCE

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**REPORT AUTHOR:** General Manager, Corporate & Community Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA98586  
**ATTACHMENTS:** A

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### PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee for consideration, the Draft Terms of Reference based on the amendments to the S126 of the *Local Government Act 1999* (the Act) and Part 5 of the *Local Government (Financial Management) Regulations 2011* (the Regulations).

### BACKGROUND

As Committee Members are aware, during the 2019-2020 Financial Year, the State Government undertook a Local Government Reform Program which focused on the following areas:

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

On 17 June 2021, the *Statutes Amendment (Local Government Review) Act 2021* (the Review Act) was enacted. The Review Act has been implemented over a number of stages, with Stage One coming into effect in September 2021. Stage One reforms 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.

Stage Two commenced in January 2022 and relates to 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.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

## **FINANCIAL AND BUDGET IMPLICATIONS**

As a result of the increase in the number of independent members from two (2) to three (3), additional sitting fees will be incurred. The sitting fees are currently set at \$440.00 per meeting.

## **EXTERNAL ECONOMIC IMPLICATIONS**

Nil

## **SOCIAL ISSUES**

Nil

## **CULTURAL ISSUES**

Nil

## **ENVIRONMENTAL ISSUES**

Nil

## **RESOURCE ISSUES**

Nil

## **RISK MANAGEMENT**

Nil

## **COVID-19 IMPLICATIONS**

Nil

## **CONSULTATION**

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

## **DISCUSSION**

The Review Act includes a number of changes to the operations of Audit Committees and as a consequence, the Committees Terms of Reference.

Clause 84 of the Review Act amends Section 126 of the *Local Government Act 1999*, by expanding the role of the Audit Committee to a new role as the 'Audit and Risk Committee'. The intention of the amendments is to provide better quality, independent advice to councils on a range of critical financial and risk management matters.

The Review Act expands the functions of the Audit and Risk Committee, and as such, the functions set out in Draft Terms of Reference reflect the new requirements of the Act to include:

- monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by the Council's auditor;
- where the Council has an Internal Audit Function provide oversight of planning and scoping of the internal audit work plan; and reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;
- reviewing and evaluating the effectiveness of the policies, systems and procedures in place which identify, assess, monitor, manage and review strategic, financial and operational risks; and
- reviewing prudential management reports which are obtained by the Council.

Given the emphasis on enhanced quality and increased independent advice, the Membership and Conditions of Appointment to the Audit and Risk Committee have been reviewed and updated to reflect the requirement to have a majority of independent members and the skillsets, knowledge and experience for committee members (when considered as a whole).

The *Local Government (Financial Management) Regulations 2011*, set the minimum and maximum numbers of the Audit & Risk Committee, which are set at a minimum of three (3) and a maximum of five (5) members. It is recommended that the Committee Membership be retained at five (5) members, comprising of:

- two (2) Elected Members, one (1) which may be the Mayor, as determined by resolution of the Council; and
- three (3) Independent Members who are appointed by the Council

Given that the number of Elected Members is required to be reduced from three (3) to two (2), it is recommended that the standing appointment of the Mayor to the Audit and Risk Committee be removed from the Membership Conditions set out in the Terms of Reference.

With respect to the term of the appointment, it is recommended that the term for Elected Members be retained at two (2) years, to allow for rotation of Elected Members during the Term of Council however with respect to the term for Independent Members, it is recommended that the term be set between three (3) to five (5) years to ensure an orderly rotation and continuity of membership despite changes to Council's Elected Members Representatives.

The duties and responsibilities have been reviewed with reference to the amendments to the Act and categorised under the following headings:

- Financial Reporting
- External Audit
- Internal Audit
- Service Reviews
- Internal Controls and Risk Management
- Other.

While not a requirement of the Act, the current Terms of Reference set a Committee Term, with the Committee being wound up at the conclusion of the term of the Committee. Pursuant to Section 126 of the Act, the Council is required to establish an Audit and Risk Committee. There is no legislative requirement to dissolve the Audit Committee to coincide with the Local Government Election or the term of the members of the Committee. The Council is a going concern, as such the Audit Committee, as a vehicle to fulfil its objectives does not need to be dissolved and re-established, therefore it is recommended that Clause 12 – Term of the Committee be excluded from the Terms of Reference.

The Membership and Condition of Appointment clause contained within the Committee's Terms or Reference establish the term of appointment for Elected and Independent Members, to coincide with the Election cycle or for an alternative timeframe as determined by the Council, to provide the opportunity for rotation of Elected Members on the Audit & Risk Committee during the Council term.

In addition, by not dissolving and re-establishing the Audit Committee each two-year cycle, as set by the current Terms of Reference, the Council may introduce different terms for the Independent Members to ensure continuity of organisational knowledge on the Audit & Risk Committee, as opposed to the current situation, where the Council may lose all organisational knowledge at the same point of time.

The Draft Terms of Reference including a marked-up copy of the Terms of Reference highlighting the proposed changes from the current Terms of Reference is contained in **Attachment A**.

## **OPTIONS**

The new provisions, which relate to the operations of the Audit Committees are due to come into effect by November 2023, however the Council may elect to implement the changes prior to this date. The Draft Terms of Reference contained in **Attachment A**, reflect Clause 84 of the Act which amends Section 126 of the *Local Government Act 1999* and Part 5 of the *Local Government (Financial Management) Regulations 2011*.

The Audit Committee may, however, continue with the existing Terms of Reference, which meet the current legislated requirements set out in the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Given that following the 2022 Local Government Election, the Council is required to re-establish the Audit Committee, notwithstanding the proposed implementation date being November 2023, it makes logical sense for the Terms of Reference of the new Committee to reflect the amended provisions as set out in Clause 84 of the Act.

## **CONCLUSION**

Nil

## **COMMENTS**

If Committee Members have any questions or require clarification in relation issues raised in this report, do not hesitate to contact the General Manager, Corporate & Community 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 Audit Committee recommends to the Council that the Draft Terms of Reference, as contained in Attachment A, be taken into consideration as the Audit and Risk Committee's Terms of References upon its re-establishment following the 2022 Local Government Election.

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*Cr Stock moved:*

*That the Audit Committee recommends to the Council that the Draft Terms of Reference be taken into consideration as the Audit and Risk Committee's Terms of Reference upon its establishment following the 2022 Local Government Election, as contained in Attachment A and amended as follows:*

- *The first dot point under 6.1 be amended to read "two (2) Elected Members, as determined by the Council; and"*
- *The second dot point under the title "Independent Members" in 6.1 be amended to read "A Selection Panel comprising the Mayor, the Chief Executive Officer and the Elected Members appointed to the Audit & Risk Committee, or as otherwise determined by the Council, will evaluate potential Independent Members."*
- *The eighth dot point under the title "Independent Members" in 6.1 be amended to read "Remuneration will be paid to each Independent Member of the Committee (based on a set fee per meeting attended) as determined by the Council."*

*Seconded by Ms Brigid O'Neill and carried.*

**6.6 REGIONAL SUBSIDIARIES – ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2022**

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**REPORT AUTHOR:** General Manager, Corporate & Community Services  
**GENERAL MANAGER:** Chief Executive Officer  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA98586 /A485958  
**ATTACHMENTS:** A - D

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**PURPOSE OF REPORT**

The purpose of this report is to provide the Committee with the 2021-2022 Audited Financial Statements for the Regional Subsidiaries of which this Council is a member.

**BACKGROUND**

Section 16 (4) of the Local Government (Financial Management) Regulations 1999 requires that:

*“The Chief Executive Officer of a council must ensure that any audited financial statements of a subsidiary received for the purposes of clause 12 (3) (a) or 28 (2) (a) of Schedule 2 of the Act are laid before the council at the first meeting of the council following their receipt by the Chief Executive Officer on behalf of the council.”*

**RELEVANT STRATEGIC DIRECTIONS & POLICIES**

Not Applicable.

**FINANCIAL AND BUDGET IMPLICATIONS**

There are no financial and budget implications resulting from the preparation of this report.

The financial performance of the Regional Subsidiaries of which this Council is a member, is accounted for in the Council's Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership share detailed in Table 1, a net loss associated with its Regional Subsidiaries of \$91,792 (2020-2021: \$110,127 net loss).

**EXTERNAL ECONOMIC IMPLICATIONS**

Nil

**SOCIAL ISSUES**

Nil

**CULTURAL ISSUES**

Nil

## ENVIRONMENTAL ISSUES

Nil

## RESOURCE ISSUES

Nil

## RISK MANAGEMENT

There are no risk management issues arising from the preparation this report.

## CONSULTATION

- **Committee Members**  
Cr Stock is a Board Member and Member of the Eastern Waste Management Authority Inc. Audit Committee  
Ms Sandra DiBlasio is a Member of Eastern Waste Management Authority Inc. Audit Committee  
Cr John Minney is a Board Member of ERA Water and the Highbury Landfill Authority Inc.  
Ms Brigid O'Neill is a Member of ERA Water Audit Committee.
- **Community**  
Not Applicable.
- **Staff**  
Not Applicable.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

The audited Financial Statements have been received from the following Regional Subsidiaries:

- Eastern Health Authority Inc. (**Attachment A**).
- Eastern Waste Management Authority Inc (**Attachment B**).
- ERA Water. (**Attachment C**).
- Highbury Landfill Authority Inc. (**Attachment D**).

The Net Surplus (Deficit) of the respective Regional Subsidiaries for the year ended 30 June 2022, together with the Council's share of the Operating Result which has been accounted for in the Council's Financial Statements, is set out in Table 1 below.

**TABLE 1: REGIONAL SUBSIDIARY NET SURPLUS/ (DEFICIT)**

Regional Subsidiary	Net Surplus / (Deficit)	Councils Share of Net Operating Surplus / (Deficit)	
		Percentage	\$
Eastern Health Authority	(13,674)	31.3%	(4,280)
Eastern Waste Management Authority	(369,348)	14.30%	(52,816)
ERA Water	(642,529)	33.33%	(214,155)
Highbury Landfill Authority	444,645	40.36%	179,459

Important points to highlight resulting from the 2021-2022 Financial year are:

- **Eastern Health Authority** The Eastern Health Authority Inc. reported an Operating Deficit of \$13,674. The Operating Deficit is due to the combined impact of reduced income arising from a reduction of expiation income and the conclusion of a grant funding agreement with the Public Health Network and increased employee costs due to a reduction in the recruitment timeframes to fill vacant positions throughout the organisation.
  
- **Eastern Waste Management Authority** For 2021-2022, East Waste reported an Operating Deficit of \$376,000, plus a gain of \$7,000 on the disposal of Plant & Equipment. The key driver behind the Operating Deficit is the escalation in fuel costs driven by the increase in the oil price and supply issue with Adblue Diesel Additive, which is used to reduce diesel emissions.
  
- **ERA Water** ERA Water reported an Operating Deficit of \$642,529, which is a \$340,000 improvement on the 2020-2021 Operating deficit. While the scheme is still facing challenges with water supply and reliability of the system, the following positive outcomes for the Scheme during the 2021-2022 financial year were;
  - a 35% increase in water injected into the aquifer, which allowed for a 17% increase in water extracted for distribution.
  - a 14% increase in income from water sales combined with a 15% decrease in operating expenses, which has resulted in a 34% improvement in the Operating Deficit.
  
- **Highbury Landfill Authority Inc.** The Highbury Landfill Authority Inc. reported an Operating Surplus of \$444,645. To meet the legislative requirements associated with the post closure of the landfill, the Highbury Landfill Authority Inc., is required to estimate the future costs to manage the post closure phase of the landfill. A review of the adequacy of the provision to cover the estimated cost of monitoring the landfill has been undertaken to ensure the value of the provision reflects the latest information on future expenditure and interest rates. The Highbury Landfill Authority is now 12 years into the post closure management period and the post closure provision represents the net present value calculation of the future cash outflows to manage the site of the remaining 13 years. As a result of the review, the post closure provision was decreased by \$457,377. This adjustment has contributed to the reported Net Surplus.

## OPTIONS

Not Applicable.

## CONCLUSION

The Council's 2021-2022 Annual Financial Statements is reporting a Net Loss on Equity Accounted Council Businesses of \$ 91,792 (2020-2021: \$110,127 Net Loss).

## COMMENTS

Nil

## RECOMMENDATION

That the report be received and noted.

*Mayor Bria moved:*

*That the report be received and noted.*

*Seconded by Ms Brigid O'Neill and carried unanimously.*

## 6.7 FINANCE POLICIES

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**REPORT AUTHOR:** Accountant  
**GENERAL MANAGER:** General Manager, Corporate & Community Services  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA98586/A497948  
**ATTACHMENTS:** A - D

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### PURPOSE OF REPORT

The purpose of this report is to present finance related policies which have been reviewed to the Audit Committee, 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 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.

The 2021-2022 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 unless Accounting Standards or legislation changes.

## CONSULTATION

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

## DISCUSSION

In accordance with the Finance Policy Timetable, a review a number of policies, as contained in **Attachment A to D**, has been undertaken. Following the review, the 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>
Expenditure Policy ( <b>Attachment A</b> )	Updated position titles to reflect the Future Ready Organisation Structure Changes.  Reviewed financial delegations to reflect operational and budget responsibilities.
Budget Review Policy & Guidelines ( <b>Attachment B</b> )	Included in the Policy & Guidelines that unspent funds for completed projects are not eligible to be carried forward.
Credit Cards Policy ( <b>Attachment C</b> )	No changes recommended.
Payments Policy ( <b>Attachment D</b> )	With the resignation of the General Manager, Corporate & Community Services and the Manager, Finance the organisation is down two (2) cheque signatories and electronic payment release authorisers. To meet the operational needs, the Manager, Governance & Legal and the Manager, Information Services have been added to the list of electronic payment release authorisers and the Manager, Governance & Legal as a cheque signatory.

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## 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 which 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. That the Audit Committee notes that the following policies have been reviewed and notes that no amendments are recommended.
    - Credit Cards Policy (Attachment C).
  2. That the Audit Committee notes that the following policies have been reviewed and notes that amendments are recommended.
    - Expenditure Policy (Attachment A);
    - Budget Review Policy & Guidelines (Attachment B); and
    - Payments Policy (Attachment D)
  3. That the Audit Committee recommends to the Council that the following policies be adopted.
    - Expenditure Policy (Attachment A);
    - Budget Review Policy & Guidelines (Attachment B); and
    - Credit Cards Policy (Attachment C)
    - Payments Policy (Attachment D).
- 

*Mayor Bria moved:*

1. *That the Audit Committee notes that the following policy has been reviewed and notes that no amendments are recommended:*
  - *Credit Cards Policy (Attachment C).*
2. *That the Audit Committee notes that the following policies have been reviewed and notes that amendments are recommended:*
  - *Expenditure Policy (Attachment A), with the inclusion of an amendment to increase the Chief Executive Officer's delegation from \$250,000 to \$1,000,000;*
  - *Budget Review Policy & Guidelines (Attachment B); and*
  - *Payments Policy (Attachment D).*
3. *That the Audit Committee recommends to the Council that the following policies be adopted:*
  - *Expenditure Policy (Attachment A);*
  - *Budget Review Policy & Guidelines (Attachment B); and*
  - *Credit Cards Policy (Attachment C)*
  - *Payments Policy (Attachment D).*

*Seconded by Ms Brigid O'Neill and carried unanimously.*

## 6.8 INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT

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**REPORT AUTHOR:** Management Accountant  
**GENERAL MANAGER:** General Manager, Corporate Service  
**CONTACT NUMBER:** 8366 4585  
**FILE REFERENCE:** qA98586/A471389  
**ATTACHMENTS:** A - B

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### PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with an update on the status of the Council's major risks and the assessment of the Council's Internal Controls.

### BACKGROUND

The 2022-2023 Audit Committee Work Program requires the Committee to:

- a. *Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed:*
  - *consider the range of documented internal control policies and procedures; and*
  - *whether they are being followed.*
- b. *Develop and monitor the delivery of the Council's Strategic Internal Audit Plan by:*
  - *meeting with the Council's Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan;*
  - *assessing the appropriateness of the Council's response to matters raised in the Internal Audit Reports; and*
  - *annually review the appropriateness of the Council's three (3) year Strategic Internal Audit Plan.*
- c. *Review Management's assessment of Council's major risks.*
- d. *Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:*
  - *whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect*
  - *whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets);*
  - *whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and*
  - *adequacy of insurance coverage.*

At its meeting held on 15 October 2010, the Audit Committee requested that Risk Management be a standard item on its agenda and that a brief report be prepared for each meeting confirming that the risks remain current and that the identified existing controls remain in place.

### RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

### FINANCIAL AND BUDGET IMPLICATIONS

Additional funding may be required to complete the work which has been requested by the Audit Committee, depending on the nature and timeframes which are set for any further work required to be undertaken.

## EXTERNAL ECONOMIC IMPLICATIONS

Nil.

## SOCIAL ISSUES

Nil.

## CULTURAL ISSUES

Nil.

## ENVIRONMENTAL ISSUES

Nil.

## RESOURCE ISSUES

Refer to Financial Implications above.

## RISK MANAGEMENT

The risks identified to be managed are contained in **Attachment B**.

## CONSULTATION

- **Committee Members**  
Not applicable.
- **Community**  
Not Applicable.
- **Staff**  
Where Applicable.
- **Other Agencies**  
Not Applicable.

## DISCUSSION

### Financial Internal Controls

A self-assessment of the Council's Financial Internal Controls was undertaken for the twelve (12) month period ending 30 June 2022. The Overall Organisational effectiveness rating for the assessment period was 4.87 out of a maximum score of 5 (2021: 4.89), which would indicate that the controls which are in place have been consistently and or effectively applied in the majority of cases.

While there has been no significant movement in the overall assessment, as detailed in Table1 below, there have been movements within each assessment category.

**TABLE 1: ASSESSED RATING BY CATEGORY**

Category	2022	2021	Comments
Assets	4.81	4.92	While overall, the internal controls in place have been assessed as being effective, when compared to the 2021 assessment, there has been a decrease in the assessed effectiveness of the cash flows and petty cash controls due to a delay in the review of the cash handling policy review as a result of staff absences resulting from COVID-19 and associated isolation requirements.
Liabilities	4.92	4.88	The marginal increase in the rating due to the internal controls in the taxation being assessed by a different staff member compared to 2020-2021 Financial Year.
Revenue	4.88	4.84	The increase in the rating of assessment is due to improvements in the grants reconciliation process and improved communication between the project managers and the Finance team, which has resulted in a more effective review of grant income against the budget.
Expenses & External Services	4.93	4.95	The slight reduction in rating is due to changes in staffing during the assessment period.
Strategic Financial Planning	4.94	4.88	The increase in the assessment is due primarily to an improvement in the Journal narrations provided to explain the transactions.
Financial Governance	5.00	5.00	No changes in the rating.

**Attachment A** contains a summary report on the assessment which has been undertaken and the action plans which have been developed to strengthen the control activities which require improvements.

### Risk Management Assessment

Following the risk review and risk workshop held on 11 September 2019, eight (8) strategic risks and thirteen (13) operational risks were identified. Upon review of the nature of the risks and the existing controls which are in place, five (5) strategic risks and three (3) operational risks were identified with a target risk greater than the residual risk. To reduce the risk to the target risk rating, a number of treatment plans were identified to mitigate against the risks. The status of the risks requiring additional mitigation strategies and controls is contained in **Attachment B**.

### Internal Audit

The Council has in place a three (3) year Strategic Internal Audit Plan (the Plan) which, following the recommendation of the Audit Committee, was adopted by the Council on 4 November 2019.

The contract with the Council's Internal Audit Service Provider expired in August 2021. In consideration of Best Practice, the Council re-tested the market to ensure that the Council was receiving the best value for money for its Internal Audit Function.

Bentley (SA) Pty Ltd were appointed, with the contract term commencing on 1 May 2022, as such not internal audits were undertaken during the year.

## Information Security Breaches

The Council's 2015 Risk Management Plan identified the Breach of Confidentiality and Destruction of Information, Communications and Technology, as risks which the Council is required to manage and implement treatment plans in order to mitigate the risks. While the Council has a number of existing controls in place such as IT Security Controls and system procedures and policies which address these two risks, a staff initiated the establishment of the Information Security Committee (the Committee) in October 2016, with the following purpose:

*'...to provide a structured and formal forum for assessing information security risks; including reviewing existing and past Information security incidents'*

*In addition, the Committee will work to understand industry trends and new threat scenarios to identify initiatives and mitigation strategies that counteract existing and future risks. Through regular meetings, Information Security processes will be continuously challenged, assessed and enhanced, outcomes from incident investigations will be tracked and staff awareness will remain in focus.'*

The Committee meets on a quarterly basis, and is co-ordinated by the Manager, Information Services and supported by the General Manager, Corporate & Community Services.

Security incidents are categorised into 3 areas, namely:

- Confidentiality – protecting information from disclosure to unauthorized parties;
- Integrity – protecting information from being modified by unauthorized parties; and
- Availability – ensuring that authorized parties are able to access information when needed.

Between July 2021 and June 2022, the Committee tracked and reviewed two (2) Information Security incidents, one (1) associated with Confidentiality, one (1) associated with Integrity and zero (0) associated with Availability. Over the same period, no security information breaches were identified.

As at the time of writing this report, there has been 1285 days since the last information security breach. The previous period was 920 days.

It is noted that previous incidents and the resulting preventative actions continue to have a positive impact on how often incidents occur and when they do, how long the incidents last and the severity of the impact.

Details of the Incident Summary for the period from July 2021 to June 2022 are detailed in Table 2 below.

**TABLE 2: BREACH SUMMARY JULY 2020 - JUNE 2021**

Date	Threat type	Impact	Reactive Actions	Preventative actions/Comments
27 June 2022	Virus/Trojan	A staff members opened a zip file containing a Virus	Controls blocked the Virus from running	The virtual PC and email were deleted. The staff member was provided aware training.
4 March 2022	Phishing	A staff members provided password to a phishing scam	The staff member changed their password	The phishing email was from a known service provider

## OPTIONS

Nil.

## CONCLUSION

Nil.

**COMMENTS**

Nil.

**RECOMMENDATION**

That the report be received and noted.

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*Mayor Bria moved:*

*That the report be received and noted.*

*Seconded by Ms Sandra Di Blasio and carried.*

**7. CONFIDENTIAL REPORTS**  
Nil

**8. OTHER BUSINESS**

**8.1 Appreciation**

*Mayor Bria moved:*

*That on behalf of the Audit Committee and the Council, I would like to thank:*

- 1. Cr Mike Stock for his four (4) years of service on the Audit Committee and wish him and his family all the best for the future;*
- 2. the Independent Members, Ms Sandra Di Blasio and Ms Brigid O'Neill for their services to the Audit Committee; and*
- 3. Ms Sharon Perkins, General Manager, Corporate & Community Services and Andrew Alderson, Manager, Finance, for assisting the Audit Committee and wish them well for their future endeavours.*

*Seconded by Ms Sandra Di Blasio and carried unanimously.*

**9. NEXT MEETING**

To be advised.

**10. CLOSURE**

There being no further business the Presiding Member declared the meeting closed at 8.44pm.

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**Cr John Minney**  
**PRESIDING MEMBER**

**Minutes Confirmed on** \_\_\_\_\_  
(date)