



Adelaide Hills
COUNCIL

AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Paula Davies

Members

Geoff Purdie
Peter Brass
Cr Malcolm Herrmann
Cr John Kemp

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the Audit Committee will be held on:

Monday 5 November 2018
6.00pm
63 Mt Barker Road, Stirling

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend. Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

Andrew Aitken
Chief Executive Officer



Adelaide Hills
COUNCIL

AUDIT COMMITTEE

AGENDA FOR MEETING
Monday 5 November 2018
6.00pm
63 Mt Barker Road, Stirling

ORDER OF BUSINESS

Council Vision

Nurturing our unique place and people

Council Mission

Delivering activities and services which build a resilient community, sustain our built and natural environment and promote a vibrant economy

1. COMMENCEMENT

2. APOLOGIES/LEAVE OF ABSENCE

- 2.1. Apology
- 2.2. Leave of Absence
- 2.3. Absent

3. MINUTES OF PREVIOUS MEETINGS

- 3.1. Audit Committee Minutes – 8 October 2018

Recommendation

That the minutes of the Audit Committee meeting held on 8 October 2018, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

4. DELEGATION OF AUTHORITY

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

5. DECLARATION OF INTEREST BY MEMBERS OF THE COMMITTEE

6. OFFICER REPORTS

6.1. Action Report, 2017 Work Plan Update and Adoption of 2019 Work Plan

1. *That the report be received and noted*
2. *That the status of the Action Report and Work Plan be noted*
3. *That the 2019 Work Plan be adopted*

6.2. 2017-18 End of Year Financial Report

1. *That the report be received and noted*
2. *To note the Audited 2017-18 Financial Results compared to Budget contained within this report*

6.3. Draft 2017-18 Annual Report

1. *Report be received and noted.*
2. *Draft 2017-18 Annual Report, as contained in Appendix 1, be endorsed – recognising the need for inclusion of the General Purpose Financial Statements and Council's Regional Subsidiaries Annual Reports.*

6.4. Audit Completion Report

The Audit Committee resolves that the 2017-18 final Audit Completion Report received from Galpins be noted.

6.5. Chairperson's Report

The Audit Committee resolves that the report be received and noted.

6.6. Budget Review 1

1. *Resolves that the report be received and noted.*
2. *Notes that:*
 - a. *the Operating Budget variations presented in Budget Review 1 do not impact on the Budgeted Operating Surplus of \$302k for the 2018-19 financial year.*
 - b. *the proposed Capital Works amendment of \$15k will increase the total Capital Works Program to \$17.717m.*
 - c. *There will be an increased Net Borrowing result of \$4.348m, up from \$4.333m as a result of the proposed Capital Program amendment*

6.7. Risk Management Plan Update

The Audit Committee resolves that the report be received and noted.

6.8. Audit Actions Implementation Quarterly Update

1. *To receive and note the report.*
2. *To note the implementation status of Internal and External Audit actions.*

6.9. Debtors Report

The Audit Committee resolves that the report be received and noted.

6.10. 2019 Audit Committee Meeting Dates

1. *That the report be received and noted.*
2. *To approve the Audit Committee meeting schedule, timings and locations for 2019 as follows:*

Commencement	6.00pm
Meeting Dates and Locations	11 February 2019, 63 Mt Barker Road, Stirling
	15 April 2019, 63 Mt Barker Road, Stirling
	12 August 2019, 63 Mt Barker Road, Stirling
	14 October 2019, 63 Mt Barker Road, Stirling
	11 November 2019, 63 Mt Barker Road, Stirling

6.11. Audit Committee self-assessment review

The Audit Committee resolves that the report be received and noted.

7. CONFIDENTIAL ITEMS

Nil

8. NEXT MEETING

The next Audit Committee meeting will be held on a date to be determined by the Audit Committee.

9. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

In Attendance

Presiding Member: Paula Davies

Members:

Peter Brass	Independent Member
Councillor John Kemp	Council Member
Councillor Malcolm Herrmann	Council Member

In Attendance:

Peter Bice	Acting Chief Executive Officer
Terry Crackett	Director Corporate Services
Mike Carey	Manager Financial Services
Lachlan Miller	Executive Manager Governance & Performance Minute Taker

1. COMMENCEMENT

The meeting commenced at 6.06pm

2. APOLOGIES/LEAVE OF ABSENCE

2.1. Apology

Geoff Purdie

2.2. Leave of Absence

Nil

2.3. Absent

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit Committee Meeting – 13 August 2018

Moved Peter Brass
S/- Cr Malcolm Herrmann

AC18/18

That the minutes of the Audit Committee meeting held on 13 August 2018 as distributed, be confirmed as an accurate record of the proceedings of that meeting.

Carried

4. Delegation of Authority

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Item 6.1 are to be submitted to Council for adoption.

5. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE

Nil

6. OFFICER REPORTS – DECISION ITEMS

6.1. 2017-18 Draft General Purpose Financial Statements

Moved Peter Brass
S/- Cr John Kemp

AC19/40

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. To recommend that Council endorse the early adoption of Australian Accounting Standards AASB15 and AASB1058 for the 2017-18 financial year and pursuant to AASB1058 elect not to recognise Volunteer Services in its financial statements for the 2017-18 financial year.**

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

3. That in accordance with Section 126(4)(a) of the *Local Government (Financial Management) Regulations 1999*, the Audit Committee advises Council that it has reviewed:
 - a. the General Purpose Financial Statements of the Council for the financial year ended 30 June 2018 as contained in Appendix 1, and
 - b. the draft External Auditor Galpins' Audit Clearance Letter, and is satisfied that they present fairly the state of affairs of the Council.

4. Considers that the Adelaide Hills Council 2017-18 General Purpose Financial Statements, contained in Appendix 1, can be certified by the Chief Executive Officer and the Mayor.

5. That it notes the confirmation of Galpins Independence Declaration Statement as tabled and considers that the Auditor Independence Statement contained in Appendix 2 can be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee in accordance with the requirements of Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*.

Carried

6.2. Action Report & Work Plan Update

Moved Peter Brass
S/- Cr Malcolm Herrmann

AC20/18

That the Audit Committee resolves that the report be received and noted.

Carried

7. Next Meeting

The next ordinary meeting of the Audit Committee will be held at 6.00pm on Monday 5 November 2018, at 63 Mount Barker Road, Stirling.

8. Close Meeting

The meeting closed at 7.32pm.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

Galpins

Accountants, Auditors
& Business Consultants

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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Bill Spragg
Mayor
Adelaide Hills Council
PO Box 44
Woodside SA 5244

His Worship the Mayor of Adelaide Hills Council, Mr Bill Spragg

Re: Adelaide Hills Council – Financial Statements Audit – 2017/18

We have recently completed our audit of the internal controls of the Adelaide Hills Council and we intend to issue an unmodified report for the internal controls opinion.

The audit of the financial report is in the process of being completed. At the date of this letter we are not aware of any matter that would require qualification in our audit report on the financial report. We received a draft financial report on 4 October 2018 and have still to complete the following audit procedures:

- completing our audit procedures in relation to Infrastructure, Property, Plant & Equipment; and
- completing our review of the draft financial report.

Australian Auditing Standards require us to advise all the Immaterial Uncorrected Misstatements found during the audit. There were no Immaterial Uncorrected Misstatements found.

I confirm also my intention to sign the Statement by Auditor regarding my independence, and confirm that for the audit of the year ended 30 June 2018 I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully,

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

8 October 2018

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

DRAFT INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the Members of the Adelaide Hills Council

Independent Assurance report on the Internal Controls of the Adelaide Hills Council

Opinion

We have audited the compliance of the Adelaide Hills Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 have been conducted properly and in accordance with law.

In our opinion, the Adelaide Hills Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2017 to 30 June 2018.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's Responsibility for Internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in Accordance with Section 129 of the Local Government Act 1999 in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

DRAFT INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of the Adelaide Hills Council

Opinion

We have audited the accompanying financial report of the Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Adelaide Hills Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 08 October 2018
63 MT BARKER ROAD STIRLING**

DRAFT STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Adelaide Hills Council for year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professionals and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011

Tim Muhlhausler
Galpins

Dated this day of 2018.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday, 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.1

Originating Officer: Steven Watson, Governance and Risk Coordinator

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Action Report, 2018 Work Plan Update and Adoption of 2019 Work Plan

For: Decision

SUMMARY

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings.

The Audit Committee Work Plan assists the Committee members and staff in scheduling both discussion and reports to ensure appropriate coverage of the Committee functions over the 12 month period.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted**
 - 2. That the status of the Action Report and Work Plan be noted**
 - 3. That the 2019 Work Plan be adopted**
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal	Organisational Sustainability
Strategy	Governance

Monitoring Audit Committee decisions and actions and the Committee's Work Plan assist in meeting legislative and good governance responsibilities and obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee’s action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The management of action items and the work plan will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Council’s current budget contains provision for the costs associated with the notification and conduct of audit Committee meetings

➤ **Customer Service and Community/Cultural Implications**

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Council Committees: Not Applicable

Advisory Groups: Not Applicable

Administration: Director Corporate Services
Executive Manager Governance and Performance
Manager Financial Services

Community: Not Applicable

2. BACKGROUND

Action Report

The Action List tracks the implementation of resolutions of the Audit Committee.

Work Plan

The functions of the Audit Committee are set out in part 7 (Role) of the Committee Terms of Reference.

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12 month period. The Audit Committee adopted a Work Plan for 2018 at its 06 November 2017 meeting.

3. ANALYSIS

Action Report

There is one (1) outstanding item on the Audit Committee Action Report (**Appendix 1**), which will remain for some time due to being resolved in confidence.

Work Plan

As per the 2018 Audit Committee Work Plan (**Appendix 2**), the following items are scheduled for the November (this) meeting:

Item	Commentary
Budget Review 1	See Agenda Item 6.6
Budget Review 4 (s10)	See Agenda Item 6.2, titled 'End of Year Financial Report'
Draft Annual Report	See Agenda Item 6.3
Internal Financial Controls Update	Following the introduction of the requirement for Auditing of Council's Internal Financial Controls, a 6 monthly review was established to ensure appropriate rigour to remove the risk of Audit Qualification. From our most recent review it is evident that the additional compliance cost associated with a 6 monthly review is no longer required and as such this will next be reported on at the May meeting in 2019.
Risk Management Plan Update	See Agenda Item 6.7
Internal Audit Quarterly Update	See Agenda Item 6.8
Balance date audit management letter (Completion Report)	See Agenda Item 6.4, titled 'Audit Completion Report'
Audit Committee self-assessment review	See Agenda Item 6.11
Chairperson's report	See Agenda Item 6.5
Work Plan and Reporting Schedule	See Agenda Item 6.1
Audit Committee Meeting Dates	See Agenda Item 6.10
Debtors Report	See Agenda Item 6.9

2019 Work Plan

A proposed 2019 Audit Committee Work Plan is attached (**Appendix 3**) for the Audit Committee's consideration and adoption.

4. OPTIONS

The Committee has the following options:

- I. To note the status of the Action Report and Work Plan as presented and adopted
- II. To alter or substitute elements of the Action Report and/or Work Plan/s.

In relation to the proposed 2019 Work Plan:

- I. To adopt the proposed 2019 Work Plan as presented.
- II. To alter or substitute elements of the proposed Work Plan.

5. APPENDICES

- (1) Audit Committee Action Report
- (2) 2018 Audit Committee Work Plan
- (3) Proposed 2019 Audit Committee Work Plan

Appendix 1

Audit Committee Action Report

Meeting Date	Meeting	Res No.	Item Name	Action Required (Council Resolution)	Responsible Officer	Status	Date of Update	Comments
20/02/2018	Audit Committee	AC18/4(4)	Appointment of External Auditor - Release of Confidentiality Order	That the report and related attachments of the Committee and the discussion and considerations of the subject matter be retained in confidence until the completion of the contract	Lachlan Miller	In Progress	13/09/2018	Given the commercial in confidence information, the release of the confidentiality order is unlikely to occur for 3-5 years depending on whether the option under the contract is exercised. Nevertheless the cost of Statutory Audit services is reported in the Annual Report.

Appendix 2

2018 Audit Committee Work Plan

ADELAIDE HILLS COUNCIL AUDIT COMMITTEE 2018 Work Plan and Reporting Schedule

Terms of Reference		
Financial Reporting	Long term financial plan forecast economic indicators	Annual
	Draft Annual Business Plan	Annual
	Budget Review 1	Annual
	Budget Review 2	Annual
	Budget Review 3	Annual
	Budget Review 4 (s10)	Annual
	End of financial year reporting timetable	Annual
	End of financial year update	Annual
	Final Annual Financial Statements (incl management representation letter)	Annual
	Draft Annual Report	Annual
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting)	Annual
	Internal Financial Controls update	Bi-annual
	Risk Management Plan update	Quarterly
	Results of LGA Risk Management Review	Annual
	Implementation of LGA Risk Management Review Action Plan	Bi-annual
Internal Audit	Internal Audit quarterly update	Quarterly
	Internal audit reports	As required
	Implementation of internal audit actions progress report	Bi-annual
	Internal Audit Plan review	Annual
External Audit	External audit interim letter	Biannual
	Implementation of external audit actions progress report	Bi-annual
	External Audit Plan review	Annual
	Meeting attendance by external auditors	Annual
	Review of auditor independence and legislative compliance	Annual
	Balance date audit management letter (Completion Report)	Annual
Whistleblowing	Whistleblowers Policy review	Triennial
Other Business	Audit Committee self assessment review	Annual
	Whistleblowers protection procedure review	Biennial
	Chairperson's report	Annual
	Work Plan and Reporting Schedule	Annual
	Audit Committee Meeting Dates	Annual
	Service Improvement Benefits Realisation Report	Bi-annual
	Debtors Report	Quarterly
	Terms of Reference	Annual

2018				
Feb	May	Aug	Oct	Nov
2017				

	verbal	letter		
			in camera	
			draft	final

next review 2019				
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	N/A			

Appendix 3

Proposed 2019 Audit Committee Work Plan

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
DRAFT - 2019 Work Plan and Reporting Schedule**

Terms of Reference		
Financial Reporting	Long Term Financial Plan (LTFP)	Annual
	Annual Business Plan	Annual
	Budget Review 1	Annual
	Budget Review 2	Annual
	Budget Review 3	Annual
	End of Year Financial Report	Annual
	End of financial year reporting timetable	Annual
	End of financial year update	Annual
	Final Annual Financial Statements (incl management representation letter)	Annual
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting)	Annual
	Internal Financial Controls update	Annual
	Risk Management Plan update	Quarterly
	Results of LGA Risk Management Review	Annual
	Implementation of LGA Risk Management Review Action Plan	Bi-annual
Internal Audit	Internal Audit quarterly update	Quarterly
	Internal audit reports	As required
	Implementation of internal audit actions progress report	Bi-annual
	Internal Audit Plan review	Annual
External Audit	External audit interim letter	Biannual
	Implementation of external audit actions progress report	Bi-annual
	External Audit Plan review	Annual
	Meeting attendance by external auditors	Annual
	Review of auditor independence and legislative compliance	Annual
	Audit Committee Completion Report	Annual
Whistleblowing	Whistleblowers Policy review	Triennial
Other Business	Audit Committee self assessment review	Annual
	Chairperson's report	Annual
	Work Plan and Reporting Schedule	Annual
	Audit Committee Meeting Dates	Annual
	Debtors Report	Quarterly
	Annual Report	Annual
	Audit Committee's Terms of Reference	Annual
	Other Reports	As required

Version Control:	V0.1 - approved by Audit Committee - TBA
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2019				
Feb	May	Aug	Oct	Nov

	verbal	letter		
			in camera	
			draft	final

next review 2019				
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as required	as required	as required	as required	as required

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.2

Originating Officer: Mike Carey, Manager Financial Services

Responsible Director: Terry Crackett, Director Corporate Services

Subject: 2017-18 End of Year Financial Report

For: Information

SUMMARY

Council is required, pursuant to Regulation 10 of the *Local Government (Financial Management) Regulations 2011* to consider a report showing the audited financial results of the Council for the Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

This report meets those legislative requirements in relation to Council's financial performance to budget for the year ended 30 June 2018.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To note the Audited 2017-18 Financial Results compared to Budget contained within this report
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 5	Organisational Sustainability
Strategy	Financial Sustainability

➤ **Legal Implications**

Sections 124-130 & 140 of the *Local Government Act 1999*

Regulation 10 of the *Local Government (Financial Management) Regulations 2011*

➤ **Risk Management Implications**

Monitoring and reporting on Council’s financial results will assist in mitigating the risk of:

Inaccurate budgets, unforecasted deficits and inadequate resourcing for current and future activities.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

Monitoring and reporting on Council’s financial ensures that financial resources are deployed in areas that align with Council’s Strategic Management Plans, are affordable and support Council’s Long Term Financial Plan.

➤ **Financial and Resource Implications**

The 2017-18 financial result means that Council is well positioned to continue to be financially sustainable into the future. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Not applicable.

2. BACKGROUND

This report provides details of Council’s financial performance to budget for the year ended 30 June 2018.

Council is required, pursuant to Regulation 10 of the *Local Government (Financial Management) Regulations 2011* to consider a report showing the audited financial results of the Council for the Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

The Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators and associated commentary for 2017-18, are shown as **Attachment 1** to this Report. As the Statement of Comprehensive Income largely focuses on Council’s Operating Income and Expenditure, discussion on these items is included in **Attachments 2 & 3** of the report.

In addition, in accordance with Council’s Treasury Policy and Section 140 of the *Local Government Act 1999*, a council must review the performance of its investments at least annually. Given the timing of this report covering financial performance, it is considered that it is appropriate to also consider annual investment performance at this time.

3. ANALYSIS

Summary of Financial Performance

\$000’s	Actual 30 June 2018	Budget 30 June 2018	YTD Variance Fav/(Unfav)
Operating income	44,533	44,404	129
Operating expenditure	44,025	42,418	(1,607)
Operating Surplus before Capital	508	1,986	(1,478)
Capital Income	1,426	2,831	(1,405)
Capital Expenditure	14,744	16,874	2,130
Net expenditure - Capital projects	(13,318)	(14,043)	725
Depreciation	8,246	8,027	219
Net Lending / (Borrowing) for Financial Year	(4,564)	(4,030)	(534)

In terms of Council’s operating result, Council’s Operating Surplus before Capital is \$508k which is \$1.478m unfavourable to budget. From a budget comparison perspective, the variance largely consists of the following:

- Additional provisioning of remediation and post closure costs of \$1.2m relating to closed landfills within the Council area.
- Depreciation was \$220k higher than budget with the most significant increase of \$243k occurring in buildings as a result of a revaluation of that class at the beginning of the 2017-18 financial year.
- Council’s net result from Equity Accounted Council Businesses was a loss of \$216k which was unbudgeted. The loss largely relates to the Adelaide Hills Regional Waste Management Authority for the year as a result of legal costs in defending a claim in the Supreme Court.

Further discussion on these items is included in **Attachments 1-3** of the report.

Statement of Financial Position

\$000s	Actuals 30 June 2018	Budget 30 June 2018	Movement
Assets	376,320	327,982	48,338
Liabilities - Borrowings	(14,918)	(17,671)	2,753
Other Liabilities	(12,774)	(10,124)	(2,650)
Net Assets (Liabilities)	348,628	300,187	48,441

The Statement of Financial Position shows an overall net assets position favourable to budget by \$48.4m. This was largely as a result as the increase of \$55.5m in infrastructure assets due to the revaluation of certain asset classes which are not normally budgeted for.

Three assets classes were revalued in 2017-18 with a significant increase in building assets of \$25m (previously revalued using cost indices), Land of \$29m (last revalued in 2014), and a relatively minor increase in Community Wastewater Management System assets of less than \$1m.

Borrowings at \$14.9m including the short term drawdown facility are favourable to budget by \$2.8m. Borrowings at the end of the previous year were \$13.6m.

Although Council's Net Borrowings were favourable to budget, Council's Actual Net Financial Liabilities at 30 June 2018 were similar to budget due to the unbudgeted increase in provisioning of remediation and post closure costs and a reduction in working capital.

Cash Flow Position

\$000s	Actuals 30 June 2018	Budget 30 June 2018	Movement
Net Flows from Operating	11,710	10,013	1,697
Net Flows from Investing Activities	(13,363)	(13,999)	636
New Flows from Financing Activities	(122)	4,020	(4,142)
Net Change in Cash Position	(1,775)	34	(1,809)
Cash & Investments	491	1,000	(509)
CAD Drawdown	(4,900)	(3,600)	(1,300)
Net Change in Cash Position	(4,409)	(2,600)	(1,809)
Fixed Term Borrowings	(10,051)	(14,071)	4,020
Net Borrowings	(14,460)	(16,671)	2,211

Both Operational and Investing (Capital) cash flows were favourable to budget for the year resulting in a significantly better than anticipated cash position and no new borrowing required for the year. This resulted in a favourable net borrowing result to budget of \$2.2m.

Overall Capital Result

Council’s capital works variation to budget of \$725k comprises an unfavourable capital income variance of \$1.405m and a favourable capital expenditure variance of \$2.130m.

Discussion on the capital result by Asset Category was presented in the Preliminary End of Year Results and Carry Forward Report presented to Council and approved on 11 September 2018. In summary, the report highlighted Council’s capital spend of \$14.744m against a budget of \$16.874m, being a significant increase over previous years. In comparing to budget, it is noted that there was carry forward expenditure of \$2.091m across 43 projects and carry forward income of \$1.451m.

Annual Investment Performance

In accordance with Council’s Treasury Policy and Section 140 of the *Local Government Act 1999*, a council must review the performance of its investments at least annually.

Given that Council is utilising its short term drawdown facility throughout the period, Council’s investments are kept at a minimum during the year. As such the focus of Treasury Management has been on minimising interest expense and maintaining appropriate working capital rather than investment return.

As a result, interest earnings largely relate to:

- cash balances being transferred to an overnight investment account from Council’s general bank account with NAB, and
- where grants and other funds are placed directly with the Local Government Finance Authority (LGFA).

Both the NAB and LGFA investments are in accordance with Council’s Treasury Policy.

Year	RBA cash rate for June	LGFA Weighted Average Return	NAB Weighted Average Return	Overall Weighted Average Return	\$ Investment Earnings for year	2017-18 Budget
2014-15	2.00%	2.36%	2.85%	2.61%	\$38k	\$68k
2015-16	1.75%	1.88%	2.38%	2.00%	\$58k	\$56k
2016-17	1.50%	1.52%	2.02%	1.77%	\$36k	\$81k
2017-18	1.50%	1.50%	2.00%	1.75%	\$30k	\$34k

As shown in the above table, revenue from investments was slightly unfavourable to budget by \$4k for the 2017-18 financial year. The original budget for Investments for the 2017-18 was \$58k but this was adjusted down in Budget Review 3 to better reflect anticipated returns.

4. OPTIONS

Audit Committee is limited to receiving and noting this report.

5. APPENDICES

- (1) Audited 2017-18 Financial Results Compared to Budget
- (2) Operating Income
- (3) Operating Expenditure

Appendix 1

Audited 2017-18 Financial Results Compared to Budget

Adelaide Hills Council
Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Actuals 2018	Budget 2018	Variance	Note
Income				
Rates Revenues	35,512	35,528	(16)	
Statutory Charges	1,069	1,066	3	
User Charges	1,479	1,346	133	
Grants, Subsidies and Contributions	5,508	5,419	89	
Investment Income	30	34	(4)	
Reimbursements	447	520	(73)	
Other Income	488	492	(4)	
Net Gain - Equity Accounted Council Businesses	-	-	-	
Total Income	44,533	44,404	129	A
Expenses				
Employee Costs	14,956	15,572	616	
Materials, Contracts & Other Expenses	19,961	18,151	(1,810)	
Depreciation, Amortisation & Impairment	8,246	8,027	(219)	
Finance Costs	646	668	22	
Net loss - Equity Accounted Council Businesses	216	-	(216)	
Total Expenses	44,025	42,418	(1,607)	B
Operating Surplus / (Deficit)	508	1,986	(1,478)	
Asset Disposal & Fair Value Adjustments	(2,401)	-	(2,401)	C
Amounts Received Specifically for New or Upgraded Assets	867	1,087	(220)	D
Physical Resources Received Free of Charge	2,068	-	2,068	E
Net Surplus / (Deficit) ¹	1,042	3,072	(2,031)	
Other Comprehensive Income				
<i>Amounts which will not be reclassified subsequently to operating result</i>				
Changes in Revaluation Surplus - I,PP&E	55,488	5,069	50,419	F
Share of Other Comprehensive Income - Equity Accounted Council Businesses	20	-	20	
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	
Other Equity Adjustments - Equity Accounted Council Businesses	32	-	32	
Total Other Comprehensive Income	55,540	5,069	50,471	
Total Comprehensive Income	56,582	8,141	48,440	

Note	Comments - Statement of Comprehensive Income
A	Refer to Attachment 2 - Operating Income
B	Refer to Attachment 3 - Operating Expenditure
C	Council does not budget for the impairment of assets or writedown of asset values relating to the capitalisation of assets and subsequent disposal of the renewed asset. In addition, for 2017-18, Council's revaluation of land identified some land that had been disposed of in previous years and these transactions were reflected in the current year
D	Variance largely relates to the transfer of \$240k of 2017-18 budgeted Capital Grants to 2018-19 in line with Accounting Standards
E	Council received contributed assets in relation to the Woodforde Development of \$1.6m and Public Artwork of \$475k the Hills Sculpture Trail. These contributions are not budgeted for
F	Three assets classes were revalued in 2017-18 with a significant increase in building assets of \$25m (previously revalued cost indices), Land of \$29m (last revalued in 2014), and a relatively minor increase in Community Wastewater Management System assets of less than \$1m. A nominal amount of \$5m was budgeted for revaluations.

Adelaide Hills Council
Statement of Financial Position
as at 30 June 2018

\$ '000	Actuals 2018	Budget 2018	Variance	Note
ASSETS				
Current Assets				
Cash and Cash Equivalents	491	1,000	(509)	A
Trade & Other Receivables	2,853	2,709	144	
Other Financial Assets	-	44	(44)	
Inventories	13	14	(1)	
Subtotal	3,357	3,767	(410)	
Non-Current Assets Held for Sale	1,260	-	1,260	B
Total Current Assets	4,617	3,767	850	
Non-Current Assets				
Financial Assets	50	27	23	
Equity Accounted Investments in Council Businesses	838	984	(146)	
Infrastructure, Property, Plant & Equipment	370,815	323,204	47,611	B
Total Non-Current Assets	371,703	324,215	47,488	
TOTAL ASSETS	376,320	327,982	48,338	
LIABILITIES				
Current Liabilities				
Trade & Other Payables	8,645	8,493	152	C
Borrowings	4,918	7,671	(2,753)	A
Provisions	3,478	1,357	2,121	C
Total Current Liabilities	17,041	17,521	(480)	
Non-Current Liabilities				
Borrowings	10,000	10,000	-	
Provisions	651	141	510	C
Other Non-Current Liabilities	-	133	(133)	
Total Non-Current Liabilities	10,651	10,274	377	
TOTAL LIABILITIES	27,692	27,795	(103)	
Net Assets	348,628	300,187	48,441	
EQUITY				
Accumulated Surplus	137,081	138,643	(1,562)	
Asset Revaluation Reserves	210,121	159,702	50,419	B
Other Reserves	1,426	1,842	(416)	
Total Council Equity	348,628	300,187	48,441	

Note	Comment - Statement of Financial Position
A	Both operational and capital cash flows were favourable to budget for the year resulting in an overall improvement in net borrowings compared to budget and no requirement to access new borrowings within the financial year. There was also a focus on keeping cash balances to a minimum and reduce Council's Cash Advance Debenture
B	The overall balance is more than budgeted as a result of annual revaluation of Infrastructure Assets not budgeted for (\$50m) offset by a number of projects not being completed by year end and requiring carry forward to the 2018-19 financial year of just over \$2m. In addition, an amount of \$1.26m relating to the Southern side of AHBTC has been transferred to Non-Current Assets Held for Sale under Current Assets. This was not reflected in Council's Budget
C	Provisions have increased as a result of transferring Annual Leave entitlements from Trade & Other Payables in the Model set of Accounts and the additional provisioning of remediation and post closure costs relating to closed landfills within the Council area

Adelaide Hills Council
 Financial Indicators
 as at 30 June 2018

\$ '000	Amounts 2018	Actuals 2018	Budget 2018	Variance	Note
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

<u>Operating Surplus</u>	<u>508</u>	1.1%	4.5%	(3.4%)	A
Total Operating Revenue	44,533				

This ratio expresses the operating surplus as a percentage of total operating revenue.

2. Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	<u>24,298</u>	55%	54%	(1%)	B
Total Operating Revenue	44,533				

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

3. Asset Sustainability Ratio

<u>Net Asset Renewals</u>	<u>10,493</u>	128%	149%	(21%)	C
Infrastructure & Asset Management Plan required expenditure	8,213				

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Note	Comment - Financial Indicators
A	As a result of three key items, namely the provisioning of remediation and post closure costs of \$1.2m, depreciation increases of \$219k and unbudgeted losses relating to Council's Equity Accounted Council Businesses of \$216k, Council Operating Surplus was less than Budgeted by \$1.478m, with a corresponding reduction in the Operating Surplus Ratio.
B	Although Council Operating Surplus was less than budgeted, the key items impacting on the reduction in Surplus were non-cash and as such did not significantly impact Council's net borrowing result
C	The carry forward of approximately \$1.1m of renewal expenditure to the 2018- 19 financial year had a significant impact on the Asset Sustainability Ratio compared to Budget

Appendix 2

Operating Income

Operating Income compared to Budget - Favourable to Budget

\$ '000	Actuals 2018	Budget 2018	Variance
Income			
Rates Revenues	35,512	35,528	(16)
Statutory Charges	1,069	1,066	3
User Charges	1,479	1,346	133
Grants, Subsidies and Contributions	5,508	5,419	89
Investment Income	30	34	(4)
Reimbursements	447	520	(73)
Other Income	488	492	(4)
Net Gain - Equity Accounted Council Businesses	-	-	-
Total Income	44,533	44,404	129

Income is favourable by \$129k (0.3%) compared to budget.

Rate income was less than budgeted, largely as a result of mandatory and discretionary rebates being higher than budgeted (\$24k).

For Statutory Income, the small favourable variance related to Development Act fees of \$12k and Animal Management Fees of \$3k offsetting small unfavourable variances in Section 7 searches \$7k and Parking Fines/Expiations of \$5k.

The \$133k favourable variance for User Charges largely relates to favourable cemetery income to budget in the order of \$157k for the year offset by an unfavourable AHBTC Income variance of \$42k.

For Grants & Subsidies a favourable variance of \$89k has resulted. The variance largely relates to \$77k difference between the early receipts of the 2018-19 Financial Assistance Grants (FAGs) in 2017-18 compared to the budget which reflected in part the 2017-18 FAG amount received late in the previous year.

The unfavourable variance in Reimbursement Income related in part to Private Works with an unfavourable variance of \$26k as a result of the focus on Council activities and delivery and \$40k in relation to property management reimbursements

Other income was in line with budget with a favourable variance in insurance recoveries of \$26k offset by a number of small unfavourable variances including fuel tax credits \$13k and unmade road rentals \$11k.

Council recorded a loss on the results for Joint Ventures and Associates and as such this has been shown under expenditure.

Appendix 3

Operating Expenditure

Operating Expenditure compared to Budget - Unfavourable to Budget

\$ '000	Actuals 2018	Budget 2018	Variance
Expenses			
Employee Costs	14,956	15,572	616
Materials, Contracts & Other Expenses	19,961	18,151	(1,810)
Depreciation, Amortisation & Impairment	8,246	8,027	(219)
Finance Costs	646	668	22
Net loss - Equity Accounted Council Businesses	216	-	(216)
Total Expenses	44,025	42,418	(1,607)

An unfavourable expenditure variance of \$1.607m (3.8%) has occurred for the year.

For employee costs, a number of favourable variances were realised as a result of a reallocation of resourcing within Infrastructure & Operations between employees and contractors as well as some vacancies in other parts of the organisation including Service Improvement, Policy & Planning, Procurement, Administration Support & Information Management.

The unfavourable variance from budget within Materials, Contracts & Other Expenses was largely as a result of:

- Additional provisioning of remediation and post closure costs of \$1.2m relating to closed landfills within the Council area
- Additional contract labour/contractors in the order of \$400k used to undertake additional infrastructure maintenance work in stormwater and sealed roads as well as the backfilling of a number of areas with vacancies and projects
- plant and vehicle expenditure over budget as a result of higher fuel and maintenance costs in the order of \$200k
- Unbudgeted Capital Work-in-Progress write-off of \$119k

These were offset by some favourable variances with the larger items including waste disposal and street litter bin savings in the order of \$140k and development court fees \$47k favourable.

In relation to depreciation, actual expenditure was \$219k higher than budget with the most significant increase above budget occurring in the buildings category (\$243k) as a result of a revaluation of that class at the beginning of the 2017-18 financial year.

The loss of \$216k from Council's Equity Accounted Council Businesses resulted from Gawler River Floodplain Management Authority (\$8k), East Waste \$48k and Adelaide Hills Regional Waste Management Authority (\$160k). The Adelaide Hills Regional Waste Management Authority loss for the year is largely as a result of legal costs in defending a claim in the Supreme Court.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.3

Originating Officer: Bernadette Walsh, Corporate Planning & Performance Coordinator

Responsible Director: Terry Crackett, Director Corporate Services

Subject: 2017-18 Draft Annual Report

For: Decision

SUMMARY

The purpose of this report is to provide the draft 2017-18 Annual Report for the Audit Committee's consideration and advice.

RECOMMENDATION

The Audit Committee resolves that the:

1. Report be received and noted.
 2. Draft 2017-18 Annual Report, as contained in Appendix 1, be endorsed – recognising the need for inclusion of the General Purpose Financial Statements and Council's Regional Subsidiaries Annual Reports.
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

The production of an Annual Report is fundamental to demonstrating the transparency and accountability of local government.

The Annual Report is the primary mechanism for summarising achievements against the Council's Strategic Plan, Corporate Plan and Annual Business Plan and Budget.

➤ **Legal Implications**

Section 131 of the *Local Government Act 1999* requires Councils to produce Annual Reports. It must be prepared and adopted by the Council by 30 November.

Various sections of the Act and associated Regulations set out the particulars of what must be contained in the Report.

➤ **Risk Management Implications**

The review of the draft Annual Report will assist in mitigating the risk of non-compliance with statutory requirements leading to a loss of confidence in the Council.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium

➤ **Financial and Resource Implications**

There are no financial implications arising from considering the draft Annual Report.

Production of the annual report has involved mainly existing staff resources. A creative design consultant was engaged to produce the final document and a small number of hard copies will be printed.

➤ **Customer Service and Community/Cultural Implications**

The Annual Report provides an overview of performance against targets including for Council's Customer Service Standards. It highlights potential areas for improvement in addition to those performing well.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Council Committees: The draft Annual Report is presented to the Audit Committee for feedback and endorsement.

Advisory Groups: Not applicable.

Administration: Council's Executive Leadership Team and relevant Managers and Officers were consulted during preparation of the draft Annual Report.

Community: Engagement with the community is not applicable for the development of the Annual Report. However, the Annual Report itself, once finalised, is one way of communicating key achievements and Council performance to the community.

2. **BACKGROUND**

The draft Annual Report has been prepared with an emphasis on reporting achievements against the Council's Strategic Plan, Corporate Plan and the 2017-18 Annual Business Plan and Budget. The financial statements are also incorporated in the Annual Report.

The role of the Audit Committee, pursuant to its Terms of Reference, is to:

3.1.1 (part) Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council

3.1.2 The committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.

It should be noted that the Audit Committee considered the draft financial statements at its meeting held on 8 October 2018. Following consideration of the matter, the Committee resolved as per the following extract from the minutes:

6.1 2017-18 Draft General Purpose Financial Statements

**Moved Peter Brass
S/- Cr John Kemp**

AC19/40

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. To recommend that Council endorse the early adoption of Australian Accounting Standards AASB15 and AASB1058 for the 2017-18 financial year and pursuant to AASB1058 elect not to recognise Volunteer Services in its financial statements for the 2017-18 financial year.**
- 3. That in accordance with Section 126(4)(a) of the *Local Government (Financial Management) Regulations 1999*, the Audit Committee advises Council that it has reviewed:
 - a. the General Purpose Financial Statements of the Council for the financial year ended 30 June 2018 as contained in Appendix 1, and**
 - b. the draft External Auditor Galpins' Audit Clearance Letter, and is satisfied that they present fairly the state of affairs of the Council.****
- 4. Considers that the Adelaide Hills Council 2017-18 General Purpose Financial Statements, contained in Appendix 1, can be certified by the Chief Executive Officer and the Mayor.**
- 5. That it notes the confirmation of Galpins Independence Declaration Statement as tabled and considers that the Auditor Independence Statement contained in Appendix 2 can be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee in accordance with the requirements of Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*.**

The financial statements were subsequently considered and adopted by the Council at its meeting held on 23 October 2018.

3. ANALYSIS

The draft Annual Report, contained in **Appendix 1**, provides an overview of Council's achievements and activities during the reporting year.

The Report provides a summary of achievements against commitments made in the *2017-18 Annual Business Plan and Budget*. It also contains highlights of other activities of note.

Council's regional subsidiaries Annual Reports are available upon request.

Much of the additional content in the Annual Report addresses statutory requirements, particularly those set out in Section 131 and Schedule 4 of the *Local Government Act 1999* and Regulation 35 of the *Local Government (General) Regulations 2013*.

4. OPTIONS

The Audit Committee may resolve whether or not to endorse the draft Annual Report and/or provide advice regarding its content.

Should the Committee endorse the Annual Report as presented, the next step will be to progress it to the Council for consideration.

Should any advice be provided, it will be considered by staff and any appropriate changes will be made prior to consideration by the Council.

5. APPENDIX

(1) Draft 2017-18 Annual Report

Appendix 1

Draft 2017-18 Annual Report

2017-18

Annual Report



**NB: Contents to be updated
when page order and content
is approved / confirmed**

Contents

03	Welcome	50	Organisational Sustainability
04	From the Mayor	56	Our Governance
05	From the Chief Executive Officer	69	Rating Information
06	Our Unique Adelaide Hills	72	Glossary of Terms
08	Our Council and Organisation	73	Appendix 1 – Financial Statements
08	<i>Our Council history</i>	xx	<i>Financial Statements Year Ended 30 June 2018</i>
09	<i>Our Council Members</i>	xx	Appendix 2 – Subsidiary Annual Reports 2017-18
10	<i>Our Executive Team</i>	xx	<i>Adelaide Hills Region Waste Management Authority</i>
11	<i>Organisational structure</i>	xx	<i>East Waste</i>
12	Our 2017-18 Performance Highlights	xx	<i>Gawler River Floodplain Management Authority</i>
14	Financial Performance Highlights	xx	<i>Southern & Hills Local Government Association</i>
15	2017-18 Capital Works Program		
16	Customer Service Standards		
18	Our Major Events and Awards		
19	Delivering on the strategic plan		
20	<i>Goal 1 – People and business prosper</i>		
28	<i>Goal 2 – Activities and opportunities to connect</i>		
36	<i>Goal 3 – Places for people and nature</i>		
42	<i>Goal 4 – Explore ideas and work with others</i>		

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Welcome to our Annual Report for 2017–18

This publication is provided to inform our community, visitors, government agencies and other interested people.

Adelaide Hills Council provides a range of services to our community, including community care and safety, development assessment and compliance, asset and infrastructure management, business and community development and much more.

This annual report provides our ratepayers, visitors, government agencies and our community with an account of Council's achievements and performance for the financial year 1 July 2017 to 30 June 2018. The report documents how we have performed against our targets and outlines the future direction of Council. Audited financial statements follow the performance report.

The Adelaide Hills Council Annual Report meets the requirements of the *Local Government Act 1999*.

We hope that this report makes interesting reading and demonstrates our commitment to Customer Service and accountability to our community.

Where to get copies

An online version of the Adelaide Hills Council Annual Report can be viewed and downloaded at ahc.sa.gov.au or request a copy by contacting us
(08) 8408 0400
mail@ahc.sa.gov.au
PO Box 44, Woodside SA 5244

We welcome your feedback on this report or any other Council matter.

From the Mayor

TBC



From the Chief Executive Officer

Achieving outcomes for our community relies on a passionate and professional administration and a well-functioning organisation. Our new Corporate Plan focusses on leadership accountability, developing our people, aligning policy with strategy, leveraging partnerships, improving processes and services, and achieving results.

We've planned actions in each of these areas and have made good progress with key initiatives such as diversity and inclusion training, improving the management of incoming customer calls and updating our service standards.

I am particularly proud of our new *Take 5 For Safety* workplace safety initiative, which is built around five key messages:

1. Safety first. Think before you act.
2. Spot the hazard and assess the risk.
3. If you see it, speak up or take action.
4. If it's not safe, don't proceed.
5. Work safely, go home safely.

Our entire workforce came together to launch the initiative and to discuss why workplace safety is so important. We followed this up with specific

“I'm particularly proud of our new workplace safety initiative.”

campaigns around manual handling in May and mental wellness in September. The response has been extremely positive with noticeable reductions in the number of workplace incidents.

With considered planning, we achieved greater alignment between our Long Term Financial Plan and the Council's key functional strategies. As a result, we are better able to move forward with the delivery of plans such as our Biodiversity Strategy, Sport and Recreation Strategy and Reconciliation Action Plan with greater confidence.

Late in the year we made plans for a new organisational structure to better align resources with strategic objectives and the needs of our community. The new arrangements came into effect on 1 July 2018.

Without our proud and professional team of staff and volunteers, we could not do what we do. I thank them all for their dedication and commitment over the last year. Finally, I would like to acknowledge the leadership and support provided by Mayor Bill Spragg and all Council Members and wish those leaving Council after the election, all the best for the future.

Andrew Aitken
Chief Executive Officer

Our Unique Adelaide Hills

The Adelaide Hills is renowned for our historic towns and villages, outstanding natural environment, arts and culture heritage, quality local produce and related food and wine experiences. Our area is valued by local residents for its scenic beauty and liveability and is a beacon for visitors nationally and internationally.

The Adelaide Hills has a long and rich history. We recognise the Peramangk and Kaurna as our region's first people. We respect their ongoing relationship with the land and are committed to working together to ensure their culture and traditions are preserved.

With a foundation of strong cultural heritage, the Adelaide Hills has evolved into a thriving agrarian landscape of picturesque towns and villages, diverse built features and some of the most valuable native bushland in Australia.

The Adelaide Hills Council district extends from Mount Bold Reservoir in the south, to the South Para Reservoir in the north, and from the Hills face in

the west, to the eastern escarpment of the Mount Lofty Ranges. Council's area is peri-urban and is considered to be part of the Greater Adelaide region. With its close proximity to the City's Central Business District, many residents commute to the City for work. Our region is well known for being one of the most liveable in the country.

Our communities are defined by their strong networks and welcoming people who have a great sense of pride in our unique destination. We have one of the highest levels of volunteering in the nation. The passion of our communities to realise a thriving Adelaide Hills is second to none. Community-led initiatives such as

Imagine Uraidla and Gumeracha Main Street Project are seeing fantastic outcomes.

Our local economy is ever changing, with new and evolving industries such as boutique wine production, breweries, and distilleries, creative arts, experience tourism, niche food production and entrepreneurs attracted to the region. They are driving positive social and economic results for the Adelaide Hills.

Council works together with our community, businesses and other government organisations to ensure the uniqueness of our Adelaide Hills is preserved for this and future generations.

Fast Facts: Our Area

Adelaide Hills Council provides services for nearly 40,000 residents and over 1.2 million domestic day-trip visitors annually.

Our Population



Population
39,652*



Median Age
44



Home Owners
11,870



Households with Vehicles
13,266

Our Area



Number of Townships
57



Number of Dwellings
15,454



Population Density
49/km²



Area
795km²



Council Sealed Roads
607km



Council Unsealed Roads
401km

Our Employment and Businesses



Businesses in the Area
4,049



Employed Residents
21,867

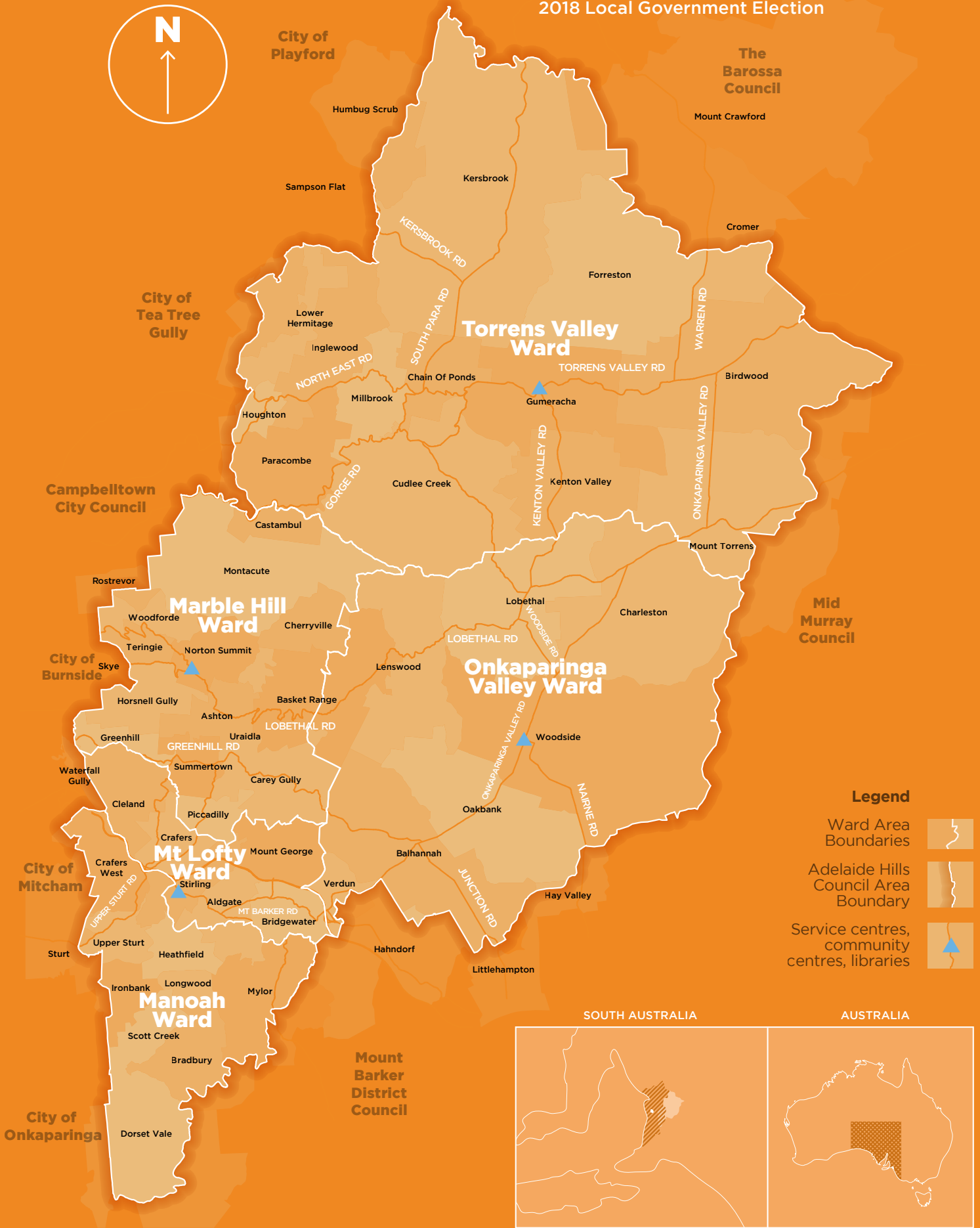


Local Jobs
11,408



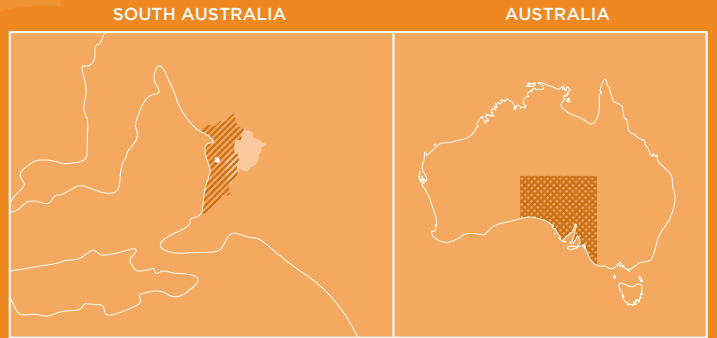
Visitors to the area
1,206,000 average annual domestic day trips

Adelaide Hills Council Five Ward Structure
as at 30 June 2018, in place until the November
2018 Local Government Election



Legend

- Ward Area Boundaries
- Adelaide Hills Council Area Boundary
- Service centres, community centres, libraries



- Adelaide Hills Council Area
- Adelaide Metro Area
- South Australia

Our Council and Organisation

Our Council history

Adelaide Hills Council was established on 1 July 1997 through the amalgamation of the District Councils of East Torrens, Gumeracha, Onkaparinga and Stirling. Council has a Mayor and 12 Council Members elected to represent the community across five Wards. Elections for Local Government are held every four years.

In celebration of the 20 year anniversary of the first meeting of the Adelaide Hills Council, a Special Council Meeting was held at Bushland Park, Lobethal on Tuesday 21 November, 2017. The first meeting of the newly amalgamated Adelaide Hills Council was held in the same location in July 1997.

Council Members from the past 20 years were in attendance, including three original Councillors still sitting on Council at the time; namely Cr Ian Bailey, Cr Ron Nelson, and Cr Val Hall. A commemorative plaque was affixed on site to mark this special occasion. Memorabilia was on display and those present shared their insights and thoughts on our Council's history and progress over the past 20 years and on what the future may bring.



Our Council Members

The 20-year anniversary of our first Council meeting celebrated progress and collaboration since amalgamation.

Mayor

Bill Spragg

Manoah Ward

Number of Electors 4,856

Councillor Ron Nelson

Councillor Jan-Claire Wisdom

Marble Hill Ward

Number of Electors 4,319

Councillor Ian Bailey

Councillor Jan Loveday

Mount Lofty Ward

Number of Electors 7,935

Councillor Kirrilee Boyd

Councillor Nathan Daniell

Councillor John Kemp

Onkaparinga Valley Ward

Number of Electors 6,662

Councillor Val Hall*

Councillor Andrew Stratford

Councillor Lynton Vonow

Torrens Valley Ward

Number of Electors 4,971

Councillor Linda Green

Councillor Malcolm Herrmann

From left to right: Councillors Val Hall, Malcolm Herrmann, Nathan Daniell, Kirrilee Boyd, John Kemp, Mayor Bill Spragg, Councillors Andrew Stratford, Ron Nelson, Ian Bailey, Linda Green, Lynton Vonow, Jan-Claire Wisdom, Jan Loveday.

*Sadly in February 2018, Councillor Val Hall passed away after a short illness. Councillor Hall was in her nineteenth year of local government service and a lifetime of community service. A memorial chair in her honour was unveiled in Federation Park, Gumeracha, in August 2018.

In 2017 Council completed an Elector Representation Review, with a resolution to retain a popularly-elected Mayor and 12 Councillors under two wards: the Valleys Ward and the Ranges Ward. This structure came into effect with the November 2018 election.

Our Executive Team

The Executive Leadership Team comprises the Chief Executive Officer, four Directors, and the Executive Managers for Organisational Development and Governance and Performance.

CEO



Andrew Aitken

Directors

Community and Customer Service



David Waters

Corporate Services



Terry Crackett

Engineering and Assets



Peter Bice

Strategy and Development



Marc Salver

Executive Managers

Governance and Performance



Lachlan Miller

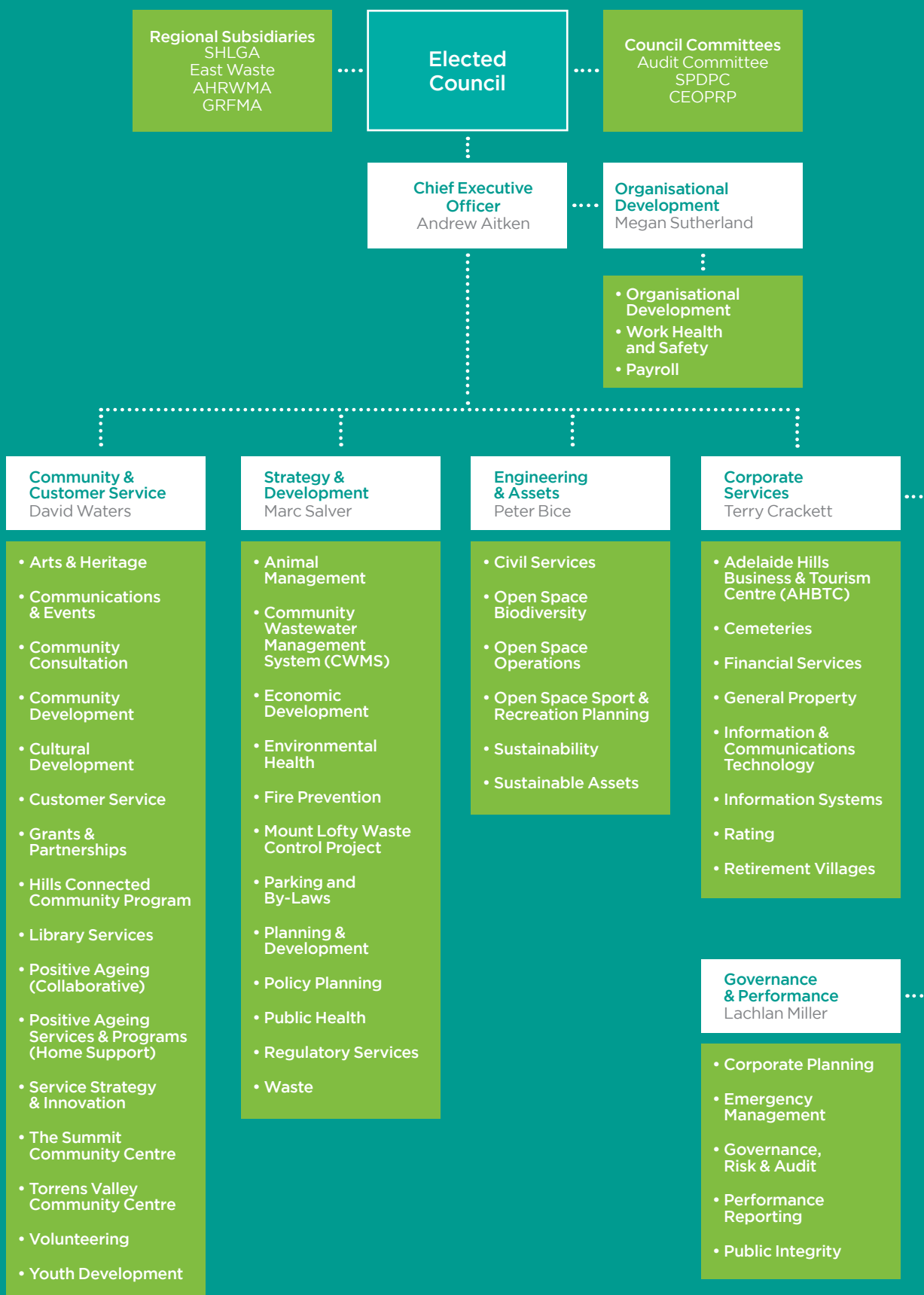
Organisational Development



Megan Sutherland

Adelaide Hills Council Organisational Structure

as at 30 June 2018



Our 2017–18 Performance Highlights

Delivering our promise of making the
Adelaide Hills a place for everyone.

\$14.7 million

Delivering a *capital works program* for the Adelaide Hills community in 2017-18. This is *the largest program* ever to improve the area's *open spaces, infrastructure and liveability*.



Nearly half of all waste

diverted from landfill



Council provided kerbside waste and recycling services to **16,800 properties**. Material diverted from landfill through the *recycling and green organic* bins totalled **49 percent** of the **15,000 tonnes** of material collected.



533,887 loans

provided via our libraries at Stirling, Woodside and Gumeracha and our mobile service improving literacy in our community.

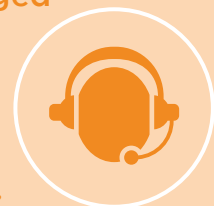
Our two Community Centres located at Gumeracha and Norton Summit hosted **1,352 activities and events** in 2017-18.



8,270 customer requests managed

through our contact centre in 2017-18 to

ensure our community's needs are met.



\$3.1 million

Delivering community programs that provide **opportunities to connect** and services and facilities that **benefit our community**.



Approved: Stage one Adelaide Hills Arts and Heritage Hub

A unique and distinctive facility based at **Lobethal** that will offer exceptional cultural experiences and provide **valuable social, educational and economic outcomes** for the Adelaide Hills.



196 people volunteered

to support our community through participation in a range of programs and activities.

We have one of the **highest rates of volunteering** in the nation.



39 Workshops and seminars

were held during May Business Month, providing local business people opportunities to network, **learn new skills and update their knowledge.**

3,500 Businesses received our **quarterly e-newsletter** providing them with up-to-date information and insights on **what is happening in the region.**



1092 Development applications

processed during 2017-18 with a total construction value of over **\$100 million**

\$219,000 grants

Awarded **\$44,687** in grants to **22 community groups** through the **Community Development Grants program**



and a further **\$174,622** to **18 groups** through the **Sport and Recreation Grants Program**



Multicultural Action Plan approved

Focusing on three broad goal areas in relation to cultural diversity:

Recognise, Support, Lead.

The Action Plan will be delivered throughout 2017-2020.



Improved service optimisation

Delivered through a pilot of **mobile devices in the field.**

Pilot applied to **development compliance, building inspections, wasp and dog services, and playground and tree inspections.**



58 Local artists showcased **163 works** in our Council's biggest **SALA** exhibition yet, encouraging creativity in our community.

'Adelaide Hills Wild' was viewed by over 300 visitors.



6,573 Domestic assistance and home maintenance **hours of support**, to assist older people to continue to live independently in our community.

A further **22,000 hours** coordinating and delivering **social support group programs.**



Over 1,000km

Roadways developed, upgraded and maintained during 2017-18 (including **607km** of sealed road and **401km** of unsealed road). Council also managed **45 bridges, 53 large road culverts** and **110km** of sealed and unsealed **footpath** across our district.



Financial Performance Highlights

Council's income for 2017-18 was over \$50 million with the majority coming from rates. This funding supported existing services and infrastructure, as well as investment in new strategic priorities. Our financial expenditure in line with our 2017-18 Annual Business Plan is below.

Expenditure Highlights



\$21.7
million

Infrastructure and Operations



\$3.9
million

Property Services



\$3.1
million

Community Programs



\$5.4
million

Waste and Recycling



\$2.7
million

Planning and Development



\$2.7
million

Libraries and Customer Services

How your money was spent

Program Spend	Invested (\$'000)	%
Infrastructure & Operations	21,694	43%
Support Services	6,664	13%
Waste Services	5,386	11%
Property Assets (incl. AHBTC Upgrade)	3,914	8%
Libraries and Customer Services	2,695	5%
Planning and Development	2,653	5%
Community Services	1,606	3%
Community Centres and Programs	1,498	3%
Regulatory and Health	1,521	3%
Governance	1,270	3%
Community Waste Management Systems	1,624	3%
Total	50,526	100%

2017-18 Capital Works Program

As part of its 2017-18 Capital Works program Council delivered design, construction and improvement projects for a total of approximately \$14.7 million. Below is a list of Council's completed main projects.



Road Works \$7.1 million

Main projects include: Heathfield Road, Heathfield; Grasby Road, Balhannah; Oakwood Road, Oakbank; Swamp Road, Lenswood.



Bridges \$321,000

Main projects include: Hartley Vale Road, Kenton Valley; Valley Road, Montacute.



Stormwater \$515,000

Council installed new and replaced failing stormwater infrastructure across all townships.



Footpath construction program \$983,000

Council endorsed a footpath construction program, including replacement of existing as well as upgrades and new footpaths. Main projects include: Kurla Road/Illinga Avenue, Balhannah; Mount Barker Road, Bridgewater; Olivedale St, Birdwood; Piccadilly Road, Crafers; Scott Street, Kersbrook; Sheoak Road, Crafers West.



Community Wastewater Management System \$950,000

Main projects include: Birdwood, Kersbrook, Stirling, Woodside - pump shed replacements and valve automation works; Mount Torrens - Gravity/Rising main upgrade.



Other capital projects \$340,000

Fairview Road, Aldgate: traffic improvements for Aldgate Primary School including a road reseal.



Customer Service Standards

Our service values drive us to be available, helpful, empathetic, responsive and reliable. They guide our approach to customer service.

Our Customer Service Framework commits us to specific timeframes for our most frequently accessed services, and establishes, along with our values, what customers can expect.

Measuring performance against these standards demonstrates our ongoing commitment to customer service and highlights opportunities for further improvement.

Following a review of the service standards in December 2016, new standards were developed and came into effect from 1 July 2017. The new standards more accurately reflect service delivery priorities and realistic performance timeframes and targets.

Results for the 2017-18 financial year show a large increase in the number of customer requests. Specifically,

requests relating to wasp nest removal increased from 67 to 935 linked to seasonality. There were 3,210 customer requests for bin repair and bin replacements.

The focus for 2018-19 will be on enhancing customer experience through process and system improvements, and refining recording and reporting mechanisms.



Updating customer details
 We will update your contact details within 5 days
 Volume **509**
 Target **80%**
 Result **89%**
 Last year **NA**



Dog Attacks
 We will respond to reported dog attacks within 24 hours
 Volume **21**
 Target **80%**
 Result **86%**
 Last year **93%**



Illegal Burning Complaints
 We will investigate reported illegal burning within 24 hours
 Volume **32**
 Target **80%**
 Result **91%**
 Last year **100%**



New Event Applications
 We will acknowledge receipt of new applications within 5 days
 Volume **68**
 Target **80%**
 Result **90%**
 Last year **NA**



Wasps
 We will investigate and action reported European Wasp nests within 7 days
 Volume **935**
 Target **80%**
 Result **76%**
 Last year **NA**



Request for bin repair or replacement
 We will action requests for bin repair or replacement within 7 days
 Volume **3210**
 Target **80%**
 Result **98%**
 Last year **NA**

Footpath Repairs – Hazardous
 We will respond and make safe hazardous footpath issues within 24 hours
 Volume **1**
 Target **80%**
 Result **0%**
 Last year **100%**



Development Applications
 We will, on average, make a decision on planning consent within 12 weeks of receipt of the application
 Volume **829**
 Target **12 weeks**
 Result Average **16.4 weeks**
 Result Median **10.1 weeks**
 Last year **NA**



Stormwater Repairs – Hazardous
 We will respond and make safe hazardous stormwater and flooding issues within 24 hours
 Volume **1**
 Target **80%**
 Result **0%**
 Last year **72%**



Health Complaints
 We will investigate and respond to reported food complaints within 24 hours
 Volume **9**
 Target **80%**
 Result **100%**
 Last year **100%**



Development Applications
 We will approve fast-track Development Applications within 28 days
 Volume **57**
 Target **80%**
 Result **75%**
 Last year **92%**



Trees – Hazardous
 We will respond and make safe hazardous tree issues within 24 hours
 Volume **29**
 Target **80%**
 Result **97%**
 Last year **91%**

Illegally Dumped Rubbish
 We will remove illegally dumped rubbish within 3 days
 Volume **195**
 Target **80%**
 Result **63%**
 Last year **79%**



Missed Bins
 We will collect missed domestic bins within 2 days
 Volume **177**
 Target **80%**
 Result **97%**
 Last year **100%**



Footpath/ Road/ Stormwater/Tree – Other
 We will repair other footpath/ road/stormwater/tree issues in accordance with our general maintenance program *KPI: Average/Median time taken to resolve enquiries and requests*
 Volume **2866**
 Result Average **46 days**
 Result Median **15 days**
 Last year **NA**



Library Services
 We will respond to requests to purchase materials within 10 days
 Volume **164**
 Target **80%**
 Result **99%**
 Last year **NA**



Road Repairs – Hazardous
 We will respond and make safe hazardous road and pothole issues within 24 hours
 Volume **2**
 Target **80%**
 Result **50%**
 Last year **80%**

Our Major Events and Awards

Council supported 84 community events in 2017-18 including markets, festivals, and major crowd-pleasers like bonfire nights, renaissance fairs, and a tarmac rally.

Our Events

Santos Women's Tour Down Under Stage 1

11 January 2018

Santos Tour Down Under Stage 2 Finish, Stirling

17 January 2018

Santos Tour Down Under Stage 4 Finish, Uraidla

19 January 2018

Australia Day (five events) and Citizen of the Year Presentation

26 January 2018

Gold Coast Commonwealth Games Queen's Baton Relay Community Celebrations

21 February 2018

Stirling Fringe

2-12 March 2018

Hills Harmony Picnic

24 March 2018

Volunteer Movie Day (with Mount Barker District Council)

25 May 2018

Our Awards

Information Management Excellence – Rural Award

(Local Government Information Technology SA)

For the successful digitisation of over 4,600 images and 75 maps from Council's 16 cemeteries.

Improving Planning Processes Award, and Practices and Best Ideas – Small Project Award

(Planning Institute of Australia – 2 State Awards and a National Commendation for Planning Excellence)

For our innovative Median Geographic Information System (GIS) Land Division Tool.

Building Surveyors Team of the Year SA

(Australian Institute of Building Surveyors (AIBS))

For work including assistance after the Sampson Flat Bushfire, and working with the Department of Planning, Transport and Infrastructure (DPTI) to change legislation around swimming pool safety suction requirements.

Emerging Building Surveyor of the Year

(Australian Institute of Building Surveyors)

Staff member
Cameron Clark

Shortlisted for Excellence in Environmental Leadership and Sustainability Award

(LG Professionals)

For our Roadside Native Vegetation Assessment, Monitoring, and Management Program.

Delivering on the strategic plan

Our strategic plan 'Your Adelaide Hills', was formally adopted in October 2016 with the vision of making the Adelaide Hills a place for everyone!

'Your Adelaide Hills' is supported by our Long Term Financial Plan, Infrastructure and Asset Management Plan, and our Corporate Plan, which are critical to ensuring

Council's long-term sustainability. An online version of the Adelaide Hills Strategic Plan can be viewed or downloaded at ahc.sa.gov.au

Performance information in this 2017-18 Annual Report is aligned with our Strategic Plan and 2017-18 Annual Business Plan (ABP).



Completed



On track



Review & Action



Annual Business Plan



Prosper

Goal 1 People and business prosper

Outcome: Thriving businesses that uniquely say 'Adelaide Hills'. Healthy and happy people.



Connect

Goal 2 Activities and opportunities to connect

Outcome: A welcoming and inclusive community where people support, respect and celebrate each other for their differences as much as for their shared values.



Place

Goal 3 Places for people and nature

Outcome: Vibrant places which contribute to increased wellbeing. Thriving ecosystems.



Explore

Goal 4 Explore ideas and work with others

Outcome: Council working with our community and others to pursue new ideas and address emerging needs.

Goal 1

People and business prosper

Prosper

**What success looks like:
Thriving businesses that uniquely say 'Adelaide Hills'.
Healthy and happy people.**

The Adelaide Hills is a unique region, renowned for our historical towns and villages, picturesque countryside, and our quality food, wine and nature-based experiences. We also have a thriving creative arts scene.

With its close proximity to Adelaide city, the Hills is also highly sought after for its liveability.

The Hills also has one of the highest proportions of small and micro businesses in South Australia. These are the backbone of our economy.

To ensure future prosperity, in 2017-18 Council has been working on building the profile of the region as the tourism destination of choice, attracting and making it easier to do business in the area, and improving its liveability for older people.



Key Achievements 2017-18

Adelaide Hills: must-visit destination

Strategies

1.1

1.3

1.4

Performance



ABP

Tourism is important to the Adelaide Hills economy, generating over \$163 million and employing 1,800 people. There were over 1.2 million domestic day trips and nearly 750 tourism businesses operating in the region.

Key tourism priorities are to convert more day visits to overnight stays and increase visitor spending. The *Adelaide Hills Visitor Information Servicing Strategy* is critical to achieving these outcomes. During 2017-18, implementation has focused on building a fresh website, local and interstate promotional campaigns and a Premium Destination Partnership project with TripAdvisor. Other initiatives have included a customer-journey mapping project to better understand and meet the changing needs and expectations of visitors. The use of social media strategies that build audience engagement has also been

emphasised. The results have been a 57 percent increase in Facebook fans and 72 percent increase in Instagram followers. Tourism operators in the region have also had an opportunity to improve their digital knowledge throughout May with fifty individual business digital audits and three workshops covering topics such as online storytelling, blogging, Google and using social media.

Work has also continued on the Mount Lofty Ranges World and National Heritage bids. This has involved evaluating the feedback on the National Heritage listing nomination, commencing preparation of a World Heritage nomination and ongoing advocacy of the project to state and federal government and industry stakeholders. A key outcome has been three Kurna groups signing a statement of support on 30 November 2017. Representatives of the Kurna Nations Cultural Heritage Association,

the Kurna Yarta Aboriginal Corporation and the Kurna Warra Karrpanthi Aboriginal Corporation acknowledge the value of the bid's research and cultural mapping in helping uncover historical and cultural knowledge for the next generation. During 2017, the Consortium of Councils was also successful in gaining a \$40,000 Federal Government Building Better Regions Fund grant. This money will be used to establish a digital knowledge bank platform for strategic planning and information sharing for the Mount Lofty Ranges World Heritage bid.

Council explored opportunities to help support the goal of making the Adelaide Hills an International Mountain Biking Destination, and applied for funding to support work in the Fox Creek Mountain Bike precinct. Whilst unsuccessful, this work has strengthened partnerships with other key agencies.

Supporting business growth

Strategies

1.5

1.8

Performance



ABP

Business (including primary production) is an important part of the Adelaide Hills community. Around 4,000 registered businesses operated in the area in 2017 and they are a key driver of our economy. Supporting existing and attracting new businesses and investment encourages greater economic diversity, and local job opportunities and contributes to residents' quality of life.

Over the last 12 months, Council has supported our business community through a range of initiatives. Based on the success of the inaugural event in 2017, the Adelaide Hills Council and the Mount Barker District Council delivered the 2018 May Business Month in the Hills. The program consisted of more than nearly 40 workshops and seminars to enable business people

to network, collaborate, learn new skills and update their knowledge. Attendance was more than double compared with last year. Council has developed a comprehensive business database and a quarterly business e-newsletter that has over 3,500 subscribers who receive regular updates on activities in the region. Another key element of our economic development work is Council as an enabler and collaborator through working closely with regional groups such as Adelaide Hills Tourism, Stirling Business Association and Regional Development Australia (RDA) Economic Development Forum. Our involvement ensures that the development of the region is in the best interests of the community and our long term sustainability.

Primary producers have been supported in 2017-18 via the Primary

Production Incentive Grants Scheme which fosters innovation. This program aims to encourage specific projects or initiatives which subsidise training and installation for emerging technologies on primary production land. It makes an important contribution in preserving the Adelaide Hills as a vital supplier of food, fibre and wine to local and wider markets. Grants of up to 50 percent of the overall project cost, or up to \$10,000 are available. A total funding pool of \$20,000 (subject to indexation with council rates) has been made available each financial year for the last 4 years but ended in 2017-18. Our focus on sustainability and supporting the Australian 'Clean and Green' image for export markets has been progressed through our work on 'pest-free accreditation' for the Adelaide Hills primary production area with the Apple and Pear Growers Association.



One third of people in the Adelaide Hills Council area are aged over 55 years. This is higher than the Greater Adelaide average but there is a lower proportion of people aged 75 years and older, suggesting people leave the region as they age.

The number of people aged over 65 years in the area is projected to increase by 77 percent from 2011 to 2026. Research by Council has found people love the Hills and love living here.

However, living in the Adelaide Hills as an older person can present challenges such as hilly terrain, limited transport in outlying areas and reduced accommodation options when downsizing. During 2017-18 Council stepped up to the challenge of ensuring older people's needs are met and supporting positive ageing.



Age-friendly community strategic plan

Council's Age-Friendly Community Strategic Plan was adopted in October 2017 and provides an overarching framework to continue to develop the Adelaide Hills as an age-friendly community. The strategic plan has four goals:

Goal 1	A range of housing in well serviced townships supports people to age in the Adelaide Hills.
Goal 2	Our places and spaces are safe, accessible and welcoming.
Goal 3	Our residents are well informed and well-resourced as they age.
Goal 4	Older people make valued contributions to community life.

Implementation of the plan is underway with the Footpath Network Plan being adopted by Council, and initiatives such as improving the accessibility of the Bridgewater Playground so it is suitable for people in wheelchairs or using walking frames. The steep steps at Waverley Court, Crafers have also been replaced with an access compliant ramp.

Other strategies include the provision of support services and opportunities for people to connect via a range of social activities which often include transport assistance. Older people have been provided with information sessions regarding changes to the aged care system, and fridge magnets have been developed to assist people with dementia. Home library services also provide materials for isolated residents, and volunteers provide transport assistance for older people with the use of government-funded electric vehicles.

Retirement village review

Council undertook a retirement village review which commenced in late 2016 to look at its operations and benchmark how our services compared to other operators. The review covered retirement village properties located at Balhannah, Bridgewater, Crafers, Gumeracha, Lobethal and Woodside. The outcome was positive as Council is meeting acceptable standards of service delivery for our retirement village residents. However, as it is not our core business, we were not able to deliver the same range of services that specialist operators provide. Council undertook a preliminary Expression of Interest process in August 2017 to gauge interest from the market, and the outcome indicated that there was sufficient interest to warrant exploring that option further. The formal sale process was undertaken in early 2018 with the final report, including the final contract, being presented to Council on 1 August 2018 for a decision which was supported. Throughout the process, the interests and care of our retirement residents have been central. Key decision criteria were: existing residents will be able to remain in their homes; occupation agreements will be honoured; retirement living housing remains affordable; and maintaining and enhancing the quality of life for residents.



Improving liveability and community wellbeing

Strategies



Performance



Improving liveability and community wellbeing

The uniqueness and liveability of the Adelaide Hills and our friendly and welcoming community spirit are key attractions for both local residents and visitors. We have one of the highest rates of volunteering in Australia and thriving food, wine, and creative arts industries. Maintaining and improving the liveability, and achieving the vision of Thriving Communities and Places, are core business for Council. This vision is being realised through building community capacity, supporting the community to be healthy, active and involved, and the provision of quality

community facilities, infrastructure (e.g. buildings, roads, and pathways) and spaces that enable an active and connected community. Implementing our *Adelaide Hills Community Strategy 2015-2020* and addressing housing and transport needs have been our foci in 2017-18.

Increasing community wellbeing

Adelaide Hills Community Strategy 2015-2020 outlines how the Adelaide Hills Council intends to support the wellbeing of our residents. It identifies opportunities to contribute to community activity, learning and social connections.

Selected key achievements for 2017-18 are:

- Recognising their vital contribution, we provided opportunities for nearly 200 volunteers to be involved in impacting their community. We have also implemented a review of our volunteer recruitment and retention processes to ensure we are providing the best volunteer experience.
- Our community centres provided over 1,300 classes, workshops, outings, school holiday programs and events across the Council area to provide our community with an opportunity to connect which has a significant effect on wellbeing.
- Encouraging lifelong learning through the support of traditional and digital literacy across all ages through our library services.



'Nature Play in the Adelaide Hills – Explore, create, build!'

On 10 October, 2017 our community centres in collaboration with the Hut and Mount Barker Community Centre hosted 'Nature Play in the Adelaide Hills – Explore, create, build!' in five different Hills locations – Uraidla, Gumeracha, Mylor, Stirling and Mount Barker.

Five events were scheduled at the same time to provide good access opportunities for local residents. All the events focussed on keeping things simple to demonstrate how easy it is to have nature play experiences in your own backyard. Children were observed undertaking very meaningful work.

There was amazing focus and determination – whether it was to shift a pile of sand purposefully, construct a teepee from tree branches, build a raft from drums, sticks and rope, sculpt and bake mud pies, create a cubby or search for tadpoles in the creek.

2017-18 library service statistics



Total loans

533,887



New borrowers

1,353



State-wide *One Card System* saw

130,896

items coming into and out of our library service (7.8% increase)



An additional

73,702

items were reserved in-house



12,380

children attended programs (5.6% increase)

ABP

Community Development Grants Program

Council awarded \$44,687 in grants to 22 community groups through the Community Development Grants program and a further \$174,622 to 18 groups through the Sport and Recreation Grants Program. The programs have a significant impact on promoting community cultural development, health and wellbeing, sustainability and participation in sport and recreation. Details of successful grant recipients are available on our website at www.ahc.sa.gov.au/council/grants-and-tenders/grants

ABP

Play Space Policy

In March 2018, Council approved its Play Space Policy which supports embracing nature play concepts in play-space development. This policy guides decision-making to ensure community needs are met as well as our infrastructure and facilities are managed effectively for the long term.

Hills Treasures

A further 40 older Hills residents were honoured with the title of Hills Treasure at an afternoon tea in October 2017. This initiative acknowledges and thanks older Hills residents who have been working for their community.

Addressing transport and housing needs

ABP

There are over 1,000km of roads in the Adelaide Hills which, when stretched, would almost reach from Adelaide to Canberra. These roads carry our residents and other visitors on their weekend getaways as they motor, bike, cycle, walk and experience nature in the Hills. This also creates Council's major expenditure focus: maintaining roads, main streets, paths and trails, buildings, rubbish collection, signage, parks, public toilets and much more.

Our *Adelaide Hills Trails Network Strategy* was adopted in 2014 and our *Strategic Bicycle Plan* in 2016. Both strategies are under review and an audit of trails is underway. A proposed Framework approach was presented to Council at a workshop in May 2018. The *Recreation Trails and Cycling Routes Framework* will cover a policy position, service levels and an upgrade and development program. A draft Policy position, to form part of the Framework, will be presented to Council in late 2018.

Keeping our residents and visitors safe is of prime concern for Council. We continue to work with the Department of Planning, Transport and Infrastructure (DPTI) to identify projects that are taking place in the district to ensure that provisions are made to incorporate bicycle and pedestrian paths. A recent example is a bridge/culvert widening on the Onkaparinga Valley Road at Woodside being undertaken by DPTI. Council was able to negotiate extra width to accommodate a path over the water course.

Sustainable development that meets the needs of our Hills community is also a priority. A major achievement has been Approval of the Townships and Urban Areas Development Plan Amendment (DPA) in October 2017, which is the culmination of almost 13 years of planning policy work of reviewing the development policies affecting all our townships and urban areas within our Council area. A key outcome of this DPA was to improve opportunities for the provision of a diverse range of housing with a focus on providing housing for young people and those wishing to age in their own home.

Implementation of the changes is underway. Construction of the first residential flat buildings and units in the Hamilton Hill development site in Woodforde was approved. This is the biggest development site of its kind in our Council area with 288 allotments and over 411 houses and units to be developed on the site over the coming years. The first units were completed and occupied in early 2018.

The roll-out of the Electronic Development Application System has enhanced the ease of doing business with Council. Since 1 January 2018, 78 percent of all decisions regarding development applications are now sent out electronically, resulting in improved customer service outcomes and increased efficiencies. The balance is sent out in hard copy at the request of the applicants.

Our Council teams have also won a number of prestigious awards including:

The Planning Policy Team won two State awards in November 2017 and one National commendation in May 2018 at the Planning Institute of Australia State and National events for the Median Rule GIS Land Division tool. This tool, considered to be a global first, was developed as part of the Townships and Urban Areas DPA to deal with land division applications in the Country Living Zone around Stirling, Aldgate and Crafers.

The Building Services Team was awarded the AIBS State Building Surveying Team of the Year. They were recognised for their work in assisting people to rebuild after the Sampson flat bushfire, contributions to the SA chapter committee, and liaison with DPTI to achieve legislation changes regarding Swimming pool safety suction requirements, Electronic Assessment and in-field technology, and their focus on customer service were key factors in consideration for the award.



Looking Forward 2018-19 ***People and Business*** ***Prosper Key Initiatives***



Invest an additional \$50,000 in Adelaide Hills Tourism to improve visitor servicing.



Encourage active lifestyles through incorporating nature play in play space developments.



Support and encourage business growth and new investment through initiatives including May Business Month.



Work with the State Government to change development policies to make farming easier and allow value adding activities such as food tourism and on-farm shops.

Goal 2 Activities and opportunities to connect

Connect

**What success looks like:
A welcoming and inclusive community where people support, respect and celebrate each other for their differences as much as their shared values.**

In an increasingly fast-paced and technological world, opportunities to connect are crucial.

Connection can be with a place, people, activities or ideas. A connected community is inclusive and welcoming, engaged, empowered and dynamic. Adelaide Hills is renowned for our community spirit and has one of the highest rates of digital connectivity in Australia, with 89 percent of dwellings having access to internet at home.

Continuing to build our connected community has been a priority in 2017-18. During the year we have been enhancing our youth development program and activities, developed our Multicultural Action Plan, implemented the Adelaide Hills Business and Tourism Centre (Old Woollen Mill) Masterplan at Lobethal, utilised emerging technologies to enhance learning opportunities and implemented our Reflect Reconciliation Action Plan.



Key Achievements 2017-18

Youth development

Strategies

2.8

Performance



ABP

Youth make a significant contribution to our Adelaide Hills community. Data from the 2016 Census indicates that children aged 0-14 years make up nearly one-fifth of our population and a further 12 percent are aged 15-24 years.

These proportions are higher than those for South Australia. The peri-urban nature and dispersed geography of the Hills can affect young people's access to public

transport, local jobs and youth-friendly spaces and activities. We work closely with our community to provide a range of services and programs for youth in our area that meets their needs and interests.

Key highlights from 2017-18 are:

- 704 youth involved in 26 events and activities, 50 young people engaged in three recurring programs, and 167 young people involved in SA Youth Week programming consultation in 2017-18.

- SHARE: Your Future Your Way was a mixed-medium exhibition featuring works by 15 young Adelaide Hills' residents, touching on a wide variety of subjects. It was held at Lobethal Woollen Mills in April and May 2018. The official opening was part of a program of South Australian Youth Week activities. The exhibition was held over four Sundays and attracted 70 visitors.
- A review of the Youth Advisory Committee commenced and a draft Terms of Reference has been developed in conjunction with members.

2017-18 Youth Development
Activities & Programs:

Youth Arts Exhibition

Woodside Jams

Driver Awareness Course

Movie Night

Workshops

LGBT+ Youth Support Group

Quiz Night

Youth Consultation

Youth Advisory Committee

BBQs

XitH LAN parties

Body Esteem project

Year 12 Support project

We collaborated with various partners to deliver a number of projects and programs to improve the wellbeing and resilience of our young people. These include body esteem workshops run by the Butterfly Foundation, Youth Advisory Committee's Year 12 Support Project, support for Operation Flinders, and a regular support group for Adelaide Hills LGBT+ youth with Barker 2 Bridge Youth Services and Headspace Mount Barker.

We are currently developing a Youth Action Plan that will guide our activities in providing opportunities for youth to participate, develop new skills and connect. The Youth Action Plan will be delivered in two parts. The first stage is the Reflect Youth Action Plan which

commenced in January 2018 with a focus on reviewing all current operations, and involved community consultation and testing of new strategies around youth leadership workshops and engagement. The first stage will inform a 3-year Youth Action Plan to be finalised by June 2019.

We also partner with the Playford Trust to offer one \$6,000 scholarship a year, for a student from the Adelaide Hills Council area to commence a Bachelor Degree at one of Adelaide's three main universities relating to agricultural science, viticulture and horticulture, and/or conservation and biodiversity. The 2018 recipient of the scholarship was Isaac Tiney.



Reflect Reconciliation Action Plan implementation

Strategies

2.1

Performance



ABP

Adelaide Hills Council recognises the Peramangk and Kurna as our region's first people.

We respect their ongoing relationship with the land and are committed to working together to ensure their culture and traditions are preserved.

In August 2016, we formalised our commitment to Reconciliation and adopted a Reflect Reconciliation Action Plan (RAP). Two of the actions within the plan are to establish a RAP Working Group and to identify, develop and expand partnerships

with agencies supporting Aboriginal people and communities across the Hills. In 2017-18, we have been investigating the potential for a collaborative approach with Mount Barker District Council and Terms of Reference for the joint Working Group were endorsed by our Council. The establishment of the RAP Working Group offers the opportunity to build and strengthen relationships with Peramangk and Kurna traditional custodians, those with Aboriginal or Torres Strait Islander heritage who live, work or have a strong connection

with the Adelaide Hills, and non-Aboriginal stakeholders with expertise in Reconciliation.

During 2017-18 we have offered a range of programs and activities that celebrate first people including Bush Food workshops, school holiday activities, Peramangk History and Heritage Workshops and cooking with Bush Food ingredients. Council recognised and celebrated Reconciliation Week and NAIDOC Week and is a significant sponsor of the Just Too Deadly Awards.



Supporting multiculturalism and diversity

Council's vision for the Adelaide Hills is 'a place for everyone' and diversity in our community is one of our greatest strengths.

Adelaide Hills' residents come from more than 50 countries, speak more than 35 languages and follow more than 30 religions. Since the 1830s migrants have been settling and working in the Adelaide Hills and this continues today with nearly 500 new arrivals to Australia settling in the area in the last five years. Cultural diversity

Strategies

2.2

Performance



brings significant economic, social and cultural benefits to our community. In 2017, Council developed and adopted a Multicultural Action Plan 2017-2020. The Action Plan outlines the specific actions that can be taken to support the Refugee Welcome Zone commitment along with our strategic goal to focus on understanding and promoting cultural diversity within the Adelaide Hills. Work will continue in 2018-19 to progressively implement the action plan.

During 2017-18 Council has celebrated the cultural diversity of our area through a wide range of programs and activities across our community centres and libraries, including cooking, art and craft and dance. The annual Harmony Picnic in Federation Park Gumeracha in April 2018 saw local Adelaide Hills' communities come together with new arrival groups to share culture, food and performance and enjoy a day in the Hills.

Inspiring community leadership

One of Adelaide Hills Council's critical roles is as a facilitator and enabler. Our commitment to building community leadership was demonstrated through hosting and piloting a series of free community leadership masterclasses in late 2016.

Strategies

2.3

Performance



Work has progressed in 2017-18, following an evaluation of the pilot, with additional classes being offered in a range of topics, including volunteer management, resilient leadership and chairing a meeting. A new program will be delivered in the second half of 2018. The program is now being offered to a wider audience of community leaders and community groups and a web page is under development to assist community to access relevant information.

In conjunction with the Community Leadership Program, several capacity building workshops for clubs were delivered in 2017-18. Approximately 30 sports club representatives attended a child protection information session and another 30 at two grant funding workshops. Five of the clubs also have one-on-one mentoring regarding strategic planning for their club and to further leverage their grant funding.



Adelaide Hills Business and Tourism Centre (Old Woollen Mill) Masterplan (including the Arts and Heritage Hub at Lobethal)

Strategies

Performance

2.4

4.4



ABP

The Adelaide Hills Business and Tourism Centre (AHBTC) is located in Lobethal.

In the past the AHBTC site was used for numerous business interests, predominantly as home to the former Onkaparinga Woollen Mills which operated for 117 years until its closure in the early 1990s. AHBTC is one of only two industrial precincts in the Adelaide Hills Council region and is therefore critical in maintaining employment and business opportunities within the area. The site is also of historical significance and its redevelopment brings new opportunities to showcase the heritage and creativity inherent in the Adelaide Hills region. The AHBTC Masterplan outlines the strategic direction of the

site and was adopted in June 2015. There are two streams of work related to the Masterplan's implementation: (1) development of the Arts and Heritage Hub and (2) the divestment strategy which involves dividing the site to enable the sale of portions to the businesses operating on the site.

During 2017-18 we have developed an Arts and Heritage Hub Business Development Framework which was adopted in February 2018. The Business Development Framework provides a roadmap and milestone targets for achieving the vision of the Hub. The Framework envisages 'a sustainable and distinctive facility that offers exceptional cultural experiences and provides valuable social,

educational and economic outcomes for the region'. Textile has been identified as a key artistic theme and it provides a point of difference that will position the facility nationally and boost its visitor attraction potential.

The divestment project has involved the assessment of the requirements to divide the site and progression of those requirements. A number of tenants have been provided with First Right of Refusal options in relation to a purchase of their tenanted area, and active negotiations are occurring with a number of tenants. The 'South Side', the parcel of land on the south side of Lobethal – Lenswood Road was progressed in 2017-18 with settlements in the sale being effected.

Lifelong learning

Strategies

2.5

Performance



ABP

Lifelong learning is the pursuit of knowledge for either personal or professional reasons. It enhances social inclusion, active citizenship, and personal development, as well as employability.

Council's Library Service actively supports lifelong learning, promoting both traditional and digital literacy across all ages. School holiday programs and Science and Book Weeks have been aligned with STEAM (Science, Technology, Engineering,

Arts and Mathematics) principles and digital resources introduced to enable exploration. 2017-18 saw a total of 12,380 children attend 598 sessions, increases of 5.6 percent and 35 percent respectively. Preschool and school holiday programs had the highest attendance at 41 percent each, while Book and Science week programs were responsible for 11 percent. Use of Studiosity, our learning support for older children and young adults, saw an increase of 45 percent. This online homework

help service enables Year 7 to TAFE and independent young adult learners to resolve mathematics, science and other homework issues with 'real time' assistance from qualified tutors.

Council's community centres also offer a wide range of programs covering training and education, sharing skills and interests and healthy living activities as well as offering the social benefits of engaging with others in our community.

Events – opportunities to connect

Strategies

2.6

Performance



ABP

Adelaide is recognised internationally for its outstanding festivals and events and the Adelaide Hills plays an important part in building this reputation. Council supported 84 community events in 2017-18 including markets, festivals, and major crowd-pleasers like bonfire nights, renaissance fairs, and a tarmac rally, ensuring that the Adelaide Hills is a destination of choice.

The 20-year anniversary of the Santos Tour Down Under cycling race occurred in January 2018 and stage finishes occurred in Uraidla and Stirling. In the same month, Gumeracha hosted the start and finish of Stage One of the Santos Women's Tour Down Under.

The Summit Community Centre's SALA exhibition in August 2017 was 'Adelaide Hills – Wild'. Exhibits included sculptures, water colours, oil paintings, mosaics, photography, drawings and textiles – each a unique reflection of the nature, space, life and place that comes from experiencing the Adelaide Hills.

In celebrating Council's 20th Anniversary a commemorative Art Exhibition 'Adelaide Hills Stories: our people, our community, our home' was opened in November 2017. Local artists were awarded three major prizes, including the \$2,000 major prize to 21 year old Joseph Haxan for his work Hissing Colocasia. The exhibition was held at the Old Woollen Mill site in Lobethal.

Hills Harmony Picnic was held in March 2018 to recognise and celebrate diversity in our Hills community. The event provides opportunity for people from different cultures, backgrounds and communities to connect.

Four local people were recognised as Baton Bearers in the Queen's Baton Relay for the Commonwealth Games for their contribution to our Hills community. The relay passed through Hahndorf, Lobethal and Stirling on Wednesday 21 February 2018.

We also support a range of other events and activities throughout our region such as the Lobethal, Stirling, and Woodside Christmas Pageants, the Stirling Fringe, community markets and Stirling Laneways, and the Gumeracha Medieval Fair.



Looking Forward 2018-19 Activities and Opportunities to Connect Key Initiatives



Invite Aboriginal people and their representatives to be part of a working/reference group.



Roll out cultural diversity awareness programs for young people through our libraries.



Grow our involvement with the Women's Tour Down Under and continue our involvement with the Men's Tour.



Focus on developing young people as leaders through a new youth leadership development program.

Goal 3 Places for people and nature

Place

**What success looks like:
Vibrant places that contribute to increased wellbeing.
Thriving ecosystems.**

The natural and built environments of our Adelaide Hills contribute to its unique character and the appeal of living in the area.

The region has a wide range of habitats and is a biodiversity hotspot. Our natural environment is vulnerable to a number of threats including weed management, habitat fragmentation, bush fire risk and climate change. Sustainable management of our environment is key.

Council plays an important role in enhancing our natural and built environments and has delivered a number of outcomes in 2017-18. These include implementing our environmentally friendly steam weeding and Native Vegetation Marker System Monitoring and Management programs.

We are encouraging community-led place making approaches to enhance our townships and public spaces. Council is also working towards reducing our carbon footprint, managing our infrastructure effectively for the long term and encouraging sustainable living and commercial practices within our community.



Key Achievements 2017-18

Place-making revitalising our towns and villages

Strategies

3.9

Performance



ABP

Place-making is about creating authentic, vibrant and resilient places that are valued by our community and visitors.

It involves collaboration between many stakeholders to articulate a vision for a place and to plan and deliver that vision.

Community-led place-making builds community goodwill, and gives investors and businesses the confidence to innovate and create places that people love.

During 2017-18 Council has been involved in place-making through our work on developing the masterplans for the Gumeracha Main Street and Gumeracha Precinct - Federation Park and Oval. The former draft masterplan has been developed with the Gumeracha Main Street Project Group (GMSPG) through an extensive community engagement process. The draft Masterplan builds on the

Design Framework (Residents Win funding application) developed in November 2017. The intention is that this Masterplan ensures a coordinated design approach to the main street, and facilitates the design documentation of crossing points and the installation of 'Quick Win' projects.

The Gumeracha Precinct (Federation Park and Oval) is a large open space, recreation facility and civic centre located within the Gumeracha township. The site area is a total of 7,844 hectares of undulating landscape and parkland traversed by the Kenton Creek along with numerous buildings and recreation facilities. A major Medieval Fair is held annually at the park attracting over 10,000 people. Themes identified within the draft Masterplan include:

- Preserve, enhance and build upon the natural assets and environment of the reserve

- Link the reserve to the main street precinct and improve legibility and movement networks, and
- Enhance the reserve as a destination to attract increased use by tourists, locals and events.

Both draft Masterplans will undergo community consultation in October 2018. Once approved and implemented they will deliver significant social, economic and environmental benefits for local businesses and the community.

Work also has continued on Imagine Uraidla with a focus on enhanced communication with the community; offering a calendar of events on the website, regular Facebook event posts, as well as sharing stories from around the community about other local groups or individuals who are involved in community building initiatives through their newsletter.

Managing our assets for the long term

Adelaide Hills Council is an infrastructure asset intensive business with approximately \$480 million of non-current assets. Our buildings and roads are examples of our assets.

Our new Asset Management Policy was adopted in August 2017 and key aims within it are to ensure that Council's services and infrastructure are provided in a sustainable manner with the appropriate levels of service to residents and visitors. Meeting our legislative obligations is also critical. Council is committed to implementing a systematic asset management

Strategies **3.5** Performance



approach using best practice across all areas of Council. This includes ensuring assets are planned, created, operated, maintained and renewed and disposed of in accordance with Council's priorities for service delivery.

To turn this policy into a reality during 2017-18 we have been implementing a number of initiatives including updating all of our asset management plans which will inform our review of the Long Term Financial Plan. This included a detailed review of transport asset categories and the capture of asset information within our Asset Management System. We have also

implemented our expanded programmed maintenance schedule to ensure our assets are managed proactively. This comprises a structured program by area where we will be undertaking particular works during a given period. The program provides surety for residents in relation to timeframes for addressing maintenance and customer request related activities in their area. Taking a proactive approach supports better service delivery and our ongoing financial sustainability.





TBC new images; low res.

Innovative transport and trail routes

Council plays an important role in advocating for innovative transport and trail routes including the northern bypass rail route, the B-Double freight route to Lobethal and the Amy Gillett Bikeway for recreational use.

During 2017-18 Adelaide Hills Council, along with other partners, funded a scoping and preliminary feasibility into the construction of a new freight rail corridor linking Monarto with Two Wells. This is an important step

Strategies **1.6** **1.7** **1.12** **3.4** **3.8** Performance  **ABP**

in ensuring South Australia maintains a role in the national rail freight network. Future work will involve more detailed investigations including the development of a business case in accordance with the requirements of Infrastructure Australia.

Council staff continue to meet with SA Department of Planning, Transport and Infrastructure staff and their contractors to review proposed design concepts and design documentation for a range of aspects in relation to the B-Double freight upgrade to Lobethal project.

The Amy Gillett Bikeway is a shared recreational path for people wanting to cycle, walk or ride horses. It extends from Oakbank, through the towns of Woodside and Charleston and ends at Mount Torrens. Council continues to explore alternative funding channels to further develop the trail, and is working collaboratively with neighbouring Councils in regards to the potential for a broader inter-regional cycle network project.

Sustainably managing our environment

Strategies



Performance



The Adelaide Hills region is renowned for its stunning natural environment and its many unique and beautiful characteristics.

Most of our Council area lies within the Mount Lofty Ranges watershed which supplies some 60 percent of metropolitan Adelaide’s water supply. Management of the watershed

restrains residential and industrial development, and protecting our distinctive environment is a priority. Council is committed to ensuring that its activities and services are sustainable. We are striving towards more efficient use of resources, reduction in energy and water use, conservation of biodiversity, fuel reduction and weed management, reduction in waste, and maximising resource recovery.

Key highlights for 2017-18

Council Native Vegetation Marker System (NVMS) Monitoring and Management Program developed and implemented in collaboration with Natural Resources Adelaide Mount Lofty Ranges. The Biodiversity Team were shortlisted as finalists in the LG Professionals Leadership Excellence Awards for this program as a benchmark for best practice.

Council Reserve Monitoring and Management Program developed and implemented with sites of highest biodiversity value prioritised for active planning, management and monitoring. Monitoring shows a general trend of improvement in condition across all sites where active, prioritised management has been occurring.

Collaboration is occurring with SA Department for Environment and Water regarding the Fuel Reduction and Weed Management Program across the Adelaide Hills Council area. Prescribed burning is regarded as a vital strategy to improve the protection of built and natural assets from the adverse impacts of bushfire by reducing heavy fuel loads in strategic areas. Fuel reduction burning increases the chances of early fire suppression and provides a safer environment during bushfires.

Following the success of the pilot steam weeding program in 2016, during 2017-18 it was applied to every playground in Council’s area. The program will be further expanded to roadsides near schools in 2018-19. Weed control is beneficial by protecting ecosystems of native plant species that are vital habitat to wildlife. It also assists in controlling deciduous tree litter in watercourses that deteriorates water quality.

Collaboration as part of the Resilient Hills and Coasts project and implementation of its Adaptation Plan which guides the region’s climate change response. A Local Action Plan for embedding climate change considerations into everyday decision-making processes and increase local awareness raising and engagement activities has been developed. Energy and emissions reporting for all project partners occurred in January 2018.

In October 2017 Council adopted the *Dog and Cat Animal Management Plan 2018-2022*. The Plan includes strategies to educate residents regarding a number of animal management activities including responsible dog and cat ownership. This education aims to reduce unwanted animal behaviours such as dog attacks, and increase beneficial animal behaviours leading to increased confidence and wellbeing of the community. The plan also contains a number of strategies to assist in minimising the impact of cats on native flora and fauna. Implementation of the plan is underway.

In October and November 2017 Council undertook an event bin, waste, recycling and FOGO (Food Organic / Green Organic) trial at the Stirling Markets and the Uraidla Sustainability Fair and Show.

During 2017-18 Council continued to undertake a review of its Community Wastewater Management System (CWMS) to explore opportunities to provide the most cost effective wastewater service available to customers and at the lowest risk to Council. This work included a review of Council’s CWMS pricing structure that identified our charges were compliant with mandatory requirements regulated by the Essential Services Commission of South Australia. The CWMS review will continue to be progressed throughout 2018-19.



Looking Forward 2018-19 Places for People and Nature Key Initiatives



**Review our
Biodiversity
Strategy.**



**Deliver community
and recreation facility
grant funding.**



**Review our
Cats By-law to
reduce the impact
of cats on native
flora and fauna.**



**Work with groups
like Gumeracha
Main Street Working
Party, to support
community-led
place-making
initiatives.**

Goal 4 Explore ideas and work with others

Explore

**What success looks like:
Council working with the community and others to pursue new ideas and address emerging needs.**

Exploring ideas and collaboratively working with others is central to understanding and meeting our community's needs and delivering outcomes that are for the long term benefit of our area.

Technological innovations are continually providing new ways to design, develop and deliver services and more effectively consult and engage with a broader range of stakeholders.

Technology is also critical to the creative industries which are a driver of our Adelaide Hills' economy and reputation. Our area is famous for its vibrant arts culture, with local artists living and working locally. Council is committed to working with the wider community to facilitate and promote activities that enhance our arts and culture and related industries.

Our Adelaide Hills area borders nine other Council areas. Our decisions impact on others and we foster positive relationships with other Councils, relevant State Government Ministers, government departments and agencies and businesses.

During 2017-18 Council has actively engaged with our community, capitalised on emerging technology opportunities, supported our creative industries and worked with other Councils and other levels of government and industry for the best outcomes for our community.



Key Achievements 2017-18

Technology delivering opportunity

New technologies are changing the way people live, interact and do business. In a digital world there is increasing demand for services anywhere and anytime and that they are personalised to their needs.

Data from the 2016 Census indicates that our community is digitally engaged – 89 percent of dwellings within the Adelaide Hills area have at least one person who uses the internet at home. New technologies can allow greater, more efficient access to services and information and significantly enhance Council's engagement with its geographically dispersed region.

Strategies

4.2

4.3

Performance



In January 2018, Council adopted our new *ICT & IS Strategic Plan* for 2017-2020. This plan provides the roadmap for the future and has four goals.

Goal 1 Access	Council strives to provide access to systems that support high quality customer experience.
Goal 2 Connect	Council will seek to maintain a variety of external relationships to leverage benefits.
Goal 3 Explore	Council needs to explore emerging technologies and the opportunities they present.
Goal 4 Inform	Council highly values reliable, accurate and relevant information.

Council has been turning technological opportunities into a reality in 2017-18. Key projects include: Digital mobility in the field, establishing a permanent network link with the City of Adelaide, Internet of Things network and the Virtual Reality project.

Digital mobility in the field

We completed a pilot to assess the service impact of utilising mobile devices in the field. Mobile devices were rolled out to relevant staff in October and November of 2017. The pilot covered development compliance, building inspections, wasp and dog services and playground and tree inspections. The use of the field devices delivered significant savings in staff time, fuel and printing costs.

Council is also using field devices to undertake asset inspections that were previously paper based. These are real time observations of our playground assets and any defects, repairs undertaken are logged against that playground. This is delivering service improvements and ensuring the safety of our playgrounds. Following the success of the use of electronic field devices by the playground team we are moving to implementation of field devices for our tree management activities.

Permanent network link with the City of Adelaide

In collaboration with the City of Adelaide, we have now established a permanent network link between the two councils enabling us to not only share information but, in the future, will support sharing services, which will result in cost savings for councils. Currently a shared Global Address List through Microsoft Exchange has been established, which allows visibility of contacts at the City of Adelaide and City of Unley. Future collaboration may include additional service sharing through the use of Microsoft Office 365, and possibly a second offsite facility to store data backups to be used in the event of a disaster.

Internet of Things network

Council has partnered with The Science of Things to install a ThinXtra, SigFox based Network within the Adelaide Hills region. Installations have been completed in Stirling, Heathfield, Bridgewater, Woodside and Houghton. Since the network has been established, we have begun investigating a possible pilot program to explore the utilisation of the Internet of Things sensors on some of our own assets, and capital budget has been assigned in 2018-19. The network is not restricted to being used by Council only, so any individuals or businesses are able to install their own Internet of Things sensors making use of this new network as their communications medium.

Virtual reality project

The Torrens Valley Community Centre Virtual Reality Project was successful in running several publicly attended virtual reality sessions, where participants signed up for 15 minute experiences in the virtual world of their choice. Choices ranged from 3D painting, to archery, to travelling anywhere in the world via Google Earth VR in a stunning and immersive 3D environment with cities, mountains and access to 360 degree photos taken all around the world in street view mode.

The portable virtual reality kit has also been utilised at multiple "XitH" Community LAN/Gaming tournament events run by Council, where it has been very popular with the youth attending. Most recently an induction workshop was conducted with a group of volunteers keen to learn more about the technology and assist with running future community sessions.





Arts and culture – creative expression in our community

Strategies **4.4** Performance  

The Adelaide Hills is home to a large number of artists, writers, performers and musicians, from emerging artists to those of international acclaim.

We know that our community places a high value on arts and culture and the opportunity to participate in creative expression in its many forms. Council is committed to supporting opportunities for growth and innovation in this area that:

- connects communities through shared experience and vision
- impacts on how we use and engage with our public spaces
- impacts on how we engage with each other
- reflects community values, interests and history and
- involves all creative expression including, visual art, performance, music and writing.

Key highlights from 2017-18 include:

- Further development of the Arts and Heritage Hub at the Old Woollen Mill site at Lobethal through the development and approval of its Business Development Framework which will provide the blueprint for the staged development of the site and facility.
- Council's 20th anniversary art exhibition, Adelaide Hills Stories: our people, our community, our home which was held at the Old Woollen Mill at Lobethal in November and December 2017.
- The Adelaide Hills was strongly represented in the South Australian Living Artists (SALA) Festival in August 2017 with numerous galleries, studios, restaurants and businesses exhibiting local artists. There were over 40 exhibitions in the Adelaide Hills as part of SALA 2017. The biggest SALA at the Summit to date with 58 artists exhibiting 163 works. 'Adelaide Hills Wild' was viewed by over 300 visitors.
- Supporting arts and culture festivals such as the Stirling Fringe and Lobethal Fringe Exhibition "In These Shoes" in February-March 2018.
- Supporting "Share" annual youth arts exhibition.
- Undertaking research and consultation with the arts community resulting in the report Adelaide Hills Council's Role in Supporting the Arts which was presented to Council in September 2017. This report informed the development of an Action Plan for the Arts.
- Opening of the Adelaide Hills sculpture trail in November 2017 featuring 26 sculpture parks across the Adelaide Hills, with original works by international artists complemented by seating, lighting and appropriate signage.
- Multiple arts and crafts programs run through our libraries and community centres.
- Installation of a Frog Mural on the wall of the gymnasium at Gumeracha Primary School.

Collaborating for outcomes

Strategies

4.5

4.6

Performance



ABP

Strategic collaboration and partnerships between Adelaide Hills Council and other councils, the State Government, the Commonwealth, business and others are vital to help shape and deliver outcomes for our community. We share borders with nine different councils and have a long

history of working successfully together. Through strategic alliances and other partnerships we work to jointly plan and advocate for our region, share resources and improve alignment with state and federal priorities. A selection of our strategic collaborations for 2017-18 are outlined below.

Strategic Initiative	Collaboration Description
Mount Lofty Ranges National and World Heritage Bids	Collaboration with nine other local councils, the University of Adelaide and Regional Development Australia Barossa to pursue National and World Heritage listing bids for the Mount Lofty Ranges region.
Planning and Development Policy	Working with the Department of Planning, Transport and Infrastructure on the proposed planning policy changes for rural/primary production areas and the conversion of our Development Plan into the proposed State Planning and Design Code. This is a work in progress and is due to be completed in July 2022.
Region Profile and Priorities	Regular meetings with Federal and State Members of Parliament to raise the profile and build understanding and support for the priorities of Adelaide Hills Council and the region.
Adelaide Hills Visitor Information Servicing Strategy	Collaboration with SA Tourism, Adelaide Hills Tourism, Mount Barker District Council, as well as tourism operators and industry bodies, to implement the <i>Adelaide Hills Visitor Information Servicing Strategy</i> .
Resilient Hills & Coasts	Resilient Hills & Coasts is a partnering project between local government, Natural Resources Management Boards and state and federal governments to develop a Regional Climate Change Adaptation Plan for the Adelaide Hills, Fleurieu Peninsula and Kangaroo Island region. Key priorities have been developing an Adelaide Hills Local Action Plan, energy and emissions reporting and exploring the possible design and delivery of a regional community energy program.

Strategic Initiative	Collaboration Description
Inter-Regional Cycle Network	Councils, Regional Development Australia and Seppeltsfield Business Alliance have been working together to develop an Inter-regional Cycle Network. It identifies key routes to connect a shared path from the Clare Valley, through the Barossa and Adelaide Hills to Mount Barker.
Bushfire Resilience	In cooperation with Council, the Department of Environment and Water conducted prescribed burns at Heathfield Stone Reserve (October 2017) and the Crafers West RAA Tower site (November 2017) to protect and build resilience to major bushfires.
Northern Bypass Rail Route	Adelaide Hills Council with Regional Development Australia and partnering councils have completed a feasibility study into the construction of a new freight rail corridor linking Monarto with Two Wells.
May Business Month	In partnership with Mount Barker District Council, Adelaide Hills Council delivered May Business Month supporting local businesses in the region.
Regional Health Plan	Through the Regional Health Plan Working Group, Council worked to deliver the Regional Health Plan focusing on providing healthy environments and supporting healthy lifestyles and planning and partnerships relating to improving public health across the region.



Strategic Initiative

Collaboration Description

Council Subsidiaries

Our subsidiaries are important collaborations for Council and have delivered a number of outcomes such as:

East Waste – increased service offerings to Council (i.e. additional bin management services) and expanded the “Why waste it?” education campaign

Adelaide Hills Region Waste Management Authority – signing of the continued agreement for management of the Heathfield site and successful bid for the hazardous waste facility at Heathfield and Brinkley sites

Gawler River Floodplain Management Authority – partnered with the University of Adelaide and Research Institute for Knowledge Systems to progress development of an integrated decision support tool for understanding and responding to current and future flood risk – Gawler River Catchment.

Southern and Hills Local Government Association (S&HLGA) – continued work of the existing Roads Working Party and the *2020 Transport Plan* review, monitored the *S&HLGA Regional Public Health Plan* and implemented the region’s *Climate Change Adaptation Plan*.

Local business community support

Collaborations occurred with our local business community and their associations (e.g. Stirling Business Association and Woodside Commerce Association), support of community and sporting groups (e.g. through our grants and training programs) and through community-led place-making initiatives such as Imagine Uraidla and Gumeracha Main Street.

Strategic Initiative

Collaboration Description

Reflect Reconciliation Action Plan

Worked with Mount Barker District Council to build and strengthen relationships with Peramangk and Kaurna traditional custodians, those with Aboriginal or Torres Strait Islander heritage who live, work or have a strong connection with the Adelaide Hills, and non-Aboriginal stakeholders with expertise in Reconciliation.

Hills Positive Ageing Project

The project promotes positive ageing and supports aged care providers to develop quality services for older residents in the Adelaide Hills, Mount Barker and western Alexandrina (Strathalbyn) Council areas. Key efforts during the year have been on the delivery of regional strategies for positive ageing and provision of sector support.

Community transport

The Council part funds Hills Community Transport, an initiative which provides transport services information, direct transport assistance for eligible clients and a travel companion service. The service operates across the Adelaide Hills, Mount Barker and Alexandrina (part) Council areas.



Community engagement

Community expectations regarding levels of service, involvement in decision-making and the value for money they receive from Adelaide Hills Council are increasing.

The need to proactively manage these expectations is critical to ensure confidence in both Council's services and our organisation. Community ownership developed through engaging the planning and implementation of our major projects and initiatives is essential to achieving positive outcomes. For example, community involvement is critical as part of our place-making work.

Strategies

4.1

Performance



ABP

Community engagement also helps Council achieve more effective governance through balancing decision-making with sensitivity to community needs, interests and aspirations. We are committed to improving the way our community is informed and involved in our decision-making processes. Council uses a range of methods to seek feedback from our Community, such as forums, workshops and surveys. During 2017-18, participation numbers were highest for consultation on the Elector Representation Review and the proposed new By-laws, with particular interest on the provision for cats to be confined to their owner's property from 1 January 2022.

We are embracing contemporary methods of engagement and communications so everyone can have a voice. New methods implemented in 2017-18 include:

- Reviewed communications methods and shifted the focus to contemporary channels such as social media and email newsletters.
- Improved the customer request function on ahc.sa.gov.au
- Introduced new Contact Centre protocols which deal with the most common types of customer calls in a more streamlined manner.



Looking Forward 2018-19 ***Explore Ideas and Work*** ***with Others Key Initiatives***



Improve and grow digital communication channels, including our website and social media.



Continue to improve online customer service experiences, including the potential to publish our cemetery maps online.



Encourage public art and place-making through the provision of community grants.



Trial and evaluate a range of Internet of Things sensor technologies.

Organisational Sustainability

What success looks like:
Our people are supported and safe.
Our organisation is financially sustainable.
Our decision-making is open, transparent, and accountable. Excellence and equity in service delivery that meets our legislative obligations and community needs.

Adelaide Hills Council recognises that our people are our strength and are critical to achieving our vision and desired outcomes.

We aim to support and develop our people and to continue to build on our high-performing and service-based culture. We ensure our long term financial sustainability through the use of robust financial modelling and budgeting processes that are aligned with our strategic and business plans, involve the prudent use of

investments and reserves and the generation of revenue via rates and other sources. Council rates are essential for maintaining our vibrant, clean and safe local communities.

People need to be able to trust us. We operate in a highly regulated and scrutinised sector. Open, transparent and accountable decision-making and administrative processes are critical. We identify, evaluate and manage our risks and legislative obligations and these are monitored

through our Audit Committee and subsequently by Council.

Key priorities for 2017-18 in building our organisational sustainability have been reviewing our Corporate Plan, the establishment of our mentoring and coaching and Take 5 for Safety programs, our diversity and inclusion initiatives, a major review of our *Long Term Financial Plan* and the development of our Community Loans Policy and Corporate Planning and Performance Framework.






Key Achievements 2017-18

Corporate Plan


Strategies **5.0** Performance   **ABP**

Our Corporate Plan 2017-2020 focuses on the development of our people and organisation, enabling and supporting the delivery of our Strategic Plan goals, strategies and initiatives in an innovative, cost-effective and timely manner. It is an internal document.

Our Corporate Plan was reviewed in 2017-18 and approved by the Executive Leadership Team, and Council was advised in January 2018. The plan has six main elements: (i) leadership; (ii) people; (iii) strategy and policy; (iv) partnerships and resources; (v) processes, systems and customer service; and (vi) results. Implementation of the plan commenced in the second half of the financial year and our performance against our goals is shown below for 2017-18 priority areas. Other initiatives in the Corporate Plan commence from 2018-19.

Completed	
On track	
Review & Action	
Annual Business Plan	ABP

2017-18	Priority Area
Leadership	
	Corporate values
	Work Health and Safety
	People leaders
	Process and system Improvement
	Coaching and mentoring
	Decision-making
People	
	Reward and recognition
	Performance process
	Diversity and inclusion
	Recruitment and selection
Strategy and Policy	
	Strategic plan and other strategies and functional plan management

2017-18	Priority Area
Partnerships and Resources	
	Better utilise existing LG networks
	Accommodation
Processes, Systems and Customer Service	
	WHS system and data management
	One point of customer contact
	Service delivery innovation
	Sustainable continuous improvement
	Benchmarking opportunities
	Financial reporting
Results	
	Key performance indicators and related outcomes exist and are used to set clear targets and determine the successful deployment of strategy and other plans, based on the needs and expectations of relevant stakeholder groups

Corporate planning and performance

Council has a number of legislative obligations in relation to our corporate planning and reporting, including preparing strategic and annual business plans and an annual report.

These are required to ensure the future sustainability of the organisation, effective use of resources and for transparency

Strategies

5.0

Performance



ABP

and accountability. During 2016-17 we undertook a review of our Governance function (including planning and reporting) and the outcome was reported to senior management. Work in 2017-18 has focused on the development of a Corporate Planning and Performance Framework which was approved in June 2018. This Framework strengthens Council's

ability to strategically, tactically and operationally plan its activities and resources, and to structure corporate reporting systems and processes to monitor performance. Further work will occur in 2018-19 to consolidate the strategic, corporate and annual business planning and reporting functions across our organisation and implement the Framework.





Our people, our safety

Strategies **5.0** Performance

Our people are the heart of our organisation. Attracting the right people for the right jobs and supporting their development are critical to ensuring we meet our service commitments and continue to grow as an organisation.

Diversity and inclusion are encouraged in our workplace. Diversity brings a blend of knowledge, skills and perspectives and an inclusive culture is one where everyone feels valued and respected and is able to fully contribute. Keeping people safe is our number one priority and we adopt a proactive approach to work health and safety.

During the past 12 months we have implemented a number of initiatives to support our people, including our Take 5 for Safety campaign, disability awareness training and establishment of a diversity and inclusion team and mentoring and coaching program.

Take 5 for Safety campaign

Our Take 5 for Safety campaign was launched in April 2018 and the first phase focused on Manual Handling. There were five key communication messages as part of the campaign.

The manual handling campaign ran for four weeks and it included a number of initiatives such as manual handling training delivered by a physiotherapist, supporting posters displayed throughout our Council buildings, a toolkit of manual handling resources was produced and made available through our intranet (the Hills Hub), and regular discussions occur between People Leaders and their employees. Our second campaign focusing on mental health awareness will commence in August 2018.

Diversity and inclusion

Workplace diversity and inclusion has a number of benefits for our organisation such as: higher employee engagement; improved performance; greater innovation; retention; improved employee wellbeing; and lower levels of harassment and discrimination. We conducted disability awareness

training for all of our employees across May and June 2018, focusing on disability discrimination, removing employment barriers, inclusive recruitment, and reasonable adjustment and supporting employees with disabilities. We have also established a diversity and inclusion team that will develop our diversity and inclusion policy and plan.

Coaching and mentoring programs

Coaching and mentoring provide a range of benefits for participants, including providing a way to connect, learn and grow and to develop themselves in their people leader role. During 2017-18 Council has been working with LG Professionals to utilise a panel of coaches to commence a pilot coaching program. An internal mentoring pilot commenced with four participants being mentored by two directors. The draft framework and approaches for both coaching and mentoring will be further developed through input from participants.



Financial sustainability

Strategies

5.0

Performance



ABP

Financial sustainability underpins everything we do; without it we cannot deliver services that meet our customers' needs.

Council's long term financial performance and position are sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services. Our Long Term Financial Plan (LTFP) is critical for accountability and provides projections for Council's planned activities over a ten-year time frame. It is developed from our Strategic Management Plan, Asset Management Plan and other key strategies. The LTFP ensures that Council understands the impact of decisions made today on future

sustainability. The LTFP contains a decision-making model that is continually reviewed and refined as new information is discovered, and is integral to our annual budgeting process. During 2017-18 we undertook a major review of our LTFP to ensure all strategies and initiatives in our Strategic Plan and functional strategies were covered, alignment with our updated asset management plan and a savings/efficiency plan established. This review is essential to ensure that we can meet our service delivery commitments and manage our assets effectively for the long term.

A Community Loans Policy was developed and adopted by Council in February 2018. On occasion, Council receives requests from community groups seeking to borrow funds to

enable improvements to their facilities. The policy has been developed to minimise risk to Council and provide clarity to community groups regarding the terms and conditions under which Council will consider making loans available.

Procurement refers to the methods Council uses to purchase goods and services. Adelaide Hills Council currently has in place a Procurement Policy based around a number of principles. During 2017-18, we have reviewed a procurement quote management system but at this stage determined it does not meet Council's needs. A robust Procurement Framework is currently under development and this will inform any future decisions (if any) regarding any systems.



Looking Forward 2018-19 ***Organisational sustainability*** ***Key Initiatives***



The inclusion of over \$450,000 in savings strategies to enable the inclusion of new initiatives.



Implement initiatives identified in our Corporate Plan to improve our organisation.



Continue to develop our work health and safety practices with the use of the integrated safety management system.



Improve usability of our digital platforms to enhance community awareness of Council services and activities.



Our governance

Transparent and accountable governance underpins our business and is important in demonstrating that we are operating in the best interests of our community.

Our processes are open and ethical, adhere to the law and stand up to scrutiny.

Governance refers to the rules, practices and processes by which Council is directed and controlled. It can have an impact on policies and practices, meeting procedures, service quality, Council Member and Employee conduct, role clarification and good working relationships. Good governance is characterised by being accountable, transparent, responsive, equitable and inclusive, effective and efficient and participatory, and by meeting legislative obligations. Adelaide Hills Council strives for best practice in governance.

The following information reports on our governance activity during 2017-18.

Good governance is accountable,
transparent and responsive.

Council Meetings

Council is the ultimate decision-making body of the organisation; it consists of the Mayor and 12 Councillors.

Council meetings were held in Stirling on the fourth Tuesday of every month. All Council and Council Committee meetings are open to the public unless specific provisions in the *Local Government Act 1999* are satisfied to require the closing of the meeting under a confidentiality order.

Council meetings held in 2017-18:

- 12 ordinary meetings
- 11 special meetings

Council Committee meetings held in 2017-18:

- 2 SPDPC meetings
- 1 Special SPDPC meeting
- 5 Audit Committee meetings
- 5 CEO Performance Review Panel meetings
- 12 CDAP/Special CDAP/CAP meetings

The attendance of the Mayor and Councillors at 2017-18 Council and Committee meetings is detailed in the table below.

	Ordinary Council		Special Council		SPDPC		Special SPDPC		Audit Committee		CDAP (until 26 Sept 2017)		Special CDAP (until 26 Sept 2017)		CAP (from 26 Sept 2017)		CEO Performance Review Panel			
	P	A	P	A	P	A	P	A	P	A	P	A	P	A	P	A	P	A		
Total Meetings	12		11		2		1		5		2		1		9					
Council Member																				
Bill Spragg	11	1	10	1	2	0	1	0	-	-	-	-	-	-	-	-	-	-	4	1
Ron Nelson	10	2	10	1	2	0	1	0	-	-	-	-	-	-	-	-	-	-	-	-
Jan-Claire Wisdom	12	0	9	2	2	0	0	1	-	-	-	-	-	-	-	-	-	-	5	0
Ian Bailey	12	0	9	2	2	0	1	0	-	-	-	-	-	-	-	-	-	-	3*	0
Jan Loveday	11	1	6	5	2	0	1	0	-	-	1	1	1	0	-	-	-	-	5	0
Kirrilee Boyd	11	1	11	0	1	1	1	0	-	-	-	-	-	-	-	-	-	-	-	-
Nathan Daniell	9	3	10	1	2	0	0	1	-	-	-	-	-	-	-	-	-	-	-	-
John Kemp	11	1	9	2	2	0	1	0	4	1	2	0	1	0	-	-	-	-	-	-
Val Hall	4	3	8	0	2	0	1	0	-	-	-	-	-	-	-	-	-	-	-	-
Lynton Vonow	12	0	9	2	1	1	1	0	-	-	-	-	-	-	-	-	-	-	-	-
Andrew Stratford	11	1	9	2	2	0	1	0	-	-	-	-	-	-	-	-	-	-	-	-
Linda Green	12	0	11	0	2	0	1	0	-	-	1	0	1	0	9	0	-	-	2**	0
Malcolm Herrmann	11	1	9	2	1	1	1	0	5	0	-	-	-	-	-	-	-	-	-	-

- Member not appointed to the committee and not required to attend.

P: Present **A:** Apology
* 2017 **2018

SPDPC: Strategic Planning & Development Policy

CDAP: Council Development Assessment Panel

CAP: Council Assessment Panel

Good governance involves remunerating fairly and responsibly.

Allowances paid to Council Members

Council Members are entitled to receive an annual allowance, as determined by the Remuneration Tribunal pursuant to Section 76 of the *Local Government Act 1999* (the Act) for performing and discharging their official functions and duties.

Pursuant to the Remuneration Tribunal's determination, the following amounts were prescribed for Council Members for 2017-18:

	1 July 2017 to 6 November 2017	7 November 2017 to 30 June 2018
Mayor/Principal Member	\$65,104 per annum	\$66,304 per annum
Deputy Mayor/Presiding Member of a Prescribed Committee	\$20,345 per annum	\$20,720 per annum
Other Council Members	\$16,276 per annum	\$16,576 per annum

Note: in accordance with the Act, the Allowance is adjusted annually to reflect changes in the Consumer Price Index.

Council's prescribed committees are the Strategic Planning and Development Policy Committee, Audit Committee and the CEO Performance Review Panel.

In addition to the allowance paid under section 76 of the *Local Government Act 1999*, Council Members were entitled to receive the following under the Council Member Allowances and Benefit Policy (in force as at 30 June 2018):

- Reimbursement for travelling within/outside the area of Council and child/dependent care expenses associated with attendance at a Prescribed Meeting or undertaking a function or activity on the business of Council.
- Provision of an annual Travel Time Payment for Members residing greater than 30km from the Principal Office.
- Reimbursement of other expenses including:
 - » Phone costs (call charges only)
 - » Conference, seminar and training course fees and associated travel expenses.

- Provision of the following to assist Members in performing their official functions:

- » An iPad (or similar tablet computer), associated software and 4G connection for document management (including Council Agenda and Minutes), communication and research (both Council Workspace and Internet)
- » A Council email address
- » A mobile phone (including SIM)
- » Reams of paper for printing
- » Stationery (such as pads, pens, diaries, etc.)
- » Meals and beverages provided in association with attendance at 'prescribed meetings'.

In addition to these, Council has resolved to make available to the Mayor (or Deputy Mayor during the Mayor's absence) the following additional facilities and support to assist them in performing and discharging their official functions and duties:

- Laptop computer with appropriate software
- Supply and maintenance of a motor vehicle
- Mayoral Office accessible 24/7 providing desk and meeting facilities
- Provision of media and communications support
- Access to administrative officer services.

The Chief Executive Officer maintains a Register of allowances and Benefits provided to Council Members which is available for inspection by the public.

Good governance is effective and efficient.

Council Member training and development

Council is committed to providing training and development activities for Council Members and recognises the responsibility to develop and adopt a policy for this purpose under Section 80A of the *Local Government Act 1999*.

Mayor Bill Spragg attended

- Mayor and Chairperson's Forum (28 July 2017)
- CEO and Joint Mayors' forum (7 July 2017)

Councillor and Deputy Mayor

Jan-Claire Wisdom attended

- LGASA tourism events workshop

Monthly professional development training sessions have been held for Council Members. Professional development sessions conducted in-house are Closed Informal Gatherings for the purposes of the Informal Gatherings and Discussions Policy. The dates and venues for these sessions are publicly documented in agendas for Ordinary Council meetings. Some Council Members also attended sessions held by the LGA. Training topics included:

- Related Party Disclosure Requirements for Financial Statements
- Asset Management Plans - Transport
- Warrawong - briefing and tour
- Kurna Native Title Claim, the ILUA and the Kurna/Peramangk boundary
- Appreciative inquiry and decision-making
- Caretaker Period
- Community Forum
- VISION Cleland
- Location of Principal Office
- Organisation Structure

Council's Assessment Panel

As a result of the State Government's rollout of the Planning Reforms including the *Planning, Development & Infrastructure (PDI) Act, 2016*, Council established the new Council Assessment Panel (CAP) pursuant to Sections 82 and 83 of the aforementioned Act on 26 September 2017. This CAP replaces the previous Council Development Assessment Panel (CDAP) established under Section 56A of the *Development Act 1993*, and from 1 October 2017 comprises one Council Member plus four independent members (which includes an independent chairperson).

Members during the 2017-18 financial year:

- Prof Stephen Hamnett
(Presiding Independent Member)
[Appointed 1 June 2017]
- Mr Rob McBryde
(Independent Member)
- Mr Simon Bradley
(Independent Member)
- Kathryn Bellette
(Independent Member until 26 September 2017)
- Cr Linda Green
- Cr Jan Loveday
(membership ended on 26 September 2017)
- Cr John Kemp
(membership ended on 26 September 2017)

The Panel considers development applications (i.e. requests from people wishing to construct buildings or undertake other developments in the area) which cannot be decided upon by staff under delegation.

CAP meetings are generally held in Stirling on the second Wednesday of each month from 6:30pm. In 2017-18, eleven ordinary meetings and one special meeting of the Panel were held.

Sitting fees paid to independent members of the Council Assessment Panel were:

- Independent Presiding Member
\$500 per meeting
- Independent Ordinary Member
\$380 per meeting

It was resolved by Council at its meeting on 28 November 2017 that the Council Member or Deputy Council Member on the CAP be paid a sitting fee of \$190 per meeting, starting 1 November 2017.

Local Government Act 1999 Section 41 Committees

The Adelaide Hills Council has three Section 41 Committees (Council Committees) which operate under the Terms of Reference determined by Council:

- 1) the Strategic Planning and Development Policy Committee
- 2) the Audit Committee, and
- 3) the CEO Performance Review Panel.

1. Strategic Planning and Development Policy Committee

The Strategic Planning and Development Policy Committee (SPDPC), formed pursuant to Section 101A of the *Development Act 1993*, involves all Council Members.

The legislated role of the SPDPC is to develop land-use planning policies and initiate projects for the orderly and sustainable development of the Council district.

Two ordinary meetings of the SPDPC were held during 2017-18, Cr John Kemp was the presiding member for the full financial year.

The Presiding Member receives an allowance equivalent to that received by Presiding Members of Prescribed Committees in accordance with the Remuneration Tribunal's determination.

2. Audit Committee

The Audit Committee was established by Council in 2005 in accordance with Section 126 of the *Local Government Act 1999* (the Act).

The Audit Committee's role is to assist Council in the discharge of its responsibilities for financial reporting, maintain a reliable system of internal controls and risk management, asset management, liaising with the external auditor and fostering the organisation's ethical development.

There are five members on the Audit Committee – three independent members and two Council Members. Membership at 30 June 2018 was:

- Ms Paula Davies
(Presiding Independent Member)
- Mr Peter Robertson
(Independent Member until December 2017)
- Mr Peter Brass
(Independent Member)
- Mr Geoff Purdie
(from January 2018)
- Cr John Kemp
- Cr Malcolm Herrmann

Five ordinary meetings were held during 2017-18. The sitting fees paid to Independent members of the Audit Committee in 2017-18 were:

- Independent Presiding Member
\$525 per meeting
- Independent Member
\$380 per meeting

3. Chief Executive Officer Performance Review Panel

The Chief Executive Officer Performance Review Panel (CEOPRP) was established to provide advice to Council on matters related to the Chief Executive Officer (CEO) and their performance.

An internal process was undertaken to review the CEO's performance against the position description requirements and agreed set of key performance indicators for the year. External advice was received on the remuneration package payable.

Membership as at 30 June 2018 is as follows:

- Cr Jan Loveday
(Presiding Member)
- Deputy Mayor Cr Jan-Claire Wisdom
- Mayor Bill Spragg
- Cr Ian Bailey
(until December 2017)
- Cr Linda Green
(from January 2018)
- Ms Paula Davies
(Independent Member)

Five ordinary meetings were held in 2017-18. The Presiding Member receives an allowance equivalent to that received by Presiding Members of Prescribed Committees in accordance with the Remuneration Tribunal's determination. The sitting fee paid to the Independent Ordinary Member of the CEOPRP in 2017-18 was \$380 per meeting.

Informal Gatherings

Informal Gatherings (workshops, briefings and professional development sessions) are held twice a month and provide a valuable opportunity to enhance the decision-making process. Council Members and Committee Members use the gatherings to become better informed on issues, seek further clarification or to explore a topic in an informal environment. Informal Gatherings are not used to make decisions; all decision-making is conducted at Council and Section 41 Committee meetings.

Designated Informal Gatherings are advertised on Council's website. The gatherings are open to the public unless specific provisions are triggered; in these situations discussion on the matter will be in a closed session.

Informal Gatherings held in 2017-18:

- Asset Management Plans (ODIG)
- Lease & Licence Policy (ODIG)
- Playground Asset Management (ODIG)
- Play Space Framework (ODIG)
- Heathfield Waste Transfer Station – Procurement Outcome for Operation of Site (CDIG)
- s41 Committee & Advisory Groups (ODIG)
- Code of Practice for Meeting Procedures (ODIG)
- Council's Digital Footprint (ODIG)
- Council Mobile Device Review (ODIG)
- Prescribed burn program (ODIG)
- Community & Recreation Facility Framework (ODIG)
- Advisory Groups (ODIG)
- Support for the arts – CEO performance target (ODIG)
- Public Forum & CEO's Update (ODIG)
- Waste and Resource Recovery Collection Service Policy (ODIG)
- Enforcement Policy/Order Making Policy (ODIG)
- Draft Community Engagement Charter (ODIG)
- Mobile Food Vendors (ODIG)
- Public Forum & CEO Update (ODIG)
- Hills Voice hard copy review (ODIG)
- Court Resurfacing Grant Applications for Stirling Stonehenge, Heathfield and Upper Sturt (ODIG)
- Grants Commission Visit (ODIG)
- Public Forum & CEO Update (ODIG)
- Woodside Recreation Ground water management proposal (ODIG)
- CEO Performance Review – discussion with Council members (CDIG)
- Council Meeting and Community Forum dates and venues 2018 (ODIG)
- Planning Policy Review for Transition to Planning & Design Code (ODIG)
- Council Member Allowances & Benefits (ODIG)
- Public Forum & CEO Update (ODIG)
- Highercombe Golf Course Review (ODIG)
- Development Application Information Package Review (ODIG)
- Retirement Village Review (ODIG)
- Local Government Reform Discussion Paper (ODIG)
- Arts & Heritage Hub Workshop (ODIG)
- Asset Management & Long Term Financial Plan (ODIG)
- Loan Funding to Community Groups (ODIG)
- Asset Management Plans and LTFP (ODIG)
- Asset Management Plan (ODIG)
- By-law Development – Part 1 (ODIG)
- Long Term Financial Plan Review and Budget Development Update (ODIG)
- Inverbrackie Land Division (CDIG)
- Arts and Heritage Hub planning (continued) (CDIG)
- By-law Development – Part 2 (ODIG)
- Gumeracha Place-making Projects (ODIG)
- Sport & Recreation Facility Grants – Guidelines Review (ODIG)
- Annual Business Plan and Budget Development – Day 1 (CDIG)
- Annual Business Plan and Budget Development – Day 2 (CDIG)
- By-law development (ODIG)
- Woodside Recreation Ground and General Sustainability Projects (ODIG)
- Supporting External Volunteering into the Future (ODIG)
- Mobile Library (ODIG)
- Budget Update (ODIG)
- Mobile Food Vending Businesses (ODIG)
- Trails Strategy Review Update (ODIG)
- Council Member Training & Development Policy (ODIG)
- Separate Occupation Rating (ODIG)
- Proposed 2018-19 CEO Performance Targets (ODIG)
- 2018-19 Annual Business Plan and Budget Consultation Feedback (ODIG)
- Roundabout Concepts (ODIG)
- Local Government Association representative bodies (CDIG)
- Remuneration Tribunal Review of Local Government Allowances (ODIG)
- Ashton Landfill (CDIG)
- 2017-18 CEO Performance Review Workshop (ODIG)
- Retirement Village Review (CDIG).

CIG *Closed Informal Gathering*

ODIG *Open Designated Informal Gathering*

OIG *Open Informal Gathering*

Ordinary Council Meeting agendas publicly document the dates and venues of regular workshops and professional development sessions. The professional development sessions are reported under Council Member Training and Development and are Closed Informal Gatherings.

Agendas and minutes

All Council, Committee and CAP meeting agendas are placed on public display at least three days prior to the holding of these meetings.

Minutes are placed on display within five days of meetings. Copies of agendas and minutes are available for viewing at Council's service centres and libraries, and can be downloaded from the Council's website ahc.sa.gov.au

Section 90(2) and 91(7) Requirements – confidentiality orders

During 2017-18, 23 issues were considered in closed session, in accordance with Section 90(2) of the *Local Government Act 1999*. 12 items were released in full and 11 fully remained in confidence, in accordance with Section 91(7) of the Act.

Date	Council/Committee	Item No.	Title	LGA 1999 Section	New Confidentiality Recommendation or Date Released	Status as at 30 June 2018
25/07/17	Council	19.1	East Waste Constituent Council Membership	90(3)(d)	Released 30/11/17	Released
09/08/17	Special Council	5.1	Heathfield Resource Recovery Centre Management	90(3)(b)	Released 30/11/17	Released
22/08/17	Council	19.1	Adelaide Hills Region Waste Management Authority Tender Landfill Compactor	90(3)(d)	Resolution passed 26/06/18 to remain confidential until 03/08/19 Related to 325	03/08/19
26/09/17	Council	19.1	Assignment of Commercial Lease at AHBTC	90(3)(d)	Released 11/10/17	Released
26/09/17	Council	19.2	Community Wastewater Management Systems Review	90(3)(b)	Partially released 13/02/17 (Resolution 3) Resolution passed 26/06/18 to remain confidential until 31/12/19 Related to 290 & 301	31/12/19
26/09/17	Council	19.3	Appointment of Independent Member with NRM Skills to CAP	90(3)(a)	Released 30/11/17	Released
24/10/17	Council	19.1.2	Sale of Land at Adelaide Hills Business and Tourism Centre	90(3)(b)	Released 03/09/18	Released
06/11/17	Audit Committee	8.1.1	Internal Audit Actions Implementation	90(3)(e)	Released 06/06/18 (under CEO delegated authority)	Released
8/11/17	CEO Performance Review Panel	10.1	CEO Performance Review 2017	90(3)(a)	Released 01/02/18	Released
8/11/17	CEO Performance Review Panel	10.2.1	2017 CEO Remuneration Review	90(3)(a)	Released 01/02/18	Released
28/11/17	Council	19.1	CEO Performance & Remuneration Review	90(3)(a)	Released 01/02/18	Released
12/12/17	Council	19.1	Australia Day Awards 2018	90(3)(a)	Released 01/02/18	Released
23/1/18	Council	19.1	CEO Performance Review & Audit Committee Independent Members Appointments	90(3)(a)	Released 01/02/18	Released
20/02/18	Audit Committee	7.1	Internal Audit Actions Implementation	90(3)(e)	Released 06/06/18 (under CEO delegated authority)	Released
20/02/18	Audit Committee	7.2	Appointment of External Auditor	90(3)(d)		20/02/19
27/02/18	Council	19.1	Retirement Village Review	90(3)(b)		27/02/19
27/02/18	Council	19.2	Adelaide Hills Swimming Centre Shade Sail	90(3)(i)		27/02/19
27/02/18	Council	19.3	Appointment of External Auditor	90(3)(d)		27/02/19
27/03/18	Council	19.1	AHRWMA Purchase of Hooklift Truck	90(3)(d)	Related to 309	3/08/19
24/04/18	Council	19.1	Sale of Land for Non-Payment of Rates	90(3)(i)		24/04/19
29/05/18	CEO PRP	10.1.1	Appointment of Consultant to undertake CEO Performance & Remuneration Review	90(3)(d)		07/12/18
19/06/18	Special Council	6.1.1	CWMS Expression of Interest Outcomes	90(3)(b)	Partially released 05/07/18 (Resolution 4 and Community Consultation from Report) Resolution passed 19/06/18 to remain confidential until 31/12/2019 Minute fully released 09/08/18. Report remains confidential	31/12/19
26/06/18	Council	19.1.1	Special Event	90(3)(j)		31/12/18

Council Advisory Groups

Advisory Groups, operating under their own terms of reference, provide advice and support to Council's Administration.

The Advisory Groups are:

- Adelaide Hills Business & Tourism Centre
- Australia Day Awards
- Biodiversity
- Bushfire
- Cemeteries
- Property
- Rural Land Management
- Social Planning
- Sport and Recreation
- Sustainability
- Youth

These Groups do not report directly to Council.

Council's Representation Quota

The Adelaide Hills Council's total representation quota (the number of electors for each Council Member including Mayor) is 1 for every 2,275 electors as at 2017-18. The total number of electors is 29,582.

The Adelaide Hills Council's representation quota is comparable with councils of similar populations (albeit different numbers of Council Members):

- City of Holdfast Bay (electors 27,935) = 1:2,148
- City of Norwood Payneham and St Peters (electors 25,443) = 1:1,817
- Burnside (electors 31,816) = 1:2,447
- City of Unley (electors 27,688) = 1:2,129

(Information provided by the Electoral Commission of SA, current as at February 2018)

Elector Representation Review

An Elector Representation Review is conducted to determine whether the community would benefit from an alteration to Council's composition or ward structure.

In December 2017, the Adelaide Hills Council completed an Elector Representation Review which is a formal process under Section 12 of the *Local Government Act 1999* to review all aspects of Council's composition, including the division, or potential division, of the council area into wards. In reviewing the representation arrangements, in consultation with the community, the Council resolved on a new structure that will take effect from the November 2018 Local Government Election.

The new structure is for the district to be represented by a Mayor elected by the community, 12 ward councillors, and the creation of two wards to replace the current five ward structure. The Valleys Ward will be created by merging the existing Torrens Valley and Onkaparinga Valleys Wards into one ward with five councillors. The current Manoah, Mount Lofty and Marble Hill Wards will be amalgamated to form the Ranges Ward with seven councillors. The Basket Range, Cherryville and Carey Gully localities, which were previously divided by ward boundaries, to be wholly within the Ranges Ward.

Under the *Local Government Act 1999*, a Council is required to conduct a review of its representation:

- Section 12(4) – at least once in every eight years, or
- Section 12(24) within a period specified by the Electoral Commissioner if the area of a Council is divided into wards and the Electoral Commissioner notifies a Council in writing that the number of electors represented by a Council Member for a ward varies from the ward quota by more than 20 percent.

To initiate the process, public notices are placed by Council in the SA Government Gazette, and state and local newspapers, informing the public that a Representation Review is being undertaken by the Council, that a

Representation Options Paper has been prepared and of its availability. Interested persons are invited to make written submissions to the Council on the subject of the review within a period specified by the Council (being a period of at least 6 weeks).

Public involvement in Council business

Members of the public may put forward their views to Council in a number of different ways.

Public Forum

A member of the public is allocated a ten-minute segment at each Council and SPDPC meeting to address the Members with comments or questions.

Deputations

With the permission of the Mayor or Committee Presiding Member, a member of the public can address a Committee or the Council personally or on behalf of a group of residents as a deputation. Each deputation is usually limited to a maximum of ten minutes. People wishing to access this opportunity should make prior arrangements through the Mayor's Office on (08) 8408 0438.

Petitions

Written petitions can be addressed to Council on any issue within the Council's jurisdiction and are presented at the next meeting of Council following their receipt. Petitions must be in the format set out in legislation. Council's Petitions Policy provides guidelines on these requirements and on submitting petitions.

Written requests

A member of the public can write to the Council about any Council service, activity or policy.

If posted, address the correspondence to:

*Chief Executive Officer
Adelaide Hills Council
PO Box 44
WOODSIDE SA 5244*

Emails should be sent to mail@ahc.sa.gov.au

Community Consultation

The Adelaide Hills Council consults with local residents about issues that affect their neighbourhoods, in accordance with the *Public Consultation Policy*.

Community Forums

Local community groups are invited to attend Community Forums and address Council on issues of concern. Holding the forums in different townships in the Council area is an important method of providing residents with the opportunity to meet with and present information or concerns to Council.

Four Community Forums were held in 2017-18 (separate from Ordinary Council Meetings):

- **29 August 2017** – Woodside
- **31 October 2017** – Uraidla
- **28 March 2018** – Kersbrook
- **1 May 2018** – Longwood/Bradbury

Internal Review of Council Decisions

At the beginning of the financial year, Council had two investigations for the Internal Review of a Council Decision in progress relating to rate setting and decisions regarding the Elector Representation Review respectively. These Reviews were completed during the year and, while the Council's decisions were upheld, opportunities for improvements in processes were identified and actioned.

One application was lodged and withdrawn during the financial year.

Three applications were accepted during the year and were still in progress at the close of 2017-18. These applications related to stormwater management, footpath construction and tree plantings respectively.

Freedom of Information requests

Fifteen requests for information were made under the Freedom of Information Act 1991 in 2017-18 which was a decrease from twenty in the previous year.

Freedom of Information (FOI) applications can be submitted using an FOI Application form, available from the State Records website, Council's website or any of Council's Service Centres. An application fee (in accordance with Council's Fees and Charges Policy) must accompany the application.

The State Records website provides detailed information on the FOI process or you can contact Council's FOI Officer. Requests should be forwarded to:

*Freedom of Information Officer
Adelaide Hills Council
PO Box 44
WOODSIDE SA 5244*

The Freedom of Information Statement is reviewed and published annually on our website in accordance with the requirements of the *Freedom of Information Act 1991*.

		Full Release	Partial Release	Refused
FOI Requests				
Outstanding from previous period	0	0	0	0
New applications	15	0	0	0
Total to be processed	15	0	0	0
Transferred in full	0	0	0	0
Determined	12	7	2	3

Amendment to Council records

Any member of the public may inspect Council documents relating to their personal affairs with a request under Part 4 Division 2 of the Freedom of Information Act 1991. Access to the records shall be by completion of a Freedom of Information Request Form.

A member of the public may then request a correction to any information about themselves that is incomplete, incorrect, misleading or out-of-date. Amendments to Council records must be requested using a Freedom of Information Amendment of Records Form.

Fraud and corruption prevention

Council recognises that fraud and corruption have the potential to cause significant financial and non-financial harm and that the prevention and control of fraud and corruption should feature predominantly within the systems and procedures of a responsible council.

Council is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency; the key components of good governance. A Fraud and Corruption Prevention Policy and a Whistle blower Protection Policy have been adopted by Council to assist in meeting good governance responsibilities.

The Independent Commission Against Corruption training has been delivered across Council to ensure an understanding of the obligations and responsibilities of public officers. The training addressed the issues of corruption, misconduct and maladministration in public administration and the reporting obligations of public officers.

Delegations and sub-delegations

The Chief Executive Officer and other officers have the delegated authority from Council (in accordance with Section 44 and 101 of the Local Government Act 1999) to make decisions on a number of specified administrative and operational matters.

The Register of Delegations reflects the delegated authority from Council to the Chief Executive Officer (and subsequently any sub-delegations). As a minimum, delegations are reviewed annually.

Good governance involves meeting our legislative obligations.

Registers, codes and policies

Documents available for public inspection are as follows:

Local Government Act 1999 Registers

- **Section 68** Members Register of Interests
- **Section 79** Members Register of Allowances and Benefits
- **Section 90** Confidential Items
- **Section 105** Officers Register of Salaries
- **Section 188** Fees and Charges
- **Section 196** Community Management Plans
- **Section 207** Community Land
- **Section 231** Public Roads
- **Section 252** By Laws

Local Government Act 1999 Statutory Policies

- Building & Swimming Pool Inspection (Dev Act s71A(1))
- Caretaker (LGEA s91A(1))
- Code of Conduct for Council Employees (LGA s110)
- Code of Practice for Access to Council Meetings, Committees & Documents (LGA s92)
- Code of Practice for Meeting Procedures (LGPAMR r6)
- Complaints Handling (LGA s 270(a1)(b))
- Council Member Allowance and Benefits (LGA s 77(1)(b))
- Council Member Conduct (LGA s63)
- Council Member Training and Development (LGA s 80A)
- Debt Recovery (inc. CWMS Customer Hardship Policy) (LGA s144)
- Delegations Policy for the Determination of Development Applications by CAP
- Freedom of Information Statement (LGA Schedule 4, 1(gb))
- Informal Council Gatherings (LGA 90(8a))
- Internal Audit (LGA s125)
- Internal Review of Council Decisions (LGA s 270(1))
- Order Making (LGA s259)
- Procurement (LGA s49)
- Prudential Management (LGA s48)
- Public Consultation (LGA s50)
- Public Place & Road Naming (LG Act s219(5))
- Public Place & Road Naming (LG Act s219(5))
- Request for Service (LGA s270 (a1) (a)) Whistle-blowers Protection (WPA, LGA s302A).

Local Government (Elections) Act 1999

- **Part 14** Campaign Donation Returns prepared by candidates.

Freedom of Information Act 1991

- **Section 9** Information Statement

Council Discretionary Policies as at 30 June 2018

- Acceptance of External Funding
- Acquisition and Disposal of Land & Materials (refer Disposal of Materials and Disposal of Land)
- Asset Management
- Buffers
- Burials Outside Cemeteries
- Burning Permit Policy
- Cemetery Management
- Code of Practice for Meeting Procedures (LGPAMR r6)
- Community Group Use of Photocopiers
- Community Information Display
- Community Loans
- Development Application Document Reproduction
- Development Application Fee Refunds
- Development Application Fee Waiver
- Development Applications Involving Regulated Trees
- Directional Signage
- Enforcement Policy
- Festivals and Events
- Flags
- Fraud & Corruption Prevention (ICAC)
- Genetically Modified Crops
- Grant Giving
- Lease & Licencing
- Liquor Licencing
- Management of Built Heritage
- Mayors/Chairpersons Seeking Legal Advice (LGA s78A)
- Outdoor Dining
- Petitions
- Play Space
- Privately Funded Development Plan Amendments
- Provision of Physical Models or other Visual Representation Tools for Major Development Proposals which require Public Notification
- Public Transport
- Rating (LGA Chpt 10)
- Records and Information Management
- Risk Management
- Road Rents
- Roadside Trading (Use of Public Road Verges for Business Purposes)
- Safe Environments
- School Parking and Associated Facilities
- Service Level
- Service Range
- Street Lighting
- Treasury
- Tree Management
- Tributes for Commemorative Services
- Unsealed Roads
- Volunteer Engagement
- Waste and Resource Recovery Service
- Wastewater System Application Fee Refunds

Access to Council documents

The policies, codes and registers detailed are available at Council's Service Centres for inspection and/or purchase by members of the public for a fee as set out in Council's Fees and Charges Policy.

Many of these documents can be accessed on Council's website ahc.sa.gov.au at no charge.

Good governance is equitable and inclusive.

Community Land Management Plans

A Community Land Management Plan was adopted by Council in September 2004. The current version dated January 2010 is available for viewing on Council's Website ahc.sa.gov.au Council has progressed a review of the Community Land Management Plan during 2017-18.

Council's review is assessing the suitability of the current management categories taking into account the implications of the *Coastal Ecology Protection Group Inc & Ors v City of Charles Sturt* [2017] SASC 136 (Coast Park decision).

Council maintains a Community Lands Register and Community Land Management Plan for all land under its care and control that defines ownership details, location, principal usage, user groups, maintenance requirements and capital replacement criteria.

The Register lists community lands and does not include any lands revoked or excluded under the *Local Government Act 1999*. The Plan has details of equipment or improvements located thereon.

Competitive tendering

Council determined that a number of services it provided could be more efficiently provided by external contractors. Where services are outsourced, a tender process is used to achieve best value for Council.

Details are included in Council's Procurement and Purchasing Policy. In 2017-18, there were 27 services that were subjected to the tender process.

Purchase of local goods and services

When goods and services are required by Council, local suppliers are invited to tender.

All tenders are considered on an equal basis in accordance with the principles of fair trading and the requirements of National Competition Policy and the *Trade Practices Act 1974*.

National Competition Policy

Competitive neutrality

Principles of competitive neutrality are designed to neutralise any net competitive advantage that a government or local government agency engaged in significant business activities would otherwise have, by virtue of its control by the government or local government, over private businesses operating in the same market.

Council has a complaints mechanism in place and in 2017-18 no complaints were received with regard to competitive neutrality. There have been no other changes in the significant business activities controlled by Council.

Litter control

State Government legislation, the *Local Nuisance and Litter Control Act 2016* (the Act), requires Council to manage local litter, illegal dumping and nuisance complaints in its area. Litter requirements commenced 1 February 2016 and nuisance requirements began on 1 July 2017.

Council's Illegal Dumping Working Group has identified and implemented strategies to combat this expensive and environmentally damaging crime. They also liaise with the EPA to deter and investigate cases as they occur.

During 2017-18, there were 402 incidents of local nuisance and littering reported to Council. We issued one abatement notice and one expiation notice. The breakdown of reported incidents is outlined below.

Issue	Number
Noise	31
Air Pollution	7
Graffiti	31
Littering	254
Nuisance/vandalism	72
Water pollution	7

Council is committed to the development of a communications strategy to provide education to manage local nuisance and littering.

Good governance is accountable.

Air Quality Policy

The Environment Protection Authority's Air Quality Policy came into effect on 23 July 2016 which required Council to put in place a Burning Permit Policy for the burning of green waste on properties located within townships and urban areas of the Council (e.g. Aldgate, Bridgewater, Balhannah, Crafers, Oakbank, Stirling, Woodside, etc). The permit requirements do not apply to the non-metropolitan rural areas. During 2017-18, 564 burning permits were issued enabling people to burn dry green waste in preparation for the annual bushfire season.

Our People

Council's success relies on its staff providing services to the community. Council's workforce of 171 (full-time equivalent) manages a diverse range of services and programs. Employees are experienced, and possess the skills and abilities to deliver exceptional service.

Employee turnover levels remain within a healthy range (between 10-15 percent, with turnover during the 2017-18 financial year at 13 percent).

Council is continuing to focus on developing service improvement across the organisation and continually reviews and refines processes to enable better service for our customers.

Performance

Council's People Leaders have continued their implementation of the performance development process where conversations are held with each staff member to:

- Identify priority goals
- Improve personal performance
- Take responsibility for improving their work health and safety
- Undertake development opportunities either through on the job activities working with others or attending formal training.

With a focus on customer experience, Council has undertaken training that has translated into each team reviewing and improving a process for better outcomes for our customers. This could be through a more seamless process, fewer steps or people involved, or faster response times for our customers.

Leadership Development

These sessions focus our leaders on understanding themselves and how they can utilise principles and basic tools to enhance their accountability for actions and for better decision-making outcomes. As decisions of our People Leaders affect the people they manage, improving all People Leaders behaviours and abilities has a lasting impact within teams and across the organisation.

Diversity and Inclusion

Council has continued its journey towards being a diverse and inclusive organisation. This began with improving our recruitment process, with particular focus on being more inclusive and enabling better access to those people with a disability.

Overall improvements to the recruitment process have assisted all candidates to be their best and show what they would bring to a position if successful.

During the year, Council continued to utilise the services of the National Disability Recruitment Coordinator, an Australian Government-funded service which partners with organisations to build disability knowledge and confidence, and provides assistance to break down barriers to employment for people with disability.

Additional opportunities for further improvement have been identified in the area of diversity and inclusion with implementation scheduled for next year. Specifically this work will be through our newly established diversity and inclusion team with a focus on process and plan development and implementation.

Our Recruitment Processes

Council facilitates merit-based selection processes to ensure that it provides equal opportunity for people to be employed.

Council recognises that selecting the right person for each role has a significant impact on the effectiveness of work undertaken and services provided to our community, which makes effective and fair recruitment critically important.

Work Health and Safety and Injury Management

Work Health and Safety (WHS) and Injury Management (IM) will always be of high importance and therefore many activities and improvements are undertaken to ensure Council is managing its due diligence requirements and maintaining safe systems of work.

The Executive Leadership Team, along with the Health and Safety Committee, continuously promotes safe work practices, focussing on delivering and maintaining a work environment that is safe, risk-averse and injury free.

Council's safety management system performance is monitored by the Local Government Association Workers Compensation Scheme during its annual Key Performance Indicator (KPI) Audit process. The process is managed through Organisational Development with an annual rebate based on assessed completion of activities through the KPI Action Plan.

Key activities undertaken in 2017-18 include:

- Commencement of the Take 5 for Safety branding launched, with first campaign on Manual Handling
- Completion of all actions within our WHS Improvement Plan
- WHS Management Review with Executive and the Health and Safety Committee
- A Health and Wellbeing Program, including annual health checks, flu vaccinations and skin screening
- Ongoing use of the WHS Directors and Managers Checklist, with an increase in action required of our leaders to effectively manage their WHS responsibilities
- Implementation of the 'Take 5' process across the organisation, assessing factors on-site before work commences
- Review, reduction and update of Safe Operating Procedures
- Ongoing focus to ensure reporting on the Corrective Actions and Calendar of Events activities
- Two internal procedure reviews completed on Workzone Traffic Management and Electrical
- Key Performance Indicator Action Plan completion result of 96 percent.

A number of learning opportunities were implemented including:

- Procedure training including Contractor Management, Document Management
- First Aid Officer training
- Health and Safety Representative training
- White Card training
- Chainsaw and Tree Felling training
- Hearing Awareness Protection training
- Work Zone Traffic Management training

From an injury management perspective, Council received four Return to Work claims, of which one was for lost time injuries. Three workers were referred for return to work support. Council has a sound process that enables the quick return to work, shortening time off work and increasing the quick return to normal duties.

Executive Leadership Team Arrangements

Council has an Executive Leadership Team that operates under the direction of the Chief Executive Officer.

The Chief Executive Officer, four Directors and two Executive Managers have salary packages that incorporate the compulsory superannuation and may include the provision of a motor vehicle for business and private use. Other benefits may include the provision of ICT equipment (a mobile telephone and tablet) and paid memberships for up to two professional bodies. No other bonuses or allowances are paid to the Chief Executive Officer, Directors or Executive Managers.

The Salary Register is available at Council's Service Centres and on our website ahc.sa.gov.au

Remuneration payable to Council's auditor

Remuneration payable for the annual audit of the Adelaide Hills Council Annual Financial Statements for 2017-18 was \$23,000.

No other remuneration was paid.



Rating information

The income from rates accounts for approximately 80 percent of Council's operating income. This is used to deliver services and maintain infrastructure required by our community.

There is always pressure for Council to provide more services with these funds, but it's important to balance current service provision against the ability to pay for future services.

Property values play an important part in determining how much an individual ratepayer contributes. As rates are a form of property taxation, rates paid may not directly relate to services used by each ratepayer. Generally, it is assumed the higher the value of the property (relative to others in the community) the higher the rates paid.

Local Government rates are based on the value of the property and a rate in the dollar plus a fixed charge. Under the *Local Government Act 1999*, Councils may use one of three valuation methodologies:

- Capital value – value of land and all improvements
- Site value – value of land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding value of buildings and other improvements, or

- Annual value – valuation of the rental potential of the property.

The capital value methodology is used by Adelaide Hills Council (and most metropolitan councils) as it is a well-understood concept. Most ratepayers can relate to the market value of their property.

When applying taxation, it is important that the five principles of taxation (equity, benefit, ability to pay, efficiency and simplicity) are balanced against the policy objectives of taxation; the need to raise revenue and the effects of the tax on the community.

There is always pressure for Council to provide more services with these funds, but it's important to balance current service provision against the ability to pay for future services.

Basis of Rating

Council applies the same rate in the dollar to all categories of ratepayer, except commercial and industrial ratepayers, who pay a 15 percent premium over residential and primary production ratepayers.

Primary production ratepayers, genuinely in the business of primary production, but not benefiting from a notional capital value for their property, can apply for a 10 percent rebate.

Council has applied a separate rate for businesses in Stirling for a number of years. \$85,000 was raised in 2017-18 which is distributed to the Stirling Business Association to promote Stirling as the 'Gateway to the Hills'.

A separate rate was adopted in 2014-15 to provide for sealing the northern end of Verrall Road, Upper Hermitage. This rate is levied on the properties that actually use this section of road.

The Fixed Charge

The rating system provides for a fixed charge and a rate in the dollar which is applied against the property value. The fixed charge for 2017-18 was set at \$613.50.

The fixed charge is recognised as a device to enhance equity among ratepayers. It ensures that services that benefit all properties (or people) are recovered equally. A fixed charge avoids the inherent penalties imposed on the lowest value properties by a minimum rate and on the highest value properties by a variable rate only. Fixed charges are particularly appropriate to (and prevalent in) rural/regional areas like the Adelaide Hills.

Rate Capping

Capping limits the increase in rates paid on a principal place of residence to 15 percent maximum, subject to certain conditions.

Annual rates notices include a rate capping application form, and applications are invited from any eligible ratepayer. *(NB: where recent improvements to a property have exceeded \$20,000 or the ownership/land use has changed, capping is not available. It is intended only to relieve existing ratepayers from sharp upwards capital revaluations outside their control.)*

Rate deferment for Retirees

Council's policy on rate payment deferrals is consistent with the *Local Government Act 1999* (the Act). It aims to alleviate the 'asset rich, income poor' scenario which can affect retirees.

Regulation 13A(1) of the *Local Government (General) Regulations 2013*, allows any amount in excess of \$500 to be postponed, but the property must be the home of the qualifying senior, and interest applies on the deferred rates (at 1 percent over the cash advance debenture rate, calculated monthly).

A Seniors Postponement Scheme, under Section 182A of the Act, allows ratepayers (eligible to hold a South Australian Seniors Card) to postpone some of the rate payment on their principal place of residence each year.

Council can also allow the postponement of rate payments under Section 182 if those payments would cause financial hardship.



Basis of rating

Council applies the same rate in the dollar to all categories of ratepayer, except commercial and industrial ratepayers, who pay a 15 percent premium over residential and primary production ratepayers.



The fixed charge system

The rating system provides for a fixed charge and a rate in the dollar which is applied against the property value. The fixed charge for 2017-18 was set at \$613.50.



Rate capping

Capping limits the increase in rates paid on a principal place of residence to 15% maximum, subject to certain conditions.



Rate deferment for retirees

Council's policy on rate payment deferrals is consistent with the *Local Government Act 1999*. It aims to alleviate the 'asset rich, income poor' scenario which can affect retirees.

Rebate of rates

The *Local Government Act 1999* Division 5 requires Council to rebate rates on some land.

Mandatory Rebates

A mandatory rebate of 100 percent applies to:

- Land predominantly used for service delivery or administration by a hospital or health centre incorporated under the *South Australian Health Commission Act 1976*
- Land containing a church or other building used for public worship, or land used solely for religious purposes
- Land being used for the purposes of a public cemetery
- Land (other than land used as domestic premises) owned by, or under the care, control and management of the Royal Zoological Society of South Australia Inc.

A mandatory rebate of 75 percent applies to:

- Land occupied by a government school under a lease or licence and being used for educational purposes
- Land occupied by a non-government school registered under Part 5 of the *Education Act 1972* and being used for educational purposes
- Land being used by a university or university college to provide accommodation and other forms of support for students on a not-for-profit basis
- Land predominantly used for service delivery or administration by a community service organisation as defined under Section s 161(3) & 161(4) of the *Local Government Act 1999* (as amended)
- All properties owned by registered community housing associations

The power to determine applications for mandatory rates rebates is delegated to the Chief Executive Officer. Where a mandatory rebate of 75 percent applies, Council will not consider any further rebates for that property.

If Council is aware of an organisation entitled to a mandatory rebate, and that eligibility is not in doubt for that rebate, then the Chief Executive Officer can grant a rebate without first receiving an application.

Discretionary Rebates

Council has the power under Section 166 of the *Local Government Act 1999* (as amended), to grant discretionary rebates as follows:

- The rebate is desirable for the purpose of securing the proper development of the Council area (or part thereof)
- The rebate is desirable for the purpose of assisting or supporting business within the Council area
- The rebate will conduce to the preservation of buildings or places of historic significance
- The land is being used for educational purposes
- The land is being used for agricultural, horticultural or floricultural exhibitions
- The land is being used for a hospital or health centre
- The land is being used to provide facilities or services for children or young persons
- The land is being used to provide accommodation for the aged or disabled
- The land is being used for a residential aged care facility approved for Commonwealth funding under the *Aged Care Act 1997* (Commonwealth) or a day therapy centre

- The land is being used by an organisation which, in the opinion of Council, provides a benefit to the local community
- The rebate relates to common property or land vested in a community corporation under the *Community Titles Act 1996* over which the public has free and unrestricted access and enjoyment
- The rebate is considered by Council to provide relief against what would otherwise amount to substantial changes in rates payable by a ratepayer due to changes in the basis or structure of the Council's rates, or a change in the basis of valuation, rapid changes in valuation or anomalies in valuations
- A liability to pay a rate or charge that is inconsistent with the liabilities that were anticipated by the Council in its annual business plan

The power to determine applications for discretionary rebates of rates has been delegated to the Chief Executive Officer. Applications for a rates rebate must be made in writing and accompanied by the appropriate supporting documentation.

Council has conducted a review of all the properties that currently receive a rate rebate (both mandatory and discretionary) as well as those properties that are exempt from rates to help determine a position that aligns to Council's rating principles, particularly in relation to equity for future years. When rate rebates are applied to properties, those rates foregone must then be redistributed to the rest of the community. The review has resulted in changes to the Rating Policy in relation to discretionary rebates for the 2018-19 Rating Year.

Glossary of terms

AHBTC	Adelaide Hills Business & Tourism Centre	ICT	Information & Communication Technology
CEOPRP	Chief Executive Officer Performance Review Panel	KPI	Key Performance Indicator
CIG	Closed Informal Gathering	LTFP	Long Term Financial Plan
CPI	Consumer Price Index	OIG	Open Informal Gathering
CWMS	Community Wastewater Management Systems	ODIG	Open Designated Informal Gathering
CDAP	Council Development Assessment Panel	PV	Photovoltaic
DPA	Development Plan Amendment	SPDPC	Strategic Planning & Development Policy Committee
DPTI	Department of Planning, Transport and Infrastructure	WHS	Work Health & Safety
		WHS & IM	Work Health & Safety and Injury Management



Appendix 1 ***Financial Statements***

Year ended 30 June 2018

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.4

Originating Officer: Lachlan Miller, Executive Manager Governance & Performance

Responsible Director: Terry Crackett, Director Corporate Services

Subject: 2017-18 Final Audit Completion Report

For: Information

SUMMARY

Council's external auditors (Galpins) attended the Audit Committee meeting on 8 October 2018 to provide an update on the 2017-18 Annual Financial Statements. At that time a draft Audit Completion Report was provided in support of those Statements.

This report provides the final version of the Audit Completion Report for the consideration of the Audit Committee.

RECOMMENDATION

The Audit Committee resolves that the 2017-18 final Audit Completion Report received from Galpins be noted.

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 5: Organisational Sustainability
Strategy: Governance

The Council is committed to open, participative and transparent decision making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability and exceed those requirements where possible.

➤ **Legal Implications**

Accounts, Financial Statement and Audit, *Local Government Act 1999*

➤ **Risk Management Implications**

The Audit Completion Report provided by the External Auditor highlights particular matters arising from an audit and must specifically identify any irregularity in the council's accounting practices or the management of the council's financial affairs identified by the auditor during the course of an audit.

As such, this Audit Completion Report provides assurance to the Audit Committee and Council that the following risk is mitigated:

That Council incurs a financial loss as a result of having inadequate internal controls in place.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

Continual testing of Council's transactions and internal controls by an external auditor coincides with Council's own Risk Management Framework. Auditor's annual inspection and certification of Council's financial position and performance provides the community with an assurance of Council's internal financial control environment.

➤ **Financial and Resource Implications**

Funding for the External Audit of Council is provided for within the Annual Budget.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Council Committees: An interim Audit Completion Report was received by the Audit Committee at its 8 October 2018 meeting.

Advisory Groups: Not Applicable

Administration: Not Applicable

Community: Not Applicable

2. BACKGROUND

At the time of the 8 October 2018 Audit Committee meeting, the final Audit Completion Report had not been received from Galpins, however an Interim Report was included in the agenda and discussed at the meeting.

The Interim Report advised that as the work performed to date Galpins were not aware of any matters that would result in qualification of the audit report however their audit procedures were not yet completed in relation to :

- Infrastructure, Property, Plant and Equipment
- The draft financial report

The final report has subsequently been provided and is included as **Appendix 1**, noting that the report contained drafts of the key audit documents.

Appendix 2 contains the signed versions of the following:

- Independent Auditor’s Report on Internal Controls
- Independent Auditor’s Report on the Financial Report
- Statement of the Auditor

3. ANALYSIS

In relation to the elements of the Audit Completion Report the following extracts are highlighted for the Committee’s regard:

Independent Auditor’s Report on Internal Controls

In our opinion, Adelaide Hills Council has complied, in all material respects, with Section 125 of the Local Government Act 1999 in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2017 to 30 June 2018.

Independent Auditor’s Report on the Financial Report

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

4. OPTIONS

The Committee has the following options:

1. To note Galpins’ Final Report
2. To make additional comments or suggestions for Council and staff to consider.

5. APPENDICES

- (1) 2017-18 Final Audit Completion Report
- (2) Independent Auditor Reports on Internal Controls and the Financial Report and Statement by Auditor

Appendix 1

2017-18 Final Audit Completion Report

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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W: www.galpins.com.au

Bill Spragg
Mayor
Adelaide Hills Council
PO Box 44
Woodside SA 5244

His Worship the Mayor of Adelaide Hills Council, Mr Bill Spragg

Re: Adelaide Hills Council – Financial Statements Audit – 2017/18

We have recently completed our audit of the financial statements and internal controls of the Adelaide Hills Council and intend to issue an unmodified report for both the financial statements and the internal controls opinion.

Australian Auditing Standards require us to advise all the Immaterial Uncorrected Misstatements found during the audit. There were no Immaterial Uncorrected Misstatements found.

I confirm also my intention to sign the Statement by Auditor regarding my independence, and confirm that for the audit of the year ended 30 June 2018 I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully,

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

Tim Muhlhausler CA Registered Company Auditor
Partner

17 October 2018

DRAFT INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the Members of the Adelaide Hills Council

Independent Assurance report on the Internal Controls of the Adelaide Hills Council

Opinion

We have audited the compliance of the Adelaide Hills Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 have been conducted properly and in accordance with law.

In our opinion, the Adelaide Hills Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2017 to 30 June 2018.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's Responsibility for Internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in Accordance with Section 129 of the Local Government Act 1999 in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

/ /

DRAFT INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of the Adelaide Hills Council

Opinion

We have audited the accompanying financial report of the Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the Adelaide Hills Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

//

Appendix 2

*Independent Auditor Reports on Internal Controls and
the Financial Report and Statement by Auditor*

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the members of Adelaide Hills Council

Independent Assurance Report on the Internal Controls of Adelaide Hills Council

Opinion

We have audited the compliance of Adelaide Hills Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 have been conducted properly and in accordance with law.

In our opinion, Adelaide Hills Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2017 to 30 June 2018.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's Responsibility for Internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in Accordance with Section 129 of the Local Government Act 1999 in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

24 October 2018

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of Adelaide Hills Council

Opinion

We have audited the accompanying financial report of Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Adelaide Hills Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

24 October 2018

Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2018

Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Hills Council for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



Tim Muhlhausler
Galpins

Dated this 24th day of October 2018.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.5

Originating Officer: Lachlan Miller, Executive Manager Governance and Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Audit Committee Presiding Member's Report 2018

For: Information

SUMMARY

To provide the Audit Committee with the 2018 Presiding Member's Report.

RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal	Organisational Sustainability
Strategy	Risk and Responsibility
Strategy	Governance

The Audit Committee Presiding Member providing an annual report to the Council of the Committee's business is an important tool in facilitating accountability and transparency with the committee structures.

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee.

There is no legislative requirement for the Presiding Member of a s41 Committee to report to the Council.

➤ **Risk Management Implications**

The management of action items and the work plan will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Not applicable.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Council Committees: Not applicable.

Advisory Groups: Not Applicable

Administration: Director Corporate Services
Executive Manager Governance and Performance

Community: Not Applicable

2. BACKGROUND

Clause 8.1.2 of the Audit Committee Terms of Reference provides that the Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Committee

3. ANALYSIS

The Presiding Member has structured her report (Appendix 1) in accordance with the key functions of the Audit Committee Terms of Reference. The commentary provided demonstrates the manner in which and the activities undertaken by the Committee to fulfil its role.

4. OPTIONS

The Committee is limited to receiving the Presiding Member’s Report.

5. APPENDIX

(1) 2018 Audit Committee Presiding Member’s Report

Appendix 1

Chairperson's Report

REPORT TO THE ADELAIDE HILLS COUNCIL ON THE OPERATIONS OF THE AUDIT COMMITTEE DURING 2018

INTRODUCTION

As outlined in Clause 8.1.2 of the Terms of Reference for the Audit Committee, the Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Committee. This report provides an overview of the Adelaide Hills Council's Audit Committee operations for the 2018 calendar year.

This report includes:

- A summary of the work the Committee performed during the year aligned to the Committee's Terms of Reference;
- Details of meetings, including the number of meetings held during the period, and the number of meetings attended by each member; and
- Advising the future work scheduled for 2019.

The report is intended to invite comment from the Council on all of the above.

SUMMARY OF WORK PERFORMED AGAINST THE TERMS OF REFERENCE

For 2018, as in previous years, the Audit Committee had established a robust framework for the provision of information to meet the objectives established within the Terms of Reference. As a consequence some 44 reports were considered by the Committee for consideration, and where appropriate, recommendations subsequently provided to Council.

The following sections of this report provide a brief summary of the work undertaken by key objective.

Financial Reporting and Prudential Requirements

A review of the Long Term Financial Plan (LTFP) was undertaken during February prior to consideration of the draft Annual Business Plan and Budget. Emphasis of the Committee was on the assumptions that had been used in the development of the Plan and alignment against previous versions that had been reviewed.

This year saw the significant enhancement of the LTFP to capture the forward costs associated with the delivery of the Strategic Plan and all functional strategies. This improvement increased the assurance of delivery against the Plan, but at the same time required the Audit Committee to give additional focus to both the assumptions and level of savings strategies that had been incorporated.

Consideration of the draft Annual Business Plan and Budget noted that the targets that had been established within the LTFP were met for operating income and expenditure as well as the capital program. The achievement of these targets provided a level of assurance around the ongoing financial sustainability of the Council.

Throughout the year the Committee assessed each quarterly budget review and sought clarification where required. There were no areas of concern for the Committee in relation to these reviews.

At the 8 October 2018 meeting the Committee had an in depth discussion around the draft Annual Financial Statements that had been presented. The review provided assurance that not only had the requirement of the *Local Government Act 1999* had been met, but that the result achieved aligned closely to the forecast projected by Council for the year after accounting for the impacts of an additional provision for remediation and ongoing monitoring of a former waste site. The Committee

proposed a number of minor amendments to the Statements that were subsequently incorporated by the administration.

Following the October meeting it was subsequently confirmed that Council received an unqualified Audit Opinion Council's external auditors.

Internal Controls and Risk Management Systems

Internal Controls

From the start of the 2015-16 financial year, Adelaide Hills Council has had additional obligations regarding the development and maintenance of a system of internal financial controls, consistent with the requirements of the *Local Government (Financial Management) Regulations 2011*. This has required Council's external auditors to provide an opinion on internal controls in accordance with s129(3)(b) of the Act.

As previously reported monitoring against the key risks and controls has been generated from a system called 'Control Track'. This system tracks the recognised 'core' controls and the agreed treatment plans by responsible officers.

An unqualified opinion on the internal controls was provided by Council's Auditors during October 2018.

Risk Management

Throughout the year the Audit Committee has reviewed updates on the organisation's strategic risks and agreed actions. Whilst the Committee is comfortable with the progress being made in oversight of risk, there is a need for improved reporting of the risk profile of Council to ensure both operational and strategic risks have appropriate controls and mitigation strategies in place.

Given the recruitment of additional resourcing to support the risk management activities of Council during 2018, the Committee is looking forward to receiving improved reporting via the Control Tack system that was demonstrated during 2017.

Debtors

Quarterly reporting on the level of outstanding debtors was commenced in late 2016 to provide additional focus on this key area of control. The Committee has been very pleased to note the ongoing improvement in the level of debtors outstanding, with the most recent report highlighting that long term debt has now reduced by almost 90% since additional monitoring commenced.

New and Review Policies

In addition to a new policy that was developed to support the provision of Community Loans, during the year the Committee reviewed the following key policies and strategies and provided input where appropriate:

- ICT & IS Strategic Plan (NEW)
- Corporate Planning and Performance Framework (NEW)

Whistleblowing

A review of the Whistleblower's Policy was last undertaken in February 2016 with only minor edits made to the Policy. The next review of this Policy is scheduled for 2019.

Internal Audit

At its 30 April 2018 meeting the Committee recommended to Council to adopt the draft Strategic Internal Audit Plan 2018/19 – 2021/22 (SIAP). The Council subsequently adopted the SIAP v1.0 at its

22 May 2018 meeting and in doing so established a program of internal audits that has been developed to recognise key areas of risk.

During the current year two key internal audits were completed in relation to:

- Customer Service Standards Reporting, and
- Planning Assessment Processes.

Management responses and agreed actions were prepared for each of the key findings and the Committee provided an opinion on these responses. All agreed actions are captured within the Committee's Audit Actions Implementation Register and reported to the Committee on a quarterly basis to ensure that appropriate actions are being undertaken.

External Audit

At the 20 February 2018 Audit Committee meeting a report was considered on the contract for the provision of external audit services following the completion of a tender process by the Administration. This report provided details of the tender process to the Audit Committee and sought the Committee's recommendation to Council for the appointment of an external auditor. A recommendation was subsequently provided to Council for the appointment of Galpins Accountants, Auditors and Business Consultants for the provision of external audit services for a period of three (3) years commencing with the audit for the financial year ending 30 June 2018.

The Audit Committee met with Council's External Auditors, Galpins, in the absence of management at the 8 October 2018 meeting. The auditors advised that the financial management and reporting of council activities was of a very good standard. This allowed for the external audit to be completed within the scheduled timetable and supporting documentation was readily available. Galpins ideally would commence a bit earlier next time to allow for more time at the end of the process, though there were a number of factors contributing to time pressure at the end of audit. The audit completion report highlighted some key accounting and audit matters including some internal control deficiencies that were adequately addressed by management. These will be reviewed by external audit during the following years audit to ensure all items have been appropriately actioned.

The Committee also assessed the External Auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services. The Committee is satisfied that for the 2017/18 financial year, there were no relationships between the External Auditor and the Council that compromise audit independence, and this was also confirmed in writing by the external auditor.

DETAILS OF MEETINGS

During 2017, a total of five (5) Audit Committee meetings were held being:

- 20 February 2018
- 30 April 2018
- 13 August 2018
- 8 October 2018
- 5 November 2018

The above meeting cycle is consistent with the requirements of the Committee's Terms of Reference which requires at least four meetings per year to be held.

The Audit Committee member attendance at meetings during the year was as follows:

Name	Attendance	Comments
Paula Davies	5/5	Presiding Member
Peter Brass	5/5	
Geoff Purdie	4/5	Apology for October meeting
Cr Malcolm Herrmann	5/5	
Cr John Kemp	4/5	Apology for April meeting

FUTURE WORK PROGRAM PROPOSAL

At the 5 November 2018 meeting of the Committee a work plan for 2019 was established. This work plan will ensure that the Committee continues to undertake its principal functions as set out in Section 126(4) of *the Local Government Act 1999* which include:

- reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council;
- proposing, and providing information relevant to, a review of the Council's strategic management plans or annual business plan; and
- Liaising with the Council's auditor.

CONCLUSION

The body of work undertaken by the Committee is continuing to develop over time and the Committee is striving to ensure that its work is useful in the context of contributing to Adelaide Hills Council strategic objectives.

The Committee has also completed a self-assessment of its own performance for continuous improvement and invites Council's feedback on the opportunities for continuing development of the Committee's operations.

Finally, I would like to thank the other members of the Committee for their ongoing efforts in ensuring that the work undertaken is done so at both a highly professional and robust level. Acknowledging the November 2018 Local Government Elections and therefore the prospect of a change of Elected Member representatives on the Committee, I would like to specifically thank Councillors Malcolm Herrmann and John Kemp for their contribution to the Committee during their term. I would also like to thank those staff involved in preparing the reports and responding to questions at meetings, as their involvement has significantly aided in the review and decisions of the Committee.

Paula Davies

Presiding Member

Adelaide Hills Council Audit Committee

5 November 2018

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.6

Originating Officer: Mike Carey, Manager Financial Services

Responsible Director: Terry Crackett, Director Corporate Services

Subject: Budget Review 1

For: Information

SUMMARY

The *Local Government (Financial Management) Regulations 2011* (the Regulations) requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for changes to the budget during the year.

This report presents the first Budget Review (BR1) of the 2017-18 financial year to the Audit Committee for review. Budget Review 1 will be submitted to Council for consideration on 18 December 2018.

The budget changes proposed do not change the current budgeted Operating Surplus of \$302k but as a result of an endorsed Motion on Notice, it is proposed to transfer \$15k of capital expenditure included in the Long Term Financial Plan in 2019-20 to this financial year, resulting in an increase in Council's Net Borrowing Result from \$4.333m to \$4.348m.

RECOMMENDATION

The Audit Committee:

- 1. Resolves that the report be received and noted.**
 - 2. Notes that:**
 - a. the Operating Budget variations presented in Budget Review 1 do not impact on the Budgeted Operating Surplus of \$302k for the 2018-19 financial year.**
 - b. the proposed Capital Works amendment of \$15k will increase the total Capital Works Program to \$17.717m.**
 - c. There will be an increased Net Borrowing result of \$4.348m, up from \$4.333m as a result of the proposed Capital Program amendment**
-

1. GOVERNANCE

➤ Strategic Management Plan/Council Policy

Goal 5 Organisational Sustainability
Strategy Financial Sustainability

A key aspect of Council's formal budget reviews is to review and monitor Council's Annual Budget with reference to its overall financial position and its Long Term Financial Plan (LTFP) to ensure Council continues to be financially sustainable.

➤ Legal Implications

The undertaking of formal budget reviews is a requirement of the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

➤ Risk Management Implications

Conducting the budget review process as required by Regulations will assist in mitigating the risk of:

Failure to conduct the budget review process as required by Regulations results in inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's Long Term Financial Plan.

➤ Financial and Resource Implications

The proposed variations do not impact on Council's Operating Surplus of \$302k.

In terms of capital, it is proposed to increase the Capital Works Program by \$15k for Budget Review 1 to be funded by increasing Council's Net Borrowing Position by the same amount.

➤ Customer Service and Community/Cultural Implications

Not applicable.

➤ Environmental Implications

Not applicable.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

<i>Council Committees:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	The budget review was prepared in consultation with Directors and Managers to obtain detailed information for each budget area
<i>Community:</i>	Not Applicable

2. **BACKGROUND**

At the Council meeting held on the 26 June 2018, Council adopted the original Annual Business Plan and Budget, reflecting a Budgeted Operating Surplus before Capital Revenue of \$302k and an estimated Net Borrowing for the financial year of \$3.693m as per the Uniform Presentation of Finances Statement.

Subsequently on 11 September 2018 the Preliminary End of Year Results and Carry Forward Report was presented to Council resulting in Council approving a revision of the 2018-19 budget for carry forwards of \$2.091m relating to capital expenditure and \$1.451m of capital income. Whilst not impacting on Council's adopted operating surplus of \$302k, the budget adjustments increased Council's Net Borrowings for the 2018-19 financial year to \$4.333m.

The Regulations require Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for changes to the budget during the year. This report presents the first Budget Review (BR1) of the 2017-18 financial year.

Where possible Council's customary practice is to include Budget Reviews as an agenda item at Audit Committee meetings prior to consideration of Council.

Budget Review Presentation

As a result of changes to the Regulations, the Budget Review Presentation has been simplified for the First and Third Budget Review for the year whereby it is now required to produce under Section 9(1)(a):

“a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances”

In accordance with the Regulations the Uniform Presentation of Finances showing the movements in the current and proposed budgets is provided as **Appendix 1** to this report.

3. ANALYSIS

The budget review has been prepared in consultation with Directors and Managers who have provided information for each budget area.

Given the timing of Budget Review 1, the focus of this first budget review for the year was largely on obtaining expenditure approval for any significant items and projects related to grant funded opportunities or Council Decisions.

It is noted that with the end of year financial statements just being finalised, a review will now commence to assess the 2017-18 end of year result to ensure that the 2018-19 budget is consistent with these results and identify any future budget changes. It is proposed that the results of this review, along with the adjustments required for the sale of the retirement village portfolio and Adelaide Hills Business Tourism Centre sale of the southern side, will be addressed as part of Budget Review 2.

Budget Review 1 Proposed Adjustments

\$000s	Adopted Budget	Proposed BR1 Adjustments	Revised Budget after BR1
Operating Income	44,270	200	44,470
Operating Expenditure	43,968	200	44,168
Operating Surplus	302	-	302
Depreciation	8,358	-	8,358
Capital income	4,709	-	4,709
Capital Expenditure	(17,702)	(15)	(17,717)
Net Borrowing Position	(4,333)	(15)	(4,348)

Proposed Budget Adjustments

Operating:

- At Council's Meeting on 28 August 2018, Council endorsed the provision of \$10k from the Chief Executive Officer's contingency allocation to contribute to the regional transport study into passenger transport linkages between Adelaide and Mount Barker and beyond. This will reduce the CEO contingency from \$50k to \$40k. As both are shown within the Materials, contract and other expenses category this transaction does not impact on that category's total as presented in the Uniform Presentation of Finances
- Council has been advised as part of the State Government Budget that it will receive \$200k towards the construction of a pedestrian crossing at Kersbrook Primary School. As the main road is owned by the Department of Planning, Transport and Infrastructure (DPTI), the resultant expenditure requirement is not capital for Council and therefore will be shown under the materials, contracts and other operating expenditure category with Council involved in project managing the works. The \$200k State Government contribution will be shown under the Grants, subsidies and contributions income category and as such the funding and associated expenditure will not impact on Council's Operating Surplus

Capital Items:

- At Council's Meeting on 24 July 2018, Council endorsed a Motion on Notice for "*the CEO to provide a report as part of Budget Review 1, on a request to advance proposed expenditure for "Henry Street Stormwater" scheduled for 2019/20 to 2018/19*" at Woodside. Discussion with the Capital Works Delivery team has indicated that this can be accommodated within the 2018-19 Capital Works Program and with a proposed budget of \$15k will only have a minor impact on Council's funding position with Net Borrowings to increase by \$15k.

Summary

The proposed budget changes do not change Council's Operating Surplus and the proposed increase in capital expenditure will result in a small increase in Council's Net Borrowing Position from \$4.333m to \$4.348m.

4. OPTIONS

The Audit Committee is limited to receiving and noting this report.

5. APPENDIX

- (1) 2018-19 Budgeted Uniform Presentation of Finances

Appendix 1

*2018-19 Budget Review 1 – Uniform Presentation of
Finances*

Adelaide Hills Council

**BUDGETED UNIFORM PRESENTATION OF FINANCES
2018-19 Revised Budget**

	2018-19 Original Budget \$'000	Carry Forwards	BR1	2018-19 Proposed Budget \$'000
INCOME				
Rates	37,101			37,101
Statutory charges	1,080			1,080
User charges	1,207			1,207
Grants, subsidies and contributions	4,109		200	4,309
Investment income	28			28
Reimbursements	266			266
Other income	379			379
Net gain - equity accounted Council businesses	100			100
Total Income	44,270	0	200	44,470
EXPENSES				
Employee costs	16,621			16,621
Materials, contracts & other expenses	18,121		200	18,321
Depreciation, amortisation & impairment	8,358			8,358
Finance costs	868			868
Net loss - equity accounted Council businesses	0			0
Total Expenses	43,968	0	200	44,168
NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	302	0	0	302
Net Outlays on Existing Assets				
Capital Expenditure on Renewal and Replacement of Existing Assets	(10,408)	(1,115)	(15)	(11,538)
Proceeds from Sale of Replaced Assets	501			501
Depreciation	8,358			8,358
NET OUTLAYS ON EXISTING ASSETS	(1,549)	(1,115)	(15)	(2,679)
Net Outlays on new and Upgraded Assets				
Capital Expenditure on New and Upgraded Assets & Remediation costs	(5,203)	(976)		(6,179)
Capital Grants and Monetary Contributions for New and Upgraded Assets	500	241		741
Proceeds from Sale of Surplus Assets	2,257	1,210		3,467
NET OUTLAYS ON NEW AND UPGRADED ASSETS	(2,446)	475	0	(1,971)
Net Lending/ (Borrowing) for Financial Year	(3,693)	(640)	(15)	(4,348)

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.7

Originating Officer: Lachlan Miller, Executive Manager Governance & Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Risk Management Update

For: Information

SUMMARY

This report provides the Audit Committee with an update on Risk Management activities including the current status of the Strategic Risk Profile and Management Plan.

In relation to the Strategic Risk assessments, there has been no change to the Inherent, Residual or Target risk ratings for the quarter.

In relation to the implementation of Mitigation Actions to manage the Strategic Risks, the following results have been achieved which is an improvement on the August 2018 results:

- Residual risk rating on one of the Strategic Risks has been lowered from Medium to Low
- Two new mitigations were identified during the period
- Completed: 62% (48) up from 61% (46) due to the completion of two actions
- In Progress: Steady on 37% (29)
- Not Commenced: 1% (1) created by one of the new mitigations added but not yet commenced

RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

1. GOVERNANCE

Goal	Organisational Sustainability
Strategy	Governance

Updating the risk management framework, which addresses workplace health and safety, emergency management, business continuity, public liability and legislative accountability assists in meeting legislative and good governance responsibilities and obligations

➤ **Legal Implications**

A number of sections of the *Local Government Act 1999* require councils to identify and manage the risks associated with its functions and activities. Further, s125 requires council to have appropriate internal controls.

Similarly the *Work Health & Safety Act 2012* is structured around the protection of workers and others against harm to their health, safety and welfare through the elimination or minimisation of risk arising from work or specified substances or plant.

➤ **Risk Management Implications**

Improvements in the implementation of the risk management framework will assist in mitigating the risk of:

A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

While there are no direct financial or resource implications from this report, a number of Strategic Risk Profile and Management Plan treatments are impacted by funding limitations.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

➤ **Environmental Implications**

Environmental matters have been considered within the development of the Strategic Risk Profile and Management Plan.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Consultation has occurred internally with the Strategic Risk Owners.

Council Committees: Not Applicable
Advisory Groups: Not Applicable
Administration: Director Corporate Services
Director Community Capacity
Development & Regulatory Services
Director Infrastructure & Operations
Executive Manager Governance & Performance
Executive Manager Organisational Development
Community: Not Applicable

2. BACKGROUND

Council adopted the revised Risk Management Policy at its 25 February 2014 Council meeting. The Audit Committee considered the key elements of the Corporate Risk Management Framework at its May 2014 meeting and suggested a number of enhancements. The revised Framework was adopted by Council at its 24 June 2014 meeting.

A Strategic Risk Profile and Management Plan was developed documenting eleven strategic risks (SR), with SR 9 broken into three sub risks.

The Strategic Risk Profile and Management Plan, including controls and treatment plans against each strategic risk, was initially received by the Audit Committee at its meeting on 22 February 2016 and subsequently by Council at its ordinary meeting on 23 February 2016. This process has since continued each quarter

In February 2017, the Executive Leadership Team reviewed the ownership of the strategic risks to more appropriately align the risks with functional responsibilities with the first round of assessments conducted by the new risk owners for the May 2017 assessment.

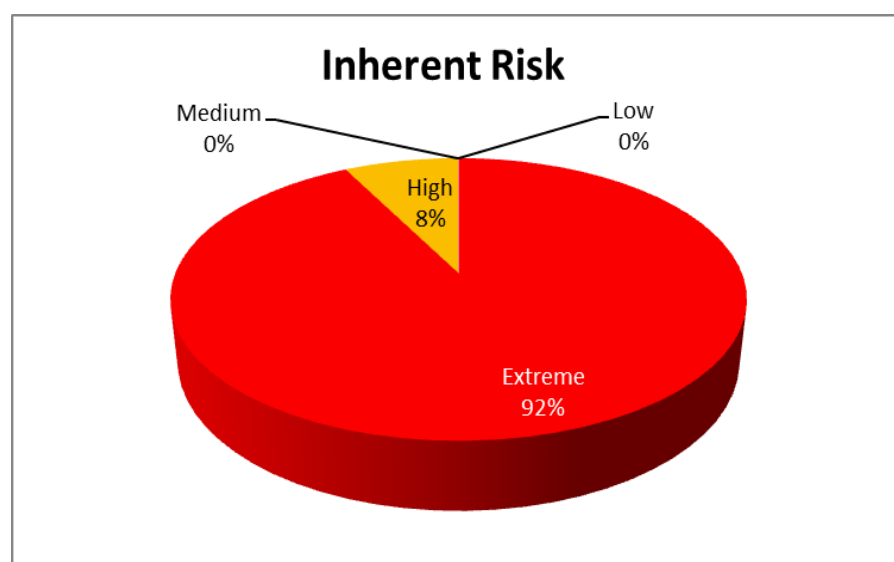
3. ANALYSIS

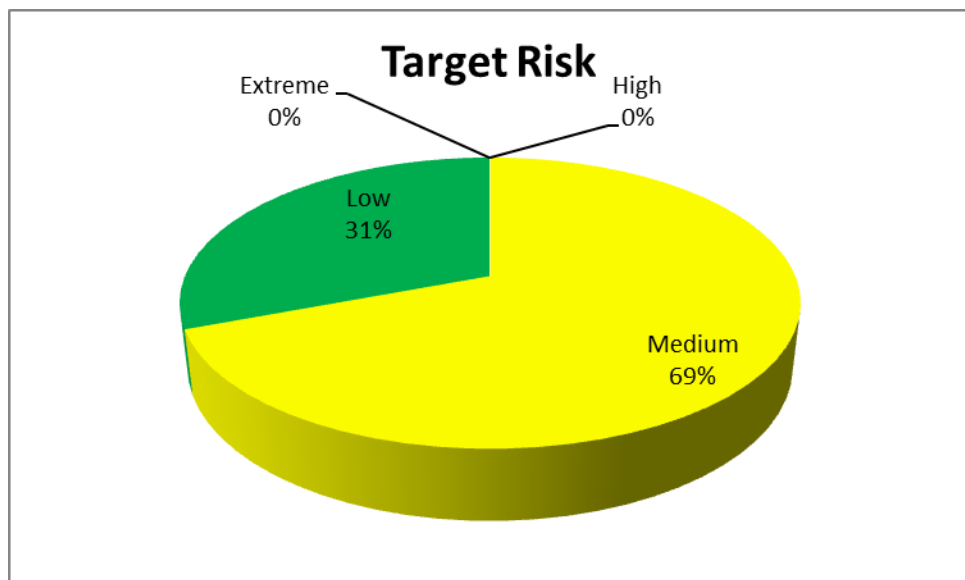
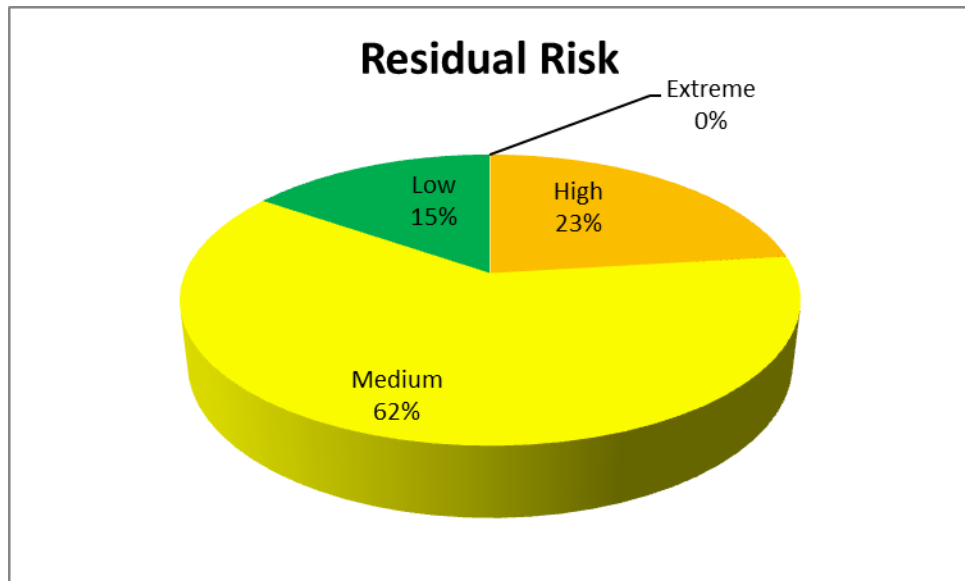
Strategic Risk Profile

The Strategic Risks are regularly reviewed by the risk owners responding to triggers in the risk environment, changes in causation or impact, changes in the control environment and on the completion of mitigation actions (which then form part of the control environment) which collectively can impact the likelihood and/or consequence of the risk.

The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings. There has been no change to the Inherent or Target risk ratings from the last (August 2018) assessment however the residual rating of the following risk was downgraded from Medium to Low in the current assessment:

- Risk 10 - Failure to act as a representative, informed and responsible decision-maker in the interests of the community.

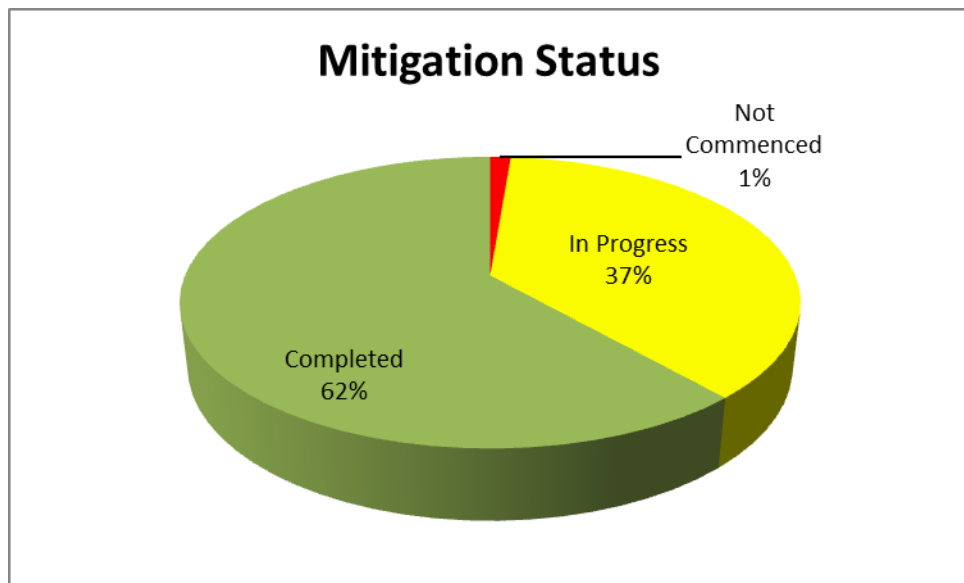




The implementation of Mitigation Actions has been progressing steadily. The current status is:

Status	February 2018	April 2018	August 2018	November 2018
Completed	61% (45 actions)	60% (45 actions)	61% (46 actions)	62% (48 actions)
In Progress	38% (28 actions)	40% (30 actions)	39% (29 actions)	37% (29 actions)
Not Commenced	1% (1 action)	0% (0 actions)	0% (0 actions)	1% (1 action)
New Initiatives (in above totals)	0 actions	1 action	1 action	2 actions

This is shown diagrammatically below:



4. OPTIONS

The Audit Committee has the following options:

- I. To note the update on the Strategic Risk Profile as presented (recommended),
- II. To determine not to note either or both updates and/or identify additional actions to be undertaken.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.8

Originating Officer: Lachlan Miller, Executive Manager Governance & Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Audit Actions Implementation Quarterly Update

For: Information

SUMMARY

The implementation status of actions arising from previous Internal and External Audits is provided in *Appendix 1*.

RECOMMENDATION

The Audit Committee resolves:

1. To receive and note the report.
 2. To note the implementation status of Internal and External Audit actions.
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 5	Organisational Sustainability
Strategy 5.5	Risk & Responsibility
Strategy 5.7	Governance

Monitoring the implementation of internal and external audit actions facilitates the effective management of risk exposures and improves the overall governance environment.

➤ **Legal Implications**

Accounts, Financial Statement and Audit, *Local Government Act 1999*

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

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

Testing of Council’s transactions and internal controls by the external auditor coincides with Council’s own Risk Management Framework. The External Auditor’s annual inspection and certification of Council’s financial position and performance provides the community with an assurance of Council’s internal financial control environment in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of actions arising from internal and external audits will assist in mitigating the risk of:

Internal control failures occur which lead to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium (3C)

Note there are many other controls that contribute to managing this risk.

➤ **Financial and Resource Implications**

Actions arising from internal and external audits are generally accommodated in existing functional budgets. Where an agreed action requires unbudgeted funds, this will be managed through Council’s budget review processes

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Environmental Implications**

Not applicable

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Consultation on the implementation of actions to address the audit findings was as follows:

Council Committees: The Audit Committee receives the reports from each Internal and External Audit conducted.

Advisory Groups: Not Applicable

Workshops: Not Applicable

Administration: Managers and staff with actions allocated from completed audit reports.

Community: Not Applicable

2. BACKGROUND

The Audit Committee was last provided an update of outstanding actions at its August 2018 meeting.

3. ANALYSIS

The status of the outstanding actions from Internal and External Audit is at **Appendix 1**.

4. OPTIONS

The Committee has the following options:

- I. To note the implementation status of the Internal and External Audit actions as presented; or
- II. To identify additional actions to be undertaken.

5. APPENDIX

- (1) Audit Actions Implementation Status – November 2018

Appendix 1

Audit Actions Implementation Status – November 2018

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Asset Management - May 2014 - Creative Auditing	6.1.1.1	That a procedure be documented on how compliance with the policy is going to be monitored.	New policy recently adopted and review of necessary procedure underway The set up and development of the Confirm Asset Management system will consider tracking of tasks and actions to align with Policy.	David Collins	In Progress	22/12/2018	
Asset Management - May 2014 - Creative Auditing	6.5.1	That now that the existing condition has been documented, subsequent condition assessments need to be used to reassess the effective life of assets.	A rolling program of audit and condition assessments will be included in updated asset management plans and condition assessment cycles are being implemented in Asset Management system upgrade - for example monthly and 3 monthly observations are occurring on the playground assets. bridge inspection observations are also being testing via the system. Currently Building Asset and CWMS Asset complete. Review of useful lives as part of AMP update. Condition assessment of footpaths completed in December 2017. Peer review work required to validate initial AMP review investigations of useful lives, unit rates and subsequent depreciation. Council is undertaking an external review of its bridge asset data condition and useful lives in 2108/19. A review of Unit rates for roads, retaining walls and footpaths is being completed in 2018/19.	David Collins	In Progress		A schedule of asset revaluations has been developed to ensure asset categories are revalued at least every four years. The schedule is now under review given recent appointment of Manager Sustainable Assets. High level review of the Asset Management Plans and associated data was complete din January 2018. Unit rates and useful lives are currently being reviewed as data cleansing is occurring with data specification works associated with the transfer of data in Confirm.
Bentleys Internal Audit Report August 2018 – Customer Service Standard Reporting	Finding 6	We recommend management: <ul style="list-style-type: none"> • Prioritise resources to ensure smooth transition of the reporting responsibility; • Build up a backup capacity in the future to ensure no interruption of the process; and • Identify, document and communicate the relevant data reporting responsibilities with the managers and team leaders of the business areas to engage stakeholders in the process. 	<ul style="list-style-type: none"> • Quarter 3 Reporting was undertaken by the new staff member, no issues were identified. • Engaging with relevant Managers and Team Leaders will be undertaken as part of the response in Finding 5 Proposed Action: Train the 'Corporate Planning and Performance Coordinator' to undertake the Quarterly CSS reporting as a back-up.	Hari Argiro	Not Commenced		

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 1	<p>We recommend management:</p> <p>Formalise and approve the policies and procedures relating to the current planning assessment process;</p> <p>Align the policies and procedures with Section 3(d) of the Act “to establish and enforce cost-effective technical requirements”;</p> <p>Provide training to the relevant responsible officers, including Planners and Administration Officers regarding the requirements of the policies and procedures; and</p> <p>Review the standard operating procedures such as the flowcharts, templates and checklists regularly (at least annually) and when there are changes.</p>	1. Establish the payment of Development Application fees on-line payment portal to reduce gaps between lodgement and payment.	Deryn Atkinson	In Progress	30/11/2018	Test Version of Payment Tile received and feedback given on tile alignment. Ok for deployment to live but waiting on date for this to occur from Open Office
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 1	<p>We recommend management:</p> <p>Formalise and approve the policies and procedures relating to the current planning assessment process;</p> <p>Align the policies and procedures with Section 3(d) of the Act “to establish and enforce cost-effective technical requirements”;</p> <p>Provide training to the relevant responsible officers, including Planners and Administration Officers regarding the requirements of the policies and procedures; and</p> <p>Review the standard operating procedures such as the flowcharts, templates and checklists regularly (at least annually) and when there are changes.</p>	3. Review and develop new standard operating procedures for electronic development tasks, including lodgement, initial assessment, referrals, public notification, final assessment and CAP report preparation, decision generation and notification private certification, and fee refunds to achieve improved process consistency and efficiency.	Deryn Atkinson	In Progress	31/12/2018	Completed development of new standard operating procedures for lodgement, initial assessment, referrals, public notification, CAP report preparation, decision generation, private certification and fee refunds. Final assessment procedure still to be finalised.

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 1	<p>We recommend management:</p> <p>Formalise and approve the policies and procedures relating to the current planning assessment process;</p> <p>Align the policies and procedures with Section 3(d) of the Act “to establish and enforce cost-effective technical requirements”;</p> <p>Provide training to the relevant responsible officers, including Planners and Administration Officers regarding the requirements of the policies and procedures; and</p> <p>Review the standard operating procedures such as the flowcharts, templates and checklists regularly (at least annually) and when there are changes.</p>	4. Review standard templates and checklists on an annual basis and as legislation changes occur.	Deryn Atkinson	In Progress	30/06/2019	<p>As part of the development of new procedures the templates have been reviewed.</p> <p>As part of the website information review checklists have been updated and a new development application checklist developed and uploaded.</p> <p>The next reviewed will be scheduled for mid June 2019 when statutory fees are released.</p>
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 1	<p>We recommend management:</p> <p>Formalise and approve the policies and procedures relating to the current planning assessment process;</p> <p>Align the policies and procedures with Section 3(d) of the Act “to establish and enforce cost-effective technical requirements”;</p> <p>Provide training to the relevant responsible officers, including Planners and Administration Officers regarding the requirements of the policies and procedures; and</p> <p>Review the standard operating procedures such as the flowcharts, templates and checklists regularly (at least annually) and when there are changes.</p>	5. Develop a new assessment process flowchart for staff and customers.	Deryn Atkinson	In Progress	31/12/2018	<p>Draft flow chart developed for internal workflow.</p> <p>Flow chart for customers yet to be developed.</p>

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 1	<p>We recommend management:</p> <p>Formalise and approve the policies and procedures relating to the current planning assessment process;</p> <p>Align the policies and procedures with Section 3(d) of the Act “to establish and enforce cost-effective technical requirements”;</p> <p>Provide training to the relevant responsible officers, including Planners and Administration Officers regarding the requirements of the policies and procedures; and</p> <p>Review the standard operating procedures such as the flowcharts, templates and checklists regularly (at least annually) and when there are changes.</p>	7. Provide training for all staff as new standard operating procedures are rolled out and when amended. Document through team meeting agendas.	Deryn Atkinson	In Progress	31/01/2019	<p>Training session held with all of team on 19 September 2018</p> <p>Training session held with all planners 11 October 2018 on action entry and monitoring and planning inspection recording procedure.</p> <p>Training sessions on action entry and monitoring and building inspection recording procedure scheduled for 1 November 2018.</p>
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 2	<p>We recommend management:</p> <p>Include the requirements of the statutory timelines into the Council’s policies and procedures;</p> <p>Review the system Open Office to ensure the requirements of the statutory timelines are built in;</p> <p>Provide refresher training of the updated procedures and system functions to the relevant responsible officers and ensure they are capable to meet the statutory timeline requirements; and</p> <p>Set up relevant Key Performance Indicators (KPI) to monitor compliance of the statutory timeline requirements.</p>	2. Ensure the statutory timelines are operating in Open Office through enhanced functionality.	Deryn Atkinson	In Progress	31/01/2019	This is a complex piece of work. E-development officer and Open Office are still working on ensuring the front end timeframes are correctly loaded before testing of the backend can occur.

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 2	<p>We recommend management: Include the requirements of the statutory timelines into the Council’s policies and procedures;</p> <p>Review the system Open Office to ensure the requirements of the statutory timelines are built in;</p> <p>Provide refresher training of the updated procedures and system functions to the relevant responsible officers and ensure they are capable to meet the statutory timeline requirements; and</p> <p>Set up relevant Key Performance Indicators (KPI) to monitor compliance of the statutory timeline requirements.</p>	3. Provide refresher training on updated procedures and system functions to responsible officers as required.	Deryn Atkinson	In Progress	31/01/2019	<p>Training is on-going. Training session held with all of team on 19 September 2018 Training session held with all planners 11 October 2018 on action entry and monitoring and planning inspection recording procedure. Training sessions on action entry and monitoring and building inspection recording procedure scheduled for 1 November 2018.</p>
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 2	<p>We recommend management: Include the requirements of the statutory timelines into the Council’s policies and procedures;</p> <p>Review the system Open Office to ensure the requirements of the statutory timelines are built in;</p> <p>Provide refresher training of the updated procedures and system functions to the relevant responsible officers and ensure they are capable to meet the statutory timeline requirements; and</p> <p>Set up relevant Key Performance Indicators (KPI) to monitor compliance of the statutory timeline requirements.</p>	4. Report on requests for information quarterly as a KPI for planners.	Sam Clements	In Progress		

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 3	We recommend management: <ul style="list-style-type: none"> • Effectively and consistently apply the “Action” function in Open Office to monitor and track the progress of the applications; • Perform regular (at least quarterly) monitoring and reporting of the status and number of applications in the system, and the time of applications by type to complete assessment or milestones, etc.; and • Continuously investigate the monitoring and reporting functions of the system and utilise them consistently to meet the legislative requirements and improve the efficiency of the process and customer satisfaction. 	1. Build in action functionality to development assessment tasks in the review of procedures.	Deryn Atkinson	In Progress	31/03/2019	Actions are being progressively introduced into the system as development tasks are reviewed. This is work in progress.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 3	We recommend management: <ul style="list-style-type: none"> • Effectively and consistently apply the “Action” function in Open Office to monitor and track the progress of the applications; • Perform regular (at least quarterly) monitoring and reporting of the status and number of applications in the system, and the time of applications by type to complete assessment or milestones, etc.; and • Continuously investigate the monitoring and reporting functions of the system and utilise them consistently to meet the legislative requirements and improve the efficiency of the process and customer satisfaction. 	2. All planners to be trained in monitoring their overdue action requests.	Deryn Atkinson	In Progress	31/03/2019	Staff are progressively adapting to working from a list of actions. This is work in progress. Overdue actions for Further Information was the focus of action training for planning staff on 11 October 2018.

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 3	We recommend management: <ul style="list-style-type: none"> Effectively and consistently apply the “Action” function in Open Office to monitor and track the progress of the applications; Perform regular (at least quarterly) monitoring and reporting of the status and number of applications in the system, and the time of applications by type to complete assessment or milestones, etc.; and Continuously investigate the monitoring and reporting functions of the system and utilise them consistently to meet the legislative requirements and improve the efficiency of the process and customer satisfaction. 	4. Regularly monitor planners’ overdue actions. Report monthly on the number of outstanding information requests older than 6 months initially (reducing to 3 months over time) and to prepare reports for each planner to prioritise follow-up and reduce open file loads.	Sam Clements	In Progress		First report provided to planners on 16/10/18- outstanding further information requests older than 6mths
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 3	We recommend management: <ul style="list-style-type: none"> Effectively and consistently apply the “Action” function in Open Office to monitor and track the progress of the applications; Perform regular (at least quarterly) monitoring and reporting of the status and number of applications in the system, and the time of applications by type to complete assessment or milestones, etc.; and Continuously investigate the monitoring and reporting functions of the system and utilise them consistently to meet the legislative requirements and improve the efficiency of the process and customer satisfaction. 	5. Initiate regular meetings between Team Leader Statutory Planner/Senior Planner with statutory planners to discuss progress of applications.	Sam Clements	In Progress		

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 4	<p>We recommend management:</p> <ul style="list-style-type: none"> • Formalise the process focusing on developing a management plan to use the specific reserve Urban Tree Fund, including <ul style="list-style-type: none"> – Conditions, restrictions and obligations on the use of the fund Options to use the fund for tree maintenance and/or purchase with consideration given to cost, outcome, and time frame etc.; – Comparison of options and consult relevant utility organisations such as SA Power Network where relevant; and – Approval from delegates; • Review and update the management plan on an as needs basis; • Implement the management plan and monitor the use of fund; and • Retain records of and report the fund movements and significant activities to the relevant stakeholders/governance bodies. 	1. Planning, Open Space and Finance staff to develop an Urban Tree Fund Management Plan for the use of fund contributions paid by development applicants.	Deryn Atkinson	Not Commenced	30/06/2019	
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 4	<p>We recommend management:</p> <ul style="list-style-type: none"> • Formalise the process focusing on developing a management plan to use the specific reserve Urban Tree Fund, including <ul style="list-style-type: none"> – Conditions, restrictions and obligations on the use of the fund Options to use the fund for tree maintenance and/or purchase with consideration given to cost, outcome, and time frame etc.; – Comparison of options and consult relevant utility organisations such as SA Power Network where relevant; and – Approval from delegates; • Review and update the management plan on an as needs basis; • Implement the management plan and monitor the use of fund; and • Retain records of and report the fund movements and significant activities to the relevant stakeholders/governance bodies. 	2. Implement, monitor & review (as required) the Urban Tree Fund Management Plan.	Mike Carey	In Progress	21/12/2018	Internal discussion held to ensure allocation of operational responsibilities clearly aligned between Development and Financial Services

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 4	<p>We recommend management:</p> <ul style="list-style-type: none"> • Formalise the process focusing on developing a management plan to use the specific reserve Urban Tree Fund, including <ul style="list-style-type: none"> – Conditions, restrictions and obligations on the use of the fund Options to use the fund for tree maintenance and/or purchase with consideration given to cost, outcome, and time frame etc.; – Comparison of options and consult relevant utility organisations such as SA Power Network where relevant; and – Approval from delegates; • Review and update the management plan on an as needs basis; • Implement the management plan and monitor the use of fund; and • Retain records of and report the fund movements and significant activities to the relevant stakeholders/governance bodies. 	3. Retain records and report on the Urban Tree Fund movements as part of the Annual Business Plan.	Mike Carey	In Progress	30/04/2019	Internal discussion undertaken to ensure allocation of operational responsibility clearly articulated between Development Services, Financial Services and Governance & Performance
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 5	<p>We recommend management:</p> <ul style="list-style-type: none"> • Enhance controls for the user access in Open Office where possible, such as use expiry dates on user set up; • Review user access on a regular basis using a formal process, at least annually; • Incorporate user deletion as part of termination; • Improve data quality in the system via regular independent review and reporting, at least quarterly; including verifying that the mandatory fields for record entry are accurate and still valid. 	1. Review Open Officer user access on a 6-monthly basis (December and June) and confirm users with full access are required to have this	Deryn Atkinson	In Progress	30/06/2019	A review of users was undertaken in March 2018 and obsolete users were inactivated.

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Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 5	We recommend management: <ul style="list-style-type: none"> Enhance controls for the user access in Open Office where possible, such as use expiry dates on user set up; Review user access on a regular basis using a formal process, at least annually; Incorporate user deletion as part of termination; Improve data quality in the system via regular independent review and reporting, at least quarterly; including verifying that the mandatory fields for record entry are accurate and still valid. 	2. Investigate with Open Office user access expiry dates functionality and the ability for resetting these	Deryn Atkinson	Not Commenced	31/01/2019	
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 5	We recommend management: <ul style="list-style-type: none"> Enhance controls for the user access in Open Office where possible, such as use expiry dates on user set up; Review user access on a regular basis using a formal process, at least annually; Incorporate user deletion as part of termination; Improve data quality in the system via regular independent review and reporting, at least quarterly; including verifying that the mandatory fields for record entry are accurate and still valid. 	3. Work with Organisational Development to include Open Office user deletion in the employee exit process	Deryn Atkinson	In Progress	31/12/2018	Request made 22/10/18 to Organisational Development for inclusion of Open Office User Inactivation in the Employee Termination Checklist for People Leader
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 5	We recommend management: <ul style="list-style-type: none"> Enhance controls for the user access in Open Office where possible, such as use expiry dates on user set up; Review user access on a regular basis using a formal process, at least annually; Incorporate user deletion as part of termination; Improve data quality in the system via regular independent review and reporting, at least quarterly; including verifying that the mandatory fields for record entry are accurate and still valid. 	4. Improve data quality in the Open Office system with 6 monthly internal performance review and reporting on assessment data accuracy to Manager Development Services Note quarterly reviewing and reporting on data quality is considered onerous and is unable to be resourced. Internal reviews are considered adequate to improve data quality.	Deryn Atkinson	In Progress	31/01/2019	First 6 monthly review scheduled for early January 2019

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 1. Review the Land Management Register for accuracy of information and electronic register access rather than reliance on hardcopy information.	Deryn Atkinson	Not Commenced	4/01/2019	Review to be commenced in early 2019
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 2. Review the standard procedure for entering agreements in the Land Management Register annually.	Deryn Atkinson	Not Commenced	30/11/2018	Review of procedure to commence by the end of November 2019
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 3. Undertake induction and refresher training on the Land Management Agreement Register procedure annually or as required.	Deryn Atkinson	Not Commenced	14/01/2019	Commence refresher training on LMA procedure.
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 4. Implement annual internal review of the Land Management Agreement Register.	Deryn Atkinson	Not Commenced	31/01/2019	Commence annual internal review of the LMA register early January 2019

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Finding 6	We recommend management: <ul style="list-style-type: none"> Reinforce the record management policy requirements via induction and refresher training; and Strengthen the records management via performance review and regular independent quality review within Council. 	Record management policy requirements are currently included as part of induction procedures for new staff by record management officers. Note, records management staff do not maintain the Land Management Register, rather this is undertaken by Development staff. Note the performance review of development application records would be covered off in the internal review process action proposed in Finding 5. 5. Implement a standard procedure for recording site inspections and reasons why a site inspection was unnecessary. Build the system functionality and undertake training of planning officers in the procedure.	Deryn Atkinson	In Progress	30/11/2018	Training session held with all planners 11 October 2018 on planning inspection recording procedure. Training sessions building inspection recording procedure scheduled for 1 November 2018. Refinements to the procedure to be made by end of November 2018
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Improvement Opportunities	We recommend management <ul style="list-style-type: none"> Contact the Council's founding payment brand member to obtain their own PCI compliance programs for the protection of their affiliated payment card account data; and Improve the relevant controls to be compliant with the PCI DSS requirements, including: <ul style="list-style-type: none"> Identify and document the existence of all cardholder data in the environment; Use the results to select appropriate PCI DSS scope and apply the guidelines; Implement the PCI DSS activities as part of the Council's overall security strategy to ensure cardholder data security controls continually implemented; and Retain documentation for assessor review and/or fore reference for at least one year. 	Undertake an internal review of PCI compliance and implement relevant controls for best practice.	Mike Carey	In Progress	4/07/2018	A coordinated approach has been undertaken in conjunction with Council's banker NAB, together with Customer Service, ICT and Financial Services to ensure that controls over cardholder data is appropriate. A monitoring process has been set up with the next step of liaising with record keeping areas to ensure that alternative processes are set up to ensure credit card details are not stored in corporate systems
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Improvement Opportunities	We recommend management <ul style="list-style-type: none"> Investigate and implement a system function to issue the invoice with the coordination of the Planner and the Administration Officer; and Measure and monitor the outcome of the new process to ensure continuous improvement of the efficiency and effectiveness. 	3. Review initial assessment process to monitor the efficiency and effectiveness of the new process.	Deryn Atkinson	Not Commenced	28/02/2019	Review will be undertaken as part of the 6 monthly internal performance scheduled for early January 2019

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Bentleys Internal Audit Report August 2018 – Planning Assessment Process	Improvement Opportunities	We recommend management <ul style="list-style-type: none"> Reinforce the need of disclosure of conflict of interest in the performance review of the responsible manager and employees and/or in the induction of new employees. 	Section 56 (A) of the Development Act only refers to Council Assessment Panel Members and not Council staff who make planning decisions under delegation. Therefore recommendation 1 and 2 are not required. 1. Reinforce the need of disclosure of a conflict of interest in performance reviews with staff as good professional and ethical practice, and as a requirement for members of the Planning Institute of Australia.	Deryn Atkinson			
Galpins Financial Controls Review Interim Management Letter August 2018	2.1.1 Absence of Documented Processes for Purchase Orders	Processes and framework for raising a purchase order, including details of when a purchase or payment is exempt from a contract and/or purchase order, are documented and appropriately communicated to staff. After establishing these processes, management periodically produces a report containing all payments with no purchase order to be reviewed to identify any instances of noncompliance. Audit supports council's current plans to develop a more robust procurement framework.	Agree with finding and the Procurement Framework will address this issue.	James Greenfield	In Progress	23/11/2018	Framework and Procedures currently at Approx. 75% complete
Galpins Financial Controls Review Interim Management Letter August 2018	2.1.2 Evidence of Procurement Procedures Undertaken	All documentation related to procurement procedures undertaken (e.g. request for tenders, tender responses, evaluation forms detailing the decision made, etc.) are retained on file. When procurement procedures are not undertaken and an exemption is provided, reasons for the exemption are documented and approved by the appropriate delegated officer in accordance with the procurement policy.	Agree with finding and will ensure Procurement Framework and supporting procedures emphasise the need for appropriate documentation to be retained to substantiate procurement decisions and adherence to process.	James Greenfield	In Progress	23/11/2018	Procurement Framework and supporting procedures will emphasise the need for appropriate documentation to be retained. Currently discussing with Records. Exemption Register has been created

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Galpins Financial Controls Review Interim Management Letter August 2018	2.1.3 Absence of Formal Contracts and Agreements	Council ensures that procedures to enter into a contract are documented within the new procurement framework currently being developed. Council to ensure that there are formal agreements with suppliers with significant cumulative spend, and that works are not commenced prior to signing of contracts.	Agree with finding and will ensure Procurement Framework and supporting procedures emphasise the need for appropriate documentation to be retained to substantiate procurement decisions and adherence to process.	James Greenfield	In Progress	23/11/2018	Regular review of yearly spending patterns will be undertaken to identify cumulative spend.
Galpins Financial Controls Review Interim Management Letter August 2018	2.1.6 Conflict of Interest Declaration	Panel members are required to provide conflict of interest declarations when assessing a procurement / tendering process.	This requirement will be built into the Framework/procedures documentation.	James Greenfield	In Progress	23/11/2018	Conflict of Interest form has been developed and will be included in Framework and Procedures
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.2 Asset Management Plan	The Transport Asset Management plan is finalised and adopted by Council. Asset Management Plans are prepared for other major asset classes.	As part of the migration of data into a new asset management system Council has undertaken extensive review of its data and in particular Transport Assets. Council has undertaken an internal review of the Transport Asset Class that has informed current long term planning. Council is currently in the process of formally updating the 2012 Transport Asset Management Plan by January 2019.	David Collins	Not Commenced		Council is currently in the process of formally updating the 2012 Transport Asset Management Plan by January 2019.
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.3 Capitalised Asset (Accounting Policy)	The Capitalised Asset (Accounting Policy) is reviewed and updated to reflect current and desired practice.	This document has been removed as a formal Policy of Council but is used as an operational guideline for the capitalisation of assets. It is agreed that this document should be updated to reflect current accounting standards.	Mike Carey	In Progress	30/06/2019	This procedure document has been discussed with Asset Management and it is agreed that the document will be updated as part of the Asset Management Planning update over the next six months.
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.5 Asset Maintenance	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	Council has approved additional resources to undertake planning of future maintenance works. Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to ensure the required performance of those assets. The clarity regarding the agreed service level will allow better planning and the associated scheduling of proactive maintenance. Council is currently ensuring integration between its CRM system (customer requests) and the Confirm Enterprise Asset Management System to ensure alignment with reactive requests and planned maintenance.	David Collins	Not Commenced		Council is currently ensuring integration between its CRM system (customer requests) and the Confirm Enterprise Asset Management System to ensure alignment with reactive requests and planned maintenance.

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Galpins Financial Controls Review Interim Management Letter August 2018	2.3.1 IT Users' Access Controls	Finance Management performs a formal review of a complete list of users' access rights to ensure adequate segregation of duties within the finance functions in Open Office. Key areas of access that should be considered in this review include: - Banking - Rates - Accounts Payable - Accounts Receivable - Receipting - Payroll - Fixed assets - Purchasing - Approval of purchase orders; and - General ledger	Agree with finding. ICT are developing a regular process for the review of system access to finance functions by the Management Accountant and ultimate sign off by the Manager Financial Services.	Mike Carey	In Progress	21/12/2018	ICT have development a 6 monthly system access review process to be reviewed and considered by the Manager Financial Services. The review of user access identified that a number of the users with administration access were for the system vendor to access the system to manage tickets raised for system issues. These have all been removed
Galpins Financial Controls Review Interim Management Letter August 2018	2.3.3 Business Continuity Plan	The Business Continuity Plan is updated.	Following the review of resources and functions in the Governance & Performance Department, the review of the BCP has been scheduled in 2018/19.	Lachlan Miller	In Progress	30/06/2019	Project is currently being scoped.
Governance Legislative Compliance Audit May 2016	Rec 11	The Council review the Public Consultation Policy (PCP) to ensure it correctly reflects the requirements of Section 50 throughout.	Programmed into policy review schedule	David Waters	In Progress	31/03/2019	The Policy is in the Council Policy Review Schedule for review in February 2019. It was moved from October 2018 to avoid the election period in accordance with Caretaker Policy provisions. Staff have attended an LGA workshop (September 2018) on the latest legal advice for constructing a legislatively compliant Public Consultation Policy. This will be incorporated in the review.
Governance Legislative Compliance Audit May 2016	Rec 4	Follow up the status of the review of the AHRWMA and SHLGA.	These points will be considered in Status of Charter reviews to be determined	Lachlan Miller	In Progress	31/01/2019	AHRWMA and SHLGA Charter reviews are still to occur.

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
ICT Security Risk Assessment - August 2015 - CQR	REC 3	Business Continuity Planning	ICT to action - (ICT BCP Plan only) included in 2015/16 Capital Works Program	James Sinden	In Progress	31/12/2018	Work on the final stages of Councils ICT BCP Systems is progressing now that contracts for Telecommunications Services from Telstra have been agreed upon. Services have been ordered and are waiting installation here at Stirling. The next stages are reliant upon works being delivered by Telstra for us to progress further. Once completed Council's ICT BCP Systems will be able to operate outside the Adelaide Hills District.
ICT Security Risk Assessment - August 2015 - CQR	REC 4	Incident Management	ICT to action - create a security incident management procedure	James Sinden	In Progress	31/12/2018	A draft Incident Management procedure has been developed and is to be progressed through the IISIP group for adoption.
Montacute Road Project - September 2017 - Ray Pincombe	REC 1	Consideration of developing some rules around the decision-making processes in emergency projects and provision of authority for staff and potential partners to act on Council's behalf.	Development of mechanism to clarify rules and delegations in regards to Emergency Projects and situations.	Peter Bice	In Progress	30/03/2019	Council staff are exploring the most effective mechanism to incorporate appropriate rules and delegations, including project and contractor management templates.
Montacute Road Project - September 2017 - Ray Pincombe	REC 3	The current review of the Strategic Management Risk Register has identified the need for an Emergency Management Plan and zone based preventative maintenance programs. This appears to cover the types of events that can impact upon Council assets and infrastructure, though perhaps more emphasis might be placed on flood events given the recent experience	Stage 1 of the EMP development is in progress	John McArthur	In Progress	28/02/2019	Responsibility for EM has transferred to the Infrastructure & Assets Directorate, a handover of the Plan has occurred.
Montacute Road Project - September 2017 - Ray Pincombe	REC 4	As WHS & IM is the responsibility of the asset owner, Council could consider the development of an agreement in similar situations to ensure the protection of the people involved in projects in these circumstances.	Develop protocols around clarifying roles and responsibilities in Emergency situations where external project managers are involved.	Ashley Curtis	In Progress	30/03/2019	18/9/18 - update - no change. Council staff are in the process of reviewing Emergency Management Planning and developing a Project Management Framework which will incorporate protocols which clarify roles and responsibilities in Emergency situations where external project managers are involved.
Montacute Road Project - September 2017 - Ray Pincombe	REC 5	A review could provide good feedback on the beneficial elements of the project and the potential improvements that could be made. The outcome of the review could be used to better inform any potential emergency management planning.	Review the learnings from the project to identify potential improvements.	Peter Bice	In Progress	31/12/2018	Council staff, and other stakeholders are currently reviewing the outcomes of the project. Learnings will help inform the current review of Council's Emergency Planning approach.

Audit Name	Reference	Recommendation	Proposed Action	Responsible Officer	Progress	Est. Completion Date	Comment
Procurement Audit May 2014	4.2.1	That procedures should be documented for: <ul style="list-style-type: none"> • the use and selection of preferred suppliers • Procurement Committee annual review procedure for preferred suppliers • tender opening • tender evaluation process • Procurement Committee policy compliance review procedures • determination of the staff delegations • approval process from the Procurement Committee if staff wish to deviate from the procurement and purchasing policy 	Develop procedures as recommended	James Greenfield	In Progress	30/11/2018	Framework and Procedures are currently being developed. Estimated to be 80% complete. Consultation process will be soon.
Procurement Audit May 2014	4.3.2	That a procedure be developed for the acceptance of new suppliers. Council should determine what supplier details are required and who signs off on the Credit Application, which is effectively a council guarantee.	Develop procedures as recommended	Mike Carey	In Progress	24/11/2018	To be developed in conjunction with 4.2.1. This forms part of the Procurement Framework which is proposed to be signed off by ELT in November 2018
Procurement Audit May 2014	4.8.1	That the inventory management procedures for stores, small plant and fuel at the Depot be documented to ensure compliance when the Works Storeman is absent		Chris Janssan	In Progress	21/12/2018	The fuel process has been completed and we will continue to work through the stores and small plant.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.9

Originating Officer: Mike Carey, Manager Financial Services

Responsible Director: Terry Crackett, Director Corporate Services

Subject: Quarterly Debtors Report

For: Information

SUMMARY

The Audit Committee has previously requested and received a list of outstanding debtors on a quarterly basis.

This report covers the period ending 30 September 2018.

RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal	Organisational Sustainability
Key Issue	Risk and Responsibility

➤ **Legal Implications**

Council may obtain funds by recovering fees, charges, penalties or other money payable to it under S133 of the *Local Government Act 1999*.

Council also has obligations specified within the current Community Wastewater Management Scheme (CWMS) licence that require an endorsed hardship policy for customers. Failure to establish this policy will result in Council breaching current licence conditions.

➤ **Risk Management Implications**

Monitoring the balances of Debtors through regular reporting will assist in mitigating the risk of:

Poor debt recovery practices which lead to increased levels of overdue debtors will negatively impact on Council's current cashflow as well as reduce the likelihood of future debt recovery.

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Medium (3D)	Medium (3D)

➤ **Financial and Resource Implications**

Close monitoring of debt supported by an agreed Policy will ensure that any cashflow impact on Council is minimised.

➤ **Customer Service and Community/Cultural Implications**

Nil

➤ **Environmental Implications**

Nil

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Council Committees: Not applicable

Advisory Groups: Not applicable

Administration: Operational areas have been involved in the development of this report to provide specific details, where necessary. Financial Services have overall responsibility for the Accounts Receivable function within Council, being involved in invoicing and follow up of amounts where they are not paid in a timely basis.

Community: Not applicable

2. **BACKGROUND**

Council generates income from a variety of sources including rates, grants, fines (infringements), development applications and fees and charges for the provision of goods and services to individuals, businesses and other organisations in the community.

This income is managed using financial management systems which also enables recording of amounts owing to Council and information relating to amounts paid. Appropriate action can be taken to collect amounts owing where they are not paid in a timely manner.

The Debtors report covering balances as at 30 June 2018 was last presented to the Audit Committee on 13 August 2018.

3. ANALYSIS

Rates Debtors

Council's rates debtor balances is dominated by rates that are struck in full in July, then quarterly fluctuations of receipts, which makes comparison of rates debtors within the year difficult to interpret. As such, this debtor is reported on an annual basis to the first Audit Committee after 30 June of each year and was provided to the Audit Committee on 13 August 2018.

Sale of Land for Non Payment of Rates Update

A Debt Recovery Policy adopted in December 2015 supports the sale of land for unpaid rates where arrears are in excess of the 3 year requirement outlined within s184 of the *Local Government Act 1999*.

As previously advised a process has being commenced to progress a further 8 properties to sale with the current owners of these properties being issued a notice of intent to sell and Council endorsing the sale of those properties at the 24 April 2018 Council meeting.

Of the 8 properties, 7 have now been paid in full with discussion with the remaining ratepayer. This ratepayer is looking to lodge a claim against his superannuation.

Sundry Debtors

Table 1 – Aged Debtors Summary as at 30 September 2018

Description	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
Additional Bins	1,953	0	0	0	0	0	1,953
Burial Fees	7,594	1,181	2,758	355	373	0	2,927
Fire Hazard Reduction	1,644	0	0	0	0	0	1,644
Food Premises Inspection	8,267	4,225	354	118	155	118	3,297
Grants Receivable	0	0	0	0	0	0	0
Miscellaneous	123,412	101,121	2,580	13,121	65	1,280	5,245
Private Works	65	0	0	0	0	0	65
Road Rents	5,407	66	4,916	0		0	425
TOTAL: 30/9/2018	148,342	106,593	10,608	13,594	593	1,398	15,556

TOTAL: 30/6/2018	422,464	324,485	27,931	0	3,003	22,558	44,488
TOTAL: 31/3/2018	432,477	249,847	60,051	26,493	13,385	3,698	79,003
TOTAL: 31/12/2017	346,257	129,349	30,041	27,212	6,593	62,701	90,361
TOTAL: 30/9/2017	1,376,429	1,184,457	72,348	42,496	1,131	12,962	63,035
TOTAL: 30/6/2017	620,677	479,988	35,699	2,966	1,045	252	100,727
TOTAL: 31/3/2017	235,285	98,615	608	2,612	1,282	5,880	126,288
TOTAL: 31/12/2016	264,684	88,943	11,508	3,221	22,118	8,226	130,668
TOTAL: 30/9/2016	295,149	121,555	9,053	69,335	6,290	13,671	75,245
TOTAL: 30/6/2016	369,569	160,809	63,538	36,181	7,055	20,976	81,011
TOTAL: 30/11/2015	481,456	131,857	181,985	27,707	(3,288)	1,434	141,761

A summary of the Aged Debtors as at 30 September 2018 has been provided within **Table 1** of this report above with the total Sundry debtors outstanding totalling \$148k.

Importantly the balance > 150 days is now the lowest it has been since regular reporting to the Audit Committee has occurred.

In relation to **Table 1** the following points of clarification are provided:

- The Additional bins debts in > 150 days have been reduced from \$12,356 at 31 December 2017 to \$1,953 as at 30 September 2018 due to more effective debt collection activity. As mentioned previously, all additional bin debtors with outstanding balances have had their waste service ceased by East Waste and have been sent to our debt collection agency.
- The Burial fees > 150 days balance has been reduced from \$5,619 as at 30 June 2018 to \$2,927 as at 30 September 2018 due to a payment arrangement being recently finalised.
- All Fire Hazard Debtors are now with Council's debt collection agency.
- There are 8 long outstanding Food Premises Inspection Debtors with small balances outstanding which are being further investigated to determine if referral to debt collection will be cost effective.
- The Miscellaneous > 150 days balance has been reduced from \$30,539 as at 30 June 2018 to \$5,245 as at 30 September 2018 mainly due to finalisation of a large number of the AHBTC debts as mentioned in the previous Audit report on debtors. The majority of this \$5,245 debt is with our debt collection agency.

4. OPTIONS

The Audit Committee is limited to receiving this report.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday, 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.10

Originating Officer: Lachlan Miller, Executive Manager Governance & Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: 2019 Audit Committee Meeting Dates

For: Decision

SUMMARY

One of the fundamental principles of local government is that council and council committee, wherever possible, should be open to the public and document documents made available.

The setting and publication of the meeting times and locations of Audit Committee meetings is required to enable public notices to be given under the *Local Government Act 1999*. The report contains the proposed Audit Committee 2019 meeting schedule for approval.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted.
2. To approve the Audit Committee meeting schedule, timings and locations for 2019 as follows:

Commencement	6.00pm
Meeting Dates and Locations	11 February 2019, 63 Mt Barker Road, Stirling
	15 April 2019, 63 Mt Barker Road, Stirling
	12 August 2019, 63 Mt Barker Road, Stirling
	14 October 2019, 63 Mt Barker Road, Stirling
	11 November 2019, 63 Mt Barker Road, Stirling

1. GOVERNANCE

➤ Strategic Management Plan/Council Policy

Goal	Organisational Sustainability
Strategy	Governance

Setting the meeting dates will facilitate meeting legislative and good governance responsibilities and obligations.

➤ Legal Implications

Section 87(8) of the *Local Government Act 1999* requires that the notice an ordinary meeting of the committee must be given to members at least three (3) clear days before the date of the meeting.

Section 88(2) states that notice must be given as soon as practicable after the time that notice is given to the members of the committee

➤ Risk Management Implications

The setting of a schedule of ordinary meetings for the Audit Committee will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ Financial and Resource Implications

Council's current budget contains provision for the costs associated with the notification and conduct of audit Committee meetings

➤ Customer Service and Community/Cultural Implications

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

➤ Environmental Implications

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Council Committees: Not Applicable

Advisory Groups: Not Applicable

Administration: Director Corporate Services
Executive Manager Governance and Performance
Manager Financial Services
Governance & Risk Coordinator
Corporate Planning & Performance Coordinator

Community: The community was not consulted on the timing and location of the proposed Audit Committee meetings however, once determined, this information is advertised on the Council website.

2. BACKGROUND

Council has set the 2018 meeting schedule for Council meetings and it is anticipated that a similar schedule will be carried forward into 2019, which is for Council meetings being held on the 4th Tuesday of each month.

Clause 11.1 of the *Audit Committee Terms of Reference* provides that the Committee shall meet at least four times a year at appropriate times and places as determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.

3. ANALYSIS

During 2018 the Audit Committee generally met on the first Monday of the nominated months. For 2019, it is proposed for Audit Committee Meetings be held on the second Monday of the nominated months. On this basis, the following schedule is proposed for the Audit Committee in 2019 which will allow recommendations from the Audit Committee to be considered by the Council in that same month.

- 11 February 2019
- 15 April 2019
- 12 August 2019
- 14 October 2019
- 11 November 2019

The proposed location for Audit Committee Meetings is Stirling.

4. OPTIONS

The Committee has the following options:

- I. To resolve to adopt the recommendations regarding the schedule, timing and locations of Audit Committee meetings; or
- II. To amend an/all aspect(s) of the recommendations regarding the schedule, timing and locations of Audit Committee meetings.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 5 November 2018
AGENDA BUSINESS ITEM**

Item: 6.11

Originating Officer: Steven Watson, Governance and Risk Coordinator

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Audit Committee Self-Assessment 2018

For: Information

SUMMARY

To provide the Audit Committee with the results of the 2018 self- assessment review.

RECOMMENDATION

The Audit Committee resolves that the report be received and noted.

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal	Organisational Sustainability
Strategy	Risk and Responsibility
Strategy	Governance

Undertaking a self-assessment each year seeks to ensure that the Audit Committee continues to meeting its stated objectives as outlined in the Terms of Reference.

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The management of action items and the work plan will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Council's current budget contains provision for the costs associated with the notification and conduct of audit Committee meetings

➤ **Customer Service and Community/Cultural Implications**

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Council Committees: Audit Committee Members

Advisory Groups: Not Applicable

Administration: Director Corporate Services
Executive Manager Governance and Performance

Community: Not Applicable

2. BACKGROUND

In adopting its Work Plan for 2018 the Audit Committee identified the prudence of periodically conducting an assessment of the Committee's performance with a view to identifying improvements in governance practices and performance. A summary report in relation to the responses received has been provided at **Appendix 1**.

3. ANALYSIS

All five members of the Audit Committee provided responses to the self-assessment as was the case in 2015, 2016, 2017 and 2018. A consolidation of responses received has been provided as **Appendix 1** for review by the Committee.

As can be seen within the appendix the scoring was generally very positive across all areas, and provided for a slight overall improvement in the result over that of the previous year.

A number of comments were made by members of the Committee that are shown on the report that is included as **Appendix 1**.

The Administration will consider the feedback and determine a range of actions to address concerns raised as relevant. Where significant changes are required these will be further explored with the Committee (and Council if necessary) prior to implementation.

4. OPTIONS

The Committee has the following options:

- I. To note the outcomes of the Self-Assessment.
- II. To determine areas of improvement by way of resolution.

5. APPENDIX

- (1) 2018 Self-Assessment Report

Appendix 1

2018 Self-Assessment Report

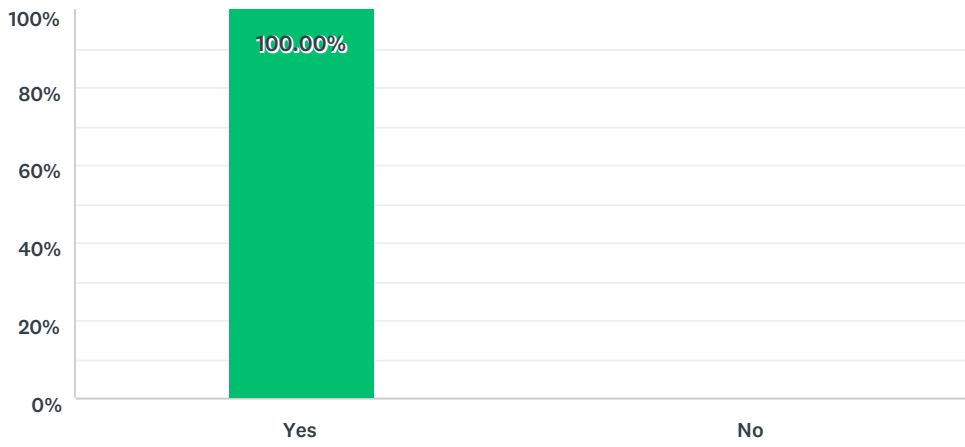
Q1 Please provide your name:

Answered: 5 Skipped: 0

#	RESPONSES	DATE
1		
2		
3		
4		
5		

Q2 Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference?

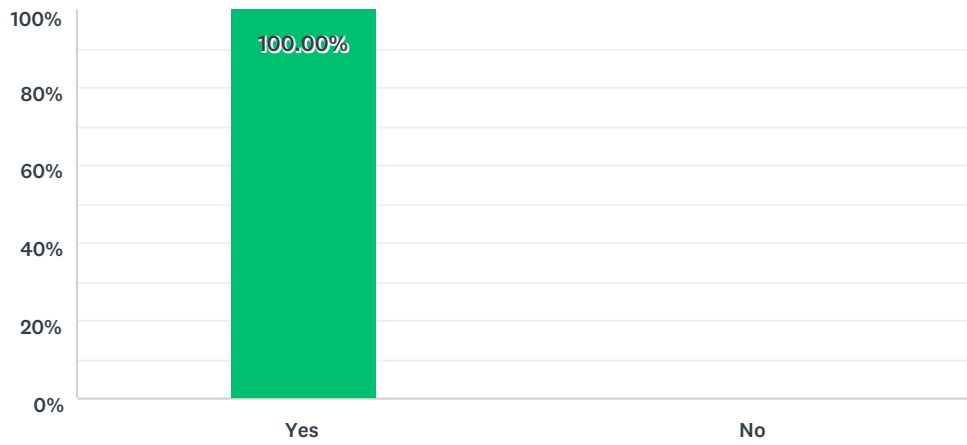
Answered: 5 Skipped: 0



#	IF NO, WHY?	DATE
	There are no responses.	

Q3 Does the Committee collectively have sufficient skills, experience, time and resources to undertake its duties?

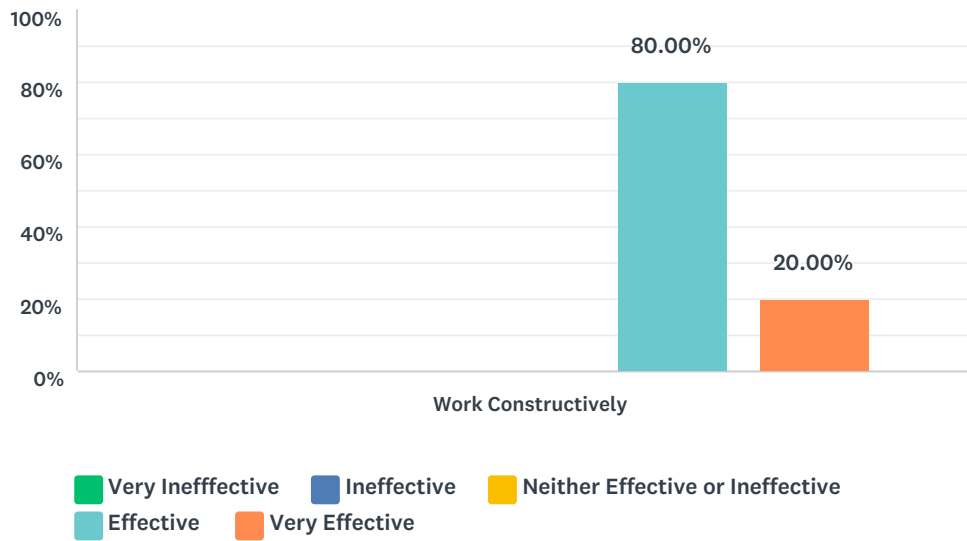
Answered: 5 Skipped: 0



#	IF NO, WHY?	DATE
	There are no responses.	

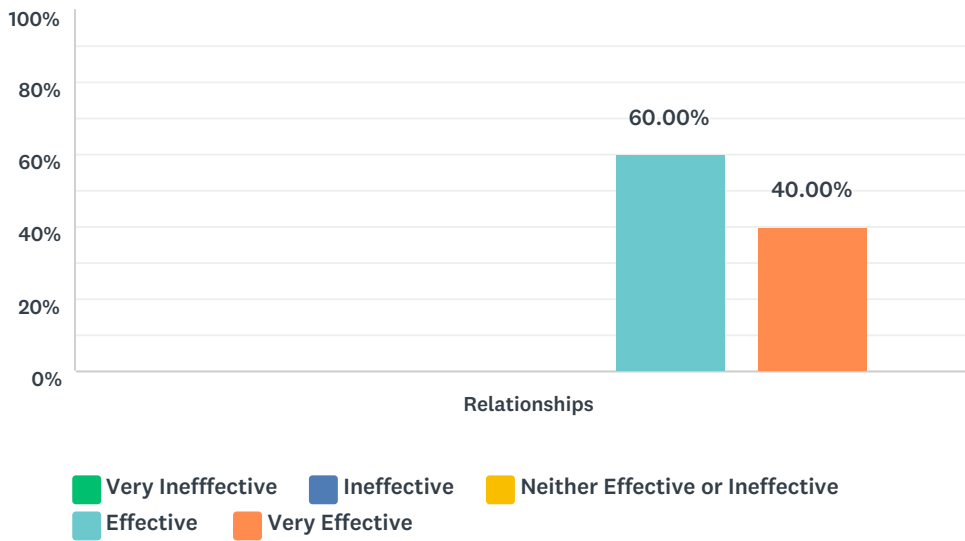
Q4 Does the Committee work constructively as a team and work well with others attending the meetings?

Answered: 5 Skipped: 0



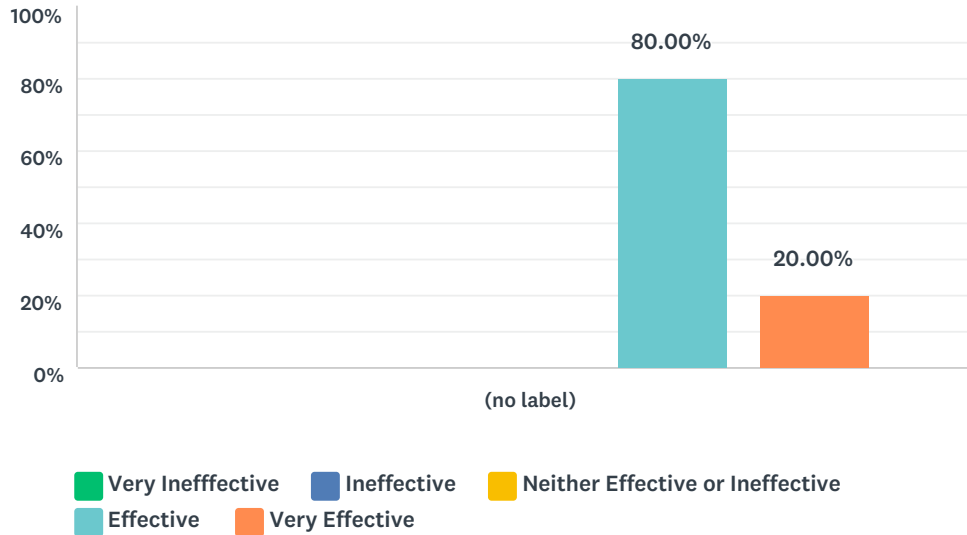
Q5 Does the relationship between Committee members strike the right balance between challenge and mutuality?

Answered: 5 Skipped: 0



Q6 Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?

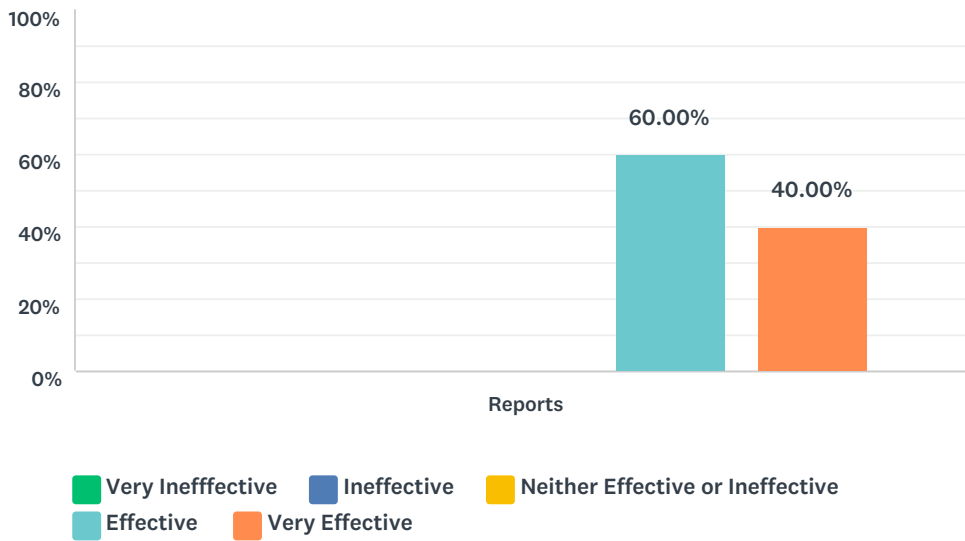
Answered: 5 Skipped: 0



#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	I sometimes wonder if members who are coming directly to the meetings from their place of work would appreciate a more substantial offering of food.	
2	But hold at least on at Woodside or Lobethal	
3	We still have several BR that are dealt with at council before coming to us - my preference would be that our meetings aligned to address that - but otherwise I have no concerns.	

Q7 Are the reports for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?

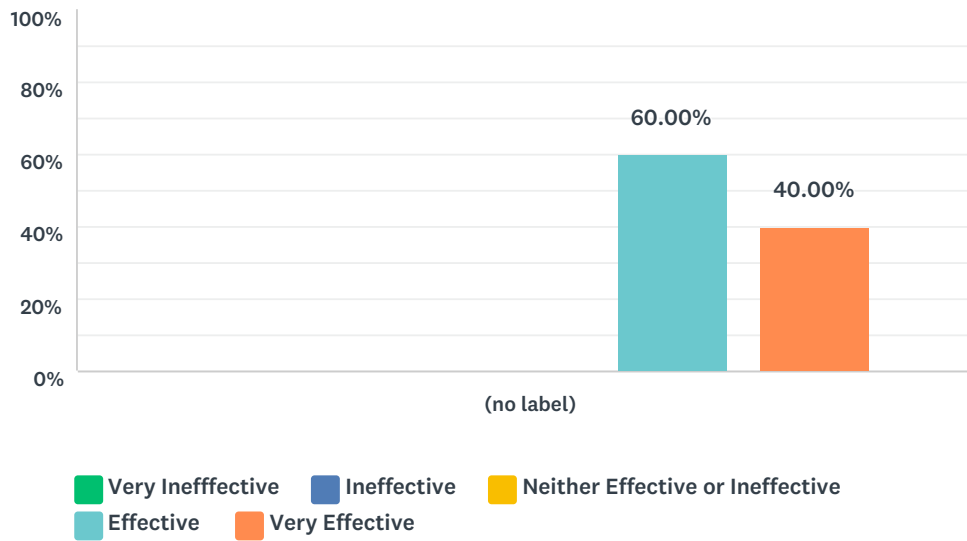
Answered: 5 Skipped: 0



#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	Usually very effective for a non financial person such as myself who nominated for the Audit Comm to increase my knowledge and awareness of the role of the committee. In this regard I've found staff, particularly Terry Crackett, very effective at answering my questions.	

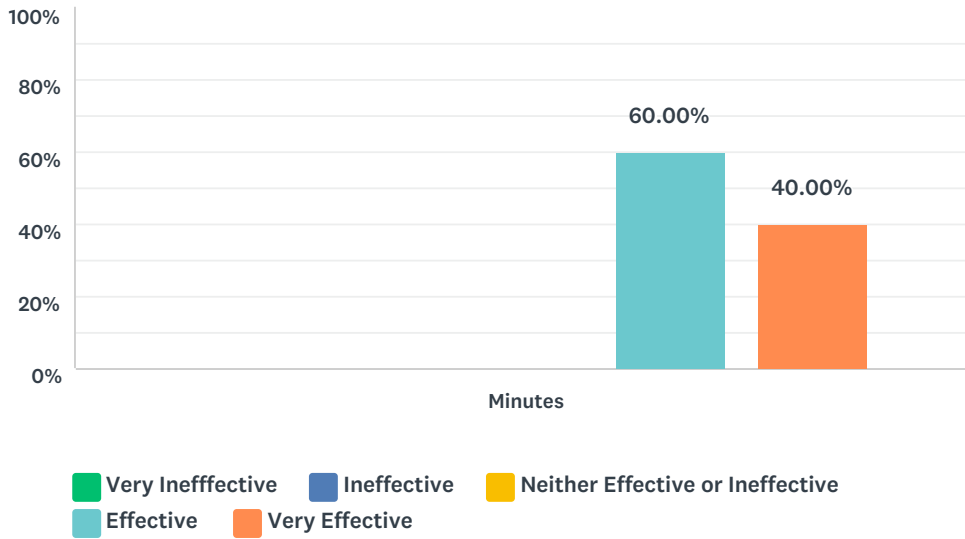
Q8 Are the presentations an interesting and helpful way of informing members about various issues?

Answered: 5 Skipped: 0



Q9 Are effective minutes prepared, distributed and followed up?

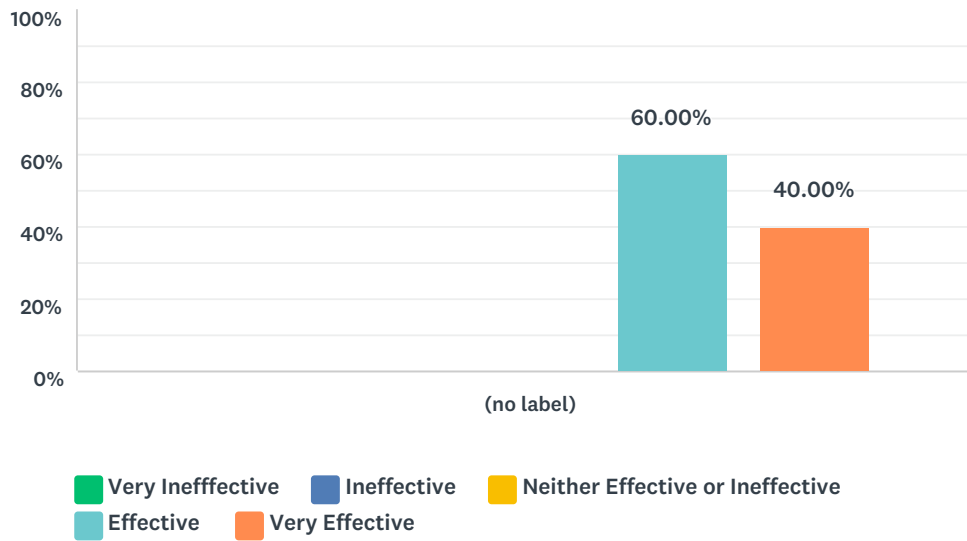
Answered: 5 Skipped: 0



#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	When minutes are reported to council most times they show received and noted. Not very informative to the public	
2	Sometimes there is a very short turnaround time requested and that is not always ideal but otherwise yes.	

Q10 How do you rate the overall efficiency and effectiveness of the Committee?

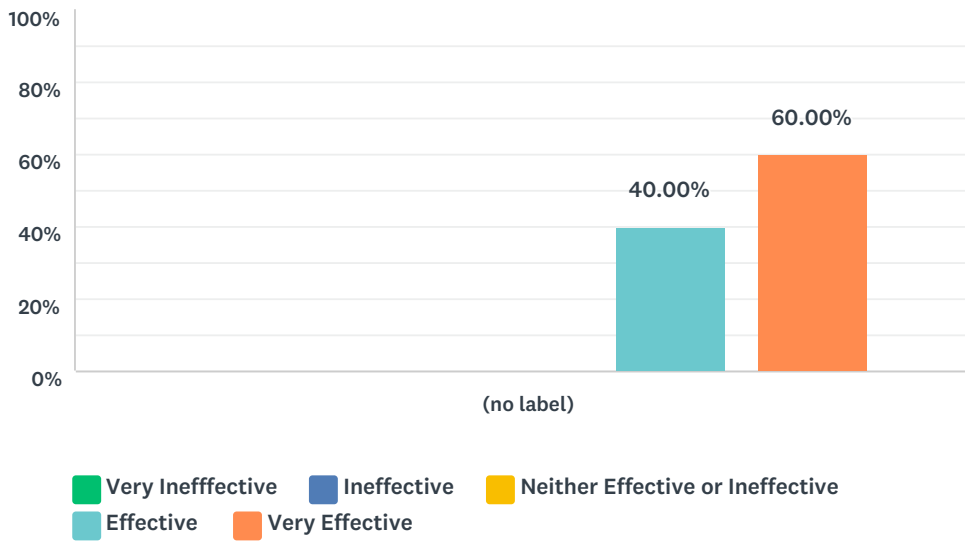
Answered: 5 Skipped: 0



#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	The balance of elected and independent members is, well very balanced and the staff are very effective in providing the appropriate information and reports for effective decision making.	
2	This is my 4th year and I have seen systems and processes mature and adapt ... there is always room for improvement of course and some of that is dependent on resourcing and systems ... but it feels that this is an accurate rating.	

Q11 Do staff and members conduct themselves in accordance with high standards of behaviour (eg. Code of Conduct)?

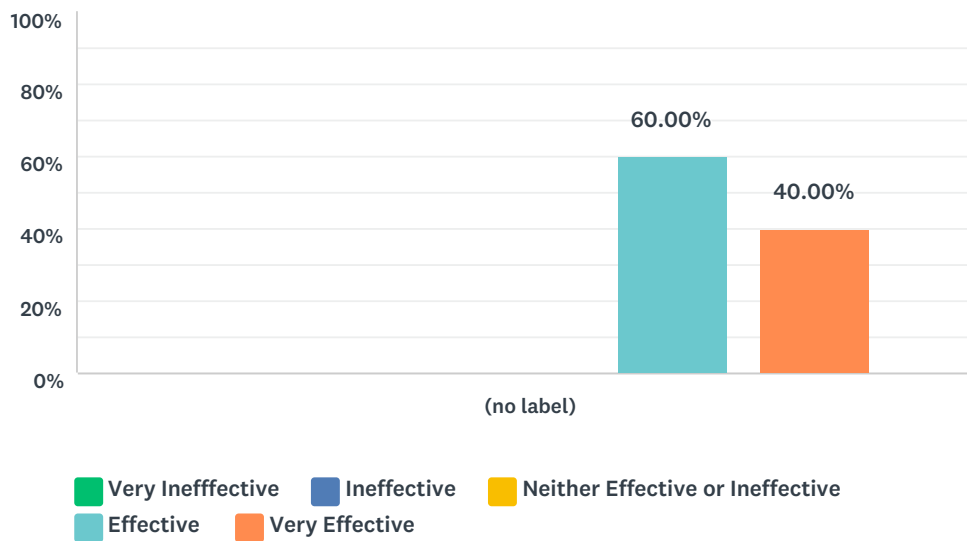
Answered: 5 Skipped: 0



#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	The meetings are not as formal as Council meetings and in my opinion they don't need to be. There are times when this less formal approach produces very effective interchange of ideas which is very useful.	

Q12 How do you rate the performance of the Presiding Member in preparing for and conducting the meetings?

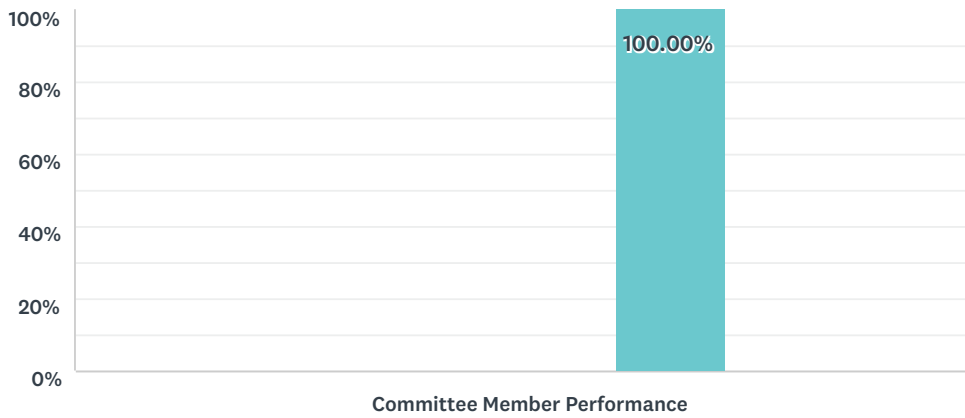
Answered: 5 Skipped: 0



#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Given my comments regarding question 11, I think the Presiding Member strikes the right balance of allowing exchange of ideas and keeping the meeting progress on track.	
2	Presiding Member keeps the agenda moving but makes sure that each member has an opportunity to comment.	
3	As I am the Presiding Member this is always a challenging question for me ... based on feedback from others from time to time and my own sense at the end of each meeting this feels like an accurate assessment ... given we usually start on time and finish in around 2 hours (or less) and seem to have healthy broad ranging debate that ends respectfully, in that sense I think this is an appropriate rating.	

Q13 How do you rate your performance as a member of the Committee?

Answered: 5 Skipped: 0

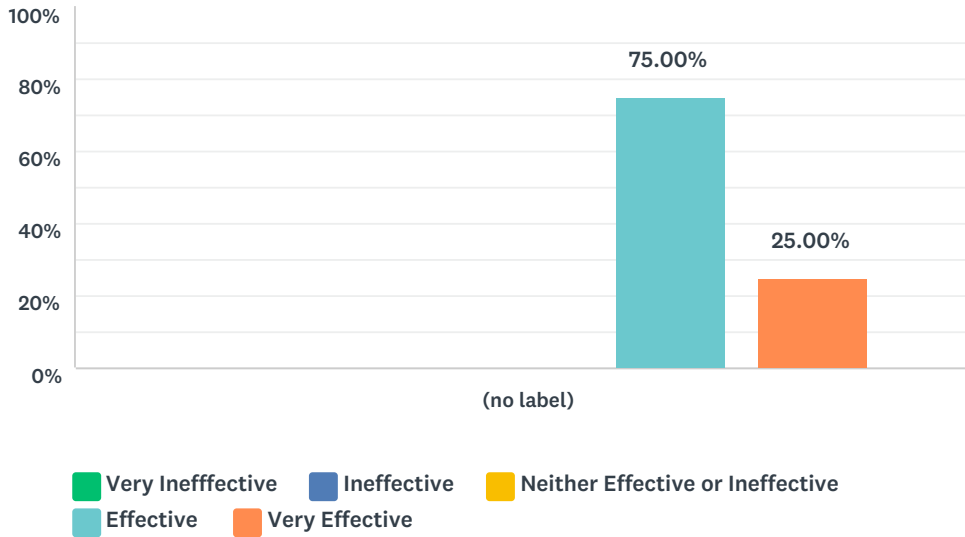


■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	I see myself as a learner who is discovering and learning more at every meeting, particularly in a better understanding of the breadth of the term audit.	
2	I believe I have a good understanding of local government finances and reporting requirements. I also look closely at detail. I was also a member of the National Institute of Accountants in my working life	
3	I adopt a materiality approach to each item.	
4	I have enjoyed being Chair ... and bringing together the debate ... it plays to my skill set. Having been on this committee for a few years now I feel much more across the business end too. I feel very supported by the other members both council and independent appointees.	

Q14 Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?

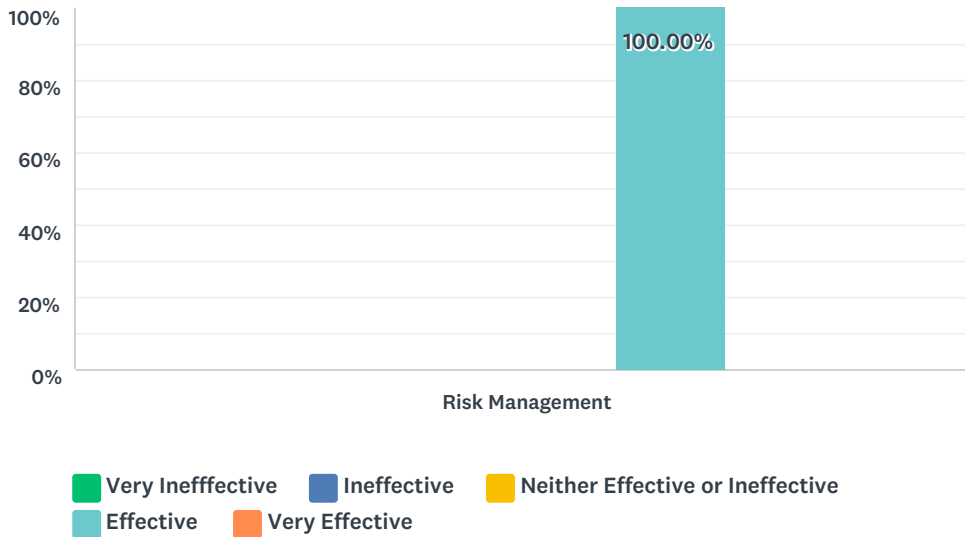
Answered: 4 Skipped: 1



#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	From my less than expert view, yes it is effective.	
2	Executive provides appropriate comment on each item re risk identification and control.	
3	I think so ... this seems to be a focus of several of the members ... and the systems appear to well support this. I think there is a recognition of the purpose of this committee that is respected generally by staff and council members. There is some further work to be done with the underlying systems but this appears to be progressing well and there appears to be a solid sense of why that matters and how to embed this into the framework.	

Q15 Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?

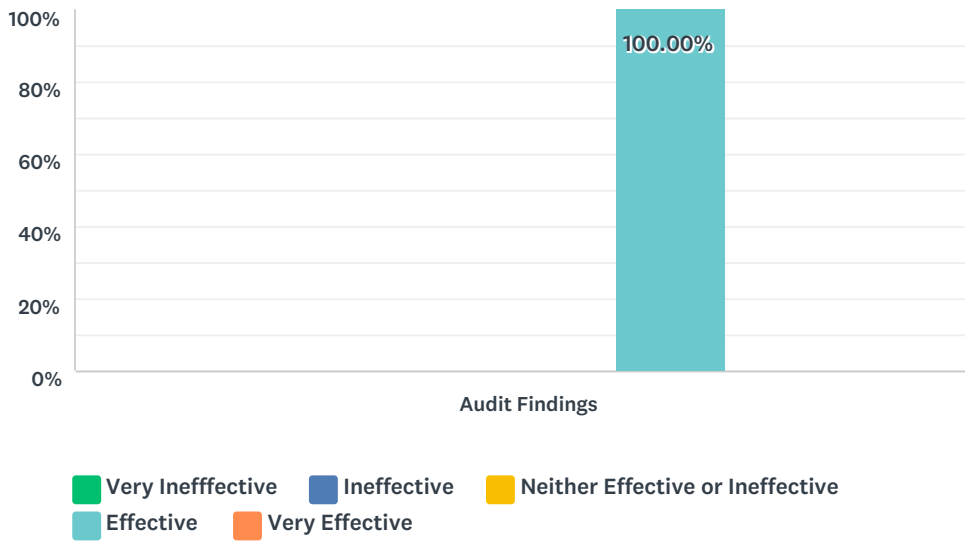
Answered: 5 Skipped: 0



#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Again, in my less than expert opinion, yes, risk management is an integral part of decision making and hoe Council conducts its business.	
2	Reports received at Audit Committee meetings and advice given to Council -last one on 23 October	
3	Executive provides appropriate comment re risk management on agenda items.	
4	Please see above ... it feels as if this is still developing somewhat but is reaching maturity ... has been strong leadership in this space over last 2-3 years.	

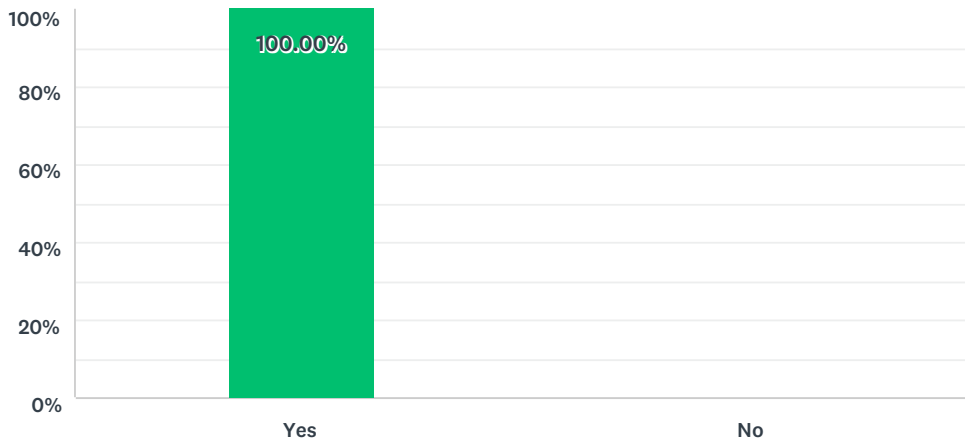
Q16 Are internal audit findings and recommendations responded to in a timely and appropriate manner?

Answered: 5 Skipped: 0



Q17 Does the Committee review the work of the external auditor?

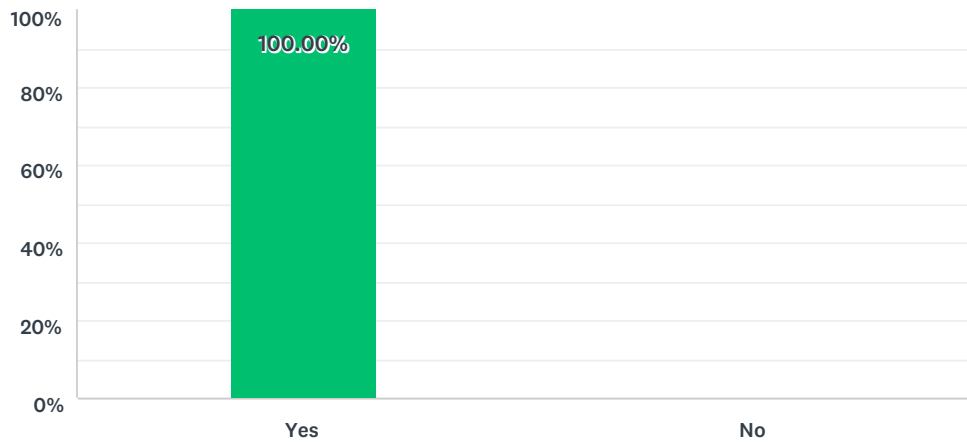
Answered: 5 Skipped: 0



#	COMMENTS (IF ANY)?	DATE
	There are no responses.	

Q18 Does the Committee review and discuss the external auditor's management letter?

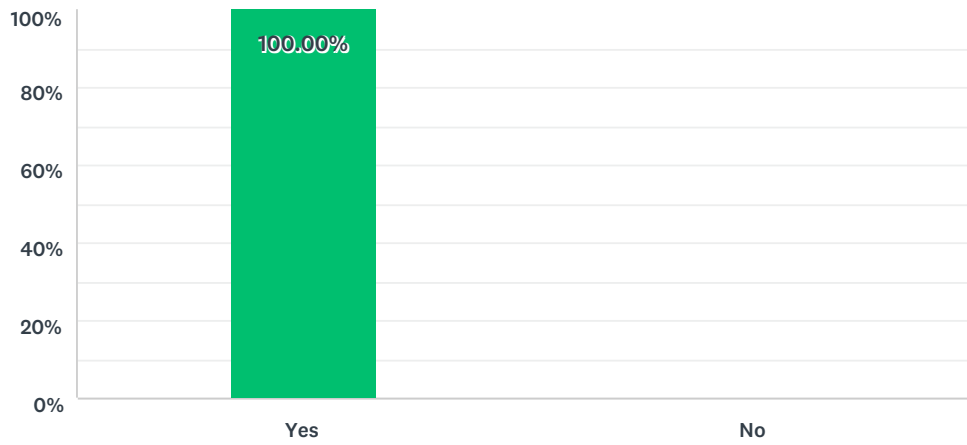
Answered: 5 Skipped: 0



#	COMMENTS (IF ANY)?	DATE
1	On the most recent occasion it was only provided with little time for discussion.	

Q19 Is the Committee effective in managing and monitoring the relationship with the external auditor?

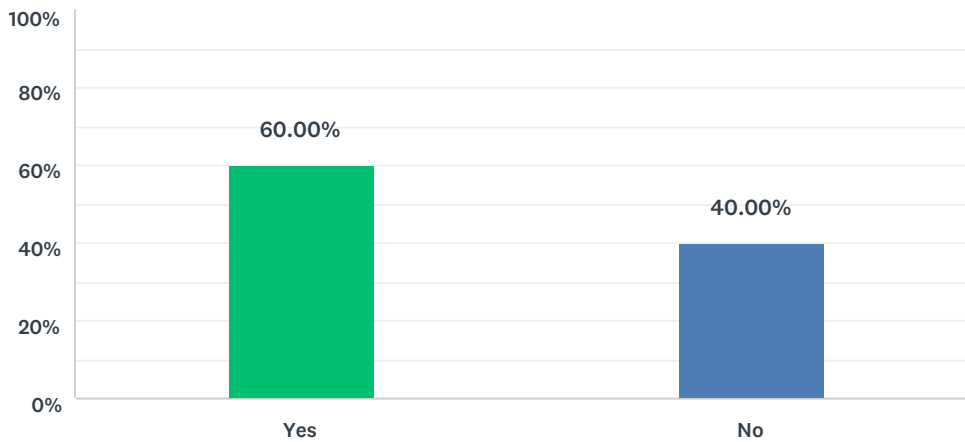
Answered: 5 Skipped: 0



#	COMMENTS (IF ANY)?	DATE
1	Do we need any additional contact with them?	

Q20 Do you have any other suggestions for improving any aspect of the Committee's performance, role or functions?

Answered: 5 Skipped: 0



#	COMMENTS (IF ANY)?	DATE
1	I feel that a member such as myself would benefit from workshops to delve into the deeper aspects of the Audit Committee's function and role.	
2	Could the following be added to the Agenda as headings Questions on Notice Questions without notice Motions on notice Motions without notice	
3	Formal induction for new Committee members.	
4	We seem to be always under time pressure for end of year close out ... for various reasons ... and that puts a lot of time pressure on everyone for reporting purposes.	