



CITY OF

WHYALLA

'Whyalla, Where the Outback Meets the Sea'

MEMBERSHIP

Mayor C McLaughlin
Cr S Stuppos
Mr P Klobucar

Cr B Simpson
Mr A Rushbrook (Chair)

NOTICE OF AUDIT COMMITTEE MEETING

TO YOUR WORSHIP THE MAYOR & MEMBERS OF COUNCIL

NOTICE is hereby given pursuant to Section 126 of the Local Government Act that the Audit Committee Meeting **will be held via Microsoft Teams** on Tuesday 8 February 2022 at 11.00 am.

The business of the meeting is:

- Budget Review 2021-22 Quarter 2
- 2022/23 Annual Business Plan & Budget Process & Parameters
- Internal Financial Controls – Policy Review & Self-Assessment
- Review of Finance Policies
- Quarterly Report - Procurement
- Audit Committee Work Plan & Meeting Schedule
- January commencements for Local Government reform

A copy of the Agenda for the above meeting is supplied as required.

This meeting is being held electronically (please note there is no in-person attendance), [click here to join the meeting.](#)

JUSTIN COMMONS
CHIEF EXECUTIVE OFFICER

Dated: 4 February 2022

AGENDA

AUDIT COMMITTEE MEETING – TUESDAY 8 FEBRUARY 2022

1. ACKNOWLEDGEMENT

“We acknowledge that this meeting is held on Barngarla Land and we give thanks for the use of this Land.”

2. ATTENDANCE RECORD

Apologies – Nil

Leave of Absence – Nil

3. DECLARATION OF MEMBERS’ CONFLICT OF INTERESTS

4. MINUTES OF PREVIOUS MEETING AND BUSINESS ARISING

- 4.1 *Confirmation of the Minutes of the previous Audit Committee Meeting held on Monday 27 September 2021* *Page 3*

Recommendation

That the Minutes of the previous Audit Committee Meeting held on Monday 27 September 2021, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

- 4.2 *Business Arising* *Page 9*

5. DEPUTATIONS / PRESENTATIONS – Nil

6. REPORTS – COUNCIL OFFICERS

6.1 Corporate Services– Ordinary Reports

- | | | |
|-------|---|-----------------|
| 6.1.1 | <i>Budget Review 2021-22 Quarter 2</i> | <i>Page 18</i> |
| 6.1.2 | <i>2022/23 Annual Business Plan & Budget Process & Parameters</i> | <i>Page 30</i> |
| 6.1.3 | <i>Internal Financial Controls – Policy Review & Self-Assessment</i> | <i>Page 37</i> |
| 6.1.4 | <i>Review of Finance Policies</i> | <i>Page 78</i> |
| 6.1.5 | <i>Quarterly Report - Procurement</i> | <i>Page 107</i> |
| 6.1.6 | <i>Audit Committee Work Plan & Meeting Schedule</i> | <i>Page 113</i> |
| 6.1.7 | <i>January commencements for Local Government reform</i> | <i>Page 117</i> |

7. CONSIDERATION OF CONFIDENTIAL ITEMS – Nil

8. CLOSE

9. DATE OF NEXT MEETING – Monday 4 April 2022

MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON MONDAY 27 SEPTEMBER 2021 AT 11.02 AM IN THE COUNCIL CHAMBER

PRESENT: Mr A Rushbrook (*Chair*), Mayor C McLaughlin, Crs S Stuppos, and Mr P Klobucar

GUEST: Auditor (*Samantha Creten*)

OBSERVERS: Chief Executive Officer (*Mr J Commons*) via TEAMS
 Director Corporate Services (*Ms K Jarrett*)
 Director Infrastructure (*Mr Kristen Clark*)
 Manager Finance (*Mr G Jennings*)
 Finance Co-ordinator (*Mrs S Vigar*)

1. Acknowledgement

2. Attendance Record

Apologies – Nil

Leave of Absence – Nil

3. Declaration of Members' Conflict of Interests – Nil

4. Minutes of Previous Meeting

4.1 Confirmation of the Minutes of the previous Audit Committee Meeting held on Monday 19 July 2021

Moved Mr Klobucar, seconded Cr Stuppos

AC317-2021

That the Minutes of the previous Audit Committee Meeting held on Monday 19 July 2021, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

Carried

4.2 Business Arising

Discussion

Discussion was held on various items of business arising with the following being noted:

- A new meeting schedule for next year is to be advised
- Resignation of Cr Irene Adair from the Audit Committee was noted due to her resignation as an elected member from the Council, with appointment of a new Audit Committee member to be decided at the next meeting of Council

5. Deputations/Presentations – Nil

6. Reports – Council Officers

The Chair sought leave of the meeting to change the order of items on the Agenda. Leave of the meeting was granted, to move forward the following Agenda items for discussion with Council's external auditors:

*Item 6.1.3 2020/21 Draft Financial Statements; and
Item 6.1.4 2020/21 Financial Results*

6.1 Corporate Services– Ordinary Reports**6.1.3 2020/21 Draft Financial Statements**

Manager Finance provided a summary of the report. A number of one-off factors affected the financial results including:

- an airport loss of approximately \$600,000;
- Covid relief provided to ratepayers;
- funding of approximately \$900,000 received under the Local Roads and Community Infrastructure program being classified as operating; and
- the initial revaluation of irrigation assets resulted in a large impairment.

Discussion was held on the valuation of land held for sale, with the Audit Committee seeking assurance that this was realistic and also noted that the asset had moved from non-current to current.

Ms Creten, through the Chair, outlined that land held for sale should be treated as inventory. The land included in the statements is based on cost and when compared to historic selling cost and valuations in Whyalla, are held at a reasonable selling amount.

Mr Commons provided that the current proposed development at Port Bonython is expected to enhance future sales adjacent the development.

Ms Creten further provided the staff had put together financial statements on a timely basis.

The Chair stated he found the Audit Completion Report very helpful.

Mayor McLaughlin congratulated the staff on their work. The Manager Finance acknowledged the Finance Coordinator for pulling the reports together and answering the queries from the auditors.

Moved Mayor McLaughlin, seconded Cr Stuppos

AC320-2021

The Audit Committee:

1. in accordance with Section 126(4) of the Local Government Act 1999, advise that it has reviewed the draft Annual Financial Statements of the Council for the financial year ended 30 June 2021 and is satisfied that they present fairly the state of affairs of Council; and
2. advise Councils' Auditor that it has reviewed the Annual Financial Statements of the Council for the financial year ended 30 June 2021 and is satisfied that they present fairly the state of affairs of Council.
3. the Audit Committee note the Audit Completion Report from Dean Newbery & Partners for

the financial year ended 30 June 2021.

Carried

The Chair asked the Observers to leave the Audit Committee Meeting for the Audit Committee members to speak confidentially to the Auditor.

The Observers vacated the meeting at 11.18am.

The Observers returned at 11.26am. (Ms Creten left the meeting).

The Chair provided, there were no areas of concern that Ms Creten felt she needed to bring the Committees' attention. She acknowledged the continued improvements in Internal Controls and the receptiveness of staff to embrace change. Council's system of Internal Control is good. Council has good financial oversight through its systems and regular reporting.

The Committee discussed with Ms Creten Council's borrowings and she stressed the importance of the Long Term Financial Plan in assessing financial sustainability.

6.1.4 2020/21 Financial Results

Manager Finance outlined that the major impact on actual results compared to original budget was due to depreciation and impairment, most of which is one-off.

The Chair enquired about Council's underlying financial position, with administration outlining that the budgeted position for 2021/22 is much more representative.

The Chair enquired what impact the recently signed contract for security screening will have on Council's finances. It was outlined that this service is currently 100% funded by the Federal Government and that Council is advocating for this to continue. If this is not achieved the service will need to be ceased. The current funding does not cover depreciation and there may be a slight loss. All indicators are the Federal Government will provide funding for the security screening component.

The Chair stated it was a really useful report.

Moved Mr Klobucar, seconded Mayor McLaughlin

AC321-2021

The Audit Committee recommends the financial results compared with the estimated financial result of Council for the financial year ending 30 June 2021, be presented to Council.

Carried

6.1.1 2021/22 Budget Review Quarter 1 incorporating Financial Results

Manager Finance outlined that the majority of adjustments for the budget review resulted from the retiming of operating and capital expenditure, along with capital income from 2020/21 to 2021/22. The Local Roads and Community Infrastructure funding is still classified as capital income and will be moved during the Quarter 2 Budget Review once updated timing is known.

An adjustment to airport income and expenditure projections reflecting the tendered value of passenger screening services was noted. The service is federal government funded for the 2021/22 financial year, excluding the depreciation of the screening equipment.

There was a discussion regarding recommendation 2 and the need to update the Annual Business Plan, the Committee accepted the recommendation.

Moved Cr Stuppos, seconded Mayor McLaughlin

AC318-2021

The Audit Committee:

1. recommend the Budget Review incorporating the Financial Results 2020-21, identifying an adjusted operating deficit of \$1,513,000 and an estimated cash position at end of reporting period of \$198,000, be submitted to Council for adoption; and
2. recommend that the 2021-22 Annual Business Plan and Budget and Long Term Financial Plan be amended to reflect the variances.

Carried

6.1.2 *2020/21 Investment and Loan Performance*

Manager Finance discussed loan balances and the reasons for borrowings being outside the Treasury Management Policy at the end of financial year. A \$2 million road re-sealing project occurred in the last two weeks of financial year. Payment for this project, along with other 2020/21 expenditure was made in July 2021.

Moved Cr Stuppos, seconded Mayor McLaughlin

AC319-2021

The Audit Committee note:

1. The Investment and Loan Performance Report for 2020-21.
2. The reasons for fixed borrowings being outside the treasury management policy target at the end of the financial year.

Carried

6.1.3 *2020/21 Draft Financial Statements – refer page 2*

6.1.4 *2020/21 Financial Results – refer page 3*

6.1.5 *Loan Facility*

The Committee noted Council currently holds a \$5 million facility with the Local Government Finance Authority (LGFA) which matures on 15 December 2021. The purpose for establishing this facility is to continue the current loan capacity. The funds will only be utilised when required for cash flow purposes.

Moved Cr Stuppos, seconded Mr Klobucar

AC322-2021

The Audit Committee recommend to Council:

1. to endorse the establishment of an \$5 million borrowing facility to replace CAD 136, to be utilised in line with approved budgets;
2. arrange this facility with the Local Government Finance Authority in the form of a Cash Advance Debenture with a term of 10 years; and
3. that the Mayor and Chief Executive Officer be authorised to sign and seal all necessary documents.

Carried

6.1.6 *Audit Committee Annual Report to Council*

Manager Finance provided the Report was similar to last year's annual report.

The Chair raised the Terms of Reference for the Audit Committee. The Director Corporate advised the Committee and Council need to ensure the Terms of Reference are consistent with the new legislation. The Chair stated the Terms of Reference should better describe what the role of the Audit Committee is and the training needs of the Committee.

A report will be presented to the October Council meeting outlining the resignation of Cr Adair and highlighting the vacancy to be filled on the Committee.

The Chair was of the opinion that the report to Council had improved in recent years and thanked staff for their assistance in putting it together.

It was agreed the Audit Committee would not undertake the self-assessments at this time.

Moved Cr Stuppos, seconded Mayor McLaughlin

AC323-2021

The Audit Committee:

1. Receive and note the "Audit Committee Annual Report to Council" report; and
2. Provides feedback on the outline and content to be included in the 2020/2021 Audit Committee Annual Report to Council provided at Appendix 1 to this report; and
3. Requests the Chair of the Audit Committee finalise the Annual Report on the Committee's

behalf based on the feedback received and when finalised refer the report '2020/2021 Audit Committee Annual Report' to Council at the 18 October 2021 Council meeting.

Carried

6.1.7 *Quarterly Report – Procurement*

The Chair stated he found the Report very helpful and was happy with the transparency it provided.

Moved Cr Stuppos, seconded Mr Klobucar

AC324-2021

The Audit Committee receive and note the Procurement Quarterly report.

Carried

7. **Consideration of Confidential Items – Nil**

8. **Closure – 12.00 pm**

9. **Date of Next Meeting – To be advised – a schedule to be developed and provided**

WHYALLA CITY COUNCIL

BUSINESS ARISING FROM AUDIT COMMITTEE MEETINGS

AS AT 8 FEBRUARY 2022

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
1.	7 April 2021	<i>6.1.2 – That an update of the Governance Compliance Workplan be provided to future committee meetings</i>	Manager Governance	30/06/2022	Refer attached table	
2.	3 May 2021	<i>4.2 - Risk Profile/Action Plan – update profile/action plan and actively manage on an ongoing basis</i>	Manager Governance	30/06/2022	This item will be brought back on track over the next 5 months with anticipated resourcing levels improving	
3.	19 July 2021	<i>6.1.3 – Further report on the benefits or otherwise of the inclusion of green assets within the Asset Accounting Policy</i>	Manager Finance	30/06/2022		

* Completed items to be removed are shaded

Whyalla City Council Audit Committee Draft Schedule of Meetings for 2022

SCHEDULE OF MEETINGS - 2022
Tuesday 8 February 2022
Monday 4 April 2022 – Additional Meeting
Monday 9 May 2022
Monday 18 July 2022
Tuesday 4 October 2022

Whyalla City Council Audit Committee Work Program

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Financial Reporting</i> 7.1	Review annual financial statements as required by Section 126(4) of the Local Government Act prior to its presentation to Council for adoption.	S 126 (4) (a)	Annually	September		September 2021	FC
<i>Financial Reporting</i> 7.1	Monitor integrity of financial reports of the Council including:	S 126 (4) (a)					
	Budget Review	S 126 (4) (a)	Quarterly		Considered at this meeting	September 2021	MF
	Full review of Long Term Financial Plan	S 122 (1a) (a) & (4) (b)	Within two years of a general election	February 2024		February 2020	MF
	Full review of Infrastructure Asset Management Plans	S 122 (1a) (b)	Within two years of a general election	February 2024		February 2020	MF
<i>Financial Reporting</i> 7.1	Consider and review, where necessary, the consistency of improvement to and/or any changes to accounting policies.		Annual As required	July	Policies relating to being a water retailer presented at this meeting	September 2021	FC/MF

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Financial Reporting</i> 7.1	Review and report to Council likely impact of ongoing financial sustainability due to changes in Strategic Management Plans.		As required	As required		April 2021	DC & MF
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan conforms to the Local Government Act.	S 123	Annually	April		April 2021	DC, MG & MF
<i>Annual Business Plan and Budget</i>	Recommend the draft Annual Business Plan prior to its formal consideration for adoption by Council.		Annually	April		April 2021	DC & MG
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan is consistent with relevant targets for Key Performance Indicators to Council.	S 123 (2) (b) (ii)	Annually	April		April 2021	DC
<i>Internal Controls and Risk Management</i> 7.2	Review practice, policy and procedure for internal controls.	S 125	As required	As required	Considered at this meeting	September 2021	CEO/EMT/FC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Internal Controls and Risk Management</i> 7.2.3	Regularly review the effectiveness of Council's internal controls and risk management and governance systems.	S 126 (4) (c)	Annually	February	Considered at this meeting	September 2021	FC
<i>Internal Controls and Risk Management</i> 7.2	Review and recommend the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls, risk management and governance.	S 126 (4) (ab)	Annually	September		September 2021	MG & FC
<i>Internal Controls and Risk Management</i> 7.2	Review Business Continuity Plan and Disaster Management Action Plans.		Every 3 years	July 2022		July 2019	EMT
<i>Internal Controls and Risk Management</i> 7.2	Review Councils Risk Plan & Strategic Risk Plan.	S 122	Every 3 years	September 2023		September 2020	EMT

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Internal Controls and Risk Management</i> 7.2	Review reports from Procurement including recent tenders and high value purchases.		Quarterly		Presented at this meeting	September 2021	MF
<i>External Audit</i> 7.5	Ensure appointment of external auditor conforms with legislative provisions.	S 128 (2) & (4a)	Every five years	April 2025		April 2020	MG
<i>External Audit</i> 7.5.4	Liaise with Council's external auditors.	S 126 (4) (b)	Yearly	September		September 2021	CEO/DC/FC
<i>External Audit</i> 7.5	Receive the independent auditor's reports.		Twice yearly	May and September	Auditors report on internal controls to be presented at this meeting	September 2021	FC
<i>External Audit</i> 7.5	Ensure actions proposed in the correspondence from the independent auditor's report are actioned.		As required	As required	Added to Business Arising documentation	July 2021	DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Public Interest Disclosure (formerly Whistle-blowing)</i> 7.3	Review the adequacy and awareness of the current Public Interest Disclosure Policy and Procedure.		Every 2 years	July 2023		July 2021	EMT
<i>Reporting Responsibilities</i> 9..7	Report annually to Council outlining the outputs of the Audit Committee, any training needs, future work proposals and invite Council to comment.		Annually	September		September 2020	DC
<i>Reporting Responsibilities</i> 9	Ensure urgent or significant matters are formally and promptly reported to Council.		As required	As required		September 2021	DC
<i>Reporting Responsibilities</i> 9.2	Ensure appropriate and timely training is provided to all members including inductions for new members.		As required	As required			DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Economy and Efficiency Audits</i> 7.6	Ensure any matter relating to financial management, efficient or economy of Council is examined, reported and proposed actions monitored.	S 126 (4) (ac) & S 130A	As required	As required	Business arising provides a progress report on actions / improvements identified from external reviews	September 2021	DC

EXTERNAL REVIEWS WORKPLAN

Source	#	Ref	Item	Responsible	Due	Status / % Complete
GHC	1	s.41	Review Terms of Reference of Council Committees:			
			- Building & Fire Safety Committee	Mgr City Development	30/10/2021	Completed
			- Airport Advisory and Security Committee	Dir Corporate	30/10/2021	Completed
GHC	2	s.43	Review Charter of EPLGA	Dir Corporate	31/03/2022	Pending
GHC	3	s.49	Review procurement policies and procedures	Mgr Finance	30/06/2022	In Progress / 20%
GHC	4	s.61	Develop Elected Member Access to Council Information Policy	Mgr Governance	30/10/2021	Completed
GHC	5	s.90	Add the grounds for confidentiality to staff and Elected Member training program and then undertake training	Mgr Governance	30/06/2022	Pending
GHC	6	s.103	Undertake a full review of Council's suite of HR policies	Mgr People & Culture	30/06/2022	Pending
GHC	7	s.109	Develop Complaints Handling Procedure for Complaints against Employees as a priority	Dir Corporate	30/06/2022	Pending
GHC	8	s.120	Add training in conflict of interest for CEO and staff to training program, and then undertake training	Mgr Governance	30/04/2022	In Progress / 50%
GHC	9	s.125	Finalise Policy / Governance Framework and implement program of policy / procedure development	Mgr Governance	30/10/2021	Completed
GHC	13	s.172	Add to list of procedures to be developed a new procedure for requests to suppress information from the Assessment Record	Mgr Governance	30/06/2022	Pending
GHC	14	s.193	Exclusion of land from community land	Mgr City Development		No Action Required
GHC	15	s.194	Revocation of land from community land	Mgr City Development		No Action Required
GHC	16	s.196	Review of community land management plans	Mgr City Development	31/12/2022	Pending
GHC	17	s.207	Review of Council's register of community land	Mgr City Development	31/12/2022	Pending
GHC	18	s.210	Conversion of private road to a public road	Mgr City Development		No Action Required
GHC	19	s.221	Consider policy / procedure / new templates for permits and authorisation documents	Mgr Governance	30/12/2021	Completed
GHC	20	s.232	Finalise draft documents in association with tree management	Mgr Operations		No Action Required
EAMR	4	Moderate	Policy Register	Mgr Governance	30/10/2021	Completed
EAMR	9	Moderate	Completeness of Timesheet data	Mgr Finance	30/06/2022	In Progress / 20%
EAMR	22	Low	Payroll Termination Procedures	Mgr Finance	30/06/2021	Completed

6.1 Corporate

6.1.1 Budget Review 2021-22 Quarter 2

Audit Committee: 8 February 2022
Author's Title: Manager Finance
Director: Corporate

File No.: 0-159

Annexures:

Annexure A – Budget Review 2021-22 Quarter 2

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

Reason – Not applicable

PURPOSE

To provide an updated projection of Councils' operating and capital budgets for the 2021-22 financial year, identifying any variations sought to Councils' original budget and the cumulative financial implications.

SUMMARY

The Quarter 2 Budget Review identifies all known variances to Council's 2021-22 budget at this stage, with no material impact to Council's underlying operating position.

RECOMMENDATION

The Audit Committee:

1. recommend the Budget Review 2021-22 Quarter 2, identifying an adjusted operating deficit of \$1,035,000 and an estimated cash position at end of reporting period of \$186,000, be submitted to Council for adoption; and
2. recommend that the 2021-22 Annual Business Plan and Budget and Long Term Financial Plan be amended to reflect the variances.

6.1.1 Budget Review 2021-22 Quarter 2

REPORT

BACKGROUND

Regulation 9(1)(a) of the *Local Government (Financial Management) Regulations 2011*, requires a budget review report to include a revised forecast of the Councils' operating and capital investment activities compared with estimates set out in the budget.

DISCUSSION

This report considers the impact that the financial results from the year ending 30 June 2021 will have on Councils' 2021-22 Budget and ongoing financial sustainability.

The Budget Update comprises the following statements:

1. key financial indicators;
2. explanation of material variances;
3. uniform presentation of finances; and
4. financial statements.

Refer **Annexure "A"** – Budget Review 2021-22 Quarter 2

The improvement in Council's operating result is due to the transfer of \$487,000 of Local Roads and Community Infrastructure funding being transferred from capital to operating. This has no impact on Council's cashflow. This classification was requested by Council's auditors for this funding in the previous year, consistent with the rest of the industry. This amount represents the final instalment of the Round 2 funds that will be received in this financial year. The budget includes provision to receive additional funds as part of Round 3, but these have been left as capital grants at this stage, until such time as the relevant projects have been identified and the timing of payments known.

After removing this impact, Council's overall operating result is largely unchanged, with a number of unrelated increases in income and expenditure offsetting each other. These are outlined in the annexure.

Council's projected loan borrowings will reduce by \$2.5 million in the current year, due to a number of capital projects retimed to future years. Planning and design work has commenced on a number of these projects, with delivery now expected to commence in 2022-23. Some of the projects also require further input from related Council masterplans before they can proceed any further.

Financial Implications

Budget 2021-22 Impact

If approved by Council, these amendments will:

- reduce Council's adjusted operating deficit by \$500,000 to a projected \$1.04 million;

- improve Council's Adjusted Operating Deficit Ratio, from (5%) to (3%);
- decrease Council's Net Financial Liabilities Ratio from 77% to 68%; and
- decrease Council's Asset Renewal Funding Ratio from 114% to 98%.

Council is outside target range for the Adjusted Operating Ratio. This was already the case for the original budget, with a projection to return to target range next year.

The Net Financial Liabilities Ratio and Asset Renewal Funding Ratio are within target range.

Long Term Financial Plan (LTFP) Impact

Council's operating results in future years are negatively impacted by approximately \$35,000 per annum, primarily due to an increase in cleaning costs for the new airport terminal, based on the expanded floor area. The Net Financial Liabilities Ratio is estimated to peak at 70% in 2022-23, previously projected to peak at 77% in 2021-22. Borrowings are now estimated to peak at \$24.6 million in 2022-23, previously projected to peak at \$25.7 million in 2021-22. The loan balance is estimated to return to \$16.8 million by the year 2030-31, \$800,000 higher than the previous projection.

Airport

The airport's operating result has been negatively impacted by \$280,000 for the current year, due to a mixture of reduced revenue from lower passenger numbers and higher expenditure relating to transitioning to the new terminal building.

The airport's ongoing operating result has been negatively impacted by approximately \$30,000 per annum, due to an increase in cleaning costs for the new terminal.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Regularly inform the community of Council activities, decisions and actions by promoting positive stories and positive image

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

The Budget Review has been prepared in accordance with S 9(1)(a) of *the Local Government (Financial Management) Regulations 2011*.

Officer Direct or Indirect Interest – Nil

Risk Assessment

Legislative risk is minimised as Council will have reviewed its budget in line with the Local Government Act 1999 and Local Government (Financial Management) Regulations.

The financial impacts recognised within this review are minimal, as overall loan borrowings remain fairly consistent, and overall operating results are not materially impacted. However, the airport operating result has deteriorated slightly and a longer term plan for improving this will need to be developed.

Social Considerations – Not applicable

Community Engagement – Nil

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

Overall the identified variances to Council's budget largely offset, resulting in no material change to Council's overall operating position. Loan borrowings will be lower in the current year due to a number of capital projects deferred to future years, with these borrowings now occurring in the future.

BUDGET REVIEW 2021-22 Q2 Review

KEY FINANCIAL INDICATORS	Target	Note	Original Budget 2021-22	Amendment s 2021-22	Current Budget 2021-22	Proposed Amendments 2021-22	Projected Total 2021-22	Note	Estimated Budget 2022-23	Estimated Budget 2023-24	Estimated Budget 2024-25
Council (including Airport)		1						2			
Operating Surplus/(Deficit) - \$'000			(1,423)	(112)	(1,535)	500	(1,035)		(852)	(801)	(682)
Adjusted Operating Surplus/(Deficit)* - \$'000			(1,423) ●	(112)	(1,535) ●	500	(1,035) ●		(852) ●	(801) ●	(682) ●
Adjusted Operating Surplus/(Deficit) Ratio - %	(2)% - 1%		(4%) ●	(1%)	(5%) ●	2%	(3%) ●		(2%) ●	(2%) ●	(2%) ●
Net Financial Liabilities Ratio	< 80%		73% ●	4%	77% ●	(9%)	68% ●		70% ●	67% ●	60% ●
Asset Renewal Funding Ratio	90 - 110%		102% ●	12%	114% ●	(16%)	98% ●		114% ●	104% ●	98% ●
Whyalla Airport											
Operating Surplus/(Deficit) - \$'000		9	(392) ●	(31)	(423) ●	(280)	(703) ●		(495) ●	(389) ●	(365) ●
Operating Surplus/(Deficit) Ratio - %	1% - 6%		(18%) ●	3%	(15%) ●	(15%)	(30%) ●		(15%) ●	(11%) ●	(10%) ●
Net Financial Liabilities Ratio - %	< 250%		187% ●	23%	210% ●	59%	269% ●		177% ●	155% ●	137% ●

KEY

In target range ●

Above target ●

Below target ●

* The Adjusted Operating Surplus/(Deficit) removes the impact of timing differences in the receipt of Financial Assistance Grant income and is considered to provide a more meaningful measurement of Council's underlying financial position.

Note Explanations – 2021-22 Quarter 2:

1. The adjusted operating deficit is expected to decrease by \$500,000 to \$1.04 million. This is mainly due to a grant previously being classified as capital being moved to operating. The Adjusted Operating Deficit Ratio reduces by 2% to (3%). The Net Financial Liabilities Ratio decreases by 9% from 77% to 68%. This is due to a number of capital projects being retimed to 2022-23. The Asset Renewal Funding Ratio decreases by 16% from 114% to 98%, due to carry forward renewal projects.
2. Council's operating results in future years are negatively impacted by approximately \$35,000 per annum. This is primarily due to an increase in cleaning costs for the new airport terminal, ascertained from the recent tender of the cleaning contract. The Net Financial Liabilities Ratio is estimated to peak at 70% in 2022-23, previously projected to peak at 77% in 2021-22. Borrowings are now estimated to peak at \$24.6 million in 2022-23, previously projected to peak at \$25.7 million in 2021-22. The loan balance is estimated to return to \$16.8 million by the year 2030-31, \$800,000 higher than the previous projection.
3. Operating income is expected to increase by \$631,000, this can be attributed to:
 - Financial Assistance grant funding from the Federal Government being \$181,000 higher than projected;
 - Local Roads and Community Infrastructure funding of \$487,000 being transferred from capital to operating;
 - an increase in childcare income of \$55,000 generated from an increase in occupancy rate at the centre, offset by increased staffing costs;
 - increased property search income of \$20,000, due to higher property market activity;
 - an increase in debt collection oncharges of \$30,000, due to a return to normal debt collection processes;
 - income of \$77,000 for purchases of IT equipment oncharged to a third party;
 - \$60,000 of income from the YMCA relating to the Recreation Centre running at a profit for 2020-21;
 - \$138,000 of funds from insurance claims, funding additional capital works;
 - \$74,000 for a number of minor grants, relating to waste, track closures and a foreshore environmental study;
 - additional statutory income of \$20,000 from increased planning applications and an increase in expiations issued;
 - \$27,000 of income from the Whyalla Football League, contributing to the cost of running Bennett Oval; offset by
 - a reduction in income of \$42,000 from the closure of the Point Lowly Cottages;
 - a reduction in airport screening income of \$330,000, based on the revised opening date. This income also moved from user charges to grants income based on the funding agreement; and
 - a reduction in other airport income of \$175,000, relating to lower fuel sales, the carpark being closed for an extended period and lower car rental lease income due to lower passenger numbers.
4. Operating expenditure is expected to increase by \$31,000, this can be attributed to:
 - A decrease in labour costs of \$178,000 due to:
 - savings from vacant positions of \$303,000, which was used to fund labour hire; offset by
 - an increase in labour costs of \$70,000 due to the negotiated EB; and
 - a \$55,000 increase in labour costs for the childcare centre due to increased occupancy.
 - An increase in contract, material and other costs of \$361,000 due to:
 - an increase in labour hire and consulting costs of \$303,000 to backfill vacant positions, offset by labour savings;
 - an increase in legal costs of \$100,000 due to a number of ongoing matters;
 - increased debt collection costs of \$30,000, due to a return to normal debt collection processes;
 - purchases of IT equipment for a third party of \$77,000;
 - \$74,000 of costs relating to grant funded projects relating to waste, track closures and a foreshore environmental study;
 - \$27,000 of additional costs for maintaining Bennett and Memorial ovals;
 - \$23,000 to rebuild the revetment wall around the Point Lowly Lighthouse, due to deterioration over time;
 - \$12,000 to undertake a survey of the water pipeline servicing the Cultana shack sites, as per a previous agreement with the Army;
 - an increase in waste costs of \$109,000 due to higher tonnages of kerbside waste collections as well as more hard waste collections being booked;

- increased costs of cleaning for the new airport terminal of \$30,000, based on the larger floor area;
 - \$105,000 of one-off costs incurred due to the changeover to the new airport terminal; offset by
 - a saving of \$25,000 due to the rate review no longer being required in the current year;
 - reduced costs of \$35,000 relating to the closure of the Point Lowly Cottages;
 - a \$280,000 reduction in screening costs, based on the revised opening date;
 - a \$100,000 reduction in fuel costs for the airport due to lower passenger numbers; and
 - an increase of \$98,000 in the capitalisation of overhead costs.
 - A reduction in interest expenses of \$52,000 in line with updated cashflow and interest rate projections.
5. A decrease of \$1.4 million in the outlay on existing assets due to:
- \$1.5 million of project expenditure carried forward to 2022-23 in line with updated project schedules, including \$716,000 for marina renewal works, \$274,000 for the Jubilee Little Athletics track, \$202,000 for plant replacements pushed back one year, \$156,000 for the Recreation Centre slide and \$147,000 for building renewal works at Tanderra; offset by
 - additional budget of \$30,000 to deliver the Yacht Club toilets repairs, offset by insurance funds.
6. A decrease of \$2.0 million in the outlay on new and upgraded assets due to project expenditure carried forward to 2022-23 in line with updated project schedules including \$950,000 for the Valley One stormwater project, \$800,000 for the Jubilee Park Changeroom Upgrade, \$175,000 for Levy Bank Upgrades, \$72,000 for marina boat ramp works and \$58,000 for the fit out of the Old Library Building.
7. A decrease of \$1.4 million in amounts received specifically for new and upgraded assets due to:
- \$875,000 of grant funding being re-budgeted in 2022-23 in line with updated project schedules including, \$475,000 for the Valley One stormwater project and \$400,000 Jubilee Park Changeroom Upgrade; and
 - Local Roads and Community Infrastructure funding of \$487,000 being transferred from capital to operating.
8. It is expected reduced borrowings of \$16.2 million will be required in 2021-22 to meet cash flow requirements, \$2.5 million lower than previous projections. This is due to capital projects being retimed to 2022-23.
9. Whyalla Airport
- The operating deficit is expected to increase by \$280,000 to \$703,000. The Operating Deficit Ratio is expected to decline by 15% from (15%) to (30%). The Net Financial Liabilities Ratio increases from 210% to 269%.
 - The Airport's operating results in future years are negatively impacted by approximately \$30,000 per annum due to an increase in cleaning costs for the new airport terminal.
 - The change to the operating result of \$280,000 is due to:
 - a net increase in screening costs of \$50,000, due to the fact that costs not directly related to the screening contract are difficult to claim under the funding agreement;
 - a reduction in profit from fuel sales of \$20,000;
 - a reduction in other income of \$55,000 the carpark being closed for an extended period and lower car rental lease income due to lower passenger numbers;
 - increased costs of cleaning for the new airport terminal of \$30,000, based on the larger floor area;
 - \$105,000 of one-off costs incurred due to the changeover to the new airport terminal; and
 - \$10,000 of legal costs incurred.

WHYALLA CITY COUNCIL
BUDGET REVIEW 2021-22 Q2 Review

UNIFORM PRESENTATION OF FINANCES	Note	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Note	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
OPERATING ACTIVITIES										
Operating Revenues	3	33,517	580	34,097	631	34,728		35,956	37,189	38,469
less Operating Expenses	4	(34,940)	(692)	(35,632)	(131)	(35,763)		(36,808)	(37,990)	(39,151)
Operating Surplus/ (Deficit)		(1,423)	(112)	(1,535)	500	(1,035)		(852)	(801)	(682)
CAPITAL ACTIVITIES										
Net Outlays on Existing Assets										
Capital Expense on renewal and replacement of Existing	5	(9,531)	(1,143)	(10,674)	1,434	(9,240)		(5,333)	(5,791)	(4,367)
add back Depreciation, Amortisation and Impairment		7,607	-	7,607	-	7,607		7,953	8,185	8,437
add back Proceeds from Sale of Replaced Assets		178	79	257	(26)	231		154	144	175
Net Outlays on Existing Assets		(1,746)	(1,064)	(2,810)	1,408	(1,402)		2,774	2,538	4,245
Net Outlay on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	6	(14,559)	(3,683)	(18,242)	2,010	(16,232)		(5,675)	(1,850)	(2,237)
add back Amounts received specifically for New and Upg	7	8,190	572	8,762	(1,362)	7,400		2,272	354	205
Net Outlays on New and Upgraded Assets		(6,369)	(3,111)	(9,480)	648	(8,832)		(3,403)	(1,496)	(2,032)
Net Lending/ (Borrowing) for Financial Year		(9,538)	(4,287)	(13,825)	2,556	(11,269)		(1,481)	241	1,531
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:										
New Borrowings		9,500	9,200	18,700	(2,500)	16,200		1,700	100	-
Repayment of Principal		-	-	-	-	-		(300)	(400)	(1,600)
(Increase)/Decrease in Cash and Investments		(37)	487	450	(56)	394		6	(16)	(6)
Net Balance Sheet funding (debtors & creditors etc)		75	(5,400)	(5,325)	-	(5,325)		75	75	75
Financing Transactions	8	9,538	4,287	13,825	(2,556)	11,269		1,481	(241)	(1,531)

WHYALLA CITY COUNCIL
BUDGET REVIEW 2021-22 Q2 Review

STATEMENT OF COMPREHENSIVE INCOME	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
INCOME								
Rates	22,381	-	22,381	-	22,381	23,192	24,114	25,059
Statutory Charges	371	-	371	40	411	400	409	418
User Charges	4,369	580	4,949	(1,744)	3,205	3,647	3,992	4,162
Grants, subsidies and contributions	5,426	-	5,426	2,089	7,515	7,683	7,601	7,716
Investment Income	34	-	34	(22)	12	12	12	12
Reimbursements	14	-	14	3	17	14	14	14
Other Income	922	-	922	265	1,187	1,008	1,047	1,088
TOTAL INCOME	33,517	580	34,097	631	34,728	35,956	37,189	38,469
EXPENSES								
Employee Costs	12,786	-	12,786	(178)	12,608	12,881	13,297	13,683
Materials, contracts & other expenses	14,071	824	14,895	361	15,256	15,472	15,823	16,255
Depreciation, amortisation & impairments	7,607	-	7,607	-	7,607	7,953	8,185	8,437
Finance Costs	476	(132)	344	(52)	292	502	685	776
TOTAL EXPENSES	34,940	692	35,632	131	35,763	36,808	37,990	39,151
OPERATING SURPLUS/(DEFICIT)	(1,423)	(112)	(1,535)	500	(1,035)	(852)	(801)	(682)
Amounts specifically for new or upgraded assets	8,190	572	8,762	(1,362)	7,400	2,272	354	205
Net gain (loss)	-	-	-	-	-	-	-	-
NET SURPLUS/(DEFICIT)	6,767	460	7,227	(862)	6,365	1,420	(447)	(477)
Other Comprehensive Income	4,330	-	4,330	-	4,330	7,391	7,943	8,448
TOTAL COMPREHENSIVE INCOME	11,097	460	11,557	(862)	10,695	8,811	7,496	7,971

WHYALLA CITY COUNCIL
BUDGET REVIEW 2021-22 Q2 Review

STATEMENT OF FINANCIAL POSITION	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
ASSETS								
Current Assets								
Cash & Cash Equivalents	617	(487)	130	56	186	180	196	202
Trade & Other Receivables	3,939	2,400	6,339	-	6,339	6,339	6,339	6,339
Inventories	2,802	-	2,802	-	2,802	2,802	2,802	2,802
TOTAL CURRENT ASSETS	7,358	1,913	9,271	56	9,327	9,321	9,337	9,343
Non-current Assets								
Infrastructure, Property, Plant & Equipment	301,718	4,747	306,465	(3,418)	303,047	313,339	320,594	327,034
Other Non-Current Assets	4,476	-	4,476	-	4,476	4,376	4,276	4,176
TOTAL NON-CURRENT ASSETS	306,194	4,747	310,941	(3,418)	307,523	317,715	324,870	331,210
Total Assets	313,552	6,660	320,212	(3,362)	316,850	327,036	334,207	340,553
LIABILITIES								
Current Liabilities								
Trade and Other Payables	6,423	(3,000)	3,423	-	3,423	3,423	3,423	3,423
Short Term Borrowings	1,300	(300)	1,000	(700)	300	400	1,600	1,400
Short Term Provisions	2,595	-	2,595	-	2,595	2,595	2,595	2,595
TOTAL CURRENT LIABILITIES	10,318	(3,300)	7,018	(700)	6,318	6,418	7,618	7,418
Non-Current Liabilities								
Long Term Borrowings	15,200	9,500	24,700	(1,800)	22,900	24,200	22,700	21,300
Long Term Provisions	1,065	-	1,065	-	1,065	1,040	1,015	990
TOTAL NON-CURRENT LIABILITIES	16,265	9,500	25,765	(1,800)	23,965	25,240	23,715	22,290
Total Liabilities	26,583	6,200	32,783	(2,500)	30,283	31,658	31,333	29,708
NET ASSETS	286,969	460	287,429	(862)	286,567	295,378	302,874	310,845
EQUITY								
Accumulated Surplus	49,814	460	50,274	(862)	49,412	50,832	50,385	49,908
Asset Revaluation Reserve	236,177	-	236,177	-	236,177	243,568	251,511	259,959
Reserves	978	-	978	-	978	978	978	978
TOTAL EQUITY	286,969	460	287,429	(862)	286,567	295,378	302,874	310,845

WHYALLA CITY COUNCIL
BUDGET REVIEW 2021-22 Q2 Review

STATEMENT OF CHANGES IN EQUITY	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
Accumulated Surplus								
Balance at Beginning of Period	43,047	-	43,047	-	43,047	49,412	50,832	50,385
Change in financial position resulting from operations	6,767	460	7,227	(862)	6,365	1,420	(447)	(477)
Transfers from Other Reserves	-	-	-	-	-	-	-	-
Transfers to Other Reserves	-	-	-	-	-	-	-	-
Balance at End of Period	49,814	460	50,274	(862)	49,412	50,832	50,385	49,908
Asset Revaluation Reserve								
Balance at Beginning of Period	231,847	-	231,847	-	231,847	236,177	243,568	251,511
Revaluation Increment	4,330	-	4,330	-	4,330	7,391	7,943	8,448
Balance at End of Period	236,177	-	236,177	-	236,177	243,568	251,511	259,959
Other Reserves								
Balance at Beginning of Period	978	-	978	-	978	978	978	978
Transfers to Accumulated Surplus	-	-	-	-	-	-	-	-
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-
Balance at End of Period	978	-	978	-	978	978	978	978
TOTAL EQUITY AT END OF REPORTING PERIOD	286,969	460	287,429	(862)	286,567	295,378	302,874	310,845

WHYALLA CITY COUNCIL
BUDGET REVIEW 2021-22 Q2 Review

STATEMENT OF CASH FLOWS	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts								
Operating Receipts	33,483	(4,820)	28,663	653	29,316	35,944	37,177	38,457
Investment Income	34	-	34	(22)	12	12	12	12
Payments								
Operating Payments	(26,782)	(824)	(27,606)	(183)	(27,789)	(28,278)	(29,045)	(29,863)
Finance Costs	(476)	132	(344)	52	(292)	(502)	(685)	(776)
Net Cash provided by (or used in) Operating Activities	6,259	(5,512)	747	500	1,247	7,176	7,459	7,830
CASH FLOWS FROM INVESTMENT ACTIVITIES								
Receipts								
Amounts specifically for new or upgraded assets	8,190	572	8,762	(1,362)	7,400	2,272	354	205
Sale of replaced assets	178	79	257	(26)	231	154	144	175
Payments								
Purchase of Renewal/Replacement Assets	(9,531)	(1,143)	(10,674)	1,434	(9,240)	(5,333)	(5,791)	(4,367)
Purchase of New/Expansion Assets	(14,559)	(3,683)	(18,242)	2,010	(16,232)	(5,675)	(1,850)	(2,237)
Net Cash provided by (or used in) Investing Activities	(15,722)	(4,175)	(19,897)	2,056	(17,841)	(8,582)	(7,143)	(6,224)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Proceeds from Borrowings - Council	9,500	9,200	18,700	(2,500)	16,200	1,700	100	-
Payments								
Repayment of Borrowings	-	-	-	-	-	(300)	(400)	(1,600)
Net Cash provided by (or used in) Financing Activities	9,500	9,200	18,700	(2,500)	16,200	1,400	(300)	(1,600)
Net Increase (Decrease) in Cash Held	37	(487)	(450)	56	(394)	(6)	16	6
Cash & cash equivalents at beginning of period	580	-	580	-	580	186	180	196
Cash & cash equivalents at end of period	617	(487)	130	56	186	180	196	202

6.1.2 2022-23 Annual Business Plan & Budget Process and Parameters

Audit Committee Meeting: 8 February 2022
Author's Title: Manager Finance
Director: Corporate
File No.: 0-216

Annexures

Annexure A – City of Whyalla – 2022/23 Annual Business Plan and Budget Process and Timeline

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

Reason – Nil

PURPOSE

To inform the Audit Committee of the process and parameters that Council have endorsed for the development of the the 2022-23 Annual Business Plan & Budget.

SUMMARY

The Annual Business Plan and Budget is a key document that outlines how Council will deliver on its strategic direction and operational requirements for the coming year. The budget is not developed in isolation, but instead should bring together information from a number of relevant sources to ensure that Council allocates its limited resources in the most effective and efficient manner.

RECOMMENDATION

That the Audit Committee notes the process and parameters for the development of the 2022-23 Annual Business Plan and Budget, as endorsed by Council.

6.1.2 2022-23 Annual Business Plan & Budget Process and Parameters

REPORT

BACKGROUND

The process and timeline for the development of the 2021-22 Annual Business Plan and Budget (ABP&B) was presented to Council at the meeting held 15 November 2021.

To ensure that the budget is developed in a manner consistent with Council's priorities and needs, the first step involved agreeing on a set of underlying parameters. A workshop was held with Council on 6 December 2021 to discuss the development of these. Council then endorsed the parameters at the meeting held 24 January 2022.

DISCUSSION

Timeline

Adopting an approach and timeline for the development of Council's 2022-23 ABP&B is an important step in ensuring adequate deliberation by both Council and the community in setting priorities and associated budgets for the 2022-23 year.

The timeline attached at **Annexure "A"**, provides an approach for the development of the 2022-23 ABP&B that integrates strategic and financial considerations and meets legislative requirements.

In summary, the approach includes:

1. Council setting a framework for the development of the 2022-23 APB&B to ensure a balance is achieved between the provision of services to the community and the long term financial sustainability of the Council. The framework will include a series of guiding parameters.
2. Consideration of various assumptions to be made in the preparation of the draft 2022-23 ABP&B as well as other external and internal influences / trends.
3. The annual business planning and budget process being informed by the 2021-2030 suite of Plans and as part of this process, providing input from plans developed by each of Council's business units, as well as reflecting any key external trends.
4. Adequate time / opportunity for internal input by staff, Council's Audit Committee and Elected Members.
5. Adequate time to inform and consult with the community.
6. Concurrent review of Council's LTFP with adoption of the reviewed LTFP immediately after adoption of the 2022-23 ABP&B.
7. The necessary steps to ensure compliance with legislative requirements.

To meet the above approach, the timeline outlined at **Annexure "A"** shows four key steps in the 2022-23 ABP&B process:

- 1) **PREPARATION** – reviewing strategic directions, consideration of any new initiatives.
- 2) **PLANNING AND BUDGETING** – preparing the Draft Annual Business Plan and Budget.

- 3) **CONSULT** – the timeline proposes holding a community information session as well as opportunity for both written and verbal submissions.
- 4) **ADOPT** – Council endorsing the final 2022-23 ABP&B at the June 2022 Council meeting and immediately thereafter, adopting the revised LTFP.

The recommended timeline aims to ensure adequate time for Council to prepare, discuss and consult on the 2022-23 ABP&B through a combination of forums: Audit Committee, Elected Member Briefings and Ordinary Council meetings.

Parameters

The ABP&B is a key document that outlines how Council will deliver on its strategic direction and operational requirements for the coming year. The budget is not developed in isolation, but instead should bring together information from a number of relevant sources to ensure that Council allocates its limited resources in the most effective and efficient manner.

Council considered this topic at a workshop held in December, with the proposal that the parameters from the previous budget cycle be maintained, with a number of tweaks. Council agreed with this approach and adopted the following parameters at their January meeting:

- Support the achievement of the City of Whyalla’s Strategic Direction.
- Address issues arising, and opportunities identified, from organisational effectiveness assessments/reviews.
- Reach a break-even operating position in the Long-Term Financial Plan by 2026-27 or earlier.
- Continue to improve the whole of life focus on assets in accordance with Council's Asset Management Strategy, with a priority on:
 - maintenance to ensure assets reach end of life; and
 - 100% funding of renewal at end of life except where a service level change has been specified, or where renewal would be inconsistent with an adopted Council plan or resolution.
- Review existing services and assets to ensure they meet prioritised community needs.
- Council only approve New/Upgrade Capital Projects where it has identified:
 - borrowing capacity to fund upfront cost; and
 - operating capacity to fund ongoing costs.
- Maintain predictability and stability in rating increases, in line with the LTFP.

Strategic Management Plans

The ABP&B should be viewed as a one year “slice” of Council’s overall delivery of its strategic direction. For this reason, the ABP&B is developed to be consistent with Council’s Strategic Plan, Asset Management Strategy and Long Term Financial Plan (LTFP). In line with the review of the ABP&B, all LTFP projections will also be updated and presented to Council, to ensure that this consistency remains in place.

Annual Community Survey

Council undertook a Community Survey for the second time near the end of 2021 that sought high level feedback on how Council is performing against the delivery of its

strategic objectives. This information is useful in identifying areas that need attention, or perhaps need to be investigated in more detail with the community. This data will be used in the development of the ABP&B over the ensuing months.

Key Performance Indicators

Recently Council adopted a suite of Key Performance Indicators (KPIs) for the Chief Executive Officer. These set, at a high level, the areas that the organisation should be focusing effort on. It is important that the development of the ABP&B is consistent with these KPIs and allocates appropriate resources, to set the organisation up for success.

External Environment

A detailed scan of the external environment is being undertaken by Elected Members and Senior Management, to identify key threats and opportunities that Council need to be aware of and assigning resources towards. The areas of focus are:

- Political
- Economic
- Social
- Technology
- Legal
- Environment
- Relationships

Internal Environment

Each Business Unit is currently undertaking a process to develop a detailed work plan, that will cover a 12-month period at this stage but be expanded in future iterations to cover a 4 year horizon. The development of these plans is taking into account many internal factors such as; process improvement; resourcing and succession planning; current service offering; the customer experience; delivery of periodic (i.e. non-annual) tasks; and delivery of actions from adopted Council plans.

These plans will also take into account items identified within the other areas of consideration included here, based on which team/(s) they relate to.

Assumptions

Council's LTFP is built on a number of assumptions, which then flow into the development of the ABP&B. These assumptions need to be tested on an annual basis to ensure they are still appropriate and to update based on the most recent information available. The key assumptions include:

- Service Levels
- Rate Increase
- Wage Increase
- Consumer Price Index
- Interest Rates
- Capital Costs
- Ongoing Savings
- Other Income

Administration will use all this information to undertake work on developing the draft budget in preparation for workshops to be undertaken with Council during March and April.

Financial Implications

The financial implications of the draft budget on Council's long term financial sustainability will be discussed in depth throughout the budget process and presented to Council at the time of commencing public consultation and again at adoption.

The draft budget will initially be developed based on a rate increase of 4.0%, made up of projected CPI of 2.2% and an additional increase of 1.8%, as required by Council's Long Term Financial Plan. This figure may change during the budget process as actual CPI becomes known and other assumptions are updated.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

Council will prepare and consult on the draft 2022-23 ABP&B in accordance with the following:

- Local Government Act 1999;
- Local Government (Financial Management) Regulations 2011; and
- Council's Public Consultation Policy.

Officer Direct or Indirect Interest - Nil

Risk Assessment

Ensuring that the ABP&B is developed within a mutually agreed framework from the very beginning reduces the risk to Council, as it allows more time within the process to have detailed discussion around strategic priorities.

Social Considerations – Not applicable

Community Engagement

Council will conduct consultation on its draft 2022-23 ABP&B in accordance with Section 123 of the Local Government Act.

The public consultation period is proposed to start on Thursday 21 April 2022 and end on Friday 13 May 2022. This will be communicated via Council's website, Facebook and a public notice in the local newspaper.

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

To ensure that the ABP&B is developed in a manner consistent with Council's priorities and needs, the first step involved agreeing on a set of underlying parameters.

The key areas considered in developing these parameters include Council's Strategic Management Plans, the results of the recent Annual Community Survey, a comprehensive scan of Council's external & internal environments and the underlying assumptions.

CITY OF WHYALLA – 2022/23 ANNUAL BUSINESS PLAN and BUDGET PROCESS

	Timeline	Element	Date if set
Preparation	December / February	Management to commence 2022-23 ABPandB preparation Preparation workshops (internal and external): <ul style="list-style-type: none"> • set ABPandB parameters • reviewing internal / external influences • reviewing Strategic Plan and asset / infrastructure information • set assumptions on which to prepare ABPandB • consideration of service / project initiatives • consideration of annual priorities 	6 December 2021 January (various) February (various)
Planning and Budgeting	February / March	Budget workshops: <ul style="list-style-type: none"> • capital program • operating budget • rating policy 	28 February 2022 7 March 2022 14 March 2022
		Special Audit Committee Meeting to review draft 2021-22 ABPandB	4 April 2022
Consult	April/May	Community consultation <ul style="list-style-type: none"> • Council endorses draft 2022-23 ABPandB for consultation • Consultation commences • Public information evening • Focus group sessions • Public information evening • Consultation closes • Council Meeting to consider written and verbal submissions 	19 April 2022 21 April 2022 26 April 2022 3 May 2022 10 May 2022 13 May 2022 16 May 2022
		Special Council Meeting to consider community feedback and inform administration basis for final draft ABPandB Preparation	30 May 2022
Adopt	June	Council adoption of 2022-23 Annual Business Plan and Budget Council adoption of reviewed Long Term Financial Plan	20 June 2022

6.1.3 Internal Financial Controls – Policy Review and Self-Assessment

Audit Committee Meeting: 8 February 2022
Author's Title: Manager Finance
Director: Corporate

File No.: 0-159

Annexures

A – Internal Financial Control Policy with track changes
 B – Updated Internal Financial Control Policy
 C – 2021 Control Self-Assessment
 D – List of controls requiring action

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
 Section 120*

☐

Yes

☒

No

Status:

*Information classified confidential under
 Section 90(2) of the Local Government Act*

☐

Yes

☒

No

Reason – not applicable

PURPOSE

To inform the Audit Committee of a number of changes proposed to the Internal Financial Control Policy to ensure it reflects current practices, as well as the outcome of the self-assessment of controls undertaken in late 2021.

SUMMARY

The Internal Financial Control Policy has been updated to reflect updated practice. The first self-assessment in line with this updated policy was recently undertaken and shown that Council's system of internal controls is operating effectively. A number of areas for improvement were identified, with these being either areas that have already been identified for improvements or being minor process improvements that are not cause for concern.

RECOMMENDATION

The Audit Committee:

1. recommends the updated Internal Financial Control Policy to Council for adoption; and
2. notes the outcomes of the 2021 control self-assessment, including actions for improvement.

6.1.3 Internal Financial Controls – Policy Review and Self-Assessment

REPORT

BACKGROUND

In accordance with section 125 of the *Local Government Act 1999*, Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained.

A report was brought to the Audit Committee in July 2021, outlining the process that would be used to undertake annual self-assessments of Council's internal financial controls going forward. This process compliments the work undertaken by Council's external auditor and provides increased confidence that controls are being applied consistently.

As part of the tranche of Local Government reforms that commenced in January 2022, section 125 of the *Local Government Act 1999* was updated. This refers to a new regulation 10A of the Local Government (Financial Management) Regulations 2011, which requires that the system of internal control must be in accordance with the *Better Practice Model—Internal Financial Controls*. This brings the requirements in line with the considerations the external auditor must make when providing an opinion on Council's internal controls.

DISCUSSION

Refer **Annexure A – Internal Financial Control Policy with track changes**

The Internal Financial Control Policy has been updated to reflect the updated process presented to the Audit Committee at their July 2021 meeting. This process had already been structured around the *Better Practice Model—Internal Financial Controls* and so is consistent with recently implemented Local Government reforms. A version of the policy both with and without track changes has been provided.

Refer **Annexure B – Updated Internal Financial Control Policy**

In November and December 2021, the first self-assessment under the updated process was undertaken. As no self-assessment was undertaken in 2020, both the annual and biennial controls were reviewed as part of this cycle, meaning that all risks rated moderate or higher were considered.

Refer **Annexure C – 2021 Control Self-Assessment**

A complete list of all assessments undertaken has been included, showing the officers involved, the rates level of effectiveness and the reasons given for this. The total number of controls assessed is lower than the figures given in the previous report to the Audit Committee, as a number of controls are duplicated for multiple risks and so have not been assessed more than once. This is shown in the following table:

Cycle	Assessed	Duplicated	Total
Annual	92	9	101
Biennial	69	25	94
Total	161	34	195

Of the controls assessed, the following rating were given:

Rating	Assessor	Reviewer
Effective	103	112
Majority effective	43	35
Partially effective	11	12
Requires significant improvement	4	2
Ineffective	0	0

Refer **Annexure D – List of controls requiring action**

This shows that Council's system of internal controls is operating effectively, in line with the previous assessment undertaken by Council's external auditor. 14 controls were rated as partially effective or lower, meaning that action is required to be taken to improve these controls. None of the identified issues are of particular concern, as for the most part they cover areas already identified as requiring improvement. This includes the areas of leases, procurement, policies, grants and project management. Other minor changes to documented processes have also been identified. None of the deficiencies identified pose a serious risk to Council. The actions will be tracked through the Audit Committee Agenda moving forward.

Financial Implications

There are no direct costs related to this process, as all work was undertaken internally using existing resources. There is the potential that some of the action plans for improvement may require some additional resources to implement. These will be identified as the actions are progressed and reported through normal budgeting processes as required.

Legislation

Section 125 *Local Government Act 1999*

Section 10A *Local Government (Financial Management) Regulations 2011*

Officer Direct or Indirect Interest – Nil

Risk Assessment

The system of internal financial control is a key risk mitigation factor for Council and is considered important enough that the external auditor provide a separate opinion on how it is operating. Undertaking a self-assessment provided additional confidence to the external auditor that the system is operating as intended, and also provided additional opportunities for improvement, to reduce risk further over time.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

The Internal Financial Control Policy has been updated to reflect updated practice. The first self-assessment in line with this updated policy was recently undertaken and shown that Council's system of internal controls is operating effectively. A number of areas for improvement were identified, with these being either areas that have already been identified for improvements or being minor process improvements that are not cause for concern.



Whyalla City Council

Financial Internal Control Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Senior Finance Officer <u>Finance Coordinator</u>
Policy Adopted	July 2018 <u>February 2022</u>
Review Period	Two years
Last Reviewed	May 2012 <u>July 2018</u> (now archived)
Next Review Date	July 2020
Policy Version Number	<u>54</u>
Applicable Legislation	<ul style="list-style-type: none"> Local Government Act 1999 –Section 125
Related Documents	<ul style="list-style-type: none"> <u><i>Better Practice Model – Internal Financial Controls</i></u> Accounting Procedures and Policy Rating Procedures Asset Management Policy Leasing Procedures Internal Control Procedures Procurement Procedures Annual Business Plan and Budget Procedure Quarterly Budget Review Procedure Authorised Officers Register
Public Consultation Required	No
Purpose	To provide direction to Management, Staff and Council in relation to the financial internal control function.

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1. Introduction

Internal control is part of Councils' Corporate Governance Framework and covers areas such as strategic management, business development, project management, finance, etc. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and Council policies/rulings are complied with and financial reporting is accurate and reliable.

A complete risk management and Corporate Governance Framework for the financial component of internal controls are required to ensure Council resources are used prudently and in an efficient, effective and economical manner. These include accounts payable, payroll, budgeting, management reporting, banking, purchasing and contracting. Financial internal controls are critical to effective risk management of a Councils' operations and promote the achievement of its goals and objectives.

Council is committed to maintaining an effective financial internal control environment.

2. Policy Objective

Councils' objectives of this policy are:

- risks relating to the stewardship of public resources are adequately managed through effective internal controls;
- a framework for an effective financial internal control system which conveys to Managers that they are responsible for ensuring that internal controls are established, documented, maintained, utilised and adhered to across the Council, and to all employees that they are responsible for utilising and adhering to those internal controls; and
- to ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

3. Scope

Internal control is an important function designed to help safeguard Council by minimising risks and protecting assets through accurate record-keeping, operational efficiency and adherence to policies, rules, and regulations.

4. Definitions – Nil**5. Policy Statement**

Councils' internal control framework identifies risks which may prevent Council from meeting its objectives or not maximising its opportunities. It is recognised that all risks cannot be eliminated, however, the application of internal controls should reduce the likelihood of the risk occurring to within acceptable limits of risk.

Council will develop a culture that emphasises integrity, ethical values and competence.

5.1 Roles and Responsibilities

Council is responsible for approval of the Financial Internal Control Policy and the Chief Executive Officer is responsible for developing and maintaining a financial internal control framework, which ensures Council objectives are achieved efficiently, accountably and effectively. Updates on changes to the framework will be presented to the ~~A~~udit Committee.

The Executive Management Team must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls. Council employees must conduct their duties in accordance with all financial internal control policies, procedures and practices of Council.

5.2 Elements of an Internal Control Framework

The essential elements of an effective internal control framework are:

- structure and culture of Council;
- delegations of authority;
- policies and procedures
- trained and properly qualified staff;
- information technology controls;
- review processes, e.g. internal audit;
- liaison with auditors and legal advisors;
- senior management compliance assurance; and
- risk identification and assessment.

5.3 Risk Management Process

Establish Goals and Contexts

Effective risk management requires a thorough understanding of the goals and context of Council to assist in establishing the assessment criteria for risk management.

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Risk Management

The risks relevant to Council are outlined within the Better Practice Model – Internal Financial Controls. A full assessment on each of these risks will be undertaken once every three years, but more often if required, using the process below.

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Identify Risks – identify the risks most likely to impact on the achievement of Councils' objectives.

Analyse Risks – assess the effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

Evaluate Risks – determine whether the risks are acceptable or unacceptable and document findings.

Treat Risks – Discontinue the activity that generates the risk, reduce the likelihood of occurrence, reduce the consequence of occurrence, transfer the risk or retain the risk.

Consultation/Communication

~~—important elements to e~~Ensure that all stakeholders, including employees and Elected Members, understand why actions are required.

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Monitor/Review

Responsible officers must be identified for each internal control. Managers monitor and report progress to the Executive Management Team and the Audit Committee on a regular basis, as outlined in section 5.4 below.

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5.4 Review of Database of Internal Controls

Each of the controls in the *Better Practice Model – Internal Financial Controls* will be assigned to a review schedule of 1, 2 or 3 years, based on the level of the risks associated with it, as follows:

<u>Risk</u>	<u>Review Cycle</u>
<u>Extreme</u>	<u>Annually</u>
<u>High</u>	<u>Annually</u>
<u>Moderate</u>	<u>Biennially</u>
<u>Low</u>	<u>Triennially</u>

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Each control will be assigned to both an assessor and a reviewer, with the assessor role to be undertaken by the officer responsible for implementing the control and the reviewer to be their supervisor.

Each year, each applicable control will be reviewed for effectiveness by the assessor and reviewer, with each control to be given one of the following ratings:

<u>Score</u>	<u>Description</u>
<u>Effective</u>	The control has been fully implemented and has, in all cases been consistently and/or effectively applied.
<u>Majority effective</u>	The control has been implemented, and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.
<u>Partially effective</u>	The control has been implemented but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
<u>Requires significant improvement</u>	The control has been implemented, but with significant deficiencies in the consistency and effectiveness of the implementation. Significant management action is required to implement processes to improve the effectiveness of the control.
<u>Ineffective</u>	The control has not been implemented. Urgent management action is required to implement the described control processes.

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Comments will also be provided, outlining how the given rating was arrived at.

All controls with a rating of Partially Effective or lower will require an action plan, outlining how the effectiveness of the control will be improved.

Internal reviews will be reviewed annually to ensure they are current and appropriate. The Executive Management Team and the Audit Committee will be updated regularly on the progress of any action plans identified during the review process.

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Financial Internal Control Policy – Version ~~54~~ – ~~July 2018~~February 2022

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6. Authority

Adopted by Council –~~16 21 February~~July 2022~~18~~

7. History

Superseded Version 4: adopted by Council – July 2018
Superseded Version 3: adopted by Council – May 2012
Superseded Version 2: adopted by Council – July 2006
Superseded Version 1



Whyalla City Council

Financial Internal Control Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Finance Coordinator
Policy Adopted	February 2022
Review Period	Two years
Last Reviewed	July 2018 (<i>now archived</i>)
Next Review Date	July 2020
Policy Version Number	5
Applicable Legislation	<ul style="list-style-type: none"> Local Government Act 1999 –Section 125
Related Documents	<ul style="list-style-type: none"> <i>Better Practice Model – Internal Financial Controls</i> Accounting Procedures and Policy Rating Procedures Asset Management Policy Leasing Procedures Internal Control Procedures Procurement Procedures Annual Business Plan and Budget Procedure Quarterly Budget Review Procedure Authorised Officers Register
Public Consultation Required	No
Purpose	To provide direction to Management, Staff and Council in relation to the financial internal control function.

1. Introduction

Internal control is part of Councils' Corporate Governance Framework and covers areas such as strategic management, business development, project management, finance, etc. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and Council policies/rulings are complied with and financial reporting is accurate and reliable.

A complete risk management and Corporate Governance Framework for the financial component of internal controls are required to ensure Council resources are used prudently and in an efficient, effective and economical manner. These include accounts payable, payroll, budgeting, management reporting, banking, purchasing and contracting. Financial internal controls are critical to effective risk management of a Councils' operations and promote the achievement of its goals and objectives.

Council is committed to maintaining an effective financial internal control environment.

2. Policy Objective

Councils' objectives of this policy are:

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- to ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

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Internal control is an important function designed to help safeguard Council by minimising risks and protecting assets through accurate record-keeping, operational efficiency and adherence to policies, rules, and regulations.

4. Definitions – Nil

5. Policy Statement

Councils' internal control framework identifies risks which may prevent Council from meeting its objectives or not maximising its opportunities. It is recognised that all risks cannot be eliminated, however, the application of internal controls should reduce the likelihood of the risk occurring to within acceptable limits of risk.

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5.1 Roles and Responsibilities

Council is responsible for approval of the Financial Internal Control Policy and the Chief Executive Officer is responsible for developing and maintaining a financial internal control framework, which ensures Council objectives are achieved efficiently, accountably and effectively. Updates on changes to the framework will be presented to the Audit Committee.

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The essential elements of an effective internal control framework are:

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- policies and procedures
- trained and properly qualified staff;
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- review processes, e.g. internal audit;
- liaison with auditors and legal advisors;
- senior management compliance assurance; and
- risk identification and assessment.

5.3 Risk Management Process

Establish Goals and Contexts

Effective risk management requires a thorough understanding of the goals and context of Council to assist in establishing the assessment criteria for risk management.

Risk Management

The risks relevant to Council are outlined within the *Better Practice Model – Internal Financial Controls*. A full assessment on each of these risks will be undertaken once every three years, but more often if required, using the process below.

Identify Risks – identify the risks most likely to impact on the achievement of Councils' objectives.

Analyse Risks – assess the effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

Evaluate Risks – determine whether the risks are acceptable or unacceptable and document findings.

Treat Risks – Discontinue the activity that generates the risk, reduce the likelihood of occurrence, reduce the consequence of occurrence, transfer the risk or retain the risk.

Consultation/Communication

Ensure that all stakeholders, including employees and Elected Members, understand why actions are required.

Monitor/Review

Responsible officers must be identified for each internal control. Managers monitor and report progress to the Executive Management Team and the Audit Committee on a regular basis, as outlined in section 5.4 below.

5.4 Review of Database of Internal Controls

Each of the controls in the *Better Practice Model – Internal Financial Controls* will be assigned to a review schedule of 1, 2 or 3 years, based on the level of the risks associated with it, as follows:

Risk	Review Cycle
Extreme	Annually
High	Annually
Moderate	Biennially
Low	Triennially

Each control will be assigned to both an assessor and a reviewer, with the assessor role to be undertaken by the officer responsible for implementing the control and the reviewer to be their supervisor.

Each year, each applicable control will be reviewed for effectiveness by the assessor and reviewer, with each control to be given one of the following ratings:

Score	Description
Effective	The control has been fully implemented and has, in all cases been consistently and/or effectively applied.
Majority effective	The control has been implemented, and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.
Partially effective	The control has been implemented but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
Requires significant improvement	The control has been implemented, but with significant deficiencies in the consistency and effectiveness of the implementation. Significant management action is required to implement processes to improve the effectiveness of the control.
Ineffective	The control has not been implemented. Urgent management action is required to implement the described control processes.

Comments will also be provided, outlining how the given rating was arrived at.

All controls with a rating of Partially Effective or lower will require an action plan, outlining how the effectiveness of the control will be improved.

The Executive Management Team and the Audit Committee will be updated regularly on the progress of any action plans identified during the review process.

6. Authority

Adopted by Council – 21 February 2022

7. History

Superseded Version 4: adopted by Council – July 2018
Superseded Version 3: adopted by Council – May 2012
Superseded Version 2: adopted by Council – July 2006
Superseded Version 1

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
2.1.1	Annual business plan and budget does not reflect strategic objectives.	1 The Chief Executive Officer ensures that there is a robust and rigorous process to establish the annual business plan and budget to ensure that they are consistent with the objectives of the strategic plans.	Manager Finance	Majority effective	The budget is based in the first instance on year one of the Long Term Financial Plan and any underlying assumptions. The first step of the annual budget process is the get the Elected Members to agree on the parameters in which the budget will be developed, the overall budget timeline and the underlying assumptions.	Director Corporate	Majority effective	In addition to the process for adopting the budget, a process is being implemented for the development of business unit plans, aligned to the strategic plan and also programs for business as usual activity. A strategic management framework is being implemented to ensure all considerations of the Council are consistent with strategic plans.
2.1.1	Annual business plan and budget does not reflect strategic objectives.	2 Council has in place a process which is delegated to council administration who are responsible to put in place a framework of internal controls over budget formulation and management.	Manager Finance	Majority effective	The Council has a Budget Management and Review Policy which outlines the overall principles and process to be used for the annual budget cycle.	Director Corporate	Majority effective	as per assessor's comments
2.1.2	Unrealistic Budgets	1 Budgets and budget amendments are based on realistic and achievable assumptions at time of preparation.	Manager Finance	Majority effective	Project budgets are based on the most appropriate available information, ideally a quote but if not then based on a similar previous project. All projects budgets also include contingency. Ongoing budgets are analysed on at least a quarterly basis and any necessary adjustments are spread over future years.	Director Corporate	Majority effective	In addition to the assessor's comments, as new/amended budget items arise during the year they are considered by council on a case by case basis including assessment against the long term financial plan.
2.1.2	Unrealistic Budgets	2 The adopted budget and budget amendments approved by Council are reviewed and the impact on financial sustainability considered.	Manager Finance	Effective	Budget amendments are listed to explain the variance to previous projections. During the budget cycle, any new items or increases above indexation to existing items are outlined. All models include the full 10 year LTFP projections.	Director Corporate	Effective	as per assessor's comments
2.1.4	Budgets are not compliant with relevant legislation	1 The process to establish the annual budget and any budget amendments are compliant with the Local Government Act 1999 and associated Regulations.	Manager Finance	Effective	The Council has a Budget Management and Review Policy which is consistent with the requirements of the Act and Financial Regulations.	Director Corporate	Effective	as per assessor's comments
2.1.4	Budgets are not compliant with relevant legislation	2 The original budget and any budget amendments must be made in accordance with the Local Government Act 1999 and associated Regulations.	Manager Finance	Effective	The Council has a Budget Management and Review Policy which is consistent with the requirements of the Act and Financial Regulations.	Director Corporate	Effective	as per assessor's comments

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
2.2.1	General Ledger does not contain accurate financial information	1 All major updates and changes to General Ledger finance system are authorised, tested and documented.	Finance Coordinator	Effective	Changes to the COA are via email request to Financial Services Officer by Finance Manager or Finance Coordinator	Manager Finance	Effective	Changes requested by different officers to the one making the changes. Any unusual or unauthorised changes would be detected during budget review or year end processes.
2.2.1	General Ledger does not contain accurate financial information	3 Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure.	Finance Coordinator	Majority effective	Not documented but is an end of year process	Manager Finance	Majority effective	No issues with account reconciliations have been detected, but a documented process would be beneficial
2.2.1	General Ledger does not contain accurate financial information	4 All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Finance Coordinator	Effective	End of year process	Manager Finance	Majority effective	Done at least one a year, but a more regular process for high use suspense accounts would be beneficial.
2.2.1	General Ledger does not contain accurate financial information	5 Journal entry access is restricted to appropriately authorised personnel.	Finance Coordinator	Effective	Full access is provided to finance officers requiring access to fulfil their duties	Manager Finance	Majority effective	Restricted to appropriate officers in Finance
2.2.1	General Ledger does not contain accurate financial information	7 Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Financial Services Officer	Effective	All requests for amendments to existing accounts, or creation of new jobs/accounts are done via email from either the Manager Finance or Finance Coordinator.	Finance Coordinator	Effective	Changes to or the creation of new accounts do not proceed without written authority from authorised personnel.
2.2.1	General Ledger does not contain accurate financial information	8 General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Financial Services Officer	Effective	Procedures for General ledger are updated	Finance Coordinator	Effective	Reviewed by Finance Coordinator
2.2.1	General Ledger does not contain accurate financial information	9 All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Financial Services Officer	Majority effective	All manual entries are signed by author and include narration, month of posting. When posted into synergy journal reference number is included with narration and posting reference	Finance Coordinator	Majority effective	Procedures in place are effective. Review of journal entries required monthly.
2.2.1	General Ledger does not contain accurate financial information	# There is a process in place to review actual vs budget and significant variances investigated.	Manager Finance	Effective	The quarterly budget review process includes an in-depth review of budget vs actual by Finance, with any variances discussed with relevant budget managers and reported where required. This is also done at year end to identify any areas that were overlooked or occurred late in the year. Budget managers receive monthly reports to assist with this process.	Director Corporate	Effective	In addition to the assessor's comments, all budget reviews are presented to Council's Audit Committee prior to presentation to Council. This ensures independent review of the budget is maintained.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
2.2.2	Data contained within the General Ledger is permanently lost	1 Financial data is backed up and stored offsite.	Information Technology Coordinator	Majority effective	I arrived at this conclusion by: <ul style="list-style-type: none"> •Checking that the most recent backup of the SynergySoft server (every 15 min , 7am to 9pm daily) existed on the offsite backup storage at the Depot. •Mounted the most recent backup and extracted files from it. •Checked the ImageManager software was consolidating backup files for that server. •Tested ImageManger's notification system for failures and inactivity by sending test email. •Checked the second, independent, weekly backup of the same server existed and commenced copy to an offline drive. 	Manager Finance	Effective	Process in place and operating as intended.
2.2.2	Data contained within the General Ledger is permanently lost	2 All major updates and changes to the General Ledger finance system are authorised, tested and documented.	Financial Services Officer	Effective	All changes to General Ledger maintenance/job numbers are done by written request by authorised personnel. Any journal entries that are done are recorded, signed and narrated with supporting documentation	Finance Coordinator	Effective	as per assessor's comments
2.2.2	Data contained within the General Ledger is permanently lost	3 Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Finance Coordinator	Effective	Synergy access is reviewed on a regular basis. Possible need to develop processes for new or terminated employee access	Manager Finance	Majority effective	This access is restricted to a limited number of employees and unlikely to change very often, except where staff change.
2.2.2	Data contained within the General Ledger is permanently lost	4 General Ledger policies and/or procedures are appropriately created, updated and communicated to relevant staff.	Financial Services Officer	Effective	General ledger procedures are updated	Finance Coordinator	Effective	Reviewed by Finance Coordinator
2.3.1	Council does not comply with statutory reporting requirements and deadlines	1 Statutory financial reports prepared by appropriate personnel are reviewed by senior management and/or Audit Committee.	Finance Coordinator	Effective	All statutory reports are reviewed by relevant senior management/Audit Committee in a timely manner	Manager Finance	Effective	All statutory reporting being completed and appropriately reviewed.
2.3.1	Council does not comply with statutory reporting requirements and deadlines	2 Council has a process in place to ensure statutory reporting deadlines are	Finance Coordinator	Effective	Work within required timeframes	Manager Finance	Effective	Statutory deadlines are known and resources assigned as required.
2.3.1	Council does not comply with statutory reporting requirements and deadlines	3 Council has complied with all of its financial reporting requirements as per the Local Government Act 1999 and relevant regulations	Finance Coordinator	Effective	Compliance	Manager Finance	Effective	All requirements met.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
2.3.1	Council does not comply with statutory reporting requirements and deadlines	4 There is a process to ensure that appropriate personnel responsible for preparing statutory reports are aware of changes to reporting requirements.	Finance Coordinator	Majority effective	Model Financial Statements	Manager Finance	Effective	The model accounts ensure that the whole industry is reporting in a similar manner. Appropriate finance staff are members of FMG, which ensures that knowledge on upcoming changes is known.
2.3.1	Council does not comply with statutory reporting requirements and deadlines	5 Liaison with external auditors to ensure timely completion and lodgement of statutory documents.	Finance Coordinator	Effective	Good communication channels open with external auditors	Manager Finance	Effective	Good communication with the external auditors. Audit visits are booked in as early as possible to ensure it is easy to meet timeframes.
2.4.1	KPIs are not consistent with Corporate Objectives and accounting policies adopted by Council are not adhered to by Council administration	1 Council has adopted a set of key financial indicators and targets that are consistent with the corporate objectives	Manager Finance	Effective	The Key Financial Indicator targets are reviewed at the same time as the Long Term Financial Plan and reviewed by the Audit Committee for recommendation to Council. The target ranges take into account the recommendations of the FMG information papers, but also the specific objectives and projections included in Council's plan.	Director Corporate	Effective	as per assessor's comments
2.4.1	KPIs are not consistent with Corporate Objectives and accounting policies adopted by Council are not adhered to by Council administration	2 Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel.	Finance Coordinator	Partially effective	Updates to policies and procedures required	Manager Finance	Partially effective	Policies are up to date as per review schedule, but a review of internal procedures is required.
2.4.1	KPIs are not consistent with Corporate Objectives and accounting policies adopted by Council are not adhered to by Council administration	3 The long term financial plan is reviewed in accordance with the Local Government Act 1999 and monitored in line with key financial targets.	Manager Finance	Effective	The Long Term Financial Plan is reviewed in detail every four years in line with legislative requirements. It is then updated whenever a budget is adopted or amended, with full projections provided to Council twice per year. Every time it is updated an analysis of the KFI is presented.	Director Corporate	Effective	as per assessor's comments
2.4.2	Council's financial information is not reviewed in a timely manner to enable effective decision making	1 Council reviews and reports on its financial performance in accordance with relevant legislative requirements.	Finance Coordinator	Effective	Finance works to meet strict timeframes	Manager Finance	Effective	All review timeframes included within the financial regulations are met.
2.4.3	Council's management reports provide inaccurate financial information	1 There is a process in place for the review of financial management reporting for reasonableness and accuracy.	Manager Finance	Effective	The quarterly budget review process includes an in-depth review of budget vs actual by Finance, with any variances discussed with relevant budget managers and reported where required. Budget managers receive monthly reports to assist with this process.	Director Corporate	Effective	as per assessor's comments plus Council also reviews monthly finance reports

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
2.4.4	Significant budget variances are either not investigated on a timely basis or not investigated at all	1 Management and/or Council review the financial management reports on a regular basis and investigate all significant variances to budget.	Manager Finance	Effective	The quarterly budget review process includes an in-depth review of budget vs actual by Finance, with any variances discussed with relevant budget managers and reported where required. Budget managers receive monthly reports to assist with this process.	Director Corporate	Effective	as per assessor's comments plus Council also reviews monthly finance reports
3.1.1	Cash Floats and Petty Cash are inadequately safeguarded	1 Cash floats and petty cash are stored in secured facilities (e.g. safes, registers) when not in use.	Accounts Payable Officer	Effective	The petty cash (civic building and travel) are stored in a safe in the strong room when not in use.	Financial Services Officer	Effective	As per Assessor comments, civic building petty cash is stored in the safe in a locked strong room
3.1.1	Cash Floats and Petty Cash are inadequately safeguarded	2 Access to the cash floats and petty cash is limited to authorised personnel.	Accounts Payable Officer	Effective	Access to petty cash is limited to Financial Services Officer, Rates Officer, Finance Coordinator and Credit Control Officer.	Financial Services Officer	Effective	Strong room where the safe is stored is locked at all times and only 4 staff have keys to access the strong room
3.1.1	Cash Floats and Petty Cash are inadequately safeguarded	4 I.O.U.'s are prohibited.	Accounts Payable Officer	Effective	Petty Cash can be requested by staff to purchase items under \$25, however I.O.U's are not permitted, and receipts are to be provided to Credit Control Officers asap.	Financial Services Officer	Effective	I.O.U's are not allowed. As per assessor comments, staff can request petty cash to the value of \$25, but receipts must be presented
3.1.1	Cash Floats and Petty Cash are inadequately safeguarded	5 Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.	Accounts Payable Officer	Majority effective	The petty cash system may not be totally understood by all employees who use it, particularly those new employees or those who do not use it often.	Financial Services Officer	Effective	When staff request petty cash they are advised that the maximum amount that they can access is \$25. They are also asked where the goods are purchased from to determine if we currently have an account so as to limit the amount of purchases going through petty cash. The limit is in a policy/procedure.
3.1.2	Cash Floats and Petty Cash transactions are either invalid, inaccurately recorded or not recorded at all	1 A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.	Finance Coordinator	Effective	Floats are signed in and out annually or as required. Spot checks are performed randomly at each site at least annually. All floats are reconciled at year end independently.	Manager Finance	Effective	Process for securing cash is sufficient, especially taking into account the low values in question.
3.1.2	Cash Floats and Petty Cash transactions are either invalid, inaccurately recorded or not recorded at all	2 Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation.	Accounts Payable Officer	Effective	Petty cash payments are approved by the appropriate manager. Correct documentation has to be provided to the Creditors Control Officer before a payment is granted.	Financial Services Officer	Effective	as per Assessor comments, petty cash is approved by appropriate delegated manager and appropriate receipts must be presented
3.1.2	Cash Floats and Petty Cash transactions are either invalid, inaccurately recorded or not recorded at all	3 Custodians of cash floats are informed of and undertake their responsibilities and obligations including reconciliations and accountability for cash	Finance Coordinator	Majority effective	Development of an agreement form required	Manager Finance	Majority effective	Process for securing cash is sufficient, especially taking into account the low values in question.
3.1.2	Cash Floats and Petty Cash transactions are either invalid, inaccurately recorded or not recorded at all	4 Cash handling and petty cash policy and/or procedures are available to all staff.	Finance Coordinator	Majority effective	Should be available of the intranet	Manager Finance	Majority effective	Accounting – Cash Procedure is available on the intranet, and while it does require review, it is unlikely that much will require changing.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.2.1	Banking transactions are either inaccurately recorded or not recorded at all	1 There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Accounts Payable Officer	Effective	Council does not have any cheque signing machines. Blank cheques are held in the strong room with limited access, and documentation is filled out when cheques are used.	Financial Services Officer	Effective	All cheques are stored in a locked strong room - with restricted access to this room. Cheques are signed by 2 authorised officers, and cheque numbers are recorded
3.2.2	Fraud	1 There is a process in place to ensure all cash, blank cheques and/or cheque-signing machine are adequately safeguarded.	Accounts Payable Officer	Effective	See 3.2.1	Financial Services Officer	Effective	All cheques are stored in a locked strong room - with restricted access to this room. Cheques are signed by 2 authorised officers, and cheque numbers are recorded
3.2.2	Fraud	2 Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Finance Coordinator	Effective	Bank reconciliation is performed on a daily basis. The reconciled statement is then checked by an independent officer	Financial Services Officer	Effective	Bank accounts reconciled and receipting transactions are posted daily.
3.2.2	Fraud	3 Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Finance Coordinator	Effective	Cash transfers between investment bodies are performed by limited staff. Email is received by Financial Services Officer and Finance Coordinator and paperwork is signed to acknowledge transaction	Financial Services Officer	Effective	LGFA transfers can only be permitted to Councils main operating account. Two authorised officers approve all transfers between bank accounts.
3.2.2	Fraud	4 There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Financial Services Officer	Majority effective	Civic building cash collection is reconciled daily and recorded by an independent person from who receipted	Finance Coordinator	Majority effective	Process required to reconcile child care payments.
3.3.1	Council makes poor investment decisions	1 Council has a clear and comprehensive investment policy to assist when making any decisions to invest funds.	Finance Coordinator	Effective	Treasury Management Policy - funds may be repaid to CAD facilities	Manager Finance	Effective	Covered by the Treasury Management Policy.
3.3.1	Council makes poor investment decisions	2 Delegations are in place for approving and making investment decisions.	Finance Coordinator	Majority effective	Not applicable at this time - no investments held	Manager Finance	Effective	As per the delegations register, this is delegated to the Director Corporate.
3.3.1	Council makes poor investment decisions	3 Council reviews investment performance at least annually in accordance with relevant legislation.	Finance Coordinator	Effective	Annual report presented to Audit Committee/Council	Manager Finance	Effective	A report is presented to the Audit Committee and then to Council in line with year end results.
3.3.1	Council makes poor investment decisions	4 All investments are to be held in the name of the Council or associated entities in accordance with the source of funds.	Finance Coordinator	Effective	All investments are held in the name of Council	Manager Finance	Effective	All investments are held in Council's name.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.3.1	Council makes poor investment decisions	5 Conflicts of interest are to be disclosed as part of investment decision process.	Finance Coordinator	Majority effective	No documentation relating to conflicts of interest in relation to investments	Manager Finance	Effective	The nature of the investments that Council utilise mean that a conflict of interest would be almost impossible.
3.3.1	Council makes poor investment decisions	6 There is a process in place to monitor cash and anticipated future cash flows. Surplus funds invested in accordance with Council policy.	Finance Coordinator	Effective	Cash flow is monitored on a daily basis through the bank reconciliation process	Manager Finance	Effective	High level cash flow given by the Long Term Financial Plan, allows for planning for loan facilities or investment decisions. Daily cashflow undertaken as part of the bank reconciliation process.
3.3.4	Conflict of interest impacts negatively upon the investment decision	2 Staff involved in the investment decision making process understands their obligations under the Investment Policy.	Finance Coordinator	Effective	Treasury Management Policy - funds may be repaid to CAD facilities	Manager Finance	Effective	Covered by the Treasury Management Policy.
3.4.1	Debtors are either inaccurately recorded or not recorded at all	1 Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Financial Services Officer	Majority effective	Debtors is reconciled at end of each month to the control account and statements done each month	Finance Coordinator	Majority effective	Monthly reconciliations performed and reviewed.
3.4.1	Debtors are either inaccurately recorded or not recorded at all	2 The organisation maintains a Debt Collection Policy and/or procedure.	Rates Officer	Effective	Debt Management Policy in place	Finance Coordinator	Effective	As per assessor's comment.
3.4.2	Credit notes to debtors are either inaccurately recorded or not recorded at all	1 There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Financial Services Officer	Effective	Credit notes are all signed off by the Finance Coordinator	Finance Coordinator	Effective	Relevant paperwork reviewed and signed by Finance Coordinator. Reversals on debtors accounts checked for accuracy and correct processing.
3.4.2	Credit notes to debtors are either inaccurately recorded or not recorded at all	2 All invoices raised and credit notes applied have an audit trail.	Financial Services Officer	Effective	Invoices/credit notes are raised by request of staff with documentation. All credit notes are signed off by Finance coordinator	Finance Coordinator	Effective	See 3.4.2.1
3.4.3	An appropriate provision for doubtful debts is not recorded	1 Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Financial Services Officer	Majority effective	Provision for doubtful debts is performed every year at year end	Finance Coordinator	Majority effective	EOM reconciliation reviewed by Finance Coordinator monthly.
3.4.3	An appropriate provision for doubtful debts is not recorded	2 Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Financial Services Officer	Majority effective	Outstanding accounts are reviewed and determination made on if they need to be written off as per Policy	Finance Coordinator	Majority effective	Write offs are processed within delegations of authority.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.4.4	Debtors are either not collected on a timely basis or not collected at all	1 Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Financial Services Officer	Majority effective	Reconciliation of debtors control account done each month. Statements are done at the end of each month and all outstanding accounts are followed	Finance Coordinator	Majority effective	EOM reconciliation reviewed by Finance Coordinator monthly.
3.4.5	The Debtors master file data does not remain pertinent	1 Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Finance Coordinator	Effective	Full access available to Financial Services and relief officers only.	Manager Finance	Effective	Small number of staff with access and only updated due to staff movements.
3.4.5	The Debtors master file data does not remain pertinent	2 There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Financial Services Officer	Effective	Audits are conducted on invoices raised. Also invoices/statements are checked before going out to ensure details are accurate	Finance Coordinator	Effective	Invoices and statements reviewed prior to being distributed.
3.5.2	Inventory is inadequately safeguarded	1 Access to inventory is restricted to authorised personnel, where appropriate.	Manager Operations	Majority effective	There is a Fuel Sheet at the Pump which is filled out by each employee dispensing fuel which captures the date, quantity of fuel, equipment or vehicle ID. This is signed by the employee at the time. At the end of the month, the fuel sheet is entered into Synergy by Depot Admin staff and is reconciled by Sandra Vigar and/ or Sam Rawlings.	Manager Finance	Majority effective	Current process is the most effective one that could be used without significant investment in a new system to allow for electronic access to fuel. Low level of fuel discrepancy being observed.
3.6.1	Prepayments are either inaccurately recorded or not recorded at all	1 Prepayment reconciliation performed in accordance with the schedule of review or procedure to the General Ledger and reviewed by relevant staff, with consideration of segregation of duties.	Finance Coordinator	Effective	Balances in the prepayments account are verified prior to the completion of the end of financial year and are cleared out in July.	Manager Finance	Effective	Account payable staff are diligent in identifying prepayments from source documents during the last few months of the year. The postings are then checked by another staff member and also compared to the previous year to look for missed items.
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	1 There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Assets Management Coordinator	Majority effective	Asset condition assessments undertaken every 5 years to reconcile acquisitions, write offs and depreciable amounts to each asset at a componentised level.	Manager Finance	Majority effective	Around 97% of depreciable assets are either fully valued and condition rated ever 5 years, or are plant items that have a short useful life and are in regular use. Small risk that some of the remaining 3% of assets may not always be recorded on disposal, however the impact on Council's finances would be highly immaterial.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	2 Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Assets Management Coordinator	Majority effective	Assets held in register which only specific authorised staff can access.	Manager Finance	Effective	Only Assets and Finance staff able to edit asset registers.
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	3 All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Assets Management Coordinator	Majority effective	All major assets now held within Asset Register which documents historical capital works, disposals and depreciable amounts.	Manager Finance	Majority effective	All changes to the ledger are documented, in particular calculations and reasons for disposals, as the vast majority relate to disposal on renewal.
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	4 Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Assets Management Coordinator	Majority effective	Assets staff have access to FAR (Conquest).	Manager Finance	Effective	Only Assets and Finance staff able to edit asset registers.
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	5 Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Finance Coordinator	Partially effective	Requires updating	Manager Finance	Effective	Policy is up to date and used for capitalisation decisions at year end.
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	6 Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Financial Services Officer	Effective	Complete asset reconciliation is completed at year end to ensure the register balances with the general ledger	Finance Coordinator	Effective	Balanced at year end before financial results are finalised.
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	7 Asset register calculations are reviewed for accuracy.	Assets Management Coordinator	Majority effective	Calculations are listed in Asset Valuation Methodology which have been provided independently by experienced asset consultants.	Manager Finance	Effective	Most calculations are undertaken by independent experts, relating to valuations and useful lives. Any one off calculations required are recorded with reasons.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	8 Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Assets Management Coordinator	Partially effective	Asset form used to pick up new assets which helps ascertain the types of assets to be brought into the asset register.	Manager Finance	Majority effective	Process for constructed assets is effective as per other controls, but process for recognising FOC assets may need to be reviewed. However, FOC assets make up a very small portion based on current development.
3.7.2	Fixed assets are inadequately safeguarded	1 Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Assets Management Coordinator	Effective	Only authorised staff can access and make changes to asset register	Manager Finance	Majority effective	This relates to the use of plant and equipment. Areas where equipment is stored are locked at night. There is always the chance of equipment going missing, but this is not considered to me a material issue.
3.7.2	Fixed assets are inadequately safeguarded	2 Where appropriate, fixed assets are insured.	Facilities Coordinator	Majority effective	<ul style="list-style-type: none"> •Asset review for insurance purposes is undertaken annually. •Asset listing and insurance replacement figures are given to all relevant Council officers to review and provide feedback. •All deletions/additions/amendments are reviewed and approved by Council's Executive Management Team before provided to Council's insurers. 	Manager Finance	Majority effective	A review is undertaken annually to ensure that assets are sufficiently insured.
3.7.4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals	1 Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Assets Management Coordinator	Majority effective	All depreciation is based on unit rates which are derived from Asset Valuation Methodology which is renewed at time of 5 yearly condition assessments.	Manager Finance	Effective	Depreciation is calculated using date from independent experts for the majority of cases. The asset accounting policy is updated when required to ensure that it is consistent with this data.
3.7.5	Fixed Asset maintenance and/or renewals are inadequately planned	1 Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Assets Management Coordinator	Majority effective	Asset Management Plans are updated annually with all programmed expenditure recalculated with updated priorities and data.	Manager Finance	Majority effective	As per assessors comment.
3.7.5	Fixed Asset maintenance and/or renewals are inadequately planned	2 Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Assets Management Coordinator	Effective	Asset Management Strategy document adopted by Elected Members as per requirements of Local Government Act 1999 Section 122 (1a)(a).	Manager Finance	Effective	As per assessors comment.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.8.1	Projects are either inaccurately recorded or not recorded at all	1 Actual project costs are regularly compared to budgets; significant variances are investigated by relevant staff.	Manager, Capital Project Delivery	Majority effective	There is an effective control in place, however a more robust and effective budgeting process including budget breakdowns for each project should be closely developed with the project managers whom are ultimately responsible for the project. This will ensure a faster and better understanding at an individual budget line level, making it easier to determine when a project become at risk and ensure.	Manager Finance	Majority effective	Financial data is provided to project managers on a monthly basis and more in depth discussion are held during quarterly budget reviews.
3.8.2	Appropriate approvals are not received for the establishment and changes in project scope or costs	2 Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Manager, Capital Project Delivery	Requires significant improvement	With regards to establishing and changing project scope , a consistent approach needs to be implemented, PRINCE2 principle are beginning to come through, however more internal process training is required so it is clear for project managers when, how and if they need to escalate a changing project scope it will also enable more autonomy with making quick decisions. The approvals being within delegated authority component of the control should be considered Majority effective.	Manager Finance	Requires significant improvement	Process for changing project scope is not well established and often confused by the fact that project scopes are not always well defined early in the process. Agree that their aren't issues with things being done outside delegation, it is the opposite where too many decisions require high level sign off.
3.9.1	Council issues Loans/Grants without appropriate approvals	1 Council has a policy for issuing funds to Clubs/Community Groups. The Policy includes criteria for approval of funds with reference to the Delegations of Authority and Conflicts of Interest.	Manager Finance	Majority effective	No delegation or policy exist in relation to loans to Community Groups, meaning that any such requests would require a decision of Council to proceed. As this is a rare event, assessing these on a case by case basis is acceptable. A Policy position would be required if they became more frequent.	Finance Coordinator	Majority effective	Review the need to develop a policy.
3.9.1	Council issues Loans/Grants without appropriate approvals	2 Appropriate staff monitor compliance of the funding arrangements.	Manager Finance	Effective	As no loans are currently in place, there is no evidence to obtain in relation to this control.	Finance Coordinator	Effective	As per assessor's comment.
3.9.2	Loans/ Grants to Clubs / Community Groups are inaccurately recorded or not recorded at all	1 Loan receivable reconciliations are prepared and reviewed by appropriate staff with follow up of all outstanding receipts.	Manager Finance	Effective	As no loans are currently in place, there is no evidence to obtain in relation to this control.	Finance Coordinator	Effective	As per assessor's comment.
3.9.2	Loans/ Grants to Clubs / Community Groups are inaccurately recorded or not recorded at all	2 All loans/grants to Clubs/Community Groups are approved in accordance with the policy.	Manager Finance	Effective	As no loans are currently in place, there is no evidence to obtain in relation to this control.	Finance Coordinator	Effective	As per assessor's comment.
3.9.2	Loans/ Grants to Clubs / Community Groups are inaccurately recorded or not recorded at all	3 There is a process in place to ensure all grants issued are spent in accordance with the funding agreement.	Manager Finance	Effective	As no loans are currently in place, there is no evidence to obtain in relation to this control.	Finance Coordinator	Effective	As per assessor's comment.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
3.9.2	Loans/ Grants to Clubs / Community Groups are inaccurately recorded or not recorded at all	4 A loan schedule is provided to the loan recipient.	Manager Finance	Effective	As no loans are currently in place, there is no evidence to obtain in relation to this control.	Finance Coordinator	Effective	As per assessor's comment.
3.9.3	Clubs/Community Groups not able to repay Loans/Grants to Council	1 Bad-debt write-offs for loans receivable are approved in line with relevant delegations.	Financial Services Officer	Effective	There are currently no community groups/clubs with loan/grants with Council. If a group was not able to make payment and needed to be written off it would be done with a report to Council	Finance Coordinator	Effective	As per assessor's comment.
4.1.1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all	1 Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Accounts Payable Officer	Effective	Payment amounts are based on invoice amounts with no part payments made. Delegations of Authority are checked by Financial Services Officer during internal auditing processes.	Financial Services Officer	Effective	Invoices are loaded onto system for delegated authority to check before approving payment. Invoices are audited for approval to delegation
4.1.1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all	2 Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Accounts Payable Officer	Effective	The creditors control officer is responsible for inputting invoices for payment into Synergy. The process for approving the payment falls to the Financial Services Officer and Finance Coordinator. As part of the internal auditing process, the Financial Services Officer ensures payments are made to the correct creditor.	Financial Services Officer	Effective	as per assessor comments, invoices are loaded into synergy, where the invoice is viewed by the delegated authority for approval and details checked for the correct details. Invoices are also checked at payment process time to ensure correct creditor is paid
4.1.2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all	1 Separation of Accounts Payable and Procurement duties.	Finance Coordinator	Effective	All credit notes require an authorising officer. Accounts payable staff do not raise purchase orders.	Manager Finance	Effective	As per assessor's comment.
4.1.3	Disbursements are not authorised properly	1 All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Accounts Payable Officer	Effective	Once entered into Synergy, the invoice is sent for approval by the appropriate officer according to delegation limits.	Financial Services Officer	Effective	All invoices are loaded into synergy and sent to the delegated authority for authorisation
4.1.3	Disbursements are not authorised properly	3 Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	Accounts Payable Officer	Effective	Employees cannot approve their own reimbursements. In the case of the CEO all reimbursements must be approved by the Mayor, and approved on Synergy by the Director of Corporate Services.	Financial Services Officer	Effective	As per assessor comments, employees are not able to authorise their own reimbursements. Reimbursements are authorised by the relevant line manager. Claim forms must be filled in and we try to restrict staff from seeking reimbursement
4.1.3	Disbursements are not authorised properly	4 Records must be maintained of all payments with supporting	Accounts Payable Officer	Effective	Invoices are saved against the relevant payment details on Synergy.	Financial Services Officer	Effective	All invoices are saved in records against the creditor file and can be viewed by anyone

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
4.1.4	Accounts are not paid on a timely basis	1 Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Accounts Payable Officer	Effective	Each fortnight all employees who are responsible for approving invoices are reminded of their obligation to approve any that are outstanding. This occurs before the cheque run. Invoices are uploaded onto Synergy as they come in and are paid in the nearest cheque run.	Financial Services Officer	Effective	When invoices are uploaded in a batch, the authorising officer is sent an email advising they have accounts to authorise. Emails are sent out automatically from the system to remind staff that invoices need to be authorised. Creditor officer reviews report listing all unauthorised invoices prior to payment run and contacts staff to authorise payments.
4.1.4	Accounts are not paid on a timely basis	2 There is a system generated report detailing supplier invoices due for payment at any one time.	Accounts Payable Officer	Effective	Invoices are saved against the date they are due to be paid.	Financial Services Officer	Effective	Invoices are entered into the system when they come in, and checks are made that payments have been authorised prior to each payment run
4.1.5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file	1 Access to the supplier masterfile is restricted to authorised staff	Finance Coordinator	Effective	Full access to creditors is restricted to employees or relief officers performing the role. A report is generated fortnightly with the payment run showing changes made to the supplier masterfile, including additions, deletions and adjustments.	Manager Finance	Effective	As per assessor's comment.
4.1.5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file	2 Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Financial Services Officer	Majority effective	Report supplied after each payment run of changes made and source documentation checked	Finance Coordinator	Effective	High risk items checked.
4.3.1	Borrowings are either not recorded or are recorded inaccurately	1 A loan register is maintained including reference to Council resolution approving the loan and schedule of the loan liability and loan repayments from the lender. This also includes details of any Cash Advanced Debentures.	Finance Coordinator	Effective	A spreadsheet is maintained for current CAD facilities. Future loans will be maintained in a register (Council currently holds no loans).	Manager Finance	Effective	Loans are only held with the LGFA and all pertinent information can be obtained from their portal.
4.3.1	Borrowings are either not recorded or are recorded inaccurately	2 Debt repayments are transacted and recorded in the correct accounting period, and are reconciled to ensure they are matched to the loan schedule where applicable.	Finance Coordinator	Effective	CAD interest payments are made quarterly.	Manager Finance	Effective	Interest payments as well as loan drawdowns and repayments are journaled when they occur, with balances reconciled at month end.
4.3.1	Borrowings are either not recorded or are recorded inaccurately	3 A review is undertaken to identify unrecorded loan liabilities at key reporting dates.	Finance Coordinator	Effective	CAD balances are reconciled on a monthly basis with LGFA portal and Council records.	Manager Finance	Effective	Loan balances are only held with the LGFA as per Council's policy, so reconciling to the LGFA ensures all balances are captured.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
4.3.2	Loans are taken out without appropriate approval	1 All loans are in accordance with treasury management policy(ies) which outline appropriate approval mechanisms and authority required.	Finance Coordinator	Effective	All loans are approved following the Treasury Management Policy	Manager Finance	Effective	As per assessor's comment.
4.3.3	Loans are not repaid in accordance with the agreed terms	1 There is a process in place to ensure that loan repayments are made in accordance with the loan schedule.	Finance Coordinator	Effective	CAD interest payments are debited directly from Council's bank account.	Manager Finance	Effective	In line with Council's policy, principle and interest loans are not used, so repayments are not scheduled. Interest payments for CADs have to be direct debited.
4.3.4	Loan repayments are not recorded at all or are recorded inaccurately	1 All additions, deletions, and other changes to the loan register and loan repayment data are undertaken by relevant staff, and are compared to the loan agreement to ensure that they were input accurately. Identified errors are corrected.	Finance Coordinator	Effective	Loan repayment schedules are checked	Manager Finance	Effective	Loans are only held with the LGFA and all pertinent information can be obtained from their portal.
4.3.5	Lack of working capital to meet Council's financial commitments	1 Cashflow forecasts are considered to ensure sufficient working capital is available	Finance Coordinator	Effective	Cashflow is checked on a daily basis to ensure funds are available at all times to meet the needs of Council	Manager Finance	Effective	High level cash flow given by the Long Term Financial Plan, allows for planning for loan facilities or investment decisions. Daily cashflow undertaken as part of the bank reconciliation process.
4.4.1	Employee provisions are either inaccurately recorded or not recorded at all	1 Where appropriate, employee provisions are calculated by an automated process and the integrity of the calculations are verified for accuracy to ensure consistency with statutory reporting requirements.	Payroll Officer	Effective	Internal auditing Officer checks Leave exceptions report on a fortnightly basis	Financial Services Officer	Effective	All leave is calculated by system each fortnight. Report is generated after each pay run of any exceptions which is checked to see if they are correct or why they may be different.
4.4.1	Employee provisions are either inaccurately recorded or not recorded at all	2 There is an approval process for all staff requests for leave and leave taken is recorded by somebody independent from the approval.	Payroll Officer	Effective	Leave checked approved by Pay officer and form then approved by HR Officer	Financial Services Officer	Effective	All leave requests are approved by manager/supervisor of staff. These are then checked by the payroll officer and also signed off by HR officer. Payroll officer enters all leave and is not responsible for approving any leave.
4.4.1	Employee provisions are either inaccurately recorded or not recorded at all	3 There is a process in place to ensure the accuracy and completeness of inputs into the calculation of the employee provisions.	Finance Coordinator	Effective	Leave accrual exceptions reports are checked fortnightly	Manager Finance	Effective	As per assessor's comment. In addition, the accruals are checked for year end reporting, to identify any unusual accrual amounts.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
4.5.2	Council does not meet statutory reporting/lodgement deadlines	1 There is a process in place to ensure that all taxation returns are lodged within statutory timeframes.	Financial Services Officer	Effective	PAYG is paid every fortnight at the conclusion of the payroll run. End of year details are lodged within the timeframe required.	Finance Coordinator	Effective	PAYG paid as part of the fortnightly payroll process. BAS returns are checked by Finance Coordinator prior to processing within required timeframes.
5.1.1	Council does not raise the correct level of rate income	1 Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Rates Officer	Effective	Follow synergy soft procedure for rates billing & automatic generation of rebates	Finance Coordinator	Effective	Reconciliation processes in place
5.1.1	Council does not raise the correct level of rate income	2 All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Rates Officer	Effective	Software changes are made by IT and tested in PLAY account before implementation in live account	Finance Coordinator	Effective	As per assessor's comment.
5.1.1	Council does not raise the correct level of rate income	3 There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Rates Officer	Effective	Rating policy in place reviewed annually and aligned to Local Government Act 1999 Chapter 10	Finance Coordinator	Effective	Reviewed annually as part of the annual business plan and budget process
5.1.3	The Property master file data does not remain pertinent	1 Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Rates Officer	Effective	Rate journal checked at end on month for rate adjustments. Owner details checked quarterly by return to sender & debt collection. VG data matched to rate file each year. Non rateable checked before rate billing as part of EOY process.	Finance Coordinator	Majority effective	Rate adjustments checked and initialled by Finance Coordinator / Finance Manager.
5.1.3	The Property master file data does not remain pertinent	2 Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Finance Coordinator	Effective	Full access to the Rates module is restricted to officers performing or relieving in the role of Rates Officer	Manager Finance	Effective	As per assessor's comment.
5.1.4	Rates are not collected on a timely basis	1 There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Rates Officer	Majority effective	Reminder letters are sent out 7 days after due date. O/d accounts get sent to Debt collector for follow up.	Finance Coordinator	Majority effective	as per assessor's comments

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
5.2.1	Council loses recurrent Grant funding to provide existing service	1 Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Manager Finance	Majority effective	Grant agreements are not to be signed unless there is an approved budget implying grant funding, no Council contribution required or a Council resolution. A Council resolution is always sought for grants over \$100,000.	Director Corporate	Majority effective	Council's schedule of delegations also provides a control in terms of setting the financial limits for management approvals
5.2.1	Council loses recurrent Grant funding to provide existing service	2 Council reviews services where grant funding has ceased to ensure it understands the financial impact on its sustainability.	Manager Finance	Majority effective	This would be a normal consideration during the annual budget process in the event this were to occur.	Director Corporate	Majority effective	as per assessor's comments
5.2.2	Grant funding is not claimed by Council on a timely basis or not claimed at all	1 There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Finance Coordinator	Partially effective	Grant funding received/applied for is often not advised to the Finance Coordinator, nor grant deeds received.	Manager Finance	Partially effective	This will soon be coordinated by a Grants Officer, rather than the process sitting in a number of spots across the organisation.
5.2.2	Grant funding is not claimed by Council on a timely basis or not claimed at all	2 Grant funding is identified as part of the budget process and/or subsequent budget reviews.	Finance Coordinator	Effective	Known grant funding is included in the budget process. Grants received during the year are updated in the next budget review process.	Manager Finance	Effective	As per assessor's comment.
5.3.1	The fee charged does not reasonably reflect the value of the services provided	1 There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by Council.	Manager Finance	Majority effective	The Fees and Charges register is reviewed internally by the relevant officer and then presented to Council for adoption. A report outlining the proposed changes to the fees is included.	Director Corporate	Effective	as per assessor's comments
5.3.1	The fee charged does not reasonably reflect the value of the services provided	2 Regular reviews are conducted to ensure formal lease agreements and other Council facilities contracts are being met and payments are made on time.	Facilities Coordinator	Partially effective	<ul style="list-style-type: none"> •Lease Expiry and Right of Renewal reports are created nine (9) months prior to expiration and renewal dates. •Lease conditions throughout lease term are monitored reactively as issues arise. •New lease/licence agreement templates are currently being created to accurately reflect changes in legislation. •Rent Review reports are created every 3 months and new figures provided to Debtors. •Lease payments are monitored through debtor processes. 	Manager Finance	Partially effective	Processes in place, but more resources likely required to meet all requirements.
5.3.1	The fee charged does not reasonably reflect the value of the services provided	3 Fees and Charges register is maintained and made available to the public.	Manager Finance	Effective	The Fees and Charges register is made available on Council's website after adoption.	Director Corporate	Effective	as per assessor's comments
5.3.2	Council does not apply User Pay principles consistently	3 There is a process in place to manage and reconcile bonds and deposits.	Financial Services Officer	Majority effective	Council has a designated income line for bonds and deposits. This account is reconciled each month	Finance Coordinator	Effective	Ledger reviewed regularly.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
5.5.1	Receipts are either inaccurately recorded or not recorded at all	1 Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Team Leader Customer Service	Effective	All customers are provided with a system generated, sequential tax compliant receipt detailing the payment made at the time of payment. In the event of the receipt printer failing to work a pre-numbered manual receipt is issued and followed up with a system generated receipt when possible. For payments taken over the phone receipts, including Eftpos receipts, are scanned and emailed or mailed to the customer.	Manager Finance	Effective	As per assessor's comment.
5.5.1	Receipts are either inaccurately recorded or not recorded at all	2 Process in place to ensure all monies received (including that from all offsite locations) are receipted and recorded in a timely manner.	Team Leader Customer Service	Effective	All incoming monies are checked, counted and receipted on the day of receipt and posted to the respective account numbers on SynergySoft. Incoming monies can include incoming cheques in the mail via Records, Point Lowly camping money and cash manually receipted at the Dog and Cat Centre. The manual receipt number is included in the details on the system generated receipt. Receipt numbers for incoming cheques are entered onto the Excel spreadsheet shared by	Manager Finance	Majority effective	As per assessor's comment.
5.5.1	Receipts are either inaccurately recorded or not recorded at all	3 Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.	Finance Coordinator	Majority effective	All customer service reversals are to be signed by Finance Coordinator or Financial Services Officer. External departmental reversals are emailed to Finance Coordinator with reason for reversal.	Manager Finance	Partially effective	Finance Officer has receipting access.
5.5.1	Receipts are either inaccurately recorded or not recorded at all	4 Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Financial Services Officer	Effective	Receipting is reconciled daily and banked. All discrepancies are investigated and correctly promptly- and reviewed by an independent officer	Finance Coordinator	Effective	Bank reconciliation process
5.5.1	Receipts are either inaccurately recorded or not recorded at all	5 There is a process in place to ensure that the third party receipting downloads are reconciled to the third party substantiation documents.	Financial Services Officer	Effective	Downloaded transactions are reconciled through the bank statement reconciliation process daily	Finance Coordinator	Effective	Bank reconciliation process - reports reconciled to bank statement credits

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
6.1.1	Council does not obtain value for money in its purchasing and procurement	1 Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Senior Procurement Officer	Requires significant improvement	The Procurement Thresholds document guides staff re which level of spend requires certain template documents to be used and how many quotes are required. Request for Proposal Acceptance Report is evaluation of quotes/tenders. RFT doc has conflict of interest return schedule but this is not considered in the evaluation process as an item.	Manager Finance	Majority effective	Council has a robust policy and process for ensuring that Council receives value for money when purchasing goods. If anything the process needs to be made more flexible due to being complex at times.
6.1.2	Purchases of goods and services are made from non-preferred suppliers	1 Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Senior Procurement Officer	Majority effective	Purchases can be made with non preferred suppliers as we can't always go local and use preferred suppliers. Depends on what type of purchase/works/services we are doing. During RFQ/RFT process we ask for insurances, ABN details so if non preferred suppliers/contractors get the job we have relevant information required.	Manager Finance	Majority effective	Processes for ensuring this are comprehensive, making the possibility of non-compliance rather rare.
6.1.3	Purchase orders are either recorded inaccurately or not recorded at all	1 Purchase order numbers are either system generated and/or sequentially numbered.	Senior Procurement Officer	Effective	Altus Procurement purchase order numbers are sequentially numbered.	Manager Finance	Effective	As per assessor's comment.
6.1.3	Purchase orders are either recorded inaccurately or not recorded at all	2 There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Accounts Payable Officer	Effective	Invoices are matched with information on the relevant Purchase Order. For invoices that do not require a PO, the appropriate officer is contacted for job numbers	Financial Services Officer	Effective	Invoices are entered onto the system for payment from a purchase order number. The invoices that are not entered from a purchase order meet the requirements in the procurement policy for not having to need a purchase order
6.2.1	Payroll expense is inaccurately calculated	1 Where possible standard programmed formulae perform payroll calculations.	Payroll Officer	Effective	Synergy system	Financial Services Officer	Effective	All payroll transactions are entered through synergy, where system is setup with any formulae calculations as required
6.2.1	Payroll expense is inaccurately calculated	2 There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Payroll Officer	Effective	All overtime is countersigned by Supervisors/Managers	Financial Services Officer	Effective	Any overtime that is done is to be signed off by both the employee and then authorised by the supervisor/manager
6.2.1	Payroll expense is inaccurately calculated	3 There is a process in place to ensure accurate data entry of payroll source documents.	Payroll Officer	Effective	Financial Services Officer (Internal Auditor) checks printout prior to finalisation of payroll	Financial Services Officer	Effective	prior to payroll being finalised, reports are checked to ensure correct hours, payrates etc of staff

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
6.2.1	Payroll expense is inaccurately calculated	4 All calculations for generating payroll payments are verified for accuracy.	Payroll Officer	Effective	Financial Services Officer (Internal Auditor) checks printout prior to finalisation of payroll	Financial Services Officer	Effective	Payroll reports are checked for correct details of payments being made prior to finalisation
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	1 The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Financial Services Officer	Effective	Payments are uploaded to the bank and authorised by 2 people not involved in Payroll preparation	Finance Coordinator	Effective	Separation of duties adequate for preparation, upload and authorisation of payroll
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	2 Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Payroll Officer	Effective	Financial Services Officer (Internal Auditor) checks printouts after finalisation of payroll	Financial Services Officer	Effective	payroll reports are generated after each payment run and changes are verified
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	3 There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Payroll Officer	Effective	Financial Services Officer (Internal Auditor) checks and signs audit printouts and HR Officer checks and signs New starter listing generated after finalisation of payroll	Financial Services Officer	Effective	Audit reports are checked of all new additions to payroll. HR provide all relevant documentation of additions and changes to payrates. HR also checks reports for new starters
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	4 Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Payroll Officer	Effective	All relevant documentation kept in employee files	Financial Services Officer	Effective	All staff have their own personnel files where all relevant paperwork is stored
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	5 There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Finance Coordinator	Effective	Payroll is uploaded for payment by an officer separate to the payroll processing officer.	Manager Finance	Effective	As per assessor's comment. In additions, the payroll officer does not have delegation to approve timesheets or leave requests.
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	6 Any non-routine payroll queries or unusual payroll transactions/request are referred to management for investigation.	Finance Coordinator	Majority effective	LSL cash outs, terminations and other extraordinary payroll requests are validated by the Finance Coordinator. Changes to bank details are verified with employee or signature on file.	Manager Finance	Majority effective	As per assessor's comment.
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	7 There is a process to ensure employees are made inactive in payroll records upon termination.	Payroll Officer	Majority effective	A termination date is entered onto the employee's record on file once their final pay has been processed	Financial Services Officer	Effective	As per assessor comments, once a staff member has been terminated, the date is entered onto the system to ensure no further payments are made to staff member

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
6.2.2	Payroll disbursements are made to incorrect or fictitious employees	8 The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Financial Services Officer	Effective	Reports are given to the Financial Services Officer prior to payroll being finalised with employees being paid in the fortnight, listing the amount of each employee to check	Finance Coordinator	Effective	Payments are reviewed prior to being authorised for payment.
6.2.3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all	2 There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Finance Coordinator	Majority effective	End of year process by Finance Coordinator currently being tested.	Manager Finance	Majority effective	New process created based on advice of the auditors.
6.2.4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file	1 The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Finance Coordinator	Effective	Full access to the payroll master file is restricted to authorised payroll officers.	Manager Finance	Effective	As per assessor's comment.
6.2.6	Employees termination payments are not in accordance with statutory and enterprise agreements	1 There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Payroll Officer	Effective	Termination pays are calculated manually and then entered into the play system for verification. The manual version is also given to either Finance Coordinator or Financial Services Officer for verification of figures.	Financial Services Officer	Effective	All terminated amounts are manually calculated by the payroll officer and then independently checked by either the Finance Coordinator or Financial Services officer
6.3.2	Elected Members obtain unauthorised private benefit from Council	1 Elected Members must complete and sign an expense reimbursement form when claiming Council related expenditure in line with the policy (including providing valid substantiation) and is authorised by a relevant officer. The signing of the form confirms that the Elected Members have excluded all items of a personal nature.	Accounts Payable Officer	Effective	Reimbursement forms/Memo's are used to request reimbursements for EM's. These are approved by the CEO and/or delegate for approval.	Financial Services Officer	Effective	Elected members must complete forms similar to staff wishing to claim reimbursement, which must be authorised by CEO or manager for payment to be made
6.3.2	Elected Members obtain unauthorised private benefit from Council	2 Where use of public assets or services by Elected members is identified debtors invoice is raised for reimbursement	Financial Services Officer	Partially effective	Any invoices that are required are raised. Rely on other parties to advise when invoice is needed	Finance Coordinator	Requires significant improvement	Invoices cannot be raised if officers are not advised of benefits provided.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
6.3.2	Elected Members obtain unauthorised private benefit from Council	3 A policy clearly outlines what Elected Members can claim for council related expenses and is clearly communicated and adherence monitored.	Manager Governance	Majority effective		Manager Finance	Majority effective	Council has an Elected Members – Allowances and Benefits Reimbursements Policy, which clearly outlines what type of expenses can be claimed via reimbursement by Elected Members. Very few claims for reimbursement are received, so it is hard to ascertain if the Policy is operating effectively, but there is no reason to assume it isn't.
6.4.1	Credit Cards are issued to unauthorised employees	1 There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Finance Coordinator	Effective	Credit card limits are set on the credit card application form and are authorised by CEO, or Director Corporate (if it is the CEOs card)	Manager Finance	Effective	As per assessor's comment.
6.4.1	Credit Cards are issued to unauthorised employees	2 Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Finance Coordinator	Effective	Declaration form is signed by card holder and authorised prior to card being ordered	Manager Finance	Effective	As per assessor's comment.
6.4.1	Credit Cards are issued to unauthorised employees	3 Access to credit card details and supporting documentation is restricted to appropriate staff.	Finance Coordinator	Effective	Access available to card holders, bank statement reconciliation officer and Finance Coordinator	Manager Finance	Effective	As per assessor's comment.
6.4.2	Credit Cards are used for purchases of a personal nature	2 There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Finance Coordinator	Majority effective	Credit card reconciliations are performed by the card holder and authorised by a relevant senior officer	Manager Finance	Effective	As per assessor's comment.
6.4.2	Credit Cards are used for purchases of a personal nature	3 Cardholders are advised in the policy and procedures that improper use of the credit card, such as purchases of a personal nature, may result in disciplinary action in accordance with the Code of Conduct.	Finance Coordinator	Majority effective	Credit card declaration form is adequate however, purchases on the cards may require some review as to "improper use".	Manager Finance	Majority effective	Review of correct use is undertaken by the approving officer, but an overall review process could be implemented to strengthen the control.
6.4.2	Credit Cards are used for purchases of a personal nature	4 Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Financial Services Officer	Majority effective	Credit card reconciliations are performed by the card holder and authorised by a relevant senior officer	Finance Coordinator	Partially effective	Improvement required re providing tax invoices and documentation in a timely manner.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
6.4.3	Credit Card limits are set at inappropriate levels	2 There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Finance Coordinator	Effective	Credit card limit is set by CEO at point of authorisation to issue a credit card. Reviewed by Finance Coordinator based upon usage. All alterations to credit limit are authorised by CEO or Director Corporate.	Manager Finance	Effective	As per assessor's comment.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	1 There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Senior Procurement Officer	Requires significant improvement	Tender Evaluation Selection Criteria needs to be updated on the spreadsheet for each RFQ/RFT to align with the specific Tender Return Schedules being utilised for each tender. Return Schedule 10 asks for any Conflict of Interest to be notified prior to selection process. Code of Conduct is dealt with in the WHS Contractor Induction process under Security: Contractors are only granted access to Council worksites on the condition that workers under their care and control implement appropriate safety and social behaviour. We offer copies of all Council's WHS policies &	Manager Finance	Partially effective	Current process is robust and results in good outcomes for Council, but an easier process for recording the decision making process would increase transparency.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	2 The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Senior Procurement Officer	Requires significant improvement	Conflict of Interest is part of the Tender Evaluation Plan. There is no directive in the Request for Tender Procedure to say when a plan is required. Will be addressed during current procurement review.	Manager Finance	Partially effective	The process needs to be more prescriptive of requirements.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	3 Council maintains a current contract register.	Senior Procurement Officer	Effective	Yes. Access Database keeps all information from 1999 to current date. Located at G:\Corporate\Procurement Officer\Contracts\Contracts Register Database\CURRENT\Contracts Goods and Trades Register	Manager Finance	Effective	As per assessor's comment.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	4 There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	Senior Procurement Officer	Effective	Agreements and Purchase Orders are allocated by document authors and approved within delegation limits. Altus Procurement has procurement delegation limits set up on SynergySoft/General Ledger/Officer Maintenance which does not allow people to approve purchase orders that are above their procurement delegation limit.	Manager Finance	Effective	As per assessor's comment.

	Risk	Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	5 There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Senior Procurement Officer	Partially effective	Cleaning contract has bimonthly inspections written into the contract. A full Contract Management Plan was used for Whyalla Airport Security Screening Contract with a view to using that for all major projects for now on. Not sure what Infrastructure's Project Management Phases/Process includes regarding long term performance reviews. Contractor Monitoring template is only short term.	Manager Finance	Partially effective	The contract management process requires improvements, as this is often an oversight, particularly for ongoing contracts.
7.1.2	Council does not obtain value for money in relation to its Contracting	2 Tender Documents are kept securely.	Senior Procurement Officer	Partially effective	Tenders are now downloaded from the Tenders SA website and saved in a folder away from the Tenders folders. G/Procurement/Contracts/Tenders SA downloads until such time as they are evaluated. Tender evaluators are sent a link to that folder after they are downloaded. Tenders are not recorded on the Central Records system until we receive the Request for Proposal Acceptance Report which is the sign off document, along with the Tender Evaluation Spreadsheet, for the tender.	Manager Finance	Partially effective	Need to ensure that access to the applicable folder is restricted.
8.1.1	Policies and Procedures do not reflect current requirements	1 There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance.	Manager Governance	Partially effective	The review process developed has collated and revised over 50 policies. This has been achieved by reviewing all council made policies either under legislation or administration practice. These policies will be submitted to the Executive Management Team for consideration and Council Members for ratification. Additionally Executive and the council Members are to review and consider retiring all policies pre 2016.	Manager Finance	Partially effective	Process currently being undertaken to address this issue.
8.1.2	Delegations of authority are not commensurate with job roles and responsibilities	1 Delegations of authority referenced in the Better Practice Model are reviewed for appropriateness, with changes approved as required.	Manager Governance	Effective	The Delegations of Authority review was completed 24/09/2020 with Sub-delegations made June 2021.	Manager Finance	Effective	As per assessor's comment.

	Risk		Control	Assessor Position	Control Effectiveness	Comments	Reviewer Position	Control Effectiveness	Comments
8.1.3	Staff are not aware of their responsibilities to ensure good governance including compliance with policies, procedures and relevant legislation	1	There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	Manager Governance	Partially effective	Partially effective whilst all staff would be aware of the policies and procedure referenced in the Better Practice Model there needs to be formal review opportunities (annually) developed to ensure staff have ease of access to the information and they can test effectiveness of application process and information management	Manager Finance	Partially effective	Regular training regime required to ensure that this is always up to date.
8.1.3	Staff are not aware of their responsibilities to ensure good governance including compliance with policies, procedures and relevant legislation	2	There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	Manager Governance	Partially effective	Partially effective whilst all staff would be aware of the Code of Conduct and Conflict of Interest protocol and policies. An enhancement would be to review these formally in an development framework context on an annual basis.	Manager Finance	Partially effective	Regular training regime required to ensure that this is always up to date.

	Risk	Control	Control Effectiveness	Comments	Action Required
2.4.1	KPIs are not consistent with Corporate Objectives and accounting policies adopted by Council are not adhered to by Council administration	2 Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel.	Partially effective	Policies are up to date as per review schedule, but a review of internal procedures is required.	A review of internal accounting procedures is required to ensure they are up to date.
3.8.2	Appropriate approvals are not received for the establishment and changes in project scope or costs	2 Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Requires significant improvement	Process for changing project scope is not well established and often confused by the fact that project scopes are not always well defined early in the process. Agree that their aren't issues with things being done outside delegation, it is the opposite where too many decisions require high level sign off.	A review of the overall project approval process is required, particularly around the robustness of early scoping requirements.
5.2.2	Grant funding is not claimed by Council on a timely basis or not claimed at all	1 There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Partially effective	This will soon be coordinated by a Grants Officer, rather than the process sitting in a number of spots across the organisation.	Grants Officer has been appointed, so need to monitor for improvements in this area.
5.3.1	The fee charged does not reasonably reflect the value of the services provided	2 Regular reviews are conducted to ensure formal lease agreements and other Council facilities contracts are being met and payments are made on time.	Partially effective	Processes in place, but more resources likely required to meet all requirements.	A formal review of Council's leases is in progress.
5.5.1	Receipts are either inaccurately recorded or not recorded at all	3 Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.	Partially effective	Finance Officer has receipting access.	Need to update access levels to remove receipting from Finance Officer.
6.3.2	Elected Members obtain unauthorised private benefit from Council	2 Where use of public assets or services by Elected members is identified debtors invoice is raised for reimbursement	Requires significant improvement	Invoices cannot be raised if officers are not advised of benefits provided.	Need to develop more robust procedure for this process, noting that this has not been identified as an area that is likely to be being misused.
6.4.2	Credit Cards are used for purchases of a personal nature	4 Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Partially effective	Improvement required re providing tax invoices and documentation in a timely manner.	Additional communication required for card holders around requirements.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	1 There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement	Partially effective	Current process is robust and results in good outcomes for Council, but an easier process for recording the decision making process would increase transparency.	Review of Procurement Framework currently underway.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	2 The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made	Partially effective	The process needs to be more prescriptive of requirements.	Review of Procurement Framework currently underway.
7.1.1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process	5 There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Partially effective	The contract management process requires improvements, as this is often an oversight, particularly for ongoing contracts.	Review of contract management processes need to be reviewed, particularly for high risk contracts.
7.1.2	Council does not obtain value for money in relation to its Contracting	2 Tender Documents are kept securely.	Partially effective	Need to ensure that access to the applicable folder is restricted.	Review of access levels in procurement to be undertaken.

	Risk	Control	Control Effectiveness	Comments	Action Required
8.1.1	Policies and Procedures do not reflect current requirements	1 There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance.	Partially effective	Process currently being undertaken to address this issue.	Policy Review currently underway.
8.1.3	Staff are not aware of their responsibilities to ensure good governance including compliance with policies, procedures and relevant legislation	1 There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	Partially effective	Regular training regime required to ensure that this is always up to date.	Training program has been developed and will be implemented over the coming months.
8.1.3	Staff are not aware of their responsibilities to ensure good governance including compliance with policies, procedures and relevant legislation	2 There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	Partially effective	Regular training regime required to ensure that this is always up to date.	Training program has been developed and will be implemented over the coming months.

6.1.4 Review of Finance Policies

Audit Committee Meeting: 8 February 2022
Author's Title: Manager Finance
Director: Corporate

File No.: 0-159

Annexures

A – Retail Water – Pricing Policy with track changes
 B – Updated Retail Water – Pricing Policy
 C – Updated Financial Hardship Policy – Retail Water Customers
 D – Updated Water Connection and Billing Policy

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
 Section 120*

☐

Yes

☒

No

Status:

*Information classified confidential under
 Section 90(2) of the Local Government Act*

☐

Yes

☒

No

Reason – not applicable

PURPOSE

To inform the Audit Committee of the review undertaken of a number of Financial Policies related to being a water retailer.

SUMMARY

Some minor changes to the Retail Water – Pricing Policy are recommended, to bring it in line with current practise. No changes are recommended to the Financial Hardship Policy – Retail Water Customers or Water Connection and Billing Policy.

RECOMMENDATION

The Audit Committee:

1. recommends the updated Retail Water – Pricing Policy to Council for adoption;
2. notes the review of the Financial Hardship Policy – Retail Water Customers resulted in no recommended changes; and
3. notes the review of the Water Connection and Billing Policy resulted in no recommended changes.

6.1.4 Review of Finance Policies

REPORT

BACKGROUND

Council is defined as a water retailer, mainly due to the fact that we on sell recycled water to a number of sporting groups that is distributed through the Council owned network. There are also a small number of residential water customers, made up of shacks around Fitzgerald Bay. Their water is sourced from a pipeline that runs under Cultana and falls under Council responsibility.

Due to this, Council is required to have a number of additional policies to comply with all legislative requirements of the water industry.

DISCUSSION

Refer Annexure A – Retail Water – Pricing Policy with track changes

The Retail Water – Pricing Policy ensures that Council can provide assurance to the Essential Services Commission of South Australia (ESCOSA) that our water pricing practices are reasonable and systematic. This is achieved by basing our prices of the costs we incur from SA Water, ensuring that Council is not profiteering off the on selling of water.

In the case of retail water customers, the tier two price for drinking water is used, as this aligns with the commercial price of water, which is incurred by Council. The cost incurred by customers on Council's network is likely to be at most \$0.30 per day higher than an SA Water customer due to not having any tier 1 pricing. However, Council does need to uplift the cost oncharged by 10%, due to the application of GST. Council does not include a supply charge, which helps offset this difference.

In the case of recycled water, an additional charge is included to cover the cost of Council's infrastructure, currently sitting at \$0.04 per kL. As valuation and condition rating of this infrastructure was undertaken recently, a review of this charge will take place, to ensure it is reflective of the value of this infrastructure. The policy previously referred to recycled water being charged at 90% of drinking water rates, however this would result in a large overcharge for these customers and never actually occurred. The policy had been updated to reflect actual practice.

Refer Annexure B – Updated Retail Water – Pricing Policy

An updated version of the policy without track changes has been included for convenience.

Refer Annexure C – Updated Financial Hardship Policy – Retail Water Customers

In line with Section 37 of the *Water Industry Act 2012*, Council is required to adopt a Financial Hardship Policy – Retail Water Customers, as issued by the relevant Minister. The currently policy was already consistent with this document and as no changes have been made to the official template over the applicable period, no changes to the policy are required.

Refer Annexure D – Updated Water Connection and Billing Policy

The Water Connection and Billing Policy primarily sets out Council's position on future connections to its water networks, which has previously been that the networks will be maintained at their current extent. It also outlines the process for account billing and disconnections. No changes to the policy are recommended at this time.

Financial Implications

There are no financial implications to updating the pricing policy, as this just ensures that the policy is consistent with adopted charges that have been in place for a number of years.

Legislation

Water Industry Act 2012

Officer Direct or Indirect Interest – Nil

Risk Assessment

The water industry is heavily regulated and subject to high levels of scrutiny. However, this focuses mainly on protecting residential customers, of which Council has less than 20. The policies and procedures that Council have in place are considered to be sufficient based on the market that we service.

Social Considerations

Access to water is a basic necessity for all citizens. For this reason, there are strict rules around ensuring continuity of supply for residential properties, even when there are difficulties with making payment. These same rules don't apply for non-residential premises.

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

Some minor changes to the Retail Water – Pricing Policy are recommended, to bring it in line with current practise. No changes are recommended to the Financial Hardship Policy – Retail Water Customers or Water Connection and Billing Policy.

Annexure "A"



Whyalla City Council

Retail Water – Pricing Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Senior Finance Officer <u>Coordinator</u>
Policy Adopted	May 2017 <u>February 2022</u>
Review Period	4 Years
Last Reviewed	May 2017 –
Next Review Date	May 2024 <u>February 2026</u>
Policy Version Number	24
Applicable Legislation	<ul style="list-style-type: none"> Local Government Act 1999 Water Industry Act 2012 (SA) (Act) National Water industry Pricing Principles
Related Documents	<ul style="list-style-type: none"> Water Industry Retail Licences Retail Water Services: Financial Hardship Policy Connection & Billing Policy Contract for the Supply of Water Retail Service Application for Remission of Annual Service Charge Application Form: Financial Hardship
Public Consultation Required	Yes
Purpose	To define the method of price determination for retail water services provided by Council to recycled water network and Black Oak Cove customers, consistent with the National Water Industry Pricing Regulations.

1. Introduction

City of Whyalla's Water Retail Services: 20~~24~~7 to 202~~5~~0 Price Determination (Regulatory Determination) requires City of Whyalla to provide ESCOSA with an annual pricing policy statement relating to recycled water retail services and excluded retail services. City of Whyalla interprets this as recycled water and drinking water, so uses both terms for the purposes on this Pricing Policy Statement.

This document sets out how City of Whyalla's Retail Services Framework (Alternate and Excluded) achieves the requirements of sections 3 and 4.1 of ESCOSA's Regulatory Determination.

2. Policy Objective

The policy serves to ensure our compliance with National Water Initiative (NWI) Pricing Principles and that we continue to meet the needs of our customers.

City of Whyalla seeks to set prices that will recover the cost of providing the services and meet its strategic priorities by taking into account:

- Customer impacts and affordability;
- Ensuring the ongoing viability of City of Whyalla;
- Compliance with service standards and regulatory requirements; and
- Sending appropriate pricing signals that encourage the most efficient use of resources.

Generally, City of Whyalla will seek capital contributions from customers where capital expenditure is required to service the customers. This capital contribution will take into account the individual circumstances of the customer, third party funding and specific characteristics of the scheme.

Generally, City of Whyalla will seek negotiated contracts and may require an annual charge which seeks to recover administration costs relating to the contract.

3. Scope and Responsibilities

3.1 Alternate Water Services (Recycled Water)

3.1.1 The types of Alternate Water uses are as follows:

- irrigation – horticulture, viticulture and private open spaces, e.g. golf course; and
- irrigation – Public Open Space, for irrigation of parklands and sporting fields.

3.2 Excluded Water Services (Drinking Water)

3.2.1 We will supply residential customers at Black Oak Cove upon receipt of an appropriate application for connection;

3.2.2 The cost to install meters and connections will be at cost.

4. Policy Statement

4.1 Methods of charging

4.1.1 City of Whyalla has two methods to charge customers

City of Whyalla has established principles around the types of charges that may be applicable to the types of services that City of Whyalla offers customers. The table below outlines which fees are applicable to the type of scheme offered by City of Whyalla:

Where City of Whyalla is providing water services, consistent with regulated retail services, City of Whyalla offers a standard contract and a standard charges.

	Capital Contribution	Installation of Meter or Installation of Connection Charge	Supply Charge	Fixed Annual Charge	Water Usage charge	Audit Charge
Irrigation (Non Public)	✓	✓	✓		✓	✓
Irrigation Public Open Space	✓	✓	✓		✓	✓
Drinking Water	✓	✓	✓		✓	✓

4.1.2 Pricing 20~~21~~7-22~~18~~

- City of Whyalla's recycled water price is linked to ~~90% of the residential first tier~~ the SA Water Recycled Water Price, plus a margin to cover the cost of capital infrastructure (currently \$0.04 per kL).
- City of Whyalla's pricing for ~~d~~Drinking water is consistent with SA Water Tier ~~2ed~~ pricing.
- The cost to install meters and connections will be at cost.
- ~~Water charges quoted by SA Water are not subject to GST. However, when oncharged to another party, water usage is subject to GST and so the rate will be uplifted by 10% to reflect this.~~

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Category	Per kL
Drinking Tier 1	\$2.27

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Before using a printed copy, verify that it is the current version.

Drinking Tier 2	\$3.24
Drinking Tier 3	\$2.51
Non-Drinking (90% of Tier 1)	\$2.04
SA Water Drinking Tier 2	\$2.81
SA Water Recycled Water	\$0.71

4.1.3 Definitions

In this Policy Statement:

Consumer means a person supplied with retail services as a consumer or user of those services (as defined in the *Water Industry Act 2012*)

Customers means persons who owns land in relation to which a retail service is provided and includes:

- where the context requires, a person seeking the provision of a retail service, and
- in prescribed circumstances, a person supplied with retail services as a consumer or user of those services (without limiting the application of this definition to owners of land), and
- a person of a class declared by the regulations to be customers (as defined in the *Water Industry Act 2012*)

Excluded retail services: generally represent services that are provided for the benefit of a single customer (or group of customers), rather than uniformly supplied to all customers. The cost of such services are recovered through specific charges to the customer (or potential customer), rather than being paid for by all customers.

Our, us, we means The Corporation of the City of Whyalla

Policy means this Pricing policy

Regulations means regulations under the *Water Industry Act 2012*

Residential customer means a customer or consumer who is supplied with retail services for use at residential premises (as defined in the *Water Industry Act 2012*)

Retail service means a service constituted by:

- the sale and supply of water to a person for use (and not for resale other than in prescribed circumstances (if any)) where the water is to be conveyed by a reticulated system, or
- the sale and supply of sewerage services for the removal of sewage (even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations (as defined in the *Water Industry Act 2012*)

Water includes rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include sewage (as defined in the *Water Industry Act 2012*)

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Water service means:

- a service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water, or
- any other service, or any service of a class, brought within the ambit of this definition by the regulations.
(as defined in the *Water Industry Act 2012*).

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5. Further Information

This policy is available for inspection at the Council office or on Council's web-site. Persons may also obtain a copy of this policy with no fee applicable.



Whyalla City Council

Retail Water – Pricing Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Finance Coordinator
Policy Adopted	February 2022
Review Period	4 Years
Last Reviewed	May 2017
Next Review Date	February 2026
Policy Version Number	2
Applicable Legislation	<ul style="list-style-type: none"> • Local Government Act 1999 • Water Industry Act 2012 (SA) (Act) • National Water industry Pricing Principles
Related Documents	<ul style="list-style-type: none"> • Water Industry Retail Licences • Retail Water Services: Financial Hardship Policy • Connection & Billing Policy • Contract for the Supply of Water Retail Service • Application for Remission of Annual Service Charge • Application Form: Financial Hardship
Public Consultation Required	Yes
Purpose	To define the method of price determination for retail water services provided by Council to recycled water network and Black Oak Cove customers, consistent with the National Water Industry Pricing Regulations.

1. Introduction

City of Whyalla's Water Retail Services: 2022 to 2025 Price Determination (Regulatory Determination) requires City of Whyalla to provide ESCOSA with an annual pricing policy statement relating to recycled water retail services and excluded retail services. City of Whyalla interprets this as recycled water and drinking water, so uses both terms for the purposes on this Pricing Policy Statement.

This document sets out how City of Whyalla's Retail Services Framework (Alternate and Excluded) achieves the requirements of sections 3 and 4.1 of ESCOSA's Regulatory Determination.

2. Policy Objective

The policy serves to ensure our compliance with National Water Initiative (NWI) Pricing Principles and that we continue to meet the needs of our customers.

City of Whyalla seeks to set prices that will recover the cost of providing the services and meet its strategic priorities by taking into account:

- Customer impacts and affordability;
- Ensuring the ongoing viability of City of Whyalla;
- Compliance with service standards and regulatory requirements; and
- Sending appropriate pricing signals that encourage the most efficient use of resources.

Generally, City of Whyalla will seek capital contributions from customers where capital expenditure is required to service the customers. This capital contribution will take into account the individual circumstances of the customer, third party funding and specific characteristics of the scheme.

Generally, City of Whyalla will seek negotiated contracts and may require an annual charge which seeks to recover administration costs relating to the contract.

3. Scope and Responsibilities

3.1 Alternate Water Services (Recycled Water)

3.1.1 The types of Alternate Water uses are as follows:

- irrigation – horticulture, viticulture and private open spaces, e.g. golf course; and
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City of Whyalla has established principles around the types of charges that may be applicable to the types of services that City of Whyalla offers customers. The table below outlines which fees are applicable to the type of scheme offered by City of Whyalla:

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	Capital Contribution	Installation of Meter or Installation of Connection Charge	Supply Charge	Fixed Annual Charge	Water Usage charge	Audit Charge
Irrigation (Non Public)	✓	✓	✓		✓	✓
Irrigation Public Open Space	✓	✓	✓		✓	✓
Drinking Water	✓	✓	✓		✓	✓

4.1.2 Pricing 2021-22

- City of Whyalla's recycled water price is linked to the SA Water Recycled Water Price, plus a margin to cover the cost of capital infrastructure (currently \$0.04 per kL).
- City of Whyalla's pricing for drinking water is consistent with SA Water Tier 2 pricing.
- The cost to install meters and connections will be at cost.
- Water charges quoted by SA Water are not subject to GST. However, when oncharged to another party, water usage is subject to GST and so the rate will be uplifted by 10% to reflect this.

Category	Per KL
SA Water Drinking Tier 2	\$2.81
SA Water Recycled Water	\$0.71

4.1.3 Definitions

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Excluded retail services: generally represent services that are provided for the benefit of a single customer (or group of customers), rather than uniformly supplied to all customers. The cost of such services are recovered through specific charges to the customer (or potential customer), rather than being paid for by all customers.

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- the sale and supply of water to a person for use (and not for resale other than in prescribed circumstances (if any)) where the water is to be conveyed by a reticulated system, or
- the sale and supply of sewerage services for the removal of sewage (even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations (as defined in the *Water Industry Act 2012*)

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Water service means:

- a service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water, or
- any other service, or any service of a class, brought within the ambit of this definition by the regulations.
(as defined in the *Water Industry Act 2012*).

5. Further Information

This policy is available for inspection at the Council office or on Council's website. Persons may also obtain a copy of this policy with no fee applicable.

Whyalla City Council

Financial Hardship Policy - Retail Water Customers	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Finance Coordinator
Policy Adopted	February 2022
Review Period	Determined by the Minister or 4 Years: whichever is earlier
Last Reviewed	May 2017
Next Review Date	February 2026
Policy Version Number	2
Applicable Legislation	<ul style="list-style-type: none"> Local Government Act 1999 Water Industry Act 2012 (SA) (Act)
Related Documents	<ul style="list-style-type: none"> Application for Remission of Water Service Charge Financial Hardship Application Form Customer Service Charter – Water Services Water Connection & Billing Policy
Public Consultation Required	Yes
Purpose	The purpose of this policy is to identify residential customers who are experiencing payment difficulties due to hardship, and assist those customers to better manage their bills on an ongoing basis.

1. Introduction

- a. Council is committed to assisting residential customers of water retail services, who are experiencing financial hardship, to manage their payments in a manner that best suits the customer, and ensuring they remain connected to a retail service.
- b. This policy is based on the customer hardship policy, made by the Minister for Communities and Social Inclusion, pursuant to section 37 of the Water Industry Act 2012, under a delegation by the Minister for Water and the River Murray, without modification.

2. Policy Objective

- a. The purpose of this policy is to identify residential customer who are experiencing payment difficulties due to hardship, and assist those customers to better manage their bills on an ongoing basis.

3. Scope and Responsibilities

3.1 Identifying Residential Customers Experiencing Financial Hardship

- 3.1.1 A residential customer experiencing financial hardship is someone who is identified by themselves, by us, by an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity to make required payments in accordance with our payment terms.
- 3.1.2 There are two types of financial hardship: ongoing and temporary. Depending on the type of hardship being experienced, hardship customer will have different needs and will require different solutions.
- 3.1.3 Residential customer that are identified as experiencing ongoing hardship are generally those on low or fixed incomes. These customers may require ongoing assistance.
- 3.1.4 Residential customers that may be identified as experiencing temporary hardship are those that have experienced a short-term change in circumstances, such as serious illness, disability or death in the family, loss or change in income, separation, divorce or other family crisis, a loss arising from an accident, or some other temporary financial difficulty. These customers generally require flexibility and temporary assistance, such as an extension of time to pay or an alternative payment arrangement.
- 3.1.5 The extent of hardship will be determined by either our assessment process or by an external body, such as an accredited financial counsellor.

3.1.6 Where we assess a residential customer's eligibility for hardship assistance, we will consider indicators including (but not limited to) whether:

- The customer is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card.
- The customer is eligible for a South Australian Government concession.
- The customer has been referred by an accredited financial counsellor or welfare agency.
- The customer has previously applied for emergency relief (irrespective of whether or not their application was successful).
- The customer's payment history indicates that they have had difficulty meeting their retail services bills in the past.
- The customer, through self-assessment, has identified their position regarding their ability to pay.

3.2 Assisting Residential Customers who are Experiencing Financial Hardship

3.2.1 We will inform a residential customer of this customer hardship policy where:

- It appears to us that non-payment of a bill for retail services is due to the customer experiencing payment difficulties due to hardship, or
- We are proposing to install a flow restriction device.

3.2.2 Where a residential customer has been identified as experiencing financial hardship, we will offer the customer, as soon as is reasonably practicable, flexible and frequent payment options that have regard to the hardship customer's usage, capacity to pay and current financial situation. These options will include all of the following:

- An interest and fee free payment plan which complies with clauses 3.3.1 and 3.3.5;
- Centrelink's Centrepay service; or
- Other arrangement, under which the customer is given more time to pay a bill or to pay in arrears (including any disconnection or restriction charges);

Recognising that some residential customers have a short-term financial hardship issue which may be resolved in the near to medium-term, where others may require a different type of assistance for ongoing financial issues.

3.2.3 We will not charge a residential customer a reconnection charge where that customer is experiencing financial hardship and should have been identified as eligible for this customer hardship policy, so long as the customer agrees to participate in our hardship program, upon reconnection.

3.2.4 We will engage in discussion with the hardship customer to determine a realistic payment option in line with the customer's capacity to pay.

- 3.2.5 We will work with the hardship customer's financial counsellor to determine the payment arrangement and instalment amount that best suits the customer and their individual circumstances
- 3.2.6 Where a hardship customer's circumstances changes, we will work with the customer, and their financial counsellor, to re-negotiate their payment arrangement.
- 3.2.7 We will not require a hardship customer to provide a security deposit.
- 3.2.8 We will not restrict a hardship customer's retail services if:
- The customer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
 - We have failed to comply with the requirements of this customer hardship policy.
- 3.2.9 We will also offer the hardship customer:
- Where appropriate, information about the right to have a bill redirected to a third person, as long as that third person consents in writing to that redirection.
 - Information about, and referral to, Commonwealth and South Australian Government concession, rebates, grants and assistance program.
 - Information about, and referral to, accredited financial and other relevant counselling and support services, particularly where a customer that is identified as experiencing ongoing financial hardship.
- 3.2.10 Where a hardship customer requests information or a redirection of their bills, will provide that information or redirection free of charge.
- 3.2.11 We will provide information to the hardship customer on how to reduce usage and improve water efficiency, which may include referral to a relevant government efficiency programs, this will be provided at no charge to the customer.
- 3.2.12 We will explain to the hardship customer how and when the customer will be returned to regular billing cycles (and collection), after they have successfully completed the hardship program.
- 3.2.13 We will also explain to the hardship customer how and when they will be removed from our hardship program, and be returned to our standard collection cycles, including debt recovery, should they cease to make payments according to the agreed payment arrangement or fail to contact us for a period of greater than 90 days.
- 3.2.14 We will not take any action to remove a customer from our hardship program until we have sent the customer a written notice, allowing them 10 working days from the date of the notice to contact us to re-negotiate their re-entry into the program.

3.3 Payment Plans

3.3.1 Our payment plan for hardship customer will be established having regards to:

- The customer's capacity to pay and current financial situation
- Any arrears owing by the customer, and
- The customer's expected usage needs over the following 12 month period.

3.3.2 The payment plan will also include an offer for the hardship customer to pay for their retail services in advance or in arrears by instalment payments at a frequency agreed with the customer (e.g. Weekly, fortnightly, monthly or as otherwise agree with the customer).

3.3.3 Where a payment plan is offered to a hardship customer, we will inform the customer in writing, within 10 business days of an agreement being reached, of:

- the duration of the plan;
- the amount of each instalment payable under the plan, the frequency of instalments and the date by which each instalment must be paid;
- if the customer is in arrears – the number of instalments to pay the arrears, and
- if the customer is to pay in advance – the basis on which instalment are calculated.

3.3.4 We will waive any fees for late payment of a bill for a hardship customer.

3.3.5 Where a hardship customer is seeking assistance in accordance with this policy, but has failed to fulfil their obligation under an existing hardship arrangement, we will require them to sign up for Centrepay or Direct Debit

3.4 Debt Recovery

3.4.1 We will suspend debt recovery processes while negotiating a suitable payment arrangement with a hardship customer

3.4.2 We will not engage in legal action or commence proceedings for the recovery of a debt relating to a retail service for a hardship customer if:

- The customer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
- We have failed to comply with the requirements of this customer hardship policy.

3.5 Rights of Residential Customers Experiencing Financial Hardship

3.5.1 Every residential customer experiencing financial hardship has the right to:

- Be treated respectfully on a case-by-case basis, and have their circumstances kept confidential
- Receive information about alternative payment arrangements, this customer hardship policy, and government concessions, rebates, grants and assistance programs.
- Negotiate an amount they can afford to pay on a payment plan or other payment arrangement.
- Consider various payment methods, and receive written confirmation of the agreed payment arrangement within 10 business days.
- Renegotiate their payment arrangement if there is a change in their circumstances.
- Receive information about free and independent, accredited financial counselling services.
- Receive a language interpreter services at no cost to the customer.
- Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed payment arrangement.
- Not have retail services restricted or disconnected as long as they have agreed to a payment arrangement and continue to make payments according to an agreed plan.

3.6 General Provisions

- 3.6.1 We will ensure residential customers have equitable access to this customer hardship policy, and that this policy is applied consistently.
- 3.6.2 We will ensure appropriate training of staff dealing with residential customers in hardship to enable them to treat customer with respect and without making value judgements. Training will also assist staff in the early identification of hardship customer, with establishing payment plans based on a hardship customer's capacity to pay, and include process for referral to an accredited financial counsellor or welfare agency for assistance.
- 3.6.3 This customer hardship policy is available on our website: www.whyalla.sa.gov.au
- 3.6.4 We will also make a copy of this policy available to a customer, upon request and at no charge to the customer, as soon as practicable following a request to do so.
- 3.6.5 This customer hardship policy does not limit or prevent us from waiving any fee, charge or amount of arrears for the provision of retail services to customers who are experiencing financial hardship.

3.7 Confidentiality

- 3.7.1 Any information disclosed by a customer is confidential and will not be used for any purpose other than the assessment of an application for assistance.

3.8 Complaints Handling

- 3.8.1 Details of our customer complaints and dispute resolution process are available at our website: www.whyalla.sa.gov.au We will also make a copy of this process available to a residential customer, upon request, and at no charge to the customer.
- 3.8.2 A residential customer experiencing hardship has a right to have any complaint heard and addressed by us, and the right to escalate their complaint to the Energy and Water Ombudsman SA, in the event that their complaint cannot be resolved.

4. Policy Statement

- 4.1 Through this Policy assists staff in the identification of residential customers experiencing payment difficulties due to hardship. This will including identification by us, self-identification by a residential customer, identification by an accredited financial counsellor, or welfare agency. Through this policy Council outlines of a range of processes or programs that we will use and apply, to assist our customers who have been identified as experiencing payment difficulties.

4.2 Definitions

In this Policy Statement:

In South Australia, **accredited financial counsellor** means a person who holds a Diploma of Community Services (Financial Counselling), and who has worked at least 12 months as a financial counsellor under the supervision of the South Australian Financial Counsellors Association

Consumer means a person supplied with retail services as a consumer or user of those services (as defined in the *Water Industry Act 2012*)

Customer means a person who owns land in relation to which a retail service is provided and includes:

- where the context requires, a person seeking the provision of a retail service, and
- in prescribed circumstances, a person supplied with retail services as a consumer or user of those services (without limiting the application of this definition to owners of land), and
- a person of a class declared by the regulations to be customers (as defined in the *Water Industry Act 2012*).

Customer **hardship policy** means this policy, which has been adopted by The Corporation of the City of Whyalla, in accordance with section 37 of the *Water Industry Act 2012*.

Financial counsellor means accredited financial counsellor.

Financial hardship means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

Hardship means financial hardship.

Hardship customer means a residential customer who has been identified under, accepted into, or is eligible for assistance under our hardship program.

Our, us, we means The Corporation of the City of Whyalla.

Policy means this customer hardship policy.

Regulations means regulations under the *Water Industry Act 2012*.

Residential customer means a customer or consumer who is supplied with retail services for use at residential premises (as defined in the *Water Industry Act 2012*).

Retail service means a service constituted by:

- the sale and supply of water to a person for use (and not for resale other than in prescribed circumstances (if any)) where the water is to be conveyed by a reticulated system, or
- the sale and supply of sewerage services for the removal of sewage

(even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations (as defined in the *Water Industry Act 2012*).

Sewage includes any form of waste that may be appropriately removed or dealt with through the use of a sewerage service (as defined in the *Water Industry Act 2012*)

Sewerage service means:

- a service constituted by the collection, storage, treatment or conveyance of sewage through the use of a reticulated system, or
- any other service, or any service of a class, brought within the ambit of this definition by the regulations
(as defined in the *Water Industry Act 2012*).

Water includes rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include sewage.
(as defined in the *Water Industry Act 2012*).

Water service means:

- a service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water, or
- any other service, or any service of a class, brought within the ambit of this definition by the regulations.
(as defined in the *Water Industry Act 2012*).

5. Further Information

This policy is available for inspection at the Council office or on Council's website. Persons may also obtain a copy of this policy with no fee applicable.



Whyalla City Council

Water Connection and Billing Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	Finance Coordinator
Policy Adopted	February 2022
Review Period	4 Years
Last Reviewed	May 2017
Next Review Date	February 2026
Policy Version Number	2
Applicable Legislation	<ul style="list-style-type: none"> • Local Government Act 1999 • Water Industry Act 2012 (SA) (Act)
Related Documents	<ul style="list-style-type: none"> • Water Industry Retail License • Contract for the Supply of Water Retail Services • Customer Service Charter – Water Services • Water Connection Application Form
Public Consultation Required	Yes
Purpose	The purpose of this policy is to outline the obligations and rights of the Council and potential customers under the Councils Water Industry Retail Licence.

1. Introduction

As part of Retailer Supply obligations, Council, if requested by the Minister, must develop a connection Policy that specifies Council policy in respect of extending the water infrastructure.

2. Policy Objective

The objective of this policy is to articulate Council intentions to not extend the existing Recycled water network and the Drinking Water network at Black Oak Cove, to manage public expectations and to provide a mechanism that facilitates disconnections and connections resulting from property ownership transfers.

3. Scope and Responsibilities

3.1 Recycled Water Connections

- 3.1.1 Council will only accept applications for connections to the Whyalla Recycled network from those parties identified in the Funding Deed.
- 3.1.2 Where the applicant's property is not connected to Council infrastructure, Council will notify applicants within 14 business days whether or not the property can be connected to our infrastructure.
- 3.1.3 Applicants must install infrastructure that meets Department of Health and Water Industry Act 2012 requirements prior to connection.
- 3.1.4 Applications must provide us with the following information about the supply address,
 - location and property number
 - Date your meter was installed
 - Your meter number
 - Relevant Department of Health Approvals
- 3.1.5 Council will arrange connection to its networks within 40 days of you providing us with information required by us and paying the relevant connection and account establishment fees as set out in our Price List.

3.2 Application for residential retail service connections

- 3.2.1 Council will only accept applications for connections for properties adjacent to the existing water line at Black Oak Cove.
- 3.2.2 Where the applicants property is not connected to Council infrastructure, Council will notify applicants within 14 whether or not the property can be connected to our infrastructure
- 3.2.3 Customers must install an appropriate water meter prior to connection and provide written notice to council once the installation is completed.

- 3.2.4 Applications must provide us with the following information about your supply address:
- location and property number
 - Date your meter was installed
 - Your meter number
- 3.2.5 Council will arrange connection to its networks within 30 days of you providing us with information required by us and paying the relevant connection and account establishment fees as set out in our Price List.

3.3 Customer Sale Contract

- 3.3.1 All existing and future customers must be covered by Councils Standard Customer Sale contract.

3.4 Billing

- 3.4.1 issue you with a bill at least quarterly, unless otherwise agreed with you
- 3.4.2 ensure your bill is based on an actual meter reading at least once within a 12 month period
- 3.4.3 provide you with consumption or estimated consumption of water services and meter readings, metering data or estimates of consumption
- 3.4.4 provide you with a detailed bill and give you at least 12 business days to pay your bill
- 3.4.5 offer you the ability to pay your bills in person, by mail, by direct debit or by Centrepay

3.5 Debt Recovery

- 3.5.1 We will undertake debt recovery processes in accordance with council's Debtor Management Procedure unless a customer is deemed a hardship customer under the Customer Hardship Policy
- 3.5.2 We will not engage in legal action or commence proceedings for the recovery of a debt relating to a retail service for a hardship customer in accordance with the Hardship Policy

3.6 Entry to property & Restrictions to Service

- 3.6.1 Council will appoint an authorised officer for the purposes of entry at your supply address the purposes of connecting, disconnecting, restricting, inspecting, repairing or testing your water service.
- 3.6.2 We will provide you with at least 24 hours if we need to enter your supply address for the purposes of entry at your supply address the purposes of connecting, disconnecting, restricting, inspecting, repairing or testing your water service.

- 3.6.3 We will only restrict the flow of water to your property if;
- you have not paid your bill or bills by the due date and you have not contacted us to arrange an alternative payment arrangement
 - you do not adhere to our previously agreed payment arrangement and you have not contacted us to discuss any further payment options
 - you do not adhere to the terms of our agreement under our Hardship Policy
 - you refuse our employees or contractors entry to your property, including but not limited to, where you deny our meter readers access to your property for three consecutive billing cycles and you do not contact us to arrange reasonable alternative access arrangements
 - you are using water services illegally
- 3.6.4 Before restricting your water supply, we will:
- use our best endeavours to contact you in person, by telephone, by mail and/or email
 - provide you with information about our flexible payment arrangements, Government-funded concessions and assessed your eligibility for participation in our Hardship Program
 - issue you with a reminder notice
 - issue you a restriction notice informing you that we intend to restrict your supply in 5 business days if you do not contact us
- 3.6.5 Subject to any applicable regulatory requirements that prohibit disconnection, we will only disconnect your water service if:
- you request the disconnection
 - there is a public health, environment or safety risk to our services from your connection point
 - you are found to be using the services illegally or have refused entry to person authorised to read your meter or undertake maintenance or repairs in accordance with relevant regulatory instruments
 - Where you request a disconnection (and it is not prohibited), we will use our best endeavours to issue you with a final account in accordance with your request. We will inform you if you are still required to pay our “service availability charge” when you request the disconnection.

3.7 Reinstatement of Services

- 3.7.1 We will use our best endeavours to reinstate your supply within a time agreed with you subject to the reasons for disconnection or restriction being rectified and you paying our reinstatement fee;
- 3.7.2 Waive the reinstatement fee if you are eligible for and agree to participate in our Hardship Program

3.8 Termination of contract

3.8.1 We will confer on you the right to terminate your contract with us for the supply of water services; and

3.8.2 Inform you of any relevant fees or charges payable as a result of your termination.

3.9 Confidentiality

3.9.1 Any information disclosed by a customer is confidential and will not be used for any purpose other than the assessment of an application for assistance.

3.10 Complaints and dispute Handling

3.10.1 Details of our customer complaints and dispute resolution process are available at our website: www.whyalla.sa.gov.au. We will also make a copy of this process available to customers, upon request, and at no charge to the customer.

3.10.2 A customer has a right to have any complaint heard and addressed by us, and the right to escalate their complaint to the Energy and Water Ombudsman SA, in the event that their complaint cannot be resolved.

4. Policy Statement

4.1 It is Councils intention to manage and maintain the existing Recycled Water network without extension.

4.2 It is Council intention to manage and maintain the existing water line at Black Oak Cove without extension.

4.3 Council will accept applications for connection and disconnection in accordance with the above provisions.

4.4 Definitions

In this Policy Statement:

Black Oak Cove network means the installed water line depicted in attachment A

Consumer means a person supplied with retail services as a consumer or user of those services (as defined in the *Water Industry Act 2012*)

Customer means a person who owns land in relation to which a retail service is provided and includes:

- where the context requires, a person seeking the provision of a retail service, and
- in prescribed circumstances, a person supplied with retail services as a consumer or user of those services (without limiting the application of this definition to owners of land), and
- a person of a class declared by the regulations to be customers (as defined in the *Water Industry Act 2012*)

Our, us, we means The Corporation of the City of Whyalla

Policy means this Water Connection & Billing policy

Recycled Water network means Council existing city recycled water network as depicted in attachment B

Regulations means regulations under the *Water Industry Act 2012*

Residential customer means a customer or consumer who is supplied with retail services for use at residential premises (as defined in the *Water Industry Act 2012*)

Retail service means a service constituted by:

- the sale and supply of water to a person for use (and not for resale other than in prescribed circumstances (if any)) where the water is to be conveyed by a reticulated system, or
- the sale and supply of sewerage services for the removal of sewage

(even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations (as defined in the *Water Industry Act 2012*)

Sewage includes any form of waste that may be appropriately removed or dealt with through the use of a sewerage service (as defined in the *Water Industry Act 2012*)

Sewerage service means:

- a service constituted by the collection, storage, treatment or conveyance of sewage through the use of a reticulated system, or
 - any other service, or any service of a class, brought within the ambit of this definition by the regulations
- (as defined in the *Water Industry Act 2012*)

Water includes rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include sewage (as defined in the *Water Industry Act 2012*)

Water service means:

- a service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water, or
 - any other service, or any service of a class, brought within the ambit of this definition by the regulations.
- (as defined in the *Water Industry Act 2012*).

5. Further Information

This policy is available for inspection at the Council office or on Council's website. Persons may also obtain a copy of this policy with no fee applicable.

6.1.5 Quarterly Report – Procurement

Audit Committee Meeting: 8 February 2022
Author's Title: Procurement Co-ordinator
Director: Corporate

File No.: 0-159

Annexures – Nil

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

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Yes

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No

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Yes

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No

Reason – not applicable

PURPOSE

The purpose of this report is to provide information regarding Council's procurement activities during the period 13 September to 31 December 2021.

SUMMARY

Clause 7 of the Procurement Policy requires quarterly reporting on procurement exemptions to the Audit Committee.

This report also provides a snapshot of the following procurements which have been undertaken by Council during the quarter:

- Tenders undertaken;
- use of local vs non-local goods, works and services; and
- comparison of purchase orders and local vs non-local spend to same quarter of the previous year

All figures included in this report are GST exclusive, in line with the budget.

RECOMMENDATION

The Audit Committee receive and note the Procurement Quarterly report.

6.1.5 Quarterly Report – Procurement Department

REPORT

BACKGROUND

In adopting better governance practices, this report is prepared to ensure Audit Committee and Elected Members are informed about procurement outcomes achieved by the Council.

In addition to this, Council's Procurement Policy requires the following to be reported quarterly to the Audit Committee and Council:

- Clause 7 requires exemptions from the policy to be appropriately approved and are to be recorded and reported to the Audit Committee quarterly.

DISCUSSION

1. TENDERS (greater than \$200,000):

The following tenders were undertaken or in progress for the period 13 September to 31 December 2021:

PROCUREMENT	TENDERS REQUESTED	TENDERS RECEIVED	STATUS
Airport Airside Upgrade Works	Via Tenders SA website	6	Contract negotiations under way with preferred tenderer.

2. POLICY EXEMPTIONS:

From 13 September to 31 December 2021 the following 5 procurement exemptions were made:

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)
Specialist Recruitment Services for 3 Manager Roles	\$45,500.00	<p>In June 2021, Council engaged a recruitment firm to undertake recruitment services for a six month period including various roles at the manager level. The recruitment for two of those roles being:</p> <ul style="list-style-type: none"> • Manager Operations; and • Manager Assets & Projects <p>has been unsuccessful and accordingly the services of an alternative recruitment firm is being sought to recruit to these two positions and also for the Manager Airport position. The new firm are a specialist local government recruitment consultancy with 'reach' across Australia for prospective candidates. It is believed that recruitment to the three identified positions utilising their services will deliver a better outcome than has previously been achieved. Note also that this firm tendered for the original consultancy and while considered the highest ranking firm in terms of approach, experience and skills, at the time their price tendered was considerably greater than that successful tender.</p>
Foreshore Café Upgrade Works	\$37,142.71	<p>Due to the inability to secure contractors by the Lessee & the urgency to provide an airconditioned seating and café area, the Lessee and Council have developed an interim strategy to ensure access and operation by Summer 2021. The original purchase order PO 126305 dated 26/10/2021 including GST was for \$32,054.00 and the identification of additional works takes the total of work to above the \$30,000 ex GST threshold and accordingly an exemption from the procurement policy is requested.</p>
Foreshore Sand Replenishment	\$39,000.00	<p>Contractors completing these works must have a licence to dredge issued by the EPA. Contractor is the only local company that has the licence.</p>
Supply of Artists & Production for UneARTh Festival 2022	\$32,563.64	<p>Specialist service provided by an artist through a direct request of the UneARTh Committee, supplying artists and all production for 2 days of shows for the final weekend of UneARTh 2022. This order will cover all expenses associated with technical services, artist fees for fringe artists, producer fees, two workshops for schools, travel and accommodation for staff. Not included are artist fees for local artist inclusion in the program (up to six spots available which are to be negotiated directly with local providers.</p>
Upgrade WAN link to VIC & Tank Hill webcams maintenance	\$43,400.00	<p>Upgrade to failed link to Visitor Information Centre, replace link to Maritime Museum at same time, upgrade existing webcams at Tank Hill that can't be used as they are a security risk. Work by contractor that installed all other Wireless WAN equipment that monitors the Network.</p>

Note that only the Chief Executive Officer can authorise exemptions from undertaking procurement processes as specified in Council's Procurement Policy.

The following is a summary of Policy exemptions for the 2021/2022 year:

Exemptions by Department	Amount	Percentage
City Growth	1	7.69%
Corporate	9	69.23%
Infrastructure	3	23.08%
Executive	0	0.00%
Total	13	100.00%

Exemptions by Procurement Thresholds (\$)	Amount	Percentage
0 – 5,000	0	0.00%
5,001 – 30,000	2	15.38%
30,001 – 200,000	11	84.62%
200,001 +	0	0.00%
Total	13	100.00%

3. LOCAL PURCHASES:

As a contributor to Whyalla's economy, Council is committed to purchasing from local suppliers where possible, as well as ensuring value for money procurement outcomes.

Out of a total of 923 purchase orders raised for goods, works or services for the quarter

- 566 were local; and
- 357 were non-local

There was an overall spend of \$5,684,381.71 broken down as follows:

- Local spend \$3,037,969.42; and
- Non-local spend \$2,646,412.29

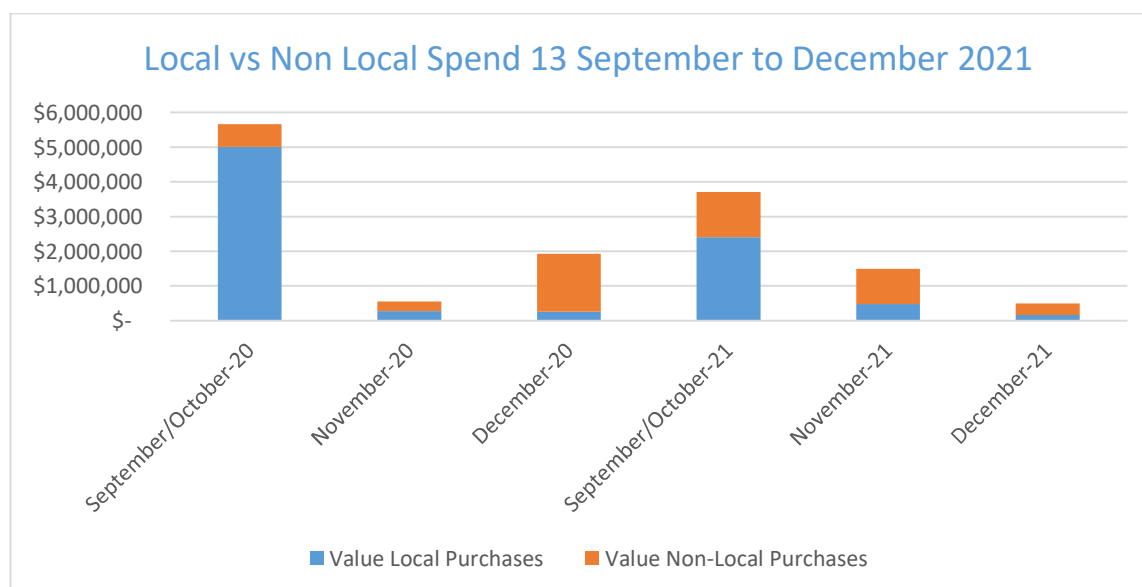
A total of 61.32% were local purchases and 38.68% were non-local purchases for goods, works or services. Non-local purchases for this period were reviewed and were for the following reasons:

- Specialised products or services not available locally
- Training not available locally
- Conferences/Meetings/Accommodation
- Membership renewals
- Tendered works/services
- UneARTh Festival preparations/entertainment
- Advertising not available locally
- Annual contributions

The following tables represent local vs non-local purchase order number and value comparison for 13 September to 31 December 2021 and includes a comparison with the previous year.

2021	13 Sept/Oct	November	December	Total
Local Purchases	275	166	125	566
Non-Local Purchases	164	107	86	357
Value Local Purchases	\$2,408,121	\$468,686	\$161,162	\$3,037,969
Value Non-Local Purchases	\$1,302,118	\$1,014,818	\$329,477	\$2,646,412

2020	13 Sept/Oct	November	December	Total
Local Purchases	271	189	159	619
Non-Local Purchases	177	104	92	373
Value Local Purchases	\$5,005,932	\$268,377	\$254,531	\$5,528,839
Value Non-Local Purchases	\$655,450	\$276,104	\$1,674,265	\$2,605,819



Non-local spend for October and November 2021 was higher than usual due to the following tendered works:

- Continuation of Ongoing Contracts:
 - Cleaning (Council Buildings)
 - General Putrescible Waste, Recycling & Organics
- External Financial Audit Services
- Purchase and Installation of Pods
- Plant Purchases
- Recruitment Services
- Bennett and Memorial Oval maintenance
- CEO Performance Reviews
- Management of Whyalla Airport
- Purchase of Land Lot 3 Kelleher Street

Legislation

Local Government Act (SA) 1999

Officer Direct or Indirect Interest – Nil

Risk Assessment

Non-compliance with the Procurement Policy and Local Government Act (SA) 1999 may expose Council to reputation and financial risks.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

61.32% of purchase orders raised during the period 13 September to 31 December 2021 were for goods and services from local suppliers.

6.1.6 Audit Committee Work Plan and Meeting Schedule

Audit Committee Meeting: 8 February 2022
Author's Title: Manager Finance
Directorate: Corporate

File No.: 0-159

Annexures:

Nil

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

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Yes

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No

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

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Yes

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No

Reason – Nil

PURPOSE

To review the Audit Committee's Work Plan to ensure it reflects the activity areas determined by the Audit Committee's Terms of Reference.

SUMMARY

Setting an annual work program helps to ensure the Audit Committee addresses the scope of activities identified in the Local Government Act 1999 and the Committee's Terms of Reference. It ensures the workload of the Committee is planned, managed and resourced.

RECOMMENDATION

The Audit Committee:

1. receive and note the Work Plan for 2022 as presented under Business Arising; and
2. meeting schedule for the remainder of 2022 be set as, Monday 4 April 2022, Monday 9 May 2022, Monday 18 July 2022 and Tuesday 4 October 2022.

6.1.6 Audit Committee Work Plan

REPORT

BACKGROUND

This report details the proposed Audit Committee Work Plan for 2022, as well as the proposed meeting schedule for the remainder of the 2022.

DISCUSSION

A summary of the actions and responsibilities of the Audit Committee is provided as a centralised document to assist the Committee in their monitoring of activities within their responsibility. This was included under item 4.2 *Business Arising as the Work Program*.

In accordance with the *Local Government Act (SA) 1999*, Section 126, the functions of an Audit Committee include:

- reviewing annual financial statements to ensure that they fairly present the state of affairs of a Council;
- proposing, and contributing relevant information to, a review of a Council's Strategic Management Plan or Annual Business Plan;
- proposing and reviewing the exercise of powers in relation to "other investigations" as specified under Section 130A of the Act (e.g. the conduct of efficiency and economy audits);
- liaising with the Council's auditors; and
- reviewing the adequacy of the Council's accounting, internal control, reporting and other financial management systems and practices on a regular basis.

These functions have been updated as part of the *Statutes Amendment (Local Government Review) Act 2021*, however this change is not expected to commence until after the Local Government Elections later this year.

Items on the Work Plan highlighted in yellow represent the activities for presentation or discussion at this meeting, while those highlighted in green have already been completed or are not relevant for this year.

The Work Plan presented is based on the one used for 2021, however can be updated at any time if the Audit Committee believe that any additional items need to be considered.

In addition, a draft meeting schedule for the remainder of 2022 has been presented, with the proposed dates being:

- Monday 4 April 2022 (additional meeting)
- Monday 9 May 2022
- Monday 18 July 2022
- Tuesday 4 October 2022

In line with changes made last year to the Annual Business Plan and Budget (ABP&B) process, an additional meeting is proposed to consider and recommend the draft version to Council for adoption. Last year this was a Special Meeting as it was proposed after the meeting schedule had been decided, but this year just forms an additional meeting on the schedule.

In theory, the April meeting could take the place of the May meeting, instead of being in addition to it. However, as the Third Quarter Budget Review is as at 30 April, this change would mean it would not be presented to the Audit Committee before going to Council. Having an additional meeting just to consider the ABP&B process also allows sufficient time for this important item. It is proposed to hold the May meeting a week later than previously, so the gap between meetings is not as short.

Under the changes contained within the *Statutes Amendment (Local Government Review) Act 2021*, an Audit Committee will be required to hold a meeting every quarter. The previous meeting schedule did not quite meet this requirement, as no meeting was held in the October to December quarter. While the new requirements are not likely to be enacted until next year, it is proposed to move the final meeting one week later, to align the schedule for future years. This change still fits in with the timeline for signing of on the Financial Statements.

Financial Implications

There are minor financial implications from holding an additional meeting, relating to the sitting fee paid to independent members. This is considered to be immaterial.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Regularly inform the community of Council activities, decisions and actions
Promote positive stories, positive image

Legislation

Local Government Act (SA) 1999, Section 126(4) specifies the functions of an Audit Committee.

Officer Direct or Indirect Interest – Nil

Risk Assessment

Failure to adhere to the *Local Government Act (SA) 1999* may result in financial or reputational risk.

Social Considerations – Not applicable

Community Engagement – Not applicable

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

Council are required to keep the Audit Committee informed of appropriate information within their responsibilities and ensuring that the Work Program is continually reviewed.

6.1.7 January Commencements for Local Government Reform

Audit Committee Meeting: 8 February 2022
Author's Title: Manager Finance
Director: Corporate

File No.: 0-159

Annexures

Nil

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

☐

Yes

☒

No

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

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Yes

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No

Reason – not applicable

PURPOSE

To inform the Audit Committee of the commencement in January 2022 of a tranche of amendments to the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*, arising from the *Statutes Amendment (Local Government Review) Act 2021*.

SUMMARY

The changes commencing in January 2022 are mainly financial in nature and are not considered to pose any significant risk or increased workload to Council.

RECOMMENDATION

The Audit Committee notes the report on implementation of Local Government Reform.

6.1.7 Review of Finance Policies

REPORT

BACKGROUND

The *Statutes Amendment (Local Government Review) Act 2021* (Review Act) passed into law in April 2021 and was proclaimed on 16 September. The Review Act makes changes to both the Local Government Act and the Local Government (Elections) Act, as well as a number of related regulations, and the changes are commencing at staggered times over the next 12 – 18 months.

Reports have been presented to Council on the changes that commenced in September and November 2021.

DISCUSSION

The changes commencing in January 2022 were primarily related to Local Government finances and so are presented to the Audit Committee for their information.

Section 122 – Strategic Management Plans

- The Long Term Financial Plan (LTFP) is now required to be reviewed at least annually.
- The LTFP must clearly identify the key assumptions included in its development.

Council already undertakes a yearly review, so no change is required to this progress. A table listing all key assumptions (CPI, LGPI, Wage Increases and Interest Rates) will need to be added to the LTFP document. This will be included in the Appendix and be part of the updated figures published during the annual review.

Section 123 – Annual Business Plans and Budgets

- A statement must be included in the adopted Annual Business Plan outlining how it differs from the consultation version.
- The maximum borrowing level will now be set by the adopted budget.
- The Annual Business Plan and Budget must be adopted by 15 August (previously 31 August).
- Rates information must be presented in a uniform manner, outlining the average increase for each differential rating type and only using the word growth to refer to additional rateable assessments.

Council's process in relation to the Annual Business Plan will only need to be adjusted slightly to accommodate these changes. In relation to the cap on Council borrowings, it is believed that the Local Government Finance Authority will request that an additional recommendation be added to the budget adoption that specifies the maximum borrowing level as outlined in the business plan.

Section 125 – Internal Control Policies

- Policies and procedures for internal control must be in accordance with the *Better Practice Model – Internal Financial Controls*.

Council has already aligned its policy and procedure with this document, so no change is required.

Section 128 – The Auditor

- The External Audit firm must now be changed every 5 years, it is no longer possible to simply change audit partner.

This will need to be taken into account during the request for quote process when the term of the current auditor expires.

Section 131 – Annual Report

The following additional information must be reported in the Annual Report from 2021-22:

- Total legal costs.
- The details and cost of any interstate and overseas travel by employees or members funded by Council.
- The details and costs of any gifts over \$50 provided to employees or members funded by Council.
- The total amount of expenditure incurred on Council credit cards.

Council already has systems in place to report on these additional requirements. The original proposed list was much more onerous, so this is considered to be a win for the industry.

Section 153 and 181 – Declaration and Payment of Rates

- Brings the declaration and timing of rates payments in line with the requirement to adopt the budget by 15 August (previously 31 August).

No changes required.

Section 262F – Behavioural Standards Panel

- Outlined that the membership of the panel will be constituted in a similar manner to the Grants Commission.

No action required from Council.

Transitional Provisions

- Council's Public Consultation Policy will continue to have effect until such time as the sections relating to the Community Engagement Charter commence.
- Clarification of the information to be provided to ESCOSA until such time as the new requirements for a Funding Plan are fully implemented.
- Any changes to the membership of an Audit and Risk Committee will only take effect after the current term of office.
- Current contracts with an external auditor can be completed, even where the firm has been used for greater than 5 years.

These are administrative in nature and provide common sense solutions to implementing changes.

Financial Implications

The only item from the January commencements that is likely to have financial implications is the appointment of the Behavioural Standards Panel. It is expected that these costs will be apportioned through the LGA, but the cost to Council is not currently known.

Legislation

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Statutes Amendment (Local Government Review) Act 2021.

Officer Direct or Indirect Interest – Nil

Risk Assessment

None of the items listed is considered to pose any material risk to Council.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

The changes commencing in January 2022 are mainly financial in nature and are not considered to pose any significant risk or increased workload to Council.

A further 5 commencements will occur between now and November 2023. Further information on these is currently being developed by the LGA. Any information relevant to the Audit Committee will be presented at a future meeting.