



Adelaide Hills
COUNCIL

AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

Geoff Purdie
Peter Brass
Paula Davies
Cr Leith Mudge

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 18 November 2019
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 18 November 2019
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 – 12 August 2019

Recommendation

That the minutes of the Audit Committee meeting held on 12 August 2019, 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. MOTION ON NOTICE

6.1. Cyber Security, Cr Leith Mudge

7. OFFICER REPORTS

- 7.1. Action Report & Work Plan Update
- 7.2. 2018-19 End of Year Financial Report
- 7.3. 2018-19 Draft General Purpose Financial Statements
- 7.4. 2018-19 Draft Annual Report
- 7.5. Audit Committee Self-Assessment 2019
- 7.6. Audit Committee Terms of Reference Review
- 7.7. Risk Management Plan Update
- 7.8. Internal Audit Quarterly Update
- 7.9. Budget Review 1
- 7.10. Quarterly Debtors Report
- 7.11. 2020 Audit Committee Meeting Dates
- 7.12. Audit Committee 2020 Work Plan

8. NEXT MEETING

The next Audit Committee meeting will be held on a date to be determined at 63 Mount Barker Road, Stirling.

9. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 AUGUST 2019
63 MT BARKER ROAD STIRLING**

In Attendance**Members:**

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
Paula Davies	Independent Member
Cr Leith Mudge	Council Member

In Attendance:

Andrew Aitken	Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
David Collins	Manager Strategic Assets
Mike Carey	Manager Financial Services
James Greenfield	Procurement Coordinator
Steven Watson	Governance and Risk Coordinator Minute Taker

Guests in Attendance:

Nil	
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1. COMMENCEMENT

The meeting commenced at 6.01pm.

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 12 AUGUST 2019
63 MT BARKER ROAD STIRLING**

3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit Committee Meeting – 13 May 2019

Moved Peter Brass
S/- Paula Davies

25/AC19

That the minutes of the Audit Committee meeting held 13 May 2019 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried

3.2. Special Audit Committee Meeting

Nil

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(s) 6.7 and 6.8 are to be submitted to Council for consideration.

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

Nil

6. OFFICER REPORTS – DECISION ITEMS

6.03pm Cr Mudge entered the meeting

6.1. Action Report and Work Plan Update

Moved Paula Davies
S/- Peter Brass

26/AC19

The Audit Committee resolves:

- 1. The report be received and noted.**
- 2. To approve the updated Audit Committee Workplan V1.2.**

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 AUGUST 2019
63 MT BARKER ROAD STIRLING**

6.2. End of Financial Year Update

Moved Peter Brass
S/- Paula Davies

27/AC19

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

Carried

6.3. External Audit Interim Letter

Moved Cr Leith Mudge
S/- Peter Brass

28/AC19

That the Audit Committee:

1. Receives and notes the report.
2. Notes the communication received from Galpins from their Interim visit relating to the - 2018-19 Financial Controls Review and the Management Response to their findings from the Interim Audit.

Carried

6.4. Actions from the 2018-19 Internal Controls Review

Moved Peter Brass
S/- Cr Leith Mudge

29/AC19

That the Audit Committee:

1. Receives and notes the report.
2. Notes the actions being undertaken in relation to those 2018-19 internal financial controls identified as requiring an action plan.

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 AUGUST 2019
63 MT BARKER ROAD STIRLING**

6.5. Placement of Council's Insurance Portfolio

Moved Paula Davies
S/- Cr Leith Mudge

30/AC19

That the Audit Committee:

- 1. Receives and notes the report.**
- 2. That a further report be provided to the Committee on the items not covered in its insurance portfolio.**

Carried

6.6. Quarterly Debtors Report

Moved Peter Brass
S/- Cr Leith Mudge

31/AC19

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

Carried

6.7. Procurement Policy & Framework

Moved Peter Brass
S/- Paula Davies

32/AC19

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. To recommend to Council the adoption of the Draft Procurement Policy as detailed in Appendix 1.**
- 3. To note the development of the Procurement Framework to support the Draft Procurement Policy as detailed in Appendix 2.**

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 AUGUST 2019
63 MT BARKER ROAD STIRLING**

6.8. Disposal of Assets Policy

Moved Peter Brass

S/- Paula Davies

33/AC19

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. To recommend to Council the adoption of the Disposal of Assets Policy as detailed at Appendix 1.**
- 3. To recommend to Council the revocation of the Disposal of Land Policy, as detailed at Appendix 2, and the Disposal of Materials Policy, as detailed at Appendix 3.**

Carried

6.9. Risk Management Plan Update

Moved Peter Brass

S/- Paula Davies

34/AC19

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

Carried

Administrative Action – schedule Directors to present on their portfolio at Committee meetings annually and include the schedule in the Workplan.

6.10. LGRS Risk Management Evaluation and Risk Framework

Moved Cr Leith Mudge

S/- Paula Davies

35/AC19

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

Carried

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 12 AUGUST 2019
63 MT BARKER ROAD STIRLING**

6.11. Internal Audit Quarterly Update

**Moved Peter Brass
S/- Cr Leith Mudge**

36/AC19

The Audit Committee resolves to receive and note the report and will receive regular updates through Audit Actions Register.

Carried Unanimously

Administrative Action – Management Response to be updated to take into account the views of the Audit Committee.

6.12. Audit Actions Implementation Update

**Moved Cr Leith Mudge
S/- Paula Davies**

37/AC19

The Audit Committee resolves:

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

Carried Unanimously

7. CONFIDENTIAL ITEMS

Nil

8. NEXT MEETING

The next ordinary meeting of the Adelaide Hills Council will be held on Monday 14 October 2019 from 6.00pm at 63 Mt Barker Road, Stirling.

Administrative Action - Paula Davies advised of her apology for the 14 October 2019 meeting.

9. CLOSE MEETING

The meeting closed at 8.02pm

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
18 November 2019
AGENDA BUSINESS ITEM**

Item: 6.1 Motion on Notice

Originating from: Cr Leith Mudge

Subject: Cyber Security

1. MOTION

I move the Audit Committee recommends to the Council that:

Given the increasing number of cyber security threats that are being reported, that the Audit Committee recommends to Council the following:

1. Council acknowledge that cyber security threats are serious issues that have the potential to significantly impact on Council operations and therefore a need to ensure that risk mitigation systems are in place, resourced & managed in line with Strategic and Operational Management Plans.
2. The administration engages a cyber security consultant to undertake an assessment of the controls currently in place against the risks relevant to local government and provide a report against the Australian Cyber Security Centre (ACSC) Essential Eight Maturity Model.
3. The results of the assessment be updated on Councils Risk Register and be managed and reported through to the Audit Committee and Council in line with current reporting requirements.

2. BACKGROUND

Nil

3. OFFICER'S RESPONSE – James Sinden, Manager ICT & Lachlan Miller, Executive Manager Governance & Performance

There has been a significant increase in the number and impact of cyber security attacks globally and more recently, an increased focus within government, business and media highlighting potential risks in relation cybercriminal activity.

Cybercrime for councils is not new and there has been numerous changes made to systems & strategies to counter attack breaches.

Systems (controls) in place that assist council to mitigate cybercrime risks are;

- Physical Security Systems
- Cloud Spam Filtering Solutions
- Firewalls, Routing & Switching Configurations
- DMZ (demilitarised zone)
- Endpoint Security Software (Antivirus)
- Active Directory Systems & Security (Authentication)
- System Patching (Critical and Systems Security Patch Updates)
- Logging and Reporting Systems
- System Backup and Recovery Plans (ICT BCP)
- Strategic Internal Audit Plan (Cyber Security)

For reference there are several recognised strategies and standards and controls, including but not limited to:

- Australian Signals Directorate (ASD) Strategies to mitigate targeted cyber intrusions, particularly the Essential Eight Maturity Model, which address around 85% of common cyber risks;
- International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) information security standards:
 - ISO/IEC 27001 Information technology—Security techniques—Information security management systems—Requirements; and
 - ISO/IEC 27002 Information technology—Security techniques—Code of practice for information security management;
- Information Systems Audit and Control Association’s (ISACA) Control Objectives for Information and Related Technology (COBIT 5); and
- Payment Card Industry Security Standards Council’s Payment Card Industry Data Security Standard.

In 2015/16, Council commissioned a high-level cyber security risk assessment to provide a level of assurance that the controls deployed relating to the confidentiality, integrity and availability of the information within the organisation’s ICR environment. The review identified a total of 35 ‘gaps’ in a number of areas that related to third parties, people, processes and technology. A series of actions were agreed to address these gaps.

Over the eschewing period, the ICT Department has been implementing the agreed actions and these have now been completed.

In developing the 2018-21 Strategic Internal Audit Plan (SIAP), a cyber security auditable area for Year 2 of the Plan was programmed. The timing was selected to enable the actions from the earlier cyber risk assessment to be (largely) completed. The proposed scope as the audit is:

Focussing on the systems, processes and controls associated with securing and protection Council's IC&T network from penetration and data corruption/denial of service from external parties. Including a Post Implementation Review from the 2015 audit.

Progress on implementing the SIAP is approximately a year behind schedule due to competing resource priorities. As such there are a number of other audits nominally scheduled before the cyber security audit.

Bringing forward the cybersecurity audit may be justifiable on risk rating grounds however it will have an impact on the progression of the SIAP for the balance of the 2019-20 year from a budget perspective.

Options available to the Audit Committee are as follows:

1. Prioritise the cyber security audit and defer the Year 1 audits to 2020-21 – No 2019-20 budgetary impact but will lengthen the completion of the SIAP unless additional budget is provided in later years
2. Continue with the 2019-20 program and schedule the cyber security audit in 2020-21 – No 2019-20 budgetary impact and will generally keep the SIAP on track
3. Continue with the 2019-20 program and also schedule the cyber security audit in 2019-20 – There will be a 2019-20 budgetary impact which can be managed as follows:
 - a. A recommendation to Council for a budget variation
 - b. An application to Local Government Risk Services (LGRS) to access part of the Risk Incentive Fund allocation to Adelaide Hills Council (which would likely be successful). LGRS also offers a Cyber Vulnerability & Risk Profiling Program but this product is unlikely to meet the proposed audit scope in the SIAP or the proposed motion.

Depending on the option preferred by the Audit Committee, the corresponding recommendation to Council may need to change.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.1

Originating Officer: Steven Watson, Governance e & Risk Coordinator

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Action Report and Work Plan Update

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.

The Audit Committee Workplan has not undergone any amendments for this meeting.

RECOMMENDATION

The Audit Committee resolves:

- 1. The report be received and noted.**
-

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
Manager Financial Services
Executive Manager Governance & Performance

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.

Workplan Amendment

A Whistleblowers Protection Policy (the Policy) has been in place at Adelaide Hills Council (AHC) since 2007 to manage its obligations and responsibilities under the Whistleblowers Protection Act 1993 (the WP Act). The current version of the Policy was adopted in March 2016.

Late last year the South Australian Parliament passed the Public Interest Disclosure Act 2018 (PID Act). The PID Act commenced operation on 1 July 2019 and Council adopted a PID Policy at its 25 June Ordinary Council Meeting.

The Workplan has been update to reflect this policy change.

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 2019 at its 05 November 2018 meeting and adopted a revised version at its 15 April 2019 meeting.

3. ANALYSIS

Action Report

There are five (5) completed items and three (3) outstanding items on the Audit Committee Action Report (**Appendix 1**) arising from the February, April, May and August 2019 Committee meetings. Commentary against each of the items is provided for the Committee’s information.

Work Plan

As per the 2019 Audit Committee Work Plan (**Appendix 2**), the following items are detailed below are included in the November 2019 (this) meeting:

Item	Commentary	Month Scheduled
Financial Reporting		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1	Included in this meeting	November
Budget Review 2		February
Budget Review 3		May
End of Year Financial Report	Included in this meeting	November
End of financial year reporting timetable	Included in this meeting	November
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)	Included in this meeting	October

Internal Control and Risk Management		
Placement of Council’s insurance portfolio (for noting)		August
Internal Financial Controls update		May
Risk Management Plan update		May
Results of LGRS Risk Management Review		May
Implementation of LGA Risk Management Evaluation Action Plan		February
Internal Audit		
Internal Audit quarterly update		February
Internal audit reports		As Required
Implementation of internal audit actions progress report		February
Internal Audit Plan review		May
External Audit		
External audit interim letter		April
Implementation of external audit actions progress report		February
External Audit Plan review		February
Meeting attendance by external auditors		February
Review of auditor independence and legislative compliance	Included in this meeting	October
Audit Committee Completion Report	Included in this meeting	October
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistleblowers)		April
Other Business		
Audit Committee self-assessment review	Included in this meeting	November
Presiding Member's Report	Included in this meeting	November
Work Plan and Reporting Schedule	Included in this meeting	November
Audit Committee Meeting Dates	Included in this meeting	November
Debtors Report	Included in this meeting	November
Annual Report	Included in this meeting	November
Audit Committee's Terms of Reference		February
Other Reports		As Required

Workplan Amendment

There are no changes proposed to the Workplan in this report, however there a proposed Draft Workplan 2020 included under separate cover in this meeting's agenda.

4. OPTIONS

The Committee has the following options:

- I. To note the status of the Action Report and Workplan V1.2 as presented.
- II. To alter or substitute elements of the Action Report and/or Work Plan/s.

5. APPENDICES

- (1) Audit Committee Action Report
- (2) 2019 Audit Committee Work Plan (v1.2)

Appendix 1

Audit Committee Action Report

Meeting Date	Meeting	Res No.	Item Name	Previously Declared CO Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)	
18/02/2019	Audit Committee	6/AC19	Risk Management Plan Update	None Declared	Requests an update to the Committee Workplan to include the Risk Management Framework Review for the August 2019 Audit Committee Meeting.	Andrew Aitken	Steven Watson	In Progress	11/11/2019	29/02/2020	Risk Management Policy was recommended by the Audit Committee to Council for the May 2019 Ordinary Council Meeting. Council adopted the Policy. With the impending LGRS Evaluation occurring in the current financial year, it was felt undertaking a Risk Management Framework review would be an inefficient use of council resources and potentially undertake work that in real terms should be undertaken once the LGRS Evaluation is complete. Subsequently the Risk Management Framework Review has been delayed to follow the 2019 LGRS Evaluation and any outcomes therein.
15/04/2019	Audit Committee	12/AC19	Council Corporate Purchase Cards		That the CEO provides a report to the Audit Committee on the use of Council Corporate Purchase Cards within the context of the Corporate Procurement Framework.	Terry Crackett	Mike Carey	Completed	11/06/2019	12/08/2019	Procurement Framework presented to Audit Committee as part of the Procurement Policy at the Audit Committee meeting on 12 August 2019. Separately an internal audit report on Corporate Cards was included as part of the Internal Audit Quarterly Update to the Audit Committee on 12 August 2019.
13/05/2019	Audit Committee	20/AC19	Risk Management Plan Update	None Declared	Request the full Strategic Risk Register including controls and actions be presented in future Risk Management Plan Update Reports	Andrew Aitken	Lachlan Miller	Completed	14/11/2019	12/08/2019	The full register was provided to the August Audit Committee meeting and will be presented at each quarterly meeting.
12/08/2019	Audit Committee	30/AC19	Placement of Council's Insurance Portfolio	None Declared	A further report be provided to the Committee on the items not covered in its insurance portfolio	Andrew Aitken	Lachlan Miller	In Progress	14/11/2019	17/02/2020	An interim insurance placement report will be presented in February 2020.
12/08/2019	Audit Committee	32/AC19	Procurement Policy & Framework		Recommend to Council the adoption of the Draft Procurement Policy	Terry Crackett	Mike Carey	Completed	10/09/2019	27/08/2019	Council Report re Procurement Policy presented to 27 August 2019 meeting and subsequently adopted
12/08/2019	Audit Committee	33/AC19	Disposal of Assets Policy		Recommend to Council the adoption of the Draft Disposal of Assets Policy Recommend to Council the revocation of the Disposal of Land Policy and the Disposal of Materials Policy	Terry Crackett	Mike Carey	Completed	10/09/2019	27/08/2019	Council Report relating to Disposal of Assets Policy presented to Council at its 27 August 2019 meeting and subsequently adopted
12/08/2019	Audit Committee	35/AC19	Risk Management Plan Update	None Declared	Administrative Action – schedule Directors to present on their portfolio at Committee meetings annually and include the schedule in the Workplan	Andrew Aitken	Lachlan Miller	Completed	14/11/2019	17/02/2020	Director presentations are booked in for each Audit Committee meeting in 2020.
12/08/2019	Audit Committee	36/AC19	Internal Audit Quarterly Update	None Declared	Administrative Action – Management Response to be updated to take into account the views of the Audit Committee	Andrew Aitken	Lachlan Miller	In Progress	14/11/2019	17/02/2020	Commentary will be updated for next round of Agreed Action updates in February 2020.

Appendix 2

2019 Audit Committee Work Plan (v1.2)

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.2

Originating Officer: Mike Carey, Manager Financial Services

Responsible Director: Terry Crackett, Director Corporate Services

Subject: 2018-19 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 2019.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To note the Audited 2018-19 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 results 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 2018-19 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).

The revaluation of Road assets that was undertaken as at 30 June resulted in a significant increase in valuation. Whilst not impacting on Council’s cash position, this increased valuation will impact on future reported operating results given the increase in depreciation that results.

➤ **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 2019.

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 2018-19, 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 2019	Budget 30 June 2019	YTD Variance Fav/(Unfav)
Operating income	45,560	44,511	1,049
Operating expenditure	44,609	44,113	(496)
Operating Surplus before Capital	951	398	553
Capital Income	13,361	14,513	(1,152)
Capital Expenditure	13,967	17,832	3,865
Net expenditure - Capital projects	(606)	(3,319)	2,713
Depreciation	8,826	8,758	68
Net Lending / (Borrowing) for Financial Year	9,171	5,837	3,334

In terms of Council’s operating result, Council’s Operating Surplus before Capital is \$951k which is \$553k favourable to budget. From a budget comparison perspective, the variance largely consists of the following:

- early receipt of \$690k of Supplementary Local Road Funding relating to 2019-20 and 2020-21 financial years
- additional cemetery income of \$99k compared to budget
- additional property income relating to AHBTC of \$163k and unbudgeted Property Insurance Recoveries in the order of \$99k
- rate income being less than budgeted, largely as a result of writing off of amounts outstanding in the order of \$222k in relation to properties that that where rate notices had been unable to be delivered for many years.
- additional provisioning of remediation and post closure costs of \$170k relating to closed landfills within the Council area.

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

Statement of Financial Position

\$000s	Actuals 30 June 2019	Budget 30 June 2019	Movement
Assets	431,566	379,055	52,511
Liabilities - Borrowings	(10,000)	(12,272)	2,272
Other Liabilities	(9,954)	(9,662)	(292)
Net Assets (Liabilities)	411,612	357,121	54,491

The Statement of Financial Position shows an overall net assets position favourable to budget by \$54.5m. This was largely as a result as the increase of \$60m in infrastructure assets due to the revaluation of infrastructure assets. The most significant increase related to roads with a revaluation increase of \$53m.

Borrowings at \$10m with the short term cash advance debenture facility at 'Nil' was favourable to budget by \$2.2m.

As a result of Council's Net Lending result being favourable to budget, Council's Actual Net Financial Liabilities at 30 June 2019 were \$15.4m (34%) as opposed to \$18.6m budgeted.

Cash Flow Position

\$000s	Actuals 30 June 2019	Budget 30 June 2019	Movement
Net Flows from Operating	10,339	9,056	1,283
Net Flows from Investing Activities	(3,827)	(3,298)	(529)
New Flows from Financing Activities	(78)	(3,130)	3,052
Net Change in Cash Position	6,434	2,628	3,806
Cash & Investments	2,025	491	1,534
CAD Drawdown	Nil	(2,272)	2,272
Net Cash Position	2,025	(1,781)	3,806
Fixed Term Borrowings	(10,000)	(10,000)	-
Net Borrowings	(7,975)	(11,781)	3,806

Operational 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 borrowings to budget of \$3.8m.

Overall Capital Result

Council's Capital Works variation to budget of \$2.7m comprises an unfavourable Capital Income variance of \$1.2m and a favourable Capital Expenditure variance of \$3.9m as a result of carry forwards.

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 27 August 2019.

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	Annual 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
2018-19	1.25%	1.48%	1.98%	1.73%	\$41k	\$38k

As shown in the above table, revenue from investments was slightly favourable to budget by \$3k for the 2018-19 financial year.

4. OPTIONS

Audit Committee is limited to receiving and noting this report.

5. APPENDICES

- (1) Audited 2018-19 Financial Results Compared to Budget
- (2) Operating Income
- (3) Operating Expenditure

Appendix 1

Audited 2018-19 Financial Results Compared to Budget

Adelaide Hills Council

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Actuals 2019	Budget 2019	Variance	Note
Income				
Rates Revenues	36,915	37,136	(221)	
Statutory Charges	1,172	1,100	72	
User Charges	1,007	891	116	
Grants, Subsidies and Contributions	5,123	4,391	732	
Investment Income	41	38	3	
Reimbursements	516	377	139	
Other Income	648	479	169	
Net Gain - Equity Accounted Council Businesses	138	100	38	
Total Income	45,560	44,511	1,049	A
Expenses				
Employee Costs	15,923	16,461	538	
Materials, Contracts & Other Expenses	19,231	18,226	(1,005)	
Depreciation, Amortisation & Impairment	8,826	8,758	(68)	
Finance Costs	623	668	45	
Net loss - Equity Accounted Council Businesses	6	-	(6)	
Total Expenses	44,609	44,113	(496)	B
Operating Surplus / (Deficit)	951	398	553	
Asset Disposal & Fair Value Adjustments	(95)	-	(95)	C
Amounts Received Specifically for New or Upgraded Assets	425	1,087	(662)	D
Physical Resources Received Free of Charge	1,982	-	1,982	E
Net Surplus / (Deficit) ¹	3,263	1,484	1,778	
Other Comprehensive Income				
<i>Amounts which will not be reclassified subsequently to operating result</i>				
Changes in Revaluation Surplus - I,PP&E	59,526	5,069	54,457	F
Share of Other Comprehensive Income - Equity Accounted Council Businesses	240	-	240	G
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	(184)	-	(184)	G
Other Equity Adjustments - Equity Accounted Council Businesses	139	-	139	G
Total Other Comprehensive Income	59,721	5,069	54,652	
Total Comprehensive Income	62,984	6,553	56,430	

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 write-down of asset values relating to the capitalisation of assets and subsequent disposal of the renewed asset.
D	Variance largely relates to the carry forward of \$422k of 2018-19 budgeted Capital Grants to 2019-20 in line with Accounting Standards and \$200k of budgeted capital grants not received
E	Council received contributed assets in relation to land from the Woodforde Development transferred to Council. These contributions are not budgeted for.
F	All infrastructure assets classes were revalued in 2018-19 with a significant increase in Road assets of \$53m (previously revalued using cost indices). A nominal amount of \$5m was budgeted for revaluations.
G	These relate to end of year adjustments. Council does not budget for these amounts

Adelaide Hills Council
Statement of Financial Position
as at 30 June 2019

\$ '000	Actuals 2019	Budget 2019	Variance	Note
ASSETS				
Current Assets				
Cash and Cash Equivalents	2,025	491	1,534	A
Trade & Other Receivables	2,541	2,853	(312)	
Other Financial Assets	-	-	-	
Inventories	19	13	6	
Subtotal	4,585	3,357	1,228	
Non-Current Assets Held for Sale	1,530	-	1,530	B
Total Current Assets	6,115	3,357	2,758	
Non-Current Assets				
Financial Assets	-	28	(28)	
Equity Accounted Investments in Council Businesses	1,350	938	412	
Infrastructure, Property, Plant & Equipment	424,101	374,732	49,369	B
Total Non-Current Assets	425,451	375,698	49,753	
TOTAL ASSETS	431,566	379,055	52,511	
LIABILITIES				
Current Liabilities				
Trade & Other Payables	5,446	5,533	87	
Borrowings	62	2,272	2,210	A
Provisions	3,048	3,478	430	C
Total Current Liabilities	8,556	11,283	2,727	
Non-Current Liabilities				
Trade & Other Payables	-	-	-	
Borrowings	10,000	10,000	-	
Provisions	1,398	651	(747)	C
Total Non-Current Liabilities	11,398	10,651	(747)	
TOTAL LIABILITIES	19,954	21,934	1,980	
Net Assets	411,612	357,121	54,491	
EQUITY				
Accumulated Surplus	141,348	140,574	774	
Asset Revaluation Reserves	269,691	215,121	54,570	B
Other Reserves	573	1,426	(853)	
Total Council Equity	411,612	357,121	54,491	

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 Council's Cash Advance Debenture after asset sales were realised.
B	The overall balance is more than budgeted as a result of annual revaluation of Infrastructure Assets increasing by \$54m more than budgeted offset by a number of projects not being completed by year end and requiring carry forward to the 2019-20 financial year of just under \$5m. In addition, an amount of \$1.530m relating to the northern 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 by \$317k overall. Of this Long Service Leave has increased by \$168k and there was an increase of \$149k in provisioning of remediation and post closure costs relating to closed landfills within the Council area. Movement in provisions are not budgeted for.

Adelaide Hills Council

Financial Indicators

as at 30 June 2019

\$ '000	Amounts 2019	Actuals 2019	Budget 2019	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>	951	2%	1%	1%	A
Total Operating Revenue	45,560				

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

1a. Adjusted Operating Surplus Ratio

<u>Adjusted Operating Surplus</u>	273	1%	1%	0%	A
Total Operating Revenue	45,560				

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

2. Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	15,388	34%	42%	8%	B
Total Operating Revenue	45,560				

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 Renewal Funding Ratio

<u>Net Asset Renewals</u>	10,090	93%	114%	(21%)	C
Infrastructure & Asset Management Plan required expenditure	10,853				

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

Note	Comment - Financial Indicators
A	Largely as a result of receiving 2 years of the Supplementary Local Roads Grant, totalling \$690k in advance in June 2019, Council Operating Surplus was more than budgeted by \$553k, with a corresponding increase in the Operating Surplus Ratio. The Operating Surplus ratio was also impacted by a writedown of \$222k in relation to rates and the unbudgeted increase in landfill provision of \$170k.
B	Council's net financial liabilities ratio was favourable to budget by \$3.2m as a result of a better than budgeted cash flow from operating activities in part due to grants received in advance and the carrying forward of nearly \$2.9m of net capital expenditure to the 2019-20 year.
C	The carry forward of approximately \$2.7m of renewal expenditure to the 2019-20 financial year had an impact on the Asset Sustainability Ratio compared to Budget

Appendix 2

Operating Income

Operating Income compared to Budget - Favourable to Budget

\$ '000	Actuals 2019	Budget 2019	Variance
Income			
Rates Revenues	36,915	37,136	(221)
Statutory Charges	1,172	1,100	72
User Charges	1,007	891	116
Grants, Subsidies and Contributions	5,123	4,391	732
Investment Income	41	38	3
Reimbursements	516	377	139
Other Income	648	479	169
Net Gain - Equity Accounted Council Businesses	138	100	38
Total Income	45,560	44,511	1,049

Income is favourable by \$1.049m (2.4%) compared to budget.

Rate Income was less than budgeted, largely as a result of writing off of amounts outstanding in the order of \$222k in relation to properties where rate notices had been unable to be delivered for many years. A number of these have been determined to be roads or property proposed to be vested to Council with the remainder likely to be transferred to Council under Section 185 of the Local Government Act. \$94k of the amount written off is related to the charging of fines and interest over many years.

For Statutory Income, favourable variances related to Development Act fees of \$56k, Animal Management Fees of \$12k and Search Fees of \$21k offsetting an unfavourable variance in Parking Fines/Expiations of \$20k.

The \$116k favourable variance for User Charges largely relates to favourable Cemeteries Income to budget in the order of \$99k for the year as well as favourable AHBTC (Adelaide Hills Business and Tourism Centre) Income variances of \$38k due to the delay in sale of properties in the Woollen Mill precinct.

For Grants & Contributions the favourable variance of \$732k largely relates to the unbudgeted receipt of the 2019-20 and 2020-21 Supplementary Local Road Grants of \$690k in June 2019.

The favourable variance in Reimbursement Income largely relates to unbudgeted Property Management reimbursements relating to the delay in the sale of AHBTC properties.

Other income was favourable to budget in relation to insurance recoveries, including a claim for the rotunda outside the Coventry Library.

In terms of the results for Joint Ventures and Associates, there was a large improvement in the result for Adelaide Hills Regional Waste Management Authority with Adelaide Hills Council recording \$119k surplus as its share of the operating result compared to a loss of \$160k for the 2017-18 financial year.

Appendix 3

Operating Expenditure

Operating Expenditure compared to Budget - Unfavourable to Budget			
\$ '000	Actuals 2018	Budget 2018	Variance
Expenses			
Employee Costs	15,923	16,461	538
Materials, Contracts & Other Expenses	19,231	18,226	(1,005)
Depreciation, Amortisation & Impairment	8,826	8,758	(68)
Finance Costs	623	668	45
Net loss - Equity Accounted Council Businesses	(6)	-	(6)
Total Expenses	44,609	44,113	(496)

An unfavourable expenditure variance of \$496k (1.1%) has occurred for the year.

For employee costs, a number of favourable variances were realised as a result of a vacancies across the organisation including Service Improvement, Communication & Engagement, Civil Services and Information Management. A large proportion of these were backfilled by contract labour recorded under Materials, Contract & Other resulting in an offset across these two account categories.

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 \$170k relating to closed landfills within the Council area
- contract labour in the order of \$500k used to offset employee vacancies discussed above as well as additional contract labour/contractors in the order of \$140k in Sport & Recreation and Open Space apprentices
- plant and vehicle expenditure over budget as a result of higher maintenance costs in the order of \$80k
- unbudgeted costs for AHBTC for utilities (power \$50k and water \$11k) due to delay in sale of property but more than offset by favourable reimbursement income for these properties
- unbudgeted Capital Work-in-Progress write-off of \$65k and a \$30k contribution for the Piccadilly Netball/Tennis Clubrooms budgeted under capital but recorded as operating expenditure under accounting principles

In relation to depreciation, actual expenditure was \$45k higher than budget with the most significant increase above budget occurring in buildings and Community Wastewater Management System (CWMS) asset categories.

The loss of \$6k from Council's Equity Accounted Council Businesses resulted from Gawler River Floodplain Management Authority, as depreciation is not cash funded. Adelaide Hill's share of this subsidiary's operating result is 3.9% for the year ended 30 June 2019.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.3

Originating Officer: Mike Carey, Manager Financial Services

Responsible Director: Terry Crackett, Director Corporate Services

Subject: 2018-19 Draft General Purpose Financial Statements

For: Decision

SUMMARY

The 2018-19 General Purpose Financial Statements are attached for information and review. They have been prepared in accordance with the model statements prescribed in the *Local Government (Financial Management) Regulations 2011*.

In accordance with Section 126(4)(a) of the *Local Government Act 1999* the Audit Committee needs to review the 2018-19 General Purpose Financial Statements and be satisfied that they present fairly the state of affairs of Council in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.

Council's external auditor, Galpins are in the final stages of completing the audit, and have provided their final Audit Completion Report on matters arising from the audit. This Audit Completion Report indicates that Galpins intend to issue unmodified opinions for both the Financial Statements and Internal Controls subject to the certification of financial statements and completion of sign off and associated representations related to the statements

The 2018-19 General Purpose Financial Statements will be presented to Council on 26 November 2019 for endorsement prior to certification by the Mayor and Chief Executive Officer and the Audit Report signed by the external auditors, Galpins.

In considering this report an in-camera opportunity will also be provided for members of the Audit Committee to discuss the audit result with Galpins.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. 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 2019 as contained in Appendix 1, and**

- b. the External Auditor Galpins’ Audit Clearance Report as contained in Appendix 2, and is satisfied that they present fairly the state of affairs of the Council.**
 - 3. Considers that the Adelaide Hills Council 2018-19 General Purpose Financial Statements, contained in Appendix 1, can be certified by the Chief Executive Officer and the Mayor.**
 - 4. That it notes the confirmation of Galpins Auditor Independence Statement provided as Appendix 3 and considers that the Certification of Auditor Independence statement contained in Appendix 4 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*.**
-

1. GOVERNANCE

➤ Strategic Management Plan/Council Policy

Goal 5: Organizational 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.

While not set down specifically in policy, good governance practices and a convention of this Audit Committee (although not exercised every year) has been to have the opportunity to meet with auditors without management present (i.e. in-camera).

Should the Committee wish to avail itself of this opportunity, the Administration will leave the meeting at the request of the Presiding Member and a confidentiality order is not required as the meeting remains open to the public.

➤ Legal Implications

Local Government Act 1999

Chapter 8 of the Local Government Act addresses Administrative and Financial Accountability under Part 3 Accounts, financial statements and audit.

More specifically:

- Section 126 (4)(a): [Audit Committee] to review the Financial Statements to ensure that they present fairly the state of affairs of the Council.
- Under Section 127, Council must prepare for each financial year financial statements and notes in accordance with standards prescribed by the regulations as soon as is reasonably practicable after the end of the relevant financial year

Local Government (Financial Management) Regulations

- Regulation 22 of the Local Government (Financial Management) Regulations 2011 requires:
 - Subregulation 3 – that the Council’s Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year; and
 - Subregulation 5 – that the Council’s auditor must provide a statement in the prescribed form regarding their independence in accordance with auditing professional standards and legislative requirements.

➤ **Risk Management Implications**

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

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

➤ **Financial and Resource Implications**

The End of Year Financial Statements are considered to be the most significant output from Council’s financial management and reporting processes, and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

The revaluation of Road assets that was undertaken as at 30 June resulted in a significant increase in valuation. Whilst not impacting on Council’s cash position, this increased valuation will impact on future reported operating results given the increase in depreciation that results.

➤ **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: A 2018-19 Preliminary End of Year Financial Results and Carry Forwards report was presented to Council on 27 August 2019. As part of this report all budget holders reviewed the end of year financial position for their respective areas of responsibility to

ensure variations were identified and explained and reviewed by the Executive Leadership Team.
Community: Not applicable

2. BACKGROUND

At its 28 February 2018 meeting, Council resolved to appoint Galpins Accountants, Advisers and Business Consultants (Galpins) for the provision of external audit services for a period of three (3) years commencing with the audit of the financial year ending 30 June 2018.

The Annual Financial Statements (or General Purpose Financial Report) in **Appendix 1** have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board and relevant South Australian local government legislation.

3. ANALYSIS

The following sections provide a summary in relation to key sections of the General Purpose Financial Statements.

3.1 Statement of Comprehensive Income

The Statement of Comprehensive Income shows an overall operating surplus of \$951k for 2018-19 compared with a surplus of \$508k for the previous year.

Statement of Comprehensive Income	2018-19 \$000s	2017-18 \$000s	Movement \$000s
Council	819	724	95
Equity Result from Subsidiaries	132	(216)	348
Operating Surplus	951	508	58

This modest underlying surplus shows a fundamental sustainability of core activities and aligns strongly with the Long Term Financial Plan.

As shown above, Council's operating result is similar to the previous year, but was impacted on by a number of large one off items between the two years, as discussed below.

Overall, Council's operating revenue increased by \$1.0m (2.3%) with expenditure increasing by \$584k (1.3%). Key movements from 2017-18 include:

- General rates increase of \$1.0m, reflecting the general rates increase of 3.3% and rates growth of 0.8%. (refer Note 2a in the Financial Statements).
- User charges of just over \$1m, were \$472k less than the previous year as a result of the following:
 - the sale of all but one of Council's retirement villages in October 2018
 - reduced rental income as a result of the divestment of the southern side of the Adelaide Hills Business and Tourism Centre holdings in September 2018
 - the loss of the recyclable income stream as a result of the China Sword impact

- Operating Grants, Subsidies and Contributions decreased by \$385k from the previous year with a number of offsets relating to timing of grants. These include:
 - Receipt of the 2018-19, 2019-20 and 2020-21 Supplementary Local Roads Grants totalling \$1.0m in the current year in comparison to \$353k recorded in 2017-18
 - Receipt of a contribution from the State Government of \$393k compared to 1.1m in 2017-18 to cover repair to public infrastructure and disaster operations from a storm event in the previous year
 - A reduction in Roads to Recovery grant funding of \$656k from over \$1m in 2017-18 to \$368k in 2018-19 as a result of larger road funding being paid in previous years. The 2018-19 financial year was the last year of a 5 year program
 - a Financial Assistance Grant reduction of \$71k as a result of Council receiving 2 quarters of the grants in the previous financial year. For 2017-18 Council recorded \$77k more than the 2017-18 untied financial assistance grant as it is required to be treated on a cash basis, whereas for 2018-19, Council recorded \$11k less than the actual 2018-19 Financial Assistance Grant allocation. This is also referenced in Section 3 Income Recognition under Financial Statements Note 1 Summary of Significant Accounting Policies.
 - Sundry grants of \$570k were over \$300k higher than the previous year, and largely related to a contribution of \$200k by DPTI to the Kersbrook Primary School Koala Crossing and a number of smaller one off grants
- Employee Costs increased in line with:
 - Council's Enterprise Development Agreement increase of 2.95% for the year
 - increases in Community Home Support employee costs as a result of more grants being received for the year, and
 - changes from the previous year FTE complement for the following positions, namely Senior Infrastructure Planning Officer, Governance & Risk Coordinator, Corporate Planning and Performance Coordinator, Procurement Coordinator, Arts & Heritage Hub Director, Public Programs Officer, Fabrik and CWMS Officer.
- The reduction in Materials, Contracts & Other Expenses of \$730k to \$19.2m was largely as a result of the inclusion of \$1.2m for 2017-18 relating to the additional provisioning of remediation and post closure costs for closed landfills within the Council area as opposed to \$170k for 2018-19. This decrease was offset by:
 - increases in waste costs of \$201k due to the increased cost of disposal of recyclables as a result of the China Sword and
 - an increase in contractor costs of \$200k relating to the Kersbrook Primary School koala crossing expenditure being delivered by Council although the asset is not owned by Council and was therefore expensed
- Depreciation increased by \$580k from the previous year across a number of categories with the most significant increases occurring in the buildings, stormwater, Community Wastewater Management System assets and roads asset categories .
- Council's net result from Equity Accounted Council Businesses was a net gain of \$132k in comparison to a loss of \$216k for the previous year. This improvement largely relates to the Adelaide Hills Regional Waste Management Authority which has

been impacted in previous years as a result of legal costs in defending a claim in the Supreme Court. Copies of the Financial Statements for each of the subsidiaries will be made available at the Audit Committee meeting.

3.2 Statement of Financial Position

Statement of Financial Position	2018-19 \$'000	2017-18 \$'000	Movement \$'000
Assets	431,566	376,320	55,246
Liabilities	19,954	28,173	(8,219)
Net Assets	411,612	348,628	62,984

The Statement of Financial Position shows the total assets and total liabilities held by Council. As at 30 June 2019, the overall net assets (total assets less total liabilities) held by Council was \$411.6m compared with \$348.6m for the previous year, representing an increase in equity of \$63.0m. The increase in equity is represented largely by an increase in asset valuation of \$59.5m together with the Net Surplus of \$3.3m.

All infrastructure assets categories as well as buildings were revalued in 2018-19 with a significant increase in road assets (\$53m, previously revalued using cost indices) with relatively minor increases in all other revalued asset categories.

During the year, Council sold the majority of its retirement villages and divested some of its property holdings at Adelaide Hills Business and Tourism Centre site at Lobethal.

In terms of Infrastructure Property Plant & Equipment it is also noted that:

- an amount of \$1.5m has been transferred to Non-current Assets held for Resale recognising the settlement in the 2019-20 financial year of land and buildings on the northern side of the Adelaide Hills Business & Tourism Centre (AHBTC) site.
- whilst Council entered into a Contract for the divestment of the Council's retirement village portfolio in August 2018, there were a number of contractual requirements to work through as part of the sale. As such, given that the definition of a non-current assets held for sale is highly restrictive, the sale of one remaining retirement village, Bridgewater is still conditional and as such has remained under land and buildings in the Statement for Financial Position.

Borrowings at 30 June 2019 of \$10.0m, were favourable to budget and a reduction of \$4.9m from the balance at 30 June 2018 of \$14.9m.

3.3 Cash Flow Statement

Statement of Cash Flows	2018-19 \$'000	2017-18 \$'000	Movement \$'000
Net cash from Operating Activities	10,341	11,710	(1,369)
Net cash from Investing Activities	(3,830)	(13,363)	9,533
Cash Flows from Financing Activities	(78)	(122)	44
Net Increase/(Decrease) in Cash Held	6,433	(1,775)	8,208
Cash & Cash Equivalents	2,024	(4,409)	6,433

Council generated \$10.3m from its Operating Activities during the financial year compared to \$11.7m during 2017-18. The reduction in net cash from operating activities from the previous year largely related to the decrease in cash received from operating grants as well as the reduction in user charges as a result of the sale of retirement villages and AHBTC divestments. Details of how this reconciles with the net surplus and changes in net assets are shown in Note 11 of the Financial Statements.

During the year, Council spent just under \$14.0m on the construction and purchase of renewal and new assets compared to \$14.7m in 2017-18.

The resultant Cash Flow Statement shows a repayment of Council's short term borrowing of \$4.9m by year end as a result of asset sales and a balance of cash and cash equivalents of \$2.0m at 30 June 2019.

3.4 Financial Key Performance Indicators

These Financial Indicators have been calculated in accordance with Information Paper 9 – Local Government Financial Indicators revised in May 2015 and included as 'Note 15 Financial Indicators' within the Financial Statements.

Financial Indicators	2018-19	2017-18	2016-17
Operating Surplus	2%	1%	1%
Adjusted Operating Surplus Ratio *	1%	1%	(1%)
Net Financial Liabilities Ratio	34%	55%	47%
Asset Sustainability Ratio	93%	121%	75%

*The Adjusted Operating Surplus Ratio removes the distortion of Federal Government advance payments in 2017-18 and 2018-19.

Overall, given the 2018-19 result, Council is well positioned to continue to be financially sustainable. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

3.4.1 Operating Surplus Ratio

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

As mentioned above, there are a number of offsetting items that have had a financial impact on the ratio for 2018-19. However, as they largely balance out, the result has not changed significantly from the previous year with an increase of 1% to 2% and is in Council's target range of 0% - 10%.

3.4.2 Adjusted Operating Surplus Ratio

This ratio removes the distortion of Federal Government advance grant payments movement of \$11k reduction and the \$690k of 2019-20 and 2020-21 Supplementary Local Roads Grants paid in advance, from Operating Surplus, reducing the ratio to 1%. The \$11k represents the advance payment of two quarters of the 2019-20 Federal Assistance Grant of \$836k offset by \$847k, also representing two quarters of the 2018-19 Grant received in June 2018.

3.4.3 Net Financial Liabilities Ratio

This ratio expresses the net financial liabilities as a percentage of total operating revenue with Council's target range being between 0% to 100%.

As a result of asset sales and the subsequent reduction in short term borrowings, Council's net financial liabilities has decreased reasonably significantly to 34% at 30 June 2019. As per the previous year, this ratio is well within Council's target range and in alignment with the LTFP.

3.4.4 The Asset Renewal Funding Ratio

This is a ratio that represents the net cost of replacing assets compared to the level of depreciation. Council's target range is between 90% and 110%.

The 2018-19 ratio of 93% reflects an amount less than 100% as a result of the carrying forward of renewal expenditure of \$2.7m to 2019-20. The ratio for 2018-19 is within Council's target range of 90% to 110%.

3.5 2018-19 Audit Clearance Report

The role of the external auditor is to provide an audit opinion to Council with respect to the General Purpose Financial Statements. In addition, Council's Auditor Galpins is required to provide an opinion on the compliance of the Adelaide Hills Council with the requirements of Section 125 of the *Local Government Act 1999* in relation to the Internal Controls established by the Council.

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*.

The Auditor's responsibility is to express a conclusion 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 for the period 1 July 2018 to 30 June 2019 to ensure that financial transactions relating to 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 in all material respects.

The Auditors procedures included assessing the controls of Council based on the criteria in the *Better Practice Model—Internal Financial Controls*.

The Auditors are in the final stages of completing the audit, and have provided their final Audit Completion Report on matters arising from the audit. This Audit Completion Report (see **Appendix 2**) indicates that Galpins intend to issue unmodified opinions (subject to the satisfactory completion of the items described in section 1 – Status of our Audit Work of this document) for both the Financial Statements and Internal Controls.

3.6 Statement by Auditor of Audit Independence

Regulation 22(5) of the *Local Government (Financial Management) Regulations 2011* requires the auditor of a council to provide a written statement attesting to their independence. Council's Auditor, Galpins have provided their signed Audit Independence Declaration, as prescribed in the Regulations (see **Appendix 3**). This Statement to Council will be included in Council's financial statements as part of the finalisation of the audit.

Regulation 21 (2) of the *Local Government (Financial Management) Regulations 2011* requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year (see **Appendix 4**).

4. OPTIONS

The Committee has the following options:

- I. To review and recommend to Council as prepared.
- II. To make additional comments or suggestions for finance staff to include prior to completing the General Purpose Financial Statements.

5. APPENDICES

- (1) 2018-19 Draft General Purpose Financial Statements
- (2) Audit Completion Report
- (3) Auditor Independence Statement
- (4) Draft Certification of Auditor Independence

Appendix 1

2018-19 Draft General Purpose Financial Statements

Adelaide Hills Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Adelaide Hills - A place for everyone



Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2019

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Adelaide Hills Council

General Purpose Financial Statements

for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Andrew Aitken
CHIEF EXECUTIVE OFFICER

Jan-Claire Wisdom
MAYOR

Date:

Adelaide Hills Council

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	36,915	35,512
Statutory Charges	2b	1,172	1,069
User Charges	2c	1,007	1,479
Grants, Subsidies and Contributions	2g	5,123	5,508
Investment Income	2d	41	30
Reimbursements	2e	516	447
Other Income	2f	648	488
<u>Net Gain - Equity Accounted Council Businesses</u>	19	<u>138</u>	<u>-</u>
Total Income		<u>45,560</u>	<u>44,533</u>
Expenses			
Employee Costs	3a	15,923	14,956
Materials, Contracts & Other Expenses	3b	19,231	19,961
Depreciation, Amortisation & Impairment	3c	8,826	8,246
Finance Costs	3d	623	646
<u>Net loss - Equity Accounted Council Businesses</u>	19	<u>6</u>	<u>216</u>
Total Expenses		<u>44,609</u>	<u>44,025</u>
Operating Surplus / (Deficit)		951	508
Asset Disposal & Fair Value Adjustments	4	(95)	(2,401)
Amounts Received Specifically for New or Upgraded Assets	2g	425	867
Physical Resources Received Free of Charge	2h	1,982	2,068
Net Surplus / (Deficit) ¹		<u>3,263</u>	<u>1,042</u>
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	59,526	55,488
Share of Other Comprehensive Income - Equity Accounted Council Businesses		240	20
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(184)	-
Other Equity Adjustments - Equity Accounted Council Businesses		139	32
Total Other Comprehensive Income		<u>59,721</u>	<u>55,540</u>
Total Comprehensive Income		<u>62,984</u>	<u>56,582</u>

¹ Transferred to Statement of Changes in Equity

Adelaide Hills Council

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	2,025	491
Trade & Other Receivables	5b	2,541	2,853
Inventories	5c	19	13
Subtotal		4,585	3,357
Non-Current Assets Held for Sale	20	1,530	1,260
Total Current Assets		6,115	4,617
Non-Current Assets			
Financial Assets	6a	-	50
Equity Accounted Investments in Council Businesses	6b	1,350	838
Infrastructure, Property, Plant & Equipment	7a	424,101	370,815
Total Non-Current Assets		425,451	371,703
TOTAL ASSETS		431,566	376,320
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,446	8,645
Borrowings	8b	62	4,918
Provisions	8c	3,048	3,478
Total Current Liabilities		8,556	17,041
Non-Current Liabilities			
Borrowings	8b	10,000	10,000
Provisions	8c	1,398	651
Total Non-Current Liabilities		11,398	10,651
TOTAL LIABILITIES		19,954	27,692
Net Assets		411,612	348,628
EQUITY			
Accumulated Surplus		141,348	137,081
Asset Revaluation Reserves	9a	269,691	210,121
Other Reserves	9b	573	1,426
Total Council Equity		411,612	348,628

Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2019					
Balance at the end of previous reporting period		137,081	210,121	1,426	348,628
a. Net Surplus / (Deficit) for Year		3,263	-	-	3,263
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	59,526	-	59,526
- IPP&E Impairment (Expense) / Recoupmnts Offset to ARR	7a	-	(184)	-	(184)
- Share of OCI - Equity Accounted Council Businesses	19	12	228	-	240
- Other Equity Adjustments - Equity Accounted Council Businesses	19	139	-	-	139
Other Comprehensive Income		151	59,570	-	59,721
Total Comprehensive Income		3,414	59,570	-	62,984
c. Transfers between Reserves		853	-	(853)	-
Balance at the end of period		141,348	269,691	573	411,612
2018					
Balance at the end of previous reporting period		135,571	154,633	1,842	292,046
a. Net Surplus / (Deficit) for Year		1,042	-	-	1,042
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	55,488	-	55,488
- Share of OCI - Equity Accounted Council Businesses	19	20	-	-	20
- Other Equity Adjustments - Equity Accounted Council Businesses	19	32	-	-	32
Other Comprehensive Income		52	55,488	-	55,540
Total Comprehensive Income		1,094	55,488	-	56,582
c. Transfers between Reserves		416	-	(416)	-
Balance at the end of period		137,081	210,121	1,426	348,628

Adelaide Hills Council

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		37,094	35,348
Statutory Charges		1,172	1,069
User Charges		1,007	1,479
Grants, Subsidies and Contributions (operating purpose)		5,183	6,322
Investment Receipts		41	30
Reimbursements		516	447
Other Receipts		622	246
<u>Payments</u>			
Payments to Employees		(15,723)	(15,199)
Payments for Materials, Contracts & Other Expenses		(18,950)	(17,386)
Finance Payments		(623)	(646)
Net Cash provided by (or used in) Operating Activities	11b	10,339	11,710
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		425	867
Sale of Replaced Assets		497	489
Sale of Surplus Assets		7,942	-
Sale of Investment Property		1,204	-
Repayments of Loans by Community Groups		72	43
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(10,090)	(10,493)
Expenditure on New/Upgraded Assets		(3,877)	(4,251)
Capital Contributed to Equity Accounted Council Businesses		-	(18)
Net Cash provided by (or used in) Investing Activities		(3,827)	(13,363)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		-	1
<u>Payments</u>			
Repayments of Borrowings		(77)	(33)
Repayment of Bonds & Deposits		(1)	-
Repayment of Aged Care Facility Deposits		-	(90)
Net Cash provided by (or used in) Financing Activities		(78)	(122)
Net Increase (Decrease) in Cash Held		6,434	(1,775)
plus: Cash & Cash Equivalents at beginning of period	11	(4,409)	(2,634)
Cash & Cash Equivalents at end of period	11	2,025	(4,409)

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Adelaide Hills Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 63 Mt Barker Road, Stirling 5152. These financial statements

include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2016/17	\$2,265,645	\$1,494,710	+ \$770,935
2017/18	\$1,597,298	\$1,520,627	+\$76,671
2018/19	\$1,526,078	\$1,537,852	- \$11,774

In addition, the 2019/20 and 2020/21 Supplementary Local Road Grants of \$690,138 was paid in advance in June 2019.

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported

Note 1. Summary of Significant Accounting Policies (continued)

had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense. Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$5,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$5,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and how the asset categories are valued are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Furniture and Equipment	5 to 10 years
Vehicles and Road-making Equip	10 years
Other Plant & Equipment	5 to 10 years

Building & Other Structures

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years

Other Assets

Artworks	indefinite
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6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

Note 1. Summary of Significant Accounting Policies (continued)

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

11 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

payments are charged to expense over the lease term.

12 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

13 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

14 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

15 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

Adelaide Hills Council early adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* from the year ended 30 June 2018 and as such the application of these are included in the preparation of these financial reports.

AASB 15 – *Revenue from Contracts* and AASB 1058 *Income of Not-for-Profit Entities* impact on the timing of recognition of income such that it depends on whether such a transaction gives rise to a liability or other performance obligation related to an asset received by Council.

The early adoption resulted in capital and other special purpose grants for which there is a reasonable likelihood that the grants will have to be refunded if obligations are not discharged in accordance with terms and conditions, being recognised as a current liability titled Grants – Deferred Revenue until funds are expended in accordance with the relevant agreements.

Other than AASB 15 and AASB 1058 adopted previously, Adelaide Hills Council has not applied any Australian Accounting Standards and

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Interpretations that have been issued but are not yet effective. Council will implement them when they are effective.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. Although the effect on profit and loss will be non-material, the value of the Right of use asset, and the lease liability, to be disclosed is \$300k at 30 June 2019.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

16 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

17 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		34,523	33,141
Less: Mandatory Rebates		(241)	(218)
Less: Discretionary Rebates, Remissions & Write Offs		(247)	(172)
Total General Rates		34,035	32,751
Other Rates (Including Service Charges)			
Natural Resource Management Levy		975	931
Community Wastewater Management Systems		1,646	1,478
Separate & Special Rates		4	5
Stirling Business Association Separate Rate		85	87
Total Other Rates		2,710	2,501
Other Charges			
Penalties for Late Payment		106	176
Legal & Other Costs Recovered		64	84
Total Other Charges		170	260
Total Rates Revenues		36,915	35,512
(b). Statutory Charges			
Development Act Fees		526	452
Animal Registration Fees & Fines		407	421
Parking Fines / Expiation Fees		38	28
Other Licences, Fees & Fines		112	103
Searches		89	65
Total Statutory Charges		1,172	1,069
(c). User Charges			
Cemetery/Crematoria Fees		278	328
Community Centres		123	127
Sundry		82	163
Adelaide Hills Business and Tourism Centre (AHBTC)		397	495
Retirement Villages		127	366
Total User Charges		1,007	1,479

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		6	6
- Banks & Other		33	16
- Loans to Community Groups		2	8
Total Investment Income		41	30
(e). Reimbursements			
Private Works		15	8
Other		501	439
Total Reimbursements		516	447
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		284	201
Sundry		364	287
Total Other Income		648	488
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		425	867
Total Amounts Received Specifically for New or Upgraded Assets		425	867
Supplementary Local Roads Funding		1,035	353
Untied - Financial Assistance Grant		1,526	1,597
Roads to Recovery		368	1,024
Home and Community Care Grant		948	899
Library and Communications		283	285
Sundry		570	262
Natural Disaster Recovery Funding		393	1,088
Total Other Grants, Subsidies and Contributions		5,123	5,508
Total Grants, Subsidies, Contributions		5,548	6,375
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		3,483	3,093
State Government		1,724	3,068
Other		341	214
Total		5,548	6,375
(ii) Individually Significant Items			
Grant Commission (FAG) Grant in Advance Recognised as Income		836	847
Supplementary Local Roads Grants in Advance Recognised as Income		690	-

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(h). Physical Resources Received Free of Charge			
Land & Improvements		1,982	-
Roads, Bridges & Footpaths		-	129
Stormwater Drainage		-	1,100
Kerb & Gutter		-	14
Retaining Walls		-	350
Public Artwork		-	475
Total Physical Resources Received Free of Charge		1,982	2,068

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		12,454	11,517
Employee Leave Expense		2,803	2,721
Superannuation - Defined Contribution Plan Contributions	18	1,156	1,054
Superannuation - Defined Benefit Plan Contributions	18	232	249
Workers' Compensation Insurance		374	435
Personal Income Protection Insurance		242	217
Other		112	27
Less: Capitalised and Distributed Costs		(1,450)	(1,264)
Total Operating Employee Costs		15,923	14,956
Total Number of Employees (full time equivalent at end of reporting period)		183	171
Total Number of Budgeted Employees (full time equivalent at end of reporting period)		191	184

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		25	18
Bad and Doubtful Debts		-	(23)
Elected Members' Expenses		417	372
Election Expenses		59	46
Operating Lease Rentals - Cancellable Leases		299	332
Subtotal - Prescribed Expenses		800	745

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses			
Contractors		6,897	6,649
Energy		710	697
Legal Expenses		278	255
Levies Paid to Government - NRM levy		966	920
Levies - Other		558	571
Parts, Accessories & Consumables		2,737	2,791
Professional Services		106	103
Sundry		424	519
Contributions & Donations		710	735
Insurance		580	585
Work-in-Progress Write-off		65	119
Landfill Remediation		170	1,187
Waste		3,810	3,664
Telephone (incl data)		228	224
Bank Fees		84	87
Licencing - ICT		108	110
Subtotal - Other Material, Contracts & Expenses		18,431	19,216
Total Materials, Contracts and Other Expenses		19,231	19,961
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings		1,242	1,147
Infrastructure			
- Stormwater		482	386
- Community Wastewater Management Systems		398	297
- Roads		3,803	3,689
- Bridges		284	270
- Footpaths		403	367
- Retaining Walls		146	128
- Guardrails		140	139
- Kerb & Gutter		396	390
- Traffic Controls		41	41
- Street Furniture		83	69
- Sport & Recreation		337	313
- Playgrounds		83	83
- Cemeteries		35	33
Plant & Equipment		870	865
Furniture & Fittings		83	29
Subtotal		8,826	8,246
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		8,826	8,246

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(d). Finance Costs			
Interest on Overdraft and Short-Term Drawdown		50	76
Interest on Loans		573	570
Total Finance Costs		623	646

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		497	489
Less: Carrying Amount of Assets Sold		(1,719)	(2,890)
Gain (Loss) on Disposal		(1,222)	(2,401)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		11,235	-
Less: Carrying Amount of Assets Sold		(7,994)	-
Less: Other Amounts Relating to the Sale of Surplus Assets		(2,059)	-
Gain (Loss) on Disposal		1,182	-
Non-Current Assets Held for Sale			
Proceeds from Disposal		1,204	-
Less: Carrying Amount of Assets Sold		(1,259)	-
Gain (Loss) on Disposal		(55)	-
Net Gain (Loss) on Disposal or Revaluation of Assets		(95)	(2,401)

Note 5. Current Assets

(a). Cash & Cash Equivalents			
Cash on Hand at Bank		1,651	124
Short Term Deposits & Bills, etc.		374	367
Total Cash & Cash Equivalents		2,025	491

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 5. Current Assets (continued)

\$ '000	Notes	2019	2018
(b). Trade & Other Receivables			
Rates - General & Other		1,278	1,476
Council Rates Postponement Scheme		95	76
Accrued Revenues		577	712
Debtors - General		363	297
Other Levels of Government		72	132
Prepayments		156	140
Loans to Community Organisations		-	22
Subtotal		2,541	2,855
Less: Allowance for Doubtful Debts		-	(2)
Total Trade & Other Receivables		2,541	2,853
(c). Inventories			
Stores & Materials		19	13
Total Inventories		19	13

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations		-	50
Total Receivables		-	50
Total Financial Assets		-	50

(b). Equity Accounted Investments in Council Businesses

Gawler River Floodplain Management Authority (GRFMA)	19	878	600
Eastern Waste Management Authority (EWMA)	19	101	69
Adelaide Hills Regional Waste Management Authority (AHRWMA)	19	371	169
Total Equity Accounted Investments in Council Businesses		1,350	838

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2018				Asset Movements during the Reporting Period										as at 30/6/2019				
		At	At	Acc.	Carrying	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	WIP Transfers	Adjustments & Transfers	Other Physical Resources Free of Charge	Tfrs from/(to) "Held for Sale" category	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At	At	Acc.	Carrying
		Fair Value	Cost	Dep'n	Value	New / Upgrade	Renewals										Fair Value	Cost	Dep'n	Value
Capital Work in Progress		-	2,804	-	2,804	3,877	10,090	(1,043)	-	-	(12,730)	-	-	-	-	-	2,997	-	-	2,997
Land - Community		87,161	-	-	87,161	-	-	(1,631)	-	(49)	-	-	1,982	(408)	1,560	88,615	-	-	88,615	
Buildings	3	73,614	-	25,522	48,092	-	-	(7,473)	(1,242)	(135)	1,759	-	(1,122)	-	626	65,282	-	24,777	40,505	
Infrastructure																				
- Stormwater	3	37,279	-	10,489	26,790	-	-	(5)	(482)	-	1,036	-	-	-	913	39,600	-	11,348	28,252	
- Community Wastewater Management Systems	3	19,091	-	5,708	13,383	-	-	(15)	(398)	-	580	-	-	-	405	20,253	-	6,298	13,955	
- Roads	3	213,604	-	84,119	129,485	-	-	(1,042)	(3,803)	-	4,741	(195)	-	-	53,331	285,788	-	103,271	182,517	
- Bridges	3	17,399	-	7,765	9,634	-	-	(24)	(284)	-	243	-	-	-	321	18,210	-	8,320	9,890	
- Footpaths	3	13,186	-	5,347	7,839	-	-	(90)	(403)	-	1,107	-	-	(419)	-	14,828	-	6,794	8,034	
- Retaining Walls	3	7,839	-	2,125	5,714	-	-	(1)	(146)	-	213	-	-	-	1,907	11,275	-	3,588	7,687	
- Guardrails	3	6,282	-	1,155	5,127	-	-	-	(140)	-	64	-	-	-	173	6,564	-	1,339	5,225	
- Kerb & Gutter	3	31,450	-	16,655	14,795	-	-	(66)	(396)	-	422	-	-	-	500	32,728	-	17,472	15,256	
- Traffic Controls	3	2,096	-	757	1,339	-	-	(4)	(41)	-	-	-	-	-	24	2,124	-	806	1,318	
- Street Furniture	3	3,210	-	1,289	1,921	-	-	(3)	(83)	-	91	(463)	-	-	26	2,446	-	956	1,490	
- Sport & Recreation	3	16,527	-	9,517	7,010	-	-	(4)	(337)	-	793	-	-	-	124	17,496	-	9,911	7,585	
- Playgrounds	3	1,721	-	587	1,134	-	-	-	(83)	-	-	-	-	-	19	1,753	-	683	1,070	
- Cemeteries	3	1,933	-	1,247	686	-	-	-	(35)	-	69	-	-	-	16	2,041	-	1,306	735	
- Other Infrastructure		-	-	-	-	-	-	-	-	-	-	1,568	-	-	-	-	2,196	-	628	1,568
Plant & Equipment		-	11,041	5,581	5,460	-	-	(372)	(870)	-	1,449	1,319	-	-	-	-	12,543	5,556	6,987	
Furniture & Fittings		-	3,655	2,002	1,653	-	-	-	(83)	-	163	(1,318)	-	-	-	-	2,748	2,333	415	
Public Artworks		-	788	-	788	-	-	-	-	-	-	(788)	-	-	-	-	-	-	-	
Total Infrastructure, Property, Plant & Equipment		532,392	18,288	179,865	370,815	3,877	10,090	(11,772)	(8,826)	(184)	-	123	1,982	(1,530)	(419)	59,945	609,003	20,484	205,386	424,101
Comparatives		490,115	17,205	196,287	311,033	4,251	10,493	(2,890)	(8,246)	-	-	(122)	2,068	(1,260)	-	55,488	532,392	18,288	179,865	370,815

Note 7a (ii). Investment Property

Nil

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property

\$ '000

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information (continued)

Upon revaluation, the current new replacement cost and accumulated depreciation are re stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports.

Land - Level 2: The majority of land is based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset. Land assets revaluation was undertaken by Council officers based on the Valuer General's site values as at 1 January 2018.

Land - Level 3: Crown Land which is subject to restriction for its use or sale has been valued by Council officers based on the Valuer General's site values as at 1 January 2018 less allowances for the restriction on sale (requiring Ministerial consent) which are unobservable inputs that have a significant effect on valuation.

Buildings & Other Structures

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2017.
- Valuer: APV Valuers & Asset Management
- Council discloses Buildings as a class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement, and the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.
- There were no Assets Valued where it was considered that the highest and best use was other than its current use.

Infrastructure

- Council discloses each of the above as an individual class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement, and the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.
- There were no Assets Valued where it was considered that the highest and best use was other than its current use.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Infrastructure (continued)

Roads, Footpaths & Retaining Walls

- Valuations were derived as at June 2019 referencing individual rates in Rawlinsons and Council Contracts to determine an overall rate for Council assets including road seal, road pavement, footpaths and retaining walls by Steve Walker, Principal, Asset Engineering.
- Road Seals rates were established by using Council's recent contract rates for resealing which includes profiling, raising top stones, supply and laying of asphaltic concrete and supply and laying of spray seal
- Road Pavement rates were established by using rates from Rawlinsons applicable to the reconstruction of road pavements and compared against Council's actual costs.
- Footpath rates were established by using rates from Council's schedule of rates contract to establish rates for brick paved, asphaltic concrete and concrete.
- Retaining Wall rates were established by using rates from Rawlinsons for retaining walls on a square metre basis for differing heights and referenced against Council's actual constructions in previous years

Stormwater, Bridges, Guardrails, Kerb & Gutter, Traffic Controls, Street Furniture, Sport and Recreation Facilities (S&R), Playgrounds and Cemeteries

- Valuations were performed by Council Officers at depreciated current replacement cost at at 30 June 2019 based on Australia Bureau of Statistics Time Series data, Tables 17 (Construction Industries) specific to Adelaide for June 2019

Community Wastewater Management Systems (CWMS)

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2017 noting that effective date of valuation as per APV Valuers is 30 June 2017
- Valuer: APV Valuers & Asset Management

Plant & Equipment

- Basis of valuation: Historic Cost

Furniture & Fittings

- Basis of valuation: Historic Cost

All Other Assets

- Basis of valuation: Deemed Cost

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 8. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a). Trade and Other Payables					
Goods & Services		3,351	-	2,936	-
Payments Received in Advance		622	-	715	-
Accrued Expenses - Employee Entitlements		425	-	391	-
Accrued Expenses - Other		197	-	351	-
Aged Care Facility Deposits		782	-	4,075	-
Deposits, Retentions & Bonds		4	-	5	-
Other		65	-	172	-
Total Trade and Other Payables		5,446	-	8,645	-
(b). Borrowings					
Bank Overdraft		-	-	4,900	-
Loans		62	10,000	18	10,000
Total Borrowings		62	10,000	4,918	10,000
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Employee Entitlements (including oncosts)		2,843	109	2,695	89
Future Reinstatement / Restoration, etc		205	1,289	783	562
Total Provisions		3,048	1,398	3,478	651

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land - Community	59,752	1,560		(49)	61,264
Buildings	31,564	626	-	(135)	32,055
Infrastructure					
- Stormwater	18,563	913	-	-	19,476
- Community Wastewater Management Systems	5,221	405	-	-	5,626
- Roads	64,463	53,331	-	-	117,794
- Bridges	4,072	321	-	-	4,393
- Footpaths	533	(419)	-	-	114
- Retaining Walls	2,604	1,907	-	-	4,511
- Guardrails	2,932	173	-	-	3,105
- Kerb & Gutter	13,544	500	-	-	14,044
- Traffic Controls	540	24	-	-	564
- Street Furniture	1,209	26	-	-	1,235
- Sport & Recreation	2,817	124	-	-	2,941
- Playgrounds	89	19	-	-	108
- Cemeteries	2,217	16	-	-	2,233
JV's / Associates - Other Comprehensive Income	-	228	-	-	228
Total Asset Revaluation Reserve	210,121	59,754	-	(184)	269,691
Comparatives	154,633	55,488	-	-	210,121

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Investment in Associates	324	-	-	(324)	-
Community Wastewater Management Systems	388	-	(200)	-	188
Retirement Village Lobethal	72	-	-	(72)	-
Retirement Village Woodside	217	-	-	(217)	-
Retirement Village Fee Bond	42	-	-	(42)	-
Torrens Valley Community Centre	137	-	-	-	137
Library	1	-	-	-	1
Scott Creek Progress Association	6	-	-	-	6
Environmental Fund Reserve	232	-	-	-	232
Significant Trees Reserve	7	2	-	-	9
Total Other Reserves	1,426	2	(200)	(655)	573
Comparatives	1,842	27	(443)	-	1,426

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2019	2018
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash & Financial Assets			
Unexpended amounts received from State or Federal Government			
Community Wastewater Management Systems Investigations		351	345
Total Cash & Financial Assets		351	345
Total Assets Subject to Externally Imposed Restrictions		351	345

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Total Cash & Equivalent Assets	5	2,025	491
Less: Short-Term Borrowings	8	-	(4,900)
Balances per Statement of Cash Flows		2,025	(4,409)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2019	2018
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		3,263	1,042
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		8,826	8,246
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(132)	216
Non-Cash Asset Acquisitions		(1,982)	(2,068)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(425)	(867)
Net (Gain) Loss on Disposals		95	2,401
Expense of Capital Items		-	121
		9,645	9,091
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		292	(94)
Change in Allowances for Under-Recovery of Receivables		-	28
Net (Increase)/Decrease in Inventories		(6)	1
Net (Increase)/Decrease in Other Current Assets		(2)	(56)
Net Increase/(Decrease) in Trade & Other Payables		96	1,449
Net Increase/(Decrease) in Unpaid Employee Benefits		168	104
Net Increase/(Decrease) in Other Provisions		149	1,186
Net Increase/(Decrease) in Other Liabilities		(3)	1
Net Cash provided by (or used in) operations		10,339	11,710
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2h	1,982	2,068
Amounts recognised in Income Statement		1,982	2,068
Total Non-Cash Financing & Investing Activities		1,982	2,068
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		200	200
Corporate Credit Cards		180	180
Asset Finance - Leasing		750	600
LGFA Cash Advance Debenture Facility		10,200	10,200

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Business Undertakings	-	-	-	-	-	-	-	-	431,566	376,320
Community Capacity	1,727	1,541	6,755	5,930	(5,028)	(4,389)	1,440	1,319	-	-
Corporate Services	38,089	38,297	9,664	11,255	28,425	27,042	817	822	-	-
Infrastructure & Operations	4,537	3,312	24,712	16,401	(20,175)	(13,089)	2,783	4,139	-	-
Development & Regulatory Services	1,207	1,384	3,478	10,439	(2,271)	(9,056)	83	95	-	-
Total Functions/Activities	45,560	44,533	44,609	44,025	951	508	5,123	6,375	431,566	376,320

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

COMMUNITY CAPACITY

Communications, Engagement & Events, Community Capacity Director's Office, Community Development (Management & Partnerships), Community Grants, Community Programs, Cultural Development, Customer Service, Economic Development, FABRIK Arts and Heritage Hub, Library Services, Positive Ageing (Home and Social Support), Positive Ageing Project (Collaborative), Service Strategy & Innovation, The Summit Community Centre, Torrens Valley Community Centre, Volunteering and Youth Development.

CORPORATE SERVICES

Adelaide Hills Business Tourism Centre, Cemeteries, Corporate Services Director's Office, Financial Services, Governance & CEO Office, ICT, Information Management, Organisational Development & Work Health & Safety, Property Management and Retirement Villages.

INFRASTRUCTURE & OPERATIONS

Civil Services, Community Wastewater Management System (CWMS), Emergency Management, Infrastructure & Operations Director's Office, Open Space Biodiversity, Open Space Operations, Open Space - Sport & Recreation Planning, Sustainability, Sustainable Assets and Waste.

DEVELOPMENT & REGULATORY SERVICES

Animal Management, Development & Regulatory Services Director's Office, Fire Prevention, Mt Lofty Waste Control Project, Parking and By-Laws, Planning & Development, Policy Planning and Public Health.

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.25% and 1.75% (2018: 1.50% and 2.00%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 6.6% (2018: 6.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed rates between 4.6% and 6.75% (2018: 4.6% and 6.75%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	2,024	-	-	2,024	2,025
Receivables	2,385	-	-	2,385	2,385
Total Financial Assets	4,409	-	-	4,409	4,410
<u>Financial Liabilities</u>					
Payables	4,401	-	-	4,401	4,399
Current Borrowings	65	-	-	65	62
Non-Current Borrowings	568	6,257	5,230	12,055	10,000
Total Financial Liabilities	5,034	6,257	5,230	16,521	14,461
2018					
<u>Financial Assets</u>					
Cash & Equivalents	491	-	-	491	491
Receivables	2,716	-	-	2,716	2,713
Other Financial Assets	-	53	-	53	50
Total Financial Assets	3,207	53	-	3,260	3,254
<u>Financial Liabilities</u>					
Payables	7,539	-	-	7,539	7,539
Current Borrowings	4,919	-	-	4,919	4,918
Non-Current Borrowings	568	6,595	5,460	12,623	10,000
Total Financial Liabilities	13,026	6,595	5,460	25,081	22,457

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	3.35%	-	3.72%	4,900
Fixed Interest Rates	5.68%	10,062	5.56%	10,018
		10,062		14,918

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 14. Commitments for Expenditure

\$ '000

Notes

2019

2018

(a). Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Infrastructure	1,750	695
Plant & Equipment	304	245
	2,054	940

These expenditures are payable:

Not later than one year	2,054	940
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	2,054	940

(b). Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	73	97
	73	97

These expenditures are payable:

Not later than one year	24	23
Later than one year and not later than 5 years	49	74
Later than 5 years	-	-
	73	97

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15. Financial Indicators

\$ '000	Amounts 2019	Indicator 2019	Prior Periods 2018	Prior Periods 2017
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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

Operating Surplus	951			
Total Operating Income	45,560	2%	1%	1%

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	15,388			
Total Operating Income	45,560	34%	55%	47%

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.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio		1%	1%	(1%)
Adjusted Net Financial Liabilities Ratio		34%	55%	48%

3. Asset Renewal Funding Ratio

Net Asset Renewals	10,090			
Infrastructure & Asset Management Plan required expenditure	10,853	93%	128%	75%

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.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	45,560	44,533
less Expenses	(44,609)	(44,025)
Operating Surplus / (Deficit)	951	508
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(10,090)	(10,493)
<i>add back</i> Depreciation, Amortisation and Impairment	8,826	8,246
<i>add back</i> Proceeds from Sale of Replaced Assets	497	489
Subtotal	(767)	(1,758)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,877)	(4,251)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	425	867
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	9,146	-
Subtotal	5,694	(3,384)
Net Lending / (Borrowing) for Financial Year	5,878	(4,634)

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 17. Operating Leases

\$ '000	2019	2018
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Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

(i) Investment Property

Council has not classified any Land or Buildings as "Investment Property".

(ii) Lease Payment Commitments of Council

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	252	337
Later than one year and not later than 5 years	48	428
Later than 5 years	-	-
	<u>300</u>	<u>765</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 18. Superannuation

\$ '000

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017/18) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2019	2018	2019	2018
Joint Ventures	283	(164)	1,350	838
Total	283	(164)	1,350	838

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Eastern Waste Management Authority	Waste Management	101	69
Gawler River Floodplain Management Authority	Floodplain Management	878	600
Adelaide Hills Regional Waste Management Authority	Waste Management	371	169
Total Carrying Amounts - Joint Ventures & Associates		1,350	838

Eastern Waste Management Authority

Eastern Waste is a regional subsidiary pursuant to S.43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of Eastern Waste. The other member Councils are Norwood, Payneham & St. Peters, Burnside, Mitcham, Campbelltown and Walkerville.

Gawler River Floodplain Management Authority

Gawler River Floodplain Management Authority is a regional subsidiary pursuant to S.43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of Gawler River Floodplain Management Authority. Other members are Barossa, Gawler, Light, Adelaide Plains and Playford Councils.

Adelaide Hills Regional Waste Management Authority

Adelaide Hills Regional Waste Management Authority is a regional subsidiary pursuant to S.43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of Adelaide Hills Regional Waste Management Authority. Other members are Alexandrina, Mt. Barker and Murray Bridge Councils.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Eastern Waste Management Authority	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Gawler River Floodplain Management Authority	3.9%	3.6%	3.9%	3.6%	16.7%	16.7%
Adelaide Hills Regional Waste Management Authority	33.1%	32.9%	41.4%	47.6%	25.0%	25.0%

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Eastern Waste Management Authority		Gawler River Floodplain Management Authority	
	2019	2018	2019	2018
Opening Balance	69	103	600	554
Share in Operating Result	19	(47)	(6)	(8)
Share in Other Comprehensive Income	5	1	229	-
New Capital Contributions	-	18	-	-
Adjustments to Equity	8	(6)	55	54
Council's Equity Share in the Joint Venture or Associate	101	69	878	600

	Adelaide Hills Regional Waste Management Authority	
	2019	2018
Opening Balance	169	327
Share in Operating Result	119	(160)
Share in Other Comprehensive Income	7	18
Adjustments to Equity	76	(16)
Council's Equity Share in the Joint Venture or Associate	371	169

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$ '000

Non Current Assets & Disposal Group Assets

	2019	2018
Infrastructure, Property, Plant & Equipment (Northern side of AHBTC)	1,530	1,260
Total Non Current Assets & Disposal Group Assets	1,530	1,260

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

As at 30 June 2019 an equity accounted Council business (AHRWMA) is a defendant in Supreme Court procedures in which it is asserted that the AHRWMA made some misleading representations at the time that it transferred its interests in the Hartley Landfill to a third party. AHRWMA has fully defended the claim and some legal costs might still be incurred. Trial for this action is currently waiting judgement.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is aware of the following "non adjusting events" that merit disclosure;

Adelaide Hills Business Tourism Centre

Council entered into two separate contracts for the sale of land and buildings on the Northern side of the Adelaide Hills Business Tourism Centre site at Lobethal prior to June 2019 with settlement occurring in August 2019 and September 2019 respectively. Given that the sale was highly probable at year end and only conditional on terms normal for such property sales, an amount of \$1.530m representing the value of those land and buildings in Council's financial accounts was transferred to Non-current Assets held for Sale to recognise the financial status at 30 June 2019.

Retirement Villages

In August 2018, Council resolved to sell its Retirement Village portfolio to Clayton Church Homes (CCH). As a result of contract negotiations and due diligence it was discovered that a portion of the Bridgewater Village is the subject of an unregistered charitable trust and is Community Land. As such, it was necessary to excise the Bridgewater village from the transaction at that time. However, Council has provided CCH with a first right of refusal to purchase the Bridgewater Village if the Trust is able to be varied and the community land.

As a result, there is a number of contractual conditions precedent still to be fulfilled prior to the sale of Bridgewater Village being unconditional. Given the highly restrictive definition of a non-current assets held for resale these assets have remained within the land and buildings categories under Infrastructure, Property Plant & Equipment in the Statement for Financial Position.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 23. Related Party Transactions

\$ '000	2019	2018
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 24 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	1,544	1,485
Post-Employment Benefits	112	108
Total	1,656	1,593

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and Building Application Fees	-	2
Market Stall Registration	-	1
Total	-	3

Four Key Management Personnel are Board Members/Deputy Board Members of six entities, namely Adelaide Hills Tourism, the Dog and Cat Management Board of SA, the Local Government Association, the Local Government Professionals SA, Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island and State Library of SA respectively but it is not considered that those members control or jointly control those organisations. During the financial year the Adelaide Hills Council:

- paid \$102,300 for Adelaide Hills Tourism for funding and \$390 for tickets for SA Tourism Awards
- received grants (materials and operating grants) amounting to \$288,500 from the SA Libraries Board and paid a materials levy of \$23,361 and \$13,680 for library management software
- paid an amount of \$58,404 to the Dog & Cat Management Board for amounts collected on behalf of DACO and recorded a levy of \$46,282
- paid an amount of \$19,419 to LG Professionals SA for coaching programs, bronze memberships, conferences and training
- paid an amount of \$79,081 to the Local Government Association for membership fees, tender and contracts usage and seminar fees
- paid an amount of \$79,913 to Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island representing funding contributions and subscriptions to that entity

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 23. Related Party Transactions (continued)

\$ '000

One Key Management Personnel received salary and wages from The Hut Community Centre Inc. During the 2018-19 financial year, Adelaide Hills Council paid the following amounts to The Hut Community Centre:

- Funding Agreement \$149,720
- Funding for the Provision of Community Home Support Program \$11,500
- Donation - Best Community Entry \$250
- Hall hire \$156
- Reimbursement of expenses of \$6,556

Eight Key Management Personnel are members on eleven management committees of groups that received contributions from Adelaide Hills Council. Details of those contributions are as follows:

- Adelaide Hills Swimming Centre \$84,913, being a maintenance grant
- Birdwood High School, \$150 donation for a speech night prize
- Kersbrook Public Hall Inc, who received:
 - \$6,448 relating to a public total maintenance grant and
 - \$1,302 as a rate rebate
- Lights of Lobethal \$2,500, being a community grant
- Piccadilly CFS \$2,410, being a community funding grant for a defibrillator
- Piccadilly Oval Committee (Piccadilly Valley Community Rec. Centre Inc.) who received:
 - \$3,471 for reimbursement of invoices in relation to stormwater
 - \$2,404 for reimbursement of invoices in relation to the wastewater system
 - \$30,000 as a contribution towards a new building
- RSL Gumeracha Sub branch \$300, being a minor grant to support a World War 1 centenary event
- The Scott Creek Progress Association \$5,200 being a oval maintenance grant
- Top of the Torrens Gallery who received a community grant of \$2,500
- Woodside Hall who received:
 - \$6,000 relating to a community and recreation facility grant for stormwater
 - \$1,905 for reimbursement of insurance
 - \$40 for hall hire
- The Scott Creek Progress Association \$7,050 including a \$1,900 Community Grant
- Woodside Recreation Grounds Committee, \$11,700 being a contribution for oval maintenance.

Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Internal Controls

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Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Internal Controls

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Adelaide Hills Council

General Purpose Financial Statements

for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Council for the year ended 30 June 2019, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of 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(3) *Local Government (Financial Management) Regulations 2011*.

Andrew Aitken

CHIEF EXECUTIVE OFFICER

Malcolm Herrman

PRESIDING MEMBER, AUDIT COMMITTEE

Date:

Appendix 2

Audit Completion Report

Galpins

Accountants, Auditors & Business Consultants

2018/19 Audit Completion Report

Adelaide Hills Council



Mount Gambier

233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
DX 29044
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling

Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

www.galpins.com.au

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EXECUTIVE SUMMARY

To the members of the audit committee of Adelaide Hills Council

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2019. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor’s Report
Opinion on the Financial Statements	Unmodified	Refer to the Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to the Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Summary of Audit Risks and Overall Responses	Section 2
Key Audit Matters	Section 3
Internal Controls Opinion and Recommendations	Section 4
Final Management Letter	Section 5
Immaterial Uncorrected Misstatements	Section 6
Proposed Independent Auditor’s Report on the Financial Report	Appendix 1
Proposed Independent Auditor’s Report on the Internal Controls	Appendix 2
Draft Statement by Auditor	Appendix 3
Better Practice Model (BPM) Risks	Appendix 4
Risk Ratings	Appendix 5

We also confirm our intention to sign the statement by auditor regarding our independence, and confirm that for the audit of the year ended 30 June 2019 we have maintained our 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



Tim Muhlhausler CA Registered Company Auditor

Date: 8 November 2019

1. Status of Our Audit Work

Below a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final financial report after considerations from the audit committee	Management	To be completed
Signed certification of financial statements	Management	To be completed
Signed certification of auditor independence	Management	To be completed
Signed management representation letter	Management	To be completed
Signed statement by auditor	Audit	To be completed
Review of the subsequent events up to the date of the auditor's report.	Audit	To be completed
Final Independent Auditor's Report on the Internal Controls	Audit	To be completed
Final Independent Auditor's Report on the Financial Report	Audit	To be completed

Our final independent auditor's reports on the internal controls and on the financial report will be issued upon receipt of the final financial report (containing the signed certification of financial statements and the signed certification of auditor independence) and the signed management representation letter.

2. Summary of Audit Risks and Overall Responses

Below, a summary of our initial audit risks identified in our audit plan presented to the audit committee, the audit approach and responses to address these risks and the final audit risks (residual risks) after the execution of our audit procedures.

Statement of Comprehensive Income – Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Rates and charges	High	36,915	RA1/RA2/RA3/RA4/RE1/RE2	Controls and substantive tests	Low	Fairly presented
Statutory charges	Moderate	1,172	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
User charges	Moderate	1,007	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
Grants	Moderate	5,123	GR1/GR2/GR3/RE1/RE2	Controls and substantive tests	Low	Fairly presented
Investment Income	Low	41	II1	Substantive tests	Low	Fairly presented
Reimbursements	Low	516	OR1	Substantive tests	Low	Fairly presented
Other Income	Low	648	OR1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	138	OR1/OE1	Substantive tests	Low	Fairly presented

Statement of Comprehensive Income - Expenses

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Employee costs	High	15,923	PA1/PA2/PA3/PA4/PA5/PA6	Controls and substantive tests	Low	Fairly presented
Materials / Contracts / Other Expenses	High	19,231	PP1/PP2/PP3/PP4/PP5/PP6 CO1/CO2/CO3 CC1/CC2/CC3	Controls and substantive tests	Low	Fairly presented
Depreciation and amortisation	High	8,826	FI4	Controls and substantive tests	Low	Fairly presented
Finance Costs	Low	623	BO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	6	OR1/OE1	Substantive tests	Low	Fairly presented

Statement of Comprehensive Income – Other Comprehensive Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Asset Disposals & FV Adjust	High	(95)	FI1/FI3	Controls and substantive tests	Low	Fairly presented
Amounts Received Specifically for New or Upgraded Assets	Moderate	425	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Physical Resources Received Free of Charge	Low	1,982	FI1	Substantive tests	Low	Fairly presented

Statement of Financial Position – Assets

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Cash and cash equivalents	High	2,025	BA1/BA2/IN1/IN2/IN3	Controls and substantive tests	Low	Fairly presented
Trade and other receivables	Moderate	2,541	DE1/DE2/DE3/DE4/DE5/PR1	Controls and substantive tests	Low	Fairly presented
Inventories	Low	19	STK1	Substantive tests	Low	Fairly presented
Non-current assets held for sale	High	1,530	OTH1	Substantive tests	Low	Fairly presented
Financial Assets – NC	Low	-	LO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	1,350	OR1/OE1	Substantive tests	Low	Fairly presented
IPPE	High	424,101	FI1/FI2/FI3/FI4/FI5	Controls and substantive tests	Low	Fairly presented

Statement of Financial Position – Liabilities

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Trade and other payables	High	5,446	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings	Low	62	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions	Moderate	3,048	EP1	Substantive tests	Low	Fairly presented
Borrowings - NC	Low	10,000	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions - NC	Moderate	1,398	EP1	Substantive tests	Low	Fairly presented

Statement of Financial Position – Equity

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Accumulated Surplus	Low	141,348	N/A	Substantive tests	Low	Fairly presented
Asset Revaluation Reserves	High	269,691	FI3	Controls and substantive tests	Low	Fairly presented
Other Reserves	Low	573	N/A	Substantive tests	Low	Fairly presented

Intended Audit Opinion

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, the financial report prepared by the Council presents fairly, in all material respects, the Council's financial position as at the end of current financial year and its financial performance for the year ended on that date.

* A list of the main risks as per the Better Practice Model (BPM) addressed during our audit and related risk references is provided in Appendix 4.

3. Key Audit Matters

Key audit matters are those matters that, in the auditor’s professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
<p>Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation.</p> <p>Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> ▪ components of assets that are replaced at different times in the asset lifecycle ▪ costs required to replace these components using current prices for materials, labour, and plant costs ▪ indices for measuring subsequent changes in unit rates. <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives.</p> <p>The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset register ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ reviewed the fair value hierarchy provided in note 7 for each category of asset ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation ▪ reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council’s actual asset management practices and to other local government entities ▪ reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the revaluation report ▪ reviewed the unit rates mentioned above and compared them to different local government entities ▪ assessed the adequacy of disclosures in the financial report.

3.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
<p>Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors.</p> <p>Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process.</p> <p>Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3).</p> <p>For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of land and buildings are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ reconciled closing balances to the asset registers ▪ reconciled the movements in note 7 to the asset registers ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards ▪ analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable ▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports ▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities ▪ performed a recalculation of depreciation; and ▪ assessed the adequacy of disclosures in the financial report.

3.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
<p>Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> ▪ whether Council is incurring capital expenditure to physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as this usually goes beyond the legal ownership; ▪ Inclusions and exclusions of costs at initial recognition of an assets in accordance with AASB 116; ▪ Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; ▪ Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and ▪ accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure. 	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; ▪ reviewed internal controls in place for capitalisation of assets; ▪ selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; ▪ reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and ▪ reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

3.4 Accounting for non-current assets held for sale

Why the matter is significant	How the matter was addressed
<p>Accounting for sales of non-current assets and liabilities and presentation of discontinued operations contain several judgements that affect timing, presentation of the statement of comprehensive income and the statement of financial position.</p> <p>The definition of a non-current asset (or disposal group) as held for sale is highly restrictive. The asset must:</p> <ul style="list-style-type: none"> ▪ be available for immediate sale in its present condition (subject only to terms that are usual and customary for sales of such assets); and ▪ its sale must be highly probable. <p>Australian Accounting Standards provide a number of criterion that an entity must meet to classify an asset as held for sale.</p> <p>Council shall present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non current assets and liabilities.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ reviewed the criterion used to classify the asset as held for sale ▪ reviewed council minutes ▪ verified sales agreements in place (if any) ▪ inspected settlement agreements (if any) ▪ compared the value agreed between the parties to the WDV of the asset ▪ reviewed the related note disclosures.

3.5 Revenue Recognition

Why the matter is significant	How the matter was addressed
<p>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities commence from 1 January 2019 – effectively 1 July 2019 for SA Councils.</p> <p>The main change for Council is that income from capital and other specific purpose grants previously recognised on receipt may be recognised over time as performance obligations are met (where these obligations are sufficiently specific and rise from enforceable contracts) and a liability recognised for unspent monies.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ evaluated Council’s work to implement AASB 15 and AASB 1058 and assessed whether Council’s accounting practices comply with Australian Accounting Standards ▪ performed analytical procedures to identify any variance that would represent a risk or incorrect application of AASB 15 and AASB 1058 ▪ reviewed a sample of grant agreements and assessed whether agreements contain sufficiently specific performance obligations ▪ evaluated the accounting treatment used by Council to account for the existing grant agreements in place selected for our tests ▪ tested a sample of financial transactions for compliance with Australian Accounting Standards.

3.6 Management Override of Controls

Why the matter is significant	How the matter was addressed
<p>Management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is a significant risk.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ tested the appropriateness of journal entries recorded in the general ledger ▪ reviewed accounting estimates for biases ▪ performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity ▪ requested written representation from Management ▪ reviewed IT access controls rights processes in place ▪ reviewed processes in place to ensure independent reviews of exception reports generated by Council ▪ reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

3.7 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	<ul style="list-style-type: none"> - largest revenue item - it is usually used as a reference point for analysing expenditure decisions - politically sensitive – reputational risk involved if rates are raised incorrectly. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers
Employee costs	<ul style="list-style-type: none"> - one of the largest expense items - high volume of transactions / data – subject to error. - errors impact individuals financially. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	<ul style="list-style-type: none"> - one of the largest expense items - High volume of transactions / date – subject to error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department. 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses
Cash and cash equivalents	<ul style="list-style-type: none"> - material balance - fraud risk - if there is any instance of errors and/or fraud it will be indicative of broader errors - Poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment - public money 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	<ul style="list-style-type: none"> - one of the largest liabilities - material balance - opportunity for understatements - if there is a poor use of accrual basis of accounting it will be indicative of poor culture - payments represent an opportunity for fraud 	<ul style="list-style-type: none"> - walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.

4. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively		2019 Findings			
		2019	2018	H	M	L	BP
Purchasing & Procurement/Contracting	10	7	4	-	3	-	-
Fixed Assets	16	13	11	-	3	-	-
General Ledger	11	8	8	-	2	1	-
Accounts Payable	13	11	10	-	2	-	-
Rates / Rates Rebates	10	10	7	-	-	-	-
Payroll	19	18	16	-	1	-	-
Receipting	5	4	3	-	-	1	-
Credit Cards	5	5	5	-	-	-	-
Banking	5	5	5	-	-	-	-
Debtors	6	6	6	-	-	-	-
Total	100	87	75	-	11	2	-

Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (87 out of 100 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in the Appendix 5 – Risk Ratings.

An **interim audit management letter** was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

We recommended that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

In our opinion, subject to the satisfactory completion of the items described in the section 1 of this report, the Council has complied, in all material aspects, 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.

5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk
1. Manual spreadsheets being used as asset registers		Low
Finding	Financial Management uses manual spreadsheets as asset registers for plant and equipment.	
Risk	Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	
Recommendation	Management to consider include all classes of assets in Confirm or another electronic asset register.	

		Risk
2. Plant hire rates are not reviewed on a regular basis		Low
Finding	Audit noted an absence of formal processes to ensure that plant hire rates (rates used to calculate the cost of usage of plant items) are reviewed on a regular basis.	
Risk	Risk of capitalised values in internal management reporting and external financial statements being misstated.	
Recommendation	Management determines an appropriate frequency for review of the plant hires rates, and conducts reviews in accordance with this determination.	

		Risk
3. Employees with excessive annual leave balances		Low
Finding	Audit identified ten employees with annual leave balances in excess of 300 hours.	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	
Recommendation	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in the Appendix 5 – Risk Ratings.

6. Immaterial Uncorrected Misstatements

Valuation of the right of use and the leave liabilities of assets to which AASB 16 Leases will be applied

Description:

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts – except leases with a maximum term of 12 months and leases for non-material amounts – be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

Whilst AASB 16 Leases will be only effective during the 2019/20 financial year, the standard also requires Council to disclose in the 2018/19 financial report the value of the right of use and the lease liability (generally determined by the net present value of the minimum lease payments) related to assets to which the standard will be applied in the subsequent financial year.



The amount of \$300,000 disclosed by Council in note 1 – Summary of Significant Accounting Policies (item 15 – New accounting standards and UIG Interpretations) is the gross amount of the minimum lease payments (i.e. not the net present value).

The difference between the gross amount presented and the net present value of the minimum leave payments is not expected to be material.


7. Contact Details



Tim Muhlhausler CA, B Comm, Grad Dip. (ICAA),
Registered Company Auditor, MIIA (Aust), Registered SMSF Auditor
Partner

 (08) 8332 3433
 (08) 8332 3466
 www.galpins.com.au

 3 Kensington Road Norwood SA 5067
PO Box 4067 Norwood South SA 5067



Juliano Freitas CA, B Acc, Registered Company Auditor
Audit Manager

 (08) 8332 3433
 (08) 8332 3466
 www.galpins.com.au

 3 Kensington Road Norwood SA 5067
PO Box 4067 Norwood South SA 5067



Appendix 1 – Proposed 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 statements of financial position as at 30 June 2019, 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 2019, and its financial performance and its cash flow for the year then ended in accordance with the Australia 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 misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level 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 decision 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 risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but 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.
- 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

Date:

Appendix 2 – Proposed 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 2018 to 30 June 2019 have been conducted properly and in accordance with the 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 2018 to 30 June 2019.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement 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 2018 to 30 June 2019. 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 applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs 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 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 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 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements for 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 that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Hills Council for the year ended 30 June 2019, 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*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 4 – Better Practice Model (BPM) Risks

The risks outlined below are the main BPM risks addressed when determining our audit approach / response as described in section 2 of this report.

Business Cycles	Risk REF	Risks
Rates	RA1	Council does not raise the correct level of rate income
	RA2	Rates and rate rebates are either inaccurately recorded or not recorded at all
	RA3	The property master file data does not remain pertinent
	RA4	Rates are not collected on a timely basis
User Pay Income / Fee for services	US1	The fee charged does not reasonably reflect the value of the services provided
	US2	Council does not apply User Pay principles consistently
	US3	User pay income is either inaccurately recorded or not recorded at all
Investment / Interest Income	II1	Investment income is either inaccurately recorded or not recorded at all
Other Revenue	OR1	Other revenue is either inaccurately recorded or not recorded at all
Grants	GR1	Council loses recurrent grant funding to provide existing services
	GR2	Grant funding is not claimed by Council on a timely basis or not claimed at all
	GR3	Grants are either inaccurately recorded or not recorded at all
Receipting	RE1	Receipts are either inaccurately recorded or not recorded at all
	RE2	Receipts are not deposited at the bank on a timely basis
Purchasing & Procurement	PP1	Council does not obtain value for money in its purchasing and procurement
	PP2	Purchase of goods and services are made from non-preferred suppliers
	PP3	Purchase orders are either recorded inaccurately or not recorded at all
	PP4	Purchase orders are made for unapproved goods and services
	PP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Payroll	PA1	Payroll expense is inaccurately calculated
	PA2	Payroll disbursements are made to incorrect or fictitious employees
	PA3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all
	PA4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
	PA5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation
	PA6	Employees termination payments are not in accordance with statutory and enterprise agreements
Credit cards	CC1	Credit cards are issued to unauthorised employees
	CC2	Credit cards are used for purchases of a personal nature
	CC3	Credit card limits are set at inappropriate levels

Business Cycles	Risk REF	Risks
Other Expenses	OE1	Other expenses are invalid, inaccurately recorded or not recorded at all
Contracting	CO1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process
	CO2	Council does not obtain value for money in relation to its Contracting
	CO3	Commitments are made for unapproved goods and services
Banking	BA1	Banking transactions are either inaccurately recorded or not recorded at all
	BA2	Fraud (i.e. misappropriation of funds)
Investments	IN1	Council makes poor investment decisions
	IN2	Investment transactions are either not recorded or are recorded inaccurately
	IN3	Investment income is inaccurately calculated or not recorded in the appropriate period
Debtors	DE1	Debtors are either inaccurately recorded or not recorded at all
	DE2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
	DE3	An appropriate provision for doubtful debts is not recorded
	DE4	Debtors are either not collected on a timely basis or not collected at all
	DE5	The Debtors master file data does not remain pertinent.
Fixed Assets	FI1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent
	FI2	Fixed assets are inadequately safeguarded
	FI3	Fixed assets are not valued correctly initially or on subsequent revaluation
	FI4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals
	FI5	Fixed asset maintenance and/or renewals are inadequately planned
Prepayments	PR1	Prepayments are either inaccurately recorded or not recorded at all
Loans to Community groups	LO1	Loans to community groups are inaccurately recorded or not recorded at all
Accounts Payable	AP1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all
	AP2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all
	AP3	Disbursements are not authorised properly
	AP4	Accounts are not paid on a timely basis
	AP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Accrued Expenses	AE1	Accrued Expenses are either inaccurately recorded or not recorded at all
Borrowings	BO1	Borrowings are either not recorded or are recorded inaccurately
	BO2	Loans are taken out without appropriate approval

Business Cycles	Risk REF	Risks
	BO3	Loans are not repaid in accordance with agreed terms
	BO4	Loan repayments are not recorded at all or are recorded inaccurately
Employee Provisions	EP1	Employee provisions are either inaccurately recorded or not recorded at all
Taxation	TA1	Tax liabilities are either inaccurately recorded or not recorded at all
Inventories	STK1	Inventory received is either recorded inaccurately or not recorded at all.
Other	OTH1	Other accounts at risk of either recorded inaccurately or not recorded at all.

Appendix 5 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 4 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

Appendix 3

Auditor Independence Statement

Adelaide Hills Council

General Purpose Financial Statements

for the year ended 30 June 2019

Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Hills Council for the year ended 30 June 2019, 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 8th day of November 2019.

Appendix 4

Draft Certification of Auditor Independence

Adelaide Hills Council

General Purpose Financial Statements

for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Council for the year ended 30 June 2019, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of 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(3) *Local Government (Financial Management) Regulations 2011*.

Andrew Aitken
CHIEF EXECUTIVE OFFICER

Malcolm Herrmann
PRESIDING MEMBER, AUDIT COMMITTEE

Date:

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 11 November 2019
AGENDA BUSINESS ITEM**

Item:	7.4
Originating Officer:	Lachlan Miller, Executive Manager Governance & Performance
Responsible Director:	Terry Crackett, Director Corporate Services
Subject:	2018-19 Draft Annual Report
For:	Decision

SUMMARY

The purpose of this report is to provide the draft 2018-19 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 2018-19 Annual Report, as contained in Appendix 1, be endorsed – recognising the need for subsequent 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 Annual 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 small number of hard copies will be printed.

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

The Annual Report contains information of the provision of services and facilities to the Adelaide Hills community in the financial year. It also 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 2018-19 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 will consider the draft financial statements at this meeting and that these financial statements will subsequently be considered by Council at its meeting on 26 November 2019.

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 *2018-19 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 2018-19 Annual Report

Appendix 1

Draft 2018-19 Annual Report



Adelaide Hills
COUNCIL

2018-19
Annual Report



TABLE OF CONTENTS

Welcome to our Annual Report for 2018-19

**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 wider community with an account of our achievements and performance for the financial year 1 July 2018 to 30 June 2019. 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.

Where to get copies


An online version of the Adelaide Hills Council Annual Report can be 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.



“I want residents of the Adelaide Hills Council to feel proud of their community, safe in their community, and ambitious for their community.”

From the Mayor

Our community elected a new Council including a new Mayor and five new Councillors in November 2018. As your new Mayor I’m proud to report after twelve months in office this new Council has developed into a cohesive team while bringing many different community perspectives to the decision-making table.

Effective planning for your future is core to our business and early in the year we commenced a Strategic Plan review. We aim to have a new plan in place by mid-2020 and community engagement is an important part of the process.

We must reseal roads, upgrade drains and tackle weeds on a regular basis but just as important are community developed initiatives, long-term infrastructure projects and environmental wellbeing. To do this we need to be financially healthy.

Council has a Long-Term Financial Plan that we reviewed during 2018-19 to ensure that our goals are fully funded. We divested the Council’s retirement villages which enabled us to significantly reduce our debt by in excess of \$7 million and are currently on track to meet our service delivery commitments and manage our assets effectively for the long-term.

Council rates income is essential for maintaining vibrant, clean and safe communities. In line with our Financial Plan we have kept average rate rises to within 1% of the increase in the Consumer Price Index while also achieving a modest surplus for the 2018-19 financial year.

The environmental health of our district is a priority for Council. In response to climate change we have developed a Carbon Management Plan with the goal of achieving 100% renewable energy use for the organisation by 2024 and we continue to strive for carbon neutrality in our operations as well as reducing, re-using and recycling waste.

Diversity, arts, heritage and opportunities to connect and learn keep our community engaged and enrich the lives of many. Over 400 people attended our Harmony

Day picnic and Fabrik – our new arts and heritage hub at Lobethal – commenced an exciting program of events. We hosted stages of the men’s and women’s Tour Down Under and supported many local community events including welcoming 125 new citizens from 25 countries to our Council district.

It’s important to nurture leadership in the community and our Youth Leadership Program will shortly graduate its first cohort. Furthermore over 225 people attended our adult Leadership Program workshops. Small business owners play a big part in the Adelaide Hills economy and our third May Business Month provided over 400 business participants with the chance to learn and network.

Our Community Centres and Libraries continue to do fantastic work assisted by the essential contribution of our passionate volunteers, and our Development staff are working closely with State Government on the implementation of a new state-wide planning regime.

I believe Councillors and Council staff are rightfully proud of the community they serve, that the community is in safe hands, and that our decisions reflect your ambitions for progress. Furthermore our mission is also for residents of the Adelaide Hills Council to feel proud of their community, safe in their community, and ambitious for their community.

On behalf of Councillors I thank our staff, community partners and volunteers, all of whom have worked with passion and professionalism to help us achieve so much this year.

Jan-Claire Wisdom
Mayor



From the Chief Executive Officer

Achieving positive outcomes for our community requires an efficient and accountable organisation, but it also relies on the passion and expertise of administration staff.

Over the past year Council's administration has worked closely with Council to build organisational sustainability and deliver on our strategic goals.

Attracting the right people for the right jobs and supporting their development is critical to achieving these goals and meeting our service commitments. During the past 12 months we have implemented a number of people-focussed initiatives including mental health awareness training, people leader development, WHS internal auditing, a mentoring and coaching pilot, and the introduction of an online integrated Safety Management System.

Financial sustainability underpins everything we do; without it we cannot deliver our services and programs. In 2018-19 we delivered a capital works program of \$12.6 million, processed 1,092 development applications, and awarded \$143,588 through our Council Grants Program to help 20 local groups and sporting clubs build capacity and improve facilities.

Our commitment to the environment remains strong with the management of waste and recycling a continuing challenge. Over 1.5 million bins are lifted per year in our district and education around bin use and reducing waste to landfill is a key focus, especially given the impacts of China Sword and the unprecedented forty per cent increase in the state's Solid Waste Levy.

Our resourceful team of staff and volunteers are dedicated to supporting our community - and they've been busy!

“Our people are our strength and are critical to achieving our vision and strategic goals.”

Our libraries loaned over half a million items and our outdoor staff developed, upgraded, and maintained over 1,000km of roads. From award-winning towns decked out during the Santos Tour Down Under, to establishment of our Youth Leadership Program; from the signing of the Woorabinda Heritage Agreement, to development of a vibrant arts and heritage hub at Fabrik in the former Onkaparinga Woollen Mill, it has been an exciting year.

Much has been achieved as you will see in this report, enhancing and maintaining our beautiful Hills environment, and delivering one of our largest capital works program ever to improve open spaces, infrastructure and liveability.

I'd like to acknowledge our ratepayers, visitors, staff, volunteers, and the many partners who contribute so much to making the Adelaide Hills a great place to live, work and play. I'd also like to thank our Council for their enthusiasm, collaboration and commitment.

Andrew Aitken
CEO

Our Dynamic Adelaide Hills

The Adelaide Hills region is valued by residents and loved by visitors for its abundance of natural environment, quality local produce, scenic beauty, and outstanding food and beverage experiences. It is a destination famed nationally and abroad for its vibrant arts offerings and cultural heritage.

The Adelaide Hills has a long and rich history. We recognise 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.

With this 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.

Our 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.

Our district is known for being one of the most liveable in the country. Adelaide Hills communities are defined

by their strong commitment to their townships and a great sense of pride in where they live. The passion of our communities to realise their region's highest capabilities is demonstrated in our high levels of volunteering, and community-led initiatives such as Gumeracha Main Street Project, Imagine Uraidla and Love Woodside.

Our local economy is ever-changing, with new and evolving industries including boutique beverages, 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 nearly 500,000 domestic day-trip visitors annually.

Our Population

- Population 39,734*
- Median age 44
- Home owners 11,870
- Households with vehicles 13,266

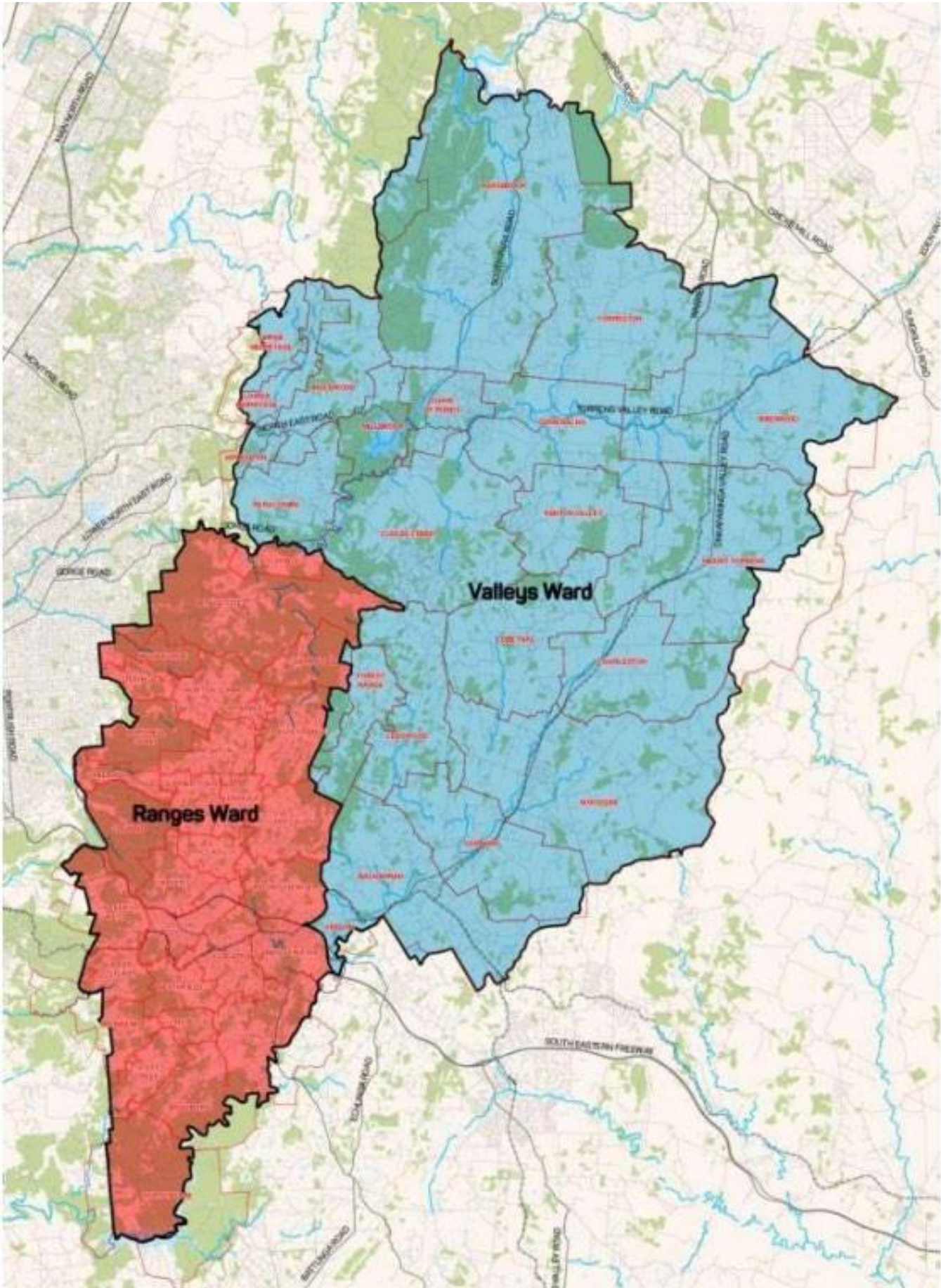
Our Area

- Number of townships 57
- Number of dwellings 15,454
- Population density 49/km²
- Area 795km²
- Council sealed roads 640km
- Council unsealed roads 396km

Our employment and businesses

- Businesses in the area 4,001
- Employed residents 22,283
- Local jobs 11,634
- Visitors to the area 474,000 average annual domestic day trips

*ABS 2018 Estimated Resident Population



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 two Wards. Elections for Local Government are held every four years, with the next election to occur in November 2022.



Our Council Members

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.

Mayor

Jan-Claire Wisdom

Ranges Ward

Councillor Ian Bailey
Councillor Kirrilee Boyd
Councillor Nathan Daniell
Councillor John Kemp
Councillor Leith Mudge
Councillor Mark Osterstock
Councillor Kirsty Parkin

Valleys Ward

Councillor Pauline Gill
Councillor Chris Grant
Councillor Linda Green
Councillor Malcolm Herrmann
Councillor Andrew Stratford

Image (from left to right): Cr Malcolm Herrmann, Cr Andrew Stratford, Cr Ian Bailey, Cr Leith Mudge, Cr Pauline Gill, Cr Mark Osterstock, Mayor Jan-Claire Wisdom, Cr Nathan Daniell (Deputy Mayor), Cr Kirsty Parkin, Cr Kirrilee Boyd, Cr John Kemp, Cr Chris Grant, Cr Linda Green



Our Executive Team

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

CEO



Andrew Aitken

Directors

Community Capacity Corporate Services



David Waters



Terry Crackett

Infrastructure and
Operations



Peter Bice

Development and
Regulatory Services



Marc Salver

Executive Managers

Governance and
Performance



Lachlan Miller

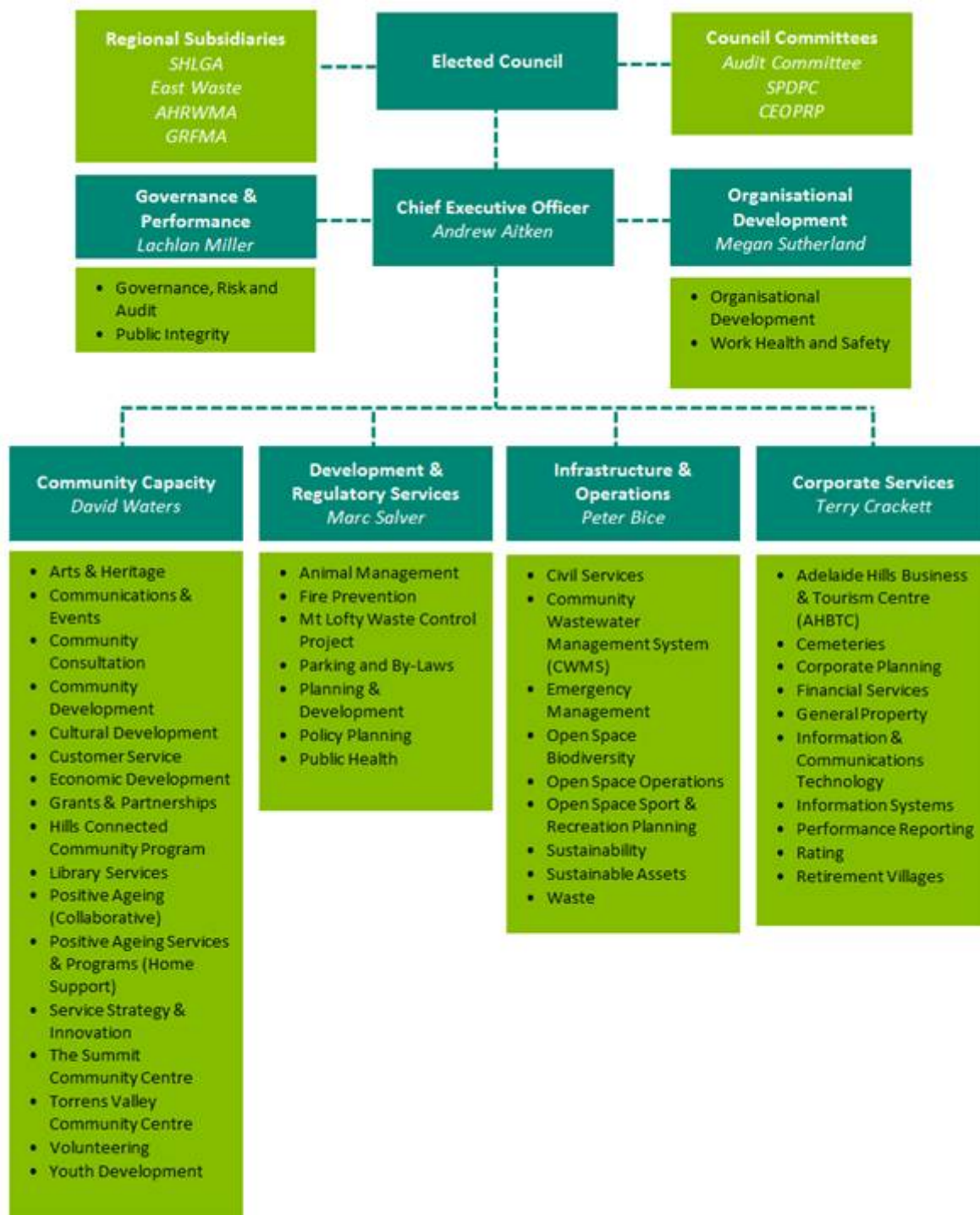
Organisational
Development



Megan Sutherland

Adelaide Hills Council Organisational Structure

as at 30 June 2019





Our 2018-19 Performance Highlights

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

\$12.56 million

Used to deliver a sustainable *capital works program* for the Adelaide Hills community.



Effective Recycling Practices Maintained

Council managed the China Sword uncertainty through committed partnership with South Australian resource recovery services.



512,508 loans

Loans provided via our libraries at Stirling, Woodside and Gumeracha and via our mobile and home delivery services, improving literacy in our community.



11,191

Customer requests and enquiries

managed through our customer service system in 2018-19,

ensuring that our community's needs are met.



Youth Leadership Program established

A professionally facilitated course for young people in the district that provided leadership skills and enhanced employability for participants.



Launch of Fabrik Arts & Heritage

Fabrik is building its network in the arts community and holding exhibitions, workshops and immersive experiences that are establishing its credibility early.

 **198** 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.

450 Members of the community who attended 30 workshops and seminars

held during May Business Month. This included 20 creative business entrepreneurs who attended new workshops held at Fabrik.



6,323

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



1,092 Development applications processed during 2018-19 with a total construction value of **\$148 million.**

\$143,588 council grants



awarded across the district to 20 local groups for community initiatives and facility developments to improve community capacity through

- Cultural development,
- health and wellbeing,
- environmental enhancements
- and Social welfare needs.

Reconciliation Working Group established



A group of **nine local representatives** who will assist Adelaide Hills councils in the development and implementation of **Reconciliation Action Plans.**



Action taken to protect Rakali

New interpretive signage installed at relevant creeks to **alert the community** to our protected species of native water rat. Other environmental groups continue to replicate the information and expand our communication across the hills.



10 Local artists participated in **30 days** of drawing for **The Big Draw Festival**, and the local community joined **15 workshops** as part of this **international event.**



6,502



Domestic assistance and home maintenance hours of support

to assist older people to continue to live independently in our community.

A further **24,000 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 2018-19 was over \$50 million with the majority coming from rates revenue. This funding supported our existing services and infrastructure, as well as investment in new strategic priorities. Our financial spending remains in line with our 2018-19 Annual Business Plan.

Expenditure Highlights



\$00.0
million

Infrastructure and Operations



\$00.0
million

Property Services



\$00.0
million

Community Programs



\$00.0
million

Waste and Recycling



\$00.0
million

Planning and Development



\$00.0
million

Libraries and Customer Services

How your money was spent

Program Spend	Invested (\$'000)	%
Infrastructure & Operations	00,000	%
Support Services	00,000	%
Waste Services	00,000	%
Property Assets (incl. AHBTC Upgrade)	00,000	%
Libraries & Customer Services	00,000	%
Planning & Development	00,000	%
Community Services	00,000	%
Community Centres & Programs	00,000	%
Regulatory & Health	00,000	%
Governance	00,000	%
Community Waste Management Systems	00,000	%
Total	00,000	100%

2018-19 Capital Works Program

As part of our 2018-19 Capital Works program we delivered design, construction and improvement projects for a total of approximately \$13 million. Below is a list of Council's completed main projects.



Road Works \$4.7 million

Main projects include Frick Street and Mattner Road reconstructions, 14km of sealed roads resurfaced and 28km of unsealed roads resurfaced.



Bridges \$243,000

Main projects include a floodway upgrade at Sires Road, Kersbrook.



Stormwater \$1.03 million

Included the Spring Street Kersbrook and Stirling Oval storm water renewal and upgrade, and the Bridgewater Oval creek rectification and upgrade works.



Footpath construction program \$1.1 million

Included footpaths on Mount Barker Road and Pomona Road Stirling, Townsend Street and Terlinga Road Mount Torrens, Murray Street and Wellington Street Gumeracha, and the Heathfield High School pedestrian crossing on Longwood Road.



Community Wastewater Management System (CWMS) \$580,000

Main projects include work on the Birdwood rising main, from Church Street to the Treatment Plant, and a waste water upgrade to the Piccadilly Valley Community Recreational Centre.



Other capital projects \$2.6 million

Included the replacement and upgrade of a retaining wall at Heathfield Oval, and court resurfacing in Cherryville, Montacute and Greenhill. Also an upgrade to the Mount Torrens Reserve Archive building and shelter, and kerb renewal works across the region.



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.

Our service standards were reviewed in December 2016 and new standards were developed for implementation from 1 July 2017. The new standards more accurately reflect service delivery priorities and realistic performance timeframes and targets.

Results for the 2018-19 financial year show over 30,000 phone calls received through our call centre and addressed by customer service staff. We also had 3,361 requests for bin repair and bin maintenance, and 263 reports of European Wasp nests in the area.

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

Updating Customer Details

We will update your details within 5 days

Volume **445**
Target **80%**
Result **97%**
Last year 89%



Dog Attacks

We will respond to reported dog attacks within 24 hours

Volume **26**
Target **80%**
Result **92%**
Last year 86%



Illegal Burning Complaints

We will investigate reported illegal burning within 24 hours

Volume **23**
Target **80%**
Result **87%**
Last year 91%



New Event Applications

We will acknowledge receipt of new applications within five days

Volume **39**
Target **80%**
Result **85%**
Last year 90%



Wasps

We will investigate and action reported European Wasp nests within seven days

Volume **263**
Target **80%**
Result **98%**
Last year 76%



Request for bin repair or replacement

We will action requests for bin repair or replacement within seven days

Volume **3361**
Target **80%**
Result **94%**
Last year 78%



Footpath Repairs – Hazardous

We will respond and make safe hazardous footpath issues within 24 hours

Volume **1**
Target **80%**
Result **100%**
Last year 0%



Development Applications

We will, on average, make a decision on planning consent within 12 weeks of receipt of the application

Volume **897**
Target **12 weeks**
Result **Average: 16 weeks/Median: 10 weeks**
Last year **Average: 16 weeks/Median: 10 weeks**



Stormwater Repairs – Hazardous

We will respond and make safe hazardous stormwater and flooding issues within 24 hours

Volume **1**
Target **80%**
Result **100%**
Last year 0%



Health Complaints

We will investigate and respond to reported food complaints within 24 hours

Volume **7**
Target **80%**
Result **100%**
Last year 100%



Development Applications

We will approve fast-track Development Applications within 28 days

Volume **101**
Target **80%**
Result **95%**
Last year 75%



Trees – Hazardous

We will respond and make safe hazardous tree issues within 24 hours

Volume **94**
Target **80%**
Result **64%**
Last year 97%



Illegally Dumped Rubbish

We will remove illegally dumped rubbish within 3 days

Volume **224**
Target **80%**
Result **83%**
Last year **63%**



Missed Bins

We will collect missed domestic bins within two days

Volume **7**
Target **80%**
Result **100%**
Last Year 97%



Answering incoming phone calls

We will answer 75% of calls to our contact centre within 30 seconds

Volume **31,784**
Target **75%**
Result **75%**
Last Year N/A



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 **2579**
Result **Average 135 days / Median 21 days**
Last year **Average 46 days / Median 5 days**



Road Repairs – Hazardous

We will respond and make safe hazardous road and pothole issues within 24 hours

Volume **0**
Target **80%**
Result **No Incidents**
Last year 50%



Library Services

We will respond to requests to purchase materials within 10 days

Volume **121**
Target **80%**
Result **99%**
Last Year 99%





Our major events and awards

Council supported 115 community events in 2018-19 including markets, festivals, and major crowd-pleasers like bonfire nights, renaissance fairs, and a tarmac rally, ensuring that the Adelaide Hills remains a destination of choice.

Our Events

Mill Square Christmas Music Festival

15-16 December 2018

Santos Women's Tour Down Under Stage 1 Finish, Birdwood

10 January 2019

Santos Women's Tour Down Under Stage 3 Finish, Stirling

12 January 2019

Santos Tour Down Under Stage 3, Lobethal and Uraidla

17 January 2019

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

26 January 2019

Stirling Fringe

22 January – 3 March 2019

Hills Harmony Picnic

23 March 2019

Volunteer Movie Day (with Mount Barker District Council)

24 May 2019

Pets and Livestock Education Workshop Series

March – May 2019

Weaving Stories: a light projection display

Fabrik arts + heritage

3-25 May 2019

Peramangk Campfire Story Telling

15-16 May 2019

Pome Fest (with SA Apple & Pear Growers Association)

31 May – 1 June 2019

Our Awards

Public Engagement and Community Planning Award

(SA Planning Institute)

Adelaide Hills Council, the Gumeracha Main Street Project and Jensen PLUS

This award acknowledges the extensive consultation undertaken for this community-led initiative.

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 Corporate Plan, all of which are critical to ensuring Council's long-term sustainability. An online version of the Adelaide Hills Strategic Plan can be downloaded at ahc.sa.gov.au. Performance information in this Annual Report is aligned with our Strategic Plan and the 2018-19 Annual Business Plan (ABP).

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.
Organisational Sustainability	Goal 5 Open, transparent and responsive	Outcome: We strive for accountable and strategic decision-making and pursue excellence and equity in service delivery.

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 our close proximity to Adelaide city, our district is also highly sought after for its liveability.

The Hills has one of the highest proportions of small and micro businesses in South Australia. We consider these the backbone of our economy.

To ensure future prosperity Council has been working in 2018-19 on building the profile of the region as the tourism destination of choice, attracting new business and making it easier to do business in the area, and improving its liveability for older people.



Key Achievements 2018-19

Strategy 1.3 | We will work towards making the Adelaide Hills the favoured tourism destination in the State.

We will continue to invest \$50,000 per annum for the next two years in visitor information servicing in the Adelaide Hills, bringing the total investment in Adelaide Hills Tourism to \$100,000 for each of the next two years. With a big emphasis on digital technology, we will work with Adelaide Hills Tourism and Mount Barker District Council to ensure visitors to our region know what is on offer and how to get there.

In 2018-19 we contributed \$100,000 to support the programs and activities of Adelaide Hills Tourism. Focussing largely on improving and enhancing visitor information servicing through digital platforms some key activities have included:

- customer journey mapping to inform a mobile first regional website

- the appointment of Svelte Studio to build a mobile first, "information kiosk" regional website including an itinerary builder by the end of 2019

- the reprinting and distribution of high-demand A3 tear off maps to key visitor information outlets

- the wide distribution of digital and hard copy Adelaide Hills visitor guides

- the development of VisitAdelaideHills branded online media through social media and website posts reflecting the key messages of the Adelaide Hills Interpretation plan.

Strategy 1.5 | We recognise that small and micro business is the backbone of our regional economy and will work with stakeholders to make it easier to do business in the Hills.

May Business Month is an annual initiative of the Adelaide Hills Council and Mount Barker District Council. It aims to raise awareness within the region of services and training opportunities available to small business, and to encourage participation as good business practice. Through workshops, seminars and networking events, the month-long program provides opportunities for businesses to network, learn new skills, and update their knowledge.

Both councils are dedicated to encouraging and supporting business growth and new investment into their respective districts and it made sense to provide a program with cross-regional benefits at the local level.

The third annual May Business Month raised awareness within the region of services and training opportunities available to small business, and to encourage participation as good business practice. More than 450 participants enrolled in a variety of workshops, seminars, and networking events throughout the month-long program. May Business Month is a joint initiative with Mount Barker District Council.

Strategy 1.10 | We will use the amended Development Plan to encourage more housing opportunities for first home buyers and those wishing to age in our community.

The Council's Development Plan has now been amended to allow for a wider variety of housing opportunities in the district. We will be commencing with the conversion

of our Development Plan into the new State Planning and Design Code over the next two years to assist with the transition to the new State Planning System. This will also include the roll out of an electronic Development Application system by the State Government in order to streamline assessment processes and improve processing efficiencies for new homes.

Council's amended Development Plan provides for a wider variety of housing opportunities in the district. A number of information sessions were held in January and February 2019 about the new Mixed Residential Zone located around Stirling and Crafers and highlighted the desired development outcomes for new housing there. Further amends to our Development Plan in line with the State Government's Planning and Design Code will occur before implementation on 1 July 2020, at which time the new State Development Application system will also become fully electronic. We are well placed for this change as Council has been proactive in developing an electronic system over the past 18 months and will be able to manage the transition to the state system with ease.

Strategy 1.11 | We will embrace nature play concepts in play space developments.

Following the success of the Bridgewater Playground redevelopment in 2016 we've made an allocation for play space developments in other parts of the district. Areas of greatest need will be identified and natural play elements will be incorporated to ensure play spaces have the right mix of fun, risk, and adventure.

Play spaces at the Birdwood and Paracombe Ovals were identified for upgrade as part of the 2018-19 Annual Business Plan. Construction is yet to commence at the sites however draft designs include natural elements and integration with the existing natural surrounds.

Other highlights:

We will continue to work with our Rural Land Management Advisory Group to identify what barriers exist to the region achieving 'pest free' accreditation.

We will continue to progress the World and National Heritage bids for the Mount Lofty Ranges Region as a working agrarian landscape.

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

The Federal Government has announced funding to upgrade roads to establish a B-Double freight route from Murray Bridge to Lobethal. We will work with the State and Federal Governments to ensure community needs are identified and addressed through this process and that the upgrade supports economic development and job growth in the region.

With other partners we will progress a scoping study for a northern freight train bypass.

We will continue to provide advice and opportunities for businesses to network and grow in the district.



Strategic Goal 1 People and Business Prosper

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Community Development			
Number of community leadership training opportunities provided	8	10	21
Community Buses Provided for programs	4	4	4
Economic Development			
Number of attendees at Business Month in May events	350	400	450
Number of E-newsletter subscriptions	3,497	3,600	6,323
Grants and Partnerships			
Number of grants made to community groups	20	25	20
Number of trips conducted by Hills Community Passenger Network	N/A	1,150	1,875
Hills Connected Communities Program			
Hills Connected Communities Program participants with increased social connections	95%	95%	90%
Positive Ageing Services and Programs (Home Support)			
Number of hours of service provided to Positive Ageing clients.	5,489	4,620	4,604
Number of trips provided to Positive Ageing clients.	2,478	2,760	2,868
Number of hours of service provided to Positive Ageing clients.	2,222	1,836	1,898
Number of hours of service provided to Positive Ageing clients (total client hours).	25, 617	21,228	24,680
Community Centres			
Number of regular programs, short courses or workshops per term at The Summit Community Centre	115	125	148
Number of different types of services offered at The Summit Community Centre, e.g. transport, JP (of varied frequency each term)	11	12	12
Number of regular programs, short courses or workshops per term at Torrens Valley Community Centre.	175	190	202
Number of different types of services offered at Torrens Valley Community Centre, e.g. transport, JP (of varied frequency each term)	14	15	15
Volunteering			
Number of volunteer recognition events held.	2	2	8
The percentage of volunteers who are actively engaged within 20 days of application.	N/A	70%	N/A
Youth Development			
Number of youth participating in Youth Drivers Awareness Course	19	26	17
Number of Youth Development workshops delivered and number of participants	N/A	4 workshops, 30 participants	9 workshops, 12 participants
Animal Management			
Total number of dogs impounded	70	60	32
Attendance to reports of currently occurring dog attacks within two hours	85%	90%	100%
Response to reported dog attacks within 24 hours	90%	80%	92%
Investigation and action of reported European wasp nests within seven days	80%	80%	98%
Total dog registrations	7,600	8,000	7,967
Response to cat nuisance complaints within 24 hours	No data	80%	No Data

Strategic Goal 1 People and Business Prosper

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Fire Prevention			
Number of Section 105f notices issued for fire prevention hazard reduction on private land	481	450	388
Number of private property inspections undertaken (first round and follow up after Section 105f notices issued) by 30 November each year	700	720	1,450
Investigation of reported illegal burning complaints within 24 hours	87%	80%	87%
Mount Lofty Waste Control Project			
Number of failed wastewater systems approved for upgrading annually as identified for review as part of the Mount Lofty Waste Control Project	42	50	20
Planning and Development			
Decision on planning consent within 12 weeks of lodgement (average)	16.2 weeks	12 weeks	17 weeks
All new approved swimming pools inspected within one week of notification of pool completion	100%	90% compliance	71% compliance
Approve fast track Development Applications within 28 days	89%	80%	95%
Public Health			
Investigate and respond to food safety complaints within 24 hours	100%	80%	100%
Number of food businesses inspected annually	345	320	344
Number of wastewater applications assessed annually	180	180	206
Number of high risk manufactured water systems inspected annually	26	26	16



Looking forward to 2019-20

People and Business PROSPER: Key Initiatives

Examine the feasibility of joining the Small Business Friendly Council scheme run by the Small Business Commissioner.

Complete the review of our cycling and trail strategies.

Continue advocating for a northern freight bypass to improve efficiency and reduce freight movements through the Hills.

Advocate for change to development policies to allow value-add activities to farming properties.

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 for genuine connection 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 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 2018-19. 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 2018-19

Strategy 2.1 | We recognise and respect Aboriginal culture and the descendants of our first people. We will implement a Reconciliation Action Plan.

The initial focus for our Reconciliation Action Plan is to reflect on the past, develop a better understanding of Aboriginal culture, and make better connections with Aboriginal people. In 2018-19 Aboriginal people and their representatives were invited to be part of a working/reference group.

In partnership with Mount Barker District Council we have established the Adelaide Hills Reconciliation Working Group to advise on the development and implementation of Reconciliation Action Plans and on matters that impact the local Aboriginal and Torres Strait Islander community. This group is made up of seven community members who identify as Aboriginal and an elected member from each Council and held its first meeting in April 2019. An Adelaide Hills Council Reconciliation Working Group has also been created with staff to develop our Innovate Reconciliation Action Plan.

Strategy 2.2 | We recognise diversity in the community is one of our greatest strengths and we will support and promote opportunities for social inclusion.

In 2018-19 we continued to pursue activities arising from our Multicultural Action Plan in an effort to make the district more welcoming to people from diverse backgrounds. We enhanced the profile of the Hills Harmony Picnic, celebrating Harmony Day, and rolled out cultural diversity awareness programs for young people through our libraries.

The Hills Harmony Picnic was held in March 2019 and was attended by an estimated 350 to 400 people including locals and multicultural and new arrival groups, the latter receiving transport assistance to enable their attendance. The event included live performances by ballet and Indian Classical Dance schools and the Burundian Drummers, as well as face painting, henna painting, and locally run BBQs. In June 2019 we ran an interactive theatre-based anti-racism program, Generation of Change, at Oakbank Area School in partnership with Act Now Theatre. High school students from Oakbank, Heathfield and Birdwood were in attendance.

Strategy 2.3 | We will establish a community leadership program to help unlock the potential of people in the community to improve the community.

Our existing Community Leadership Workshop Series was refined to more effectively support community leaders and groups to reach their full potential.

Through our Community Leadership Workshop Series, 17 workshops were delivered to 229 local participants. Workshops covered topics relevant to community groups and volunteer leaders and included grant writing, resilience, strategic planning, committee structures and constitutions, volunteer recruitment and retention, and refugee awareness, as well as formal training for Traffic Control Marshals and Child Safe Officers. A Community Associations Forum was also held and a section of the website was dedicated to building the capacity of local groups and leaders through free downloadable resources.

Strategy 2.4 | We will implement the Adelaide Hills Business and Tourism Centre (Old Woollen Mill) Masterplan to stimulate local job creation, boost tourism and create a vibrant cultural hub.

The district's first Arts and Heritage Hub has been established at the former Onkaparinga Woollen Mill in Lobethal as part of an overall economic and social improvement plan for the precinct. The growing total employment trend at the site is expected to continue also as businesses purchase and invest in elements of the site.

In October 2018 a name was selected for the Arts and Heritage Hub: Fabrik, which acts to connect the sense of textiles formerly produced at the site (fabric), the German settler history of Lobethal and the former use of the site as a mill (Fabrik is a German word meaning factory). Activation of the site saw a range of activities take place including participation as a venue for the South Australian Living Artists Festival and Adelaide Fringe, implementation of artistic workshops, and a history project with artist in residence that collected and presented stories about the Onkaparinga Woollen Mill for the South Australian History Festival. These initial activities in 2018-19 provide baseline figures for an evaluation framework. Design for the first stage of capital improvements has also been developed with the design of stage two improvements underway.

SP 2.5 – We will support opportunities for learning in our community to increase the confidence, wellbeing and health of our citizens.

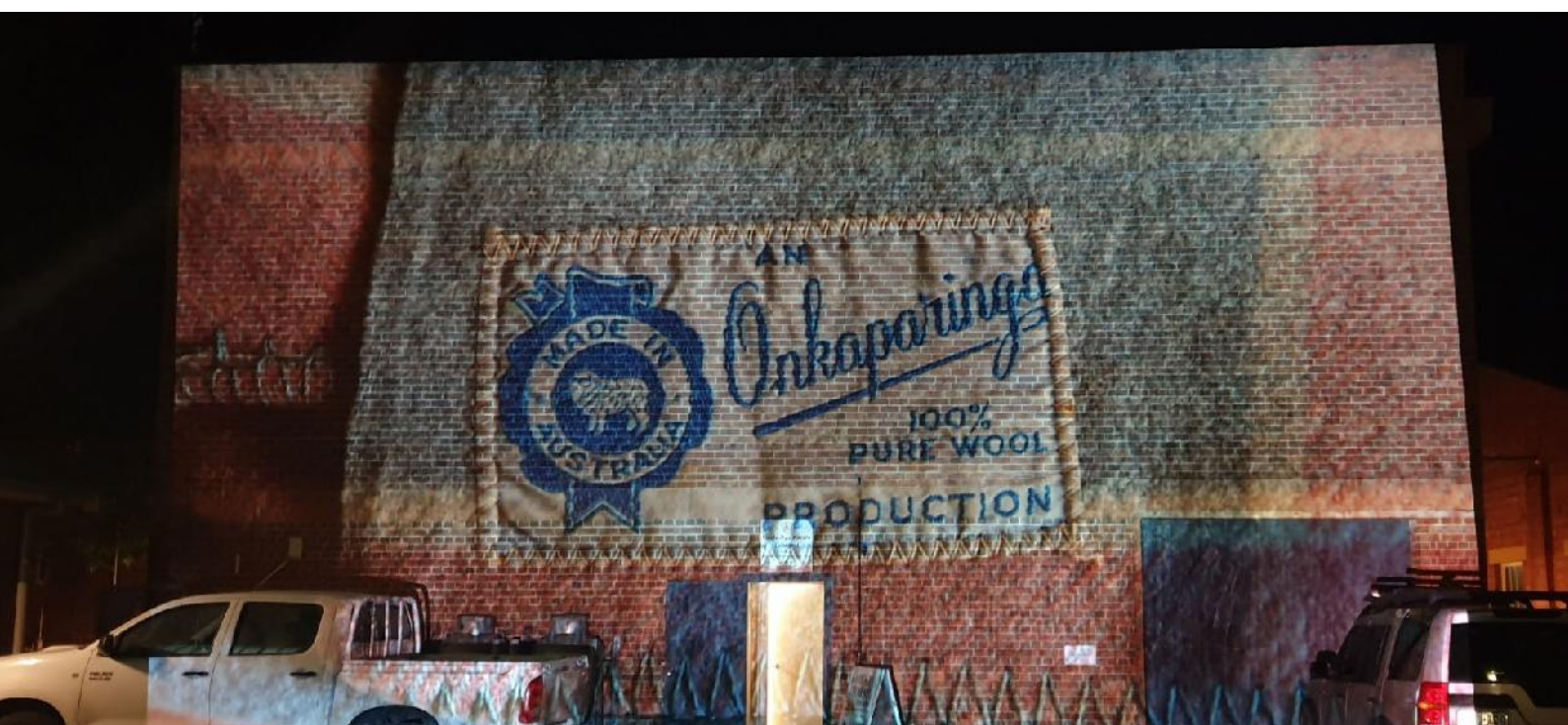
Reliance on digital technologies and online services is a modern reality. As a result we are investing more in digital

literacy services through our libraries with a focus on enabling people of all ages to be confident 'digital citizens'. We continue to align children's school holiday programs with school curriculum trends around science, technology and innovation.

Adding the role of a Digital Learning Officer to staff in 2018-19 enabled us to introduce 33 S.T.E.A.M. based programs for 208 children and teenagers (S.T.E.A.M. stands for Science, Technology, Engineering, Arts, and Maths). This included programs on robotics, coding, electronics, website creation, animation and augmented reality. Initial steps were also taken to integrate scientific concepts such as osmosis to our Toddler StoryTime sessions. Adult learning was addressed with one-on-one training or group sessions in the use of digital devices and personal computers, with 174 people participating across the year. Furthermore, several community groups were introduced to eResources available via our library catalogue on their own digital devices. General access to online learning has continued and included real time homework help for 224 students and Computer School tutorials being accessed by 1,045 library members. Further learning tutorials were accessed on LyndaLibrary for a further 1,045 library members.

SP 2.6 – We will seek to bring events to our district that have social, cultural, environmental and economic benefits.

In 2018-19 we began to grow our involvement in the Women's Santos Tour Down Under, while continuing our proud involvement in the Men's Tour. We have invested more in supporting small community events and



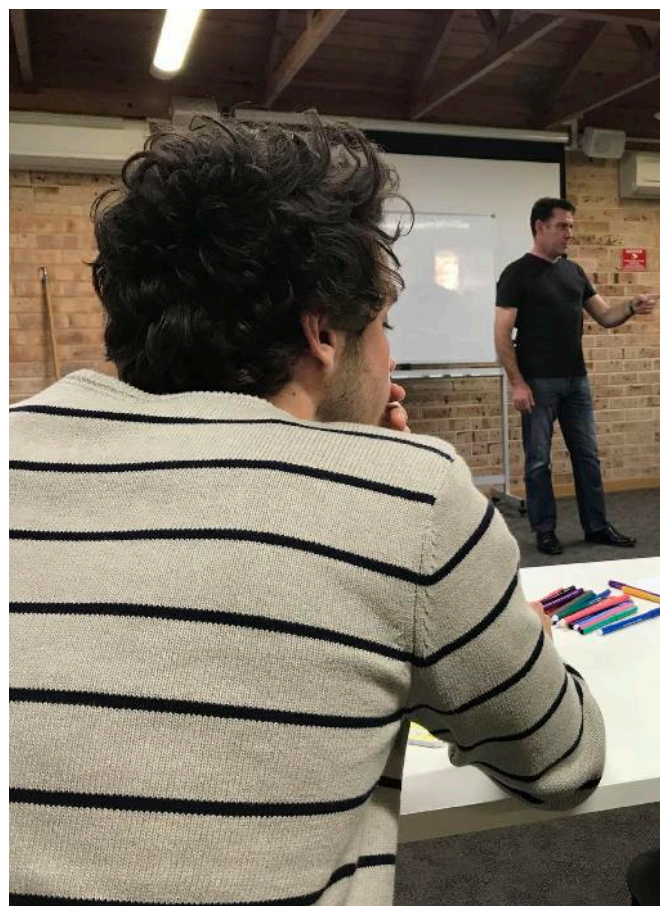
continue to develop sustainable event waste management practices.

In January 2019 we hosted two stages of the Women's Santos Tour Down Under, in Birdwood and Stirling, with great crowd participation and support from the local community. We also hosted a Men's Tour stage from Lobethal to Uraidla with large crowds and event participation from local business and community groups throughout. Over 100 small community events such as school fairs, history days, sports finals and community meetings were provided with material support, and sustainable waste management practices such as increased use of compostable materials were a focus of Council event organisation. We encourage the same awareness at Council-supported events.

SP2.8 – We will improve the engagement and participation of younger people in our district.

This year we committed to review the Youth Advisory Committee for effectiveness and relevance to ensure young people can actively participate in Council processes. The result was to have an increased focus on developing young people as the leaders of tomorrow through a new youth leadership development program.

Our Youth Advisory Committee as a tool for youth engagement was determined not to be the most effective option for our aims. The committee was replaced with a Youth Leadership Program, which has a focus on the development of leadership, professional, and social skills through structured, professionally facilitated workshops. From April to June 2019, eight sessions were conducted on topics including effective communication, goal setting, peer consultation, entrepreneurship and public speaking to around a dozen young participants. The new-look program and its activities have attracted a lot of positive attention from schools and young individuals in the district.



Other highlights:

We have reviewed library services, including our mobile library, to ensure service provision is meeting the needs of the community effectively and efficiently.

We have continued to develop library collections and programs that promote and support social inclusion.

We have undertaken a volunteer engagement survey and review of volunteer management processes to increase the effectiveness of recruitment, support and recognition.

Strategic Goal 2 Activities and Opportunities to Connect

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Arts and Heritage Hub			
Studio rental space occupancy at Fabrik	N/A	25%	75%
Number of public exhibitions held at Fabrik	N/A	6	5 exhibitions, 2 major events
Cultural Development			
Number of staff and Council Members receiving cultural awareness training	N/A	35	46
Number of community events developed to celebrate cultural diversity	2	2	2
Library Services			
Number of attendees at library programs	16,092	16,500	21,911
Number of attendees at digital literacy support programs	202	250	386
Response rate for requests to purchase new library materials within 10 days	100%	80%	100%
Number of hours of homework help provided online, free of charge	149	150	224



Looking forward to 2019-20

Activities and Opportunities to CONNECT: Key Initiatives

Start development of a new Reconciliation Action Plan (Innovate).

Seek contributory funding for the first stage capital development of Fabrik.

Develop a library services strategy.

Increase focus on developing young people through our Youth Leadership Program.

Goal 3

Places for people and nature

Place

What success looks like:

Vibrant places which 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 weeds, habitat fragmentation, bushfire, 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 2018-19. These include implementing our environmentally friendly steam weeding program, as well as our Native Vegetation Marker System Monitoring and Management program.

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 practices within our community.



Key Achievements 2018-19

Strategy 3.1 | We will work with our community to encourage sustainable living and commercial practices.

We are striving for carbon neutrality and encourage our community to do likewise, so we're putting more money aside to develop a Carbon Neutrality Plan whilst continuing our investment in sustainability incentive grants. We are investigating water reuse opportunities and, where possible, designing and implementing various Water Sensitive Urban Design initiatives including creek restoration and bio-filtration. We are also undertaking research and analysis on a Community Energy Program across the region through our membership of the Resilient Hills and Coasts Climate Change Adaptation Project Group.

In 2018-19 we completed our Corporate Carbon Management Plan which includes key goals of achieving 100% renewable electricity use by 2024 and continuing to strive towards carbon neutrality. Through the ongoing energy efficiency program we have installed solar PV panels on The Summit Community Centre and undertaken an energy audit to identify further energy saving potential. Also, with our Council Grants Program, we provided funding for the installation of a solar panel system on the Uraidla and Summertown Show building and the SA Australian Pistol and Shooting clubrooms. We have continued our investigation into possible reuse opportunities for the Woodside Recreation Ground and also commenced the restoration of the creek line through the site. Water Sensitive Urban Design initiatives have been undertaken at the Stirling Oval and also along Onkaparinga Valley Drive at Woodside. The Resilient Hills and Coasts group was successful in obtaining funding from the Local Government Association of SA to prepare a toolkit on legal, risk management, governance, and

community engagement aspects of the continuing investigation into a possible community energy program across the region. A community information session was held in June 2019 and further work is continuing on its potential.

Strategy 3.3 | We will complete the road reserves and reserve assessments Native Vegetation Marker System (NVMS), leading the nation in conservation and biodiversity management practices.

We recognise the importance of remnant native vegetation on roadsides and reserves. Accordingly, we have increased our investment in the Native Vegetation Marker System (NVMS). These sites will receive ongoing monitoring and active management to protect and conserve areas of high biodiversity value.

In the year 2018-19 we achieved 78 baseline assessments across 54 NVMS sites. Baseline surveys have now been completed for 325 of 463 sites. Additional funding was used to progress the implementation of initiatives protecting the highest value roadside sites identified through the NVMS Program and additional high value NVMS sites have been selected for management of weed invasion. This has enabled greater collaboration with Adelaide Mount Lofty Ranges NRM.

Strategy 3.5 | We will take a proactive approach, and a long term view, to infrastructure maintenance and renewal.

We continue to invest heavily in renewing the assets we already have before they deteriorate below a serviceable standard. In 2018-19 we conducted the

upgrade of retirement villages to replace old fit-outs and make facilities more age-friendly. We have also developed business workflows in our Asset Management System that enable real time defect information to be logged in the field as they are discovered. We also commenced the development of guiding frameworks for strategic investment across Sport and Recreation Assets.

In 2018-19 we continued to undertake the renewal of assets including resurfacing 14km of sealed road and 28km of unsealed road. We continued to invest in our system integration and the use of field devices for tree and playground related enquiries. The Community and Recreational Facility portion of our Council Grants Program provided \$98,000 to 14 groups across the district specifically for improvements to their built assets.

Strategy 3.6 | We will reduce the impact of cats on native flora and fauna.

In light of the review of our Animal Management Plan, and considering feedback received from the community, we have completed a review of our Cats By-law that considered any changes that may reduce the impact of cats on our environment and biodiversity.

The review of our Cats By-law was completed in July 2018 and the new By-law became operational

in December. As part of the adoption of the new By-law, Council granted a period of time before compulsory cat confinement would be enforced. A communications campaign was begun to inform and educate the community of this new requirement before it comes into effect in January 2022. A study into the impact of cats on native flora and fauna is anticipated to be undertaken by Council in 2020-21.

Strategy 3.7 | We will drive further reduction in waste consigned to landfill.

In conjunction with East Waste, and in line with our Waste and Resource Management Strategy, we have been exploring the potential for soft plastic recycling within our Council area. We also undertook kerbside bin audits and explored opportunities for further recycling services within prominent public places.

A trial of broad recycling at community events was undertaken at the Stirling Market on Druid Avenue, the Uraidla and Summertown Country Show, and the Sustainability Fair. The trials involved providing the public and any stall holders with green organic and recycling disposal options with the aim of reducing waste to landfill. Resulting contamination rates showed that education in regards to waste separation at events needs to be continued. To assist with the waste education process, Council worked with Kesab to complete kerbside bin audits of approximately 200 properties. Bin content was assessed for



contamination and/or good recycling practices and educational material was placed on the bins to congratulate or help educate home occupants for future waste decisions.

Strategy 3.9 | We will encourage community-led place making approaches to enhance townships and public spaces.

In 2018-19 the Mount Torrens Heritage Reserve redevelopment was completed with heavy input from the local community. We have also continued to work with the Gumeracha community to develop a masterplan for the Gumeracha main street and surrounds with a focus on creating a precinct conducive to business, tourism and social activities.

The project to redevelop the Mount Torrens Heritage Reserve was completed as part of Council's capital improvement program. Infrastructure, an archival storage shed and community shelter was built on the site, and improvements were made to an existing retaining wall, footpaths, rainwater tanks, electrical works, and water systems. The project was completed in consultation with the Mount Torrens and District Community Association. The Gumeracha Main Street Masterplan was finalised in conjunction with the community-led Gumeracha Main Street Project Group and consultant Jensen PLUS. The extensive community engagement process undertaken for this Masterplan resulted in a Planning Institute of Australia award for the project. The design details are now to be prepared for implementation. Further to this, grant funding was successfully obtained for moving powerlines underground on the Gumeracha main street and implementing the Masterplan. Overall construction will commence in mid-2020.



Other highlights:

A comprehensive review and consultation of our Biodiversity Strategy was undertaken, with the new strategy approaching approval in late 2019.

We continued to work with the State Government to complete the Amy Gillett Bikeway from Mount Torrens to Birdwood, and on to Mount Pleasant in the Barossa. Additionally, we are exploring opportunities for a broader Inter-regional Cycle Network, to create links between key economic and tourist destinations in the state.

We have undertaken community education around mandatory dog and cat microchipping and desexing requirements, while supporting the introduction of the new Dogs and Cats Online (DACO) system for pet registrations.

We have continued to offer food safety training to food businesses and community organisations.

We finalised the review of Council's By-laws.

Strategic Goal 3 Places for people and nature

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Adelaide Hills Business & Tourism Centre			
Separate tenancy areas under management	44	24	24
Number of commercial tenants	16	6	6
Number of community group tenants	5	5	5
Cemeteries			
Number of Interment Rights issued	68 YTD	70	57
Number of interments	112 YTD	120	114
General Property			
Number of Crown Land Parcels dedicated to Council	77	60	88
Number of reserves owned and maintained by Council	133	133	133
Number of buildings managed and maintained by Council for community and operational use	185	185	185
Retirement Villages			
Number of units upgraded	5	5	0
Number of units vacant for greater than four months	4	1	1
Civil Services			
Civil Projects- total actual expenditure vs total budgeted expenditure.		90%	81%
Development Engineering Designs that were reviewed within two weeks of receipt	Not collected	80%	Not collected
Response and action on hazardous footpath issues within 24hrs.	80%	80%	100%
Response and action on hazardous road and pothole issues within 24hrs	80%	80%	No incidents
Response and action on hazardous stormwater and flooding issues within 24 hrs	80%	80%	100%
Removal of illegally dumped rubbish within three days.	79%	80%	82%
Sweeping of all kerbed roads at least twice a year.	100%	100%	100%
Community Wastewater Management System (CWMS)			
Number of septic tanks desludged annually	374	383	380
Open Space & Biodiversity			
Native Vegetation Marker System BushRAT Assessments	91	75	54
BushRAT assessment of High Biodiversity Reserves	14 sites	10 sites	11 sites
Minimal Disturbance Bushcare works	10 sites	10 sites	23 sites
Bush For Life and AHC Partnership and Funding Agreement service to 28 sites	28 sites	28 sites	28 sites
Collaborative annual review and implementation of the NRAMLR/AHC Roadside Vegetation Work Plan.	273 sites	273 sites	245 sites
Woody Weed Control Program- fuel reduction undertaken in sites of high biodiversity value.	17 sites	17 sites	16 sites
Open Space Operations			
Response and action on hazardous tree issues within 24 hours	80%	80%	64%
Other tree issues resolved in accordance with our general maintenance program	N/A	N/A	N/A
Investigation and action on high risk/hazardous playground enquiries as a matter of priority	80%	80%	Average response of 2 days
All works on road reserve applications actioned in a reasonable timeframe	20 Days	20 days	16 days

Strategic Goal 3 Places for people and nature

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Open Space Sport & Recreation Planning			
Deliver club development workshops	2	3	10
Deliver Community & Recreation Facility Grants	1	1	1
Sustainability			
Preparation of Master Plans	1	1	100%
Work with communities to facilitate community-led approach	1	1	100%
Sustainable Assets			
30% of Unsealed Road network condition rated		100%	100%
Confirm Enterprise Wide Asset Management System		80% of asset classes fully operational within system	100%
Kerb and gutter condition audit completed		100%	50%
Waste			
Total bin lifts (waste, recyclables, green organics) per year = 1,547,000	1,547,000	1,567,000	1,547,600
Number of vehicles through gates on free green organic drop off days	3,872	3,950	3,696
Number of kerbside hard waste collections taken up by residents	970	980	1,411
Diversion rate of recyclable material away from landfill	47%	48%	51%
A minimum of four community-wide advertising and education campaigns undertaken annually to promote community education information and the waste and recycling management services provided by Council.	6	4	5
Collection of missed domestic bins within two days	94%	80%	100%
Requests for bin repair or replacement actioned within seven days	99%	80%	94%
Reduction of the kerbside recycling contamination rate	13.44%	12.50%	14%



Looking forward to 2019-20

PLACES for people and nature: Key Initiatives

Continue sustainability workshops within our community centres to encourage sustainable living and commercial practices.

Educate schools, community groups and the wider community on ways to minimise waste to landfill.

Roll out the Corporate Carbon Management Plan to assist our striving for carbon neutrality as an organisation.

Progress the development of our Community and Recreation Facility Framework through creation of an internal working group.

Goal 4

Explore ideas and work with others

Explore

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

Collaboratively exploring ideas with others is central to understanding and meeting our community's needs, and delivering outcomes that have long term benefits for our area.

Technological innovations continue to provide 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 economy and reputation. Our district is famous for its vibrant arts culture, with many artists living and working locally. Council is committed to working with the wider community to facilitate and promote activities that enhance our arts, culture, and related industries.

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

During 2018-19 Council has actively engaged with our community, capitalised on emerging technology, supported our creative industries, and worked with other Councils, levels of government, and industry for the best outcomes for our community.



Key Achievements 2018-19

Strategy 4.1 | We will embrace contemporary methods of engagement so it's easy for everyone to have their say.

We have continued to improve and grow our digital communication channels have been exploring new channel opportunities. Engagement has consistently been offered through a variety of 'traditional' communication methods and online engagement processes. A review of the Community Consultation Policy and the Community Engagement Framework, to ensure alignment of both documents and alignment with contemporary practice, has commenced.

Our e-communications community grew in 2018-19 by over 50% through word of mouth and the addition of new online newsletters. We also achieved 24% organic growth in our social media community by focusing on topical, relevant, and engaging content. A community engagement specialist was employed to help improve our engagement methods and processes. Work has commenced on reviewing the Community Consultation Policy and Framework, but has been delayed while Council awaits legal advice and the resolution of legal action within another South Australian Council.

Strategy 4.2 | We will explore the opportunities that emerging technologies present to people living, working, visiting or doing business in our district.

A network known as the Internet of Things (IOT) has been established in our district using sensor technology. With the completion of this installation we are now well-placed to conduct a trial of these sensors to determine the technology's usefulness for improving decision making.

During 2018-19 Council progressed with the research and investigation phase of the capital program to better understand our options. We have worked with a number of IOT providers on possible uses for the network, such as reports on public toilet patronage, smart parks, water monitoring, and smart bins. The remainder of this project, as well as the capital funding, has been reallocated to the 2019-20 financial year, where the outcomes will be finalised and the project will be completed.

Strategy 4.3 | We will offer greater access to services and realise business efficiencies through online services.

An investigation has been undertaken into the potential for moving our cemetery maps online for customers to search and identify specific graves and internments. We have also improved business efficiency through changes to the process for raising and actioning customer requests through our website.

In 2018-19 a detailed survey of all our cemeteries was undertaken to ensure accurate data of gravesites and memorials. The survey included drone imaging, GPS grave location, and pictorial capture of memorials. This information will progressively become available after a cemetery management system is implemented in 2019-20.

SP4.4 – We will foster creativity in the community and embrace it as an organisation.

We have continued the encouragement of public art and placemaking activities through the provision of grant funding.

Through the 2018-19 Community Development Grants

we supported placemaking by funding a nature play space at the Old School Community Garden, Stirling, and the provision of props and decorations that will add community atmosphere and value to Santa's Cave at the Lights of Lobethal. We have also undertaken planning and the commission of a public art piece at the Birdwood Weighbridge that will be completed in 2019-20.

Other highlights:

We have led by example by purchasing more efficient vehicles that have enhanced safety features (all fleet vehicles are now 5 star ANCAP rated).

We continue to explore and actively promote online channels of enquiry and self-service for 24 hour solutions.

Collaborating for outcomes

Strategic collaboration and partnerships between Adelaide Hills Council and other councils, the State and Commonwealth Governments, businesses and others are vital to help shape and deliver outcomes for our community. We share borders with nine other councils and have a long history of working together successfully. 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 2018-19 is outlined below.

Strategic Initiative Collaboration Description

Mount Lofty Ranges National and World Heritage Bids Collaboration with nine 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. The Project Team has completed the Digital Knowledge Bank project and is developing a new website which is due to be completed in late 2019. Further, a World Heritage Expert Review was completed and establishes a road map for the project going forward.

Planning and Development Policy We have worked with the Department of Planning, Transport and Infrastructure on the proposed changes to the planning policy in relation to 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 due to be completed by 1 July 2020.

Region profile and priorities We have attended regular meetings with Federal and State Members of Parliament to raise the profile of and build understanding and support for the priorities of Adelaide Hills Council and the region.



Strategic Initiative	Collaboration Description
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 Adelaide Hills Visitor Information Servicing Strategy.
Resilient Hills & Coasts	Resilient Hills & Coasts is a partnering project between local government, NRM Boards, and state and federal governments to implement actions from the Regional Climate Change Adaptation Plan for the Adelaide Hills, Fleurieu Peninsula and Kangaroo Island region. Key priorities include exploring possible design and delivery of a regional community energy program, undertaking a climate change risk and governance assessment, and preparing information on 'Where we Build, What we Build'.
Adelaide Wine Capital Cycle Trail	Councils, Regional Development Australia, and Seppeltsfield Business Alliance have been working together to develop an Inter-regional Cycle Network to be titled the Adelaide Wine Capital Cycle Trail. It identifies key routes to connect a shared path from the Clare Valley, through the Barossa and Adelaide Hills to Mount Barker, and on to McLaren Vale.
Bushfire resilience	In 2018-19, and in cooperation with Council, the Department of Environment and Water (DEW) conducted prescribed burns at seven sites: Heathfield Stone Reserve, Crafers West RAA Tower site, Lobethal Bushland Park, Yanagin Reserve, Melville Reserve (Upper Sturt Tennis Courts), Mylor Oval, and Heathfield Waste Facility. These burns are conducted to protect and build resilience to major bushfires.
May Business Month	In partnership with Mount Barker District Council, Adelaide Hills Council delivered May Business Month to support entrepreneurs and local businesses in the region.

Strategic Initiative	Collaboration Description
Regional Development Australia	We are working with Regional Development Australia, Adelaide Hills, Fleurieu and Kangaroo Island to build partnerships with governments, regional development organisations, local businesses, community groups and key regional stakeholders.
Regional passenger transport study	In partnership with Regional Development Australia and other regional councils we undertook a public transport study across the Fleurieu and Adelaide Hills looking at future demands and developing ideas to increase public transport patronage.
Regional Health Plan	Through the Regional Health Plan Working Group, Council worked to deliver the Regional Health Plan, focusing on providing healthy environments, supporting healthy lifestyles, and plans and partnerships relating to improving public health across the region. The Southern and Hills LGA received a letter of appreciation from the State's Chief Public Health Officer for the collaborative efforts of the group of councils in developing and implementing the Plan. He noted that through these reports, ongoing and emerging issues have been identified across all councils relating to building supportive environments, the prevalence of preventable chronic disease risk factors including smoking, alcohol and other drugs, physical inactivity and obesity, and the management of increasing community demand for local government services. Further, our Council was successful in securing funding to employ a Regional Community Wellbeing Officer for a 12 month pilot ending in 2020. This role will look at ways to improve health and wellbeing outcomes in the community through collaborative approaches.

Strategic Initiative	Collaboration Description
Council Subsidiaries	<p>Our subsidiaries are important collaborations for Council and have delivered a number of outcomes.</p> <p><i>East Waste</i> – increased service offerings to Council (additional bin management services) and an expanded “Why waste it?” education campaign.</p> <p><i>Adelaide Hills Region Waste Management Authority</i> – a continued agreement for management of the Heathfield site was signed and our bid for a hazardous waste facility at Heathfield and Brinkley sites was successful.</p> <p><i>Gawler River Floodplain Management Authority</i> – 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.</p> <p><i>Southern and Hills Local Government Association</i> – 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.</p>
Local business community support	<p>Collaborations 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 Project.</p>

Strategic Initiative	Collaboration Description
Reconciliation Action Plan	<p>In partnership with Mount Barker District Council we established the Adelaide Hills Reconciliation Working Group to advise on the development of our Innovate level Reconciliation Action Plan and other Reconciliation initiatives and matters. The partnership with Mount Barker District Council assists us 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.</p>
Hills Positive Ageing Project	<p>This 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.</p>
Community transport	<p>Council partly funds Hills Community Transport, an initiative that 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.</p>
Hills Connected Communities	<p>A consortium of The Summit, Torrens Valley, The Hut and Mount Barker Community Centres that can identify gaps in service delivery and create programs/services to address these needs and ensure people are socially connected to their community.</p>

Strategic Goal 4 Explore ideas and work with others

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Communications & Events			
Growth of social media community (i.e. followers) across Facebook, Twitter, Instagram and LinkedIn.	6,356	15% increase 7,309	24% increase 7,880
Number of subscribers to regular electronic communications.	7,679	8,500	11,722 (note: additional subscriber streams incl. Fabrik, Library etc)
Number of community and other external events supported.	83	85	115
Percentage of event applications acknowledged within five days of receipt.	80%	80%	85%
Community Consultation			
Percentage of consultations undertaken online (in addition to other methods where applicable) with outcomes also published online.	100%	100%	100%
ICT			
Number of devices supported	1,342	1,400	1,350
Number of supported network users	180	250	233
Number of technology service (help) desk tickets	1,403	1,350	1,677
Technology systems availability	99.97%	99.50%	99.98
Number of helpdesk tickets closed out within one business day (average of all categories)	65%	75%	67%
Information Systems			
Section 7 searches completed within legislative timeframe	100%	100%	100%
Proportion of Freedom of Information requests completed within legislated timeframes	100%	100%	100%
Hard copy and digital customer requests received and digitised into line of business system within one day	24,000	25,500	84,567
Ensure all 'core' software line of business systems are within test environment for UAT following release	80%	90%	100%



Looking forward to 2019-20

EXPLORE ideas and work with others: Key Initiatives

An expansion of tools available via our online engagement platform to give the community different options for providing feedback.

A continuing expansion to the range of services which customers can access online, including application for burning permits.

The trial and evaluation of a range of Internet Of Things sensor technologies.

A continuation of collaboration with neighbouring councils and stakeholders to ensure that our Council boundaries best serve our communities.

Organisational Sustainability

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. This team is critical in achieving our vision and desired outcomes.

We aim to support and develop our people whilst building on our high-performing and service-based culture. Our financial modelling and budgeting processes are aligned with our strategic and business plans to ensure long term financial sustainability.

Trust is paramount in our organisation; we operate in a highly regulated and scrutinised sector. We acknowledge this responsibility through open, transparent and accountable decision-making and administrative processes. 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 2018-19 in building our organisational sustainability have been reviewing our Corporate Plan, the establishment of our mentoring and coaching and Take 5 for Safety programs, and our diversity and inclusion initiatives. A major review of our Long Term Financial Plan, the development of our Community Loans Policy and Corporate Planning and Performance Framework have also been priorities.



Key Achievements 2018-19

Corporate Plan

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 2018-19 priority areas.

2018-19	Priority Area
Leadership	
On track	Development of Future Leaders
People	
Behind schedule	People Development
On track	Induction Process
Strategy and Policy	
Behind schedule	Policy Development
Partnerships and Resources	
Not commenced	Better utilise existing LG networks
Not commenced	External networks and communication
Behind schedule	Consistent use of systems
Behind schedule	Resource planning
Processes, Systems and Customer Service	
Behind schedule	Project management framework
On track	System integration
Behind schedule	Consistent use of systems
Results	
<i>No priority areas in 2018-19</i>	

Our people, our safety

Our people are the heart of our organisation. Attracting the right people for the right jobs and supporting their development is critical to ensuring that we meet our service commitments and continue to grow as an organisation. Diversity and inclusion is encouraged; we recognise that diversity brings a blend of knowledge, skills and perspectives, and an inclusive culture is one where everyone feels respected and able to fully contribute. Safety is also made a number one priority and we adopt a proactive approach to work health and safety.

During 2018-19 we have implemented a number of initiatives to support our people, including a continuation of our Take 5 for Safety campaign, this year focussing on mental health, people leader training and development, and a WHS internal auditing program.

Work Health and Safety

Our focus on work health and safety has continued to develop our systems and educate our people.

Our 2018-19 Take 5 for Safety campaign on Mental Health included mental health awareness training for all staff, and activities to destigmatise ill mental health and self-care practices.

A further campaign about the importance of keeping limber focused on being more aware of how staff use their bodies to undertake work and how strains and injury can be reduced and even eliminated through effective movement and stretching.

Working in the Adelaide Hills means that our people must understand how to act in the event of a bushfire. In 2018-19 we have improved our processes, implemented further site inspection and preparation processes, and educated employees and volunteers through Bushfire Awareness sessions to ensure our knowledge is relevant and timely.

Four public and one organisational defibrillator have been purchased and installed across our sites with the aim of helping to save lives. This initiative provides first responders with intuitive equipment that may be needed in emergency situations.

Our internal auditing processes in 2018-19 have led to the reviews of several procedures, including High Risk Construction, Hazardous Manual Tasks, and Emergency Management. Audits are critical in identifying areas for improvement so that associated plans can be developed and implemented.

Leadership Development

Our People Leaders undertake the important work of leading and managing our wider staff. Effective leadership of our people enables clear performance expectations, improved employee wellbeing, and greater employee engagement. People Leader development has been continued in 2018-19 through participation in quarterly workshops focused on developing skills and knowledge, and providing feedback to improve organisational processes. Important development areas looked at this year included Performance Conversations and Corrective Coaching, Performance Conversations: Managing Unsatisfactory Performance, and WHS Roles and Responsibilities.

The graphic is a 5x2 grid of orange and white squares. The left column contains a large image of hands clasped together and the text 'Take 5 for Mental Health'. The right column contains five numbered steps with small images: 1. 'If you don't know about it, learn about it.' (image of people talking); 2. 'Are you ok?' (image of a person looking thoughtful); 3. 'Help is available - just ask.' (image of people sitting and talking); 4. 'Take time out.' (image of a person resting); 5. 'Cultivate mental wellness - look after your body and mind.' (image of a person stretching). At the bottom right is the Adelaide Hills Council logo and the text 'Take 5 FOR SAFETY'.



Financial sustainability

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 2018-19 we again undertook a review of our LTFP to ensure all strategies and initiatives in our Strategic Plan and functional strategies were covered, alignment with our current asset management plans 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.

We also updated our Procurement Policy, which refers to the methods Council uses to purchase goods and services.

- We improved clarification and gave greater detail in relation to the scope of the Policy;
- We made additions including acquisition of land, unsolicited proposals and negotiation positions, as well as defining procurement terminology;
- We made minor changes to the definition and consideration of environmental sustainability within the broader definition of Procurement Sustainability;
- We increased the emphasis of Council's commitment to Work, Health and Safety.

In addition, operational elements of the current Policy were moved to the newly developed Procurement Framework and procedures. This Framework provides procedural guidance to Council in operating an effective and efficient procurement function.

Organisational Sustainability

Service Area/Service Description	2017-18 Actual	2018-19 Target	2018-19 Actual
Customer Service			
Number of phone calls answered within 30 seconds	75%	75%	75%
Customer contact details updated within five days	87%	80%	97%
Service Strategy and Innovation			
Percentage of Tier 1 Service Standards for which reporting is in place	94%	100%	90%
Number of completed continuous improvement activities/projects	6	8	8
Financial Services			
Payment of invoices within 30 days of the End of Month	95%	95%	88%
Issuance of monthly financial reports	10 Working Days	7 Working Days	10%
Processing of Section 187 Certificates within three days	90%	90%	100%
Process requests of change of address to Rates Notices within three days	80%	80%	95%
All financial legislative timeframes met	TBC	100%	100%
Governance and CEO Office			
Council agendas are produced and distributed in accordance with Code of Practice for Meeting Procedure timeframes	TBC	75%	93%
Corporate Performance Report is provided for Council	N/A	Quarterly	0
Strategic risks reassessed and reported	Quarterly	Quarterly	Quarterly
Number of internal audits per annum	5	5	0
Policies reviewed on or before review date	TBC	80%	88%
Number of Council Member professional development sessions delivered	TBC	18	17
Organisational Development and Work Health and Safety			
Number of Lost Time Injuries (LTI) per year	1	3	2
Amount of WHS KPI Action Plan outcomes completed annually	96%	95%	100%



Looking forward to 2019-20

Organisational Sustainability: Key Initiatives

Implement new customer surveys for regular and ongoing feedback to better understand customer experiences and identify ways we can improve service delivery.

Collaborate with residents and ratepayers to review the Council's Strategic Plan and set the direction for services and infrastructure provision in the medium-term.

Implement quarterly performance reporting aligned with Strategic and Annual Business Plans to ensure improved transparency and accountability to the community.

Develop an organisation-wide Project Management Framework to improve consistency and quality of project delivery across the organisation.



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, 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 2018-19.

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 2018-19

- 12 ordinary meetings
- 9 special meetings

Council Committee meetings held in 2018-19

- 0 SPDPC meetings
- 3 Special SPDPC meeting
- 6 Audit Committee meetings
- 12 Council Assessment Panel meetings
- 2 CEO Performance Review Panel meetings

The attendance of the Mayor and Councillors at 2018-19 Council and Committee meetings is detailed in the tables below. The two tables represent the Council Members on either side of the Local Government Election in November 2018.

From 1 July 2018 to 19 November 2018

Council Meetings	Ordinary Council		Special Council		SPDPC		Special SPDPC		Audit Committee		CAP		CEO Performance Review Panel	
	P	A	P	A	P	A	P	A	P	A	P	A	P	A
Total Meetings	4		6		0		2		3		4		1	
William (Bill) Spragg	3	1	5	1	-	-	2	0	-	-	-	-	0	1
Ronald Nelson	4	0	5	1	-	-	2	2	-	-	-	-	-	-
Jan-Claire Wisdom	4	0	5	1	-	-	0	2	-	-	-	-	1	0
Ian Bailey	4	0	6	0	-	-	2	0	-	-	-	-	-	-
Jan Loveday	2	2	2	4	-	-	1	1	-	-	-	-	1	0
Kirrilee Boyd	3	1	3	3	-	-	2	0	-	-	-	-	-	-
Nathan Daniell	4	0	5	1	-	-	1	1	-	-	-	-	-	-
John Kemp	4	0	6	0	-	-	2	0	3	0	1#	-	-	-
Val Hall ¹														
Lynton Vonow	4	0	5	1	-	-	2	0	-	-	-	-	-	-
Andrew Stratford	4	0	2	4	-	-	2	0	-	-	-	-	-	-
Linda Green	4	0	6	0	-	-	2	0	-	-	3	1	1	0
Malcolm Herrmann	4	0	5	1	-	-	2	0	3	0	-	-	-	-

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

P: Present

A: Apology

¹ Val Hall passed away in February 2018

CAP Deputy Member

SPDPC: Strategic Planning & Development Policy

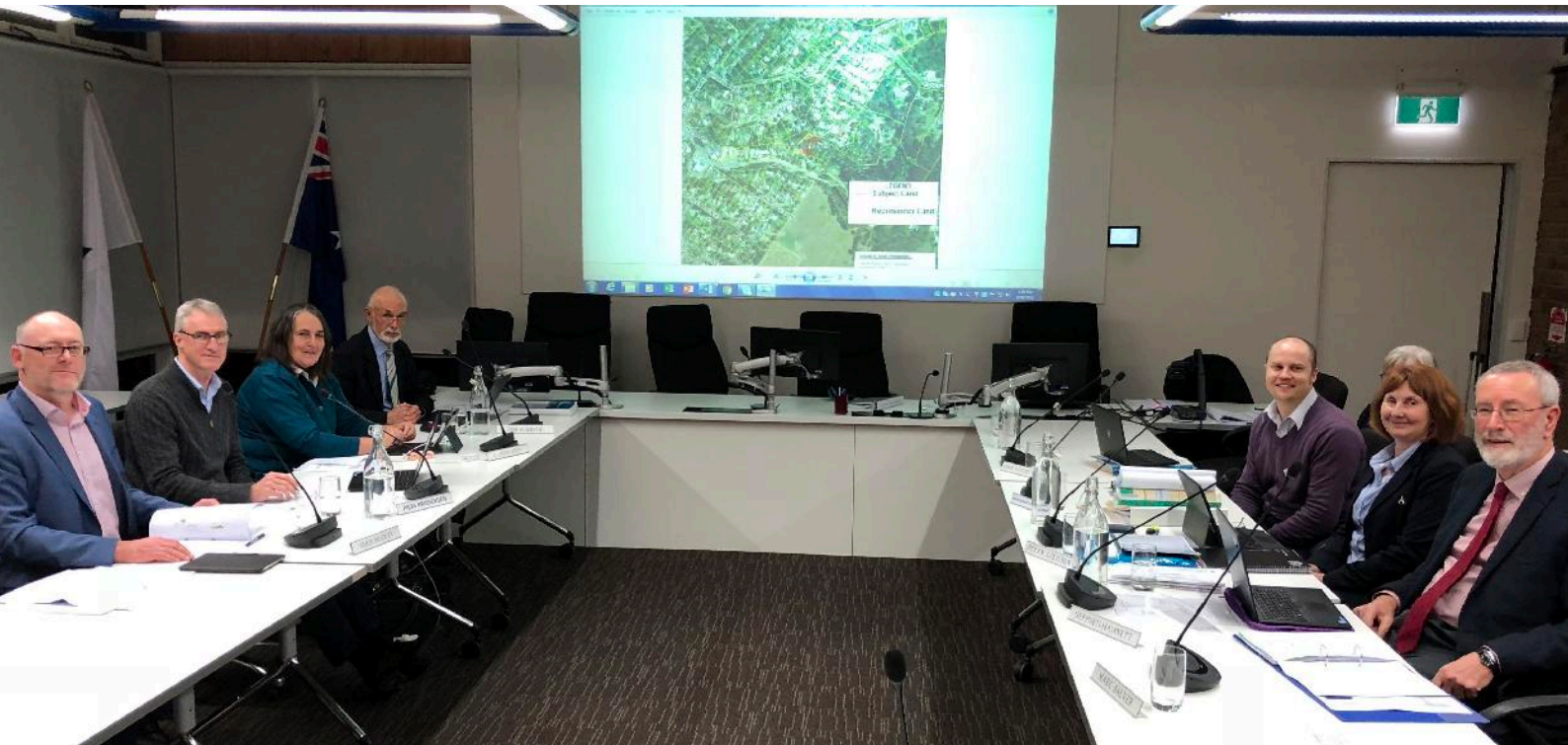
CAP: Council Assessment Panel

From 19 November 2018 to 30 June 2019

Council Meetings	Ordinary Council		Special Council		SPDPC		Special SPDPC		Audit Committee		CAP		CEO Performance Review Panel	
	8		3		0		1		3		8		1	
Total Meetings	P	A	P	A	P	A	P	A	P	A	P	A	P	A
Jan-Claire Wisdom	7	1	3	0	0	0	0	1	-	-	-	-	0	1
Ian Bailey	8	0	3	0	0	0	1	0	-	-	-	-	-	-
Kirrilee Boyd	6	2	2	1	0	0	1	0	-	-	-	-	-	-
Nathan Daniell	7	1	3	0	0	0	1	0	-	-	-	-	1	0
Pauline Gill	8	0	2	1	0	0	1	0	-	-	-	-	-	-
Chris Grant	8	0	3	0	0	0	1	0	-	-	-	-	-	-
Linda Green	8	0	3	0	0	0	1	0	-	-	-	-	-	-
Malcolm Herrmann	8	0	2	1	0	0	1	0	3	0	-	-	-	-
John Kemp	8	0	3	0	0	0	1	0	-	-	-	-	-	-
Leith Mudge	8	0	3	0	0	0	1	0	3	0	2#	-	-	-
Mark Osterstock	8	0	3	0	0	0	0	1	-	-	-	-	1	0
Kirsty Parkin	7	1	3	0	0	0	1	0	-	-	6	2	1	0
Andrew Stratford	7	1	3	0	0	0	0	1	-	-	-	-	-	-

- Member not appointed to the committee and not required to attend
P: Present
A: Apology

CAP Deputy Member
SPDPC: Strategic Planning & Development Policy
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 2018-19:

	01/07/2018 to 06/11/2018	07/11/2018 to 30/06/2019
Mayor / Principal Member	\$66,304 per annum	\$69,080 per annum
Deputy Mayor / Presiding Member of a Prescribed Committee	\$20,720 per annum	\$21,587 per annum
Other Council Members	\$16,576 per annum	\$17,270 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 Council's Council Member Allowances and Benefit Policy.

- 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 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 to the public online or in our service centres.

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 Jan-Claire Wisdom attended:

- National General Assembly, 16-19 June 2019
- LGA Ordinary General Meeting, 12 April 2019
- Mayor & Chairperson's Forum, 30 November 2018
- Media Training (LGA), 21 March

Councillor Pauline Gill attended:

- National General Assembly, 16-19 June 2019

Councillor Malcolm Herrmann:

- Audit Committee training, 25 March 2019

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 available included:

- Tourism and Councils
- Elected Members Leadership Session
- Mayors' and Chairpersons' Leadership Session
- Media Skills for Mayors and Chairpersons
- Reputation and Media for Elected Members
- Policy Development and Strategic Thinking
- Community Engagement for Elected Members
- CEO Performance Management
- Building Effective Relationships
- Emotional Intelligence 101 for Elected Members
- Public Speaking
- Strategy and Risk Management
- Negotiating and Influencing Skills
- Dispute Resolution
- Audit Committees - General Overview
- Audit Committees - for Audit Committee Members
- Code of Conduct
- Conflict of Interest
- Council/Committee Meeting Procedures, Chairing Skills and Chamber Etiquette for Elected Members
- Fraud and Corruption
- Information Management for Elected Members - Part 1: Securing the Digital Highway
- Information Management for Elected Members - Part 2: Social Media Etiquette & Branding
- Planning Act Essentials
- Council Assessment Panel
- Economic Development - Nurturing your Local Economy
- Public Health and Community Well-Being
- Emergency Management

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 a Council Assessment Panel (CAP) pursuant to Sections 82 and 83 of the aforementioned Act on 26 September 2017. This CAP comprises one Council Member plus four independent members (which includes an independent chairperson). Mayor Jan-Claire Wisdom attended:

Members from 1 July 2018 until 8 May 2019 were:

- Prof Stephen Hamnett (Presiding Independent Member until 8 May 2019)
- Mr Simon Bradley (Independent Member until 8 May 2019)
- Piers Brissenden (Independent Member until 8 May 2019)
- Mr Rob McBryde (Independent Member until 8 May 2019)
- Cr Linda Green

Members appointed from 12 June 2019 were:

- Mr Geoff Parsons (Presiding Independent Member)
- Mr Ross Bateup (Independent Member)
- Mr David Brown (Independent Member)
- Ms Karla Billington (Specialist Independent Member)
- Cr Linda Green

Additionally, two Deputy Council Members were appointed in 2018-19:

- Cr John Kemp (Deputy Council Member from 1 July 2018)
- Cr Leith Mudge (Deputy Council Member from 1 December 2018)

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 2018-19, twelve meetings of the Panel were held.

Sitting fees paid to independent members of the CAP were:

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

It was resolved by Council at its meeting on 23 April 2019 that the Council Member or Deputy Council Member on the CAP be paid a sitting fee of \$190 per attended meeting.

Good governance is participatory

Local Government Act 1999 Section 41 Committees

The Adelaide Hills Council has three Section 41 (Council) Committees which operate under 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.

Strategic Planning and Development Policy Committee

The Strategic Planning and Development Policy Committee (SPDPC), formed pursuant to Section 101A of *The Development Act 1993*, includes 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 district.

No ordinary meetings of the SPDPC were held in 2018-19, but three special meetings were. Cr John Kemp was the presiding member from June to October 2018 and Cr Linda Green was the presiding member from November 2018 to June 2019.

There are no sitting fees payable to members of the Strategic Planning and Development Policy Committee.

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, risk management and asset management, liaise with the external auditor, and foster the organisation's ethical development.

There are five members of the Audit Committee, three independent members and two Council Members. Membership at 30 June 2019 was:

- Cr Malcolm Herrmann (Presiding Member from November 2018)

- Cr John Kemp (until November 2018)
- Cr Leith Mudge (from November 2018)
- Ms Paula Davies (Independent Member)
- Mr Peter Brass (Independent Member)
- Mr Geoff Purdie (Independent Member)

Five ordinary meetings were held during 2018-19. Sitting fees were paid to independent members of the Audit Committee, with a change in sitting fee from 23 April 2019.

Sitting fees 1 July 2018 to 23 April 2019:

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

Sitting fees 23 April 2019 to 30 June 2019:

- Independent Presiding Member: \$550 per meeting
- Independent Member: \$400 per meeting

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.

In 2018-19 an internal process was undertaken to review the CEO's performance against the position description requirements and the agreed set of key performance indicators for the year. External advice was also received on the remuneration package payable.

Membership of the CEOPRP at 30 June 2019:

- Cr Mark Osterstock (Presiding Member from November 2018)
- Mayor Jan-Claire Wisdom Presiding Member (from July 2018 to October 2018)
- Deputy Mayor Nathan Daniell (from November 2018)
- Cr Kirsty Parkin (from November 2018)
- Ms Paula Davies (Independent Member).

Five ordinary meetings were held in 2018-19. 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 from 1 July 2018 until 23 April 2019 was \$380 per meeting.

The sitting fee paid to the Independent Ordinary Member of the CEOPRP from 23 April 2019 until 30 June 2019 was \$400 per meeting.

Informal Gatherings

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

A 'designated' Informal Gathering is one that involves the discussion of a matter that is, or is intended to be, part of a formal agenda of a Council or Council Committee meeting. These gatherings are open to the public and are advertised on Council's website.

Informal Gatherings held in 2018-19

CDIG – Closed Designated Informal Gathering

ODIG – Open Designated Informal Gathering

CIG – Closed Informal Gathering

OIG – Open Informal Gathering

10/07/2018	Recreation Land Puzzle	ODIG
10/07/2018	Lobethal Freight Access Project Update	ODIG
10/07/2018	Reconciliation Action Plan Working Group	ODIG
17/07/2018	Master Planning at AHC	ODIG
17/07/2018	Boundary Adjustment Reform consultation	ODIG
1/08/2018	CWMS Review	CDIG
1/08/2018	Training in new PA System	CIG
14/08/2018	Community Energy Program Update	ODIG
14/08/2018	CWMS Review Workshop	CDIG
21/08/2018	CEO Performance Review	CDIG
21/08/2018	Caretaker Policy - refresher	ODIG
21/08/2018	Regional Transport Studies	CDIG
9/10/2018	Mayors/Chairpersons Seeking Legal Advice (LGA s78A) - Policy Review	ODIG
9/10/2018	Council Member Allowances and Benefits Policy	ODIG
9/10/2018	Council Members Training and Development	ODIG
9/10/2018	A hub with no name	ODIG
9/10/2018	Proposed changes to the NRM in South Australia	ODIG
16/10/2018	Workshop on DPTI Discussion Papers	ODIG
16/10/2018	Stirling District Centre Urban Design Framework & Guidelines	ODIG
16/10/2018	Advisory Groups Review	ODIG
16/10/2018	Accommodation Planning	ODIG
20/11/2018	Photographs, Oath of Office, ICT Equipment	OIG
24/11/2018	Council Member Workshop - Induction	ODIG
4/12/2018	District demographics (economic and social profile)	ODIG
4/12/2018	South Australian Planning System	ODIG
11/12/2018	Gumeracha Precinct and Mainstreet Masterplanning	ODIG
11/12/2018	LTFP and ABP Induction	ODIG
11/12/2018	Community Forums - the Future	ODIG
29/01/2019	Community & Recreation Facility Framework and Playspace Framework	CDIG
29/01/2019	AHC Sport and Rec Strategic Planning Session	CDIG
5/02/2019	Sustainability achievements and next steps	ODIG
5/02/2019	Council and Committee Meetings - Mandatory Introduction to Local Government - Mandatory	ODIG

12/02/2019	Recreation Precinct Options including Stonehenge, Piccadilly Upper Sturt and Heathfield	ODIG
12/02/2019	Public Consultation Policy Review	ODIG
12/02/2019	Productive Economy Policy Discussion Paper presentation and consultation	ODIG
19/02/2019	Legal Responsibilities - Mandatory Module 2	ODIG
19/02/2019	Economic Development Overview	ODIG
12/03/2019	Library Services - input to service delivery review and intro to library services	CDIG
12/03/2019	Festivals and Events Policy Review	ODIG
12/03/2019	Stirling Urban Design Framework + Guidelines - Key Findings and Background Paper Presentation	CDIG
19/03/2019	Community Land Management Plans	ODIG
19/03/2019	Recycling Strategy	ODIG
19/03/2019	Strategic Plan Review	ODIG
29/03/2019	ABP & Budget Workshop	ODIG
30/03/2019	ABP & Budget Workshop Continued	ODIG
9/04/2019	Crown Land Review	CDIG
9/04/2019	Stonehenge Reserve Consultation Outcomes	ODIG
9/04/2019	Carbon Management Plan	ODIG
16/04/2019	Conflict Of Interest & ICAC Training	ODIG
16/04/2019	Woodside Recreation Ground masterplan	ODIG
7/05/2019	Strategic Approach to Courts	CDIG
14/05/2019	Introduction to Customer Service Framework and outcomes from the 2018 Customer Experience Survey	ODIG
14/05/2019	Strategic Plan Review - Environmental Scan Findings	ODIG
21/05/2019	Cultural Awareness Training	ODIG
21/05/2019	Strategic Plan Review - Key Themes	ODIG
4/06/2019	CWMS Review Update	ODIG
4/06/2019	Recycling Strategy	ODIG
11/06/2019	Biodiversity Strategy	ODIG
11/06/2019	Update on Carbon Management Plan	ODIG
11/06/2019	Library Services Review outcomes	CDIG
18/06/2019	Boundary Reform	ODIG
18/06/2019	ABP/Strategic Plan Feedback	ODIG
18/06/2019	Rating Policy	ODIG
18/06/2019	Roundabout designs	ODIG

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 run as 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 at Council's service centres and libraries, and can be downloaded from the Council's website.

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

During 2018-19, 20 items were considered in closed session in accordance with Section 90(2) of the Local Government Act 1999. Of these, 11 items were released in full and 9 remained in confidence, in accordance with Section 91(7) of the Act.

See table below for details.

Council Advisory Groups

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

Adelaide Hills Council's Advisory Groups are:

- Adelaide Hills Business & Tourism Centre (ceased 18 December 2018)
- Biodiversity
- Bushfire
- Cemeteries
- Property
- Rural Land Management
- Social Planning (ceased 18 December 2018)
- Sport and Recreation (ceased 18 December 2018)
- Stirling Linear Park
- Sustainability
- Youth (ceased 18 December 2018)

These Groups do not report directly to Council.

Date	Council/Committee	Item No.	Title	LGA 1999 Section	New Confidentiality Recommendation or Date Released	Status as at 30 June 2019
01/08/18	Special Council	7.1.1	Stonehenge Reserve Masterplan Update	90(3)(b)	Released 28 September 2018	Released
01/08/18	Special Council	7.2.1	Retirement Village Review	90(3)(b)	Partially released 01 August 2018	Partially released Partially retained in confidence
09/08/18	CEO PRP	10.1.1	2018 CEO Performance Review	90(3)(a)	Released 31 August 2018	Released
09/08/18	CEO PRP	10.2.1	2018 CEO Performance Review	90(3)(a)	Released 31 August 2018	Released
28/08/18	Council	19.1.2	CEO Performance and Remuneration Reviews	90(3)(a)	Released 31 August 2018	Released
11/09/18	Special Council	7.11	Ashton Landfill	90(2)		Retained in Confidence
18/12/18	Council	19.1	Australia Day Awards 2019	91(7)	Released 29 January 2019	Released
22/01/19	Council	19.1	Road Shoulder Renewal Contract	90(2) 90(3)(d)	Partially released 29 January 2019	Partially released Partially retained in confidence
26/02/19	Council	19.1	Reconciliation Working Group Appointment of Council Member & Community Members	90(2)90(3)(a)	Released 09 May 2019	Released
26/03/19	Council	19.1	Sale of land at the former Onkaparinga Woollen Mills site at Lobethal – Exclusion of the Public	90(2)90(3)(d)		Retained in Confidence
23/04/19	Council	19.1	East Waste Kerbside Recycling Grant	90(3)(d)		Retained in Confidence
23/04/19	Council	19.2	Appointment of Independent Council Assessment Panel Members	90(3)(a)	Released 16 May 2019	Released
23/04/19	Council	19.3	Appointment of Advisory Group Independent Members	90(3)(a)	Released 16 May 2019	Released
07/05/19	Special Council	19.1	Unsolicited Approach to Purchase Community Land	90(3)(d)		Retained in Confidence
28/05/2019	Council	19.1	Electricity Procurement	90(3)(d)		Retained in Confidence
4/06/2019	Special Council	9.1.1	Event Opportunity	90(3)(j)	Released 22 July 2019	Released
25/06/2019	Council	19.1	2018-2019 Play Space Upgrades	90(3)(d)		01 November 2019
25/06/2019	Council	19.2	Lower Hermitage Road Widening Contract	90(3)(d)		01 November 2019
25/06/2019	Council	19.3	Land Acquisition Lower Hermitage Road	90(3)(d)		25 June 2020
25/06/2019	Council	19.4	Sale of Land for non-payment of Rates	90(3)(i)	Released 22 August 2019	Released

Council's Representation Quota

The Adelaide Hills Council's total representation quota (the number of electors for each Council Member including Mayor) in 2018-19 is 1 for every 2,261 electors. The total number of electors is 29,405.

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) = 1:2,127
- City of Norwood Payneham and St Peters (electors 25,443) = 1:1,793
- Burnside (electors 31,816) = 1:2,419
- City of Unley (electors 27,688) = 1:2,106

(Information provided by the Electoral Commission of SA, current as at February 2019)

Public involvement in Council business

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

Public Forum

Any 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 these are presented at the next meeting of Council following receipt. Petitions must be in the format set out in legislation; Council's Petitions Policy provides guidelines on these requirements as well as on submission.

Written requests

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

*Chief Executive Officer
Adelaide Hills Council
PO Box 44, Woodside, SA 5244
mail@ahc.sa.gov.au*

Community Consultation

The Adelaide Hills Council consults with local residents about issues that may affect their neighbourhoods in accordance with the Public Consultation Policy. These consultations can be interacted with in many formats, including our online consultation portal at engage.ahc.sa.gov.au.

Community Forums

Local community members and groups are invited to attend Community Forums and address Council on new initiatives or topics of concern. Holding the forums in different townships in the Council area is an important method of providing residents with opportunities to speak in person with Council Members and senior staff.

Two Community Forums were held in 2018-19 (separate from Ordinary Council Meetings):

- 7 August 2018 in Montacute
- 30 April 2019 in Houghton/Inglewood/Hermitage

Internal review of Council decisions

At the beginning of 2018-19 Council had three applications in progress for internal review of a Council decision. These were in relation to stormwater management, footpath construction, and tree plantings. The reviews were completed during the year and decisions were upheld for footpath construction and tree planting, with the identification of opportunities for improvements in process. The review decision regarding stormwater management led to the negotiation and implementation of actions to mitigate concerns.

Council received two applications about local nuisance legislation and the issuing of a permit for a community event. In both cases the original decisions were upheld and opportunities for process improvement identified.

A further two applications were received relating to decisions of the Council Assessment Panel and the appointment of an investigator under the Internal Review of Council Decisions Policy. The former was refused as it was outside the scope of the Internal Review Policy, and the latter also refused as it was deemed frivolous and/or vexatious.

At the conclusion of the financial year four applications remained in progress relating to road closures, roadside rubbish collection, removal of a street tree, and relocation of stormwater pipes.

Internal Review of Council Decisions	Number
Outstanding from previous period	3
Reviews completed	5
Withdrawn applications	0
New applications	8
In progress	4

Freedom of Information requests

Twenty one requests for information were made under *the Freedom of Information Act 1991* in 2018-19; an increase from 15 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*.

FOI Requests	Total
Outstanding from previous period	1
New applications	21
Total to be processed	22
Transferred in full	0
Determined*	18
Outstanding at the end of the period	2
External review pending	2

* Full release: 8
Partial release: 8
Refused: 2

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 is possible through the 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 Whistle blower Protection Policy have been adopted by Council to assist in meeting good governance responsibilities.

Training from The Independent Commission Against Corruption 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) and this is visible on Council's website. 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
- Disposal of Assets (LGA s49(1d))
- 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))
- Request for Service (LGA s270 (a1) (a))

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 2019

- Acceptance of External Funding
- Advisory Group Operation and Conduct
- Asset Management
- Buffers
- Burials Outside Cemeteries
- Burning Permit Policy
- Cemetery Management
- 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 & Events
- Flags
- Fraud & Corruption Prevention (ICAC)
- Genetically Modified Crops
- Grant Giving

- Lease & Licencing
- Liquor Licensing
- Management of Built Heritage
- Mayors/Chairpersons Seeking Legal Advice (LGA s78A)
- One Team Communication Protocols
- 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 Interest Disclosure
- 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
- Street Lighting
- Telecommunications Installation - Small Cell Stobie Pole Mounted Antennae
- Treasury
- Tree Management
- Tributes for Commemorative Services
- Unreasonable Complainant Policy (NEW)
- 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 for no charge.

Community Land Management Plans

A Community Land Management Plan was adopted by Council in September 2004. The current version dated January 2010 is available on Council's website. In 2018-19 a review of the Community Land Management Plan has been progressed.

Draft new categories of community land have been developed taking into account the implications of the Coastal Ecology Protection Group Inc & Ors v City of Charles Sturt [2017] SASC 136 (Coast Park decision).

Data verification of community land has been completed with all community land assigned to the appropriate category in a new draft Community Lands Register. New draft Community Land Management Plans have been prepared for Council for each category of community land, defining ownership details, location, area, principal usage and user groups.

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

In 2018-19 Council determined that a number of services it provides could be more efficiently provided by external contractors. Where services are outsourced a tender process is used to achieve best value for Council.

Details of the tendering process can be found in Council's Procurement and Purchasing Policy. In 2018-19, 42 services were subjected to a competitive bidding 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.

During 2018-19 Council sold five of its six retirement villages to Clayton Church Homes Inc. Clayton Church Homes is a not for profit organisation that commenced delivery of services in the retirement village and aged care sector in South Australia in 1968.

Council has a complaints mechanism in place and in 2018-19 no complaints were received with regard to competitive neutrality.

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 continue to liaise with the EPA to deter and investigate cases as they occur.

During 2018-19, there were 419 incidents of local nuisance and littering reported to Council. One abatement notice was issued, and no expiation notices. The breakdown of reported incidents is outlined below.

Issue	Number
Illegal dumping	215
Noise	38
Air pollution	14
Graffiti	55
Littering	33
Nuisance/vandalism	40
Water pollution	7

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

Air quality policy

The Environment Protection Authority's Policy came into effect on 23 July 2016 and required Council to establish a Burning Permit Policy for the burning of green waste on properties located within townships and urban areas (e.g. Aldgate, Bridgewater, Balhannah, Crafers, Oakbank, Stirling, Woodside, etc). The permit requirements do not apply to non-metropolitan rural areas. During 2018-19 Council issued 600 burning permits that enabled people to burn dry green waste in preparation for the annual bushfire season. Two applications were refused for reasons such as inappropriate materials being present (e.g. plastics and general household waste).

Our people

Council's success relies on its staff providing services to the community. Council's budgeted workforce in 2018-19 of 191.5 FTE (full-time equivalent) people managed 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 7-15 percent, with a turnover during 2018-19 of 8.3 percent.

Employees continue to focus on customer experience and service improvement across the organisation and continually review and refine processes to enable better service for our community.

Employee Performance

By enabling our people to be skilled, knowledgeable and capable, we empower them to undertake their roles effectively. Support and guidance is offered by People Leaders, helping employees manage the requirements of their role through six monthly performance discussions where conversations are held with each staff member to:

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

Leadership Development

Leadership development sessions over the past year have involved all of our People Leaders: anyone who manages employees as part of their role.

The focus of these sessions was on gaining a better understanding of organisational provisions used in managing people, developing abilities to have real and honest conversations with employees about their performance, identifying when coaching or more formal performance management may be required, and further development in work health and safety requirements. The decisions of our People Leaders affect the people they manage, so improving the behaviour and abilities of all People Leaders has a lasting and wide-ranging impact on our teams.

Diversity and inclusion

Council has continued its journey towards being a diverse and inclusive organisation. Processes continue to be reviewed with the aim of improving our ability to be responsive to individual needs whilst managing expectations and successful outcomes for each role.

Our Recruitment Processes

Council facilitates merit-based selection processes to ensure that it provides equal opportunity for people to be employed. This includes ensuring that our positions are advertised through Disability Employment Service providers to enable better access to those people living with a disability.

Council recognises that selecting the right person for each role has a significant impact on their team, the effectiveness of work undertaken, and services provided to our community. Effective and fair recruitment is 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 regularly to ensure Council is managing its due diligence requirements and maintaining safe systems of work.

The Executive Leadership Team, with the Health and Safety Committee, promotes safe work practices that focus 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 through regular audit processes. These audits allow for the development of action plans and organisational improvement and are managed through the Organisational Development team. An annual rebate is available for assessed completion of activities through the Action Plan.

Key activities undertaken in 2018-19 include:

- The continuation of the Take 5 for Safety initiative with campaigns in Mental Health Awareness and Ergonomics
- Commencement of a new WHS Improvement Plan
- Delivery of a Health and Wellbeing Program that included 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 Skytrust, the system being used to manage WHS, commencing with the incident and hazard reporting and investigation modules
- Quarterly reporting through the Executive Leadership Team on WHS across the organisation and completion of activities against required timeframes
- Commencement of an Emergency Planning Committee across our sites
- Further development of emergency management with Bushfire and Survival Plans and kits implemented for each worksite
- The roll out of five defibrillators across the council district
- Completion of three internal procedure reviews: High Risk Construction, Hazardous Manual Tasks, and Emergency Management
- A completion result of 100 percent for our Key Performance Indicator Action Plan.

A number of learning opportunities were implemented including:

- Procedure training including Contractor Management
- First Aid Officer training
- Health and Safety Representative training
- Mental Health Awareness training
- Bushfire Awareness training
- Limber Up training (part of ergonomics)

- Workzone Traffic Management refresher training
- Incident Investigation training
- Hazardous Chemical Awareness training
- Asbestos Awareness training

From an injury management perspective Council received four Return to Work claims, of which three were 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 and 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 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.

Remuneration payable to Council's auditor

Remuneration payable for the annual audit of the Adelaide Hills Council Annual Financial Statements for 2018-19 was \$23,460.

No other remuneration was paid.



Rating information

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 for 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. In 2018-19 \$85,000 was raised for distribution to the Stirling Business Association. This revenue is used to promote Stirling as the 'Gateway to the Hills'.

A separate rate was also adopted in 2014-15 to provide for sealing the northern end of Verrall Road, Upper Hermitage. This rate is levied on the properties that 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 2018-19 was set at \$634.

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. *(Note: 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 re-valuations outside of 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 1999, 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

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 2018-19 was set at \$634.

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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 and in accordance with that legislation Council should give reasonable consideration to the granting of rebates and not adopt a policy that excludes the consideration of applications for rebates based on their merits.

When rate rebates are applied to properties, those rates foregone must then be redistributed to the rest of the community.

Having considered this, Council is of the view that except in very specific circumstances outlined below, the maximum discretionary rebate should be 75 per cent to ensure ratepayers contribute some amount towards basic service provision.

Council's specific policy positions to meet discretionary rate rebates eligibility are as follows:

- An organisation needs to meet one of the criteria listed under Section 166;
- An organisation needs to be not-for-profit;
- A rebate of 100 per cent will only be granted where community organisations seeking a rebate provides a service that would be required to be provided by Council if not undertaken by the organisation;
- A rebate of 75 per cent will be granted if the organisation provides a community service that support the disadvantaged or sections of the community that require assistance, as defined;
- Where an organisation does not meet the above criteria, it is still eligible for a 75 per cent rebate where it meets all of the following criteria:
 - It has limited capacity to raise funds;
 - It meets a "community need", as defined; and
 - It undertakes services and activities that are not primarily the responsibility of Federal or State Government



Glossary of terms

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

Appendix 1

Financial Statements

Year ended 30 June 2019

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.5

Originating Officer: Steven Watson, Governance and Risk Coordinator

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Audit Committee Self-Assessment 2019

For: Information

SUMMARY

To provide the Audit Committee with the results of the 2019 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 community could reasonably expect that the Committee evaluates its effectiveness in discharging its functions as set out in the Terms of Reference on the regular basis.

➤ **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 2019 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

Four of the five members of the Audit Committee provided responses to the self-assessment. 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.

A number of the suggestions have already been action, such as:

- Q1 – Amend TOR for PID Act – Revised TOR for consideration at the November 2019 meeting;
- Q6 – Prefer one meeting at Woodside – Proposed 2020 AC meeting dates for consideration at the November 2019 meeting nominate the April 2020 meeting at Woodside;
- Q8 – Prefer more presentations – Negotiations underway for a security presentation at the February 2020 meeting; and
- Q20 – Request risk management presentations from Directors – Proposed 2020 Work Plan for consideration at the November 2019 meeting schedules a Director’s risk presentation at each quarterly meeting.

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.

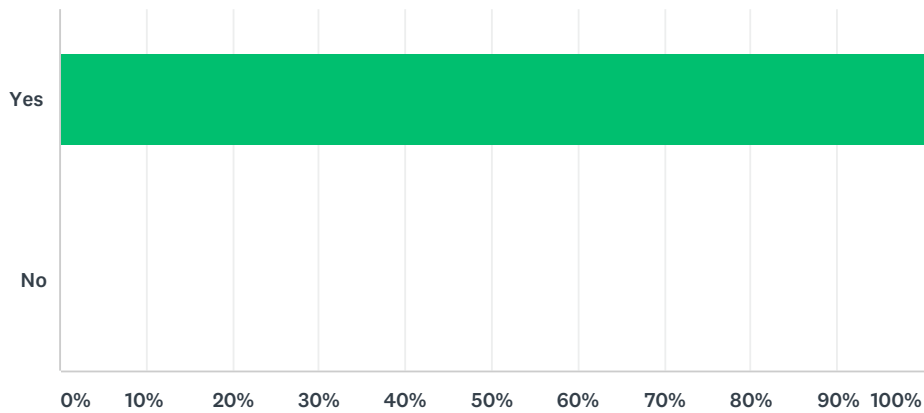
5. APPENDIX

- (1) 2019 Self-Assessment Report

Appendix 1
2019 Self-Assessment Report

Q2 Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference?

Answered: 4 Skipped: 0

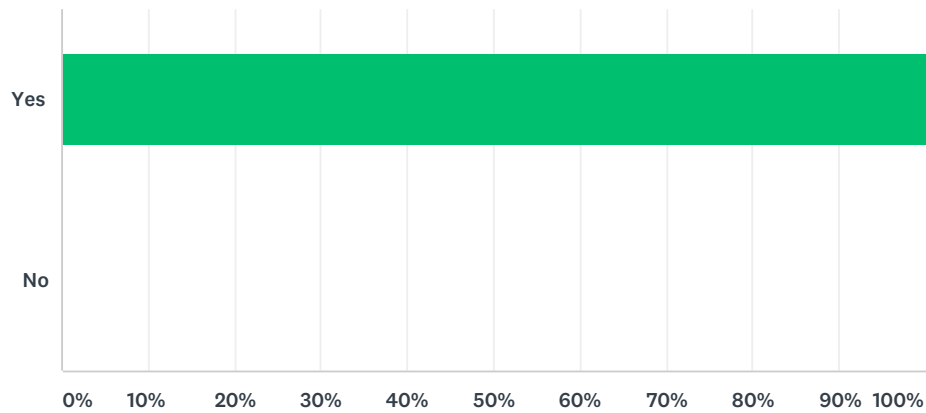


ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

#	IF NO, WHY?	DATE
1	But ToR need to be updated in light of new legislation (eg Whistleblowers Act)	10/30/2019 9:39 PM

Q3 Does the Committee collectively have sufficient skills, experience, time and resources to undertake its duties?

Answered: 4 Skipped: 0

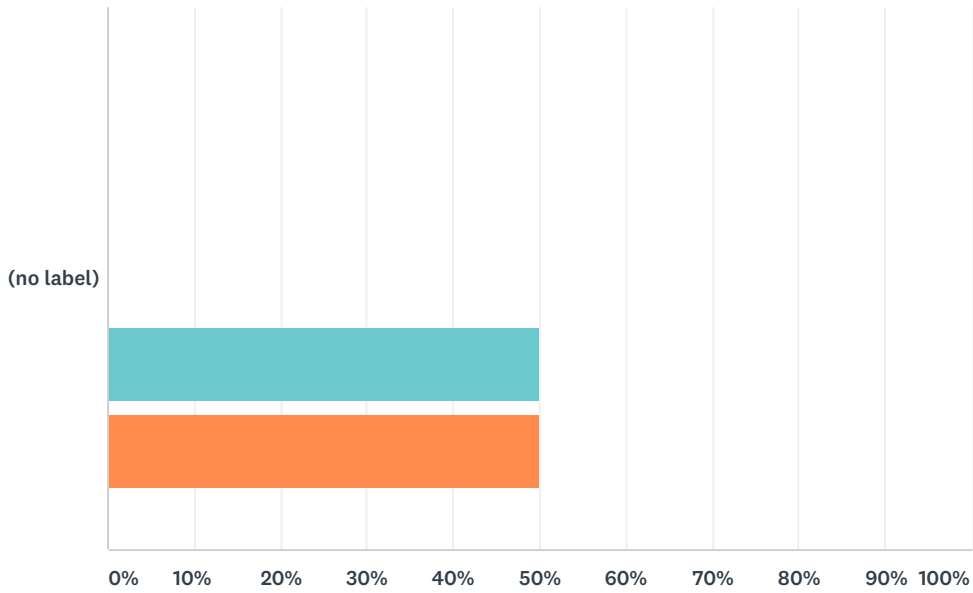


ANSWER CHOICES	RESPONSES
Yes	100.00% 4
No	0.00% 0
TOTAL	4

#	IF NO, WHY?	DATE
1	Good balance (once new members are appointed)	10/30/2019 9:39 PM

Q4 Does the Committee work constructively as a team and work well with others attending the meetings?

Answered: 4 Skipped: 0

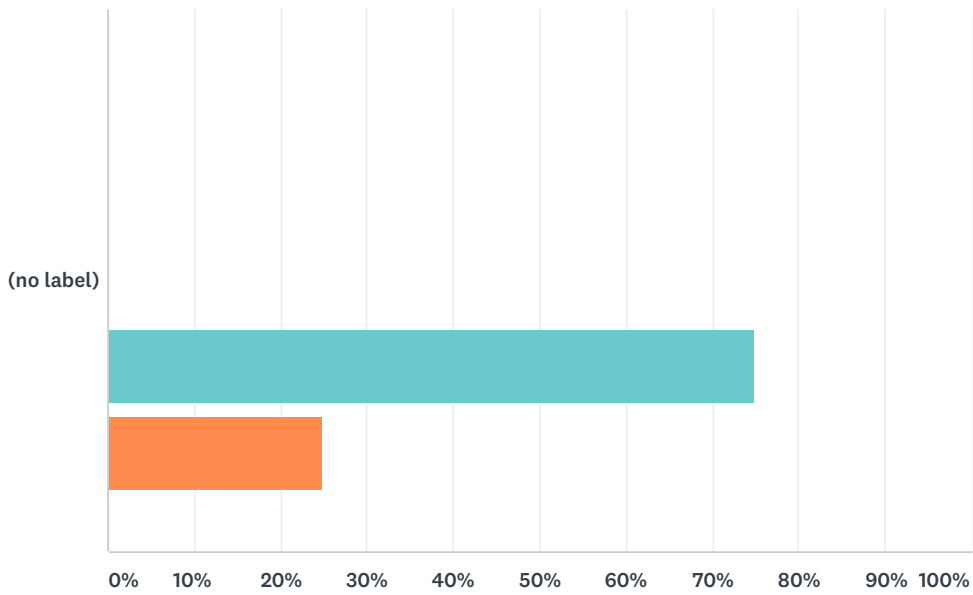


■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50

Q5 Does the relationship between Committee members strike the right balance between challenge and mutuality?

Answered: 4 Skipped: 0

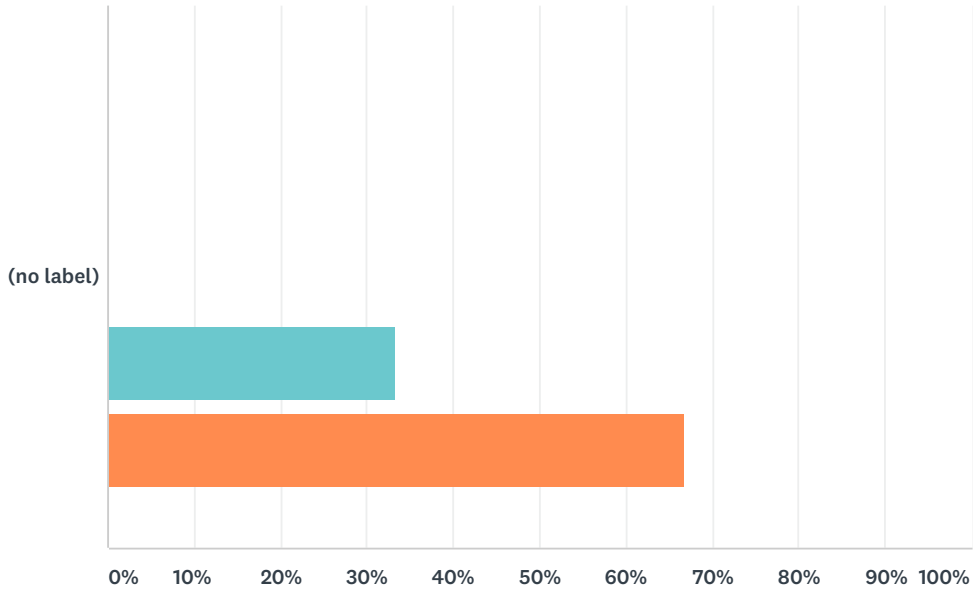


■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

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: 3 Skipped: 1



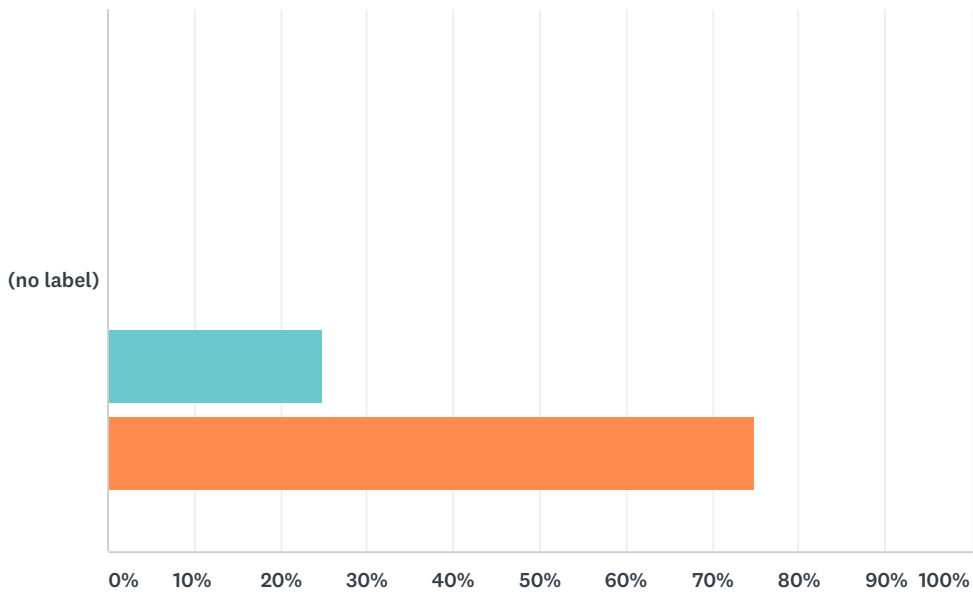
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	33.33% 1	66.67% 2	3	4.67

#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	One meeting per annum at Woodside would be appreciated	10/30/2019 9:39 PM

Q7 Are the reports for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?

Answered: 4 Skipped: 0

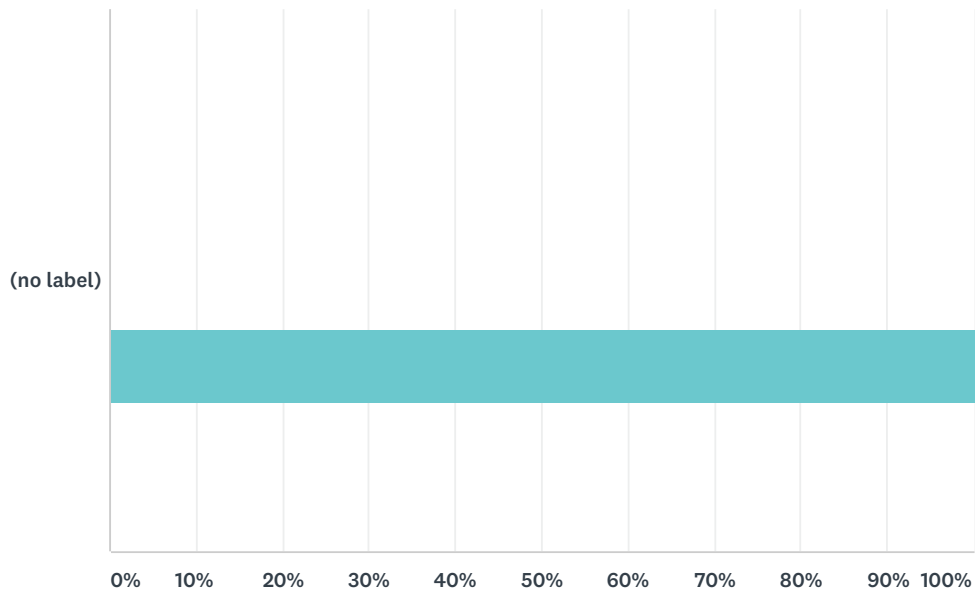


■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	25.00% 1	75.00% 3	4	4.75

Q8 Are the presentations an interesting and helpful way of informing members about various issues?

Answered: 4 Skipped: 0



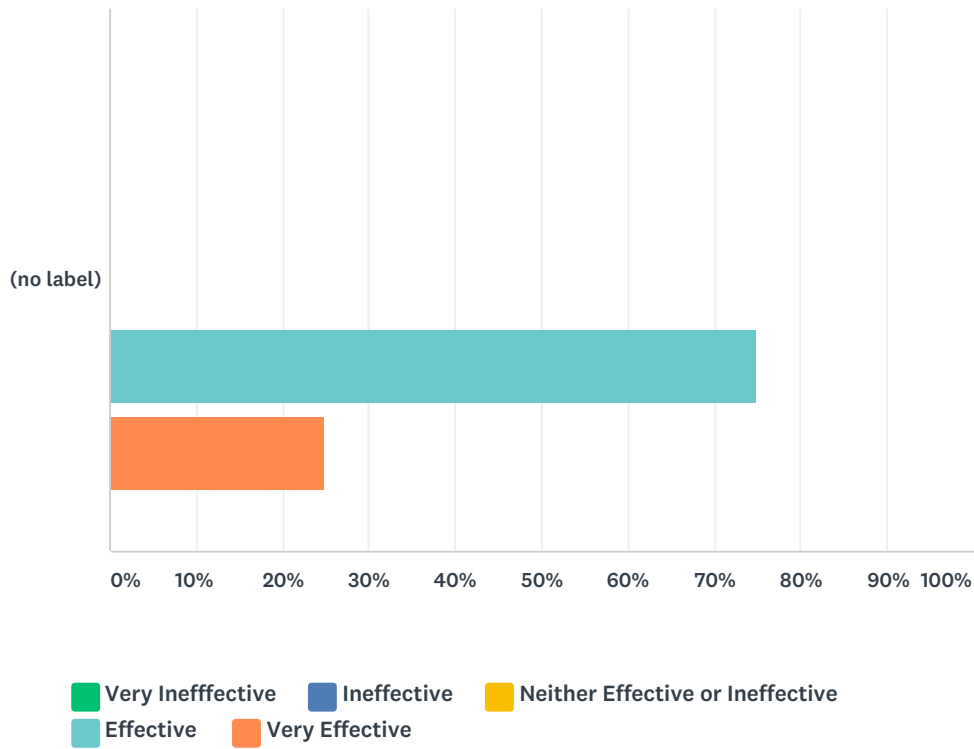
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	100.00% 4	0.00% 0	4	4.00

#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	Could do with more actually.	10/29/2019 5:20 PM

Q9 Are effective minutes prepared, distributed and followed up?

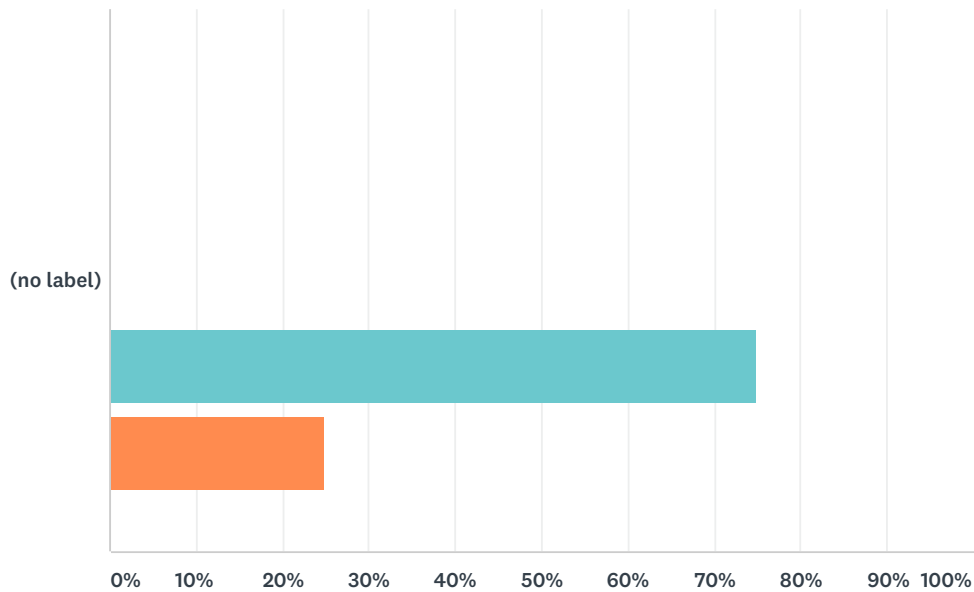
Answered: 4 Skipped: 0



	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

Q10 How do you rate the overall efficiency and effectiveness of the Committee?

Answered: 4 Skipped: 0



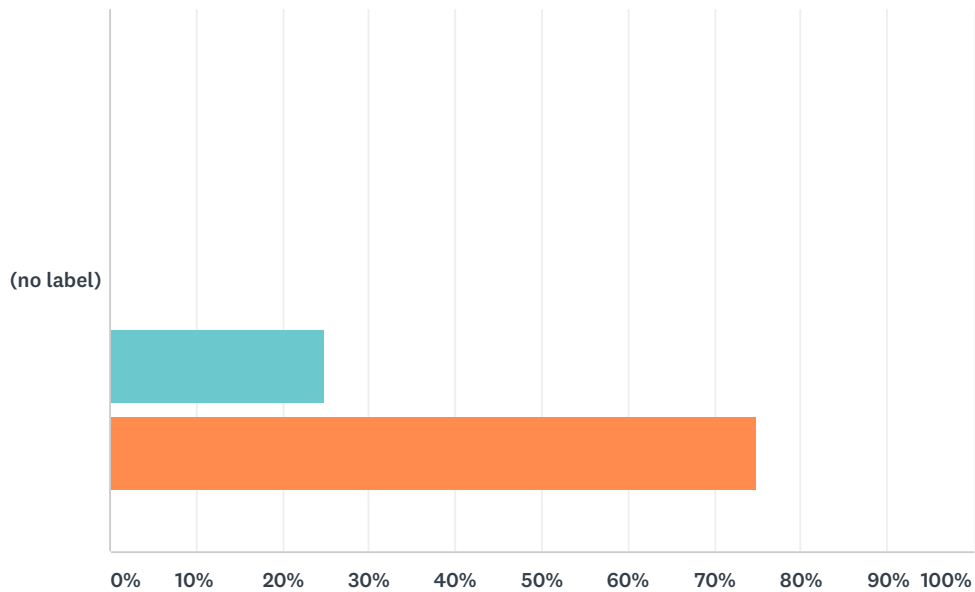
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	The Committee has the specific skills, qualifications and experience to undertake it's role.	11/6/2019 7:12 PM
2	Meeting agendas are thoroughly discussed before arriving at recommendations for Council consideration.	11/5/2019 3:13 PM

Q11 Do staff and members conduct themselves in accordance with high standards of behaviour?

Answered: 4 Skipped: 0

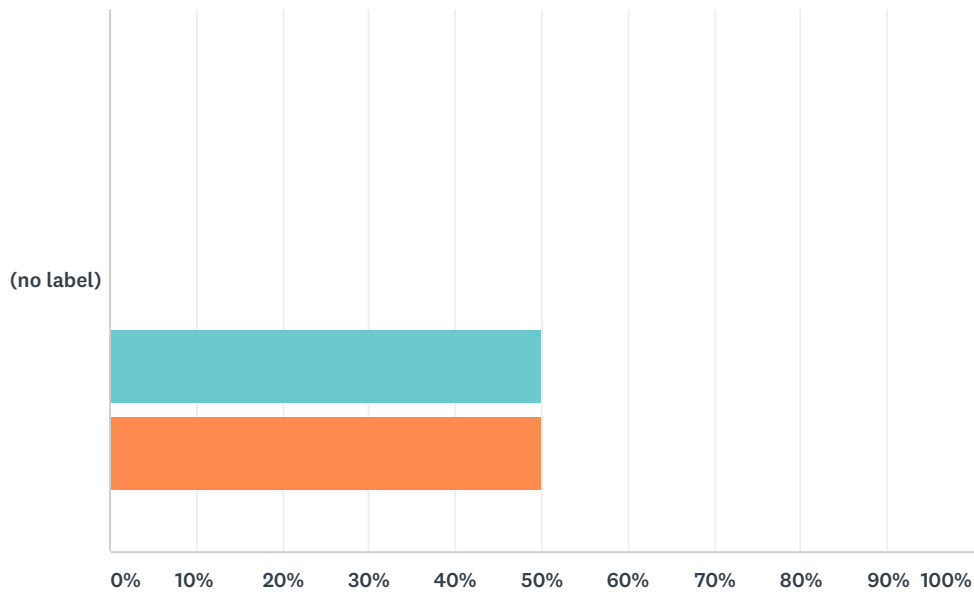


■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	25.00% 1	75.00% 3	4	4.75

Q12 How do you rate the performance of the Presiding Member in preparing for and conducting the meetings?

Answered: 4 Skipped: 0



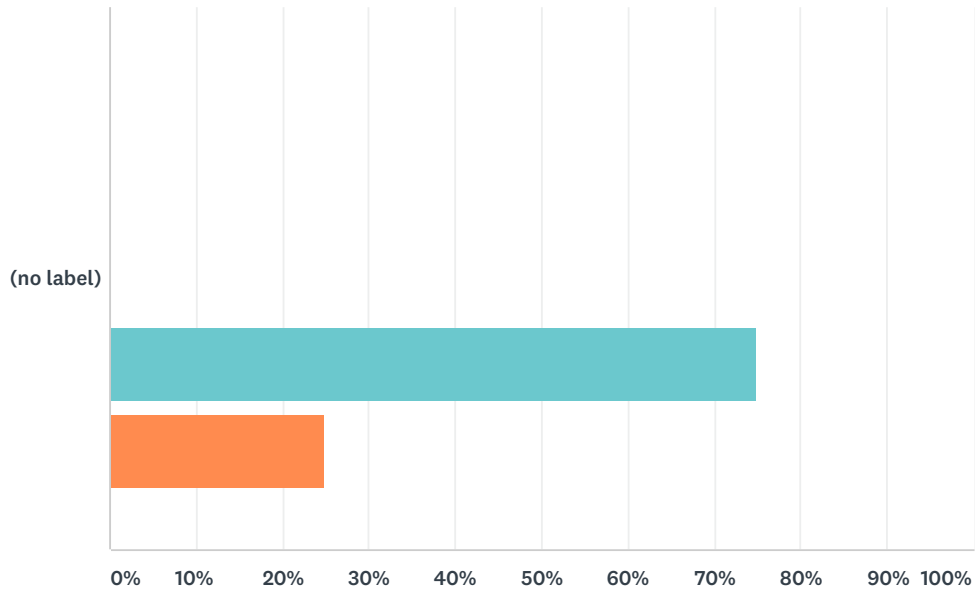
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	50.00%	50.00%	4	4.50
	0	0	0	2	2		

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	The Presiding Member performs the Chairperson's role.	11/6/2019 7:12 PM
2	Allows for Committee Members and Management participation. Brings a Council and Community perspective in deliberation of agenda items.	11/5/2019 3:13 PM
3	Allow free ranging discussion and trying to involve all members in reaching decisions. Managing time well	10/30/2019 9:39 PM

Q13 How do you rate your performance as a member of the Committee?

Answered: 4 Skipped: 0



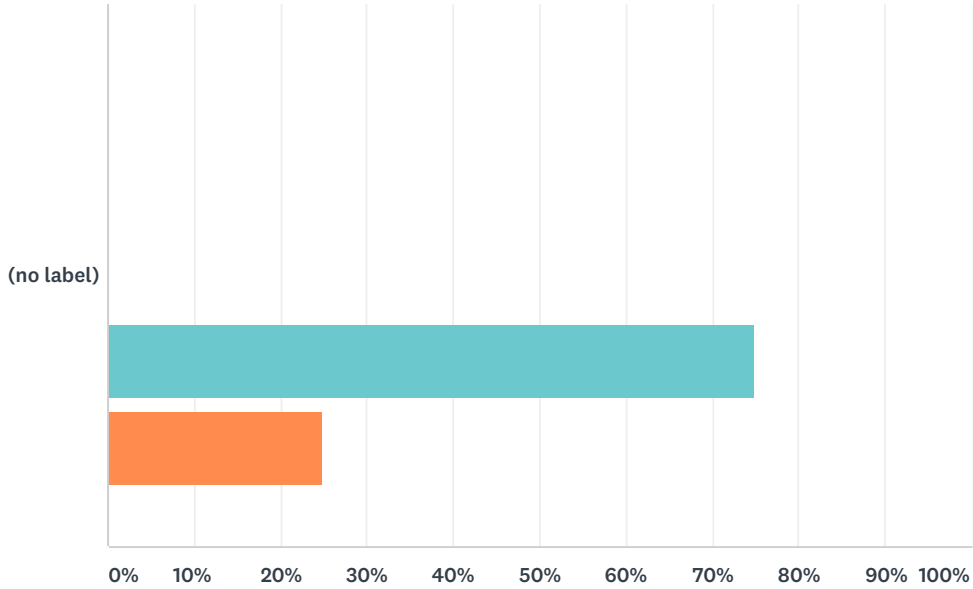
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	It only took me a short time to "catch up" with the other two independent members.	11/6/2019 7:12 PM
2	I am well prepared to discuss agenda items and also bring learning and understanding from other Council Audit Committees.	11/5/2019 3:13 PM
3	I believe I have a very good understanding of the ToR of the Audit Committee	10/30/2019 9:39 PM

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: 0



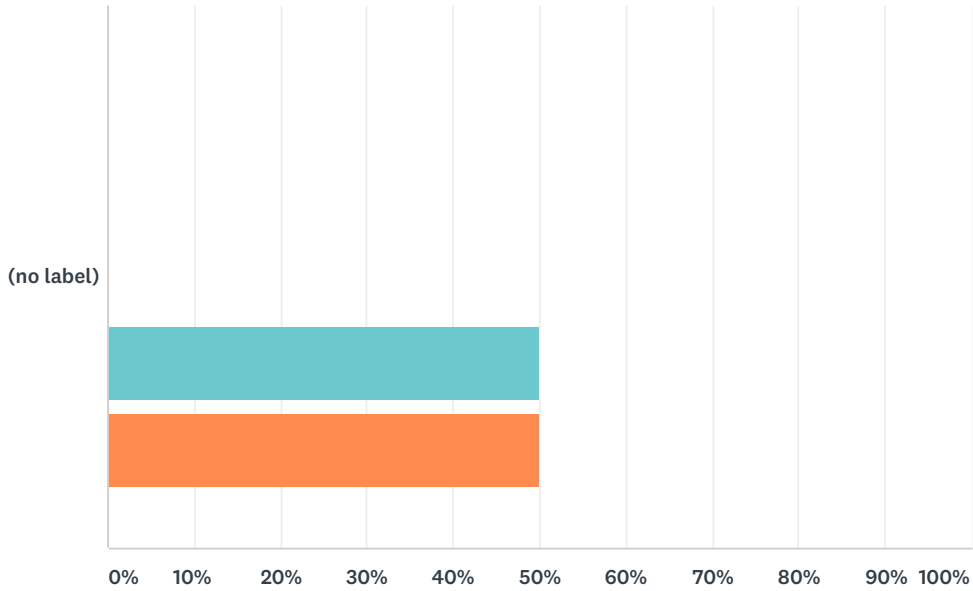
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Each agenda item undergoes a risk assessment.	11/6/2019 7:21 PM
2	Risk management program is evolving with appropriate resources allocated. Regular reporting at Audit Committee meetings of strategic risks with operational risks to follow.	11/5/2019 3:18 PM
3	Reports on Risk Management are comprehensive	10/30/2019 9:41 PM

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: 4 Skipped: 0



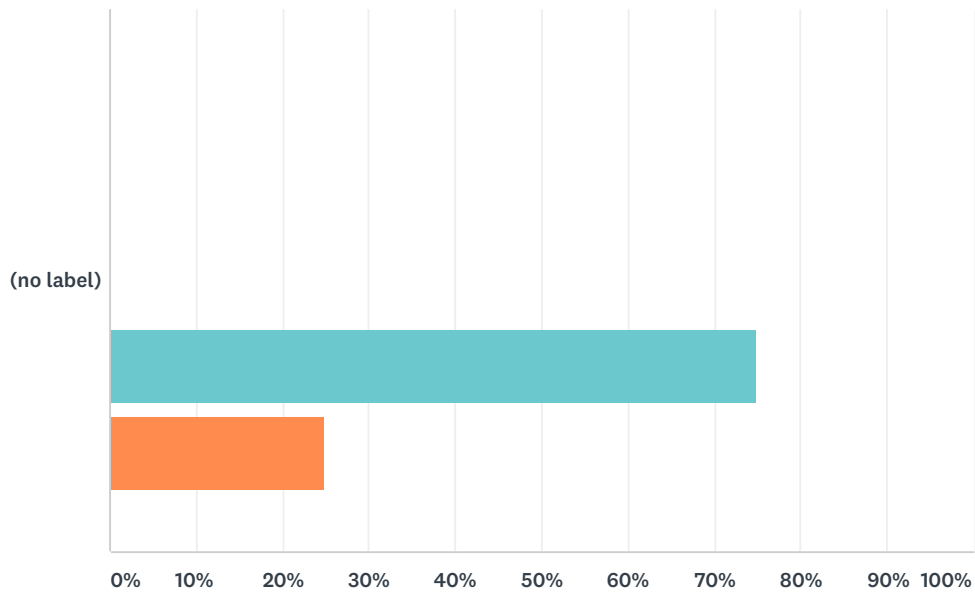
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Risk assessment is at the forefront of each business item.	11/6/2019 7:21 PM
2	Risk management program is evolving with appropriate resources allocated.Regular reporting at Audit Committee meetings of strategic risks with operational risks to follow.	11/5/2019 3:18 PM
3	Yes. Council reports always contain a reference to risk	10/30/2019 9:41 PM

Q16 Are internal audit findings and recommendations responded to in a timely and appropriate manner?

Answered: 4 Skipped: 0



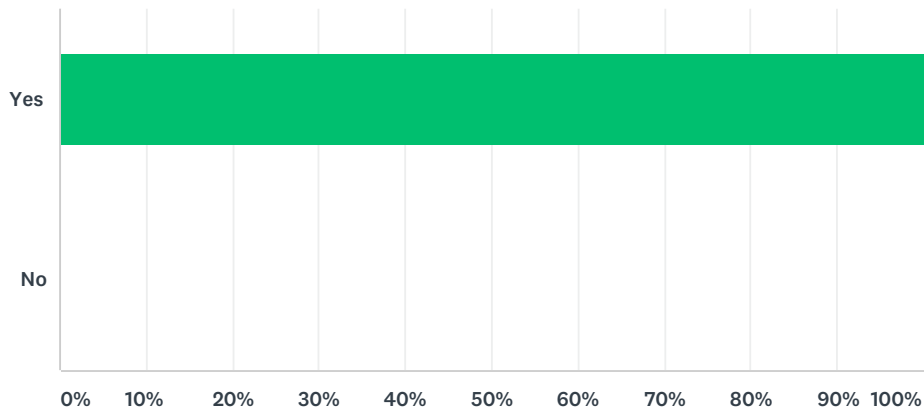
■ Very Ineffective
 ■ Ineffective
 ■ Neither Effective or Ineffective
■ Effective
 ■ Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

#	IF INEFFECTIVE HOW COULD THIS BE IMPROVED?	DATE
1	There is a continuously updated report on the status of internal audit projects.	11/6/2019 7:21 PM
2	Reporting against 3 Year Internal Audit Plan has commenced and implementation of recommendations through Action Plan reporting.	11/5/2019 3:18 PM

Q17 Does the Committee review the work of the external auditor?

Answered: 4 Skipped: 0

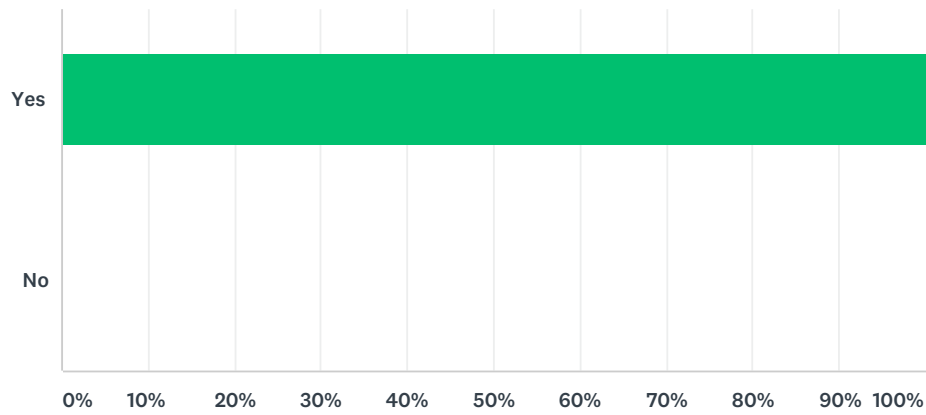


ANSWER CHOICES	RESPONSES
Yes	100.00% 4
No	0.00% 0
TOTAL	4

#	COMMENTS (IF ANY)?	DATE
	There are no responses.	

Q18 Does the Committee review and discuss the external auditor's management letter?

Answered: 4 Skipped: 0

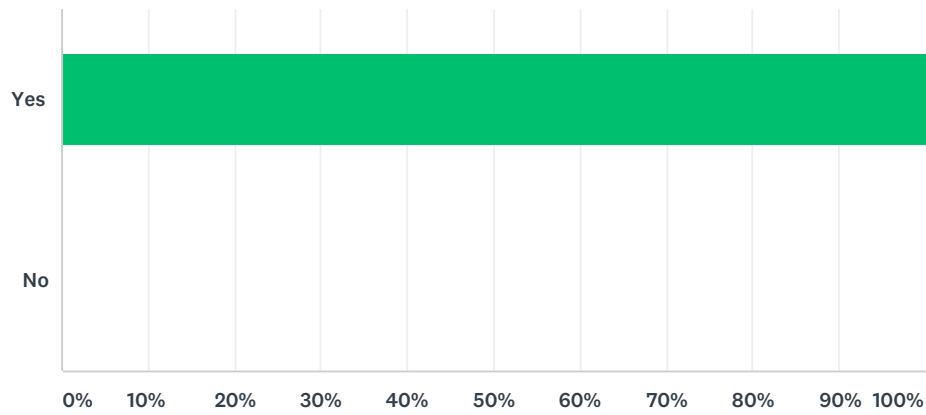


ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

#	COMMENTS (IF ANY)?	DATE
	There are no responses.	

Q19 Is the Committee effective in managing and monitoring the relationship with the external auditor?

Answered: 4 Skipped: 0

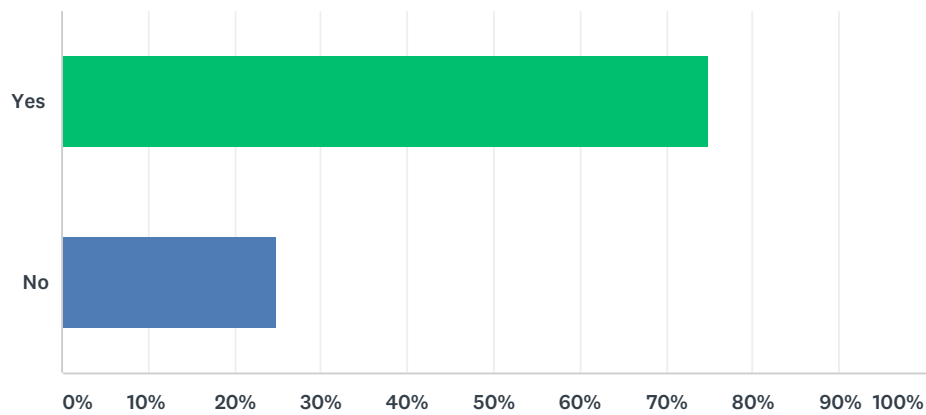


ANSWER CHOICES	RESPONSES
Yes	100.00% 4
No	0.00% 0
TOTAL	4

#	COMMENTS (IF ANY)?	DATE
1	Unclear what "managing" actual means in this context	10/30/2019 9:44 PM

Q20 Do you have any other suggestions for improving any aspect of the Committee's performance, role or functions?

Answered: 4 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	75.00%	3
No	25.00%	1
TOTAL		4

#	COMMENTS (IF ANY)?	DATE
1	Risk Management presentations from Divisional Directors.	11/5/2019 3:19 PM
2	Role and function of Committee to be reviewed if and when legislative changes made as envisaged by the LGAct Review	10/30/2019 9:44 PM
3	Best practice the PM would be one of the IMs but otherwise no comment.	10/29/2019 5:21 PM

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.6

Originating Officer: Lachlan Miller, Executive Manager Governance and Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Audit Committee Terms of Reference Review

For: Decision

SUMMARY

In July 2017, Council considered a report on its s41 Committee arrangements and resolved a number of changes to the Audit Committee TOR. The key change being to stagger the independent member terms to minimise the potential for the loss of all of the independent members 'corporate knowledge' at one time. The TOR came into effect on 1 September 2017.

Since the adoption of the Terms of Reference there have been changes to the legislation regime and the functions of Council (relevant to the Committee) which make it appropriate to for the Committee to consider recommending minor changes to the Council for adoption.

The Local Government sector is in the midst of a significant legislative reform process and it is likely that more significant revisions of the Committee's Terms of Reference will need to be considered in mid – late 2020 as legislative changes come into effect.

RECOMMENDATION

That the Audit Committee resolves to recommend the draft Audit Committee Terms of Reference at Appendix 1 to Council for adoption.

1. GOVERNANCE

Goal	Organisational Sustainability
Strategy	Governance

The maintenance of an appropriate and prudent TOR for the Audit Committee assists in meeting legislative and good governance responsibilities and obligations.

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* requires councils to have an audit committee and it provides guidelines on the membership of the committee and the functions of the committee.

The above legislative obligations are further expanded by Part 5 of the *Local Government (Financial Management) Regulations 2011* which provide additional guidance on the number of members, the requirement for at least one independent member and the prohibition of a council's external auditor being a member.

The *Local Government (Procedures at Meetings) Regulations 2013* provide guidance on the meeting procedures that must apply to committees (such as Audit Committees).

➤ **Risk Management Implications**

Structuring the terms of reference for the Audit Committee in a manner that is legislatively compliant and reflects good practice 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**

There are no direct financial or resource implications from the review of the Audit Committee TOR.

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

There is a high expectation that Council has appropriate governance arrangements in place such as a well-structured and functioning Audit Committee.

➤ **Environmental Implications**

Not applicable

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

Council Committees: Audit Committee – there have been a number of discussions at meetings regarding the changes to legislation (both current and proposed) and the impact on the Committee's TOR.

Advisory Groups: Not Applicable

Administration: Chief Executive Officer
Director Corporate Services
Manager Financial Services

Governance & Risk Coordinator

Community: Not Applicable

2. BACKGROUND

Review of s41 committees

At its 25 July 2017 meeting, Council considered a report on all of its s41 Committees as part of the wider Review of S41 Committees and Advisory Groups which recommended changes to the suite of TORs.

The key changes adopted by Council for the Audit Committee's TOR related to the membership terms. The three (3) independent members' terms, which were of three (3) years duration, were synchronised which was problematic as it could have resulted in the loss of all of the independent members 'corporate knowledge' at the same time. For this reason, Council resolved to introduce staggered terms (i.e. one independent member appointed on a different cycle to the other two members).

Other changes adopted by Council were:

- that decisions regarding the membership of the Committee are to include skills, experience and diversity considerations
- a number of standard clauses with respect to the presiding member, sitting fees, reporting arrangements, meeting procedure, public access to meetings and documents were incorporated into all of the Committee TORs.
- Committee members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Committee members.

In consideration of the report, Council resolved as follows:

14.7 Council Committee Terms of Reference

 Moved Cr Jan Loveday S/- Cr Linda Green	161/17
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Council resolves:

1. That the report be received and noted
2. That with an effective date of 1 September 2017, to revoke the 22 April 2014 Adelaide Hills Council Strategic Planning & Development Policy Committee Terms of Reference and to adopt the draft Adelaide Hills Council Strategic Planning & Development Policy Committee Terms of Reference in Appendix 2
3. That with an effective date of 1 September 2017, to revoke the 26 April 2016 Adelaide Hills Council Audit Committee Terms of Reference and to adopt the draft Adelaide Hills Council Audit Committee Terms of Reference in Appendix 4
4. That with an effective date of 1 September 2017, to revoke the 11 February 2014 Adelaide Hills Council CEO Performance Review Panel Terms of Reference and to adopt the draft Adelaide Hills Council CEO Performance Review Panel Terms of Reference in Appendix 6
5. That the Chief Executive Officer be authorised to make any formatting, nomenclature or other minor changes to the Council Committee Terms of Reference during the period of their currency.

Carried Unanimously

To enable the appropriate transition arrangements to be put in place, the Council resolved that the new Audit Committee TOR will come into effect on 1 September 2017.

Legislative Change

A *Whistleblowers Protection Policy* (the Policy) had been in place at Adelaide Hills Council (AHC) since 2007 to manage its obligations and responsibilities under the *Whistleblowers Protection Act 1993* (the WP Act).

Late last year the South Australian Parliament passed the *Public Interest Disclosure Act 2018* (PID Act). The PID Act commenced operation on 1 July 2019 and as such repealed and replaced the WP Act.

The new PID Act removes any reference to whistleblowers and focuses instead on the disclosure of information. In short, the PID Act encourages and facilitates disclosures of certain information in the public interest by ensuring that proper procedures are in place for making and dealing with such disclosures and by providing protection for persons making such disclosures.

Section 12 of the PID Act sets out the duties of principal officers (i.e. CEO) which include the designation of responsible officers for the purposes of the PID Act, appropriate communication of the contact details of those responsible officers and the development of documentation setting out procedures for persons wanting to make disclosures and officers and employees dealing with such disclosures.

Local Government Reform

In August 2019, the Minister for Local Government released the *Reforming Local Government in South Australia Discussion Paper* (Discussion Paper). The Discussion Paper contains 72 proposals for reform across the following four Reform Areas:

1. Strong council member capacity and better conduct
2. Lower costs and enhanced financial accountability
3. Efficient and transparent local government representation, and
4. Simpler regulation

Reform Area 2 - Lower costs and enhanced financial accountability contains a range of proposals that have the potential to alter the role, composition and functions of council audit committees. Further, the Minister has advised that the current South Australian Productivity Commission's Local Government Inquiry will also inform his views as to reform areas.

The current consultation of the Discussion Paper has now closed and the Minister has indicated an intention to introduce a new 'reform' Bill into the House of Assembly in the New Year (2020) developed on four key reform areas. It is anticipated that there will be further consultation at this point in time.

Service Improvement Program

In the period 2012-2017 Council had a Service Improvement Program based on achieving financial, productivity and service improvements through:

- Continuous Improvement Projects – initiatives identified by teams or individuals throughout the organisation which result in improved work practices and processes, typically with a financial saving or productivity improvement.
- Breakthrough Projects – initiatives identified through deliberate identification of opportunities to make significant financial savings or productivity improvements.

Benefits Realised Reports were provided to the Audit Committee on a bi-annual basis with the last report being provided at the 14 August 2017 meeting.

The 2017-18 Annual Business Plan contained a number of new saving strategies and on this basis the Service Improvement Program was refreshed to focus people and teams on improving process to reduce frustration, inefficiencies and to improve the customer experience. As such reporting to the Audit Committee on the Program ceased.

3. ANALYSIS

Given the legislative change regarding the PID Act and the ceasing of the Service Improvement Program it is prudent and pragmatic to reflect these changes in the draft Audit Committee's Terms of Reference (**Appendix 1**) at this point in time.

The Local Government Reform process will almost certainly result in further legislative change which will have a more fundamental impact on the Committee's functions and composition. As such, broader changes to the Terms of Reference (other than the programmatic changes list above) are premature.

4. OPTIONS

The Committee has the following options:

- I. To recommend to Council to revise the Committee's Terms of Reference as contained in Appendix 1.
- II. To propose alternative changes or no change to the Terms of Reference.

5. APPENDICES

(1) Audit Committee Terms of Reference - Draft – November 2019

Appendix 1

*Audit Committee Terms of Reference - Draft –
November 2019*

ADELAIDE HILLS COUNCIL
Audit Committee



TERMS OF REFERENCE

1. ESTABLISHMENT

- 1.1 The Audit Committee (the Committee) of Council is established under Section 41 of the *Local Government Act 1999* (the Act), for the purposes of Section 126 of the Act and in compliance with regulation 17 of the *Local Government (Financial Management) Regulations 2011*.
- 1.2 The Audit Committee does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent from management.

2. ROLE

- 2.1 The overall role of the Audit Committee will be to assist Council to accomplish its objectives by monitoring and providing advice on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance functions through the following functions:

3. SPECIFIC FUNCTIONS

- 3.1 Financial Reporting and Prudential Requirements

The Committee shall:

- 3.1.1 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability;
- 3.1.2 Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council;
- 3.1.3 Monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.;
- 3.1.4 Review and challenge where necessary:
 - 3.1.4.1 The consistency of, and/or any changes to, accounting policies;
 - 3.1.4.2 The methods used to account for significant or unusual transactions where different approaches are possible;
 - 3.1.4.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

3.1.4.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and

3.1.4.5 All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

3.1.5 Review prudential reports prepared under Section 48(1) of the Act and provide advice to Council, upon request, on other prudential matters.

3.2 Internal Controls and Risk Management Systems

The Committee shall:

3.2.1 Ensure that appropriate policies, practices and procedures of internal control (and other financial and risk management systems) are implemented, reviewed and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives;

3.2.2 Review Council's risk management framework and monitor the performance of Council's risk management program;

3.2.3 Monitor the corporate risk profile and significant risk exposures for the organisation to ensure that there are appropriate management plans to manage and mitigate this business risk; and

3.2.4 Ensure an appropriate legislative compliance framework exists to identify risks and controls over compliance with applicable legislation and regulations.

3.3 ~~Whistle blowing~~Public Interest Disclosures

The ~~C~~committee shall:

3.3.1 Review annually the Council's ~~Whistleblower Protection~~Public Interest Disclosure Policy ~~arrangements and compliance with the requirements of the Public Interest Disclosure Act 2018.~~

3.3.2 Provide recommendations to Council regarding ~~the Whistleblower Protection Policy to ensure that:~~Public Interest Disclosure Policy and resourcing required to comply with legislative requirements

~~3.3.2.1 — There are adequate arrangements for Council employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and~~

~~3.3.2.2~~3.3.2.1 The policy allows independent investigation of such matters and appropriate follow up action in a manner that is in accordance with the Independent Commissioner Against Corruption Act 2012 and Regulations 2013.

Comment [SW1]: Suggest this should be as required to allow some flexibility if nothing occurs or if numerous disclosures were occurring

3.4 Internal Audit

The Committee shall:

- 3.4.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;
- 3.4.2 Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 3.4.3 Review all reports on the Council's operations from the internal auditors;
- 3.4.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 3.4.5 Where appropriate, meet the "head" of internal audit (internal or outsourced) at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Principal Member of the Council and to the Presiding Member of the committee.

3.5 External audit

The Committee shall:

- 3.5.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 3.5.2 Oversee Council's relationship with the external auditor including, but not limited to:
 - 3.5.2.1 Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 3.5.2.2 Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 3.5.2.3 Assessing 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;
 - 3.5.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
 - 3.5.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
 - 3.5.2.6 Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report

from the external auditor on the audit committee's own internal quality procedures);

- 3.5.3 Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;
- 3.5.4 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;
- 3.5.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;
 - 3.5.5.1 a discussion of any major issues which arose during the external audit;
 - 3.5.5.2 any accounting and audit judgements; and
 - 3.5.5.3 Levels of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.
- 3.5.6 Review any representation letter(s) requested by the external auditor before they are signed by management;
- 3.5.7 Review the management letter and management's response to the external auditor's findings and recommendations.

3.6 Economy and Efficiency Audits

The Committee shall:

- 3.6.1 Propose and review the exercise of powers under Section 130A of the Act; to examine and report on any matter relating to financial management, or the efficiency and economy with which the council manages or uses its resources to achieve its objectives,

~~3.7 — Service Improvement~~

~~The Committee shall:~~

- ~~3.7.1 — Monitor the benefits achieved through Council's Service Improvement Program with a focus on efficiency and effectiveness.~~

4. OTHER MATTERS

The Committee shall:

- 4.1 Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's Budget;
- 4.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 4.3 Give due consideration to laws and regulations of the Act;

- 4.4 Make recommendations on co-ordination of the internal and external auditors;
- 4.5 Oversee any investigation of activities which are within its terms of reference;
- 4.6 Oversee action to follow up on matters raised by the external and internal auditors;
- 4.7 Invite Council's external auditors and internal auditors to attend meetings of the Committee, as considered appropriate; and
- 4.8 At least once in its term, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

5. MEMBERSHIP

- 5.1 The Committee will comprise 5 members as follows:
 - 5.1.1 Three (3) Independent Members; and
 - 5.1.2 Two (2) Council Members
- 5.2 All members of the Committee will be appointed by the Council.
- 5.3 Independent Member(s) of the Committee shall have recent and relevant skills and experience in professions such as, but not limited to accounting, financial management, risk management, law, compliance, internal audit and governance.
- 5.4 It is desirable for the Council Members to be appointed to the Committee to have a sound understanding of financial management, risk management and governance.
- 5.5 In considering appointments to the Committee, Council should give consideration to the diversity of the membership.
- 5.6 Appointments to the Committee shall be for a period of up to three (3) years.
- 5.7 Members of the Committee are eligible for reappointment at the expiration of their term of office.
- 5.8 The terms of appointment of the Independent Members should be arranged to ensure the orderly rotation and continuity of membership despite changes to the composition of the Council.

6. SITTING FEES

- 6.1 The applicable Remuneration Tribunal (or its successor) Determination outlines the applicable allowance for Council Members on the Committee.
- 6.2 The Independent Members are to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

7. PRESIDING MEMBER

- 7.1 The Council will appoint the Presiding Member of the Committee.

- 7.2 The Council authorises the Committee to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Committee to make the appointment to that position for a term determined by the Committee.
- 7.3 If the Presiding Member of the Committee is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Committee are absent from a meeting of the Committee, then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.
- 7.4 The role of the Presiding Member includes:
- 7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the *Local Government (Procedures at Meetings) Regulations 2013* (the Regulations); and
- 7.4.2 Ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

8. REPORTING RESPONSIBILITIES

- 8.1 For the purposes of Section 41(8) of the Act, the Committee's reporting and accountability requirements are:
- 8.1.1 The minutes of each Committee meeting will be included in the agenda papers of the next ordinary meeting of the Council;
- 8.1.2 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;
- 8.1.3 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and
- 8.1.4 The Presiding Member may attend a Council meeting at any time that the Presiding Member sees fit to discuss any issue or concern relating to the Committee's functions. Depending on the nature of the matter, this may be held in confidence in accordance with Section 90 of the Act and staff may be requested to withdraw from the meeting.

9. MEETING PROCEDURE

- 9.1 Meeting procedure for the Committee is as set out in the Act, Parts 1, 3 and 4 of the Regulations. Insofar as the Act, the Regulations, or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.
- 9.2 In accordance with Section 90(7a), one or more Committee members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Committee members.

9.3 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

9.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the committee.

10. SECRETARIAL RESOURCES

10.1 The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

11. FREQUENCY OF MEETINGS

11.1 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.

11.2 If after considering advice from the CEO or delegate, the Presiding Member of the Committee is authorised to cancel the respective Committee meeting, if it is clear that there is no business to transact for that designated meeting.

12. NOTICE OF MEETINGS

12.1 Notice of the meetings of the Committee will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:

12.1.1 To members of the Committee by email or as otherwise agreed by Committee members at least 3 clear days before the date of the meeting; and

12.1.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

12.2 PUBLIC ACCESS TO MEETINGS & DOCUMENTS

12.3 Members of the public are able to attend all meetings of the Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 of the Act.

12.4 Members of the public have access to all documents relating to the Committee unless prohibited by resolution of the Committee under the confidentiality provisions of Section 91 of the Act.

13. MINUTES OF MEETINGS

13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.

13.2 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and will (in accordance with legislative requirements) be available to the public.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.7

Originating Officer: Steven Watson, Governance & Risk Officer

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Risk Management Plan 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 2019 results:

- Residual Risk: Nil change
- New Mitigation(s): 0 new mitigations identified
- Completed: 65% (50) is higher with 5 completed actions
- In Progress: Decrease to 32%(25) from 37% (29)
- Not Commenced: Steady from 3% to 3%

RECOMMENDATION

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

1. GOVERNANCE

Goal	Organisational Sustainability
Strategy	Risk and Responsibility

Updating the risk management framework addresses workplace health and safety, emergency management, business continuity, public liability and legislative accountability and 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**

Council Committees: Not Applicable

Advisory Groups: Not Applicable

Administration: Director Corporate Services
Director Community Capacity
Director Development & Regulatory Services
Director Infrastructure & Operations
Executive Manager Governance & Performance
Executive Manager Organisational Development
Manager ICT

Manager Waste & Emergency Management
Manager Property Services
Manager Sustainable Assets
Manager Economic Development
Manager Open Space
Senior Strategic & Policy Planner
Procurement Project Officer
Biodiversity Officer

Community: Not Applicable

2. BACKGROUND

Council's Strategic Risk Profile monitoring and reporting process has been in place since 2014 based on the, then, current Risk Management Policy and the Risk Management Framework.

The allocation of risk owners has been reviewed over time due to changes in the portfolio allocation within the Administration. The current allocations have been in place since May 2017.

Reports on the Strategic Risk Profile have been provided to the Audit Committee and subsequently Council on a quarterly basis since February 2016.

At its 13 May 2019 meeting, the Committee reviewed the Risk Management Policy and noted that only minor nomenclature changes were required, prior to recommending it for Council's consideration.

Council adopted the revised Policy at its 28 May 2019 meeting.

3. ANALYSIS

Strategic Risk Profile

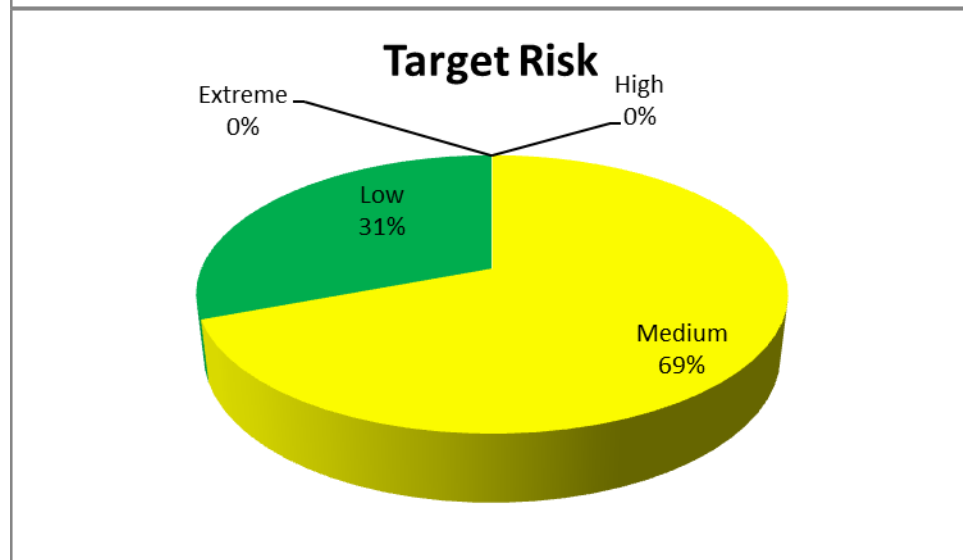
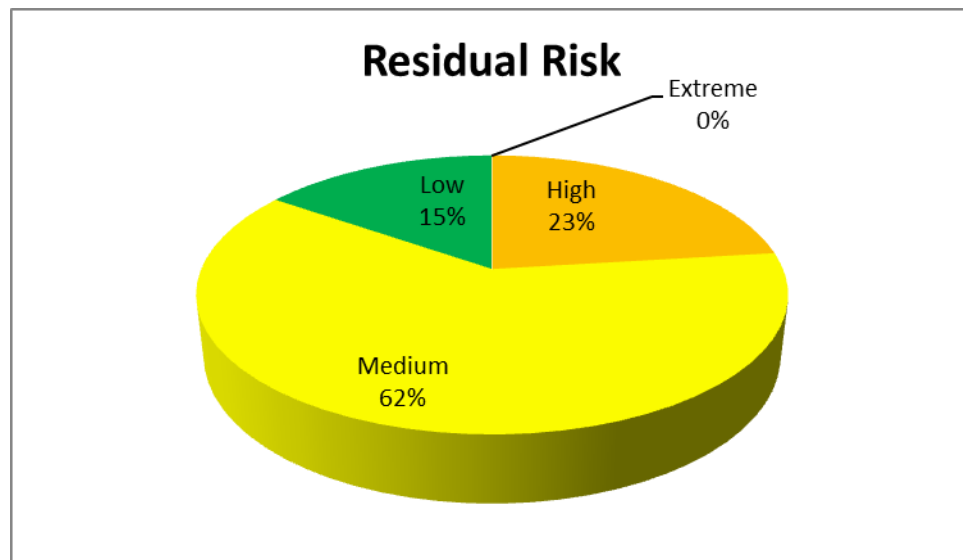
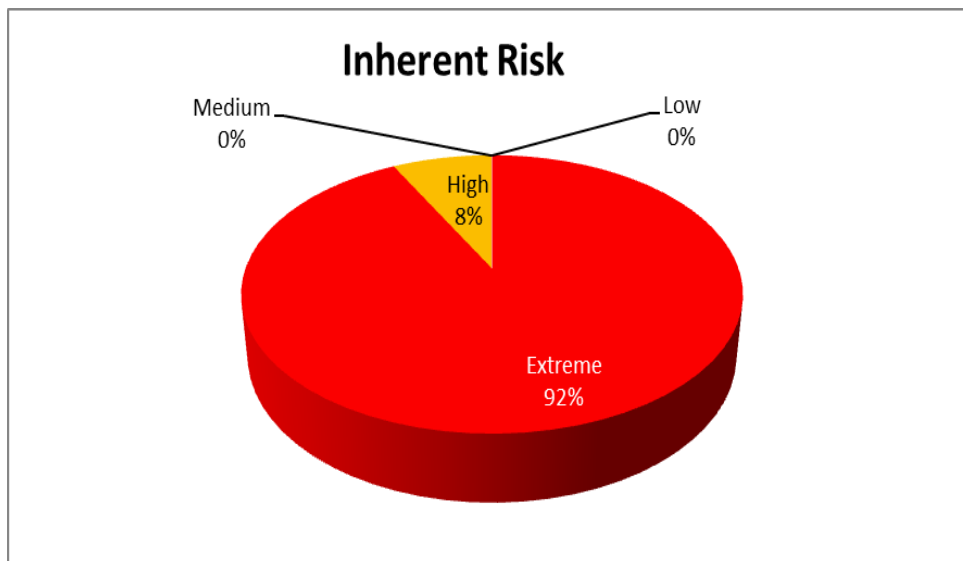
The Strategic Risks are regularly reviewed by the risk owners responding to triggers in the risk environment, changes in causation or impact, changes in the control environment and on the completion of mitigation actions (which then form part of the control environment) which collectively can impact the likelihood and/or consequence of the risk.

While an extract of the Strategic Risk Register is usually provided to the Committee and Council, at its 13 May 2019 meeting the Committee requested that the full Register be provided for the Committee's review. As was noted at the time, the full Register is quite large and therefore difficult to produce in a comprehensible form, nevertheless it is at **Appendix 1**.

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 August 2019 assessment.

There has been no change in the Residual Risk rating for the reporting period. Whilst this may be problematic if the risk were not being reviewed, officers regularly review their risks

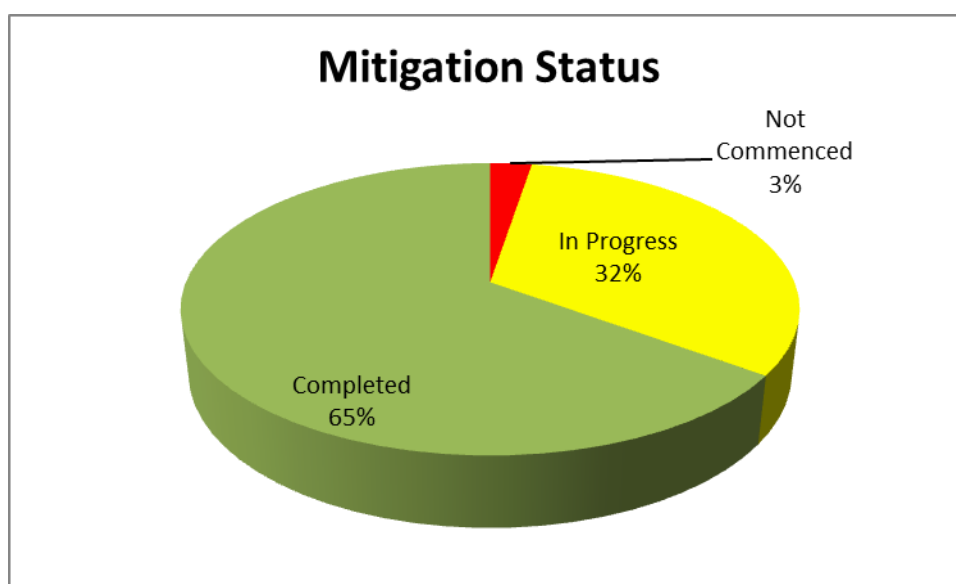
and mitigations, although the Residual Risk rating identifies no change for the reporting period.



The implementation of Mitigation Actions has been progressing steadily. The current status is:

Status	February 2019	May 2019	August 2019	November 2019
Completed	64% (50 actions)	64% (50 actions)	61% (48 actions)	65% (50 actions)
In Progress	35% (27 actions)	33% (26 actions)	37% (29 actions)	32% (25 actions)
Not Commenced	1% (1 action)	3% (2 actions)	2% (2 actions)	2% (2 actions)
New Initiatives (in above totals)	Nil actions	Nil actions	Nil actions	Nil 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.

5. APPENDICES

- (1) Strategic Risk Register

Appendix 1

Strategic Risk Register

Work unit/activity being assessed: AHC Strategic Risk Assessment				Assessment conducted by: ELT				Assessment date: 06 August 2019																			
Context: To conduct a strategic risk assessment for the Adelaide Hills Council focusing on the function of the Council under the Local Government Act 1999.																											
Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls				Section 4: Residual Risk				Section 5: Risk Evaluation				Section 6: Risk Mitigation							
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating			
Example	IT server failure leading to inability to provide service to customers	Cause: Power surge, virus, malfunction Impact: Inability to access corporate information or undertake processing	Manager ICT	Service Continuity	Moderate	Likely	High (BB)	Virus scanning, surge protectors	Good	Moderate	Possible	Medium (BC)	1/03/14	Minimum biannual assessment of residual risk required or when causes or controls change or	28/08/14		Install parallel servers	Manager ICT	30/04/14					Low			
1	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)	Cause: - Poor understanding of development, infrastructure, population, transport, demographics and trends - Ineffective liaison with state and federal planning and development agencies. - Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes. - Ineffective strategies to enhance and conserve character areas and iconic sites. - Poor place making strategies. - Deficient planning and building rules consent practices. - Ineffective infrastructure planning processes. - Lack of appropriately trained and experienced staff. - Poor business planning and budgeting processes to allocate sufficient resources to functions. Impact: - Poor planning & development outcomes, ad-hoc & reactionary planning, unresponsive approaches to addressing community needs and trends - Uncoordinated approaches to infrastructure provision, lack of partnership & funding arrangements, lack of collaborative & mutually beneficial outcomes for community, Council and State Govt., duplication of services & resources - Disempowered community with poor and inefficient use of public spaces - Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change - Non-compliant with legislative responsibilities resulting in considerable liability exposure - Inconsistent and misdirected operations and service provision	Director Development & Regulatory Services	Corporate Objectives	Major	Likely	Extreme (BB)	- Development Policy Planning function in place to monitor, analyse and advise - Program of conversion of Development Plan into the Planning & Design Code established - Up to date Development Plan in place - Privately-funded DPA and other development-related policies in place - Participation in relevant forums with State & Federal Govt and other stakeholder groups regarding any changes to development policy - Undertake responsibilities outlined in the Collaborative Work Plan between DPTI and Council regarding transitioning to the new Planning, Development & Infrastructure (PDI) Act 2016 - Transition the and amend where required the Council's Development Plan to the Planning & Design Code over the next 3 years in accordance with the PDI Act - Precinct Planning Framework and expertise in place - Skilled and experienced planning, building, infrastructure, sport & recreation planning, community development and economic development teams in place - Community engagement and consultation methodologies in place to accord with the Community Engagement Charter - Relevant development assessment staff and CAP members accredited in accordance with the State's Accreditation Scheme - 4x8 processes identifying training and development needs - Development and PDI Act delegations and sub-delegations - CAP in place and functioning - Adopted District Master Plan in place - Regional Climate Change Adaptation Plan - Resilient Hills and Coast - Completion of outstanding Development Plan Amendment (i.e. the Local Heritage DPA)	Good	Minor	Unlikely	Low (DD)	31/10/18	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	31/10/19		1	Rollout of Precinct Planning methodologies as projects are identified	Director I&W	Ongoing	COMPLETE	COMPLETED. Rolled out Uraidla & Gumeracha project. Place Making Group established to identify and roll out future projects	Y	NA			Low
																2	Progression of outstanding DPA: Local Heritage (Stage 1 DPA) to be lodged with the Minister for approval in May 2018	Senior Strategic & Policy Planner	28/2/16	COMPLETE	COMPLETED. DPA approved by SPDPC on 14 August 2018 and with the Minister for Planning for approval. Response received from Minister on 9 April 2019 and minor suggested amendments requested. These were adopted at a Special SPDPC meeting on 14 May 2019 and the DPA was sent back to the Minister on 16 May 2019.	Y	30/11/18				
																3	Implementation of Planning, Development & Infrastructure Act reforms	Manager Development Services Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: The PDI Act being rolled out in stages and to be fully operational by July 2020. A Collaborative Work Plan between DPTI & Council has been executed. Ongoing transition to the new legislation will continue over the next 18 months	N	1/07/20				
																4	Transition of Development Plan into the new Planning & Design Code	Senior Strategic & Policy Planner	31/07/20	IN PROGRESS	IN PROGRESS: Changes to the Rural Planning Policy to be incorporated into development of Planning & Design Code. Entire Development Plan to be transitioned into the aforementioned Code by July 2020. Phase 3 of the Code is expected to be available from DPTI for review in October 2019 at which time a workshops with Council Members will occur	N	1/07/20				
																5	Asset Management Planning - renewal and future requirements	Director I&W	30/06/16	IN PROGRESS	IN PROGRESS. Asset Management Plan reviews underway, and ongoing	Y	Ongoing				
																6	Regional Climate Change Adaptation Plan - Resilient Hills and Coast	Director I&W	31/12/21	COMPLETE	COMPLETED. Plan endorsed by Council 27/09/16	Y	NA				
2	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	Causes: - Ineffective Budget Bid process (ineffective cost estimates preparation; possible lack of understanding of budget and budget process; - Unrealistic timeframes e.g. 12 months for design, consultation and delivery; Change or poorly defined scope; Inadequate specifications and documentation and design; Lack of stakeholder engagement. - Lack of effective consistent project management methodologies - Unforeseen weather and climate conditions, - Lack of appropriate plant and equipment, - Poor contractor management, - Lack of resources (Lack of adequate skilled resources; Loss of key staff.) - Change in government legislation or policy, - Reduction in grant funding, - Lack of scheduled maintenance - Unclear Service ranges and levels Impact: - Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects - Damage to Council reputation - Outcomes of the project delivered fails to meet community's expectations - Weaknesses in infrastructure necessitating increased maintenance	Director Infrastructure & Ops	Finance & Assets	Major	Likely	Extreme (BB)	- Monthly capital reports from finance - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy - Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting	Marginal	Moderate	Possible	Medium (BC)	31/10/18	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	27/07/16		1	Project Management a) Implementation of Project management framework. A trial with Built and Natural Assets is underway since 1/7/15. A review was undertaken in 2016 to assess and refine framework. Further review required now that Manager Civil Services appointed b) Process to audit and check project management. c) Implementation of scheduled program maintenance,	Director I&W	30/06/16	IN PROGRESS	IN PROGRESS. First review process has been undertaken, and capital project checklist put into place. Further review to be undertaken over coming months to ensure alignment with PMBOK (Project Management Body of Knowledge). Programmed Maintenance Programs now in place, and Project Management Documentation now being developed.	Y	30/12/19			
																2	Refine the budget bid process to ensure that sufficient time is allocated to cost budget submissions and also timing recognising that some projects will need to span across multiple years due to lead times associated with planning, consultation and approvals. Action: develop a budget bid database with a two stage process by 30/3/2016	Director I&W	30/01/16	COMPLETE	COMPLETED. Initial 3 year program developed for 2017/18 ABP.	Y	NA				
																3	Start to promote multiple year project planning in line with Asset Management Planning	Director I&W	30/06/16	COMPLETE	COMPLETED. 3 Year Capital Program has been established, which help to achieve this goal.	Y	NA				
																4	Develop process in conjunction with Organisational Development to transfer knowledge once an employee has notified intent to leave the organisation (i.e. to capture staff knowledge with consideration of succession planning and transition to retirement)	Director I&W	30/09/16	IN PROGRESS	IN PROGRESS. Process development underway, however progress has stalled due to other delivery priorities. Looking to reinvest in this process development over the coming months.	N	30/12/19				

Section 1: Risk Identification				Section 2: Inherent Risk			Section 3: Controls			Section 4: Residual Risk			Section 5: Risk Evaluation			Section 6: Risk Mitigation								
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating
																5	Amend LTFF and budget processes to capture all Strategic and Functional Strategy funding requirements.	Manager Financial Services	30/06/18	COMPLETE	COMPLETED: 2018/19 Budget adopted based on a revised LTFF that captured all Strategic and Functional Strategies.	Y	NA	
3	Failure to provide for the welfare, well-being and interests of the community (F)	<p>Cause:</p> <ul style="list-style-type: none"> - Ineffective public health programs (food, immunisation, waste water) - Ineffective community development programs - Failure to identify and respond to key community issues - Poor understanding of cultural and diversity issues in community. - Lack of effective active and passive recreation participation strategies. - Ineffective strategies to work with vulnerable members of the community. - Inappropriate behaviour of community facility users. - Unaffordable rates, fees and charges - Ineffective regulatory services activities (including management of dogs, noise, parking) - Poor facilities <p>Impact:</p> <ul style="list-style-type: none"> - Food poisoning, insanitary conditions, etc. - Decreased wellbeing and an over-reliance on social support - Loss of faith in Council's ability to meet community needs - Inability for people from diverse backgrounds to live/participate in the community - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - cultural disrespect 	Director Community Capacity	Community, Social & reputational	Major	Likely	Extreme (5B)	<ul style="list-style-type: none"> - Well resourced department, with qualified staff making informed and evidence based decisions. - Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment. - Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015. - Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community. - Community engagement policy and other relevant policies - Regular satisfaction surveys and program evaluations. - Communicate with empathy, regular informal contact with the community. - Local engagement via Community Centres is occurring with cultural groups. - Ad-hoc engagement on an as-needs basis. - Development of the Reconciliation Action Plan (2015). - Disability Action Plan (2011), Age Friendly Community Plan (2017) - Staff cultural awareness training. - Recreation and Open Space Planner position created in early 2016. - New Sport & Recreation Strategy was developed and adopted in Oct 2016. - Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy. - Codes of conduct in place in some programs/services. - LTFF with sustainable and reasonable rates growth profile. Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. Internal efficiency improvement program aims to keep costs down. - Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding. - Safe Environments Policy has been adopted. AHC is now registered on the DCSI system for suitability for work screening and all existing staff in prescribed positions have now been checked. 	Marginal	Moderate	Unlikely	Medium (3D)	2/10/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	30/03/20	1	Community Cultural Development Officer to develop Cultural Development principles and framework	Manager Community Development	31/12/16	IN PROGRESS	IN PROGRESS, but will be delayed due to other priorities assigned to this role.	N	30/06/19	
																3	Review Disability Action Plan and inform budget accordingly.	Manager Community Development	31/12/16	IN PROGRESS	IN PROGRESS. New legislation has recently passed parliament, and we await Ministerial Guidelines under that legislation, which will define the requirements for Council Disability Inclusion Action Plans.	N	30/06/19	Medium
																6	Review facility management arrangements. Develop a more consistent approach to community facility users conduct across the various program areas.	Manager Property	31/12/16	IN PROGRESS	IN PROGRESS. Action Plan endorsed by Council for review of facilities under a Community and Recreational Facilities Framework. Revised due date established. A number of workshops held with Council and Framework endorsed. Action plan now being progressed. Workshop held with Council in Feb '19, followed by the establishment of a working group to further progress the matter. Working group have commenced review of Framework. Consideration to be given to a revised timeline to reflect level of complexity identified.	N	30/06/21	
4	Failure to take measures to protect the community from natural and other hazards (F)	<p>Cause:</p> <ul style="list-style-type: none"> - Poor fire prevention initiatives - Poor flood protection initiatives - Poor wind protection initiatives - Ineffective emergency management regimes - Ineffective asset maintenance and replacement plans and programs - Lack of participation in regional emergency management arrangements - Non-compliance with legislation - Poor Business Continuity Plan - Insufficient budget - Ineffective planning and preparations <p>Impact:</p> <ul style="list-style-type: none"> - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset 	Exec Manager Governance & Performance	Catastrophic	Major	Likely	Extreme (5B)	<ul style="list-style-type: none"> - Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM - Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM. - Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies. - Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDIPlan program and CFS Community Fire Safety Meetings. - Ongoing replacement and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program. - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset 	Good	Major	Unlikely	Medium (4D)	5/11/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	3/05/20	1	Development of new Emergency Management Plan.	Mgr Waste & EM	31/12/17	IN PROGRESS	EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure & Operations, Project timeframes to be reviewed. Update 02/10/19 - Draft Emergency Management Plan completed. Draft Incident Operations Manual (formerly within the Emergency Management Plan) to be considered for endorsement by ELT 3 October 2019. Council to participate in LGA Council Ready Program to complete Emergency Management Plan by September 2020 based on a risk assessment process. Update 07/11/19 - ELT formally resolved to commit to LGA Council Ready Program, scheduling of initial risk assessment workshop set for 9/12/19. Incident Operations Manual adopted by ELT 3 October and is currently being implemented.	N	31/08/20	
																2	Commit to I Responda emergency response framework.	Ex Mgr Gov Perf	19/01/16	COMPLETE	Council is now part of this program. Its plan to be transferred to contemporary standard. Anticipated to be complete by 31/12/19.	Done	NA	
																3	Develop Emergency Management Team for ongoing development and review of Council's EM processes relating to emergencies that occur external to the organisation (not WHS emergency management)	Mgr Waste & EM	31/12/16	COMPLETE	To be developed under EM Framework. Update 05/08/19 - Draft Incident Operations Manual 95% complete. This document will be used with the draft Emergency Management Plan to plan, prepare, respond and recover from emergency events. Anticipated to be completed by 30 November 2019. Update 02/10/19 - Draft Incident Operations Manual to be considered by ELT for endorsement on 3 October 2019. Update 07/11/19 - Incident Operations Manual adopted by ELT 3 October 2019 including establishment of an Incident Management Team completing this action.	N	30/10/19	Medium

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls				Section 4: Residual Risk				Section 5: Risk Evaluation			Section 6: Risk Mitigation						
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating	
		<ul style="list-style-type: none"> - Significant property loss and damage - Loss of life, injury - Reputational damage - Exposure to liability and penalty - Loss of community normality - Council services stretched and some services may not be fully operational - Loss or damage of public and private infrastructure - Environmental and biodiversity impacts 		Community			<ul style="list-style-type: none"> - protection zones. - Ensure ongoing compliance with the F&ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire prevention and mitigation. - Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Commencement of Zone-based Preventative Maintenance Program. Bushfire Mitigation Operational Committee - I-Responda process and trained staff - Establishment of EM function in Infrastructure & Operations Directorate 										4	Research the establishment of a dedicated EM role (temporary/permanent)	Exec Mgr Gov & Risk	31/03/16	COMPLETE		Done	NA	
																5	Establish Zone-based Preventative Maintenance Program	Mgs Open Space & Civil Works	1/02/16	COMPLETE	Zone program established	Done	NA		
																6	Review bushfire prevention and mitigation arrangements	Mgs Open Space and Team Leader Regulatory Service	30/06/17	COMPLETE	Structure in place	Done	NA		
5	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	<p>Cause:</p> <ul style="list-style-type: none"> -Lack of understanding of biodiversity. - Inadequate planning controls, - Lack of specific skill and knowledge of natural environment, - Insufficient budget, - Lack of internal coordination in project delivery, - Inadequate emergency response to environmental hazard, - Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation, - Ineffective natural resource management strategies and processes. - Poor environmental management practices. - Illegal dumping <p>Impact:</p> <ul style="list-style-type: none"> - Damage to local environment - Financial - restoration of failure to act (fines plus the works to restore) - Reputational damage - Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature - Local amenity not maximised - Health and economic impacts due to climate change - Failure to meet stakeholder expectation 	Director Infrastructure & Ops	Environment	Catastrophic	Possible	Extreme (EC)	<ul style="list-style-type: none"> - Biodiversity Strategy, - Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained & qualified staff - Safe working procedures - Blue Marker sites - Spill kits - SDS - Customer request system for reporting to us - Machinery hygiene - Development Plan 	Good	Catastrophic	Unlikely	High (5D)	31/10/18	Minimum quarterly assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan required.	29/01/19	1	Water Resources strategy to be developed	Sustainability Officer		COMPLETE	Water Management Plan endorsed by Council 13 December 2016.	Done	NA		
																2	Project Management framework (see action above)	Director I&O		IN PROGRESS		N	30/12/18		
																3	Implementation plan for the Biodiversity Strategy to be developed; Interim review of Strategy	Biodiversity Officer		COMPLETE	Biodiversity Strategy endorsed by Council on 24/9/2019. Implementation plan for the Biodiversity Strategy complete.	N	2/10/19		
																4	Ensure adequate budget and human resources are allocated to the priority strategies articulated in the Biodiversity Strategy's Implementation Plan	Director I&O		COMPLETE	Implementation plan for the Biodiversity Strategy complete. The plan informs Annual Programming and LTFP.	Done	30/06/19		
																5	Establish a program to review the safe operating procedures to ensure that they incorporate contemporary management techniques to minimise environmental impacts.	Manager Open Space		COMPLETE	Budget Bids to support this years program were included in the 2018-19 Annual Business Plan and Budget Process.	N	N/A		
																6	Expansion of Blue Marker Sites	Manager Open Space	30/10/16	COMPLETE		Done	NA		
6	Failure to provide appropriate infrastructure for the community (F)	<p>Cause:</p> <ul style="list-style-type: none"> - Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation - Poor asset management regimes (data, reveals) - Ineffective maintenance regimes - Leaseholders conducting works outside of contractual/legislative obligations. - Duplication or gaps in infrastructure provision to communities. - Lack of understanding community needs and trends <p>Impact:</p> <ul style="list-style-type: none"> - Increased cost to maintain infrastructure - Reduced confidence in Council by the community - Increased risks to staff and community when utilising facilities - Disadvantage to AHC community over that of other areas - Negative impact on community wellbeing 	Director Infrastructure & Ops	Corporate Objectives	Major	Likely	Extreme (EB)	<ul style="list-style-type: none"> - Current Asset Management Plans for key asset categories - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans - Endorsed annual budget for maintenance program (all asset categories) - Annual Business Plan & Budget consultation undertaken - Customer Survey undertaken - Asset condition audits undertaken cyclically - Asset management system in place (Conquest) - Building inspections (last done 2013) - Compliance audits for buildings as per legislation - Customer request system captures community concerns/issues - Sport and Recreation Strategy - Bike Strategy - Preventative Maintenance regime 	Good	Moderate	Possible	Medium (3C)	2/10/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	30/03/20	1	Update asset management plans as per cycle (and LTFP)	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	31/12/16	IN PROGRESS	Draft Transportation AMP prepared to go to Audit Committee and Council Nov 2019. 80% of assets in enterprise system - stormwater and kerb remain to be transitioned. AMS System purchased. Implementation is progressing well, with Playground assets loaded, training of internal and field staff underway, and Business Process Reviews for key asset classes also underway.	N	Ongoing		
																2	Preventative Maintenance regime developed	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/01/17	COMPLETE		Done	NA		
																3	Establish service levels in consultation with community	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/03/16	IN PROGRESS	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews.	N	31/12/18		
																4	Establish cycle for condition audits and monitor (incl buildings)	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	31/12/16	IN PROGRESS	Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing. Limited progress, though strategic property review commenced	N	30/06/18		
																5	Develop Bike Strategy to identify infrastructure requirements	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/01/17	COMPLETE	To Council Oct 16 - completed	Done	NA		
																6	Revise Sport and Recreation Strategy to identify infrastructure requirements	Mgr Sustainable Assets for Infrastructure and Strategic Property Officer for Land and Buildings	1/03/16	COMPLETE	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTFP now capturing ongoing investment.	Done	NA		
																1	Implementation Plan for EDS finalised and approved Mar 2016	Director Developemnt & Regluary Services	31/12/16	COMPLETE		Done	30/12/19		

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls				Section 4: Residual Risk				Section 5: Risk Evaluation		Section 6: Risk Mitigation											
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating					
7	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)	<p>Cause:</p> <ul style="list-style-type: none"> - Dysfunctional local economy, loss of jobs, loss of basic retail and service functions - Poor engagement with business community, leading to relative disadvantage for business community - Lack of understanding of economic drivers, leading to potential wasted allocation of effort, stagnation of effort, and/or perception of Council being out of touch with business community. - Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts. - Lack of understanding of tourism demand, leading to potential wasted effort, stagnation of effort, and/or perception that the Council is unable/willing to support the tourism sector. - Poor support of tourism and business associations, leading to fragmentation of effort and dis cohesive strategies. - Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes. <p>Impact:</p> <ul style="list-style-type: none"> -- Loss of local jobs -- Loss of basic local retail and service businesses -- Devaluation of local residential and commercial property -- Rise in social problems deriving from a declining economy - The community procures goods outside of the area as business not vibrant and meeting local requirements 	Director Community Capacity	Economic	Moderate	Likely	High (3B)	<p>Economic Development Strategy (EDS); Economic Development Officer appointed Dec 2015; implementation plan approved Mar 2016; active and positive engagement with local business communities, integrated approach to creating a diverse and sustainable economy across the District, resources to provide required implementation of the EDS.</p> <p>EDS addresses need to work actively with business groups and associations, resources (such as a business contact database) provided to interact and network on a consistent basis. Consistent framework for effective interaction.</p> <p>Ad-hoc engagement on an as-needs basis. Advisory Group exists for Primary Production. Higher level engagement occurs with one business association.</p> <p>Some engagement has occurred with industry reps and DPTI regarding specific transport issues. Council partners with DC Mt Barker, RDA and SATC to run Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities.</p> <p>Support for AHT is high, but support for business associations is low.</p> <p>Adelaide Hills Council Economic Profile Sept 2014. Annual subscription to economy id. Business contact database</p> <p>Involvement in place making initiatives</p>	Marginal	Moderate	Likely	High (3B)	5/08/19	Minimum quarterly assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan required.	3/11/19	2	Identify significant economic infrastructure issues and opportunities	Director Developemnt & Regluartory Servcies	31/12/16	COMPLETE	Currently working with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern Freight Train Bypass	Done	30/12/19						Low
																3	Assess effectiveness of key points of AHC engagement with community	Director Developemnt & Regluartory Servcies	1/07/16	COMPLETE	Ongoing through role of Community Engagement Coordinator, more recently through the introduction of online engagement tool	N	30/12/19						
																4	Active and positive engagement with local business communities	Manager Economic Development	1/07/16	COMPLETE	Ongoing role of MED	Done	30/12/19						
																5	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the District	Manager Economic Development	31/10/16	COMPLETE	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies	Done	30/12/19						
																6	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO	Manager Economic Development	31/12/16	COMPLETE	The Manager ED is actively building relationships with existing business associations and working with communities that currently do not have business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits	Done	30/12/19						
																7	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services	Manager Economic Development	31/12/16	IN PROGRESS	Quarterly e-Business newsletter sent to business associations and subscribed businesses. Website business page being developed and feedback on other AHC pages provided	N	30/12/19						
																8	Develop business contact database	Manager Economic Development	31/12/16	COMPLETE		Done	30/12/19						
																9	Identify significant organisations, roles and skillsets within region	Manager Economic Development	31/12/16	COMPLETE	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED	Done	30/12/19						
																10	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities	Manager Economic Development	31/12/16	COMPLETE	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group	Done	30/12/19						
																11	Improve engagement with local business associations	Manager Economic Development	31/12/16	COMPLETE	Regular communication established with SBA and WCA	Done	30/12/19						
																12	Undertake precinct planning/placemaking, with consideration of triple bottom line (As appropriate)	Manager Economic Development	31/12/16	COMPLETE	The MED is a member of Council's Placemaking group to ensure a coordinated approach	Done	30/12/19						
8	Failure to manage and develop public areas vested in, or occupied by the Council (F)	<p>Cause:</p> <ul style="list-style-type: none"> - Lack of strategic and operational processes to manage Council's property portfolio. - Poor sports, recreation and open space management practices. - Physical hazards to users (trips, slips, debris, falling items) - Poor climate adaptation regimes <p>Impact:</p> <ul style="list-style-type: none"> - Increased cost to maintain infrastructure - Reduced confidence in Council by the community - Increased risks to staff and community when utilising facilities - Disadvantage to AHC community over that of other areas - Negative impact on community wellbeing 	Director Corporate Services	Community, Social & reputational	Major	Almost Certain	Extreme (4A)	<ul style="list-style-type: none"> -Community Land Management Plans updated 2019 - Asset Management Plans developed for property assets - Annual budget developed to include mtce funding - Strategic Plan that captures community facilities and open space - Recreation and Open Space Plan adopted by Council - High risk / high use assets (e.g., playground equipment) inspected as per established regime - High risk tree audit plan established - Lease and licence arrangements in place for occupiers of council facilities - Maintenance regime in place for all reserves and buildings - Customer request system in place - Rec and Open space planner employed - Reviewed Property Function and Manager Property employed - Sport and Recreation Strategy endorsed by Council 	Marginal	Moderate	Possible	Medium (3C)	2/10/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	30/03/20	1	Update Community Land Management Plans	Manager Property	31/12/06	COMPLETE	Action Plan endorsed by Council that included a review of the Community Land Mgt Plans. Review commenced and workshop presented to Council in Jan 2019. Draft Plans presented to Council 27 July 2019 and endorsed for Community Consultation. Consultation subsequently completed and updated CLMPOs adopted.	Y	N/A						
																2	Programmed maintenance regime to be developed (land and buildings)	Mgr Civil Services Mgr Open Space/ Mgr Property	31/12/16	IN PROGRESS	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as part of Facility Framework, service standards to be developed	N	30/12/18						
																3	Review of Crown Lan under care and control of Council	Manager Property	31/12/19	IN PROGRESS	Detailed assessment of all land parcels undertaken and workshop and report provided to Council. Consultation completed in relation to potential land parcels to hand back to the Crown. Revocation of community land classification to be commenced	N	30/06/20						
		<p>Cause:</p> <ul style="list-style-type: none"> - Poor IR practices - Ineffective attraction and retention initiatives - Lack of workforce planning and development. - Deficient equity and diversity programs - Poor leadership - Failure to ensure appropriate WH&S for employees and volunteers. - Volunteers deterred by training/inductions requirements - Ageing population impacting on volunteer participation - Failure to engage young population as volunteers <p>Impact:</p> <ul style="list-style-type: none"> - Volunteer Coordinator, volunteer management project and practices - Provide leadership training and development/coaching. - OD Team -trained and experienced; - Policy and procedures that include screening. 															1	Equity and diversity plan is being developed	Exec Manager Organisational Development	30/07/19	IN PROGRESS	Further development of the plan is being undertken through the Diversity and Inclusion Team. Some initial ideas for the plan have been researched. Further work to be progressed in 2020.	N	30/06/20					

Section 1: Risk Identification				Section 2: Inherent Risk			Section 3: Controls			Section 4: Residual Risk				Section 5: Risk Evaluation			Section 6: Risk Mitigation															
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating								
9a	Failure to manage, improve and develop the human resources available to the Council. (F)	- Increased financial cost; - potential litigation; decrease in morale; poor work performance; inability to deliver services; negative impact on council brand and reputation; lacking or ineffective policy/procedures; inability to meet the demand for volunteering opportunities, inability to offer attractive positions (older and younger workers), potentially lose volunteers who don't want to participate in induction and training, council could fail to meet the legislative requirements if training avoided; not having available staff/volunteers to undertake work at required times; heightened number of complaints around EEO; ineffective management of human resources, lose ability to innovate through poor leadership, fear of doing the wrong things and receiving punishment; more injured workers, potential death; litigation threatening the viability of the organisation; unable to attract employees and volunteers; lack of handover and transfer of valuable knowledge; challenges about fair and equitable process; higher turnover costs and negative affect on work culture; potentially losing good candidates.	Exec Manager Org Dev	Staff Wellfare & Engagement	Major	Likely	Extreme (4B)	police and health checks; - Position descriptions for every position, - WHS & OD policies and procedures; - Trained leaders and employees; executive team trained and engaged in management of WH&S; - Active H&S Committee; WHS Advisor-expertise in organisation; - Well maintained plant and equipment; - Regular reporting in teams and across the organisation; - Annual audits by external party; - Access to LGAWCS/risk services for advice; - Proven track record of high achievement; - WHS improvement plan; WHS KPI action plan (annual); annual WHS KPI Audit (external party) - Fair Treatment, Workplace Bullying Procedures implemented and training provided - Grievance Procedures implemented	Marginal	Moderate	Possible	Medium (3C)	4/10/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	1/04/20	2	Update Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Exec Manager Organisational Development			COMPLETE	Fair Treatment, Workplace Bullying Procedures and Grievance Procedures implemented and published on Workspace	Done	20/12/19	Medium							
																										3	Undertake Fair Treatment and Bullying training	Exec Manager Organisational Development	30/04/16	COMPLETE	HR delivered training to all employees and People Leaders in March 2016. A network of Equity and Diversity Contact Officers established and trained in March 2016. Training will be undertaken annually for new employees.	Done
9b	Failure to manage, improve and develop the information resources available to the Council. (F)	Cause: - Business systems do not effectively support organisational needs - Ineffective media and brand management strategies. - Poor information management practices (capture, use, storage, retrieval). Impact: - Inefficiency; increased risk of errors (from manual systems); negative impact on council brand & reputation; decreased staff morale; potential for increased turnover of staff; lack of consistency; increased cost in undertaking work; systems cannot be upgraded due to inadequate hardware layer; inability to test updates before being implemented; lack of information sharing, working in information silos, failure to capture corporate knowledge effectively, misinformation that leads to negative or undesired outcomes, residents being misinformed or mislead, potential legal or financial implications, poor uptake of services; customer confusion regarding branding of council programs and services	Director Corporate Services	Community, Social & reputational	Major	Likely	Extreme (4B)	Communications and branding team, corporate policies/procedures around media contact, brand style guide for consistency; records department; EDRMS - Records Policy Updated and endorsed by Council; range of internal communication system-emails, meetings, internet, Lync, CRM; business systems are reviewed and upgraded; employees are trained in basic system use; security access relevant to job requirements are provided; restricting permissions control; nightly backups; Workspace (Intranet) - Website Champions in place; emails; corporate systems; security groups and access ICT Business Continuity Plan established Tender for new Asset Management System completed - System acquired New information management system acquired - rollout currently underway New data centre built in City and BCP in place for rollover	Marginal	Minor	Possible	Medium (2C)	29/07/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	12/01/16	1	Implement Asset Management System	Manager Sustainable Assets	30/06/18	IN PROGRESS	80% of Council assets transitioned into new Enterprise system.	N	NA	Medium								
																									2	Implement new records management system in conjunction with SharePoint upgrade	Manager IS	30/06/17	IN PROGRESS	New Sharepoint environment implemented, Record Point software acquired to replace TRIM and installed, project plan established for EDRMS and architecture completed. Build of Test Environment completed and software integration with line of business systems being undertaken. Live environment built and configured with a rollout plan commencing July 2019	N	30/12/19
9c	Failure to manage, improve and develop the financial resources available to the Council. (F)	Cause: - Poor internal control environment - Poor procurement planning and processes. - Ineffective insurance arrangements. - Poor financial management processes (treasury, AP, AR) - Poor contract management Impact: Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk of litigation; inappropriate assets with short medium and long term financial impacts; potential inability to pay; negative impact on ability to service the community; poor customer relations; poor supplier relationships; potential impact on income from rates, fees and charges; increased risk of litigation leading to financial instability	Director Corporate Services	Legal & Regulatory	Catastrophic	Likely	Extreme (5B)	Internal audit and annual review of internal controls; system security and configuration; induction procedures; recruitment and selection processes; financial delegations; an informed level of insurance cover through LGAMLS, rating policy, process and timeframes; asset management register and program; Manager Governance and Risk in organisation; qualified employees; trained in policies; conflict of interest declaration (Directors/CEO); WHS procedures on plant purchasing, consultation and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy; insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year; wage declaration which affects the insurance calculation annually; insurance claims process; quality accredited insurance company-LG Risk Services; insurer processes claims; professional internal advice; financial management system; Updated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council Members; discipline processes; ongoing training and development; internal controls framework; debt recovery; Debt Recovery Policy and Accounts Reconciliation Policies updated and adopted External Fund Funding Policy adopted by Council (2017)	Marginal	Moderate	Unlikely	Medium (3D)	2/10/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	12/01/16	1	Review positions across council that require criminal history checks, including financial roles	EMOD	30/06/16	COMPLETE	Updated Policy and Procedure covering the relevant criminal history check requirements have been adopted and training completed. Identified positions requiring checks are being updated or undertaken currently.	Y	30/09/17	Medium								
																									2	Recruit Procurement Coordinator Role	Manager Financial Services	30/09/17	COMPLETE	Recruitment completed in June 2018	Y	NA
																									3	Review of Procurement Policy and procedures (Stage 1)	Procurement Coordinator	1/10/16	COMPLETE	Updated Policy and Procedure endorsed by Council in August 2019	Y	28/02/19
																									4	Review the process map of the insurance claims procedure to enable consistency of application.	EMOD	30/06/16	COMPLETE	Done	NA	
																									5	Explore Grant funding opportunities	All budget owners	1/07/16	COMPLETE	A Grant Funding Policy endorsed by Council. Savings Strategy endorsed by ELT.	Y	NA

Section 1: Risk Identification				Section 2: Inherent Risk				Section 3: Controls		Section 4: Residual Risk				Section 5: Risk Evaluation		Section 6: Risk Mitigation									
No	Risk Statement (use the situation-consequence technique)	Causes & Impact	Risk Owner	Category	Consequence	Likelihood	Risk Rating	Details	Effectiveness	Consequence	Likelihood	Risk Rating	Date of assessment	Mitigation actions required (According to Risk Management Framework)	Next assessment no later than	Mitigation Number	Mitigation Action	Responsible Officer	Original Due Date	Progress	Status Comment	Move to controls (Y/N)	Revised Due Date	Target Rating	
10	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	<p>Cause:</p> <ul style="list-style-type: none"> - Poor governance practices (CR22) - Poor risk management practices (CR21) - Poor representation arrangements (CR92) - Poor representation of the community by Council Members (CR62) - Lack of effective strategic planning and resource allocation processes. (CR63) - Lack of effective financial sustainability processes. (SR9c) - Ineffective performance management and reporting processes. (CR64) - Poor working relationship between Council and Administration. (CR65) <p>Impact:</p> <ul style="list-style-type: none"> - Decisions are not representative of community sentiment or made in the community's interest - Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation. - Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/ additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction. 	Exec Manager Governance & Performance	Community, Social & reputational	Catastrophic	Possible	Extreme (5C)	<p>Legal considerations considered in agenda report templates, Governance Manager advises council, functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Polices (code of conduct, meeting procedures, allowances & benefits, caretaker, informal gatherings, COPAMD), delegations, agendas, minutes, training & development. Review of s41 Committee, Advisory Groups, s43 subsidiary and external group fiduciary arrangements</p> <p>CRM Policy adopted, CRMF adopted, training provided to senior staff, RM considerations included in agenda report and project planning templates. General awareness of risk management principles and considerations. Provisions of Chpt 3 of the LG Act regarding composition of councils and wards, mandated representation reviews. Scheduled review completed in 2017.</p> <p>Strategic Plan, strategic, business and project planning and budgeting processes, trained and experienced staff.</p> <p>Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff.</p> <p>Council Member and Administration training in the respective roles, team building and relationship development, performance reporting, One Team -Communication Protocols</p> <p>Governance & Performance Department expanded to include dedicated Governance & Risk Coordinator and Corporate Planning & Performance Coordinator.</p>	Good	Moderate	Rare	Low (3E)	5/11/19	Minimum annual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	4/11/20	1	Governance Framework Review	EMG&P	30/09/16	COMPLETE		Done	NA	Low	
2																2	Review of s41 Committee and Advisory Group Terms of Reference	EMG&P	30/09/16	COMPLETE		Done	30/09/18		
3																3	Rollout of ControlTrack (Internal control module)	Manager Financial Services	30/12/15	COMPLETE	Endorsed and implemented for Financial Controls	Done	NA		
4																4	Review of Risk Management Framework	G&RC	30/09/16	IN PROGRESS	will form part of RM review	N	30/09/19		
5																5	Mandated representation review project	EMG&P	30/04/17	COMPLETE		Done	NA		
6																6	Participation in boundary reform initiatives	EMG&P	As Required	COMPLETE		N	NA		
7																7	Review of s43 and external group fiduciary duties where Council members or staff are on Boards	EMG&P	31/12/16	COMPLETE		Done	NA		
8																8	Election induction training	EMG&P	15/11/18	COMPLETE		N	30/06/19		
9																9	Implementation of Corporate Planning & Performance Reporting Framework	EMG&P	30/06/19	COMPLETE		N	NA		
10																10	Strategic Boundary Review project	EMG&P	30/10/19	IN PROGRESS		N	NA		
11	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	<p>Cause:</p> <ul style="list-style-type: none"> - Lack of awareness of legislative/contractual/lease/policy requirements - Ineffective delegation and authorisation mechanisms. - Poor contract management practices - Ineffective compliance management systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully understood <p>Impact:</p> <ul style="list-style-type: none"> - Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements - Failure to effectively undertake the functions of a council - Contractual penalties and liabilities. - Inefficient systems that lead to loss of resources - Scrutiny and sanctions by integrity agencies 	Exec Manager Governance & Performance	Legal & Regulatory	Major	Likely	Extreme (4B)	<p>Legal considerations considered in agenda report templates, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Legislative delegations register regularly reviewed, role specific training & development.</p> <p>Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program</p> <p>Governance Legal Compliance Audit</p> <p>Full review of subdelegations and authorisations completed 2017.</p> <p>Employment of Procurement Coordinator</p> <p>Experienced property team.</p>	Marginal	Moderate	Unlikely	Medium (3D)	5/11/19	Minimum biannual assessment of residual risk required or when causes or controls change or mitigations are implemented. Risk mitigation (treatment) plan optional.	3/05/20	1	Legislative compliance audit	EMG&P	30/06/16	COMPLETE		Done	NA	Low	
2																2	Development of contract management system, subject to funding	Manager Financial Services	31/12/16	COMPLETE		Done	NA		
3																3	Development of a legal opinions database	EMG&P	30/06/20	NOT COMMENCED		N	31/12/19		
4																4	Implementation of new delegations and authorisations management system and associated training.	G&RC	30/12/19	NOT COMMENCED		N	30/10/19		

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.8

Originating Officer: Lachlan Miller, Executive Manager Governance and Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Internal Audit Quarterly Update

For: Decision

SUMMARY

This report provides the Audit Committee with an update on progress of internal audits nominated in the 2018/19-21/22 Strategic Internal Audit Plan (the SIAP).

RECOMMENDATION

The Audit Committee resolves to:

1. Receive and note the report.
 2. Recommend to Council to adopt the revised Strategic Internal Audit Plan as contained in Appendix 1
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 5	Organisational Sustainability
Strategy 5.7	Governance

➤ **Legal Implications**

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.

➤ **Risk Management Implications**

The implementation of the internal audit program 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)

➤ **Financial and Resource Implications**

The Internal Audit budget for this financial year includes funding to resource the proposed audits and enable them to be outsourced under the oversight of the Executive Manager Governance and Performance. Given the range of demands on this role, and the specialised nature of a number of the audits, it is not possible to undertake audits internally and while not necessary, it does promote the objectivity of the audit process.

➤ **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 in the preparation of the report was as follows:

Council Committees: The adequacy of the SIAP was discussed at the February 2019 Audit Committee meeting.

Advisory Groups: Not Applicable

Workshops: Not Applicable

Administration: Director Corporate Services
Manager Financial Services
Governance & Risk Coordinator

Community: Not Applicable

2. BACKGROUND

In June 2019, the Administration engaged a Risk & Internal Audit Consultant (the Consultant) to develop the project briefs for the following series of internal audits on the SIAP, being:

- Recruitment and retention practices
- Budgetary management
- Payroll function
- Use of purchase cards.

The Use of Purchase Cards Audit was conducted in July 2019 and the audit report provided to the August 2019 Audit Committee meeting.

To date, none of the audits carried over from 2018-19 has been commenced due to conflicting priorities primarily relating to the Boundary Reform and Local Government Reform legislative changes, a vacancy in the Governance & Performance Department, the commencement of the Strategic Plan Review in 2019, and a significantly higher than average number of s270 Internal Reviews of Council Decisions (i.e. 9 lodged in 2018-19).

3. ANALYSIS

The SIAP has been revised to reflect the delays in commencement of the scheduled internal audit projects (see SIAP v1.2a in **Appendix 1**). The rescheduling has necessitated the proposed extension of the SIAP into 2022-23 and the corresponding reshuffling of projects across those years.

There is some optimism on the resourcing of the function to achieve the proposed revised SIAP due to the staffing vacancy being filled from 2 December, the completion of the Strategic Plan in February 2020 and the transfer of the Internal Review of Council Decisions function to a different Directorate from 1 January 2020.

If the Audit Committee supports the proposed changes (or alternative versions) a recommendation will need to be made to Council to adopt the revised SIAP.

4. OPTIONS

The Committee has the following options:

- I. To recommend to Council to revised the SIAP as contained in Appendix 1; or
- II. To identify an alternative course of action.

5. APPENDIX

- (1) Strategic Internal Audit Plan 2018/19 – 22/23 v1.2a

Appendix 1

Strategic Internal Audit Plan 2018/19 – 22/23 v1.2a

Strategic Internal Audit Plan 2018/19 - 21/22-22/23

Audit Engagement	Scope	Strategic/Corporate Risk Linkage	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23
Recruitment & Retention Practices	Focusing on the role analysis, authorisation, recruitment process, remuneration determination, reward and recognition processes.	SR9a - Failure to manage, improve and develop the human resources available to the Council.	Q1	Q3			
Budgetary Management	Focussing on financial planning, control and reporting. Relationship of budget with LTFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Q2	Q3			
Payroll Function	Focussing on the payroll operation, including a review of the processes, systems, activities, controls and risks. The extent to the audit engagement will consider aspects from commencement of employment to termination of individuals, including payment of wages, leave, changes to position security, administration and payroll reporting. Including PIR from 2014 audit.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Q3	Q4			
Major Projects Review	Focussing on processes, activities associated with the project, including scoping, planning, implementation, monitoring, post project review, risk management, development of maintenance program and operations.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality).	Q4 (AHBTC Divestment)	Q4 (AHBTC Divestment)	Q2	Q2	Q2
Use of Purchase Cards	Focussing on the systems, processes and documentation for the issuing, custody, use, transaction approval and oversight of Purchase Cards	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	Completed				
Capital Works Programming & Delivery	Focussing on the planning, scheduling, approval, monitoring, and reporting processes and practices regarding the Capital Works Program. The procurement and contract management processes will be out of scope due to other scheduled audits on these subjects.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR4 - Failure to take measures to protect the community from natural and other hazards		Q1	Q1		
Treasury Management	Focusing on the processes, practices and policies regarding Treasury Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.		Q2	Q1		
Cyber Security	Focussing on the systems, processes and controls associated with securing and protection Council's IC&T network from penetration and data corruption/denial of service from external parties. Including PIR from 2015 audit.	SR9b - Failure to manage, improve and develop the information resources available to the Council.		Q2	Q2		
Emergency Management	Focussing on Emergency Management Plans, identification of risks associated with various types of disasters and the controls and processes to mitigate those risks, status of preparedness in the event of an emergency, recovery process and association with the Community and other Emergency Services.	SR4 - Failure to take measures to protect the community from natural and other hazards		Q4	Q4		
Business Continuity Plan	Focussing on the review of Business Continuity Plan (Disaster Recovery and Disruption) to key activities of Council including the identification, development, implementation of recovery plans and testing of conditions in the event of a disaster.	SR4 - Failure to take measures to protect the community from natural and other hazards			Q1	Q1	
Economic Development Strategy Implementation	Focusing on the strategy development and revisions processes, determination of actions and initiatives, funding of strategy implementation and evaluation of outcomes against strategy objectives.	SR7 - Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism.			Q1	Q1	
Debt Management	Focusing on the processes, practices and policies regarding Debt Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q3	Q3	
Procurement	Focussing on processes, activities, controls, risk, compliance through stages of the function, including planning, assessment, selection, and contract execution. Including the use of payment methods such as credit cards and petty cash. Including PIR from 2014 & 2015 audits. The contract management processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q4	Q4	
Training & Development Practices	Focusing of the identification of training and development (T&D needs, sourcing of T&D options, scheduling and support of activities, assessment of transfer into workplace and evaluation of T&D initiatives. This will include development activities such as coaching & mentoring.	SR9a - Failure to manage, improve and develop the human resources available to the Council.				Q1	Q1
Asset Operation	Focussing on Asset operation, processes, activities, controls, risk, service levels, planned work, maintenance programs, monitoring performance, asset registers and reporting. Including PIR from 2016 audit.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR8 - Failure to manage and develop public areas vested in, or occupied by the Council.				Q2	Q2
Contract Management	Focussing on the post-procurement processes, activities, controls, risk, compliance through stages of the function, including induction, payment approval, monitoring, superintending, reporting, contractual close and evaluation. The procurement processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR11 - Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies.				Q4	Q4
Number of Audits			1	4	5	5	4

Version Control

Date Adopted	Version Comments	No.
30/04/2018	Initial plan considered by Audit Committee	1.0a
22/05/2018	Adopted by Council	1.0
26/02/2019	Amended plan adopted by Council (Purchase Card audit added)	1.1
18/11/2019	Proposed changes to SIAP to extend it for a year	1.2a

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.9

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 2019-20 financial year to the Audit Committee for review. Budget Review 1 will be submitted to Council for consideration on 26 November 2019.

The proposed budget changes do not change Council's Operating Surplus and the proposed net increase in capital expenditure of \$151k together with the deferral of \$1.726m will result in a reduction in Council's Net Borrowing Position from \$5.010m to \$3.433m.

RECOMMENDATION

The Audit Committee:

1. Resolves that the report be received and noted.
 2. Notes:
 - a. that the Operating Budget variations presented in Budget Review 1 do not impact on the Budgeted Operating Surplus of \$411k for the 2019-20 financial year.
 - b. the proposed Capital Works adjustments increasing capital income by \$519k and capital expenditure by \$670k.
 - c. the proposed deferral of capital projects expenditure of \$1.726m to the following year
 - d. that there will be a decrease in the Net Borrowing result from \$5.010m to \$3.433m 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 \$411k.

In terms of capital, it is proposed to increase the net capital expenditure by \$151k which, together with the deferral of \$1.726m in 2020/21, will result in a reduction in Council's Net Borrowing Position from \$5.010m to \$3.433m.

➤ 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 25 June 2019, Council adopted the original 2018/19 Annual Business Plan and Budget, reflecting a Budgeted Operating Surplus before Capital Revenue of \$449k and an estimated Net Borrowing for the financial year of \$3.693m as per the Uniform Presentation of Finances Statement.

At its Council Meeting on 23 July 2019, Council further resolved to approve an increase of \$365k in Council's 2019-20 capital budget to commence the transition of public streetlights to LED with the funding source to be recommended to Council at its next budget review.

Subsequently on 27 August 2019 the Preliminary End of Year Results and Carry Forward Report was presented to Council resulting in Council approving a revision of the 2019-20 budget for the following:

- An amount of \$28k for operating initiatives carry forward projects carried forward from 2018-19
- Capital carry forwards of \$4.782m relating to capital expenditure and \$1.952m of capital income.
- Additional 2019-20 capital budget requests totalling a net \$277k, representing \$397k of capital expenditure and \$120k of capital income.

In addition, at the Council Meeting on 27 August 2019, Council resolved that the capital budget for roundabout landscaping upgrades be increased from \$113k to \$167k, being an increase of \$54k.

At the Council Meeting on 24 September 2019, Council also endorsed the inclusion of an amount of \$10k into the 2019-20 Budget to fund any costs associated with a postal survey of the residents and ratepayers of the areas of Rostrevor and Woodforde affected by the Campbelltown City Council boundary change proposal.

As a result of these changes endorsed by Council prior to the first formal budget review, Council's budgeted Operating Surplus has decreased from \$449k to \$411k and a Net Borrowing Result has increased from \$1.445m to \$5.010m.

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 2019-20 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 2** 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 ensure that the 2019-20 budget is consistent with these results and identify any future budget changes. It is proposed that the results of this review will be addressed as part of Budget Review 2.

Budget Review 1 Proposed Adjustments

\$000s	Current Budget	Proposed BR1 Adjustments	Revised Budget after BR1
Operating Income	44,797	85	44,882
Operating Expenditure	43,386	85	44,471
Operating Surplus	411	-	411
Depreciation	8,945	-	8,945
Capital income	5,454	519	5,973
Capital Expenditure	(19,820)	1,057	(18,763)
Net Borrowing Position	(5,010)	1,576	(3,433)

Proposed Budget Adjustments

Operating:

Operating Income - \$85k increase

- \$48k additional Grants received in 2019-20 for Aged friendly, Active Neighbourhood and Home Assistance Programs requiring associated expenditure commitments
- Minor increase of \$2k in users fees for home assistance program
- \$50k increase in CWMS connection fee contributions for Mt Torrens and Woodside systems
- Reduction of \$15k in Fabrik's Other Income largely relating to a revision in the venue hire income budget based on currently available studios

Operating Expenditure - \$85k increase

- Increase in expenditure of \$48k relating to funding requirements for increase in grants for community programs as discussed above
- \$50k increase in employee costs relating to resourcing of CWMS for full 2019-20 year to maintain CWMS operational and regulatory requirements and to facilitate closure of current exploration of CWMS divestment process.
- \$13 reduction in employee costs, largely relating to savings in relation to regional health planning resource not yet employed

There is no change to the CEO contingency which remains at \$38k.

Capital Items:

\$000s	Current Budget	Proposed BR1 Adjustments	Proposed BR1 Deferrals	Proposed BR1 Budget
Capital income	5,454	519	-	5,973
Capital - Renewal Expenditure	(12,233)	(128)	716	(11,646)
Capital - New Capital Expenditure	(7,586)	(541)	1,010	(7,117)
Total Capital Expenditure	(19,820)	(670)	1,726	(18,763)
Net Capital Position	(14,366)	(151)	1,726	(12,790)

Proposed changes in the capital works program increase capital income by \$519k and reduce capital expenditure by \$1.057m. As detailed in **Appendix 1**, the capital expenditure movement is made up of capital budget increases of \$670k offset by proposed deferral of a number of projects totalling \$1.726m.

Capital Budget Adjustments

Council is to receive additional income in relation to the following with an associated increase in capital expenditure:

- \$469k for Blackspot road safety improvements for Morgan Road, Ironbank and Paracombe Road, Paracombe totalling \$469k
- \$50k Contribution from Mt Barker District Council for Whitehead Road Bridge Renewal

Council has also identified increases in budget for the following projects:

- Amy Gillett Bikeway Tiers Road/Onkaparinga Valley Road connection - additional \$56k required
- Lower Hermitage Road – additional \$90k required
- Gumeracha Main Street Stormwater Project – additional \$80k required but offset by savings of other stormwater projects of \$75k

Detailed commentary on these projects and the budgetary impact has been provided at **Appendix 1**.

Capital Deferrals

Council officers have identified a number of projects, totalling \$1.726m where it is recommended that construction be deferred to 2020-21 to allow for more thorough community engagement and detailed design phases in 2019-20.

Detailed commentary on these projects and the budgetary impact has also been provided at **Appendix 1**.

Other items of note:

Solid Waste Levy

Council would recall that the State Government announced as part of the 2019-20 State Budget a significant increase to the solid waste levy over and above that expected by the waste management sector, including councils. In response to the additional solid waste levy Council resolved at the June 2019 Council meeting to increase the fixed property charge to accommodate the additional cost imposed by the levy. Council also resolved that strategies be developed and provided to Council as part of Budget Review 1 to minimise any impact on the long term financial sustainability of Adelaide Hills Council due to the 40% increase in the Solid Waste Levy.

In response to this resolution the following is provided:

- In addition to the increase to the fixed property charge the fees applied at Council's Heathfield Resource Recovery Centre were increased to recover the additional costs of the solid waste levy. A further increase in the solid waste levy will take effect from 1 January 2020 from \$110/tonne to \$140/tonne for waste collected in the metropolitan area (half for non-metropolitan). Accordingly, the fees charged at the Heathfield Resource Recovery Centre will be increased from 1 January 2020 to offset the additional cost of the levy.
- Council currently has two strategic waste and recycling documents, both of which contain strategies that specifically aim to reduce waste to landfill. Implementation of these actions and a subsequent reduction in landfill tonnes will result in reduced payment of the waste levy. Accordingly, and given that strategies have already been developed to reduce waste to landfill, the priority is to focus on implementing actions within Council's strategic waste and recycling documents.
- Looking forward to the development of the 2020-21 Budget and Annual Business Plan a number of proposals will be put forward for Council consideration with a focus on reducing waste to landfill and in turn reducing the amount of solid waste levy payable.

- More broadly, the administration continually identifies opportunities to reduce costs and adjust budgets accordingly in all areas of Council's operations. Specifically to waste, examples include the parking of the East Waste collection vehicles at the Heathfield Operations Centre, reducing contractor costs for the collection of bulk bins (where kerbside bins are not practical) from several shopping precincts, reduced waste collection costs through route optimisation and review of the frequency of servicing street litter bins leading to reduced collection costs.

Recycling

In April 2019 Council resolved to commit the material collected through Council's kerbside recycling service to a new contract between East Waste and the Northern Adelaide Waste Management Authority (NAWMA). This was a necessary action following the failure of the recycling contract between East Waste and SKM Industries which is now in receivership. The current budget for the receipt and processing of kerbside recyclables is based on \$60/tonne for the receipt and processing of kerbside recyclables.

Following the first audit of contamination and glass fines as required by the new contract between East Waste and NAWMA the per tonne fee to receive and process recyclables has increased to \$83.30/tonne for the months of July, August and September.

Extrapolating this for the full year results in a potential increase to the recycling budget of \$81k. However, given the recycling contract requires quarterly rise and fall adjustments it is not proposed to adjust the recycling budget at this time. Rather, staff will monitor forthcoming rise and fall adjustments and amend the budget as necessary through future 2019-20 budget reviews. Further, East Waste have advised NAWMA are on track to commence the operation of a glass fines recovery facility in early 2020 which will reduce the level of glass fines contamination and in turn costs. This staged approach allows for further detail to be considered as it arises resulting in more informed and accurate decision making in relation to any budget adjustment required

Soft Plastics/Polystyrene Foam Recycling

Currently within the 2019/20 budget there is an allocation of \$30,000 for installation of infrastructure at the Heathfield Resource Recovery Centre (HRRRC) to provide a soft plastics recycling service to the community. Further investigation into the soft plastics recycling market has been undertaken that has revealed that this market is saturated and providing a soft plastic recycling services is not necessarily the most effective use of the available budget at this time. Further, recycling of soft plastics is currently available via retailers such as Coles and Woolworths.

Green Industries SA (GISA) have suggested that Council consider providing a polystyrene foam recycling polystyrene foam as a preferred alternative to soft plastics recycling. There are currently no collection points for polystyrene foam in the hills and options in Adelaide are limited. Providing a polystyrene foam recycling service would require purchasing of equipment and ancillary items to the value of \$57,000. To fill the funding shortfall an application for grant funding was lodged with the Recycling Infrastructure Grants program offered by GISA.

These grants are provided on a 50% cost share basis and collectively with Council's existing budget allocation of \$30,000 would allow for the purchase of a polystyrene recycling machine and ancillary items. A market has been identified for the polystyrene recycled product which also provides for a small annual income of approximately \$4,500. The outcome of this proposed project would greatly assist to divert polystyrene foam from landfill with associated environmental and financial benefits as well as increasing the service offering provided at the HRRC.

Noting the above, it is proposed that the existing budget of \$30,000 be repurposed (subject to receiving GISA matching funding) to allow for the provision of a community polystyrene foam recycling service at the HRRC.

Summary

The proposed budget changes do not change Council's Operating Surplus and the proposed net increase in capital expenditure of \$151k together with the deferral of \$1.726m will result in a reduction in Council's Net Borrowing Position from \$5.010m to \$3.433m.

4. OPTIONS

The Audit Committee is limited to receiving and noting this report.

5. APPENDIX

- (1) Capital Works Budget Review 1 Proposed Changes
- (2) 2019-20 Budgeted Uniform Presentation of Finances

Appendix 1

Capital Works Budget Review 1 Proposed Changes

DRAFT 2019/2020 BUDGET REVIEW 1 CAPITAL BUDGET CHANGES

Proj #	Project Name	Project Description	Suburb	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
Bridge							
3802	Whitehead Rd Bridge Renewal	Renewal of Whitehead Rd bridge, including additional scour protection to the bridge abutments on the Mylor side.	Mylor	\$100,000	\$(50,000)	\$150,000	Whitehead Rd bridge is a boundary bridge between Adelaide Hills Council and District Council of Mt Barker. The total project cost is \$150,000 with an agreed cost share of \$100,000 for AHC and \$50,000 for DCMB. The increase in budget at this budget review is offset by a corresponding capital revenue increase (below) to cover DCMB's contribution. AHC's contribution towards the project is higher than DCMB's because there are failing abutments on AHC's side of the bridge only which incur extra costs to fix.
			Sub Total	\$100,000	\$(50,000)	\$150,000	
Footpaths							
3683	Amy Gillett Bikeway - Tiers Rd/ Onkaparinga Valley Rd connection New Capital	Following the old rail corridor alignment, this project will connect the Amy Gillett Bikeway from its terminus at the Woodside Bowling Club, through to where it recommences at Station Rd, Woodside.	Woodside	\$170,000	\$(55,750)	\$225,750	The original budget for this project was \$220,000, with \$50,000 spent in 2018/19 on design, legal fees and vegetation clearance. The preferred tenderer's quote for the construction of this project was \$235,000. A value management approach was applied, with the revised quote being approx. \$215,000. A small allowance has also been included, for additional tree removal and latent conditions.
			Sub Total	\$170,000	\$(55,750)	\$225,750	
Pavement							
3703	Lower Hermitage Rd Millar to Milbrook - Pavement Renewal	Widening and reconstruction of Lower Hermitage Rd, from Millar Rd to Milbrook Rd, including renewal of the Millar Rd junction.	Lower Hermitage	\$673,465	\$(90,000)	\$763,465	The original budget for the combined Lower Hermitage Rd projects (road widening from Millar to Milbrook, and junction renewal at Millar) allowed for design and construction costs. Additional costs not included in the original budget are land acquisition costs (\$40,000) and Significant Environmental Benefit costs to be paid to the Native Vegetation Council (\$50,000).
3849	Blackspot Contribution New Capital	Construction of shoulder widening, guardrail and other road safety improvements at Morgan Rd - Ironbank and Paracombe Rd - Paracombe as part of Council's successful 2019/20 Blackspot Program applications.	Regionwide	\$299,000	\$(469,000)	\$768,000	Council was successful in its Blackspot grant application for both Morgan Rd and Paracombe Rd. The Morgan Rd project is expected to cost \$188,000 and the Paracombe Rd project is expected to cost \$580,000. The state Blackspot Program will fund 2/3 of the cost, hence the extra expenditure here is offset by corresponding income below.
			Sub Total	\$972,465	\$(559,000)	\$1,531,465	
Stormwater							
3611	Gumeracha Main Street Stormwater New Capital	Install stormwater in the Gumeracha Main Street in line with Stormwater Masterplan as part of construction works for PLEC and main street upgrade.	Gumeracha	\$150,000	\$(80,000)	\$230,000	Initial budget was based on higher level concept with an expected order of accuracy of 30% to +50%. The Gumeracha Stormwater Masterplan has since been completed and a consultant engaged at \$30,000 to undertake detailed design. Our preliminary design estimate suggest a budget of \$200,000 is required for the construction of Stage 1 stormwater works, and this figure has an expected order of accuracy of -20% to +30%. It is important that this project proceeds as it will support the main street upgrade project as well as the power line undergrounding project.
3731	Renown Ave Crafers Stormwater Renewal	Undertake renewal to ensure minimum service level	Crafers	\$30,000	\$11,800	\$18,200	Works have been completed under budget, and no further work is required at this site
3736	Spring Street Kersbrook-Culvert Upgrade Stage 3 New Capital	Stage 3 - Install larger culvert under Scott Street to minimise flooding	Kersbrook	\$195,000	\$63,400	\$131,600	Works have been completed at Spring St and no further works are required. The \$63,400 saving achieved for Stage 3 of this project is a result of being able to purchase the required culverts during Stage 2 in 2018/19 FY.
			Sub Total	\$375,000	\$(4,800)	\$379,800	
			CAPITAL EXPENDITURE ADJUSTMENTS	Total	\$1,617,465	\$(669,550)	\$2,287,015
Income							
149182074	FINANCIAL MANGT: Capital: Contributions	Various partner contributions towards the construction of infrastructure.		\$120,000	\$50,000	\$170,000	\$50,000 contribution from MBDC towards the renewal of joint asset Whitehead Rd bridge.
149182164	FINANCIAL MANGT: Capital: Grant - Capital	Various state and federal grants for the construction of infrastructure.		\$672,390	\$469,000	\$1,141,390	\$125,000 from State Blackspot for Morgan Rd, \$343,000 from State Blackspot for Paracombe Rd
			CAPITAL INCOME ADJUSTMENTS	Total	\$792,390	\$519,000	\$1,311,390
			Net Change	\$825,075	(150,550)	\$975,625	

Renewal	(128,200)
New	(541,350)
	(669,550)

DRAFT 2019/2020 BUDGET REVIEW 1 CAPITAL EXPENDITURE DEFERRALS

Proj #	Project Name	Project Description	Suburb	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
Footpaths							
3744	Mt Torrens to Birdwood - Amy Gillet Stage 4 - New Capital	Completion of Stage 4 of the State Government initiated Amy Gillett Bikeway.	Mt Torrens	\$500,000	\$490,000	\$10,000	Construction of this project is unlikely to commence in 2019/20 FY. It is proposed to include this project and corresponding funding in the 2020/21 ABP. \$10,000 is retained in this FY as AHC's contribution to the Adelaide Wine Capital Cycle Trail consortium's Building better Regions Fund round 4 grant application.
			Sub Total	\$500,000	\$490,000	\$10,000	
Kerb							
3833	Newman Rd Kerb New	Construction of new kerbing associated with the Newman Rd renewal and upgrade project.	Sub Total	\$180,000	\$180,000	\$0	This forms part of the broader Newman Rd project - please see comments below.
Pavement							
3851	Newman Road Pavement Renewal	Reconstruction of Road Pavement in Charleston Township - Onkaparinga Valley Road to Jocelyn Avenue - (project includes new stormwater, kerbing and pavement)	Charleston	\$450,000	\$380,000	\$70,000	The Newman Rd Renewal and Upgrade Project combines a number of new and renewal projects across the 2019/20 Capital Works Program. Due to the size of the project, number of residents affected, and identified opportunities to include Water Sensitive Urban Design, it is recommended to extend the community engagement and detailed design phases of this project, and to program construction works for the 2020/21 FY. Accordingly it is proposed to reduce the total Newman Rd budget for 19/20 FY to \$70,000 to cover survey, design and other preliminary works, and include the required construction budget in the 2020/21 ABP.
3852	Newman Rd widening and car park - New Capital	Widening and adjacent car park.	Charleston	\$250,000	\$250,000	\$0	This forms part of the broader Newman Rd project - please see comments above.
			Sub Total	\$700,000	\$630,000	\$70,000	
Sport & Recreation							
3859	Playspace Charleston Cent Park Renewal	Local Playspace Renewal	Charleston	\$120,000	\$112,000	\$8,000	Based on recent experience renewing playspaces, Council staff have identified the community engagement and detailed design phases of these projects to be critical for project success, and more time consuming than initially planned for. Accordingly it is proposed to undertake community engagement, detailed design, and tendering this financial year, with the construction phase of the project to be included in the 2020/21 ABP.
3860	Playspace Kersbrook Oval Renewal	Install stormwater in the Gumeracha Main Street in line with Stormwater Masterplan as part of construction works for PLEC and main street upgrade.	Kersbrook	\$120,000	\$112,000	\$8,000	Refer comments above regarding playground renewal.
3861	Playspace Mt Torrens Oval Renewal	Local Playspace Renewal	Mount Torrens	\$120,000	\$112,000	\$8,000	Refer comments above regarding playground renewal.
			Sub Total	\$360,000	\$336,000	\$24,000	
Stormwater							
3863	Newman Rd Charleston Stormwater New Capital	New stormwater system associate with road reconstruction, Newman Road	Charleston	\$90,000	\$90,000	\$0	This forms part of the broader Newman Rd project - please see comments above.
			Sub Total	\$90,000	\$90,000	\$0	
		CAPITAL EXPENDITURE DEFERRALS	Total	\$1,830,000	\$1,726,000	\$104,000	

Renewal	\$716,000
New	\$1,010,000
	\$1,726,000

Appendix 2

*2019-20 Budget Review 1 – Uniform Presentation of
Finances*

Adelaide Hills Council

**BUDGETED UNIFORM PRESENTATION OF FINANCES
2019-20 Revised Budget**

2018-19 Actuals		2019-20 Original Budget	Carry Forwards	Additional Budget Requests	Budget Changes August & Sept	BR1	2019-20 Revised Budget
\$'000		\$'000					\$'000
	INCOME						
36,915	Rates	38,686	-	-	-	-	38,686
1,172	Statutory charges	1,118	-	-	-	-	1,118
1,007	User charges	607	-	-	-	2	609
5,123	Grants, subsidies and contributions	3,622	-	-	-	98	3,720
41	Investment income	26	-	-	-	-	26
516	Reimbursements	192	-	-	-	-	192
648	Other income	447	-	-	-	(15)	432
138	Net gain - equity accounted Council businesses	100	-	-	-	-	100
45,560	Total Income	44,797	0	0	0	85	44,882
	EXPENSES						
15,923	Employee costs	17,290	-	-	-	46	17,336
19,231	Materials, contracts & other expenses	17,509	28	-	10	39	17,586
8,826	Depreciation, amortisation & impairment	8,945	-	-	-	-	8,945
623	Finance costs	604	-	-	-	-	604
6	Net loss - equity accounted Council businesses	-	-	-	-	-	-
44,609	Total Expenses	44,348	28	0	10	85	44,471
	951 NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	449	(28)	0	(10)	0	411
	Net Outlays on Existing Assets						
(10,090)	Capital Expenditure on Renewal and Replacement of Existing Assets	(9,274)	(2,782)	(177)	-	588	(11,646)
497	Proceeds from Sale of Replaced Assets	512	136	-	-	-	648
8,826	Depreciation	8,945	-	-	-	-	8,945
(767)	NET OUTLAYS ON EXISTING ASSETS	183	(2,646)	(177)	0	588	(2,053)
	Net Outlays on new and Upgraded Assets						
(3,877)	Capital Expenditure on New and Upgraded Assets & Remediation costs	(4,811)	(2,136)	(220)	(419)	469	(7,117)
425	Capital Grants and Monetary Contributions for New and Upgraded Assets	250	422	120	-	519	1,311
9,146	Proceeds from Sale of Surplus Assets	2,484	1,530	-	-	-	4,014
5,694	NET OUTLAYS ON NEW AND UPGRADED ASSETS	(2,077)	(184)	(100)	(419)	988	(1,792)
5,878	Net Lending/ (Borrowing) for Financial Year	(1,445)	(2,858)	(277)	(429)	1,575	(3,433)
(24,298)	Net Financial Liabilities at Beginning of Year	(15,388)	-	-	-	-	(15,388)
3,132	Decrease / (increase) in Other	-	-	-	-	-	-
(100)	Non Cash Equity Movement	(100)	-	-	-	-	(100)
(15,388)	Net Financial Liabilities at End of Year	(16,933)	(2,858)	(277)	(429)	1,575	(18,921)

In a year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

- New Borrowings	2,499	2,858	277	429	(1,559)	2,605
72 Community Loans repaid to us	16	-	-	-	(16)	-
(4,409) Increase/(Decrease) in Short Term Draw Down	-	-	-	-	-	-
(2,025) (Increase)/Decrease in Cash & Investments	10	-	-	-	-	1,970
(18) Principal Repayments on Borrowings	-	-	-	-	-	(62)
- Reinstatement/Restoration Provision Payment	(200)	-	-	-	-	(200)
(1) Debenture Payment	(780)	-	-	-	-	(780)
(100) Non Cash Equity Movement	(100)	-	-	-	-	(100)
(6,481)	1,445	2,858	277	429	(1,575)	3,433

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.10

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 ended 30 September 2019.

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 cash flow 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 cash flow 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 2019 was presented to the Audit Committee on 12 August 2019.

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 12 August 2019.

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*.

The previous Committee Report highlighted that there was one property endorsed by Council for sale at the April 2018 Council meeting which was outstanding and had been advertised for sale with an auction date in August 2019. Due to subsequent action undertaken by the ratepayer, the auction was put on hold and the rates were fully paid on 23 August 2019.

The next tranche of eight Section 184 properties was endorsed by Council for sale at its 25 June 2019 meeting. Of these 7 have now been fully paid with the one remaining property relating to a deceased estate on a property with difficult access. Following an auction where no bids were received the property was subsequently listed for sale by private treaty and a contract (with conditions) has been signed for sale to one of the interested parties. Confirmation of sale is likely to be confirmed by the end of November 2019.

It is also noted that Council is progressing work in relation to 29 properties relating to either deceased estates or where rate notices had been unable to be delivered for many years, to determine what alternative actions Council had available to address rates outstanding. These were detailed in the last Quarterly Debtors Report presented to the 12 August 2019 Audit Committee Meeting.

Of these, 9 assessments are being considered for conversion to public roads under Section 210 of the Local Government Act, and a further 2 are being investigated as to the feasibility of being vested in Council (the Houghton Common and the Norton Summit Cemetery). The rate balances for these assessments were written off as part of the finalisation of the 30 June 2019 accounts.

Sundry Debtors

Table 1 – Aged Debtors Summary as at 30 Sept 2019

A summary of the Aged Debtors as at 30 September 2019 has been provided within Table 1 of this report below with the total Sundry debtors outstanding totalling \$199k.

As requested by the Audit Committee the previously reported Miscellaneous category has been broken down into the subcategories of AHBTC, Outdoor Dining, Councils, Maintenance and Other to assist review and follow up.

Description	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
Additional Bins	1,437	0	0	0	0	0	1,437
Burial Fees	5,471	884	691	4,124	0	0	(228)
Fire Hazard Reduction	1,300	0	0	0	0	0	1,300
Food Premises Inspection	6,496	2,902	1,471	545	0	302	1,276
Grants Receivable	7,040	7,040	0	0	0	0	0
Private Works	3,375	3,375	0	0	0	0	0
Road Rents	3,109	0	3,109	0	0	0	0
AHBTC	72,774	28,818	6,193	11,759	23,625	0	2,379
Outdoor Dining Licences	8,931	0	8,931	0	0	0	0
Other Councils	97	97	0	0	0	0	0
Maintenance	2,185	0	0	0	0	0	2,185
Miscellaneous (Other)	86,630	32,679	19,091	10,877	19,291	0	4,692
TOTAL: 30/9/2019	198,845	75,795	39,486	27,305	42,916	302	13,041

The comparison of Debtor movement for quarters presented to the Audit Committee is shown below.

Quarter	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
TOTAL: 30/6/2019	367,439	177,658	160,835	12,981	4,765	812	10,388
TOTAL: 31/3/2019	452,552	364,616	30,542	19,440	29,720	0	8,235
TOTAL: 31/12/2018	205,377	158,755	18,470	10,239	180	3,721	14,012
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

In relation to **Table 1**, the following points of clarification are provided:

- Additional Bins debtors relates to 3 old debtors that have all been sent to the debt collection agency and had their waste services stopped. The Waste department are now determining whether there is any benefit in pursuing these debts further.

- Fire Hazard Reduction debtors relates to 2 old debtors that have been with the debt collection agency for a number of years and have already incurred approximately \$600 in legal fees that have been added to their debts. Regulatory Services are in the process of deciding whether there is any benefit in pursuing the debts further.
- There are five Food Premises Inspection debtors >150 days as at 30 September 2019. Of these, three are with the debt collection agency and another who has regularly indicated they are not in a position to pay the outstanding invoices has recently been advised they need to provide a payment plan to pay off the debt outstanding. In relation to the largest (and oldest) debtor a Minor Civil Action Claim was issued in the Magistrates Court of SA in September 2019 and we are waiting on a response from the debtor.
- The AHBTC >150 days balance relates to a former tenant that is currently with our debt collection agency. The Property department have been in contact with the debtor's lawyer and are hopeful to resolve this soon. Some information to clarify the debt has recently been provided to the debtors lawyer as the debtor's transaction history was quite complicated. The costs of pursuing the debt and potentially incurring additional costs is still being considered given the quantum of the debt. Another AHBTC debtors with debts > 60 days has a payment plan in place that they are adhering to in order to clear the whole debt before the end of the year. Since the end of September, this debtor has paid \$20k against the old debt.
- The Maintenance >150 days balance relates to a contribution towards Heathfield Oval maintenance costs. A credit note for just over \$1,500 was applied to the outstanding invoice in August 2019 to correctly reflect the costs to be reimbursed by the relevant club. Statements have been sent to this debtor and if payment has still not been received by 15 November 2019 the debt will be referred to the debt collection agency.
- The Miscellaneous (Other) >150 days balance relates to the reimbursement of costs arranged by the Civil Works team which was disputed. In October the debtor indicated that they will pay \$500 per fortnight and in mid October we received the first instalment. The Civil works team have advised that they are working with the debtor to resolve any issues and in the meantime we are monitoring the payment arrangement.
- A review of the Miscellaneous (Other) debtors sitting in < 90days and < 120 days since 30 September shows that out of the 4 debtors, 2 have paid the balance outstanding. Of the remaining 2 outstanding debtors, one debtor has been sent to the debt collection agency and for the other Regulatory Services are seeking written confirmation of agreement to a payment plan to enable follow up given that only a verbal plan has been received to date.

The CEO and delegated officers have not used their delegation in terms of writing off any debts for the quarter ending 30 September 2019.

Community Loans

The last remaining Community loan debt was paid off in April 2019. There are now no community loan debts outstanding.

4. OPTIONS

The Audit Committee is limited to receiving this report.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.11

Originating Officer: Lachlan Miller, Executive Manager Governance & Performance

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: 2020 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 2020 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 2020 as follows:

Commencement	6.00pm
Meeting Dates and Locations	17 February 2020, 63 Mt Barker Road, Stirling
	20 April 2020, 36 Nairne Road Woodside
	18 May 2020, 63 Mt Barker Road, Stirling
	17 August 2020, 63 Mt Barker Road, Stirling
	19 October 2020, 63 Mt Barker Road, Stirling
	16 November 2020, 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 meeting schedule for Council meetings and it is anticipated that a similar schedule will be carried forward into 2020, 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 2019 the Audit Committee generally met on the first Monday of the nominated months. For 2020, it is proposed for Audit Committee Meetings be held on the third Monday of the nominated months. On this basis, the following schedule is proposed for the Audit Committee in 2020 which will allow recommendations from the Audit Committee to be considered by the Council in that same month.

- **17 February 2020, 63 Mt Barker Road, Stirling**
- **20 April 2020, 36 Nairne Road, Woodside**
- **18 May 2020, 63 Mt Barker Road, Stirling**
- **17 August 2020, 63 Mt Barker Road, Stirling**
- **19 October 2020, 63 Mt Barker Road, Stirling**
- **16 November 2020, 63 Mt Barker Road, 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 18 November 2019
AGENDA BUSINESS ITEM**

Item: 7.12

Originating Officer: Steven Watson, Governance and Risk Coordinator

Responsible Director: Andrew Aitken, Chief Executive Officer

Subject: Audit Committee 2020 Work Plan

For: Decision

SUMMARY

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 2020 Work Plan, at Appendix 1, 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**

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 2019 at its 05 November 2018 meeting.

3. ANALYSIS

2020 Work Plan

A proposed Audit Committee 2020 Work Plan is attached (**Appendix 1**) for the Audit Committee's consideration and adoption.

Key amendments from the 2019 Workplan include:

- An annual presentation from each Director on their portfolio's risk profile;
- Amendment to the LGRS Evaluation Results and Action Plan to align with operations;
- A date for review of the Public Interest Disclosure Policy;
- A reduction in reporting of Debtors from quarterly to bi-annual; and
- Clarity on ownership of the Annual Report as Council's.

4. OPTIONS

The Committee has the following options:

- I. To adopt the proposed 2020 Work Plan as presented.
- II. To alter or substitute elements of the proposed Work Plan.

5. APPENDICES

- (1) Audit Committee 2020 Work Plan

Appendix 1

Audit Committee 2020 Workplan

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
DRAFT - 2020 Work Plan and Reporting Schedule**

Terms of Reference		
Financial Reporting & Prudential Requirements	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
	LGRS Risk Evaluation - Results	Biennial
	LGRS Risk Evaluation - Action Plan Review	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	Bi-annual
	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 Completion Report	Annual

Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistleblowers)	Triennial
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Other Business	Audit Committee self assessment review	Annual	
	Presiding Member's Report	Annual	
	Work Plan and Reporting Schedule	Annual	
	Audit Committee Meeting Dates	Annual	
	Debtors Report	Bi-annual	
	Council's Annual Report	Annual	
	Audit Committee's Terms of Reference	Annual	
		Director Presentation	Quarterly
		Other Reports	As required

Version Control:	V0.1 - Draft for Audit Committee Consideration
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2020					
Feb	April	May	Aug	Oct	Nov
	Draft				

2019 Results				Next Eval 2021	

	verbal	verbal	letter		
				in camera	
				draft	final

	next review 2021				
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Director Community Capacity as required	Director Corporate Services as required	Director Infrastructure & Operations as required	Director Development & Regulatory Services as required	as required	as required