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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VENUE Mayors Parlour, Norwood Town Hall

HOUR 7.00pm

PRESENT

Committee Members
Mayor Robert Bria
Cr John Minney (Presiding Member)
Cr Mike Stock
Sandra Di Blasio (Independent Member)
Ms Brigid O’Neill (Independent Member)

Staff
Mario Barone (Chief Executive Officer)
Sharon Perkins (General Manager, Corporate Services)
Andrew Alderson (Financial Services Manager)

APOLOGIES
Nil

ABSENT
Nil

TERMS OF REFERENCE:
The Audit Committee is responsible to facilitate:
• the enhancement of the credibility and objectivity of internal and external financial reporting;
• propose and provide information relevant to a review of the Council’s Strategic Management Plans and Annual Business Plan;
• the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;
• effective management of financial and other risks and the protection of the Council’s assets;
• compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;
• the provision of an effective means of communication between the external auditor, management and the Council;
• proposing and reviewing the exercise of powers under Section 130A of the Local Government Act 1999;
• review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
• liaising with the Council’s Auditor; and
• reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

1. CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 27 MAY 2019

Mayor Bria moved that the minutes of the Audit Committee meeting held on 27 May 2019 be taken as read and confirmed. Seconded by Ms Sandra Di Blasio and carried.

2. PRESIDING MEMBER’S COMMUNICATION

The Presiding Member welcomed Ms Brigid O’Neill to the Audit Committee.

3. QUESTIONS WITHOUT NOTICE

Nil

4. QUESTIONS WITH NOTICE

Nil

5. WRITTEN NOTICES OF MOTION

Nil

6. STAFF REPORTS
6.1 DRAFT ANNUAL REPORT TO COUNCIL

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/01823
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide, the draft Annual Report, which details the activities undertaken by the Audit Committee for the year ended 30 June 2019.

BACKGROUND

The Audit Committee’s 2018-2019 Work Program, requires an Annual Report to be provided to the Council which addresses the following:

- outputs relative to the audit committee’s work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate;
- any identified training needs;
- advising future work program proposals; and
- invite comment from the Council on all of the above.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil
CONSULTATION

- **Committee Members**
  Not Applicable.

- **Community**
  Not Applicable.

- **Staff**
  Not Applicable.

- **Other Agencies**
  Not Applicable.

DISCUSSION

The Audit Committee 2018-2019 Work Program has been updated to include all of the activities which have been completed. A copy of the updated Program is contained in Attachment A.

A copy of the Draft 2018-2019 Audit Committee Annual Report to the Council, is contained in Attachment B. The Committee is requested to review the document and discuss any amendments which it wishes to make to the document.

The Annual Report to the Council to assist the Committee requires the Audit Committee to determine whether its Terms of Reference remain appropriate. Staff have undertaken a review of the existing Terms of Reference and other than a minor administrative change to reflect the new Independent Members, consider the Terms of Reference to be appropriate and relevant and therefore no changes are recommended. A copy of the Terms of Reference is contained in Attachment C.

OPTIONS

Not Applicable

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the draft 2018-2019 Audit Committee Annual Report, be endorsed and submitted to the Council.

Cr Stock moved:

*That the draft 2018-2019 Audit Committee Annual Report, be endorsed and submitted to the Council.*

Seconded by Ms Brigid O’Neill and carried.
6.2 DRAFT 2019-2020 AUDIT COMMITTEE WORK PROGRAM

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/01823
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of the report is to provide the Audit Committee with the Draft Work Program for the year ending 30 June 2020.

BACKGROUND

Pursuant to Section 126 of the Local Government Act 1999 and as detailed in the Audit Committee’s Terms of Reference, the Audit Committee is responsible for facilitating:

- the enhancement of the credibility and objectivity of internal and external financial reporting;
- provision of information relevant to a review of the Council’s Strategic Management Plans and Annual Business Plan;
- the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;
- effective management of financial and other risks and the protection of the Council’s assets;
- compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;
- the provision of an effective means of communication between the external auditor, management and the Council;
- the review of the exercise of powers under Section 130A of the Local Government Act 1999;
- review of the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
- liaising with the Council’s Auditor; and
- reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this issue.

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil
RISK MANAGEMENT

The Audit Committee must ensure that the Work Program addresses the statutory obligations and focuses on the adequacy of the Councils’ systems and practices with respect to risk management, financial reporting, the internal control environment and other financial management systems.

The Draft 2019-2020 Work Program contained in Attachment A reflects the requirements to the Audit Committee’s Terms of References and meets the Council’s statutory requirements.

CONSULTATION

- Committee Members
  Not Applicable.

- Community
  Not Applicable.

- Staff
  Not Applicable.

- Other Agencies
  Not Applicable.

DISCUSSION

To ensure that the requirements of the Local Government Act 1999 and the Terms of Reference are fulfilled, the Audit Committee is required to develop a Work Program each year.

A draft Work Program, based on prior years is contained in Attachment A.

OPTIONS

The Committee can either endorse the Work Program (contained in Attachment A) or amend the document as appropriate.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the Draft 2019-2020 Audit Committee Work Program as contained in Attachment A be adopted.

Mayor Bria moved:

That the Draft 2019-2020 Audit Committee Work Program as contained in Attachment A be adopted.

Seconded by Ms Sandra Di Blasio and carried.
**6.3 2019-2020 ANNUAL BUSINESS PLAN AND BUDGET**

**REPORT AUTHOR:** Financial Services Manager  
**GENERAL MANAGER:** General Manager Corporate Service  
**CONTACT NUMBER:** 83664585  
**FILE REFERENCE:** S05563  
**ATTACHMENTS:** Nil

**PURPOSE OF REPORT**

The purpose of this report is to present to the Audit Committee for its information, the 2019-2020 Budget and Rating Policy, which have been adopted by the Council.

**BACKGROUND**

Pursuant to the provisions contained in Chapters 8, 9 and 10 of the *Local Government Act 1999* (the Act), the Council is required to adopt for each Financial Year, an Annual Business Plan (ABP) and Budget after 31 May and before 31 August.

Part 2 of the Act, “Annual Business Plans and Budgets”, requires the Council to consider its budget in conjunction with the Council’s Annual Business Plan and adopt the Budget following adoption of the Annual Business Plan.

At its meeting held on 1 July 2019, the Council adopted the 2019-2020 Annual Business Plan and Budget and declared the Rates for the 2019-2020 Financial Year.

**RELEVANT POLICIES & STRATEGIC DIRECTIONS**

The Council’s Long Term Strategic directions are outlined in *City Plan 2030 – Shaping our Future*. The 2019-2020 Annual Business Plan and supporting Budget, sets out the proposed services and programs and initiatives for the 2019-2020 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial year.

The Council’s Rating Policy sets the Council’s approach to determining and collecting rates from the community.

**FINANCIAL AND BUDGET IMPLICATIONS**

The 2019-2020 Budget, is based on a Rate Revenue increase of 4.25%, will result in an Operating Surplus of $835,000 (2018-2019: $1.430 million) and a Net Surplus (after capital income) of $10.327 million (2018-2019: $10.206 million).

Due to the State Government’s decision, as part of the 2019-2020 State Budget, to increase the Solid Waste Levy from $103 per tonne to $110 per tonne (effective from 1 July 2019), with a further increase to $140 per tonne, effective from 1 January 2020, the rate revenue increase which has adopted is higher than the proposed rate reserve of 3.75% (which the Council consulted on as part of its budget preparation process) due to the decision by the Council to pass on in full the current year impact. The impact of the increase is an additional expenditure of $165,000 for the 2019-2020 Financial Year and a further additional $113,000 for the full year impact of the increase in 2020-2021. Taking into account, say a 2.5% cost increase, the annual impact of the Levy increase is in the order of $265,000 per annum. It should also be noted that the Council’s recycling contract takes into account contamination levels of the recycling material which is collected by East Waste, with contaminated recyclable being disposed to landfill, therefore the disposal costs for recyclable will also be impacted by the increase in the solid waste Levy. Whilst the exact quantum of the impact cannot be accurately measured at this time, the budget is in accordance to the estimates which have been provided by East Waste (the Council’s collective regional subsidiary).
SOCIAL ISSUES
Nil.

CULTURAL ISSUES
Nil.

ENVIRONMENTAL ISSUES
Nil.

RESOURCE ISSUES
Nil.

RISK MANAGEMENT
There are a number of risk management issues arising from this issue and as such, it is important, that the budget is prepared and adopted in accordance with the relevant statutory requirements. To this end, the Draft budget has been prepared in accordance with the relevant statutory requirements.

CONSULTATION

• Committee Members
  Cr Minney, Mayor Bria and Cr Stock, have been involved throughout the Budget preparation process and have considered the various components of the Budget and made decisions as appropriate.

• Community
  The community through community consultation process on the Annual Business Plan was provided the opportunity to provide feedback on the Annual Business Plan and Budget.

• Staff
  The review of the Operating Expenditure and Special Projects and the Annual Business Plan process has been completed with the involvement of the Chief Executive Officer, General Managers and the various Responsible Officers.

• Other Agencies
  Nil.

DISCUSSION

The 2019-2020 Annual Business Plan and Budget, is strategically focused, financially responsible and targeted at ensuring that the Council’s priorities and operations are appropriately resourced.

In preparing the budget, the Council has recognised the concerns about the affordability of services, rate increases and other essential services forming an increasing share of the household expenditure. The community’s expectations for improved service delivery has been reflected in the decisions which have been made, with respect to the amount of rate revenue and the service initiatives which are set out in the Annual Business Plan and funded within the 2019-2020 budget.

The focus in developing the 2019-2020 Budget, has been on ensuring that the Council can maintain the service standards for its existing range of services which are aimed at supporting the delivery of the Strategic Objectives outlined in the Councils’ Strategic Management Plan City Plan 2030 – Shaping our Future and that those services receive appropriate funding, balanced with ensuring that the community does not face significant increases in their annual rates contribution.
Financial sustainability underpins the Council’s Financial Goals and Outcomes which are set out in the Councils Long Term Financial Plan. In general terms, financial sustainability is ensuring that the Council has the financial resources to meet the long term service and infrastructure needs of the community, without any large rate revenue increases or cuts in service provision and/or standards.

From an operational perspective, financial sustainability is being able to manage the balance between keeping rate revenues increases to a minimum, maintaining existing service standards and expenditure on appropriate new services and necessary major capital investments and initiatives. The Adopted Budget achieves this objective.

To be truly financially sustainable, the Council needs to generate sufficient cash flow from its recurrent operations to meet existing principal loan repayments, spending on renewal works, while having the future financial capacity (i.e. cash reserves to meet future loan servicing) to undertake new investments in the Councils Infrastructure, services and activities. The Budget provides for sufficient cash flow to ensure that the Council can meet existing and new loan repayments and renewal capital expenditure from recurrent operations.

Table 1 provides a summary of the key elements of the 2019-2020 Budget.

**TABLE 1: 2019-2020 BUDGET**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Revenue Increase</td>
<td>4.25%</td>
</tr>
<tr>
<td>Average Residential Rate Increase (based on Week 50 valuations)</td>
<td>1.85%</td>
</tr>
<tr>
<td>Average Commercial Rate Increase (based on Week 50 valuations)</td>
<td>2.92%</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>$834,500</td>
</tr>
<tr>
<td>Underlying Operating Surplus *</td>
<td>$1.390 million</td>
</tr>
<tr>
<td>Expenditure on continuing services and programs (excluding NRM Levy)</td>
<td>$31.101 million</td>
</tr>
<tr>
<td>Expenditure on new initiatives and strategic operating projects (including Carry-forward projects)</td>
<td>$1.771 million</td>
</tr>
<tr>
<td>Total Capital Works Program (including Carry-forward projects)</td>
<td>$21.484 million</td>
</tr>
<tr>
<td>Non-Rate Operating Revenue (including Roads-to-Recovery Grant Funding)</td>
<td>$9.111 million</td>
</tr>
<tr>
<td>Net General Rate Revenue (excluding NRM Levy)</td>
<td>$34.958 million</td>
</tr>
<tr>
<td>NRM Levy **</td>
<td>$1.376 million</td>
</tr>
<tr>
<td>Capital Grant Funding</td>
<td>$4.113 million</td>
</tr>
</tbody>
</table>

* excludes carry forward expenditure ($336,000) and Net loss on Joint Ventures ($0.218,000)
** The Council is acting as a revenue collector for the Adelaide and Mount Lofty Ranges Natural Resources Board in this regard and does not retain this revenue.

**Rating Strategy**

The Council’s Long Term Financial Plan, sets out the Council’s Financial Goal, which is to be a City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner. To achieve this, a number of Financial Outcomes and financial targets have been established, one being Rate Stability. The Council has defined Rate Stability to mean Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

Details of the adopted Rating Strategy are detailed in Table 2 below:
TABLE 2: RATING STRATEGY

<table>
<thead>
<tr>
<th>Proposed Rate Revenue Increases</th>
<th>2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.25%</td>
</tr>
<tr>
<td>$'000</td>
<td></td>
</tr>
<tr>
<td>Gross General Rate Revenue</td>
<td>35,580</td>
</tr>
<tr>
<td>Net Increase on Previous Year</td>
<td>1,451</td>
</tr>
<tr>
<td>Operating Surplus/(Deficit) after rate revenue increases</td>
<td>835</td>
</tr>
</tbody>
</table>

### Residential Rate
- Average Rate (inclusive of new development) ($) 1,495
- Average Rate Difference ($) 27
- Increase from previous year (%) 1.85%
- Rate-in-the-Dollar 0.0022383

### Commercial Rate
- Average Rate (inclusive of new development) ($) 2,543
- Average Rate Difference ($) 72
- Increase from previous year (%) 2.92%
- Rate-in-the-Dollar 0.0026860

### Minimum Rate
- $1,023

### Percentage of Assessments on Minimum Rate
- 29.7%

It should be noted that while the Council has passed on the impact of the increase in the Solid Waste Levy, through the rate revenue increase from 3.75% to 4.25%, due to an increase in the property valuations, the average rate increase for both Residential (1.85%) and Commercial (2.92%) ratepayers, is less than the proposed average rate increase of 1.87% and 3.43% respectively, as contained in the Draft Budget which was released for public consultation.

It should be noted that while the increase in Rate Revenue adopted is in excess of the upper limit (4%) of the increase in Rate Revenue set out in the Council’s Long Term Financial Plan, the average rate revenue increase over the past 5 years is 2.7%, which is at the lower end of the Rate Revenue target, set out in the Councils Long Term Financial Plan. For the same period, the average residential rate increase is 1.74%, with the average Commercial Rate increase being 0.70%.

As such, from a financial management perspective, the Council has clearly delivered on its financial objectives.

### Rating Policy

A review of the Councils’ Rating Policy has been undertaken, with particular focus on the eligibility criteria for Rate Capping Rebates. Pursuant to Section 166 (1) (i) of the Act, the Council grants a rebate of General Rates, subject to certain eligibility criteria, to the principal ratepayer of a residential assessment, where that property is the principal place of residence and that the increase in the rates levied is a result of a rapid change in the property value.

For eligible residential ratepayers, the increase in rates levied will be capped at the greater of two (2) times the current financial years rate revenue increase, or two (2) times the upper limit of the Rate Revenue target set out in the Long Term Financial Plan, which is currently set at 4%.

Therefore for 2019-2020, the Rate Capping rebate was automatically applied (subject to eligibility) where the increase in rates payable from one financial year to the next financial year is greater than 8.5%.

The current eligibility criteria for the automatic rebate, is any such increase in property value, in whole or part is not resulting from:

- development greater than $10,000 undertaken on the property, or
- a change in land use for rating purposes on the date the Council declared its general rates; or
- a change in the zoning of the land; or
- a change in the ownership of the property since 1 January 2018.
Based on the review of the eligibility criteria and the nature of the development which has been undertaken, the Council resolved that the development threshold contained in (a) above, be increased from $10,000 to $30,000. The increase in the development threshold has no material impact on the 2019-2020 Budget.

OPTIONS

Nil

CONCLUSION

Through the adoption of its Long Term Financial Plan, the Council has remained committed to the attainment of Financial Sustainability. The development of the Annual Budget with reference to the financial targets and outcomes outlined in the LTFP, will ensure that the Council continues to move in the right direction to achieve its ultimate goal of Financial Sustainability.

The adoption of the 2019-2020 Annual Business Plan and Budget, will deliver an Operating Surplus of $835,000 based on a 4.25% increase in Rate Revenue, however, the underlying Operating Result, which excludes 2018-2019 Operating Project carry forwards and Operating Deficits from Regional Subsidiaries, for the provision of the Council's continuing services and programs and new initiatives, is an Operating Surplus of $1.390 million.

The adopted Rating Strategy will result in a $27 per annum increase on the rates payable for the Average Residential Ratepayer.

The Adopted Rating Strategy and Budget is based on sound financial management principles, which will deliver the Council’s Strategic Outcomes in a sustainable and equitable manner, for both today's and future ratepayers.

COMMENTS

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585, prior to the meeting.

RECOMMENDATION

It is recommended that the report be received and noted.

Cr Stock moved:

*It is recommended that the report be received and noted.*

Seconded by Mayor Bria and carried.
6.4 FINANCIAL SUMMARY – 2018-2019 PROVISIONAL RESULTS V ADOPTED BUDGET

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/02516
ATTACHMENTS: Nil

PURPOSE OF REPORT

This report provides a summary of the provisional 2018-2019 Operating Result and explanations for major variations from the 2018-2019 Adopted Budget.

BACKGROUND

Pursuant to 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).

Section 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 STRATEGIC DIRECTIONS & POLICIES

The financial information contained in this report is based on the provisional 2018-2019 Statement of Comprehensive, the 2018-2019 Adopted Budget and the various policies adopted by the Council as they impact the Councils financial performance (e.g. Rating Policy.)

FINANCIAL AND BUDGET IMPLICATIONS

The Council concluded the Financial Year with an Operating Surplus of $3.213 million, compared to the Council’s Adopted Operating Budget, which forecast an Operating Surplus of $1.430 million, as detailed in Table 1 below. Details of the drivers behind the variances from the Adopted Operating Surplus, are contained in the Discussion Section of this report.

TABLE 1: 2018-2019 OPERATING RESULT

<table>
<thead>
<tr>
<th></th>
<th>Actual $'000</th>
<th>Adopted Budget $'000</th>
<th>Variance $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>34,845</td>
<td>34,782</td>
<td>63</td>
</tr>
<tr>
<td>Statutory charges</td>
<td>1,761</td>
<td>1,730</td>
<td>31</td>
</tr>
<tr>
<td>User charges</td>
<td>3,701</td>
<td>3,678</td>
<td>23</td>
</tr>
<tr>
<td>Grants, subsidies and contributions</td>
<td>3,152</td>
<td>2,691</td>
<td>461</td>
</tr>
<tr>
<td>Investment Income</td>
<td>205</td>
<td>119</td>
<td>85</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>985</td>
<td>676</td>
<td>310</td>
</tr>
<tr>
<td>Net Gain - Equity Accounted Council Business</td>
<td>-</td>
<td>7</td>
<td>(7)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>44,648</td>
<td>43,683</td>
<td>965</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>13,822</td>
<td>14,712</td>
<td>890</td>
</tr>
<tr>
<td>Materials, contracts &amp; other expenses</td>
<td>18,419</td>
<td>17,849</td>
<td>(570)</td>
</tr>
<tr>
<td>Depreciation, Amortisation &amp; Impairment</td>
<td>8,706</td>
<td>8,699</td>
<td>(7)</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>489</td>
<td>889</td>
<td>400</td>
</tr>
<tr>
<td>Net Loss - Equity Accounted Council Business</td>
<td>-</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>41,435</td>
<td>42,276</td>
<td>841</td>
</tr>
<tr>
<td>Operating Surplus (Deficit)</td>
<td>3,213</td>
<td>1,407</td>
<td>1,806</td>
</tr>
</tbody>
</table>
EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil

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 2018-2019 Annual Financial Statements are due to be finalised in early September 2019 and are anticipated to be presented to the Council for adoption at the Council Meeting to be held on 4 November 2019. A full analysis of the audited statements will be presented for the consideration of the Audit Committee at its meeting on the 28 October 2019.

**Statement of Comprehensive Income**

**Operating Result**

The Council is reporting a provisional Operating Surplus of $3.213 million, compared to the Council Adopted Operating Budget, which forecasted an Operating Surplus of $1.430 million, a favourable variance of $1.783 million. The major variances from the Adopted Operating Surplus are outlined in Table 2 below;
TABLE 2: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS

<table>
<thead>
<tr>
<th>Reasons for the Variance</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funding received was $460,959 (17.1%) favourable to the Adopted Budget driven primarily by:</td>
<td>461,000</td>
</tr>
<tr>
<td>- as part of the 2019-2020 Federal Budget two (2) years of the Supplementary Local Road Funding was advanced to the Council resulting in an additional $358,000 of funding compared to the Adopted Budget; and</td>
<td></td>
</tr>
<tr>
<td>- as part of the Council 2018-2019 Budget, the Home and Community Care grant funding was not indexed. Receipt of the indexed funding has resulted in additional funding of $77,800.</td>
<td></td>
</tr>
<tr>
<td>Other Income was $309,891 favourable to the Adopted Budget driven primarily by:</td>
<td>310,000</td>
</tr>
<tr>
<td>- rebates from the Local Government Association Workers Compensation Scheme, General Insurance and Special Surplus Fund Distribution by Local Government Association Asset Mutual Fund relating to the 2017-2018 insurance premiums were greater than anticipated, resulting in a favourable variance. ($239,097); and</td>
<td></td>
</tr>
<tr>
<td>- a return of surplus funds to member Councils from the Local Government Financing Authority which was not accounted for in the Adopted Budget ($56,588).</td>
<td></td>
</tr>
<tr>
<td>Unfilled staff positions (including staff receiving payments through Income Protection Insurance and Workers Compensation Scheme), combined with the time to fill vacant positions have resulted in a favourable variance ($890,000) in Employee Expenses. The favourable variance has been offset by the use of temporary/contract staff to back fill vacant positions ($143,000).</td>
<td>748,000</td>
</tr>
<tr>
<td>The Line Marking Programme was unfavourable to the Adopted Budget due to a change in the 2018-2019 program to include the installation of bike sharrows, along designated cycling routes. The budget was not adjusted to account for this increased scope of works.</td>
<td>(90,000)</td>
</tr>
<tr>
<td>Legal expenses exceeded the Adopted Budget due to the size and nature of the planning enforcement actions which were required to be undertaken during the year.</td>
<td>(74,000)</td>
</tr>
<tr>
<td>Given the dry summer and inconsistent rainfall, the volume of water used to keep the Councils reserve and streetscapes to the service level expectations was higher than anticipated, resulting in an unfavourable variance to the Adopted Budget.</td>
<td>(96,000)</td>
</tr>
<tr>
<td>Due to sufficient cash reserves, combined with timing of key infrastructure works there was no need to take out new long term borrowings to fund the Council’s capital program, resulting in reduced financing costs and increase in investment income.</td>
<td>485,000</td>
</tr>
</tbody>
</table>

OPTIONS

There are no options associated with this issue.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.
Ms Sandra Di Blasio moved:

That the report be received and noted.

Seconded by Ms Brigid O'Neill and carried.
6.5 INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT

REPORT AUTHOR: Management Accountant
GENERAL MANAGER: General Manager, Corporate Service
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/01823
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with an update on the status of the Council’s major risks and the assessment of the Council’s Internal Controls.

BACKGROUND

The Audit Committee 2018 – 2019 Work Program provides for the Committee to:

- Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council’s external auditor, and if so whether action has been taken to have them addressed:
  - consider the range of documented internal control policies and procedures; and
  - whether they are being followed.

Develop and monitor the delivery of the Council’s Strategic Internal Audit Plan by:

- meeting with the Council’s Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan;
- assessing the appropriateness of the Council’s response to matters raised in the Internal Audit Reports; and
- annually review the appropriateness of the Council’s three (3) year Strategic Internal Audit Plan.

Review Management’s assessment of Council’s major risks.

Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:

- whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect
- whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets);
- whether there are significant risks that have been identified by Council’s insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and
- adequacy of insurance coverage.

At its meeting held on 15 October 2010, the Audit Committee requested that Risk Management be a standard item on its agenda and that a brief report be prepared for each meeting confirming that the risks remain current and that the identified existing controls remain in place.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Additional funding may be required to complete the work which has been requested by the Audit Committee, depending on the nature and timeframes set for any further work required to be undertaken.
EXTERNAL ECONOMIC IMPLICATIONS
Nil.

SOCIAL ISSUES
Nil.

CULTURAL ISSUES
Nil.

ENVIRONMENTAL ISSUES
Nil.

RESOURCE ISSUES
Refer to Financial Implications above.

RISK MANAGEMENT
The risks identified to be managed are contained in Attachment B.

CONSULTATION
- Committee Members
  Not Applicable.
- Community
  Not Applicable.
- Staff
  Where Applicable.
- Other Agencies
  Not Applicable.

DISCUSSION
Financial Internal Controls
A self-assessment of the Council's Financial Internal Controls was undertaken for the twelve (12) month period to June 2019. The Overall Organisational effectiveness rating for the assessment period was 4.85 out of a maximum score of 5 (2018: 4.87), which means that the controls in place have been consistently and or effectively applied in the majority of cases.

While there has been minimal movement in the overall assessment, as detailed in Table 1 below, there have been some significant movements within each assessment category.
TABLE 1: ASSESSED RATING BY CATEGORY

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2018</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>4.83</td>
<td>4.93</td>
<td>The decrease in the rating is due to a small number of incidents which have been identified where there has not been strict adherence to the established procedures. In reviewing the particular instances, these were assessed as presenting low risk to the organisation.</td>
</tr>
<tr>
<td>Liabilities</td>
<td>4.88</td>
<td>4.96</td>
<td>The decrease in the rating follows identification that several financial processes are required to be improved to reduce the relevant risk.</td>
</tr>
<tr>
<td>Revenue</td>
<td>4.84</td>
<td>4.78</td>
<td>The improvement is due to the review and update of rates policies and procedures following a change in staffing.</td>
</tr>
<tr>
<td>Expenses</td>
<td>4.88</td>
<td>4.83</td>
<td>The improvement in the assessment is due to weaknesses which were previously identified in the contracting classification being addressed.</td>
</tr>
<tr>
<td>Strategic Financial Planning</td>
<td>4.82</td>
<td>4.82</td>
<td>No changes in the rating</td>
</tr>
<tr>
<td>Financial Governance</td>
<td>4.75</td>
<td>4.75</td>
<td>No changes in the rating</td>
</tr>
</tbody>
</table>

Attachment A contains a summary report on the assessment which has been undertaken and the action plans which have been developed to strengthen the control activities require improvements.

Risk Management Assessment

At the Audit Committee meeting held on 19 October 2011, a report detailing the Council’s Major Risks was considered by the Committee.

As at the time of preparing this report, no additional risks, to those identified as part of the Risk Workshop held on 27 July 2015, have been identified. Of those identified risks, eleven (11) risks were identified with a target risk greater than the residual risk as a result of exiting mitigating controls that have been implemented by the Council. The status of the risks requiring additional mitigation strategies and controls is contained in Attachment B.

Given that risk environments, and the risk appetite of an organisation changes over time. Bentley’s have been engaged to conduct a risk review workshop. To ensure that both Operational and Strategic Risks are identified, focus group/consultation sessions will be undertaken with senior staff. These risks will be presented to Audit Committee for evaluation and assessment.

The Internal Audit Plan will be updated with reference to the risk identified which require addressed.

OPTIONS
Nil.

CONCLUSION
Nil.

COMMENTS
Nil.
RECOMMENDATION

That the report be received and noted.

Mayor Bria moved:

That the report be received and noted.

Seconded by Ms Sandra Di Blasio and carried.
6.6 INSURANCE COVERAGE

REPORT AUTHOR: Management Accountant
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4541
FILE REFERENCE: S/1823
ATTACHMENTS: A

PURPOSE OF REPORT
The purpose of this report is to provide the Audit Committee with information regarding the Council’s 2019-2020 Insurance Coverage.

BACKGROUND
The Council’s Insurance Coverage is placed with Local Government Risk Services (LGRS). LGRS was established to manage and service the unique insurance and risk management needs of Local Government in South Australia. LGRS comprises of number of self-managed funds, these being the Asset Mutual Fund, Mutual Liability Scheme and workers compensation scheme.

RELEVANT STRATEGIC DIRECTIONS & POLICIES
Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS
For the 2019-2020 Financial year, the value of insurance premiums placed with the Asset Mutual Fund is $506,221. The breakdown of premiums per policy is set out in Table 1 below;

<table>
<thead>
<tr>
<th>Policy</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Insurance</td>
<td>$271,911</td>
</tr>
<tr>
<td>Income Protection</td>
<td>$208,856</td>
</tr>
<tr>
<td>Journey Insurance</td>
<td>$14,874</td>
</tr>
<tr>
<td>General &amp; Products Liability</td>
<td>$9,531</td>
</tr>
<tr>
<td>Personal Accident</td>
<td>$1,769</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$506,941</strong></td>
</tr>
</tbody>
</table>

The Council has separate coverage for Workers Compensation and Public Liability. The premium associated with these policies is $546,545 and $372,708 respective. The Council’s total cost for insurance is therefore $1.426m.

Both the Workers Compensation Scheme and Mutual Liability Scheme, provide performance rebates based on prior year’s performances, of both the Council’s claims performance and audits and the overall performance of the funds. As a result of the organisation’s performance in these two areas, the performance bonuses which have been received are $228,456 from Workers Compensation Scheme and $111,887 from the Mutual Liability Fund. Net of performance bonuses, the 2019-2020 insurance cost is $1.085 million.

EXTERNAL ECONOMIC IMPLICATIONS
Nil

SOCIAL ISSUES
Nil
CULTURAL ISSUES
Nil

ENVIRONMENTAL ISSUES
Nil

RESOURCE ISSUES
Nil

RISK MANAGEMENT
Nil

CONSULTATION
• Committee Members
  Not Applicable
• Community
  Not Applicable
• Staff
  Not Applicable
• Other Agencies
  Not Applicable

DISCUSSION
The Council has in place the following insurance policies, which have been renewed for the 2019-2020 Financial year.

LGA Asset Mutual Fund
The Asset Mutual Fund provides coverage for Council owned properties including but not limited to, buildings, structures, plant, machinery, contents of every description, motor vehicles and mobile plant. Cover for the Council’s properties and contents under the Asset Mutual Fund, are required to be at replacement value of the respective assets in a condition and construction in an “as new state”.

Under the current policy, damage to roads, footpaths and kerbing infrastructure, is not covered by the Asset Insurance Policy. Neither this Council, nor any other Council in the State, purchase insurance for their respective Civil Infrastructure Network. The basis for this is that due to the significant value of the Civil infrastructure Network which Local Government is responsible for, the cost of taking out insurance would significantly outweigh the likely cost of any claim and therefore is uneconomical to cover.

Income Protection Fund
The Income Protection Policy provides Income Protection and Capital benefits coverage to the City of Norwood, Payneham & St Peters for and on behalf of staff. The scope of the cover under this Policy includes:
• Capital Benefits for Death and Permanent Total Disablement (Accidents other than Journey claims); and
• Weekly benefits for All Illness or Injury.
General and Products Liability

The General & Products Policy provides coverage to the City of Norwood Payneham & St Peters on behalf of:

- all uninsured ad hoc or occasional hirers of Norwood Concert Hall and other Council owned or controlled facilities;
- all regular user groups (as declared) of Council owned or controlled facilities; and
- skip bins which are placed on Council Land

for Death or Personal Injury and Loss or Damage to Property happening during the Period of Insurance and caused by an occurrence in connection with the hire of the Council facility.

Additional cover is also provided to the Staff Social Club, participants of the Norwood Christmas Pageant and buskers who are permitted to operate in the Council area who would not otherwise have liability insurance.

Personal Accident

Personal Accident Insurance provides coverage for Death and Total or Partial Disablement for the Insured Parties listed below:

a. Elected Members and their accompanying partners/spouses;
b. employees and their accompanying Partners/Spouses, (excluding claims where the employee is entitled to benefits under any Workers Compensation legislation);
c. volunteers whilst engaged in any voluntary work directly or indirectly connected with or on behalf of the Council, including individual members of any Trust or Committee formed by Council;
d. persons whilst engaged in any Government Labour Market, Training or Job Creation Projects; and
e. members of the Council's Development Assessment Panel and Audit Committee.

Journey Injury

Journey Injury Insurance provides coverage for Bodily Injury to Employees whilst engaged in a journey to and from their place of residence and place of work and between a place of training and place of work. The cover has been extended to provide coverage for Bodily Injury to Employees for private travel, whilst they are driving or riding as a passenger in a registered motor vehicle or motorcycle, bicycle or wheelchair on a public thoroughfare; or riding as a fare paying passenger in any form of public transport including but not limited to trains, trams, buses and taxis or any properly licensed aircraft travelling over recognised air routes.

A summary of each insurance policy is contained in Attachment A.

Public Liability

The Council is a member of the Local Government Mutual Liability Fund. This covers the Council's risk associated with people tripping over on the footpaths, falling trees, etc. This cover is unlimited and the policy is an all Civil Liability cover and takes into account public liability, professional indemnity, director and officer indemnity and any other action in which the Council may be sued.

Workers Compensation

The Council is a member of the Local Government Workers Compensation Scheme. This is a self-funded Scheme which provides cover for employees injured in a work related accident.

OPTIONS

Not Applicable.

CONCLUSION

Nil
COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Ms Sandra Di Blasio moved:

That the report be received and noted.

Seconded by Mayor Bria and carried.
6.7 2018-2019 INSURANCE CLAIMS

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S1823
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with the details of the insurance claims which have been made against the Council for the 2018-2019 Financial year.

BACKGROUND

The Committee has requested that a report be presented to the Audit Committee on an annual basis, detailing any claims made against the Council.

Claims which are made against the Council are assessed by the Council’s Insurers, the Local Government Risk Services, under one of the following insurance policies:

- Public Liability (Mutual Liability Scheme); or
- Asset Mutual Fund (includes Motor Vehicle Claims).

Both the Local Government Mutual Liability Scheme (Mutual Liability) and the Local Government Asset Mutual Fund (Asset Mutual Fund), are self-insured funds managed and operated by Local Government Risk Services. The Mutual Liability Scheme is an indemnity scheme that has been established pursuant to Schedule 1, Part 1 2(1) (a) of the Local Government Act 1999 and provides unlimited civil liability. The Asset Mutual Fund has been established pursuant to Schedule 1, Part 1 2(1) (c) of the Local Government Act 1999.

It should be noted that the Mutual Liability Scheme is not a commercial insurance policy, but rather provides civil liability cover to Councils based on negligence, not merely as to whether damage or injury has occurred.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

For the 2018-2019 financial year, insurance premiums to the value of $634,877 were paid by the Council to Local Government Risk Services (LGRS) for insurances covered by the Mutual Liability Scheme and the Asset Mutual Fund. Premiums were offset by performance bonuses and special distributions to the value of $144,151, with the net cost of insurance premiums being $490,726.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.
RESOURCES ISSUES
Not Applicable.

RISK MANAGEMENT
Pursuant to Section 142 (1) of the Local Government Act, the Council must take out and maintain insurances to cover civil liabilities.

The Council is a member of the Local Government Association Mutual Liability Scheme, which constitutes insurance for the purposes of Section 142.

The Council insures other risks with Local Government Risk Services.

CONSULTATION
- Elected Members
  Not Applicable
- Community
  Not Applicable
- Staff
  Not Applicable
- Other Agencies
  Not Applicable

DISCUSSION
For the 2018-2019 financial year, fifty-three (53) claims were lodged against the Council under the Mutual Liability Scheme. As illustrated in Figure 1 below, the number of claims lodged in 2018-2019 is slightly above the five (5) year average of 50 claims.

FIGURE 1: NUMBER OF PUBLIC LIABILITY CLAIMS

The nature of the claims, as illustrated in Figure 2 below relate predominately to trips and falls which occur on footpaths and damage which is alleged to have been caused by street trees.
FIGURE 2: NATURE OF CLAIMS FOR 2018-2019

It should be noted that Councils are afforded immunity from civil liability under the Civil Liability Act 1936. Pursuant to Section 42 of the Civil Liability Act 1936, a road authority is not liable in tort for failure to maintain, repair, or renew a road or to take action to avoid or reduce the risk of harm that results from the failure to maintain, repair or renew a road. The definition of a road also includes bridges, alleys, laneways, car parks, footpaths and any structure associated with a road. In this instance, local government can claim immunity for public liability claims that are associated with the Council roads, footpaths and kerbs. Unless the loss is a result of negligence on the Council’s behalf, the Council will claim the immunity afforded by the Act.

In addition, the Local Government Act 1999, provides Councils with immunity from liability for damage and loss to property caused by street trees (or trees on reserves). Pursuant to Section 245 of the Local Government Act 1999, the Council is not liable for damage which results from planting a tree in a road or the existence of a tree growing in the road. Having said that, if the Council has been made aware of a risk of damage that a street may pose and the Council fails to take action, the Council may be liable for damage and or loss.

Of the claims which have been lodged during 2018-2019, forty-five (45) claims were denied, with nineteen (19) being denied through the application of Section 245 of the Local Government Act 1999 and twelve (12) denied under Section 42 of the Civil Liability Act 1936. Of the remaining fourteen (14), twelve (12) were referred to third parties as the claim either related to damage or loss that occurred on non-Council owned property, or was caused by persons other than the Council, (i.e. contractors engaged by the Council), three (3) were denied due to no evidence being presented which identified that the Council was responsible for the damage and one (1) claim was denied as the accident occurred on the crossover to a private property.

Eight (8) claims are still in the process of being investigated and assessed.

Details of the claims are contained in Attachment A.

With respect to claims under the Asset Mutual Fund, thirty-three (33) claims have been made, with majority of the claims made relating to motor vehicle claims. The breakdown of the claims is detailed in Table 1 below;

<table>
<thead>
<tr>
<th>Nature of Claim</th>
<th>Number of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Damage or loss to Council owned Property</td>
<td>9</td>
</tr>
<tr>
<td>Motor Vehicle Claims</td>
<td></td>
</tr>
<tr>
<td>• Collided with Parked Car</td>
<td>4</td>
</tr>
<tr>
<td>• Collided with Stationary Object</td>
<td>4</td>
</tr>
<tr>
<td>(i.e. pole, gate etc.)</td>
<td></td>
</tr>
<tr>
<td>• Sideswiped by third party vehicle</td>
<td>8</td>
</tr>
<tr>
<td>• Collision with third party vehicle</td>
<td>2</td>
</tr>
<tr>
<td>• General</td>
<td>6</td>
</tr>
</tbody>
</table>
OPTIONS
Not Applicable.

CONCLUSION
Nil

COMMENTS
Nil

RECOMMENDATION
The report be received and noted.

Cr Stock moved:

The report be received and noted.

Seconded by Ms Brigid O'Neill and carried.
6.8 FINANCE POLICIES

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: S/01823
ATTACHMENTS: A - F

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with a number of draft finance related policies for consideration and endorsement, prior to the Policies being presented to the Council for consideration and adoption.

BACKGROUND

Pursuant to Section 125 of the Local Government Act 1999, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of the Council's records.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Documentation of finance policies relating to the Council's financial transactions improves transparency and subject to changes in Accounting Standards or Legislation, ensures consistent treatment over subsequent reporting periods.
CONSULTATION

- Committee Members
  Nil

- Community
  Nil

- Staff
  Nil

- Other Agencies
  Nil

DISCUSSION

In accordance with the Finance Policy Timetable, a review a number of policies, as contained in Attachments A, B, C, D, E and F has been undertaken and minor amendments to the policies, as detailed in Table 1 below, are presented to the Committee for consideration and recommendation to the Council for adoption, subject to any amendment which may be considered appropriate by the Audit Committee.

**TABLE 1: PROPOSED POLICY AMENDMENTS**

<table>
<thead>
<tr>
<th>Policy</th>
<th>Details of Proposed amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Account (Attachment A)</td>
<td>Change the review process from 24 months to 36 months.</td>
</tr>
<tr>
<td>Petty Cash (Attachment B)</td>
<td>Change the review process from 24 months to 36 months.</td>
</tr>
<tr>
<td>Disposal of Land &amp; Assets (Attachment C)</td>
<td>Only administrative updates have been made and no major amendments recommended.</td>
</tr>
<tr>
<td>Assets Capitalisation and Depreciation Policy &amp; Guidelines (Attachment D)</td>
<td>Only administrative updates have been made and no major amendments recommended.</td>
</tr>
<tr>
<td>Fringe Benefits Tax (Attachment E)</td>
<td>Change the review process from 24 months to 36 months.</td>
</tr>
<tr>
<td>Salaries and Wages Administration Policy (Attachment F)</td>
<td>Only administrative updates have been made and no major amendments recommended.</td>
</tr>
</tbody>
</table>

OPTIONS

The adoption of the policies can be recommended to the Council with or without amendment.

CONCLUSION

To ensure compliance with Section 125 of the Act, the Council must have in place appropriate policies, practices and procedures which assist the Council to carry out its activities in an efficient and orderly manner. It is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council’s overall objectives.

COMMENTS

Nil
RECOMMENDATION

1. That the Audit Committee notes that the suite of Finance Policies (as set out below) have been reviewed and notes and endorses the minor amendments which have been proposed:
   - Bank Accounts;
   - Petty Cash;
   - Disposal of Land & Assets;
   - Assets Capitalisation and Depreciation Policy and Guidelines;
   - Fringe Benefits Tax; and
   - Salaries and Wages Administration Policy.

2. That the Audit Committee recommends to the Council that the Financial Policies (as set out below) and as amended, be approved:
   - Bank Accounts (Attachment A);
   - Petty Cash (Attachment B);
   - Disposal of Land & Assets (Attachment C);
   - Assets Capitalisation and Depreciation Policy and Guidelines (Attachment D);
   - Fringe Benefits Tax (Attachment E); and
   - Salaries and Wages Administration Policy (Attachment F).

Mayor Bria moved:

1. That the Audit Committee notes that the suite of Finance Policies (as set out below) have been reviewed and notes and endorses the minor amendments which have been proposed:
   - Bank Accounts;
   - Petty Cash;
   - Disposal of Land & Assets;
   - Assets Capitalisation and Depreciation Policy and Guidelines;
   - Fringe Benefits Tax; and
   - Salaries and Wages Administration Policy.

2. That the Audit Committee recommends to the Council that the Financial Policies (as set out below) and as amended, be approved:
   - Bank Accounts (Attachment A);
   - Petty Cash (Attachment B);
   - Disposal of Land & Assets (Attachment C);
   - Assets Capitalisation and Depreciation Policy and Guidelines (Attachment D);
   - Fringe Benefits Tax (Attachment E); and
   - Salaries and Wages Administration Policy (Attachment F).

Seconded by Cr Stock and carried.
6.9 COMMUNITY SERVICES – 2019 QUALITY AGED CARE AUDIT

REPORT AUTHOR: Manager, Community Services
GENERAL MANAGER: General Manager, Governance & Community Affairs
CONTACT NUMBER: 8366 4600
FILE REFERENCE: S.05378
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to advise the Audit Committee of the results of the Australian Government’s Quality Aged Care and Safety Commission’s Audit of the Council’s Home Support services and programs.

BACKGROUND

The Council receives grant funding from the Australian Government's Department of Health's Commonwealth Home Support Program, to deliver a range of services and programs for frail older citizens to remain in their homes and connected to their community.

As part of the Commonwealth Home Support Program, the Council is funded to deliver a range of Home Support Services and Programs which includes Domestic Assistance, Personal Care, Home Maintenance, Home Modifications, Shopping Transport (Community Bus and Car), and Social Well Being Programs such as Excursions, Stepping Out and Gentle Exercise. During the period 1 July 2018 to 30 June 2019, approximately 803 citizens accessed the services and associated programs.

It is a condition of the Council’s Funding Agreement with the Australian Government's Department of Health, that all service and programs offered to older citizens are compliant with the National Home Care Standards. To ensure compliance against these Standards, the Council’s Home Support Program is audited by the Australian Government’s Quality Aged Care and Safety Commission every three (3) years.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable

FINANCIAL AND BUDGET IMPLICATIONS

It is a condition of the Council’s funding agreement with the Australian Government's Department of Health that all services and programs offered to older citizens are compliant with the National Home Care Standards. To ensure compliance against these Standards the Council’s Home Support program is audited by the Australian Government’s Quality Aged Care and Safety Commission every three (3) years.

EXTERNAL ECONOMIC IMPLICATIONS

Nil.

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil
RESOURCE ISSUES

The Audit primarily involved staff from the Council’s Community Care Services Unit. Various staff from across the organisation also assisted with preparation of supporting evidence for the Audit.

RISK MANAGEMENT

Compliance with the National Home Care Standards is a requirement of the Council’s Funding Agreement with the Australian Government. The Standards focus on outcomes for older citizens and reflects the level of care and services that the community can expect from the service provider and provides a framework of the core requirements for quality and safety.

The Australian Government may take appropriate action should service providers not comply with the Standards. Action may range from requiring the service provider to undertake an action plan to address the non-compliance, to revocation of approved provider status for non-compliances that are deemed serious and placing citizens at risk.

Compliance with the Standards ensures the Council’s Service and Programs are of a high quality for citizens enabling the Council to continue to receive grant funding and offer Home Support service and programs to older citizens.

CONSULTATION

- **Elected Members**
  Not Applicable.

- **Community**
  Not Applicable.

- **Staff**
  Not Applicable.

- **Other Agencies**
  Not Applicable.

DISCUSSION

On 3 June 2019, the Council’s Home Support Program was audited by the Australian Government’s Quality Aged Care and Safety Commission Unit.

The Audit assessed the quality of the Council’s services and programs against the National Home Care Standards and included a combined total of eighteen (18) outcomes that need to be met.

These Standards include the following:

- **Effective Management** - the Council is required to demonstrate effective management processes which are based on a continuous improvement approach and reflect the Provider’s ability to manage, plan and deliver the services. This Standard assesses the organisation’s processes and practices with respect to corporate governance, community understanding, regulatory compliance, risk and Human Resource Management.

- **Appropriate Service Access and Delivery** – the Council is required to demonstrate that processes and practices are in place to facilitate access for all citizens particularly those who are vulnerable (i.e. financially disadvantaged or from a culturally and linguistically diverse background). This Standard also assesses how the services are delivered and whether the outcomes achieved contribute towards the well-being of the citizen in receipt of the service.

- **Service Users Rights and Responsibilities** - the Council is required to demonstrate that it provides citizens who receive services with information concerning their rights and responsibilities which includes information concerning advocacy and how to provide feedback and express concerns regarding services and programs.
The Audit included consideration of a range of the Council's Strategic Planning, Governance, Human Resources and Financial and Risk Management systems and practices. A Self-Assessment Report was prepared for the auditors, detailing how the Council met the National Home Care Standards. Additional documents considered as part of the Audit included:

- Strategic Plans – CityPlan2013, 2019 Access & Inclusion Strategy – A City for All;
- City of Norwood Payneham & St Peters Age Friendly Wayfinding Strategy;
- Annual Report 2017-208;
- Bi-lingual Staff Register;
- Complaints Log;
- 2019-2020 Work Health and Safety Plan;
- Hazard Risk Register;
- National Criminal History Checks Register for Staff and Contractors;
- Client Files;
- Corporate Policies and Procedures;
- Home Support Program Manual;
- External Contracts with Contractors;
- Client Information pack; and
- Demographic data relating to older citizens living in the City of Norwood Payneham & St Peters.

Auditors also interviewed staff, Volunteers, contractors and service recipients and observed staff handling telephone enquiries and engaging with participants in one of the Council’s Social Programs.

The Council’s Home Support program successfully completed the Audit and met all eighteen (18) outcomes. A copy of the report is provided in Attachment A.

**OPTIONS**

This report is provided for information purposes only.

**CONCLUSION**

Nil

**COMMENTS**

Nil

**RECOMMENDATION**

That the report be received and noted.

Ms Brigid O'Neill moved:

That the report be received and noted.

Seconded by Mayor Bria and carried.
7. CONFIDENTIAL REPORTS
   Nil

8. OTHER BUSINESS
   Nil

9. NEXT MEETING
   Monday 28 October 2019

10. CLOSURE
    There being no further business the Presiding Member declared the meeting closed at 7.49pm.

______________________________________
Cr John Minney
PRESIDING MEMBER

Minutes Confirmed on ____________________________ (date)