



## *The Barossa Council*

### **MINUTES OF THE MEETING OF THE AUDIT COMMITTEE** held on Wednesday 16 June 2021 commencing at 3.30pm in the Council Chambers, 43-51 Tanunda Road, Nuriootpa.

#### **1. AUDIT COMMITTEE**

##### **1.1 WELCOME**

Mr Peter Brass declared the meeting open at 3.40pm.

##### **1.2 PRESENT**

##### **MEMBERS**

Mr Peter Brass, Ms Ellen Ewing, Mr Ian Swan, Cr Russell Johnstone

##### **INVITED STAFF**

Mr Martin McCarthy, Chief Executive Officer  
Mr Mark Lague, Manager Financial Services  
Ms Nicole Rudd, Enterprise Risk Officer  
Ms Jo Moen, Director Corporate Services and Business Innovation  
Ms Annette Randall, Executive and Project Support Officer (Minute Secretary)

##### **1.3 LEAVE OF ABSENCE**

Nil

##### **1.4 APOLOGIES FOR ABSENCE**

Cr John Angas

##### **1.5 MINUTES OF PREVIOUS MEETINGS – FOR CONFIRMATION:**

**MOVED** Mr Swan

That the Minutes of the Ordinary Audit Committee meeting held on Wednesday 31 March 2021 at 3.30pm and the Confidential Audit Committee meeting held on Wednesday 31 March 2021 at 3.55pm, as circulated, be confirmed as true and correct records of the proceedings of those meetings.

**SECONDED** Ms Ewing

**CARRIED 2020-21/32**

**1.6 NOTICE OF MOTION**

Nil

**1.7 QUESTIONS WITH OR WITHOUT NOTICE**

Nil

**1.8 DECLARATION OF INTEREST**

Nil

**2. CONSENSUS AGENDA**

Mr McCarthy provided a verbal summary of the Business Case for Sustainable Resourcing Phase 1 (item 2.4) and Change to Procurement Policy Thresholds (item 2.5).

**3. CONSENSUS AGENDA ADOPTION****3.1 ITEMS FOR EXCLUSION FROM CONSENSUS AGENDA**

Mr Brass requested that item 2.7 Report on Audit Finding and Council's Response be excluded from the Consensus Agenda.

**MOVED** Cr Johnstone

That item 2.7 Report on Audit Finding and Council's Response be excluded from the Consensus Agenda.

**SECONDED** Ms Ewing**CARRIED 2020-21/33****3.2 RECEIPT OF CONSENSUS AGENDA****MOVED** Ms Ewing

That the information items 2.1 to 2.6 contained in the Consensus Agenda be received and that any recommendations contained therein be adopted.

**SECONDED** Cr Johnstone**CARRIED 2020-21/14****3.3 DEBATE OF ITEMS EXCLUDED FROM CONSENSUS AGENDA**

2.7

**REPORT ON AUDIT FINDING AND COUNCIL'S RESPONSE**

21/45518

Author: Manager, Financial Services

Attached is Bentleys' Report on Audit Finding which includes Council's response, for year ended 30 June 2021.

**ATTACHMENTS**

Attachment 1 Bentleys Report of Audit Finding including Council's response - Year ended 30 June 2021

**SUPPORTING REFERENCES**

Local Government Act 1999

Nil

**MOVED** Mr Swan

That information item 2.7 contained in the Consensus Agenda be received and that any recommendations contained therein be adopted.

**SECONDED** Ms Ewing

**CARRIED 2020-21/35**

**4. DEBATE AGENDA****4.1****DRAFT ANNUAL BUDGET AND BUSINESS PLAN 2021/2022 INCORPORATING THE LONG TERM FINANCIAL PLAN 2021/2022 - 2030/2031 - FOR CONSULTATION**

21/44029

Author: Manager, Financial Services

**MOVED** Ms Ewing

That the Audit Committee receive and note the report on the draft Annual Budget and Business Plan 2021/22, incorporating the annual review of the Long Term Financial Plan 2021/22 to 2030/31.

**SECONDED** Mr Swan

**CARRIED 2020-21/36**

**PURPOSE**

Council, at a Special Meeting held 2 June 2021, endorsed the draft Annual Budget and Business Plan 2021/22 incorporating the Long Term Financial Plan (LTFP) 2021/22 to 2030/31 for public consultation.

A copy of the document is provided in Attachment 1

**REPORT***Discussion*

The Annual Budget and Business Plan (AB&BP) 2021/22 incorporates the Long Term Financial Plan (LTFP) 2021/22 to 2030/31 in the one document, but is divided under separate sections.

The financial information contained in this document has been prepared in accordance with Council's Budget and Business Plan and Review Policy and associated processes.

The formulation of the draft budget incorporates the work of numerous Council officers and teams (following an adopted timeline) which includes:

- budget preparation and input by budget managers
- checking and refining of data input, preparation of general budgets including utilities, depreciation, employee costs etc by the Finance officers
- review and approval by the Corporate Management Team.

This work results in the Finance staff collating, checking, reconciling, and finally preparing a draft budget and long term plan for Council consideration.

The input from Council is gained by holding workshops where discussions and decisions at Council meetings for various parts of the budget preparation and process, provides a direction for officers to prepare the draft budget.

The Valuer-General has undertaken as at 1 January 2020, a state-wide Revaluation Initiative to improve the accuracy of the data that forms the basis of the annual General Valuation and The Barossa Council was part of the current review cycle. This review may result in increases or decreases to some property values due to influencing factors such as rezoning and redevelopment.

Properties affected by the RI process includes 1.9k Primary Production, 1.2k Rural living/Rural Residential and a further 153 properties in other local government codes (LGC).

The Revaluation Initiative undertaken by the Valuer General has generated significant valuation movements. To assist Council will introduce a Revaluation Initiative – General Rate Cap (RI GRC).

For a breakdown of the significant items for the operating and capital budgets, the LTFP, Rating and the RI – GRC criteria refer to the Minutes of the Special Council Meeting in Attachment 2.

#### Summary and Conclusion

Council has reviewed its financial parameters for the LTFP, including the indexation used for forward projections on income and expenditure.

As noted in the Financial Considerations section of this report and the AB&BP, this financial analysis highlights that not all KPI's are within the target ranges, with the exception of the Operating Surplus Ratio annual result is (2.1%) in year 2025/26, and Council attains a financially sustainable position within the 10 year period of the LTFP. With the inclusion of TBP grant funding and loan financing, Council has the capacity to undertake TBP asset construction, operational costs and other minor additional projects.

Consideration of other major works in future years will require a full review of the LTFP and as required, Due Diligence Reporting processes to check financial sustainability.

#### **ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1     Annual Budget and Business Plan 2021 - 2022 - Version 1.0 for Public Consultation

Supporting references

Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**Community Plan

## How We Work - Good Governance

Corporate Plan

- 6.2. Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3. Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.
- 6.4. Ensure that decisions regarding expenditure of Council's budget are based on an assessment of whole of life costs, risks associated with the activity and advice contained within supporting plans.
- 6.9. Provide access to Council's plans, policies and processes and communicate with the community in plain English.
- 6.16. Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Advocacy Plan

Nil

Policy

Budget &amp; Business Plan and Review Policy

Legislative Requirements

Local Government Act

Local Government (Financial Management) Regulations 2011, Regulation 9(1)(b)

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**Financial

The adoption of the Budget is required between 1 June and 31 August. To meet this timeline, the adoption of the draft public consultation document preferably should start in May, but due to the lengthy rating for the impacts from the RI and further budget consideration, consultation started 9 June 2021.

For a breakdown of the Financial Sustainability and indicators refer to the Minutes of the Special Council Meeting in Attachment 2.

**COMMUNITY ENGAGEMENT**

The public consultation period will be held from 9 June to 29 June 2021. Council will hold a public meeting on the 24 June 2021 at 5.30pm providing one hour for members of the public to ask questions and make submissions in relation to the AB&BP and

annual review of the LTFP. All submissions will be considered at a Special Council meeting date to be set.

Submissions will also be accepted by the following methods:

- via Council's engagement platform at [yoursay.barossa.sa.gov.au](https://yoursay.barossa.sa.gov.au),
- via Facebook [facebook.com/thebarossacouncil](https://facebook.com/thebarossacouncil),
- via email [barossa@barossa.sa.gov.au](mailto:barossa@barossa.sa.gov.au), or
- in writing.

The LTFP is incorporated with the AB&BP to ensure the two Plans align. This enables the community to be involved in the short and long term planning of Council's Budget.

## 4.2

### **RISK MANAGEMENT PROGRAMS AND PROJECTS - UPDATE**

**21/44530**

Author: Enterprise Risk Officer

**MOVED** Cr Johnstone

That the Audit Committee receives and notes this Risk Management Programs and Projects – Update report.

**SECONDED** Mr Swan

**CARRIED 2020-21/37**

#### **PURPOSE**

To present a report on the progress of Risk Management programs and projects.

#### **REPORT**

##### Introduction

This report provides an update on the activities and actions that have been the focus of the Risk Team since the last quarterly report provided to the Audit Committee.

##### Discussion

The key points of focus over the past quarter has been the:

- Insurance renewals
- Financial Control Self-Assessment Cycle
- Claims (new and ongoing)
- Risk Register arrangements
- Safety Inspections

##### Summary and Conclusion

The attached report is provided for information, however, further detail can be provided at the meeting if it is required.

#### **ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1 1 January 2021 to 31 March 2021 - Quarter 3 2020-21 - Risk Management Quarterly Report

Supporting references

Nil

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

Community Plan



How We Work - Good Governance

Corporate Plan

- 6.5. Implement compliant and contemporary risk management initiatives.
- 6.2. Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3. Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

Advocacy Plan

Nil

Legislative Requirements

Local Government Act 1999

Work Health Safety Act 2012

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

Addressed within the Report.

**COMMUNITY ENGAGEMENT**

No required under legislation or Council's Public Consultation Policy

**5. CONFIDENTIAL AGENDA**

Nil

**6. URGENT OTHER BUSINESS**

Nil

**7. NEXT MEETING**

To be determined.

**8. CLOSURE**

Mr Brass declared the meeting closed at 4.32pm.

Confirmed at Audit Committee Meeting on

Date:.....

Chairman:.....