



AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Peter Brass
Pamela Lee
Cr Melanie Selwood

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 15 May 2023
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. Meetings will be conducted in accordance with the applicable COVID-19 social distancing guidelines and may result in Members participating electronically in accordance with the provisions of the Committee's Terms of Reference.

A Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

A handwritten signature in blue ink, appearing to read 'David Waters', with a long horizontal flourish extending to the right.

David Waters
Chief Executive Officer



Adelaide Hills
COUNCIL

AUDIT COMMITTEE

AGENDA FOR MEETING
Monday 15 May 2023
6.00pm
63 Mt Barker Road, Stirling

ORDER OF BUSINESS

1. COMMENCEMENT

- 1.1. Acknowledgement of Country

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

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 – 17 April 2023

Recommendation

That the minutes of the Audit Committee meeting held on 17 April 2023, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

4. PRESIDING MEMBER'S OPENING REMARKS

5. DELEGATION OF AUTHORITY

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

6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE COMMITTEE

7. PRESENTATIONS, ACTION REPORT & WORKPLAN

7.1. Corporate Services Risk Presentation

7.2. Action Report and Work Plan Update

1. *That the report be received and noted*
2. *That the status of the Action Report May 2023 as contained in Appendix 1 be noted.*
3. *To note the Audit Committee Work Plan 2023, Version: 1.1a as contained in Appendix 2.*
4. *To approve the proposed change to the Draft Audit Committee Work Plan 2023, Version:1.2 as contained in Appendix 3.*

8. OFFICER REPORTS

8.1. Budget Review 3

1. *That the report be received and noted*
2. *To recommend to Council the proposed budget adjustments presented in Budget Review 3 which result in:*
 - a. *An increase in the Operating Surplus from \$830k to \$970k for the 2022-23 financial year.*
 - b. *No overall change to the Capital Works capital expenditure budget for 2022-23 thus maintaining a budget of \$19.369m which takes into account estimated carry forwards of \$8m in capital expenditure.*
 - c. *A change in Council's current Net Borrowing Result from \$342k to \$202k for the 2022-23 financial year as a result of the proposed operating adjustments.*
 - d. *proposed financial sustainability indicators within Council's agreed targets of the following:*

i. Operating Surplus Ratio	1.8%	(Target 1% to 5%)
ii. Net Financial Liabilities Ratio	46%	(Target 25% to 75%)
iii. Asset Renewal Funding Ratio	104%	(Target 95% to 105%)

8.2. End of Year Financial Reporting Timetable

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

8.3. Internal Controls Review

1. *That the report be received and noted*
2. *To note the further developments and improvements that have been made to Council's internal controls environment.*

8.4. Public Interest Disclosure Arrangements and Compliance

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

9. QUESTIONS WITHOUT NOTICE

10. CONFIDENTIAL ITEMS

Nil

11. NEXT MEETING

The next Audit Committee meeting (Special) will be held at 6.00pm on Monday 19 June 2023 at 63 Mount Barker Road, Stirling.

12. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 17 APRIL 2023
63 MT BARKER ROAD STIRLING**

In Attendance**Members:**

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
David Moffatt	Independent Member
Natalie Johnston	Independent Member
Cr Melanie Selwood	Council Member

In Attendance:

David Waters	Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
Karen Cummings	Acting Director Corporate Services
Mike Carey	Manager Financial Services
Kira-marie Laverty	Corporate Planning & Performance Coordinator

Guests in Attendance:

Linh Dao (via ZOOM)	BDO Audit Pty Ltd
Mitchell Bremner	BDO Audit Pty Ltd

1. COMMENCEMENT

The meeting commenced at 6.30pm.

1.1. Acknowledgement of Country

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kaurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

2. APOLOGIES/LEAVE OF ABSENCE**2.1. Apology**

Nil

2.2. Leave of Absence

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 17 APRIL 2023
63 MT BARKER ROAD STIRLING**

2.3. Absent

Nil

3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit Committee Meeting – 20 February 2023

Moved Peter Brass

S/- David Moffatt

AC11/22

That the minutes of the Audit Committee meeting held on 20 February 2023 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

3.2. Special Audit Committee Meeting – 20 February 2023

Moved Cr Melanie Selwood

S/- Natalie Johnston

AC12/22

That the minutes of the Special Audit Committee meeting held on 20 February 2023 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried Unanimously

4. PRESIDING MEMBER'S OPENING REMARKS

- Recommendations from February Audit Committee meeting approved by Council – revised Strategic Internal Audit Plan and Long Term Financial Plan for Public Consultation.
- Council appointed Audit Committee Independent Members – Pamela Lee (commencing 1 May 2023), David Moffatt (continuing in next term from 1 December 2023), and Sarah Beesley (commencing 1 December 2023). All Members have been appointed for 4 year terms.
- Cr Malcolm Herrmann acknowledged that this is the final meeting for Independent Member Natalie Johnston and on behalf of the Audit Committee, thanked her for her diligent and valuable service.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 17 APRIL 2023
63 MT BARKER ROAD STIRLING**

5. DELEGATION OF AUTHORITY

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Items 8.1 and 8.4 are to be submitted to Council for consideration.

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

Nil

7. PRESENTATIONS, ACTION REPORT & WORKPLAN

7.1. Risk Presentation

Nil

7.2. Action Report and Work Plan Update

Moved Natalie Johnston

S/- Cr Melanie Selwood

AC13/22

1. That the report be received and noted.
2. That the status of the Action Report and Work Plan be noted.
3. To approve the proposed changes to the *Audit Committee Work Plan 2023* as contained in Appendix 2.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 17 APRIL 2023
63 MT BARKER ROAD STIRLING**

8. OFFICER REPORTS – DECISION ITEMS

8.1. 2022-23 External Audit Plan

Moved Peter Brass
S/- Natalie Johnston

AC14/22

The Audit Committee resolves:

1. That the report be received and noted.
2. To recommend to Council the approval of the *2022-23 External Audit Plan* by BDO Audit Pty Ltd as contained in Appendix 1.
3. To note the *2022-23 Financial Statement Audit – Engagement Letter* as contained in Appendix 2 and the *2022-23 Internal Financial Control Audit – Engagement Letter* as contained in Appendix 3.

Carried Unanimously

8.2. Q3 2022-23 Performance Report

Moved Natalie Johnston
S/- Peter Brass

AC15/22

The Audit Committee resolves the Quarterly Council Performance Report – Q3 2022-23 be received and noted.

Carried Unanimously

8.3. Service Review Biannual Report – Civil Services

Moved David Moffatt
S/- Peter Brass

AC16/22

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

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 17 APRIL 2023
63 MT BARKER ROAD STIRLING**

8.4. Draft Annual Business Plan for Consultation

Moved Peter Brass
S/- Natalie Johnston

AC17/22

The Audit Committee resolves:

1. That the report be received and that the Committee notes that the budget contained within the draft *Annual Business Plan 2023-24* (Appendix 1) meets the following financial sustainability targets as set by Council:
 - a. Adjusted Operating surplus ratio of 2.6% (target of 1% to 5%)
 - b. Net financial liabilities ratio of 53% (target of 25% to 75%)
 - c. Asset sustainability ratio of 100% (target of 95% to 105%)
2. To advise Council that the Committee has reviewed the draft Annual Business Plan 2023-24 (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
3. That, on the basis of the Committee's review, to recommend the draft ABP to Council for community consultation.

Carried Unanimously

9. QUESTIONS WITHOUT NOTICE

Nil

10. CONFIDENTIAL ITEMS

Nil

11. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Monday 15 May 2023 from 6.00pm at 63 Mt Barker Road, Stirling.

12. CLOSE MEETING

The meeting closed at 7.52pm.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 15 May 2023
AGENDA BUSINESS ITEM**

Item: 7.2

Responsible Officer: Steven Watson
Governance and Risk Coordinator
Office of the Chief Executive

Subject: Action Report and Workplan Update

For: Information

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 2023 Work Plan (**Appendix 3**) has one (1) suggested amendment for consideration at this meeting.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted**
 - 2. That the status of the *Action Report May 2023* as contained in *Appendix 1* be noted.**
 - 3. To note the *Audit Committee Work Plan 2023, Version: 1.1a* as contained in *Appendix 2*.**
 - 4. To approve the proposed change to the *Draft Audit Committee Work Plan 2023, Version:1.2* as contained in *Appendix 3*.**
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1. BACKGROUND

Action Report

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

Work Plan

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

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12-month period. The Audit Committee last adopted an updated Work Plan at its 17 April 2023 meeting.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5	A Progressive Organisation
Objective O4	We actively represent our community.
Priority O4.3	Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community.
Priority O4.3	Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region.
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community.
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations.
Priority O5.2	Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

➤ 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)	Low (3E)	Low (3E)

The Audit Committee Action Report and Work Plan are current controls and therefore the Committee's approval of this item will not impact the Residual or Target Risk ratings.

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.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

The review by the Audit Committee of the Action Report and Work Plan is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

Action Report

There are two (2) completed items and one (1) outstanding item on the Audit Committee Action Report (**Appendix 1**) arising from previous Committee meetings. Commentary against the item is provided for the Committee's information.

Work Plan and Reporting Schedule

As per the 2023 Audit Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items are detailed below are included in this meeting:

Item	Commentary	Month Scheduled
Financial Reporting		
Long Term Financial Plan (LTFP)		February
Annual Business Plan (draft)		April
Budget Review 1		November
Budget Review 2		February
Budget Review 3	Included in this meeting	May
End of Year Financial Report		November
End of financial year reporting timetable	Included in this meeting	May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)		October
Internal Control and Risk Management		
Placement of Council's insurance portfolio (for noting)		August
Internal Financial Controls update	Included in this meeting	May
Risk Management Plan update		February/May/ August/November
Results of LGRS Risk Management Review		February (Biennial)
LGRS Risk Evaluation - Action Plan Review		May/November
Internal Audit		
Internal Audit quarterly update		February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report		February/August
Internal Audit Plan review	Included in this meeting	May
External Audit		
External audit interim letter	Included in this meeting	May
Implementation of external audit actions progress report		February/August
External Audit Plan review		February
Meeting attendance by external auditors		February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/November

Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2024
Public Interest Disclosure Arrangements and Compliance	Included in this meeting	May 2023
Other Business		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report		February/August
Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference		August
Directors Presentation	Included in this meeting	February/May/ August/November
Other Reports	As required	As Required

Amendments to 2023 Work Plan

The following changes are suggested (and highlighted) for the *Draft 2023 Audit Committee Work Plan Version 1.2 (Appendix3)*:

- a) In relation to Internal Control and Risk Management:
 - a. Moving the Risk Management Plan Update to the June 2023 meeting, due to an extended period of staff leave within the Governance and Performance Department and other high priority projects taking precedence.

3. OPTIONS

The Audit Committee has the following options:

- I. To note the status of the Action Report at **Appendix 1** and approve the changes to the Draft Audit Committee Work Plan 2023 at **Appendix 3** (Recommended).
- II. To alter or substitute elements of the Action Report or Work Plan (Not Recommended).

4. APPENDICES

1. *Audit Committee Action Report – May 2023*
2. *Adopted Audit Committee Work Plan 2023 (v1.1a)*
3. *Draft Audit Committee Work Plan 2023 (v1.2)*

Appendix 1

Audit Committee Action Report – May 2023

Audit Committee Action Report May 2023

Meeting Date	Meeting	Res No.	Item Name	Previously Declared COI	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
12/12/2022	Audit Committee	AC49/22	External Audit Tender - Duration of Confidentiality	Nil	<p>Report: 31 December 2024</p> <p>Related Attachments: 31 December 2024</p> <p>Minutes: Until Council has appointed an External Auditor for the 30 June 2023 financial year.</p> <p>Other (presentation, documents, or similar): Nil</p>	David Waters	Lachlan Miller	In Progress	10/05/2023	31/12/2024	Confidentiality status required.
17/04/2023	Audit Committee	AC14/22	2022-23 External Audit Plan	Nil	<ol style="list-style-type: none"> 1. That the report be received and noted. 2. To recommend to Council the approval of the 2022-23 External Audit Plan by BDO Audit Pty Ltd as contained in Appendix 1. 3. To note the 2022-23 Financial Statement Audit – Engagement Letter as contained in Appendix 2 and the 2022-23 Internal Financial Control Audit – Engagement Letter as contained in Appendix 3. 	David Waters	Lachlan Miller	Completed	10/05/2023	10/05/2023	Council approved the External Audit Plan 2022-23 at its 26 April 2023 meeting.
17/04/2023	Audit Committee	AC17/22	Draft Annual Business Plan for Consultation	Nil	<p>That the report be received and that the Committee notes that the budget contained within the draft Annual Business Plan 2023-24 (Appendix 1) meets the following financial sustainability targets as set by Council: Adjusted Operating surplus ratio of 2.6% (target of 1% to 5%) Net financial liabilities ratio of 53% (target of 25% to 75%) Asset sustainability ratio of 100% (target of 95% to 105%)</p> <p>To advise Council that the Committee has reviewed the draft Annual Business Plan 2023-24 (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.</p> <p>That, on the basis of the Committee's review, to recommend the draft ABP to Council for community consultation.</p>	David Waters	Lachlan Miller	Completed	10/05/2023	26/05/2023	Council approved the draft Annual Business Plan 2023-24 for consultation at its 9 May 2023 meeting.

Appendix 2

Audit Committee Work Plan 2023 (v1.1a)

Appendix 3

Draft Audit Committee Work Plan 2023 (v1.2)

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 15 May 2023
AGENDA BUSINESS ITEM**

Item: 8.1

Responsible Officer: Mike Carey
Manager, Financial Services
Corporate Services

Subject: 2022-23 Budget Review 3

For: Decision

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 third formal Budget Review (BR3) of the 2022-23 financial year to the Audit Committee for review. BR3 will be subsequently submitted to Council for consideration on 23 May 2023.

The proposed budget changes largely balance out with only a proposed transfer of \$140k of Strategic Initiatives Operating expenditure to 2023-24 changing the Council’s overall Operating Surplus from \$830k to \$970k.

In addition, the proposed 2022-23 BR3 capital program budget variations also balance out thus maintaining the capital expenditure at \$19.369m. As part of Budget Review 2 (BR2), Council reduced the capital expenditure budget by \$8.0m to reflect the timing of project delivery and therefore to identify the amount in total that will be carried forward to the 2023-24 financial year. For BR3, the \$8.0m has been maintained, represented by identified capital projects totalling \$6.315m, and the balance of \$1.685m maintained to cover those projects that have been committed but where the budgeted amount will not be spent by year end.

As a result of proposed operating and capital adjustments, Council’s net position for the year changes from a Net Borrowing Result of \$342k to \$202k.

As the overall result from proposed BR3 budget changes improve Council’s Operating Surplus, Council continues to meet all of Council’s adopted financial indicator targets.

It is further noted that Council’s underlying Operating Surplus, which is the Operating Surplus after adjusting for one off items, has not changed and remains at \$721k.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
2. To recommend to Council the proposed budget adjustments presented in Budget Review 3 which result in:
 - a. An increase in the Operating Surplus from \$830k to \$970k for the 2022-23 financial year.
 - b. No overall change to the Capital Works capital expenditure budget for 2022-23 thus maintaining a budget of \$19.369m which takes into account estimated carry forwards of \$8m in capital expenditure.
 - c. A change in Council's current Net Borrowing Result from \$342k to \$202k for the 2022-23 financial year as a result of the proposed operating adjustments.
 - d. proposed financial sustainability indicators within Council's agreed targets of the following:

i. Operating Surplus Ratio	1.8%	(Target 1% to 5%)
ii. Net Financial Liabilities Ratio	46%	(Target 25% to 75%)
iii. Asset Renewal Funding Ratio	104%	(Target 95% to 105%)

1. BACKGROUND

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 third Budget Review (BR3) of the 2022-23 financial year.

At the Council meeting held on the 28 June 2022, Council adopted the original 2022-23 *Annual Business Plan and Budget*, reflecting a Budgeted Operating Surplus before Capital Revenue of \$1.361m and an estimated Net Borrowing Result for the financial year of \$2.401m.

Subsequent to that meeting, Council, in consideration of agenda reports from a number of meetings, has approved a number of the 2022-23 Budget changes as detailed in the budget reconciliation included as part of this report as **Appendix 5**.

The latest adoption of Council's revised Budget occurred at the Council meeting held on the 28 February 2023, where Council adopted the 2022-23 Budget Review 2 (BR2) with a Budgeted Operating Surplus before Capital Revenue of \$830k and the Net Borrowing Result of \$342k.

Where possible Council's customary practice is to include Budget Reviews as an agenda item at Audit Committee meetings prior to consideration of Council. It is therefore proposed that BR3 will be subsequently submitted to Council for consideration on 23 May 2023.

Budget Review Presentation

As a result of changes to the Regulations, the Budget Review information has been simplified for the First and Third Budget Review for the year whereby it is now required to produce under Section 9(1)(a):

“a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances”

In accordance with the Regulations, the Uniform Presentation of Finances showing the movements in the current and proposed budgets is provided as Appendix 1 to this report.

2. ANALYSIS

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

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**

In terms of the proposed BR3 operating changes, a number of the income and expenditure items offset each other, resulting in the Operating Surplus increasing from \$830k to \$970k as a result of Operating Initiatives Projects carry forwards now proposed to be expended in 2023-24.

More specific details of these proposed budget adjustments have been provided under the Analysis section of this report.

Proposed 2022-23 BR3 capital program budget variations balance out thus maintaining the capital expenditure at \$19.369m and an \$8.0m allowance for Capital Carry Forwards as provided for in Budget Review 2.

As a result of the proposed operating adjustments, Council’s Net Borrowing Result for the year has therefore changed from \$342k to \$202k.

As the overall result from proposed BR3 budget changes improve Council’s Operating Surplus, Council continues to meet all of Council’s adopted financial indicator targets. The updated Council’s financial indicators are shown at **Appendix 2**.

It should be noted that the figures in this report and supporting appendices have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

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

There is a high expectation that Council has appropriate financial governance processes in place including the review of the budget periodically.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

External Agencies: Not Applicable

Community: Not Applicable

➤ **Additional Analysis**

BR3 has been prepared in consultation with Directors and Managers who have provided information for each budget area.

Budget Review 3 Proposed Adjustments

\$000s	2022-23 Current Budget	Proposed BR3 Adjustments	Operating Initiatives Carry Forwards	Revised Budget after BR3
Operating Income	53,438	75	-	53,512
Operating Expenditure	52,607	75	(140)	52,542
Operating Surplus	830	-	140	970
Depreciation	10,446	-	-	10,446
Capital income	7,750	-	-	7,750
Capital Expenditure	(19,369)	-	-	(19,369)
	(342)	-	140	(202)

Proposed Budget Adjustments

Operating:

Key operating variations included in this review are as follows, noting that a number of the proposed income and expenditure adjustments directly offset each other:

Operating Income \$75k increase

- Rates revenue to be increased by \$15k, being a recovery of rates collection cost expenditure as a result of increasing Council's debt collection activity in recent months
- Planning statutory income to be increased by \$9k reflecting an increase in development activity within the council area noting that this is offset by a similar amount in resource costs (via contractors) to address the workload increase in applications
- \$15k increase in user charges relating to cemetery income as the actuals year to date have exceeded budget

- An increase in investment income of \$17k due to higher interest rates on working capital overnight deposits
- Unbudgeted insurance recoveries of \$18k which relate to the reimbursement of operating expenditure relating to building insurance claims

Operating Expenditure \$75k increase

Details of the key operating expenditure proposed budget requests, resulting in an overall increase of \$75k are as follows:

- An increase in recoverable debt collection legal costs of \$15k as a result of rate debt collection activity as discussed above
- An increase of \$9k in planning resourcing costs to address the additional applications and associated statutory income increase as discussed above
- An increase in building insurance claim related expenditure of \$17k subsequently reimbursed by Council’s insurers
- A legal budget increase of \$22k to cover the implementation of community recreation and facilities framework documentation (\$15k) and a planning review as a result of a Council resolution
- A CEO recruitment budget increase of \$14k in accordance with resolution of Council.
- A net \$10k savings in vacancy management costs which in part covered required parental leave budget increases

Operating Initiatives Carry Forwards to 2023-24 reduction of \$140k

Included in Council’s 2022-23 Operating Expenditure are two strategic operating initiatives relating to council contributions relating to Amy Gillett bikeway \$100k and Houghton Soldiers Memorial Park \$40k respectively. As part of the 2023-24 Draft Annual Business Plan currently out to consultation it has been agreed that these contributions (together with additional funds) will be expended in 2023-24 and as such, it is proposed to carry forward these operating initiative budgets to 2023-24 as detailed in **Appendix 3**.

Capital

\$000s	2022-23 Current Budget	Total BR3 Adjustments	Proposed BR3 Budget
Total Capital Income	7,750	-	7,750
Capital - Renewal Expenditure	(10,740)	-	(10,740)
Capital - New Capital Expenditure	(8,629)	-	(8,629)
Total Capital Expenditure	(19,369)	-	(19,369)
Net Capital Position	(11,619)	-	(11,619)

Proposed 2022-23 BR3 capital program budget variations balance out thus maintaining the capital expenditure at \$19.369m.

It is noted that as part of Budget Review 2, Council reduced the capital expenditure budget by \$8.0m to reflect the timing of project delivery and therefore to identify an amount in total that will be carried forward to the 2023-24 financial year. For BR3, the \$8.0m amount has been maintained, represented by identified capital projects totalling \$6.315m, with the balance of \$1.685m maintained to cover those projects that have been committed but where the budgeted amount will not be spend by year end as a result of a number of factors.

Details of the capital program budget variations as well as the specific projects identified for capital carry forwards have been provided in BR3 under **Appendix 4**.

Additional Capital Carry Forwards

All other capital projects will continue to be monitored in the lead up to the end of the financial year. This includes some projects that have been fully committed from a contract perspective such as the Fabrik redevelopment as well as the light fleet program which has been significantly impacted by the disruption of the global supply chain for many of the vehicles. For these projects, it is difficult even at this time, late in the financial year, to readily determine the appropriate amount of spend at year end. It is proposed that any adjustment will be addressed in the 2022-23 Preliminary End of Year and Carry Forward Council Report proposed to be tabled in August 2023.

To provide context in relation to capital carry forwards it is noted that each year Council has a number of projects or initiatives that for a number of reasons are not finalised by the end of the financial year. Reasons for this may include:

- Where the budget for the year has been set based on the full contractual commitment in order to allow the purchasing commitment but the project delivery is staged over several years
- Where a rolling budget has been allocated to allow Council staff to seek funding to match Council's commitment to undertake works ie Blackspot funded projects
- Lengthy tender processes and/or contract negotiations
- Where due to a heated market tender prices are well above budget and re-scoping is required or the project delayed/deferred to ensure a value for money outcome is obtained
- Projects split over 2 or more years where it has not been easy to estimate how much is likely to be spent in each financial year
- Delays due to inclement weather
- Delays as a result of community consultation, or
- Where Council resolves to defer a project

As part of future carry forward consideration, it is proposed to group the proposed projects under these relevant categories to assist the Audit Committee and Council in better understanding the reasons for project delivery delays and the resultant carry forward.

Other points of note:

Financial Assistance Grant - timing

In April 2022 the Federal Government announced that it would bring forward the payment of three quarters of the 2022-23 Financial Assistance Grants as opposed to recent years where two quarters have been received in advance and an amount of \$1.488m was duly received.

Currently, the 2022-23 Budget includes four quarters of Financial Assistance Grant funding in recognition of a normalised year of grant funding. Given that Council is unsure at this time whether the final 2022-23 payment will be adjusted for any early 2023-24 funding or other Commonwealth grant adjustments, no budget adjustment has been included for this item at this stage.

Landfill Remediation and Post Closure Provision

Council has set aside a provision for landfill remediation and post closure costs relating to closed landfills within the Council area which included legal costs in relation to a court action. Council has recently resolved the legal action pertaining to this matter. At this point in time Council has not determined whether any adjustment is required to the provision for any change in the legal costs provided for nor any additional costs pertaining to Council's responsibilities under the site environmental audit requirements and related matters. This matter will be addressed as part of the finalisation of Council's statutory accounts for 2022-23.

Movements in Budgeted Borrowings (excluding leases)

As a result of proposed BR3 changes, forecast borrowings had been revised slightly downwards from \$16.2m to \$16.1m at 30 June 2023.

The resultant borrowing movements for the year are shown below.

Borrowings \$000s	Opening July 2022	New Borrowings	Repayments	Forecast June 2023
CAD (Short Term Drawdown)	9,206	-	(859)	8,347
Other Borrowings	-	-	-	-
Fixed Term Borrowings	5,000	3,000	(271)	7,729
Total Borrowings	14,206	3,000	(1,130)	16,076

This is reflected in the Financing transaction detail as shown at the bottom of Council's *Uniform Presentation of Finance* in **Appendix 1**.

The financing result for the financial year also includes budgeted payments relating to the landfill remediation provision and refund of debentures relating to the sale of the Bridgewater Retirement Village.

For reference, where income or expenditure is carried forward to a future year, this will also move the borrowing impact for those projects to the same year and whilst adjusting the actual amount of borrowings for that year, the overall borrowing at the end will be the same.

Summary

The proposed operating variations of \$140k have increased Council's budgeted Operating Surplus from \$830k to \$970k.

As a result of proposed operating adjustments, Council's net position for the year changes from a Net Borrowing Result of \$342k to \$202k as shown below.

\$000s	\$
BR2 Adopted Budget Net Lending/(Borrowing) Position	(342)
Impact of Proposed Operating Initiative Carry Forwards to 2023-24	140
BR3 Revised Net Lending/(Borrowing) Position	202
2022-23 Underlying Operating Surplus	721

In recent years, Council's operating surplus has been impacted by a significant number of one off budget items together with a large amount of grant funding received with associated expenditure commitments often accounted for in different years.

It has therefore been agreed that Administration would provide details of Council's underlying Operating Surplus as part of financial reporting performance and Budget Reviews to assist in the assessment of Council's ongoing financial sustainability and long term financial planning.

As noted in **Appendix 5**, which shows the budget reconciliation of 2022-23 Budget changes Council's underlying Operating Surplus has not changed from Budget Review 2 and remains at \$721k.

Quarterly Finance Performance Results

At its 19 June 2018 meeting, Council adopted (Res 128/18) the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

As a result Quarterly Council Performance Reports were prepared showing the performance against the Corporate Performance indicators, strategic initiatives and key activities of the Council's *Annual Business Plan*.

To reflect the alignment to the *Strategic Plan 2020-24 – A brighter future* the format of the Quarterly Council Performance Report is formatted to show Council's performance against the 5 strategic goals with the report also includes the Customer Service Standards, Capital Works performance, and Quarterly Financial Performance.

As a result of a change in the timing of reporting, the Quarterly Performance Reports are now provided to Council and the Audit Committee at the meeting directly following the end of the quarter.

As the financial performance information contained in that report is only preliminary at that meeting it was agreed for completeness to include the final quarterly financial performance as part of each Budget Review. As a result this information is shown as **Appendix 6**.

3. OPTIONS

The Committee has the following options:

- I. To receive and note this report and recommend to Council the proposed budget adjustments presented in BR3 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising BR3.

4. APPENDICES

- (1) 2022-23 Budgeted Uniform Presentation of Finances
- (2) 2022-23 Proposed Budgeted Financial Indicators
- (3) 2022-23 Operating Initiatives Carry Forwards to 2023-24
- (4) 2022-23 Capital Expenditure Budget Review 3 Proposed Changes
- (5) 2022-23 Budget Adjustments Subsequent to Budget Adoption
- (6) Financial Performance Report for Quarter Ended 31 March 2023

Appendix 1

2022-23 Budgeted Uniform Presentation of Finances

Adelaide Hills Council
BUDGETED UNIFORM PRESENTATION OF FINANCES
2022-23 Proposed Annual Budget

2021-22 Actuals		2022-23 BR2 Budget	BR3 Changes	2022-23 Revised Budget
\$'000		\$'000	\$'000	\$'000
	INCOME			
41,504	Rates	44,369	15	44,384
1,430	Statutory charges	1,369	9	1,378
884	User charges	888	15	903
7,667	Grants, subsidies and contributions	6,253	-	6,253
59	Investment income	5	17	22
197	Reimbursements	233	4	236
583	Other income	221	16	236
133	Net gain - equity accounted Council businesses	100	-	100
52,457	Total Income	53,438	75	53,512
	EXPENSES			
19,608	Employee Costs	20,856	(10)	20,846
21,515	Materials, contracts & other expenses	20,711	(56)	20,656
9,820	Depreciation, amortisation & impairment	10,446	-	10,446
306	Finance costs	594	-	594
66	Net loss - equity accounted Council businesses	-	-	-
51,315	Total Expenses	52,607	(65)	52,542
1,142	NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	830	140	970
	Net Outlays on Existing Assets			
(12,337)	Capital Expenditure on Renewal and Replacement of Existing Assets	(10,740)	-	(10,740)
756	Proceeds from Sale of Replaced Assets	636	-	636
9,820	Depreciation	10,446	-	10,446
(1,761)	NET OUTLAYS ON EXISTING ASSETS	342	-	342
	Net Outlays on New and Upgraded Assets			
(4,839)	Capital Expenditure on New and Upgraded Assets & Remediation costs	(8,629)	-	(8,629)
2,552	Capital Grants & Monetary Contributions - New & Upgraded Assets	5,621	-	5,621
9	Proceeds from Sale of Surplus Assets	1,494	-	1,494
(2,278)	NET OUTLAYS ON NEW AND UPGRADED ASSETS	(1,515)	-	(1,515)
(2,897)	NET LENDING/ (BORROWING) RESULT 2022-23	(342)	140	(202)
	Net Financial Liabilities at Beginning of Year			
(20,311)	Net Financial Liabilities at Beginning of Year	(24,015)	-	(24,015)
(740)	Decrease / (increase) in Other	(429)	-	(429)
(67)	Non Cash Equity Movement	(100)	-	(100)
(24,015)	Net Financial Liabilities at End of Year	(24,886)	140	(24,746)

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

(2,897)	NET LENDING/ (BORROWING) RESULT 2022-23	(342)	140	(202)
(76)	Proceeds from Bonds & Aged Care Facilities deposits	670	-	670
4,006	Increase/(Decrease) in Short Term Draw Down	(719)	-	(859)
(2,578)	(Increase)/Decrease in Cash & Investments	2,700	-	2,700
	Estimate of Capital Carry Forward to be transferred to next Year	-	-	0
1,488	(Increase)/Decrease in Other Working Capital	-	-	0
629	Increase/(Decrease) in Grants Received in Advance	(2,922)	-	(2,922)
-	Principal Repayments on Borrowings	(271)	-	(271)
(400)	Repayment of Lease Liabilities	(429)	-	(429)
(105)	Reinstatement/Restoration Provision Payment	(403)	-	(403)
	Debenture Payment	(1,184)	-	(1,184)
(67)	Non Cash Equity Movement	(100)	-	(100)
0	REDUCED BORROWINGS/(NEW BORROWINGS) 2022-23	(3,000)	140	(3,000)

It should be noted that the figures in this appendix have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

Appendix 2

2022-23 Proposed Budgeted Financial Indicators

Adelaide Hills Council

FINANCIAL INDICATORS

	2022-23 Proposed Budget	Council Adopted Target
Operating Surplus Ratio		
<u>Operating Surplus</u>	1.8%	1% to 5%
Total Operating Revenue		
Operating Surplus Ratio using Underlying Surplus		
<u>Operating Surplus</u>	1.4%	1% to 5%
Total Operating Revenue		
Net Financial Liabilities Ratio		
<u>Net Financial Liabilities</u>	46%	25% to 75%
Total Operating Revenue		
Asset Renewal Funding Ratio		
<u>Asset Renewals</u>	104%	95% to 105%
Infrastructure & Asset Management Plan required expenditure		

Appendix 3

Operating Initiatives Carry Forwards to 2023-24

**ADELAIDE HILLS COUNCIL
2022-23 OPERATING CARRY FORWARD REQUESTS**

2022-23 OPERATING INITIATIVES CARRY FORWARD BR3 REQUESTS

Project Reference & Description	Carry Forward Request \$'000s	Comment
#790 Amy Gillett Stage 4 Contribution	\$100	As per Confidential Agenda Item 18.1 from 26 April 2023 Council Meeting and per 2023-24 Draft Annual Business Plan this contribution is to be carried forward to 2023-24
#750 Houghton Soldiers Memorial Park: Contribution	\$40	Council has determined as part of the 2023-24 Draft Annual Business Plan that this contribution be carried forward to 2023-24
Total Proposed Operating Initiatives to include in 2023-24	\$140	

Appendix 4

*2022-23 Capital Expenditure Budget Review 3 Proposed
Changes*

2022-23 CAPITAL BUDGET REVIEW 3

Proj #	Project Name	Type	Current Budget	Change decrease / (increase)	Revised Budget	Request to Carry Forward to 23-24	Comment
CAPITAL EXPENDITURE							
BRIDGES							
New	Pfitzner Rd Bridge Renewal	Renewal	-	(18,990)	18,990		Significant bridge defect that requires urgent replacement/ renewal of particular bridge components
4050	Stradbroke Road	Renewal	35,000		35,000	35,000	Deferred to 2023-24 as we need to coordinate works with Campbelltown City Council.
Total			\$35,000	0	\$35,000	\$35,000	
BUILDINGS							
3742	AHBTC Capital Divestment	New/ Upgrade	1,862,550		1,862,550	1,630,000	Project time frame extended into 2024-25 financial year whilst critical civil infrastructure is upgraded
4078	Mount Torrens Coach House Public Toilets	New/ Upgrade	55,000		55,000	45,000	Additional time required to consult, <u>obtain Heritage approval</u> and then final planning and building approval
4037	Woodside Depot Shed replacement	Renewal	111,000		111,000	111,000	Awaiting State Government to determine land tenure
4044	Operational Workplace Review	New/ Upgrade	1,457,000		1,457,000	1,200,000	The project has moved into stage 2. This stage requires final design and costing prior to Council approval.
4064	Adelaide Hills War Memorial Swimming Pool - Splash Park Contribution	New/ Upgrade	200,000		200,000	195,800	Tender for project is closing in May 2023 with project delivery largely to be undertaken in 2023-24.
Total			\$3,685,550	0	\$3,685,550	\$3,181,800	
CWMS							
4056	Birdwood Gravity Main	Renewal	80,000		80,000	46,000	Carry forward balance of funds due to rescoping works required.
Total			\$80,000	0	\$80,000	\$46,000	
LOCAL ROADS & COMMUNITY INFRASTRUCTURE PROGRAM							
4074	Junction Rd stormwater	New/ Upgrade	200,000		200,000	200,000	Defer in accordance with revised LRCIP deadlines, to align with DIT works to occur at this location.
Total			\$200,000	0	\$200,000	\$200,000	
OTHER							
3844	LED Lighting	New/ Upgrade	132,000		132,000	132,000	Defer as design costs for change over of remaining lights is much higher than expected, and a review of potential return on investment is required.
4008	Retaining Wall Renewals	Renewal	43,000	(8,765)	51,765		Works complete with final costs being higher than estimated.
Total			\$175,000	(8,765)	\$183,765	\$132,000	
ROADS							
3403	Unsealed Roads Region Wide	Renewal	864,000	53,020	810,980		Minor efficiency savings. Works will be completed this Financial Year.
4041	Warren Rd Blackspot	New/ Upgrade	481,000		481,000	461,000	Construction phase deferred to 2023-24 due to time required to negotiate with Federal Blackspot for additional funds required.
Total			\$1,345,000	53,020	\$1,291,980	\$461,000	
SPORT & RECREATION							
3743	Woorabinda Trail	New/ Upgrade	217,200		217,200	208,000	Quotes came in over budget, so project re-tendered. Tender closed on 27 April 2023.
4017	Gumeracha, Bradwood Park & Mylor Irrigation + Drainage projects	Renewal	336,600		336,600	320,000	Majority of implementation to now occur 2023-24
4018	Bridgewater Oval Drainage	New/ Upgrade	20,000		20,000	20,000	Implementation will now occur 2023-24
4019	Woodside Recreation Ground - Driveway + Carpark Works	New/ Upgrade	88,610		88,610	88,600	Tender closed on 27 April 2023 with construction largely to occur 2023-24.

2022-23 CAPITAL BUDGET REVIEW 3

Proj #	Project Name	Type	Current Budget	Change decrease / (increase)	Revised Budget	Request to Carry Forward to 23-24	Comment
4021	Court Resurfacing, car Parks, Driveway & Oval	Renewal	410,000		410,000	300,000	Various cricket net, carpark & court resurfacing projects. Waiting for outcomes of Court Audit before remainder of funding can be allocated.
4038	LGIPP - Central Irrigation System	New/ Upgrade	270,500		270,500	261,700	Majority of implementation to now occur 2023-24
4040	Stonehenge Reserve Court Resurfacing	Renewal	29,700		29,700	29,700	Implementation will now occur 2023-24
4051	Community & Recreation Facilities Framework Implementation	New/ Upgrade	70,000		70,000	70,000	Implementation will now occur 2023-24
4072	Protea Play Space	New/ Upgrade	260,000		260,000	258,200	Project planning & consultation underway but implementation will now occur 2023-24
4073	Mylor Play Space	Renewal	145,000		145,000	143,300	Project planning & consultation underway but implementation will now occur 2023-24
Total			\$1,847,610	0	\$1,847,610	\$1,699,500	
STORMWATER							
3619	Aldgate, Bridgewater, Crafers and Stirling SMP	New/ Upgrade	95,000		95,000	45,000	Multi-year project; balance of funds to be expended in 2023-24
Total			\$95,000	0	\$95,000	\$45,000	
ICT							
various	General ICT Renewals	Renewal	57,235	(25,265)	82,500	19,000	Increase in budget due to purchase of additional Council Member devices and supplier's quote has increased for work related to the Cemetery Management System implementation
3755	CRM	New/ Upgrade	20,000		20,000	20,000	Initiation of the renewal program for CRM (Customer Relationship Management) system has commenced and funds are required to progress the build detailed functional technical specification for tender process.
3866	General ICT Renewals	Renewal	110,000		110,000	58,000	Various ICT System renewals that are progressing such as Switching, Microwave Radio and technology hardware purchases aligned to renewal programs.
3923	Confirm Asset Management	New/ Upgrade	59,000		59,000	59,000	Delay the purchase of additional user licenses for the Confirm Asset Management system to align to actual demand for the expansion into field services teams and delaying the increase of operational maintenance cost associated to software subscription.
3955	Council Website	New/ Upgrade	133,500		133,500	100,000	Continue with phase 2 of the renewal program for the Council Website & progressing the Customer Relationship Management (CRM) system implementation components related to intergation between the website and CRM.
3956	Equipment to broadcast Council Meetings	New/ Upgrade	29,000		29,000	29,000	Scheduled renewal delayed to align to refit of Council West Wing meeting room
4031	Information Systems	Renewal	252,000		252,000	173,300	Continue with phase 2 of the renewal program of Council's ERP (Enterprise Resource Planning) system incorporating Payroll, Human Recourses etc. that has commenced.
4060	Microsoft 0365 - SharePoint & Team Migration	Renewal	105,000		105,000	56,500	Continue with Microsoft 0365 SharePoint & Teams cloud migration program where project has commenced and activities are in progress.
Total			\$765,735	(25,265)	\$791,000	\$514,800	
VARIOUS							
	Various Projects	Renewal / New				1,684,900	A number of projects will not be finalised at the end of the year due to delays on engaging contractors
Total			\$0	\$0	\$0	\$1,684,900	

Total Expenditure Change	\$8,228,895	\$0	\$8,228,895	\$8,000,000
Capital Expenditure Changes				
Split as follows:				
Renewal				1,601,500
New/ Upgrade				6,398,500
		0		8,000,000

Appendix 5

*2022-23 Budget Adjustments Subsequent to Budget
Adoption*

ADELAIDE HILLS COUNCIL
2022-23 BUDGET ADJUSTMENTS SUBSEQUENT TO BUDGET ADOPTION

Description	Operating Income	Operating Expenses	Net Operating Result	Capital Expenditure	Capital Income	Depreciation	Net Borrowing Result Impact	2022-23 Underlying Surplus
Published 2022-23 Annual Budget Plan	53,295	51,934	1,361	22,339	8,074	10,502	(2,401)	578
Operating Initiatives Carry Forwards from 2021-21		144	(144)				(144)	(55)
Operating Grants Carry Forwards from 2021-22	385	145	240				240	
Capital Carry Forwards from 2021-22			0	4,450	602		(3,848)	
2022-23 Additional Budget Requests Grants	64	64	0					
2022-23 Budget Changes LRCIP Phase 3	(781)		(781)				(781)	
Sub total Budget Adjustments since Annual Business Plan Adoption	(332)	353	(685)	4,450	602		(4,533)	(55)
AHC Adopted Budget at 23 August 2022 Council Meeting	52,963	52,287	676	26,789	8,676	10,502	(6,934)	523
One-off budget changes	(19)	(18)	(1)	600	(926)	(56)	(1,583)	
On-going budget changes	346	171	175				175	175
Transfer from Capex to Opex		20	(20)	(20)				
Sub total Budget Adjustments	327	173	154	580	(926)	(56)	(1,408)	175
AHC Adopted Budget at 20 December 2022 Council Meeting	53,290	52,460	830	27,369	7,750	10,446	(8,342)	698
One-off budget changes	78	100	(23)					
On-going budget changes	70	47	23					23
Capital Carry Forwards to 2023-24			0	(8,000)			8,000	
Subtotal 2022-23 Budget Review 2	147	147	0	(8,000)			8,000	23
AHC Proposed Budget for 22 February 2023 Council Meeting	53,437	52,607	830	19,369	7,750	10,446	(342)	721
One-off budget changes	75	75	0					
Operating Initiatives Carry Forwards to 2023-24		(140)	140				140	
Subtotal 2022-23 Budget Review 3	75	(65)	140				140	
AHC Proposed Budget for 23 May 2023 Council Meeting	53,512	52,542	970	19,369	7,750	10,446	(202)	721

Appendix 6

*Financial Performance Report for Quarter Ended 31
March 2023*

Financial Performance

Adelaide Hills Council Quarterly Financial Performance

Overall Funding Statement

as at March 2023

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
<i>Total Operating Income</i>	49,225	48,962	● 262	53,437
<i>Total Operating Expenditure</i>	30,861	31,231	● 369	52,608
Funding surplus before Capital	18,363	17,731	● 632	830
<i>Capital Expenditure</i>	8,041	11,508	● 3,466	27,368
<i>Capital Income</i>	3,016	2,936	● 80	7,751
Net expenditure - Capital projects	5,025	8,572	● 3,547	19,616
Net Lending / (Borrowing) Result for Year	13,338	9,159	● 4,179	(8,342)

Adelaide Hills Council Operating Summary				
By Directorate				
as at March 2023				
	YTD Actuals	YTD Budget	YTD Var	Revised Budget
	\$'000s	\$'000s	fav / (unfav)	\$'000s
			\$'000s	
Income				
Community Capacity	2,096	2,072	● 24	2,590
Corporate Services	43,429	43,357	● 71	44,596
Development & Regulatory Services	1,181	1,126	● 55	1,394
Infrastructure & Operations	2,519	2,407	● 113	4,857
Income Total	49,225	48,962	● 262	53,437
Expenditure				
Community Capacity	5,782	5,793	● 11	8,560
Corporate Services	9,265	9,603	● 338	12,706
Development & Regulatory Services	3,056	2,950	● (106)	4,000
Infrastructure & Operations	12,758	12,885	● 127	27,342
Expenditure Total	30,861	31,231	● 369	52,608
Operating Surplus (Deficit)	18,363	17,731	● 632	830

Adelaide Hills Council Quarterly Financial Performance

as at March 2023	Income by Function			Expenditure by Function			Net Position
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav/(unfav) \$'000s	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav/(unfav) \$'000s	Variance \$'000s
CEO Office	-	-	-	140	207	67	67
Governance & EM	27	49	(22)	1,818	1,784	(33)	(55)
CEO Directorate	27	49	(22)	1,958	1,991	34	12
CC Director's Office	6	6	-	279	251	(28)	(28)
Customer Experience	-	-	-	42	70	28	28
Communications, Engagement & Events	7	-	7	551	591	40	47
Economic Development	121	120	1	457	443	(13)	(12)
FABRIK	50	51	(2)	245	262	17	16
Community Development	85	92	(6)	808	794	(14)	(20)
Community Resilience	600	600	-	202	191	(11)	(11)
Positive Ageing (Home and Social Support)	792	764	29	871	861	(10)	18
Positive Ageing Project (Collaborative)	70	67	3	71	62	(9)	(6)
Community Centres	28	34	(6)	303	282	(21)	(27)
Library & Customer Services	337	339	(3)	1,953	1,986	33	30
Community Capacity	2,096	2,072	24	5,782	5,793	11	35
CS Director's Office	5	5	()	222	205	(18)	(18)
Financial Services	42,838	42,788	50	2,361	2,380	19	68
Information Services	-	-	-	1,929	2,046	117	117
OD & WHS	-	-	-	589	720	131	131
Old Woollen Mill Precinct Lobethal	229	254	(24)	154	168	14	(10)
Cemeteries	199	166	33	145	160	14	47
Property Management	88	55	33	1,201	1,217	16	49
Retirement Villages	35	30	5	27	15	(12)	(7)
Sport & Recreation	7	11	(4)	679	702	23	19
Corporate Services	43,401	43,309	93	7,307	7,612	304	397
DRS Director's Office	-	-	-	380	363	(18)	(18)
Development Assessment & Compliance	508	461	48	1,681	1,636	(46)	2
Environmental Health	111	128	(17)	396	384	(12)	(29)
Regulatory Services	561	537	24	599	568	(30)	(7)
Development & Regulatory Services	1,181	1,126	55	3,056	2,950	(106)	(51)
IO Director's Office	-	-	-	227	235	8	8
Civil Services	517	472	45	3,683	3,866	183	229
Open Space - Biodiversity	113	80	33	486	479	(7)	26
Open Space Operations	28	-	28	3,596	3,549	(48)	(19)
Community Wastewater Management System	1,719	1,729	(10)	473	406	(67)	(77)
Strategic Assets	-	-	-	219	260	41	41
Sustainability	-	-	-	187	202	15	15
Emergency Management	-	-	-	81	65	(16)	(16)
Waste	142	126	16	3,807	3,824	17	33
Infrastructure & Operations	2,519	2,407	113	12,758	12,885	127	240
Total	49,225	48,962	262	30,861	31,231	369	632

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 15 May 2023
AGENDA BUSINESS ITEM**

Item: 8.2

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: End of Financial Year Reporting Timetable 2022-23

For: Information

SUMMARY

At the meeting on 20 December 2022, Council (upon the Audit Committee's recommendation) resolved to appoint BDO Audit Pty Ltd ("BDO") under a Professional Services Agreement for a three year period to undertake the annual financial statement audit and internal financial control audit each year.

At the meeting on 17 April 2023, the Audit Committee received the 2022-23 External Audit Plan from the external auditors BDO which sets out their scope and responsibilities for the 2022-23 audit and resolved to recommend to Council for the approval of the Plan. Council considered the Committee's recommendation at its 26 April 2023 meeting and approved the Plan.

In support of this Plan a draft timetable has been prepared to guide the end of year reporting process included as **Appendix 1**.

In consultation with BDO, the date of the final external audit visit has been proposed for 18 September 2023 to 22 September 2023. This will enable the Administration to table the Annual General Purpose Financial Statements and associated documentation at the Audit Committee meeting on 16 October 2023.

RECOMMENDATION

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

1. BACKGROUND

Council's preparation of the Annual General Purpose Financial Statements is affected by, but not limited to:

- external audit timelines
- resourcing, both internal and external
- validation of infrastructure assets
- BDO's External Audit Plan, which was approved by Council on 26 April 2023, communicates the approach to be taken by the auditors and their understanding of the scope of the work required to express an opinion on Council's Financial Statements and Internal Controls environment.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation.

Objective O.5 We are accountable, informed and make decisions in the best interests of the whole community.

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations.

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

➤ Legal Implications

Council is required to prepare audited annual Financial Statements in accordance with the *Local Government Act 1999*, (the "Act") and the *Local Government (Financial Management) Regulations 2011* (the "Regulations").

Section 127 (1) of the Act requires the preparation of the financial statements and notes as well as other statements or documentation in accordance with standards and principles prescribed by the regulations and include information required by the Regulations.

Section 127 (2) of the Act requires that the material required under subsection (1) must be prepared as soon as is reasonably practicable after the end of the relevant financial year and in any event before the prescribed day.

Regulation 15 of the Regulations states that the prescribed day for Section 127 (2) is the second Friday in September in the financial year immediately following the end of the relevant financial year.

Section 127 (4) of the Act requires that a copy of the audited statements must be submitted by the council to the persons or bodies prescribed by the regulations on or before the day prescribed by the regulations.

Regulation 16 of the Regulations requires that in accordance with section 127(4) of the Act, council must, on or before 30 November in each year, submit a copy of the audited financial statements of the council for the immediately preceding financial year to the presiding member of the South Australian Local Government Grants Commission.

➤ **Risk Management Implications**

Completing the year end reporting and audit processes within the legislative timeframes 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 (3C)

Failure to complete the year end reporting process within the timetable can result in increased financial, compliance and reputational risk.

➤ **Financial and Resource Implications**

The end of year financial reporting process ensures the timely production of Council's General Purpose Financial Statements. These are required for the *Annual Report* and could impact on Council's ability to secure future grant and loan funding.

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

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report.**

Consultation on the development of this report was as follows:

Council Committees: Not applicable
Council Workshops: Not applicable
Advisory Groups: Not applicable
External Agencies: Not applicable
Community: Not applicable

➤ **Additional Analysis**

The draft timetable has been prepared based on available information and previous experience with the preparation of the financial accounts.

The timetable reflects the requirement under Section 127 (2) of the Act for the financial statements and notes as well as other statements and documentation to be available by the second Friday in September in the financial year immediately following the end of the relevant financial year. For the 2022-23 financial year this date is Friday 8 September 2023.

While the timetable does allow for some flexibility in terms of the timing of key activities during September and October, it is intended that the Annual General Purpose Financial Reports will be completed for consideration at the Audit Committee meeting on the 16 October 2023 and for adoption by Council at its meeting on the 24 October 2023.

The statutory limit for adoption of the Annual General Purpose Financial Reports is 30 November 2023, but it is considered preferable to leave some time prior to this date to allow for any potential delays and to facilitate the production of the Annual Report.

An End of Financial Year Update report is scheduled to be presented to Audit Committee at the meeting on the 21 August 2023 to provide an update on the end of year progress and to ensure Council is on track in terms of completion of the annual financial statements.

3. OPTIONS

Audit Committee is limited to receiving and noting this report.

4. APPENDIX

(1) 2022-23 End of Financial Year Reporting Timetable

Appendix 1

2022-23 End of Financial Year Reporting Timetable

**ADELAIDE HILLS COUNCIL
2022-23 END OF YEAR FINANCIAL REPORTING TIMETABLE**

Description	
Mon 15-May	External Interim Audit (15 - 19 May)
Mon 15-May	Audit Committee Meeting (15 May) 2022-23 End of Year Financial Reporting Timetable
Fri 16-Jun	Last pay run for 2022-23 Financial Year. Period ending 16 June 2023 to be paid 21 June 2023
Fri 30-Jun	Statement of Financial Position Date for 30 June Stock Take Petty Cash counts
Mon 10-Jul	Close June Creditors End of Week Friday 30th Accrue Final Pay (for the period ending 30 June 2023) Bank Reconciliation High risk control account reconciliations
Mon 17-Jul	Accruals Commence Capitalisation process
Mon 31-Jul	Year end prepayments and grants reconciled Update provisions for remediation & employees Progress Fixed Asset Revaluation, Depreciation and Reconciliations Finalise remaining Statement of Financial Position Reconciliations
Mon 7-Aug	Audit Committee Report preparation for Audit Committee - End of Financial Year Update
Thu 10-Aug	Report Preparation for Council - 2022-23 Preliminary End of Year Results and Carry Forwards
Thu 17-Aug	ELT Govern Report (17 Aug) Discuss EOY Position - Preliminary and Carry Forwards
Mon 21-Aug	Audit Committee Meeting (21 Aug) End of Financial Year Update and Presentation of the External Audit interim letter
Mon 21-Aug	Review and finalise notes to Statutory Accounts Update for subsidiary results
Tue 22-Aug	Council Meeting (22 August) 2022-23 Preliminary End of Year Report and Carry Forwards
Mon 28-Aug	Review subsidiaries (equity accounting) & reserves accounting (Revaluations and CWMS)
Mon 4-Sep	Analytical review and full year budget comparison of operating accounts
Fri 8-Sep	Prescribed Day for Finalisation of Annual Financial Statements to Auditors
Mon 18-Sep	External audit final visit currently proposed for 18 September through to 22 September 2023
Wed 4-Oct	Report preparation for Audit Committee Annual Financial Statements Audit Completion Report End of Year Financial Results Report
Thu 12-Oct	Report preparation for Council Annual Financial Statements End of Year Financial Results Report
Mon 16-Oct	Audit Committee Meeting (16 Oct) 2022-23 Annual Financial Statements including Audit Completion Report End of Year Financial Results Report Meeting attendance by External Auditors (in camera) and Review of Auditor Independence and Legislative Compliance
Tue 24-Oct	Council Meeting (24 Oct) 2022-23 Annual Financial Statements for adoption and subsequent inclusion in the 2022-23 Annual Report End of Year Financial Report
Tue 28-Nov	Council Meeting (28 Nov) 2022-23 Annual Report for adoption
Thu 30-Nov	Submit Financial Statements to Presiding Member of the SA Local Government Grants Commission (Due 30 Nov)

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 15 May 2023
AGENDA BUSINESS ITEM**

Item: 8.3

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: Internal Controls Update

For: Information

SUMMARY

Council's external auditors are required to provide an opinion on internal controls in accordance with S125 of the *Local Government Act 1999*.

This report presents an update to the Committee on the *Internal Control Framework* for the year ended 30 June 2023.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To note the further developments and improvements that have been made to Council's internal controls environment.
-

1. BACKGROUND

Council is responsible for implementing and maintaining an adequate system of internal controls in accordance with Section 125 (internal control policies) of the *Local Government Act 1999* (the "Act") by ensuring that appropriate policies, practices and procedures of internal control are implemented and maintained.

In addition, council audit committees are required to monitor the adequacy of all council's "accounting, internal control, reporting and other financial management systems and practices on a regular basis".

Council's external auditor also provides an opinion on the compliance with the requirements of Section 125 of the Act in relation to the internal controls established by the Council.

The auditor's responsibility is to express a conclusion on the Council's compliance with the Act in relation to the internal controls established by the Council for the relevant financial

year 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.

When forming an internal controls opinion auditors must refer to the *Better Practice Model - Internal Financial Controls* as updated from time to time and published by the Local Government Association.

Like the audit opinion of the annual financial statements, the internal controls opinion is provided to Council and becomes a public document, to be published with Council's financial statements along with the financial statements audit opinion.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation.

Objective O.5 We are accountable, informed and make decisions in the best interests of the whole community.

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations.

Updating the internal controls framework assists in meeting legislative and good governance responsibilities and obligations.

➤ Legal Implications

Work on the *Internal Controls Framework* is undertaken in conjunction with Part 3 – Accounts, Financial Statements and Audit, *Local Government Act 1999* and Part 6 – Audit, *Local Government (Financial Management) Regulations 2011*.

➤ Risk Management Implications

The undertaking of an annual review of Internal Controls using the Internal Financial Control Model will assist in mitigating the risk of:

Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Low (2E)

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

➤ **Financial and Resource Implications**

Satisfactory internal controls provide the foundation for all of Council's financial management and reporting.

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

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

External Agencies: Not applicable

Community: Not applicable

➤ **Additional Analysis**

An updated *Better Practice Model - Internal Controls* was approved by the Minister for Local Government to apply from July 2017.

That update provided a roadmap to a more risk based approach to ensuring a robust internal controls environment by allowing councils to document and assess the internal controls that relate to a particular financial risk and to the extent that they mitigate that risk to an acceptable level.

As such it refocused Council's internal control activities and monitoring systems largely on the extreme and high financial risks as identified by the Council's risk tolerance framework. As a result, this risk based approach reduced the number of controls that councils review and assess on an ongoing basis.

For 2022-23 there were 109 individual controls to be assessed and reviewed, grouped into the following categories:

- Accounts Payable
- Banking
- Contracting
- Credit Cards
- Debtors
- Fixed Assets
- General Ledger
- Payroll
- Purchasing & Procurement
- Rates
- Receipting

It is noted that the controls implemented are still dependent on the inherent risk assessment, the residual risk given controls already in place and the risk tolerance of the organisation.

To assist in Council's review of internal controls, Adelaide Hills Council uses a product called Control Track to identify and document the control activities in place and to evaluate the appropriateness, design and effectiveness of these controls on a scale from 1 to 5.

Council uses the rating scale below to evaluate its controls.

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

A control effectiveness rating is provided by both the assessing officer (ideally the person performing the function) and the reviewing officer (ideally the person reviewing completion of that task or function such as the line manager), along with commentary as to the basis for the assessment on that rating.

A summary report of the outcomes from this recent review has been provided in *Table 1* below along with a summary of the three previous reviews. For the 2022-23 Controls Reviews the overall average of all controls categories was 4.67, being a minor improvement over the 2021-22 control categories average of 4.59.

Table 1

Control Category	May-23	May-22	May-21	May-20
Accounts Payable	4.90	4.93	4.82	4.71
Banking	5.00	5.00	5.00	5.00
Contracting	3.84	4.00	3.75	4.08
Credit Cards	5.00	5.00	5.00	4.90
Debtors	4.63	4.69	4.75	4.75
Fixed Assets	4.63	4.16	4.47	4.30
General Ledger	4.05	4.13	4.68	4.54
Payroll	4.85	4.85	4.87	4.95
Purchasing & Procurement	4.55	4.61	4.33	4.67
Rates	4.95	4.80	4.95	4.90
Receipting	4.90	4.60	4.60	4.60

Note: the table is based on the average combined rating from both the assessor and reviewer score. In reviewing the results across years, there has been changes in terms of the assigned assessor and reviewer over that period and therefore the rating assessment may have varied as a result of the change in individual assessment of whether the control is majority effective or effective.

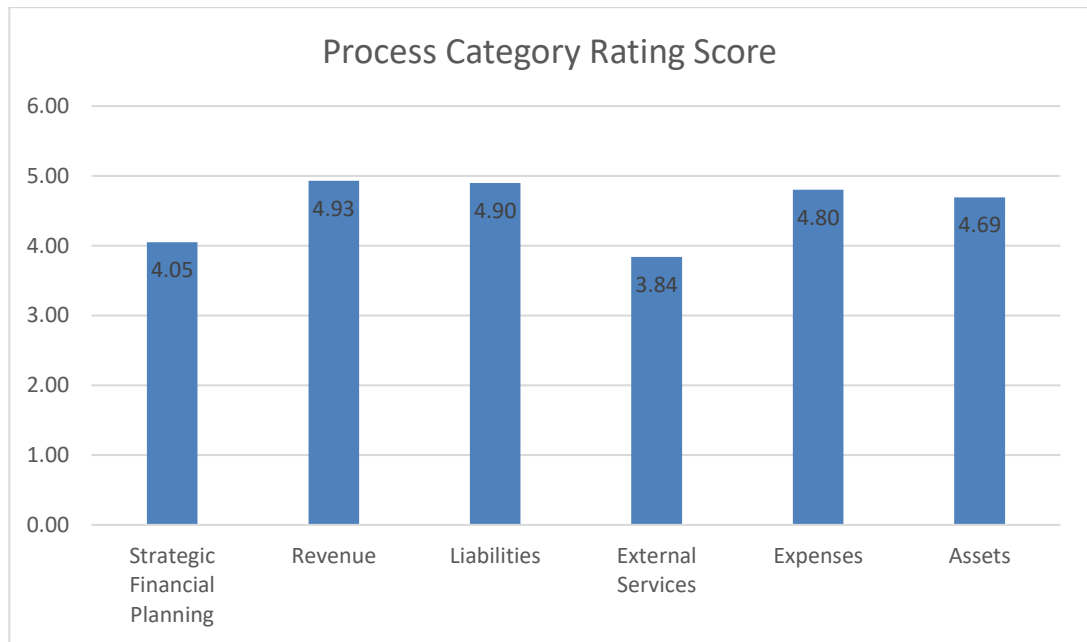
For the 2022-23 review period the overall result is an average rating of 4 or higher in all but one category. Again, there have been some minor variations within categories across the four years.

For this year, where the assessing and reviewing officers are aware of actions being undertaken to improve relevant processes, the overall rating has been set as a maximum of 4. **Majority Effective.**

This has resulted in minor decreases in a couple of control categories. This is relevant in the Process Categories External Services (Contracting) in considering Conflict of Interest processes and Expenses (Procurement) where improvement opportunities have been identified in terms of automating some of the manual processes including purchase orders.

Within the Assets category, Asset Management planning has been identified as an area for improvement and with some of these plans still outstanding this continues to be a focus for Council. This focus has resulted in an improvement in ratings in this category over the past year.

The Control Track information for the current year is also shown diagrammatically below.



The full list of controls and the specific rating of each is provided at **Appendix 1**.

As agreed, reporting to the Audit Committee will continue to include an annual update from the Control Track system covering controls and actions.

3. OPTIONS

Audit Committee is limited to receiving and noting this report.




4. APPENDIX

(1) 2022-23 Internal Controls Review

Appendix 1

2022-23 Internal Controls Review

2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
<ul style="list-style-type: none"> Strategic Financial Planning General Ledger 								
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	 Liz Packer	4	Actuals vs Budget reports are produced for each Department by the Management Accountant each month. The reports are system generated and exported to Excel mapped reports and uploaded onto Sharepoint for Budget Owners review & analysis. Separate reporting is done at a Directorate level and a Monthly Financial Performance Report is produced for ELT and discussed at the ELT Perform meeting each month. Manager Financial Accounting will meet with key directorate personnel for some larger directorates to discuss budget matters but this is not consistent across all of council. EOM has now been reduced to 5 wds before the ledger is closed, allowing for the Budget reports to be produced & distributed earlier. Work continues to be required to get the managers more involved with taking ownership for their financial position and to collaborate more with Finance w.r.t known variances or timing of payments compared to budget phasings.	Mike Carey	4	Process documented above. All significant variances are identified, investigated and reported. Improvements in timing of Actual Budget Variance analysis has occurred with the introduction of the Team Leader Financial Accounting, allowing month end close to occur much earlier than it has in the past.	0
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	 Liz Packer	4	All balance sheet reconciliations are reviewed by an independent finance officer. Reconciliations of high risk are done monthly, and low risk being done annually. Reconciliations are now retained on the P drive. Delays in rolling over the closing balances at the completion of EOFY creates issues with the preparation of these reconciliations due to inaccurate opening balances being reflected in the general ledger. This may require the preparer to update previously completed reconciliations.	Mike Carey	4	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually	0
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	 Liz Packer	4	Journals should be reviewed/authorised and updated by a person independent from the preparer. Only Finance team members have the ability to perform a general journal entry. Journals are retained in Finance for inspection and all supporting documentation is kept on the P drive electronically. The system does allow for the preparer to upload, authorise and update the GL for their own journal. The system also allows for the preparer to approve their own journal using the name of another person.	Mike Carey	4	No comment found	0






2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Liz Packer	4	All Council policies are included in the Policy Register which is regularly provided to Council for consideration and review. The majority of policies are reviewed and updated regularly and communicated to the employees for comment.	Mike Carey	4	All council financial policies are included in the Policy Register which is provided to Council regularly for consideration and review to obtain a consolidated picture of the schedule of policies and review timeframes. The majority of procedures relating to GL and associated reconciliations are reviewed and updated on the regularly basis. In addition, the recently appointed Team Leader Financial Accounting will allow greater backup of system administration currently undertaken by the Management Accountant where some areas of documentation could be expanded.	0
STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Lachlan Miller	3	The ICT Disaster Recovery Plan is in place and ensures that the GL data is appropriately backed-up and able to be recovered. The broader organisational Business Continuity Plan has the identification of all critical functions completed. Critical Function Plans (CFP) have been finalised by the CFP owners. The overarching BCP document (incorporating the CFPs) has been drafted and workshoped with key staff in November 2022. Finalisation of the BCP is contingent on the resolution of key staff roles being clarified and vacancies filled.	Liz Packer	3	The risk in relation to this control is that data contained within the General Ledger is permanently lost. The ICT Disaster Recovery Plan is somewhat appropriate to ensure that GL data loss would be minimal. The organisational wide BCP is still a WIP.	0
STR-GEN-0007	Financial data is backed up and stored offsite.	James Sinden	4	The Councils ICT Business Continuity Plan has a fully functioning duplicate of physical technology, business software systems and backup copies of data located at another site located out of the Adelaide Hills Council District. Marked as Majorly effective and not Effective as have not completed a recent full recovery of financial records.	Liz Packer	4	ICT Business Continuity Plan documents backup processes. A backup site is located outside AHC district.	0
STR-GEN-0006	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Liz Packer	5	Open Office Finesse prevents unbalanced journals from being posted. Journal preparers must make sure their journal balances or is corrected prior to update. All journals must be validated prior to being visible to the approver for review. Journals not validated or unbalanced will not be able to be uploaded to the ledger accounts.	Mike Carey	5	No comment found	0
STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Liz Packer	3	Only administrators of Finesse (GL module) can access the General Ledger maintenance screen. General Ledger Account codes can only be created and closed by administrators in Open Office Finesse. All amendments to the structure of the GL are undertaken by the Management Accountant after discussion with Budget Holders. There is no independent review or authorisation of GL amendments being undertaken. Open Office is not structured to require separate authorisation of any changes being made prior to implementation.	Mike Carey	4	Whilst there is no formal process for review, the current management reporting process highlights new accounts in order to update reporting requirements via a manual process and as such there is more visibility by the Manager, Financial Services or changes undertaken	0




2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
STR-GEN-0004	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Liz Packer	4	All updates and changes are documented in formal release notes for each module provided by the vendor. The release notes are made available prior to the upgrade of change being developed into a "test" environment. The vendor provides a comprehensive list of functions for customer testing. The update process is fully coordinated to ensure all changes are checked and authorised prior to roll over/upgrade. This process is the responsibility of the Management Accountant.	Mike Carey	4	No comment found	0
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Liz Packer	4	Balance sheet reconciliations are reviewed by an independent person at least annually. All BS reconciliations are documented in a monthly spreadsheet which details the name of the preparer and reviewer. However, delays in rolling over GL balances from prior years impacts on the opening balance for all of them. Improvements with the rollover process continue to be required.	Mike Carey	4	Team Leader Financial Accounting now has a better understanding of rollover processes which should improve this process for future years	0
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Liz Packer	5	There are 6 administrators with access to General Ledger maintenance screens. Administrators are reviewed for relevance every 6 mths. Staff who are no longer AHC employees will be removed from the listing of users by IT or a system administrator.	Mike Carey	5	All Administrators are reviewed for appropriateness. Any staff who leave are removed from the listing by IT.	0
<div style="display: flex; align-items: center;"> ▲ Revenue </div>								
<div style="display: flex; align-items: center;"> ▲ Rates/Rate Rebates </div>								
REV-RAT-0010	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Liz Packer	5	The rating policy is reviewed every year and provides clear guidance on councils rating methodology for the upcoming financial year. Policy is reviewed and adopted by Council subject to any changes elected members may request.	Mike Carey	5	Draft Rating Policy included as part of the Draft 2023-24 Annual Business Plan for Consultation to both Audit Committee and Council prior to adoption as part of Annual Business plan and Budget adoption	0
REV-RAT-0009	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Katrina Maher	5	Written communication (email or letter) is used as a basis for changes to the rates master file. Such correspondence is recorded through our document management system. Master file is also updated using weekly reports from the Lands Title Office. Accuracy is double checked against the source documents before the final stage of the update is completed	Liz Packer	5	Correct	0
REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Katrina Maher	5	Rates officers sample test the rates that have been generated before the final calculation is run. The Rates Team reviews the validity of the sample. This review includes a comparison to an Excel based rates modelling spread sheet that mirrors the rates generation. This increases confidence that the rates generated is valid	Liz Packer	5	Correct - a sample of rates is also checked by the Team Leader Finance to the Rates Model. A series of reports is run from the Property Gov module and then checked to the Rates Model to ensure the data is correct.	0

2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	 Katrina Maher	5	Rates are generated based on Valuer General's data. This is balanced with property.gov prior to generation. Rates and Rebates are automatically calculated within property.gov	Liz Packer	5	Correct.	0
REV-RAT-0006	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	 Katrina Maher	5	Council has a Debt Recovery Policy which includes the application of Sect 184 recovery of rates when applicable. Rate arrears are forwarded for Debt Collection if an account is 2 Quarters in arrears and there is no payment plan in place.	Liz Packer	5	Active debt recovery processes have now re-commenced following COVID. A ratepayer is automatically referred to Credit Solutions (Council's debt recovery supplier) once they become 2 quarters in arrears. All ratepayers referred to Credit Solutions are recorded in the Debtors Module within the Property Gov rates module which has improved our ability to keep track of who is in debt and how much they are in debt to. This approach has resulted in more ratepayers engaging with council to resolve their debt such as entering into payment arrangements, seeking seniors postponements, seeking help from a financial counsellor or paying their outstanding debt. Towards the end of May a report is going to Council for approval to proceed to a S184 in order to resolve debts that have been unpaid for 3 years or more.	0
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	 Katrina Maher	5	Rates Officer can take payment for rates over the phone. Council's cashiers process rates receipts. Any new rate rebates are assessed with the Rates Team and the Manager Financial Services and are signed off by Manager Financial Services. Rebates are not granted to individuals under the proposed updated rates policy. New Discretionary Rebate applications are forwarded to Council for approval.	Liz Packer	5	Rates Officers also do not have access to the receipting module so would be unable to receipt another ratepayers payment to their own personal account. Rebates are reviewed periodically via a report that can be produced from the system. Our current rating team are not Adelaide Hills ratepayers. The system does not allow a manual entry to be added to the personal transaction account. Any amendments to an account require a journal to be raised which identifies an employee.	0
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	 Katrina Maher	5	Annual valuation update is balanced by the Senior Rates Officer prior to the generation of rates; with all discrepancies resolved prior to finalising rate. The file does not load without the errors being addressed.	Liz Packer	5	Correct - data from Property Gov (Rates database) is always balanced to the updated data from the VG's prior to rates being generated.	0
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	 Katrina Maher	5	Rates software are initially loaded into a test arena where the rates officers are able to perform testing. All upgrade of the rates system is systematically tested prior to upgrade in preparation for rates generation. This includes rate modelling. Rates generated are compared to an Excel based rate modelling spreadsheet for comparison.	Liz Packer	5	Correct - testing is always undertaken in the development module of Open Office.	0







2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason		
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	 Katrina Maher	5	Rate rebates have been in place for a number of years with no change. A review of all rebates and non rateable was conducted in 18/19 to ensure rebate is appropriate and correctly categorised and a new review will be reviewed in 22/23. Council will now review all Discretionary rebates at the start of the new Council term. A rates fines and interest remittance procedure has been developed to ensure consistent treatment in relation the application of fines & interest with reference to Delegation of Authority. Due to rate debtor security, current policy is not to write-off rate debtors.	Liz Packer	5	Rate rebates (discretionary/mandatory) are being reviewed in 2023. Discretionary rebate recipients will be contacted to confirm that they are still entitled to receive the rebate. A report will then be presented to Council in line with the new Council term. Rates debtors are rarely written off as council can undertake a S184 Sale of Property to recover unpaid debts greater than 3 years old. Write-offs will be around interest/fines which are considered based on ratepayer circumstances and are written off in accordance with DOA.	0	
REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	 Katrina Maher	5	Access to the Property master file is restricted to appropriately designated personnel, managed by IT. Rates officers can see and update the property master file, and other staff only have read access.	Liz Packer	4	Correct. Access is controlled by IT and only rating staff can make changes to the information. Staff are removed when they leave Council.	0	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Receipting</div>									
REV-REC-0010	There is a review process for the authorisation of the reversal of transactions.	 Rhys Elsegood	4	Considered increased risk relating to circumstances where cash overpayment occurs. Discussion with personnel involved in receipting indicates that there is no review process for the reversal of transactions which occurs occasionally if cashier for example realises they have incorrectly recorded the transaction ie as cash instead of EFTPOS etc and therefore reverses the transaction and corrects. The system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. Cashiers have a Receipt Reversal procedure that ensures that all reversed receipts are clearly warranted and details are available for verification and can be reviewed by an independent person. In addition, the Finance Officer - Accounts Receivable & Treasury can process a "Receipt Adjustment" to reallocate a payment from say a rate debtor account to a sundry debtor account as a result of the debtor using the incorrect payment platform and/or debtor reference vs rate assessment. These receipt adjustments are reviewed by the appropriate area and approved by the Team Leader Finance. While supporting documentation is retained the system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. It is proposed that officers will follow up with the Vendor (Open Office) to confirm whether there is an audit trail/exception report available to record when this functionality is used by either Cashiers/Accounts Receivable.	Liz Packer	5	Some improvement in this area is warranted however we work within the constraints of Open Office. In the absence of an audit report being available a review process is difficult to undertake.	0	






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REV-REC-0008	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Rhys Elsegood	5	Cash is banked weekly at each cashier location and is recorded and signed for when collected by SecureCash.	Liz Packer	5	Correct. Council use SecureCash as the third party to deposit the cash to the bank.	0
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Rhys Elsegood	5	Receipts are issued for all transactions processed. Cash/cheques/eftpos receipts for each Cashlink Session are reconciled to the Council Bank Account by the Finance Officer-Accounts Receivable & Treasury. Any discrepancies are investigated and corrected promptly.	Liz Packer	5	Correct	0
REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.	Rhys Elsegood	5	Cash is stored securely at all times including the duration of the cash management process. Cash is locked away when unattended. Cash is banked weekly at each cashier location and is recorded and signed for when collected by SecureCash. Cash awaiting collection is held in a dropdown safe.	Liz Packer	5	Correct noting that since COVID the amount of cash being held is declining. Council also has other electronic payment methods that customers can use to again reduce the amount of cash being held on premise.	0
REV-REC-0003	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Rhys Elsegood	5	System generated sequential receipts are produced internally in the system and provided to customers upon request.	Liz Packer	5	Correct system automatically generates the receipt number.	0
<div style="background-color: #0056b3; color: white; padding: 2px; margin-left: 10px;">Liabilities</div>								
<div style="background-color: #0056b3; color: white; padding: 2px; margin-left: 10px;">Accounts Payable</div>								
LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Katrina Maher	5	There is a Creditors Pre Payment Report Detail which is produced on the last day of the month (after processing close) and reconciled to the GL. In addition, there is Summary of Scheduled Payments Report in Release Date Order that is produced prior to each payment run (weekly) detail of payments can be produced if required as well as at the end of month, forming part of the reconciliation process.	Liz Packer	5	Correct as per above.	0
LIA-ACC-0015	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Katrina Maher	5	An annual review of the supplier master file is undertaken and any supplier that has not been used for 2 years has the status of the account made historical. It will not appear on simple searches but is still apparent on the Supplier List (greyed out to indicate it is historical).	Liz Packer	5	Masterfile is reviewed and suppliers not used for a period of 2 years will be switched to historical. Should they be required in the future they will be reinstated.	0
LIA-ACC-0014	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Katrina Maher	5	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger monthly and differences are investigated and resolved where applicable. Supplier statements are retained in the Finance area for 12 months for inspection.	Liz Packer	5	Correct as provided above.	0
LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Katrina Maher	5	There is total separation of accounts payable and procurement duties.	Liz Packer	5	Correct. Accounts payable and Procurement are separate functions. The AP team cannot amend Procurement information and vice versa.	0

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
LIA-ACC-0012	Requested changes or additions to supplier masterfile are verified independently of source documentation.	 Katrina Maher	4	For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received (by Phone) to confirm validity of the request. For all other changes, address etc information is obtained from source documentation only.	Liz Packer	5	Bank account changes are verbally verified to the supplier via a phone call. All other changes are verified to source documents only. Audit Report is printed weekly which is reviewed by the Team Leader Finance to supporting documentation.	0
LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	 Katrina Maher	5	Aged creditors listing is reviewed by Financial Team Leader Annually as part of the Financial Year end process.	Liz Packer	5	The Creditor Active Items Aged Report (example attached) is run during EOY process. Any errors or anomalies will be followed up and amended.	1
LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	 Katrina Maher	5	All payment runs are filed with Payment Run Report and invoices (and other source documentation) appropriately authorised by relevant council officer saved in the Records Hub	Liz Packer	5	Correct	0
LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	 Katrina Maher	4	"Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services. For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received to confirm validity of the request (by phone). A Weekly Creditor Audit Report showing all the masterfile changes is printed and this is checked on a weekly basis by the Team Leader Finance.	Liz Packer	5	Correct. Team Leader Finance reviews these reports typically on a weekly basis and signs as evidence review has been completed.	0
LIA-ACC-0008	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	 Katrina Maher	5	Whilst council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount and it will be processed at the amount the delegated officer signed off. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is for more than the purchase order and get a 2nd approval.	Liz Packer	4	Correct. System allows for invoices greater than the PO total to be paid. Current manual processes require the AP person to contact the original requisitioner and seek a secondary approval before being processed for payment. Team Leader Finance is seeking additional information from Open Office w.r.t some functionality changes that could be implemented.	0
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	 Katrina Maher	5	Payments are verified to appropriate supporting documentation and are authorised by a relevant and appropriately authorised council officer in line with Delegations of Authority. Whilst council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is more than the purchase order and get a 2nd approval if the approver has not acknowledged the variation.	Liz Packer	5	Correct. The system allows for invoices greater than a PO total to be paid. As a manual control measure, AP staff will contact the PO initiator and advise that invoices are greater than the original PO total. The initiator will provide further approval to allow the invoice to be paid.	0

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	 Katrina Maher	5	"Payments (B-Pay and EFT's) are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee. A Payment Input List for items input is printed for each batch of data entry and reviewed by the Team Leader Finance to confirm correct GST status and account allocation. A Pre Cheque Report is printed as part of the Payment Run preparation listing each Supplier invoice to be paid which is checked against invoices for correct supplier and amount. This is provided to the Team Leader Finance or delegate to review supporting documentation and authorise the payment run and Summary of Scheduled Payments printout. The NAB online banking system requires a Part A and a Part B before transmission of funds is completed. The officer who creates the batch for payment may be either Part A or Part B of the authorisation for transmission. Records of these transmissions are retained in Finance Records Hub for inspection of authorisers of the payment run who has reviewed the number of transactions and amount to be paid by EFT as well as confirming totals from the Payment Register."	Liz Packer	5	Correct.	0
LIA-ACC-0004	Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	 Katrina Maher	5	Employee expense claims must be approved by an authorised officer and independently verified and include relevant substantiation. Expense claims are paid by Accounts Payable.	Liz Packer	5	Employee manager/team leader will review and authorise the reimbursement in line with DOA.	0
LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	 Katrina Maher	5	All invoices and payment requests are approved in accordance with relevant Delegations of Authority. Delegations are in the system and a warning will show if they are exceeded.	Liz Packer	5	Invoices and payments are approved in accordance w DOA. Accounts Payable will pick up approvals that are not within the limits of the approver and resubmit for approval.	0
LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff	 Katrina Maher	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Liz Packer	5	Masterfile changes are retained in Finance and reviewed by Team Leader Finance. Only Accounts Payable staff have access to the masterfile to be able to make changes.	0
External Services								
Contracting								
EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	 James Greenfield	3	Whilst a Project Manager has been allocated to the majority of Council Capital and Operating Projects, there are formal contract management procedures that cover off on Council's management of deliverable's, key contact clauses, responsibilities, milestones and dispute resolution procedures. Not all department use this procedure. OD does have a procedure covering WHS responsibilities of Project Managers, Dispute resolution processes are built into a Standard Procurement Contracts. The responsibility for the management of contacts lies with the relevant department.	Liz Packer	4	Refer previous comments on the development of project management framework	0






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EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	James Greenfield	4	Commitments are raised by system generated purchase orders using an automated workflow set up in accordance with Council's Staff Procurement Delegations. The system prevents a purchase order being released if the authoriser does not have the appropriate financial delegation. The delegation allows a person to authorise purchase orders and authorise invoices within their delegated authority. The delegation to sign off on contracts is managed via the acquisition plan process, signing of contract is as per Staff Financial Delegations as authorised by the CEO.	Liz Packer	5	Once a purchase order has been generated a commitment is registered. PO's must be approved in accordance with delegations. The system prevents someone from approving a PO if they don't have the delegated authority.	0
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	James Greenfield	3	Whilst a Project Manager has been allocated to the majority of Council Capital and Operating Projects, there are formal contract management procedures that cover off on Council's management of deliverables, key contract clauses, responsibilities, milestones and dispute resolution procedures. OD does have a procedure covering WHS responsibilities of Project Managers. The responsibility for the management of contracts lies with the relevant department. Civil services have written a Contract procedure but it is not utilised by all departments.	Liz Packer	4	A project was established to implement a project management framework and this has been completed to ensure that a consistent approach is undertaken across all major project delivery areas.	0
EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	James Greenfield	4	As part of the Acquisition plan process consideration is given to the evaluation process, weightings and criteria are developed before Tender is published.	Liz Packer	5	Evaluation matrix is reviewed to ensure that the weightings and criteria are suitable for the tender being undertaken. Where required weighting and/or criteria will be changed.	0
EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	James Greenfield	3	Specific documentation for Conflict of Interest has been developed. Conflict of interest is discussed at the start of all evaluation process. All person involved in the evaluation are required to complete a Conflict of Interest form. System is dependent upon project lead ensuring forms are completed and uploaded.	Liz Packer	3	Conflict of Interest forms must be completed by anyone involved in a tender process. Project Managers are responsible for ensuring that all conflict of interest (COI) forms are completed which is currently a manual process. The COI form is owned by Governance rather than Procurement. There is no secondary check to ensure that all COI forms have been completed prior to a tender evaluation being undertaken.	0
EXT-CON-0001	Council maintains a current contract register.	James Greenfield	4	The current Contract register in Sharepoint is being transitioned over to Records Hub. The Procurement Coordinator is informs contract owners when updates are required.	Liz Packer	4	Contract register details from SkyTrust have been transitioned into Records Hub. The spreadsheet is set up with all information regarding the contract including a review date. Weekly the Procurement Co-ordinator will review the spreadsheet for upcoming contracts to be reviewed. The Procurement Co-ordinator will then liaise with the contract owner regarding an update. Continues to be a WIP with ongoing improvements required.	0

Expenses

Credit Cards





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Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
EXP-CRE-0007	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	 Natasha Holmes	5	A credit card will not be issued without written approval of card and limit by Manager or Director, this approval form is kept electronically in the 'purchase cards' folder in the Financial Management area of P drive.	Liz Packer	5	The relevant Manager/Director must approve a credit card request before processing by Finance.	0
EXP-CRE-0006	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	 Natasha Holmes	5	The relevant authorised officer approves the issue and limit of purchase cards and an electronic copy of this approval is kept in the 'purchase cards' folder in the Financial Management area of the P drive. Once a card has been authorised (and subject to detailed consideration), subsequent review is addressed by the updated Purchase card procedure.	Liz Packer	5	Credit card limits are reviewed yearly to ensure they are still reasonable and will be amended when required.	0
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	 Natasha Holmes	5	The card holder is required to reconcile their monthly statement to invoices and attach the supporting invoices to their transactions so that their line manager can review and approve those transactions/purchases and ensure compliance with procedure and policy and authorised/necessarily incurred on behalf of Council. Transactions will show as incomplete and reminder emails are sent to the manager to view transactions from the flexipurchase system until they are viewed and authorised.	Liz Packer	5	Correct. All cardholder expenditure is reviewed and approved by Manager. Administrator will also question expenditure where necessary.	0
EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	 Natasha Holmes	5	All new credit card holders sign the "purchase card application or modify form" confirming compliance with Council policy and procedures prior to the credit card being ordered/released and an electronic copy of this document is saved in the relevant folder in the Financial Management area of P drive.	Liz Packer	5	Correct. All applications are held electronically on file for review.	1
<div style="border: 1px solid #ccc; padding: 2px; margin-bottom: 5px;">Expenses</div> <div style="border: 1px solid #ccc; padding: 2px; margin-bottom: 5px;">Credit Cards</div>								
EXP-CRE-0003	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	 Natasha Holmes	5	Cardholders log in to Flexipurchase (NAB) to check their account regularly. Cardholders are required to check their statement at month end to process incomplete transactions and ensure all transactions are authorised and allocated to the correct account number. The cardholders line manager is required to review the monthly statement and authorise each transaction acknowledging that the card holder has complied with policy. Per Purchase Card Policy, the cardholder is not to use the purchase card for anything other than official purposes. Personal purchases made in error are coded to a clearing account. Reimbursement is also made to the clearing account 149027058.	Liz Packer	5	Administrator has ability to cancel/lock any cardholder who does not operate within the policy. Unauthorised transactions are followed up with NAB by the cardholder and where necessary cards are cancelled and new cards issued.	1
<div style="border: 1px solid #ccc; padding: 2px;">Payroll</div>								

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Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
<input type="text"/>	<input type="text"/>	<input type="text"/>			<input type="text"/>		<input type="text"/>	
EXP-PAY-0024	Where possible standard programmed formulae perform payroll calculations.	Natasha Holmes	5	Payroll system - Community Payroll - standard programmed formulae perform payroll calculations. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. Calculations are shown on individuals timesheets for TIL, Flexi and Overtime.	Liz Packer	5	Correct	0
EXP-PAY-0023	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Natasha Holmes	5	TIL and flexitime are executed in line with the Enterprise Development Agreement (EDA) and other industrial provisions and recorded on employee timesheets prepared by the employee and authorised by the People Leader. Leave reports including TIL and Flexi are provided monthly to relevant People Leaders for monitoring and action.	Liz Packer	5	A Reviewer also checks the more significant overtime payments against the timesheet for accuracy.	0
EXP-PAY-0021	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Natasha Holmes	5	Source documents (including timesheets and leave forms) are generated by the employee and authorised by their People Leader. This documentation is used by the Payroll Officer to prepare the fortnightly payroll.	Liz Packer	5	This is correct.	0
EXP-PAY-0020	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Natasha Holmes	4	The Payroll Officer ensures that the payroll summaries balance. The Team Leader Financial Services is responsible for reconciling payroll with the general ledger as part of year end processes.	Liz Packer	4	This is correct.	0
EXP-PAY-0019	There is a process to ensure employees are made inactive in payroll records upon termination.	Natasha Holmes	5	Upon processing an employees termination, the employee is made inactive in Community Payroll. In Community HR employees are terminated within the system which flows through to payroll for acceptance, once this is accepted this employee can not be accessed or paid.	Liz Packer	5	Each payrun requires a commencement and termination report to be provided. This details all employees added or made inactive in the system since the last pay and can be checked at that time. OD has a role to play in confirming a termination date through the HR system.	0
EXP-PAY-0018	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Natasha Holmes	5	There is an independent review of proposed payroll payments by 2 people Checker/Reviewer who authorise the payroll and sign off the Payroll Summary Checklist.	Liz Packer	5	Correct	0
EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Natasha Holmes	5	Overtime hours are recorded on employees timesheets which is then authorised by their People Leader. An overtime report is generated each fortnight and forms part of the documentation reviewed during the Payroll Authorisation process.	Liz Packer	5	All overtime is approved by a People Leader before it is paid. Overtime is calculated in accordance with the EDA. As part of the payroll checking process overtime is checked to the timesheet for any payments made \$500 or more. There is a maximum rate payable for overtime for all office staff which is checked to the Employee Overtime report.	0
EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Natasha Holmes	5	All terminations are executed in line with the Enterprise Development Agreement (EDA) and the relevant award or other industrial provisions. The termination calculations are done via the termination wizard through Community Payroll and backup evidence is provided eg leave balances for signoff when the termination pay run is checked. A termination report for the pay period is also printed out and included with the pay run summary checklist.	Liz Packer	5	The termination calculations are checked by the Reviewers when authorising the payroll. Where necessary an external adviser can be used to ensure calculations are correct.	0





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EXP-PAY-0015	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	 Natasha Holmes	5	A New Employee is entered by the Organisational Development Advisor and then updated by the Payroll Officer. The OD Advisor sets up the new employee (when contract is signed) by filling out 20 fields in Community HR (employee number, names, address, phone numbers, TFN) which then flows through to Community Payroll. When the Payroll Officer selects this employees payroll number (provided by Organisation Development) all this information flows through to the payroll card and then the Payroll officer completes the rest of the information for this employee eg bank account details, superannuation details, pay rates, tax table etc Payroll Log entries report is created for each pay period which shows any changes to employees that have been made during that pay period. Supporting documentation for changes including bank account is provided along with the pay run summary checklist for sign off. In addition, every pay period a report entitled "Commencements with the beginning and end pay period dates" is included in the pay run summary checklist for sign off.	Liz Packer	5	Correct. New employee details are added by OD staff in the HR system (a set of fixed 20 fields), from source documents. Payroll must then link the new employee to a payroll file, for additional pay related information to be added to the employee against source documents. Source documentation is checked as part of payroll authorisation by a Reviewer.	0
EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	 Natasha Holmes	5	The Payroll Officer uploads the bank file and two separate authorised officers authorise the bank file. Authorisation takes places after the Payrun Summary Checklist has been sighted, showing the payroll has been reviewed (by the 2 Reviewers), and that the Entry Validation Report from Open Office showing the net amount matches the Bank Net amount. The 2 authorised officers email the Payroll Officer to advise that the bank file has been authorised, one authoriser provides a snip of the bank file and the other authoriser provides the Payment History from NAB . The authorisation of the bank file can not be performed by the same person who has uploaded the file.	Liz Packer	5	Payroll is authorised by employees not part of payroll preparation. Bank file authorisation is undertaken by employees not part of payroll preparation and they must see that the payroll has been authorised by Reviewer/s before they can authorise the bank file transfer.	0
EXP-PAY-0012	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	 Natasha Holmes	4	The payment for the payroll is checked to the system generated Entry Validation Report and Payroll Summary report detailing the total amount prior to payment. This forms a key component of the Payroll Authorisation process and is checked against another spreadsheet titled Payroll Journal Lines.	Liz Packer	4	This is correct. With the updated payroll system reports have changed so the Entry Validation Report meets the requirements in the Control Description.	0
EXP-PAY-0010	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	 Natasha Holmes	5	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised payroll staff (2 employees).	Liz Packer	5	There are a small number of authorised staff who can update payroll master files. With review of staffing and need for additional back up there are a couple more people that can do this work.	0

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Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
EXP-PAY-0009	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Natasha Holmes	5	Timesheets are required for all staff except those on Total Employment Cost Contracts. These are submitted by the employee and authorised by the relevant People Leader. Leave forms are required for pre-approval of annual and long service leave and flexitime greater than 2 days.	Liz Packer	4	All non-TEC employees must account for their time with a f/nightly timesheet and any leave forms which are approved by their manager/supervisor/team leader. Leave forms are then submitted to OD for filing on Records Hub against the employee file. TEC employees do not have timesheets but are required to submit leave forms which are approved and forwarded to OD & Payroll. The payroll system has work patterns, and the majority of employees have standardised hours and days of work set against them which assists with the timesheet entry process. Currently, there can be delays in TEC employees submitting leave forms or they don't submit leave forms at all so there is a risk that payments being made are inaccurate and leave balances are not accurate.	0
EXP-PAY-0008	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Natasha Holmes	5	At the end of each pay period a payroll change log entry report which reports on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc is created and forms part of the Payroll authorisation process, checked/reviewed by 2 people. Documents seeking changes to bank accounts are provided as part of the fortnightly payroll review process.	Liz Packer	5	Payroll officer reviews and updates information against source documents provided. Key information is verified by the Payroll Reviewer, like new employees, bank detail changes as part of the fortnightly payroll review process.	0
EXP-PAY-0007	Payroll is periodically reconciled to the General Ledger accounts.	Natasha Holmes	5	All Payroll suspense account reconciliations are completed by the Finance Officer and reviewed by the Team Leader Financial Services. These reconciliations are retained in Financial Services.	Liz Packer	5	All payroll suspense accounts are reconciled monthly. Variances are explained and where necessary corrected.	0
EXP-PAY-0006	Managers periodically review listings of current employees within their departments and variances are investigated.	Natasha Holmes	5	Employee Listings are reviewed by the checker/reviewer authorising the payroll every fortnight. With approximately 235 employees Council is of a size that employees are known. Appropriately authorised timesheets are required for all employees except those on Total Employment Cost (TEC) contracts. New Employees are added to the system by the Organisational Development Officer and then completed by the Payroll Officer (contract, position description and personnel information provided by the OD Officer). Every pay period a report entitled "Commencements with the beginning and end pay period dates" is included in the pay run summary checklist for sign off. In addition, employee costs actual to budget variances form part of the monthly variance analysis for all departments.	Liz Packer	5	As above - process is correct.	0





2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
EXP-PAY-0005	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	 Natasha Holmes	5	Personnel files and some employees on Records Hub have hard copies of the following: Employee Personal Details, tax file number declaration form, employment contract, position description. Leave entitlements are accrued and recorded through Open Office. Leave forms are placed on the Personnel file on Records Hub. A Leave entitlement report is completed each month and emailed to relevant Directors/Managers/PL's so we have up to date leave entitlements. Leave entitlements are also listed on an employees payslip.	Liz Packer	5	As above. New employees are also part set up by OD and completed by Payroll so there are 2 separate functions that create a new employee on the system. As part of the payroll checking function, all new employees are reviewed to ensure they are bonafide. Additional information re new starters is placed on staff communication portal "Hills Hub". This can also be used to verify a new starter.	0
EXP-PAY-0003	All payroll deductions must be approved by the relevant employee.	 Natasha Holmes	5	The Employee Advice - Payroll Personnel Changes form is provided to payroll before any changes to a deduction can be made. Any changes to bank account details are double checked by the Payroll Officer by a phone call to the employee. Each pay period a pdf of the form is included in these variations which is checked by the 2 Reviewers.	Liz Packer	5	AHC employees use the Employee Advice - Payroll Personnel Changes form that only AHC staff have access to (and not just an email). Payroll will contact the employee direct to confirm bank or deduction changes as another measure to combat any fraudulent advice. Changes made are then outlined in the "Payroll Change Lot Entries" report which is then checked and verified against the supporting documentation during the payroll checking process.	1
EXP-PAY-0002	All calculations for generating payroll payments are verified for accuracy.	 Natasha Holmes	4	At the end of each pay period payroll change log entries are populated through Community payroll which report on any changes made to anything against an employee which include the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc and are checked and reviewed by 2 people. Generally the Finance Officer is the checker and the Team Leader Financial Accounting (or their delegate) the reviewer. Payroll system - Community Payroll - when installed pay calculations were checked. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. In addition, the Payrun summary checklist requires manual checking for a sample employee by the checker/reviewer checking the payroll information each fortnight. All reports are retained in the Payrun folder for that pay period on Records Hub.	Liz Packer	5	Payroll payments are being checked to the Entry Validation Report which details each employee and the payment type and payments being made. The reviewers check this report to the respective timesheets, leave forms, higher duties, EDA, and other information to ensure the accuracy of the calculations. Errors detected are amended and a new EVR is produced. The report Payroll Change Log Entries is also reviewed to ensure that changes made to an employees pay profile are agreed to supporting documentation.	0
EXP-PAY-0001	Access to the payroll deduction listing is restricted to authorised staff.	 Natasha Holmes	5	The Payroll deduction listing can only be accessed through the payroll module in Open Office. Only the Payroll Officer and the back up have access to this.	Liz Packer	5	Correct. The Payroll module and what can be accessed/changed/deleted is restricted to the payroll officer and backup person only.	0
Purchasing and Procurement								





2022-23 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
EXP-PUR-0011	There is a process in place to review the supplier master file for ongoing pertinence and ensure all changes are checked against source documents to ensure they were input accurately.	Katrina Maher	5	Weekly a Creditor Audit Report by Creditor showing all the master file changes is printed and this Report is checked by the Team Leader Financial Services who is independent of the Officer who input the changes. An annual purge of unused accounts is processed and all old accounts are change to inactive status.	Liz Packer	5	The Creditor Audit Report is checked by the Team Leader Financial Accounting. Details such as bank accounts are checked to source documentation. Any anomalies are raised with the Accounts Payable team and corrected in a timely manner.	0
EXP-PUR-0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	James Greenfield	4	The Procurement Coordinator uses summarised payment information by supplier to review purchasing patterns on a yearly basis.	Liz Packer	4	Correct - as above.	0
EXP-PUR-0009	There is a process in place to follow up and action incomplete purchase orders.	Katrina Maher	5	Outstanding purchase orders are reviewed by Accounts Payable as part of the month end process a report of outstanding orders by authorising officer is produced. The issuing officer is asked to confirm if any long outstanding orders or partly complete orders listed can be closed	Liz Packer	5	All PO's greater than 13 mths old are closed automatically by Accounts Payable. All other PO's are followed up with the requisitioner if there has been no activity. Documentation is retained in Finance to verify the reason for the PO to be closed or remain open.	0
EXP-PUR-0008	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	James Greenfield	4	OpenOffice ensures that purchase orders are in line with the staff financial delegations and the procurement policy. Invoices are matched to purchase orders. A training program was implemented to improve understanding of the Procurement process. all new employees whom procure Goods and Services have a procurement induction.	Liz Packer	4	Purchase order numbers should be provided to the supplier for referencing on the supplier invoices. This is not always the case and invoices are paid instead of being matched to the applicable PO. This could be due to oversight on the part of the AP officer, there is no PO quoted on the invoice - which should be picked up by the person authorising the invoice, or a PO was not raised in the first place. Open Office does not allow for auto matching of an invoice to an applicable purchase order. During EOY processes, any PO that remains open for longer than 13 months are automatically closed by Accounts Payable to ensure invalid commitments are not being recorded.	0
EXP-PUR-0007	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	James Greenfield	4	The Framework (October 2019) allows for the use of Preferred Suppliers. Currently the Contract register is used to identify preferred suppliers. Suppliers on the Contract register have been thru a competitive tender or quoting process to ensure they give value for money to council	Liz Packer	5	The use of preferred suppliers provides Council with the ability to source suppliers that have been through a competitive tender process and have been decided (externally) to provide value for money. Allows Council to source direct from those preferred suppliers.	0
EXP-PUR-0006	Purchase order numbers are either system generated and/or sequentially numbered.	James Greenfield	4	Purchase Orders are system generated	Liz Packer	5	Correct - all purchase orders are system generated.	0
EXP-PUR-0004	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	James Greenfield	4	Procure has a system control such that the purchase order cannot be authorised above an officers' delegation. In addition, the system requires both a requisitioner and the approver to complete an authorised purchase order. It is noted that currently the Procurement Policy makes no reference to Purchase Orders. A Procurement Framework has been developed which provides greater guidance on the requirements of purchase orders and when they are required.	Liz Packer	5	Per comment above, it is deliberate that the Procurement Policy does not make reference to purchase orders as it is an administration decision and therefore covered in the Procurement Framework, as highlighted above. Purchase orders are not always raised for orders greater than \$2000, or the PO is not always quoted to the supplier to ensure the number is referenced on subsequent invoices.	0






2022-23 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
EXP-PUR-0003	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	 James Greenfield	4	Council has an endorsed Procurement policy adopted August 2022 which is publicly displayed on Council's Website.	Liz Packer	5	Council's Procurement Policy is updated regularly and is endorsed by Council. The most current version is August 2022.	0
EXP-PUR-0001	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	 Katrina Maher	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services	Liz Packer	5	Team Leader Finance reviews the audit file for all changes and approves them. Any errors/anomalies are corrected in a timely manner by Accounts Payable.	0
<div style="background-color: #0056b3; color: white; padding: 2px; display: inline-block;">Assets</div>								
<div style="background-color: #0056b3; color: white; padding: 2px; display: inline-block; border: 1px solid #ccc;">Banking</div>								
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	 Rhys Elsegood	5	Prior to the collection of cash by Secure Cash, completed bank deposit bags (containing cash/cheques) are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Blank Council cheques are kept in a locked cupboard. The cupboard key is located in a locked drawer with Accounts Payable. There is no cheque signing machine.	Liz Packer	5	Council no longer use cheques but there remains some cheque stationery held on premise in case of emergency. Accounts Payable are custodians of the key to access the locked cupboard.	0
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	 Rhys Elsegood	5	At end of day, after close-off & reconciliation by the cashier, bank deposit slips are completed and cash/cheques recorded on a Secure Cash form which is signed by the collection officer at pick-up. Cash/cheques are generally collected weekly from each location. Prior to the pick-up and after balancing, completed bank deposit bags are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Banking is checked daily to bank statement and cashier's Cashlink Session end of day report which details breakdown of cash/cheques and credit card payments. Receipted total also checked to General ledger.	Liz Packer	5	Correct	0







2022-23 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>		
ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Banking	 Rhys Elsegood	5	Council has one trading bank account and multiple accounts with the Local Government Financing Authority (LGFA). LGFA has advised that without formal correspondence with Council, they will only transact entries between LGFA accounts and to and from the NAB. All cash transfers and journal entries between bank and investment accounts are prepared by the finance officer with Treasury responsibility. All transfers are subject to separate email confirmation from the LGFA to the Treasury Inbox (accessed by Manager Financial Services, Team Leader Finance, Management Accountant and Finance Officer Accounts Receivable & Treasury) advising that the transfer has occurred.	Liz Packer	5	Correct	0	
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	 Rhys Elsegood	5	Bank reconciliations are deemed to be "high risk" by the Assets Reconciliation Policy on Council's external website. A high risk account must be reconciled every month. The bank rec is high risk and a reconciliation is performed every month. All monthly reconciliations are reviewed and authorised for completeness and accuracy. The bank account is generally reconciled every day by the Finance Officer-Accounts Receivable.	Liz Packer	5	Bank recs are done daily by the Finance Officer. Team Leader checks the bank reconciliation usually on a monthly basis.	0	
ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.	 Rhys Elsegood	5	Access to Council's online banking system is restricted to Finance officers. There are generally 3 staff members involved in one transaction however when money is transferred internally between loan/investment accounts there are 2 staff members involved. The up-loader of the payment file or the creator of the payment can also authorise the transaction after the Team Leader Finance has provided approval then a second staff member does the second authorisation of the payment. The transmission requires a "part A and part B" authorisation for the transmission to proceed.	Liz Packer	5	Correct - only Finance have access to the bank account. The current process allows for the first person to upload and first approve the transfer. Only following authorisation from the second person will the funds actually be transferred. The first person is unable to undertake any payment transfer without the second authoriser being involved. Most EFT transfers are advised via email to the Team Leader of Finance who gives approval for the transfer to take place.	0	
▾ Debtors									
ASS-DEB-0015	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	 Rhys Elsegood	5	Credit notes are sequential, and processed as a negative invoice. They are coordinated by the Finance Officer - Accounts Receivable & Treasury and require involvement from the operational area in either raising a credit note or confirmation of the appropriateness of such. The Process also requires operational line managers to approve credit notes.	Liz Packer	5	Correct - approval process is sufficient.	0	










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Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason	
ASS-DEB-0014	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	 Rhys Elsegood	4	Debtors master files are separated between sundry debtors and rates debtors. For sundry Debtors a written communication (usually email) is received by the finance officer who is capable of editing the debtors master file. Typically the changes requested are for change of addresses (or updated email address). Any modification to the debtors master file records the Date, time and officer's name within the Open Office (Collect) system. The communication is retained in Finance by the Finance Officer - Accounts Receivable & Treasury and stored in Records Hub (unless it is via a phone call). Changes to Rates Debtor masterfiles are initiated by a written communication from the ratepayer (eg drivers license or marriage certificate for change of name), Lands Titles office report or Broker reports for change of ownership. Each of these communications are retained in the Rates area and stored in Records Hub.	Liz Packer	4	Correct - but in the absence of an audit file being produced from Open Office reliance is placed on manual processes.	0
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	 Rhys Elsegood	5	Council has a Debt Recovery policy available on external website. It was originally adopted in December 2015 and subsequently reviewed with minor amendments in November 2017 and again in December 2020. A summary of the overdue amounts owed to Council per category are reported to Audit Committee biannually for review.	Liz Packer	5	Council has a debt recovery policy which is due for updating in November 2023 for endorsement by Council. The policy outlines the process for managing rate and sundry debtors including initiating a S184 Sale of Land and referral to debt collection agencies. The policy also outlines council's position on financial hardship and options available to debtors to manage their debt repayments.	0
ASS-DEB-0011	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	 Rhys Elsegood	5	Debtors are reconciled on a monthly basis. Aged debtors are investigated and followed up by operational areas coordinated by the Finance Officer Accounts Receivable & Treasury. Appropriate action is taken in line with the Debt Recovery Policy, based on the delinquency and amount outstanding, after an escalating series of statements have been sent. Additionally, the Audit Committee reviews a Debtors Report biannually (from 2020).	Liz Packer	5	Last update was provided to Audit Committee 20 February 2023 based on debtors o/standing as of 31 Dec 2022. All debtors are reviewed by the Team Leader Finance as well as the recovery action that has been undertaken. A further assessment will be undertaken at EOY 22/23 and any provisioning of debt will be considered then.	0
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	 Rhys Elsegood	4	No audit trail report is produced to record master file changes for Sundry Debtors. The Vendor (Open Office) have advised that a quote can be provided depending on how many fields require auditing. The "Last Modified" field on the system's master debtor file is checked on an ad hoc basis.	Liz Packer	4	Correct - working with the constraints of Open Office there is no audit trail report able to be produced that shows masterfile changes.	0
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	 Rhys Elsegood	5	Debtors Reconciliation to General Ledger are performed on a monthly basis by the Finance Officer Accounts Receivable & Treasury and reviewed quarterly by the Team Leader Finance.	Liz Packer	5	Correct	0




2022-23 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	 Rhys Elsegood	5	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are initiated by the Finance Officer - Accounts Receivable & Treasury and authorised in accordance with delegations of authority and Local Government Act. Any bad debt write-off is also reported to the Audit Committee bi-annually as part of Debtor Reporting.	Liz Packer	5	Bad debts (sundry) are only written off after numerous reminders to the debtor and referral to Council's debt collection agency has been exhausted. Some debts, such as Fire Hazard debts are able to be attached to the property of the debtor. All debts written off must be reported to the Audit Committee as part of Debtor Reporting. This is done bi-annually.	0
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	 Rhys Elsegood	4	Access to the debtors master files is restricted to appropriately designated personnel within the Financial Services function. The debtors masterfiles are not subject to independent review by a second management officer. However, Aged Monthly Debtors Reports are provided to each operational area for their information and follow up.	Liz Packer	4	Changes to the masterfile should be reviewed by an independent person to ensure that debtor balances are not being manipulated or changed. Need to consider if Open Office can produce an exception/audit file.	0
Fixed Assets								
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	 James Sinden	5	IT assets are assigned to authorised users and secured to the AHC Corporate Network where they are centrally managed.	Liz Packer	5	Consideration should be given to a portable and attractive assets register which is reviewed and updated where appropriate. However, all leased ICT assets are recorded in a register so they can be retrieved and returned at the end of the leasing period for disposal. Purchased ICT assets including portable items such as mobile phones, laptops and ipads are asset tagged and recorded in a register assigned to an employee. Low value items such as phone headsets, phone chargers are not recorded due to their low value.	0
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	 James Sinden	5	For IT Assets, Council uses IT Help (Service Desk Plus) to manage assets. This system records all assets allocated to a specific employee including monitors, desktops, laptops, phones and docking stations including serial no's and asset description. Access to the network and systems is then controlled via Active Directory authentication.	Liz Packer	5	As per comment above. When an employee/EM then leaves AHC, those items are checked off as having been returned.	0
ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	 David Collins	5	There is an alignment with the opening and closing balances between Confirm and FAR. This is a yearly process to ensure that the values in Confirm Asset Management System align with the recorded value in the FAR.	Mike Carey	5	No comment found	0
ASS-FIX-0013	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	 David Collins	5	There is a yearly process of reviewing the useful lives applied to the fixed asset register and the external valuation cycle also reviews useful lives applied for updated valuation and subsequent depreciation.	Mike Carey	5	In addition to the assessors comments it is noted that given the large changes in asset base and valuation, Council conducted a high level external peer review of the asset management planning process, strategies and assumptions a couple of years ago to ensure that these projections and impacts are in line with current industry asset management practice. This included reviews of depreciation and valuation inputs associated with different asset strategies.	0

2022-23 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
ASS-FIX-0012	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	 David Collins	5	The Confirm Enterprise Asset Management System records all the changes and the authority to undertake any changes is managed through user security - the only officers that undertake the changes are the Asset Management System Analysis and Manager Strategic Assets.	Mike Carey	5	Reconciliation of Fixed Asset accounts occurs annually after additions, disposals and depreciation updates have been completed	0
ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	 Mike Carey	5	Reconciliation of fixed assets to the General Ledger is performed annually as part of the Year End process.	Liz Packer	5	Reconciliation is done during EOFY. Any anomalies are followed up and corrected.	0
ASS-FIX-0010	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	 David Collins	5	Confirm Asset Management System will calculate and report on any profit/ loss from the system.	Mike Carey	5	No comment found	0
<div style="background-color: #0056b3; color: white; padding: 2px; margin-left: 10px;">Assets</div>								
<div style="background-color: #0056b3; color: white; padding: 2px; margin-left: 10px; border: 1px solid #ccc;">Fixed Assets</div>								
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	 David Collins	5	The asset register is managed by Confirm Enterprise Asset Management System has only key staff with the administration privileges that allows for the update of key asset register data.	Mike Carey	5	No comment found	0
ASS-FIX-0008	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	 David Collins	5	Council undertakes the end of year asset recording in line with its Capitalisation Procedure	Mike Carey	5	No comment found	0
ASS-FIX-0007	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	 David Collins	5	Council annually reviews its useful life, depreciation the appropriateness of residual values of the asset register.	Mike Carey	5	No comment found	0
ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	 David Collins	4	The operational procedure clearly provides the details of thresholds for various categories of fixed assets that is used to capitalise capital expenditure or move as an expense for the financial year.	Mike Carey	4	No comment found	0
ASS-FIX-0005	Asset register calculations are reviewed for accuracy.	 David Collins	5	Ongoing review of the asset registers and the associated accuracy is undertaken at the capitalisation end of year and as part of desktop and external revaluations	Mike Carey	5	Validation is also covered as part of completing Asset Management Plans for each major asset category	0
ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	 David Collins	3	Council is progressively updating its asset management plans for its major asset classes. It is currently working on a Building AMP and acknowledges a requirement to complete its Stormwater AMMP and Playground AMP	Mike Carey	3	Asset Management Plans for all significant asset categories need to be completed together with a Strategic Asset Management Plan document covering overall asset strategy and agreed service levels	0

2022-23 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	
ASS-FIX-0003	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	 David Collins	4	Council is progressively updating its Asset Management Plans and on a yearly basis reviews new condition audit information or updated asset management plans to ensure alignment with Long Term Financial Plans.	Mike Carey	4	Asset Management Plans for all significant asset categories need to be completed together with a Strategic Asset Management Plan document covering asset strategy and service levels	0
ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	 David Collins	3	Asset Management Plans are being progressively updated and subsequent asset maintenance planning changes to align with adopted plans.	Mike Carey	3	Asset Management Plans for all significant asset categories need to be completed together with a Strategic Asset Management Plan document covering overall asset strategy and agreed service levels	0
ASS-FIX-0001	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	 Mike Carey	5	In terms of fixed asset acquisitions, they are all undertaken in accordance with Council's Procurement Policy and Framework and as such are approved in accordance with relevant delegations of authority as part of the Accounts Payable process. Similarly disposals are undertaken in accordance with Council's Disposal of Assets Policy. Under Section 10.2, Council Officers are required to utilise the approved disposal form which similarly requires that the disposal form must be approved by a Manager or higher if appropriate per Staff Financial Delegations.	Liz Packer	5	Correct	0

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 15 May 2023
AGENDA BUSINESS ITEM**

Item: 8.1

Responsible Officer: Steven Watson
Governance & Risk Coordinator
Office of the Chief Executive

Subject: Public Interest Disclosure Arrangements and Compliance

For: Decision

SUMMARY

The *Public Interest Disclosure Act 2018* (PID Act) commenced operation on 1 July 2019, replacing the *Whistleblowers Protection Act 1993*, and with Council subsequently adopting a *Public Interest Disclosure Policy* (Policy) at its 25 June 2019 Ordinary Council Meeting.

The Policy has been in place since 01 July 2019 and is scheduled for review no later 30 April 2024 or as required by legalisation or changed circumstances.

There has been no Public Interest Disclosures made to the Principal Officer, nor the Responsible Officers to date.

RECOMMENDATION

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

1. BACKGROUND

Public Interest Disclosure Act 2018

The Public Interest Disclosure Bill 2016 was introduced into the State House of Assembly on 6 July 2016. The Bill passed both Houses in late 2018 and was proclaimed to come into effect on 1 July 2019. The *Public Interest Disclosure Regulations 2019* (the PID Regulations) also come into effect on that date.

The PID Act is an Act to encourage and facilitate 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; to make related amendments to the *Local Government Act 1999* and the *Public Sector Act 2009*.

The PID Act provides that if a person makes an appropriate disclosure of public interest information the person is not subject to any liability as a result of that disclosure. The PID Act also protects the identity of the person making an appropriate disclosure and makes it an offence to victimise that person.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5	A Progressive Organisation
Objective O4	We actively represent our community
Priority O4.3	Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community
Priority O4.3	Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

The review of Council’s Public Interest Disclosure arrangements is an important element of Council’s commitment to open and transparent decision making which facilitates public accountability.

➤ Legal Implications

The *Public Interest Disclosure Bill 2016* was introduced into the State House of Assembly on 6 July 2016. The Bill passed both Houses in late 2018 and was proclaimed to come into effect on 1 July 2019. The *Public Interest Disclosure Regulations 2019* (the PID Regulations) also come into effect on that date.

The PID Act is an Act to encourage and facilitate 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; to make related amendments to the *Local Government Act 1999* and the *Public Sector Act 2009*.

➤ Risk Management Implications

The maintenance of a robust governance regime is an important control in managing 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	Desired Risk
Extreme (5C)	Medium (3D)	Low (3E)

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

➤ **Financial and Resource Implications**

There are minimal direct financial, or resource implications related to provisions of the PID Act. These are limited to the development of guidance and the provision of training in the provisions and obligations of the legislation.

As such, resource implications are accommodated within the Annual Business Plan process and additional resource implications may occur where disclosures lead to investigations and/or legal advice.

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

There is a high expectation that Council has appropriate processes in place to receive and manage public interest disclosures while providing the statutory protections to those who make appropriate disclosures.

➤ **Sustainability Implications**

One element of the definition of public interest disclosures is information about substantial risks to public health or safety, or to the environment which is referred to in the PID Act as a disclosure of environmental and health information.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Audit Committee (this meeting)
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	<i>Not Applicable</i>

➤ **Additional Analysis**

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.

Internal consultation occurred with the Principal Officer (Chief Executive Officer) and Responsible Officers are as follows:

- Terry Crackett, Director Corporate Services
- Lachlan Miller, Executive Manager Governance & Performance
- Steven Watson, Governance & Risk Coordinator
- Vacant
- Vacant

Currently there are two (2) vacant positions for Responsible Officers which were previously held by the Executive Manager Organisational Development and the Team Leader Organisational Development. Due to these positions being recently vacated and recruited the intent to appoint the incoming Manager People and Culture and Team Leader People and Culture will occur once training in Council's Policy and Public Interest Disclosure arrangements has occurred.

As mentioned above there has been no Public Interest Disclosures Made to the Principal Officer nor the Responsible Officers to date.

3. OPTIONS

The Committee has the following options:

- I. To receive and note the report (Recommended).
- II. Not to receive and note the report (Not Recommended).
- III. Take an alternative course of action (Not Recommended)

Should the Committee identify the need for alternate action(s), it is recommended that they be referred to staff for review to allow for analysis of the implications, prior to the matter being brought back to the Committee for further consideration.

4. APPENDIX

NIL