



# **DISTRICT COUNCIL OF GRANT**

## **AUDIT COMMITTEE**

### **Agenda for a Meeting of the Committee to be held**

On Tuesday 18 June 2019  
At Council Chambers, 324 Commercial Street West, Mount Gambier  
Commencing 5.30pm

#### **OUR MISSION**

**“To provide a range of services which meet  
the environmental, social and economic  
needs of our community.”**



## NOTICE OF THE AUDIT COMMITTEE MEETING

Pursuant to Section 87 of the Local Government Act 1999, notice is hereby given that the meeting of the District Council of Grant Audit Committee will be held on **Tuesday 18 June 2019 at 5.30pm** at the Council Chambers, 324 Commercial Street West, Mount Gambier.

A handwritten signature in black ink, appearing to be "JF", written over a faint grid background.

Jane Fetherstonhaugh  
**ACTING CHIEF EXECUTIVE OFFICER**

### **DISTRIBUTION LIST -**

#### **COMMITTEE MEMBERS**

<i>Mayor Richard Sage</i>	<i>(Presiding Member)</i>
<i>Cr Megan Dukalskis</i>	<i>(Council Member)</i>
<i>Cr Bruce Bain</i>	<i>(Council Member)</i>
<i>Cr Barry Kuhl</i>	<i>(Council Member)</i>
<i>Mr Aaron Peek</i>	<i>(Independent Member)</i>

#### **COUNCIL OFFICERS**

*Acting Chief Executive Officer, Mrs Jane Fetherstonhaugh*  
*Team Leader Finance & Customer Service, Mr Gary Button*

#### **Disclaimer**

The recommendations contained in the agenda are subject to confirmation by council. The District Council of Grant warns that any person(s) who has an application lodged with council, should rely only on written confirmation of the decision made at the council meeting. No responsibility whatsoever is implied or accepted by the District Council of Grant for any act, omission, statement or intimation taking place during a council meeting.

**ORDER OF BUSINESS**

- 1. OPENING & WELCOME**
- 2. ATTENDANCE**
- 3. APOLOGIES FOR ABSENCE**
- 4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**
- 5. REPORTS FROM OFFICERS**
  - 5.1 2018-19 Interim External Audit**
  - 5.2 End of Financial Year Approach and Reporting Timetable**
  - 5.3 Review Draft Annual Business Plan/Budget**
  - 5.4 Leave Balances**
- 6. CONFIDENTIAL ITEMS**
- 7. BUSINESS WITHOUT NOTICE**
- 8. NEXT MEETING**
- 9. CLOSURE**

**1. OPENING & WELCOME**

**2. ATTENDANCE**

**3. APOLOGIES FOR ABSENCE**

**4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**STAFF RECOMMENDATION:**

*That the minutes of the District Council of Grant Audit Committee meeting held 26 March 2019 be taken as read and confirmed as a true and accurate record of the proceedings of that meeting.*

## 5. REPORTS FROM OFFICERS

### 5.1 2018-19 Interim External Audit

<b>DATE:</b>	<b>18 June 2019</b>
<b>AUTHOR:</b>	<b>Gary Button -Team Leader Finance &amp; Customer Service</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Jane Fetherstonhaugh - Acting CEO</b>
<b>APPLICANT/PROPONENT:</b>	<b>Nil</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>Nil</b>
<b>PREVIOUS MEETING</b>	<b>Nil</b>
<b>REFERENCES:</b>	
<b>FILE NO:</b>	<b>7.8.1/1</b>
<b>ATTACHMENTS:</b>	<b>External Audit Management Report</b>
<b>IN CONFIDENCE:</b>	<b>No</b>

#### **PURPOSE OF REPORT:**

To report on the comments provided from Councils Auditors following the 2019 Interim Audit.

#### **BACKGROUND:**

The External Audit Report and Management Letter are provided for the information of the Audit Committee.

#### **COMMENT:**

A summary of the Auditors observations and recommendations, including responses from management have been included in the attachment.

#### **POLICY REQUIREMENTS:**

There are no known policy requirements related to this item.

#### **LEGISLATIVE REQUIREMENTS:**

Section 129 and 130, Local Government Act 1999

#### **STRATEGIC IMPLICATIONS:**

There are no known strategic implications in regard to this item.

#### **FINANCIAL IMPLICATIONS:**

There are no known financial implications in regard to this item.

#### **CONSULTATION:**

Audit Committee.

#### **STAFF RECOMMENDATION:**

***That the Audit Committee note the external auditor's interim management letter for 2018-19 and Managements response to the Auditors.***

## 5.2 End of Financial Year Approach and Reporting Timetable

<b>DATE:</b>	<b>18 June 2019</b>
<b>AUTHOR:</b>	<b>Gary Button - Team Leader Finance &amp; Customer Service</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Jane Fetherstonhaugh - Acting CEO</b>
<b>APPLICANT/PROPONENT:</b>	<b>Nil</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>Nil</b>
<b>PREVIOUS MEETING</b>	<b>Nil</b>
<b>REFERENCES:</b>	
<b>FILE NO:</b>	<b>7.73.1/2</b>
<b>ATTACHMENTS:</b>	<b>EOY Timetable</b>
<b>IN CONFIDENCE:</b>	<b>No</b>

### **PURPOSE OF REPORT:**

This report provides the draft timetable for the end of financial year processes and preparation and adoption of the financial statements for the year ended 30 June 2019.

### **BACKGROUND:**

Section 127 of the Act requires us to prepare financial statements (the statements) in respect of each financial year. They must be prepared as soon as practicable after the end of the year (no later than the second Friday in September) and be audited by our external auditor.

In addition, the committee is required to review the statements to ensure that they 'present fairly the state of affairs of the council' as at the end of the financial year and Council must formally adopt the audited statements. A copy must be forwarded to the Minister for State/Local Government Relations (the Minister) and the SA Local Government Grants Commission by 30 November each year.

### **COMMENT:**

The attached timetable will enable us to meet our statutory reporting requirements. This provides for:

- the annual stock take of stores inventory
- the controlled close off of debtors and creditors ledgers
- determination of annual and long service leave liabilities in accordance with accounting standard AASB 119 Employee Benefits
- accounting for assets in accordance with accounting standards AASB 116 Plant Property and Equipment and AASB 136 Impairment of Assets
- inclusion of all relevant accrual and pre-payment adjustments
- reconciliation of all relevant Balance Sheet accounts
- preparation of the draft statements
- review of the draft statements by management and the committee
- external audit
- adoption by Council
- distribution of the adopted statements to the Minister and the Grants Commission.

**POLICY REQUIREMENTS:**

There are no policy requirements in regard to this item.

**LEGISLATIVE REQUIREMENTS:**

The Local Government Act 1999 (the Act) and Local Government (Financial Management) Regulations require that we prepare financial statements that comply with certain provisions, including compliance with Australian accounting standards, the format of the Model Financial Statements (model statements) and legislated timeframes.

**STRATEGIC IMPLICATIONS:**

There are no strategic implications in regard to this item.

**FINANCIAL IMPLICATIONS:**

There are no policy requirements in regard to this item.

**CONSULTATION:**

Finance Staff.

**STAFF RECOMMENDATION:**

***That the Audit Committee note the contents of the report and the proposed approach and reporting timetable for the preparation, review and adoption of the financial statements for the year ended 30 June 2019.***

### 5.3 Review Draft Annual Business Plan/Budget

<b>DATE:</b>	<b>18 June 2019</b>
<b>AUTHOR:</b>	<b>Gary Button - Team Leader Finance &amp; Customer Service</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Jane Fetherstonhaugh - Acting CEO</b>
<b>APPLICANT/PROPONENT:</b>	<b>Nil</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>Nil</b>
<b>PREVIOUS MEETING</b>	<b>Nil</b>
<b>REFERENCES:</b>	
<b>FILE NO:</b>	<b>7.11.1/1</b>
<b>ATTACHMENTS:</b>	<b>Draft Annual Business Plan and Budget Amended Rating Policy (FINPOL 19)</b>
<b>IN CONFIDENCE:</b>	<b>No</b>

#### **PURPOSE OF REPORT:**

To review the Draft Annual Business Plan 2019-20 that will be used for community consultation.

#### **BACKGROUND:**

On 20 May 2019 Council endorsed the Draft 2019-20 Annual Business Plan and Budget and the proposed amendment to Rating Policy (FINPOL 19).

The Draft Annual Business Plan is currently available for Public Consultation from 24 May 2019 to 17 June 2019 with responses considered at Council's meeting scheduled for 24 June 2019.

#### **COMMENT:**

As per Section 123 of the Local Government Act 1999 a Council must consult on a Draft Annual Business Plan. The Draft Annual Business Plan 2019-20 includes summary information on Council's objectives and activities it intends to undertake to achieve those objectives. Consequently information on the adopted Long Term Financial Plan (LTFP) framework which will guide the development of the Annual Budget will be included. The LTFP provides the high level budget parameters for the ensuing 10 years and basis for development of the Annual Budget 2019-20 having regard to long term sustainability of Council operations. The Long Term Financial Plan was adopted by Council at its meeting 1 April 2019.

As previously advised, it is important to understand the impact of increase in property valuations on the distribution of rates. Where these increases are significant, such as the 20% increase in Primary Production valuations experienced this year, there is the potential for large increases in rates payable by individual property owners to occur.



Proposed rate increases for the Limestone Coast Councils are:

Tatiara	3.39%		
Naracoorte	1.60%		
Robe	2.60%		
Wattle Range	0.00%	(plus Growth)	
Cist of Mount Gambier	4.50%		
Kingston	4.10%		
<b>Average Increase</b>	<b>2.70%</b>		

Further rate modelling has been carried out using a 4% cap on Primary Production Rates. After numerous scenarios being modelled, the 4% cap with no differential rates gives the best scenario in terms of evening out the rate burden in the most equitable manner as per the tables below:

Primary Production Rate Movement (Excluding Non Rateable Properties)		
Range	Number of Assessments	% of Total Assessments
-10000% - -1%	185	7.05%
0% - 0%	41	1.56%
1% - 1%	140	5.34%
2% - 2%	233	8.88%
3% - 3%	127	4.84%
<b>4% - 4%</b>	<b>1842</b>	<b>70.22%</b>
5% - 5%	0	0.00%
6% - 6%	0	0.00%
7% - 7%	3	0.11%
8% - 8%	2	0.08%
9% - 9%	0	0.00%
10% - 10%	0	0.00%
11% - 20%	6	0.23%
21% - 50%	20	0.76%
51% - 100%	1	0.04%
101% - 42000%	23	0.88%
<b>Total</b>	<b>2623</b>	<b>100.00%</b>

Residential Rate Movement (Excluding Non Rateable Properties)		
Range	Number of Assessments	% of Total Assessments
-10000% - -1%	329	14.44%
0% - 0%	102	4.48%
1% - 1%	456	20.02%
<b>2% - 2%</b>	<b>1017</b>	<b>44.64%</b>
3% - 3%	116	5.09%
4% - 4%	35	1.54%
5% - 5%	22	0.97%
6% - 6%	29	1.27%
7% - 7%	95	4.17%
8% - 8%	26	1.14%
9% - 9%	11	0.48%
10% - 10%	2	0.09%
11% - 20%	12	0.53%
21% - 50%	14	0.61%
51% - 100%	1	0.04%
101% - 42000%	11	0.48%
<b>Total</b>	<b>2278</b>	<b>100.00%</b>

This model results in an overall increase in rates from last financial year of \$237,700 or 3.04%.

The document will be subject to a legislative 21 day consultation. Over that period there will be an opportunity for the community to ask questions online and/or make a submission via Council's website or alternatively by post. Council will receive deputations from the community at a public meeting which will be held on Monday 17 June 2019 from 4:30pm to 5:30pm.

**STAFF RECOMMENDATION:**

***That the Audit Committee note the contents of the report and the proposed approach and timetable for the Community Consultation of The Draft 2019-20 Annual Business Plan and Budget and note the amended Rating Policy (FINPOL 19).***

#### 5.4 Leave Balances

<b>DATE:</b>	<b>18 June 2019</b>
<b>AUTHOR:</b>	<b>Gary Button -Team Leader Finance &amp; Customer Service</b>
<b>RESPONSIBLE OFFICER:</b>	<b>Jane Fetherstonhaugh - Acting CEO</b>
<b>APPLICANT/PROPONENT:</b>	<b>Nil</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>Nil</b>
<b>PREVIOUS MEETING</b>	<b>Nil</b>
<b>REFERENCES:</b>	
<b>FILE NO:</b>	<b>12.87.1/2</b>
<b>ATTACHMENTS:</b>	<b>Leave Accrual Report</b>
<b>IN CONFIDENCE:</b>	<b>No</b>

#### **PURPOSE OF REPORT:**

To report on the levels of staff leave and actions taken by Management to reduce the total amount of leave liability.

#### **BACKGROUND:**

In terms of the Audit Committee's Work Plan and Meeting Schedule a review of Employee Leave Balances are to be provided for the information of the Audit Committee in June annually.

#### **COMMENT:**

The focus of the Management Team by implementing Leave Management Plans has had a positive impact on the overall leave liability in hours.

Annual Leave accrual recorded in hours has increased by 3.0% since 2017 with only a moderate increase of 1.2% over the past 11 months.

Long Service accrual recorded in hours has decreased by 31.3% since 2013 with only a nominal increase of 0.2% over the past 11 months.

Management continue to monitor staff leave balances, with all staff with over 7 years' service, required to lodge leave plans to ensure that Long Service Leave is taken in a timely manner and according to the plan.

#### **POLICY REQUIREMENTS:**

Leave Management Procedure.

#### **LEGISLATIVE REQUIREMENTS:**

There are no known legislative implications in regard to this item

#### **STRATEGIC IMPLICATIONS:**

There are no known strategic implications in regard to this item.

#### **FINANCIAL IMPLICATIONS:**

There are no known financial implications in regard to this item.

**CONSULTATION:**

Management Team.

**STAFF RECOMMENDATION:**

*That the Audit Committee receive and note the report on leave balances.*

**6. CONFIDENTIAL ITEMS**

**7. BUSINESS WITHOUT NOTICE**

**8. NEXT MEETING**

The next meeting of the District Council of Grant Audit Committee will be held on 15 October 2019.

**9. CLOSURE**