

Audit & Risk Committee Meeting Minutes

19 October 2026

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

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City of
Norwood
Payneham
& St Peters

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The Presiding Member declared the meeting open at 6.02pm.

PRESENT

Committee Members	Ms Cate Hart (Independent Member) (Presiding Member) Mayor Robert Bria Cr Grant Piggott Ms Tami Norman (Independent Member) Mr Kym Holman (Independent Member)
Staff	Mario Barone (Chief Executive Officer) Lisa Mara (General Manager, Governance & Civic Affairs) Jared Barnes (General Manager, Infrastructure & Major Projects) Jenny McFeat (Manager, Governance) Natalia Axenova (Chief Financial Officer) Marina Fischetti (Governance Officer)

APOLOGIES Nil.

1 CONFIRMATION OF MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD ON 13 JULY 2026

Mayor Bria moved:

That the Minutes of the Audit & Risk Committee Meeting held on 13 July 2026 be taken as read and confirmed.

Seconded by Mr Kym Holman and carried unanimously.

2 PRESIDING MEMBER'S COMMUNICATION

Nil.

3 COMMITTEE MEMBER DECLARATION OF INTEREST

Cr Piggott declared an interest in Item 5.3.

4 PRESENTATIONS

4.1 Major Projects

PRESENTER/S

General Manager, Infrastructure & Major Projects

Comments

A presentation on Major Projects, will be provided by the Council's General Manager, Infrastructure & Major Projects, Jared Barnes.

The General Manager, Infrastructure and Major Projects presented to the Committee on this matter.

4.2 2027-2028 Budget Process Timeline

PRESENTER/S

Chief Financial Officer

Comments

A presentation on 2027-2028 Budget Process Timeline, will be provided by the Council's Chief Financial Officer, Natalia Axenova.

The Chief Financial Officer presented to the Committee on this matter.

5 STAFF REPORTS

5.1 FINANCIAL RESULTS 2025-2026

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A - C

PURPOSE OF THE REPORT

The purpose of this report is to present the Audit & Risk Committee with the Council's 2025-2026 Audited Financial Statements for review. A report comparing the Council's Audited Financial Result to the 2025-2026 Adopted Original Budget and the 2025-2026 Audit Completion Report prepared by the Council's Auditors, is also provided for information.

BACKGROUND

As required by Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Pursuant to Section 126(4)(a) of the Act, the Audit & Risk Committee (the Committee) is required to review the Council's Annual Financial Statements to ensure they present fairly the state of affairs of the Council.

Regulation 10 of the Regulations requires the Council to prepare and consider a report, no later than 31 December in each year, showing the audited financial results of the Council for the previous financial year, compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

Relevant to the role of the Committee to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters as prescribed in Section 126(1a) of the Act, the above report and the 2025-2026 Audit Completion Report are presented to the Committee for information.

The Council's 2025-2026 Financial Statements comparing the actual result to the 2025-2026 Adopted Original Budget are contained in **Attachment A**.

The Council's 2025-2026 Audited Financial Statements are contained in **Attachment B**.

The 2025-2026 Audit Completion Report prepared by the Council's Auditors, Galpins is contained within **Attachment C**.

STRATEGIC DIRECTIONS

The financial information contained in this report is based on the 2025-2026 Annual Financial Statements, the 2025-2026 Adopted Budget and the various policies adopted by the Council as they impact the Council's financial performance (e.g. Rating Policy).

FINANCIAL AND BUDGET IMPLICATIONS

The 2025-2026 financial results reflect a stronger operating position, with income growth outpacing increases in expenditure and as a result, delivering an Operating Surplus of \$1.15 million (1.8% of income).

This improvement was supported by increased Grant income, higher than budgeted statutory income and other sundry income, offset by higher cost of materials, contractors and depreciation. Significant investment of \$45.46 million (excluding grants received specifically for new or upgraded assets) in capital projects was undertaken, with a strong focus on new infrastructure, while some renewal works were deferred to align with project delivery timeframes.

Key financial indicators highlight a positive operating performance, though net financial liabilities increased due to new borrowings and the asset renewal funding ratio increased above the target, reflecting timing adjustments in expenditure on renewals. Overall, the Council remains in a sound financial position, while continuing to balance operational needs, service delivery and investment in the City's infrastructure.

Compared with the Adopted Budget Operating Surplus of \$754,356, the Council's 2025-2026 financial results report a significantly higher Operating Surplus of \$1.15 million. The variance was predominantly driven by higher quarterly *Finance Assistance Grant* revenue compared with previous years. This was due to a reduced *Financial Assistance Grant* advancement, with 50% of the total 2025-2026 grant received in June 2025, compared with approximately 85% received in advance in prior years.

Details of the main drivers behind the variances between the 2025-2026 Actual Results and Operating Surplus forecasted in the Adopted Original Budget, are contained in the Discussion Section of this report.

After Capital Items, the Council is reporting a Total Comprehensive Income of \$29.455 million against an Adopted Net Surplus of \$23.591 million, with the favourable variance being driven by revaluation of Infrastructure, Property, Plant & Equipment.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Elected Members have received regular reports on the Council's financial performance throughout the year.

Community

Not Applicable.

Staff

Responsible Officers, General Managers and Council's External Auditors.

Other Agencies

Not Applicable.

DISCUSSION

The 2025-2026 Annual Financial Statements have been finalised and provide the Council with a comprehensive assessment of its financial performance for the financial year. This report not only compares actual results against the Adopted Original Budget and identifies year-on-year (Y-o-Y) variances, but also highlights key achievements, explains material variances, and assesses the implications for Council's financial sustainability. The analysis offers valuable insights into how effectively Council has managed its resources, balanced operational and capital priorities, and positioned itself to meet future service delivery and infrastructure needs.

FINANCIAL PERFORMANCE 2025-2026 vs ORIGINAL ADOPTED BUDGET 2025-2026

The 2025-2026 Actual Results are compared to the Original Adopted Budget, as presented in Table 1, and further detailed in **Attachment A**.

TABLE 1: FINANCIAL PERFORMANCE 2025-2026 vs ORIGINAL ADOPTED BUDGET

	Budget 25-26	Actuals 25- 26	B vs A variance	B vs A variance
	\$'000	\$'000	\$'000	%
Income				
Rates	51,135	51,326	191	0%
Statutory Charges	2,239	2,760	521	23%
User Charges	4,370	4,118	(252)	-6%
Grants, Subsidies & Contributions - Operating	2,654	3,903	1,249	47%
Grants, Subsidies & Contributions - Capital	1,051	649	(402)	-38%
Investment Income	55	11	(44)	-80%
Other Income	522	949	427	82%
Net Gain Joint Ventures & Associates	-	90	90	0%
Total Income	62,026	63,806	1,780	3%
Expenses				
Employee costs	20,340	19,717	623	3%
Materials, contracts & other expenses	23,594	24,995	(1,401)	- 6%
Depreciation, amortisation & impairment	13,697	14,580	(883)	- 6%
Finance costs	3,378	3,114	264	8%
Net loss Joint Ventures & Associates	263	253	9	4%
Total Expenses	61,272	62,659	(1,387)	- 2%
Operating Surplus/(Deficit)	755	1,147	(393)	-52%
Capital Expenditure renewals	12,887	14,871	(1,984)	-15%
Capital Expenditure new	13,080	30,587	(17,507)	-134%
Indicators				
Operating Surplus/(Deficit)	1.2%	1.8%	1%	
Net Financial Liabilities	147.7%	119.1%	-29%	
Assets Renewal Funding	96.2%	110.9%	15%	

STATEMENT OF COMPREHENSIVE INCOME

Operating Income & Expenses

The Council delivered an Operating Surplus of \$1.15 million, compared to the Adopted Budget with a forecasted Operating Surplus of \$754,052, which resulted in a favourable variance of \$393,107.

The major variances (over 5%) from the Adopted Operating Surplus are outlined in Table 2 below.

TABLE 2: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS

	Reasons for the Variance	Amount (\$)
INCOME		
Statutory Charges	Statutory Charges were favourable to the Adopted Budget mainly due to higher income derived from Development Assessment fees and Hoarding licences. This is a result of an increase in both the number Development Applications that have been lodged and approval of more hoarding licences for major development projects in the City.	520,770
User Charges	User Charges were below the Adopted Budget, primarily due to lower than anticipated childcare fee revenue from the St Peters Childcare & Preschool. This variance was mainly due to the temporary closure of the centre for 14 days in March 2026, together with lower overall enrolment levels throughout the year.	(252,274)
Grants, subsidies & contributions - Operating	Grant funding received was favourable to the Adopted Budget due to unbudgeted funding received under the 2025-2026 Special Local Roads Program and Supplementary Local Roads Grants. In addition, the advance payment of the <i>Financials Assistance Grant for 2025-2026 by the Commonwealth Government</i> received in June 2025 was lower than previous years (50% of the Total 2025-2026 Grant allocation as opposed to 85% previously), which resulted for the higher balance received in quarterly payments during 2025-2026.	1,249,447
Grants, subsidies & contributions - Capital	The timing and instalments amount for the <i>Roads to Recovery Grant</i> have been revised, resulting in changes to the scheduled grant payments. Total amount for Five (5) year grant commitment remains unchanged, payment schedule will be updated in 2026-2027 Budget Reviews once information is confirmed.	(402,253)
Investment Income	Investment Income was unfavourable to the Adopted Budget driven primarily by lower interests earned on Councils deposits with the Local Government Finance Authority (LGFA). To minimise interest costs, surplus cash balances are applied against the Cash Advance Debenture (CAD) Loan, reducing the outstanding loan balance and associated interest expenses.	(43,951)
Other Income	Other Income was favourable to the Adopted Budget driven primarily by: <ul style="list-style-type: none"> Local Government Association of South Australia Workers Compensation scheme special distribution payment received The receipt of Local Government Finance Authority's annual bonus payments calculated in relation to the average deposit and loan levels held during the financial year, Other unbudgeted sundry income such as Tree fund income and an increased number of skip bin hoarding permits. Reimbursements were favourable to the Adopted Budget driven primarily by:	427,260

	Reasons for the Variance	Amount (\$)
	<ul style="list-style-type: none"> Insurance re-imbursements for claims made during the year, which was offset by expenditure to replace or repair items subject to the insurance claim. 	
EXPENSES		
Employee Costs	Employee costs were favourable compared to the Adopted budget due to vacancies throughout the year, resulting in cost savings from unfilled positions and lower overall employee expenditure than anticipated	622,957
Materials, contracts & other expenses	<p>Materials, contracts & other expenses were unfavourable against the Adopted Budget primarily due to,</p> <ul style="list-style-type: none"> Contractor costs have increased due to the use of contractors to fill critical roles vacancies, resulting in higher hourly rates compared with directly employed staff. In addition, contracted services being unfavourable due to an overspend in Infrastructure maintenance in Street Trees Contracted Services due to higher demand for Trees pruning, planting and removal. Some maintenance during the year was outsourced to contractors. This function is being reviewed to assess and determine whether better efficiencies can d]be achieved through better work practices and scheduling of works. Contract renewals for Street Sweeping and Waste resulted in higher costs than budgeted towards the end of the year. Utilities being unfavourable due to higher than forecasted renewable energy expenses through out the year and timing of the water charges for turf maintenance in May and June 2025, that was invoiced to the Council in July 2025 at the higher cost than expected. Legal fees being unfavourable due to compliance and regulatory matters that required legal advice during the year. Unplanned maintenance costs being unfavourable mainly in relation to repair and maintenance on Council owned buildings. Above overspent has been offset by unspent cost on Operational Project that were deferred to the next Financial Years as carry forwards. 	(1,401,343)
Depreciation, amortisation & impairment	Depreciation expense was greater than anticipated mainly due to the net impact on Depreciation arising from asset revaluation and unit cost update for the civil infrastructure asset class (i.e. roads, kerbs, footpaths) in 2024–2025, partially offset by the deferred whole asset capitalisation of the Trinity Valley Upgrade works.	(882,650)
Finance Costs	Finance costs were favourable to the Adopted Budget primarily due to a lower-than-expected level of borrowings. This was mainly attributed to the timing of the carry forwards for the Trinity Valley Stormwater Upgrade Project and the rephasing of the Payneham Memorial Swimming Centre contract payment plan.	264,370

Capital Expenditure

When compared to the Adopted Original Budget (excluding carry forwards), there was an increase expenditure of \$19.491m on Capital Projects for both New and Renewal. This is a result of carry forwards from 2024-2025 that were completed throughout the 2025-2026 financial year.

Statement of Finance Position (Balance Sheet)

The Net Assets of the Council at 30 June 2026 is \$725 million, against an Adopted Budget of \$668 million, a favourable variance of \$57 million.

Major reasons for the variance in the Net Assets include:

Assets

Current Assets were favourable compared to the Adopted Budget by \$2.261 million. This was predominantly due to the favourable variance in Trade & Other Receivables as a result of the issuance of invoices in June 2026.

Non-Current Assets were favourable compared to the Adopted Budget by \$41.348 million. This was mainly due to Other Non-current Assets which represent Capital Works-in-Progress as of 30 June 2026 (amounting to \$59.359 million). This variance was mainly as a result of the completion date of the Payneham Memorial Swimming Centre Redevelopment Project and part of the Trinity Valley Stormwater Drainage Upgrade Project works that are yet to be capitalised.

Liabilities

Current Liabilities were favourable by \$7.712 million primarily due to lower Trade & Other Payables, reflecting the prior-year inclusion of higher-than-usual accruals for the Pool instalments and the TV grant received in advance, which were recognised in 2025/26 as the projects progressed. The favourable variance also reflects a reduction in current borrowings.

Non-Current Liabilities were favourable compared to the Adopted Budget by \$5.439 million. This was mainly due to the long-term borrowings planned to be drawn down as part of the Adopted Budget which were not required as of 30 June 2026, due to revision of delivery timeline for the Payneham Memorial Swimming Centre Redevelopment Project and the Trinity Valley Stormwater Upgrade Project.

Budgeted borrowings were based on the assumptions to deliver all New and Renewal Capital projects included in 2025-2026 Adopted Budget. While each year new additional loan amount is approved by the Council, drawdown on the loan facility occurs on 'as needed' approach. As at, 30 June 2026, changes in Major Capital Projects delivery timelines or phasing (mainly Payneham Memorial Swimming Centre, Trinity Valley, and George Street), resulted in borrowings to be at approximately 90% of the total approved Loan Budget for 2025-2026 Financial year.

Statement of Cash Flow

For the 2025-2026 Financial year, the Council is reporting a net cash and cash equivalents of \$970,000. The Council generated \$10.983 million from operating activities after operating expenses, with the funds used towards the Councils Capital Infrastructure Works Program and the Asset Replacement Program.

Proceeds from borrowings of \$32.54 million less principal repayments on Council's borrowings of \$1.211 million, was used to fund New Major Capital projects.

FINANCIAL PERFORMANCE 2025-2026 vs FINANCIAL PERFORMANCE 2024-2025

In 2025-2026 Financial year, the Council recorded total income of \$63.806 million, an increase of \$4.657 million (8%) compared to previous 2024-2025 Financial year.

This growth was driven by higher rates revenue (\$3.98 million, 8%), an increase in grant funding (\$0.44 million), and growth in non-rate income (\$0.23 million).

Total expenses increased by \$5.81 million (10%), mainly due to higher employee costs (\$2.23 million, 13%) with variance driven by Wage increases in line with the Enterprise Bargaining Agreement, as well as impact of filled vacancies, increased materials, contracts, and other expenses (\$1.82 million, 8%). Higher finance costs (\$1.56 million, 101%) resulting from expected new borrowings during 2025-2026 in line with Major Capital projects progression. This resulted in an operating surplus of \$1.15 million (1.8% of income), compared with a grand \$2.3 million surplus in 2025-2026.

The reason for the higher operating surplus in 2024-2025 was predominantly due to the delay in advancement of 85% of the Federal Government 2024-2025 Financial Assistance Grant which was due to be received on 28 June 2024. The Grant totalling \$1.267 million was consequently received by the Council on 1 July 2024 and therefore recognised in the financial year 2024-2025.

The impact of Asset revaluations undertake during the 2025-2026 financial year are detailed below in Table 4.

TABLE 4: IMPACT OF ASSET REVALUATION

Asset Class	Revaluation Increase/(Decrease) \$million	Comments
Land	7.734	Represents a 3.0% increase in Fair Value based on the Latest available Local Government Price Index as at 30 June 2026.
Buildings and Other Structures	1.972	Represents a 3.0% increase in Fair Value based on the Latest available Local Government Price Index as at 30 June 2026.
Open space Assets	0.862	Represents a 3.7% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Road Infrastructure	6.874	Represents a 4.8% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Kerbing	1.627	Represents a 2.6% decrease in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Footpaths	1.681	Represents a 4.1% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Linear Park	0.082	Represents an 4.6% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Storm-water Drainage	3.817	Represents a 4.6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Roads Carparks	0.122	Represents a 4.6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Traffic Control Assets	0.256	Represents a 4.5% decrease in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Footbridge	0.137	Represents a 4.6% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Total	25.134	

Financial Ratios

Key financial indicators show stable operating performance (1.8% for 2025-2026), while Net Financial Liabilities increased to 119.1% reflecting new borrowings in 2025-2026 Financial year towards Payneham Memorial Swimming Centre Redevelopment Project and the asset renewal funding ratio increased from 83% in 2024-2025 to 110.9% in 2025-2026, primarily due to adjustments in the timing of various renewal works which were rescheduled to align with the delivery timeframe of other renewal works or projects in the same area.

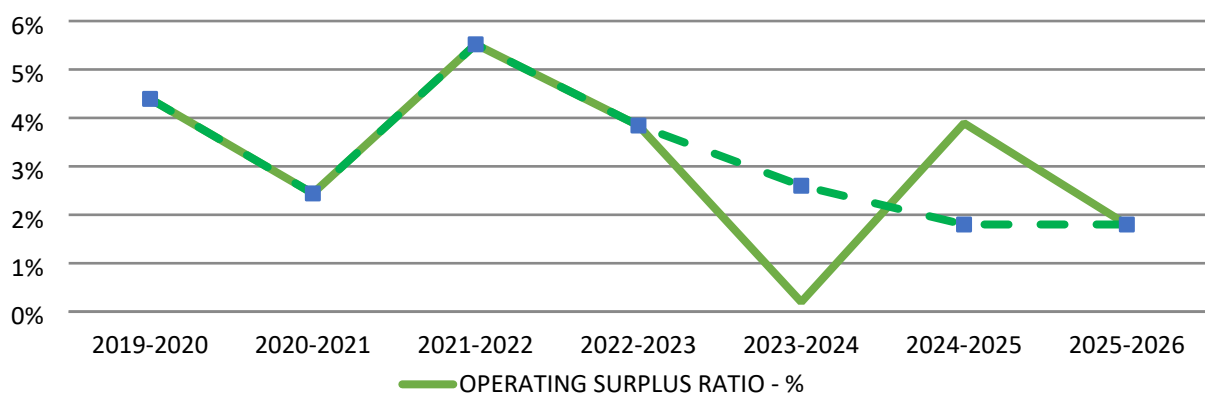
Financial indicators are represented by the following three (3) Financial Ratios:

- Operating Surplus Ratio (refer to Figure 1)
- Net Financial Liabilities Ratio (refer to Figure 2) and
- Asset Renewable Funding Ratio (refer to Figure 3)

TABLE 5: INDICATORS

	2024-2025	2025-2026
Operating Surplus Ratio	3.9%	1.8%
Net Financial Liability Ratio	87%	119%
Asset Renewal Funding ratio	83%	111%

FIGURE 1: OPERATING SURPLUS RATIO

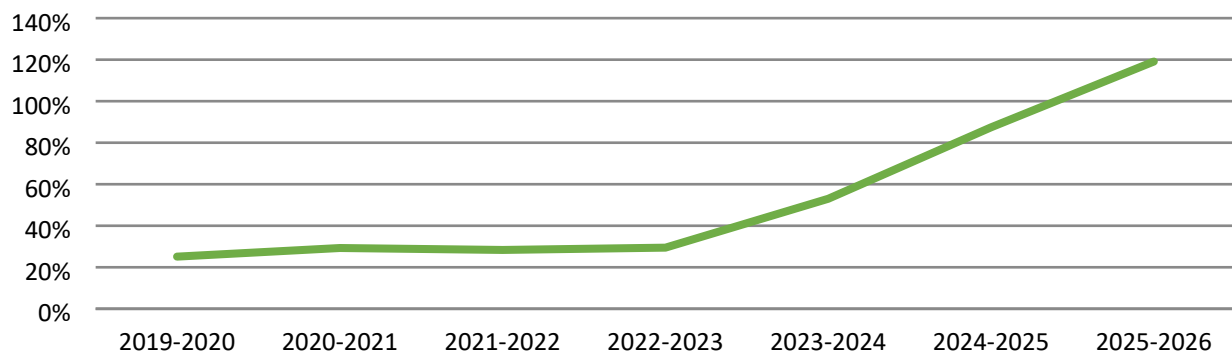


The Long-Term Financial Plan 2024-2034 Target: between 0% and 10%

The Operating Surplus Ratio expresses the Council's Operating Surplus/ (Deficit) as a percentage of Operating Revenue.

The dotted line represents the adjusted Operating Surplus, excluding the impact of the delayed receipt of the *Financial Assistance Grant*. Committee Members may recall that, in 2023-2024, the advance payment of the *2024-2025 Financial Assistance Grant*, which would ordinarily have been received in June 2024, was delayed by the State Government. The adjusted result illustrates the Operating Surplus that would have been achieved had the grant been received as anticipated.

FIGURE 2: NET FINANCIAL LIABILITIES RATIO

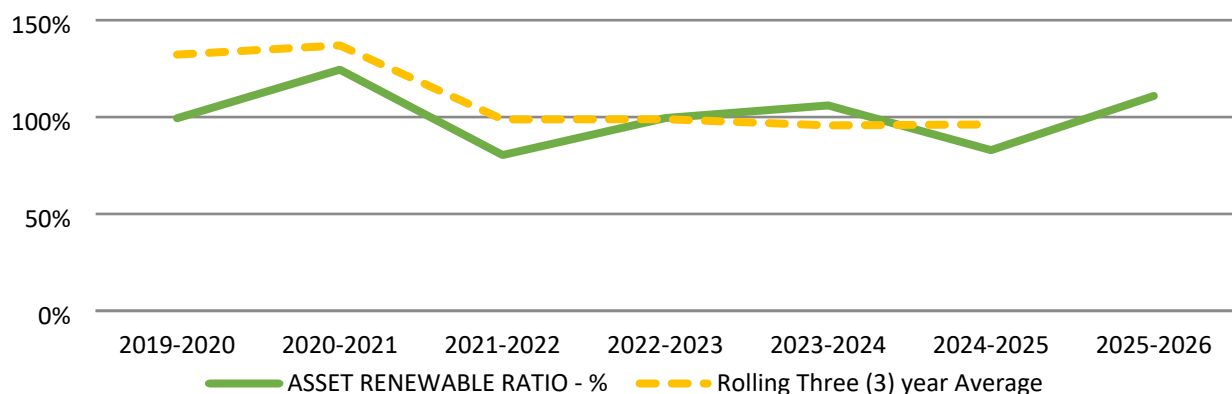


The Long-Term Financial Plan 2024-2034 Target: less than or equal to 100%

The Net Financial Liabilities Ratio measures the extent to which the net amount owed by the Council is met by its Operating Revenue. Net Financial Liabilities are represented by Total Liabilities less Current Assets.

FIGURE 3: ASSET RENEWAL FUNDING RATIO

ASSET RENEWABLE RATIO - %



The Long-Term Financial Plan 2024-2034 Target: between 90% and 110% on a 3 year rolling average.

The Asset Renewal Funding Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.), at the same rate the stock of assets is “wearing out.” Asset Renewal Funding Ratio, is measured against the extent of the renewal expenditure incurred, compared to the planned renewal expenditure, as set out in the Council Asset Management Plans.

The Council’s 2024-2034 Long Term Financial Plan has set a target of between 90% and 110%, on a three (3) year rolling average. In some instances, the Council may be required to accelerate or decelerate the renewal or replacement of its existing asset base.

2025-2026 AUDIT COMPLETION REPORT

The Council’s External Auditors, Galpins Trading Pty Ltd, have completed the statutory audit of the Council for the 2025-2026 Financial Year and have issued an unqualified Audit Report on the Annual Financial Statements for the financial year ended 30 June 2026. A copy of the Audit Opinion is contained in **Attachment C**.

In the Auditors opinion, the financial report prepared by the Council, presents fairly, in all material respects, the Council’s financial position as at 30 June 2026 and its financial performance for the year ended 30 June 2026 in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

The report identified one Low Risk finding relating to eighteen (18) employees with annual leave balances in excess of 300 hours (approximately 2 years of entitlement) and recommended that the Council implement strategies to systematically reduce these leave balances, and prevent employees from accumulating excessive balances.

OPTIONS

Not Applicable.

CONCLUSION

The Council concluded the financial year with an Operating Surplus of \$1.15 million (2024-2025: \$2.301 million).

After Capital Items, which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Total Comprehensive Income of \$29.455 million (2024-2025: \$66.955 million).

The Council's Auditor, Galpins, have completed the audit of the Council's Financial Statements and have advised that they will sign an unqualified Independent Auditors' Reports in the form prescribed, upon the Presiding Member of the Audit Committee signing the "Council Certificate of Audit Independence".

There were no significant issues raised during the audit of this year's Financial Statements which would prevent the Audit Committee recommending to the Council to adopt the 2025-2026 Financial Statements.

RECOMMENDATION

1. *That the comparative analysis of the prior year audited Annual Financial Statements and original adopted 2025-2026 budget as contained in **Attachment A**, be noted.*
2. *The Audit & Risk Committee recommends to the Council that the Annual Financial Statements for the year ended 30 June 2025, as contained in **Attachment B**, be adopted.*
3. *That the 2025-2026 Audit Completion Report, issued by the Councils Auditors, Galpins, as contained in **Attachment C**, be received and noted.*

Cr Piggott moved:

1. *That the comparative analysis of the prior year audited Annual Financial Statements and original adopted 2025-2026 budget as contained in **Attachment A**, be noted.*
2. *The Audit & Risk Committee recommends to the Council that the Annual Financial Statements for the year ended 30 June 2025, as contained in **Attachment B**, be adopted.*
3. *That the 2025-2026 Audit Completion Report, issued by the Councils Auditors, Galpins, as contained in **Attachment C**, be received and noted.*

Seconded by Mr Kym Holman and carried unanimously.

CONFIDENTIAL MEETING WITH COUNCIL'S EXTERNAL AUDITOR

Cr Piggott moved:

That pursuant to Section 90(2) of the Local Government Act 1999 (the Act), the Audit & Risk Committee considers it necessary and appropriate that the public, any Elected Members who are not appointed to the Audit & Risk Committee and staff present, be excluded from the meeting for the purposes of the Committee's confidential meeting with the Council's Auditor in accordance with Regulation 20 of the Local Government (Financial Management) Regulations 2026 and Section 90(3)(g) of the Act which relates to matters that must be considered in confidence in order to ensure that the Audit & Risk Committee does not breach any law or any duty of confidence.

Seconded by Ms Tami Norman and carried unanimously.

5.2 REGIONAL SUBSIDIARIES - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A - D

PURPOSE OF THE REPORT

The purpose of this report is to present the 2025-2026 Audited Financial Statements for the various Regional Subsidiaries of which the Council is a Member.

BACKGROUND

Clause 28 of Schedule 2 of the *Local Government Act 1999* (the Act), prescribes that a Regional Subsidiary must provide a report to each Constituent Council (Member) for the preceding financial year which incorporates the Subsidiaries Audited Financial Statements. This report must be incorporated into the Annual Report of each Constituent Council.

The Audited Financial Statements for each of the Regional Subsidiaries of which the Council is a Member, have been prepared in accordance with the *Local Government (Financial Management) Regulations 2013*.

Section 126(4)(f) of the Act requires that the Committee review the adequacy of the Council's accounting, internal control, reporting and other financial management systems and practices, on a regular basis. Presenting the Regional Subsidiary Audited Financial Statements to the Committee assists the Committee to undertake this function.

The Council will receive the Regional Subsidiary Audited Financial Statements at the Council Meeting scheduled to be held on 3 November 2025.

The following Audited Financial Statements are attached to this report:

- Eastern Health Authority Inc. as contained in **Attachment A**;
- Eastern Waste Management Authority Inc as contained in **Attachment B**;
- ERA Water as contained in **Attachment C**; and
- Highbury Landfill Authority Inc. as contained in **Attachment D**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

There are no financial and budget implications resulting from the preparation of this report.

The financial performance of the Regional Subsidiaries of which this Council is a Member, are accounted for in the Council's Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership shares as detailed in Table 1, a Net Loss associated with its Regional Subsidiaries of \$163,095 (2024-2025: \$12,874 Net Income).

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Cr Piggott is a Board Member of East Waste Management Authority, ERA Water.

Cr Granozio is a Board Members of the Eastern Health Authority Board of Management.

Cr Moorhouse is a Board Member of the Eastern Health Authority Board of Management.

Community

Not Applicable.

Staff

Not Applicable.

Other Agencies

Not Applicable.

DISCUSSION

Table 1 below sets out the Net Surplus (Deficit) of the respective Regional Subsidiaries for the year ended 30 June 2026, together with the Council's share of the Operating Result which has been accounted for in the Council's 2025-2026 Audited Financial Statements.

TABLE 1: REGIONAL SUBSIDIARY NET SURPLUS/ (DEFICIT)

Regional Subsidiary	Net Surplus/ (Deficit)	Council's Share of Net Surplus / (Deficit)	
	\$	Percentage	\$
Eastern Health Authority	297,680	30.34%	90,305
Eastern Waste Management Authority	(248,000)	12.50%	(31,000)
ERA Water	(560,228)	33.33%	(186,743)
Highbury Landfill Authority	(88,355)	40.36%	(35,657)

Important points to highlight resulting from the 2025-2026 Financial year are:

Eastern Health Authority	<p>The Eastern Health Authority Inc. reported an Operating Surplus of \$297,680 in 2025-2026 (\$199,496 in 2024-2025). The Authority reported higher Council contributions, higher user charges due to an increase in worksite vaccinations and higher investment income as a result of an increase in their cash deposits. This increase in income was partially offset by an increase in employment costs due to staff vacancies filled during the year and increase in IT licences and support costs.</p> <p>EHA does not currently have borrowing facilities to access cash. Cash and cash equivalents are the sole means for managing finances. The Authority's cash and cash equivalents is sufficient to maintain the current level of expenditure.</p> <p>As a result of the audit, the Building and Motor Vehicle lease modification calculation was prepared to reflect changes to the lease arrangement and Employee provision balances and their classification within the financial statements were accurately stated.</p>
Eastern Waste Management Authority	<p>The Operating Income Statement shows a year end Net Deficit of \$248,000 (\$274,000 in 2024-2025) which is primarily attributed to higher Materials, contracts and other expenses due to fleet Maintenance expenses as a result of breakdowns and urgent repairs to heavy fleet, higher software and licencing</p>

	<p>costs, education expenditure, registration and insurance costs and expenditure on consultants.</p> <p>The cash balance at the end of the 2026 financial year period, shows a net increase of approximately \$1.0 million compared with the 2025 financial year closing balance, with Cash and Cash Equivalents increasing from \$1.72 million at 30 June 2025 to \$2.70 million at 30 June 2026. The improved cash position was also supported by a reduction in Trade and Other Receivables from \$1.82 million at 30 June 2025 to \$1.20 million at 30 June 2026, reflecting improved debtor management and cash collection outcomes during the year.</p>
ERA Water	<p>ERA Water reported a Net Deficit of \$560,228 for the 2025-2026 financial year (Net Deficit 2024-2025 \$585,102). This was predominantly due to amounts received specially for new or upgraded assets (\$147,803) which was partially offset by a decrease in user charges.</p> <p>During 2025-2026 irrigation season, South Australia experienced significant rain events in late spring and early summer (November and December) and again in late summer and early autumn (February and March), which impacted the need for irrigation. The relatively humid conditions during much of the irrigation season and heavy dew late in the season were also identified as reasons for less water being used. Interruptions to supply and onsite irrigation problems further impacted on consumption.</p>
Highbury Landfill Authority Inc.	<p>The Highbury Landfill Authority Inc. reported an Operating Deficit of \$88,355 in financial year 2025-2026, compared to an Operating Surplus of \$296,607 in 2024-2025 which was primarily due to reduced Provisions released to the Profit & Loss Statement as a result of remeasurement adjustment provisions.</p> <p>The Authority has an ongoing obligation to manage the post-closure phase for the former Highbury landfill in accordance with the South Australian Environment Protection Authority (SA EPA) Guidelines and approved Closure Plan. The minimum post-closure period is 25 years that commenced on 1 July 2009. A provision for the Highbury Landfill has been accrued. A Net Present Value (NPV) calculation has been made by estimating cashflows to manage the Highbury site as set out in the SA EPA guidelines. The cash outflows have been escalated at an inflation forecast of 3.8% per annum (2.1% in 2024-2025) and the discount rate used is equivalent to the 10-year Commonwealth Bond indicative rates as at 30 June 2026. This NPV calculation has been incorporated into the provision and represents the Authority's best estimate of its future liability to manage the Highbury Landfill post-closure phase.</p>

OPTIONS

Not Applicable. This report is presented for information purposes only.

CONCLUSION

The financial performance of the Regional Subsidiaries of which this Council is a Constituent Member, is accounted for in the Council's Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership shares as detailed in Table 1, a net loss associated with its Regional Subsidiaries of \$163,095 (2024-2025: \$12,874 net income).

RECOMMENDATION

That the report be received and noted.

Mayor Bria moved:

- 1. That the report be received and noted.*
- 2. That the Audit & Risk Committee bring to the attention of the Council the significant cash holdings of regional subsidiaries of which the Council is a constituent member taking into account that the subsidiaries are established as fee for service entities.*

Seconded by Cr Piggott and carried unanimously.

5.3 PAYNEHAM MEMORIAL SWIMMING CENTRE REDEVELOPMENT PROJECT - LOCAL GOVERNMENT FINANCE AUTHORITY PROGRESS REPORT

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to provide an update that has been provided to the Local Government Finance Authority (LGFA) regarding the Payneham Memorial Swimming Centre Redevelopment Project.

BACKGROUND

As Committee Members are aware, the Council has entered into a Loan Arrangement with the Local Government Finance Authority (LGFA) for the Payneham Memorial Swimming Centre Project.

As part of the Special Conditions of the loan, the Council is required to provide the LGFA with information regarding the status of the Project.

On 1 October 2026, the *Payneham Memorial Swimming Centre Redevelopment Project Progress Report* (the Project Progress Report), was forwarded to the LGFA, in accordance with the Special Conditions of the loan.

A copy of the Progress Report dated 30 September 2026, that has been provided to the LGFA, is contained in **Attachment A**.

Following this, on 12 October 2026, the Chief Executive Officer of the LGFA acknowledged receipt of the Council's letter and confirmed that the Special Condition set out in Section 2.2.1 of *Annexure A to Convertible Cash Advance Debenture No. 5 – Special Conditions* dated 1 November 2024 and *Annexure A to Convertible Cash Advance Debenture No. 30 – Special Conditions* dated 8 May 2026, had been satisfied.

A copy of the LGFA's response dated 12 October 2026, is contained in **Attachment B**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Not Applicable.

Community

Not Applicable.

Staff

Not Applicable.

Other Agencies

Not Applicable.

DISCUSSION

In accordance with the Special Conditions imposed by the Local Government Finance Authority (LGFA) on the loan approval for this Project, the Council is required to provide the LGFA, with information on the status of the Project.

The update that has been provided to the LGFA is for the period ending 30 September 2026.

As stated in the Progress Report which has been provided to the LGFA, the Payneham Memorial Swimming Centre Redevelopment Project reached Practical Completion on Monday, 24 August 2026. The Project is now in its final stage, with financial billing and minor defect works being finalised.

The official Opening of the new Payneham Memorial Swimming Centre was on 9 October 2026.

It is expected that the Project will be completed within the Council-endorsed budget of \$63.9 million. The final instalment of the State Government Grant of \$5.7 million is expected to be received following the finalisation of the Project charges. All funding milestones have been met, with grant income and expenditure remaining aligned with expectations. Overall, the Project remains on track for finalisation, with the remaining activities focused on closing out financial matters, minor defects and the final Grant requirements.

A copy of the *Payneham Memorial Swimming Centre Redevelopment Project Progress Report* dated 30 September 2026 that has been provided to the LGFA South Australia, is contained in **Attachment A**.

As set out in the letter dated 12 October 2026, from the Chief Executive Officer of the LGFA, receipt of the Council's letter has been confirmed as well as confirmation that the Special Condition outlined below has also been satisfied:

2.2 The Corporation must provide to LGFA:

2.2.1 on a quarterly basis aligned with the Council's budget review cycle reporting that shows the PMSC Redevelopment budget versus actual and lists any material approved variations with the report signed by the NPSP CEO.

All other Terms and Conditions, including Special Conditions, contained within *Debenture No. 5 and Debenture No. 30* remain in force and effect. The LGFA acknowledges the actions that have been taken by the Council to ensure it remains within the approved debt limit of \$110 million and appreciates the Council's continued commitment to meeting the agreed Special Conditions.

A copy of the LGFA's Chief Executive Officer's letter dated 12 October 2026, to the Council on the *Payneham Memorial Swimming Centre Redevelopment Project Progress Report* is contained in **Attachment B**.

OPTIONS

Not Applicable. This report is provided for information purposes only.

RECOMMENDATION

That the report be received and noted

Mr Kym Holman moved:

That the report be received and noted

Seconded by Ms Tami Norman and carried unanimously.

5.4 REPORT FOR THE 2026-2027 FIRST BUDGET REVIEW

REPORT AUTHOR: Chief Financial Officer
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to present the 2026-2027 First Budget Update report to the Audit & Risk Committee (the Committee), that was considered at the Council Meeting held on Tuesday, 6 October 2026.

BACKGROUND

This report is provided to assist the Committee to meet the requirements of Section 126(4)(f) of *the Local Government Act 1999* (the Act), which provides that one of the functions of the Committee is:

“Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis”.

The purpose of the Budget Review is to provide the Council with a summary of the forecast Budget position for the year ended 30 June 2027, following the First Budget Review. The forecast is based on the year-to-date 30 June 2026 results.

Pursuant to Section 123(13) of the Act, the Council must, as required by Regulation 9 of the *Local Government (Financial Management) Regulations 2026*, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.

A copy of the 2026-2027 First Budget Update as presented to the Council is contained in **Attachment A**.

RECOMMENDATION

That the report be received and noted.

Cr Piggott moved:

- 1. That the report be received and noted.*
- 2. That the Audit & Risk Committee recommends that the Council undertakes close scrutiny of its capacity to deliver the Renewal Program, including Carry Forwards, as part of the Second 2026-2027 Budget Review.*

Seconded by Mr Kym Holman and carried unanimously.

5.5 PREVIOUS AUDIT ACTIONS - PROGRESS REPORT

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to provide an update on the status of matters identified in previous Internal Audits that have been undertaken since the commencement of the term of the current Council in 2022.

BACKGROUND

The Council's Audit & Risk Committee (the Committee) has been established in accordance with Section 126 of the *Local Government Act 1999* (the Act) to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

Pursuant to Section 126(4)(c) of the Act one of the functions of the Committee is to monitor the responsiveness of the Council to recommendations for improvement based on previous audits, including those raised by the Council's Auditor.

To assist the Committee with this monitoring function, a summary of the progress on implementing the recommendations for improvement from previous Internal and External Audits that have been undertaken since the commencement of this Council term in November 2022, has been prepared and is contained within **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.

Community

Not Applicable.

Staff

The preparation of this report has been informed by collaboration with the relevant staff who are charged with the responsibility of implementing the recommendations.

Other Agencies

Not Applicable.

DISCUSSION

In accordance with the Committee's Work Plan, the Committee receives a biennial review of the progress of matters that have been identified in various Internal and External Audits.

Attachment A provides the consolidated findings from the various audits that have been undertaken since November 2022. A standardised summary of the status of the various matters has been used based on the implementation of the recommendation for improvement being 'In progress', 'Completed' or 'Not yet started'.

Internal Audit

Three (3) Internal Audits have been undertaken and the Committee has been provided with the final report arising from each of the Internal Audits as follows:

- Human Resources – final report presented to the Committee on 1 November 2023;
- Business Continuity Management (BCM) framework – final report presented to the Committee on 13 October 2025; and
- Contractor Management – final report presented to the Committee on 25 February 2026.

The Human Resource Internal Audit identified six (6) areas for improvement with two (2) recommendations and one (1) opportunity for improvement remaining in progress.

The BCM Internal Audit identified 22 recommendations for improvement. As identified at the time the final report was presented to the Committee, there is a significant amount of work required by a number of staff across the organisation to implement the recommendations. This work commenced in early 2026 and five (5) of the recommendations have since been completed following the Business Impact Analysis workshops that have been held with Senior staff and facilitated by Bentleys.

Seven (7) recommendations for improvement are in progress and it is envisaged these actions will be largely completed by the end of 2026.

The Contractor Management Internal Audit identified 20 recommendations for improvement, 14 of which are in progress. Similar to the findings of the BCM Internal Audit report, there is a significant amount of work required to implement the recommendations for improvement in terms of creating the processes required and then embedding them with Contract Managers across the Council.

External Audit

Unlike Internal Audits which are scoped in consultation with the Committee, the conduct of the External Audit is prescriptive and must be undertaken in accordance with Section 129 of the Act, which includes that the Council's Auditor must undertake an audit of:

- (a). the Council's financial statements within a reasonable time after the statements are referred to the auditor for the audit (and, in any event, unless there is good reason for a longer period, within 2 months after the referral); and
- (b). the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

The timing of the above is that the final report of the audit of the internal (financial) controls is presented mid-calendar year and referred to as the 'Interim Audit' and the final report of the audit of the Council's Financial Statements is provided to the Committee in October before being presented to the Council in November and referred to as the Audit Completion Report.

Regulation 22 of the *Local Government (Financial Management) Regulations 2026*, prescribes that both audits must be conducted by a qualified Auditor (who meets the requirements of Section 128 of the Act) and be undertaken in accordance with the *Australian Auditing Standards and Auditing Guidance Statements* established under the *Commonwealth Australian Securities and Investments Commission Act 2001*.

In addition, the Council's Auditor must provide to the Council with the following:

- (a). an audit opinion with respect to the financial statements and the Auditor must give due consideration to the adequacy of the Council's policies, practices and procedures of internal control under Section 125 of the Act; and
- (b). an audit opinion as to whether the controls audited under subsection 129(1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law. In forming this opinion, the Audit must assess the internal controls of the Council referred to in Section 129(1)(b) of the Act based on the criteria in the *Better Practice Model – Internal Financial Controls*.

All of the above requirements have been met in respect to the External Audit.

Of the recommendations raised through the External Audit process, one (1) recommendation from the *2024-2025 Review of Financial Controls (Interim Audit)* and one (1) recommendation from the *2025-2026 Review of Financial Controls (Interim Audit)* remain outstanding.

OPTIONS

Not Applicable. This report is provided for information purposes.

CONCLUSION

Monitoring the progress and status of the recommendations for improvements, is an important legislated function of the Audit & Risk Committee.

RECOMMENDATION

That the report be received and noted.

Mr Kym Holman moved:

That the report be received and noted.

Seconded by Ms Tami Norman and carried unanimously.

5.6 AUDIT & RISK COMMITTEE 2027 MEETINGS AND WORK PLAN

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A - B

PURPOSE OF THE REPORT

The purpose of this report is to present to the Audit & Risk Committee (the Committee), the proposed meeting dates for 2027 and the *2027 Audit & Risk Committee Work Plan* for approval.

BACKGROUND

The proposed meeting dates for 2027 meet the requirements of Section 126(5) of the Local Government Act 1999 (the Act), which requires that the Committee must meet at least once every quarter.

To support the Committee to achieve its legislated function and activities, the *2027 Audit & Risk Committee Work Plan* has been prepared and is contained in **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Independent Members of the Committee are paid a Sitting Fee following each meeting of the Committee. The Chair receives \$650 per meeting and the other Independent Members receive \$450 per meeting.

RISK MANAGEMENT

Supporting the Audit & Risk Committee to meet its legislated purpose, functions and activities will provide the required independent assurance and advice to the Council.

CONSULTATION

Elected Members

Elected Members receive a report following each Meeting of the Audit & Risk Committee which includes any recommendations the Committee has made to the Council (where it is not already included in a separate report on the Council Meeting Agenda) and the Minutes of the Meeting.

Community

Meetings of the Council's Audit & Risk Committee are open to the public to attend in accordance with the relevant legislative provisions. The Committee Meeting documents and Terms of Reference are publicly available on the Council's website.

Staff

The preparation of the Work Plan is informed by collaboration between staff from the relevant Departments within the Council.

Other Agencies

Not Applicable.

DISCUSSION

The Committee's meeting dates for 2027, are based on the mandatory requirement for the Committee to meet at least once every quarter.

It is proposed that Committee meet on a similar cycle to that which occurred in 2026. Meetings will continue to be held on a Monday evening commencing at 6:00pm. The meetings will continue to be held in the Mayor's Parlour except when the Council Assessment Panel meeting is convened on the same night, in which case the Committee Meeting will be held in an alternate Meeting Room at the Norwood Town Hall.

The proposed dates for the 2027 meetings of the Committee are:

- Monday, February 8 2027.
- Monday, April 12 2027.
- Monday, July 12 2027.
- Monday, October 18 2027.

The 2027 Audit & Risk Committee Work Plan (the Work Plan) has been prepared on the basis of the proposed quarterly Meetings of the Committee and the Audit & Risk Committee Terms of Reference, a copy of which are contained in **Attachment B** (which have been updated to correctly reference the *Local Government (Financial Management) 2026 Regulations* which superseded the previous 2011 version).

There are some additions to the Work Plan recognising recommendations that have been made in the Council's response to the *Essential Services Commission of South Australia's (ESCOSA) Local Government Advice-City of Norwood Payneham & St Peters February 2026*. These items are:

- the Quarterly Business Unit Reports for the St Peters Child Care Centre & Preschool, the Norwood Concert Hall, the Payneham Memorial Swimming Centre and the Norwood Swimming Centre; and
- a report on the progress of ESCOSA Recommendations to meeting of the Committee.

The Work Plan can be varied as required should the timing of matters to be presented to the Council for consideration need to change, or new items are included as resolved by the Council or the Committee (within the overall function of the Committee). Any changes to the Work Plan will be discussed with the Committee as required.

The Work Plan will continue to be used as the basis for reporting to the Council after each Meeting of the Committee and the Annual Report to the Council on the work of the Committee, both of which are required by Section 126(8) of the Act.

OPTIONS

The Committee is required to approve the 2027 meeting dates and times to ensure the appropriate scheduling of items and meet the legislative quarterly reporting requirement.

While the Committee can choose not to approve the Work Plan it is strongly recommended that the Work Plan as presented be approved to ensure that the Committee continues to meet its legislative obligations.

CONCLUSION

This report is intended to assist the Committee meet its legislative functions and reporting obligations, and as such, it is therefore recommended the below proposed meeting dates and times for 2027 and the attached *2027 Audit and Risk Committee Work Plan* are approved for this purpose.

RECOMMENDATION

1. *That the following Meeting dates and times for 2027, be approved:*
 - *Monday, February 8 2027 at 6:00pm;*
 - *Monday, April 12 2027 at 6:00pm;*
 - *Monday, July 12 2027 at 6:00pm; and*
 - *Monday, October 18 2027 at 6:00pm.*
 2. *That the 2027 Audit and Risk Committee Work Plan as contained in Attachment A, be approved.*
-

Ms Tami Norman moved:

1. *That the following Meeting dates and times for 2027, be approved:*
 - *Monday, February 8 2027 at 6:00pm;*
 - *Monday, April 12 2027 at 6:00pm;*
 - *Monday, July 12 2027 at 6:00pm; and*
 - *Monday, October 18 2027 at 6:00pm.*
2. *That the 2027 Audit and Risk Committee Work Plan as contained in Attachment A, be approved.*

Seconded by Cr Piggott and carried unanimously.

5.7 PRUDENTIAL MANAGEMENT POLICY

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A - B

PURPOSE OF THE REPORT

The purpose of this report is to present the Draft Prudential Management Policy to the Audit & Risk Committee for review, prior to its adoption by the Council.

BACKGROUND

Policies are important components of the Council's governance framework and set directions, guide decision making and inform the community about how the Council will normally respond and act in relation to various issues.

Section 126(1a) of the *Local Government Act 1999* (the Act) provides that the purpose of the Council's Audit & Risk Committee (the Committee) is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

Amongst other functions prescribed for Council Audit & Risk Committees, Section 126(4)(f) and (h) of the Act respectively provides that the Committee:

- review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis; and
- review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

It is therefore appropriate that the Committee review the updated Prudential Management Policy prior to the Council's adoption.

The Draft Prudential Management Policy (the Draft Policy) is contained within **Attachment A**.

STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

Elected Members

Elected Members receive the Minutes from the Audit & Risk Committee Meetings and consider any recommendations that are made by the Audit & Risk Committee to the Council.

Community

Not Applicable.

Staff

The Draft Policy has been reviewed by the Council's Chief Executive Officer, Chief Financial Officer and the General Manager, Infrastructure & Major Projects.

Other Agencies

Not Applicable.

DISCUSSION

The Draft Policy is based on an existing Council policy that was originally adopted in 2018 and reviewed and updated regularly since its adoption.

The purpose of a Prudential Management Policy is to provide guidance to the Council and all staff regarding the Council's prudential management practices.

A Prudential Management Policy is mandatory policy as required by Section 48(aa1) of the Act, which requires that the Council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the Council:

- (a). *acts with due care, diligence and foresight; and*
- (b). *identifies and manages risks associated with a project; and*
- (c). *makes informed decisions; and*
- (d). *is accountable for the use of council and other public resources.*

As Committee Members will be aware, a review of all finance related policies has recently been undertaken to ensure that all of the policies are relevant, contemporary and legislatively compliant.

As a result of this review, the Council's Prudential Management Policy has been updated to meet contemporary governance and best practice requirements, while ensuring that the requirements of Section 48(1aa) are met, particularly in terms of how due diligence is considered in respect to Council projects.

As the changes to the content of the existing Policy are not of a material nature, track changes have not been used as there were significant formatting changes which makes reviewing the Policy difficult. For comparison, the current Prudential Management Policy is contained in **Attachment B**.

OPTIONS

Not Applicable. The Council is required to have a Prudential Management Policy in accordance with the Act.

CONCLUSION

The Draft Policy has been prepared following an internal review of the current Prudential Management Policy and reference to the Local Government Association of South Australia *Financial Sustainability Information Paper No. 27 – Prudential Management (with Model Policy)*.

The Draft Policy meets both the legislative requirements and provides the appropriate guidance, particularly for Council decision-making in terms of the Prudential Report requirements for Council projects.

RECOMMENDATION

The Audit & Risk Committee recommends to the Council that the Draft Prudential Management Policy, as contained in Attachment A, be adopted.

Ms Tami Norman moved:

The Audit & Risk Committee recommends to the Council that the Draft Prudential Management Policy, as contained in Attachment A, be adopted.

Seconded by Mr Kym Holman and carried unanimously.

5.8 DEBT REDUCTION STRATEGY

REPORT AUTHOR: Manager, Governance
APPROVED BY: General Manager, Governance & Civic Affairs
ATTACHMENTS: A

PURPOSE OF THE REPORT

The purpose of this report is to provide the Audit & Risk Committee (the Committee), with the presentation that has been provided to Elected Members and the Independent Members of the Committee regarding the strategic approach to reducing the Council's debt.

BACKGROUND

Section 122 of the *Local Government Act 1999* (the Act) prescribes the requirements for all Councils regarding Strategic Management Plans. To this end, Section 122(1b) -(1k) of the Act, sets out the requirements for the *Local Government Advice Scheme* (the Scheme) for which ESCOSA is the 'designated authority'.

The Scheme covers a review of information relating to the Council's Long Term Financial Plan and Infrastructure & Asset Management Plans.

As Committee Members are aware, ESCOSA published its report, *Local Government Advice City of Norwood Payneham & St Peters February 2026* (the ESCOSA Advice) on 19 February 2026.

Following receipt of the ESCOSA Advice in February 2026, an independent report was commissioned and prepared by Ms Bennetts from LGiQ (Consultants), which was presented to the Council at its Meeting held on 5 May 2026 and subsequently to the Councils Audit & Risk Committee at its Meeting held on 13 July 2026.

One of the recommendations from the ESCOSA Advice was to:

Improve the reporting of debt reduction targets or productivity improvements in its Long-Term Financial Plan and Annual Business Plans (as appropriate), to assure the community of how debt will be reduced.

The LGiQ report included the following recommendation in response to the above ESCOSA recommendation:

Develop and implement a clear debt reduction framework outlining:

- *clear debt reduction targets;*
- *clear timings of when the targets are to be achieved by;*
- *strategies for debt reduction; and*
- *risks associated with strategies.*

Section 126(4)(b) of the Act prescribes that one of the functions of the Council's Audit & Risk Committee is to propose and provide information relevant to, a review of the Council's strategic management plans.

In addition, Section 126(4)(f) of the Act prescribes that the Committee will also review the adequacy of the Council's financial management systems and practices on a regular basis.

To support the Committee to meet its legislative functions the presentation which provides an overview of the Council's proposed sustainable approach to reducing the Council's debt is contained in **Attachment A**.

RECOMMENDATION

That the presentation be received and noted.

Mr Kym Holman moved:

- 1. That the presentation be received and noted.*
- 2. That the Committee recommends to the Council that it:*
 - adopts a principle of debt reduction; and*
 - sets a short-term target of reducing the net financial liabilities ratio to below 100%.*

Seconded by Ms Tami Norman and carried unanimously.

6 OTHER BUSINESS

Nil.

7 CONFIDENTIAL REPORTS

8 NEXT MEETING

Monday, 8 February 2027.

9 CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 8.43pm.

Ms Cate Hart

Minutes Confirmed on _____
(date)