



I hereby give notice that an Audit and Risk Committee Meeting will be held on:

Date: Tuesday, 5 December 2023
Time: 3:00pm
Location: Council Chambers
Minlaton Town Hall
57 Main Street
Minlaton

AGENDA

Audit and Risk Committee Meeting

5 December 2023

Ben Thompson
DIRECTOR CORPORATE & COMMUNITY SERVICES

CONFLICT OF INTEREST

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefit or detriment and non-pecuniary benefit or detriment in relation to a material conflict of interest in accordance with Section 73, or an actual or perceived conflict of interest in accordance with Section 75 of the Local Government Act in items listed for consideration on the Agenda. Section 74 and 75A of the Local Government Act 1999 requires that Elected Members declare any interest and provide full and accurate details of the relevant interest to the Council. In relation to actual or perceived conflicts of interest a member has an obligation to outline how they propose to deal with the actual or perceived conflict of interest prior to consideration of that item on the Agenda.

This requirement does not apply to Ordinary Business Matters prescribed by regulation 8AAA Local Government Act (General) (Accountability and Governance) Variation Regulations 2016.

Each Member of a Council has a duty to vote at all meetings unless excepted by legislation.

The major exception being where a Member has a material conflict of interest.

Agenda

1	Welcome by Chairperson	5
2	Present	5
3	Leave of Absence	5
4	Apologies	5
5	Conflict of Interest	5
6	Minutes of Previous Meeting – for Confirmation	5
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8.3	September Quarterly Budget Review 2023-2024	40
8.4	Internal Audit Planning 2024-2026	52
8.5	Asset Management Update	64
8.6	Report on Excess Annual Leave Entitlements.....	66
9	New and Emerging Risks / Issues	69
10	General Business.....	69
11	Next Meeting	69
	Tuesday 27 February 2024 (to be confirmed)	
12	Closure	69

1 WELCOME BY CHAIRPERSON

Meeting declared open

2 PRESENT

3 LEAVE OF ABSENCE

Nil

4 APOLOGIES

5 CONFLICT OF INTEREST

6 MINUTES OF PREVIOUS MEETING – FOR CONFIRMATION

Audit and Risk Committee Meeting - 31 October 2023

7 VISITORS TO THE MEETING

REPORTS

REPORTS

8 NEW BUSINESS

8.1 AUDIT AND RISK COMMITTEE WORK PLAN 2023

Document #: 23/111381

Department: Corporate and Community Services

PURPOSE

To consider and endorse an updated work plan for 2023.

RECOMMENDATION

That the Audit and Risk Committee endorse the updated 2023 Work Plan.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance and Leadership

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk and emergency management

5.6 Continuous improvement of Council processes

BACKGROUND

As stated in clause 2 of the Audit and Risk Committee (Committee) Terms of Reference (ToR), the objective of the Committee is to assist the Council in the conduct of its responsibilities for the management of risk, corporate and financial governance and legal compliance, related to financial reporting and audit initiatives, the internal control system and the audit functions. The Committee acts as a source of advice to Council and the Chief Executive Officer in relation to these matters.

DISCUSSION

The Audit and Risk Committee will:

- Enhance the communication between the external auditor and Council.
- Assist the management of business risks to ensure the protection of Council assets.
- Monitor the effectiveness of audit, corporate and financial governance functions.
- Enhance the integrity of the financial reporting of Council; and
- Review the effectiveness of the Council's internal controls and risk management systems.

The ToR are to be read in conjunction with Chapter 8 of the Local Government Act 1999.

The adoption and constant review of the Work Plan assists in ensuring the objectives of the Committee are achieved. The 2023 Work Plan was endorsed by the Committee at its meeting on 6 December 2022.

The Work Plan is colour coded and all items considered by the Committee are updated as meetings occur. Any items deferred between meetings are clearly shown, as are the dates of meetings.

The following changes are being proposed:

- Item 1.2 updated to reflect endorsement of Land, Buildings and Structures revaluation at the September 2023 Committee meeting.
- Items 1.3 and 1.4 marked as deferred for December 2023 meeting. These items are not reported on at the December meeting with the focus of reporting being consideration of the proposed Internal Audit Plan for the new year.
- Item 3.3 deferred pending further consideration in the formation of the Committee's 2024 work plan.
- Item 7.1 amended to reflect submission of annual self-assessment report to the Committee at the current meeting.
- Item 8.3 marked as deferred with work to commence on review of Asset Management Plans in 2024.

COMMUNITY ENGAGEMENT PLAN

Level 1 - Inform

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Manager Financial Services
- Business Improvement Officer
- Assets Manager
- Manager People, Culture and Safety
- Governance Officer
- Executive Services Support Officer

In preparing this report, the following external parties were consulted:

- Nil

POLICY IMPLICATIONS

Audit and Risk Committee Terms of Reference

BUDGET AND RESOURCE IMPLICATIONS

The Work Plan and the resulting actions are implemented within Council's existing budget. Where additional budget or resources are required, this will be clearly identified in the relevant report.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

A sound control environment will assist in the management of Council's financial risks.

The orderly and timely review of Council's major financial timetable and associated reports, internal audit activities and financial reports by the Audit and Risk Committee strengthens the credibility of the completed work and reduces risk to Council.

Local Government Act 1999, Chapter 8.

ATTACHMENTS

1. **Audit and Risk Committee Work Plan 2023 - December 2023 Update** [!\[\]\(9560d9aa812eb21dfbefb805fa4b474e_img.jpg\) !\[\]\(8686fbde1711ab118e00c60fc66443c2_img.jpg\)](#)

Yorke Peninsula Council Audit and Risk Committee Work Plan 2023						
Activity	Timeframe					Notes
	Completed Current Deferred					
	Feb-23	Jun-23	Sep-23	Oct-23	Dec-23	
	21st	7th	5th	31st	5th	
1. Financial Reporting						
1.1 Review General Purpose Financial Statements				X		Following external audit but prior to Council endorsement Land, Buildings and Structures Revaluation as at 1 July 2022 was endorsed by the Committee at its September 2023 meeting. As part of asset revaluations and financial statements For information only generally after adoption by Council due to timing
1.2 Review asset revaluations		X	X			
1.3 Review methodology and approach to Depreciation				X		
1.4 Quarterly Budget Reviews - information only	X	X			X	
2. Internal controls						
2.1 Review progress on Council's Internal Financial controls self-assessment testing		X		X		Status report provided on internal controls self assessment testing. A full review of the internal control library and updated risk assessments has been undertaken by Council staff. Self assessment testing undertaken in September 2023.
2.2 Review Council's internal control policies and procedures	X					Updates to the Internal Control Policy (PO156) and Procedure (PR150) were endorsed at the February meeting. Future updates to this policy and procedure will be undertaken as required in response to legislative updates and provided to the Committee.
3. Risk Management Systems						
3.1 Risk Profiling Review			X			Council is participating in the Local Government Risk Services Risk Profiling Review pilot project and is presently providing feedback on the process to the scheme.
3.2 Assess the appropriateness of the Council's response to the risk profile review's findings and recommendations					X	Deferred for further consideration in formation of the Committee's 2024 Work Plan.
3.3 Review Council's Risk Management Implementation Plan					X	
3.4 Annual Desktop Review of Council's Strategic Risk Register and Operational Risk Register			X			
3.5 Mandated Update to Strategic Risk Register						Due for review following November 2022 LG Elections in line with review of Strategic Management Plan. Review SMP due within 2 years after LG Election (i.e. - before November 2024, date TBA, current SMP spans period 2021-2025).

Yorke Peninsula Council Audit and Risk Committee Work Plan 2023						
Activity	Timeframe					Notes
	Completed Current Deferred					
	Feb-23	Jun-23	Sep-23	Oct-23	Dec-23	
	21st	7th	5th	31st	5th	
4. Public Interest Disclosure (previously Whistleblowers)						
4.1 Review Council's Public Interest Disclosure requirements						Public Interest Disclosure Policy PO171 and Procedure PR152 were endorsed at December 2022 Council meeting. Next review due December 2026.
4.2 Ensure staff are informed of and trained in these policies						Training has been provided to Council Staff and Elected Members (through new term induction) to ensure compliance. Further training to be provided should further amendments to legislation or policy require.
4.3 Review Independent Member Appointments						Mr. Rob Reiman - appointment expiry 30 November 2024 Mr. Hussain Rafeeu - appointment expiry 30 November 2024
4.4 Appoint Additional Independent Member to Committee			X			Mrs. Sarah Beesley - appointment to commence 30 November 2023, expiry 30 November 2027
5. Internal Audit						
5.1 Review proposed annual internal audit work program and outcomes of past work					X	Proposed upcoming Internal Audit Plan to be presented to the Committee for consideration
5.2 Consider any internal audits conducted	X	X	X	X		
5.3 Review the status and follow up work of any outstanding audit actions (relating to internal audit, internal control self-assessments and external audit management letters)	X	X	X	X		Reports provided on progress made against matters raised by Council's external and internal auditor
6. External Audit						
6.1 Meet with Council's external auditor to: > invite presentation of their audit methodology and risk assessments within the audit plan; > discuss any qualifications raised in the most recent audit or comments made in the accompanying audit management letter; > assess the appropriateness of the proposed Council response to matters so raised; and > invite comment on the financial systems and affairs of the Council having regard to comparable benchmarks.				X		
6.2 Review effectiveness of external audit				X		
6.3 Review audit findings/ management representation letters			X	X		
6.4 Assess the appropriateness of the Council's response to the auditor's findings and recommendations			X	X		

Yorke Peninsula Council Audit and Risk Committee Work Plan 2023						
Activity	Timeframe					Notes
	Completed Current Deferred					
	Feb-23	Jun-23	Sep-23	Oct-23	Dec-23	
	21st	7th	5th	31st	5th	
6.5 Oversee action to follow up on matters raised by the external auditor			X	X		
7. Reporting						
7.1 Report annually to Council: > activities of the Committee's work program and the results of a self-assessment of performance for the preceding financial year including whether it believes any changes to its Terms of Reference are needed; > outlining any training needs; > advising future work program proposals; and > inviting comment from Council on all of the above.	X		X		X	A review covering the 6 month period January 2023 to June 2023 was deferred pending further Committee discussion. Instead an annual review has been conducted for 2023 to be reported at the December 2023 meeting. Council continues to await provision of updated model Terms of Reference documentation for Council's Audit and Risk Committee from the Local Government Association.
8. Strategic, Financial and Management Planning						
8.1 Review Strategic Management Plan						Due for review following November 2022 LG Elections. Review due within 2 years after LG Election (i.e. - before November 2024, date TBA, current SMP spans period 2021-2025).
8.2 Review Long Term Financial Plan	X					Updated annually in conjunction with adoption of Annual Business Plan and Budget. Presentation provided by Manager Financial Services at the February 2023 meeting.
8.3 Review Asset Management Plans/Strategy					X	Review of Council's Asset Management Plans to commence in 2024. Plans are due for review due within 2 years after LG Election (i.e. - before November 2024).
8.4 Review appropriateness of the range and content of Council's policies and strategies	X	X	X	X	X	As per review timeframes and legislative requirements - ongoing
8.5 Review Annual business plan, budget and fees and charges		X				In conjunction with public consultation period
9. Other matters						
9.1 Adopt/review the Committee annual workplan	X	X	X	X	X	Updated for each meeting
9.2 Reports on other relevant matters	X	X	X	X	X	Ongoing as the need arises

8.2 AUDIT AND RISK COMMITTEE ANNUAL REVIEW AND SELF ASSESSMENT 2023**Document #:** 23/111396**Department:** Corporate and Community Services**PURPOSE**

For the Audit and Risk Committee to review and self-assess its performance for the 2023 calendar year, in accordance with clause 13 of the Audit and Risk Committee Terms of Reference.

RECOMMENDATION

That the Audit and Risk Committee endorse:

1. The 2023 Audit and Risk Committee self-assessment results as presented; and
2. The 2024 Audit and Risk Committee work plan as presented.

LINK TO STRATEGIC PLAN**Goal:** 5 Responsible Governance**Strategy:** 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

BACKGROUND

Clause 13 of the Audit and Risk Committee Terms of Reference (ToR) requires the Audit and Risk Committee (Committee) to conduct an annual review and self-assessment of its performance with the aim being to ensure that the Committee is operating at maximum effectiveness. This process of review also provides an opportunity to recommend any changes to Council that are considered necessary.

The review would usually include consideration of the ToR and recommendations for changes to them. However, this has been deferred considering the pending release of revised model ToR material by the Local Government Association of South Australian (LGA) addressing changes to Audit and Risk Committee operations brought about by the latest Local Government reform changes. Once received, a revised ToR, based on the new model document, will be brought before the Committee for recommendation to Council.

This review is for the period 1 January 2023 – 28 November 2023.

DISCUSSION**Self-Assessment**

As part of the annual review each Committee member is asked to complete an online self-assessment survey which assists in assessing the effectiveness of the Committee for the review period.

The results, and associated comments from the online survey, are attached to this report (refer Attachment 1).

If endorsed, the results from the self-assessment will be included in the Audit and Risk Committee's Annual Report for Council to be considered by the Committee at its February 2024 meeting.

Annual Report for Council

Clause 13 of the Committee's ToR requires that the outcome of the annual review and self-assessment be reported to Council.

A report for Council will be formulated once the Committee has considered and endorsed the outcomes of the self-assessment and the updated ToR. The draft Annual Report will be provided to the Committee for consideration and endorsement at its February 2024 meeting. If endorsed by the Committee, the Annual Report will be considered for endorsement by Council at its March 2024 meeting.

Proposed Work Plan

In December of each year, the Committee has historically endorsed a work plan for the following calendar year. Due to the recent Local Government reform changes the proposed work plan has been extended to align with the financial year and new reporting requirements. At each meeting throughout the year the Committee monitors progress against each activity in the work plan.

A draft work plan for the period 1 January 2024 to 30 June 2025 is attached (refer attachment 2), for the Committee's consideration.

The proposed work plan continues the pattern of its predecessor with five (5) meetings proposed to be held on the last Tuesday of the month, with at least one meeting per quarter as required by legislation. The October 2024 meeting is dedicated primarily to consider the annual financial statements and the Committee's annual meeting with Council's external auditor.

COMMUNITY ENGAGEMENT PLAN

Not Applicable

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Corporate and Community Services
- Manager Financial Services
- Assets Manager
- Manager People, Culture and Safety
- Business Improvement Officer
- Governance Officer

In preparing this report, the following external parties were consulted:

- Audit and Risk Committee Members

POLICY IMPLICATIONS

Audit and Risk Committee Terms of Reference

BUDGET AND RESOURCE IMPLICATIONS

Costs associated with the operation and administrative support required by the Audit and Risk Committee are included in Council's adopted operating budget.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Medium risk that the annual work plan is not completed within the stated time limits.

Non-compliance with ToR if annual review and self-assessment not undertaken and/or not reported to Council.

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

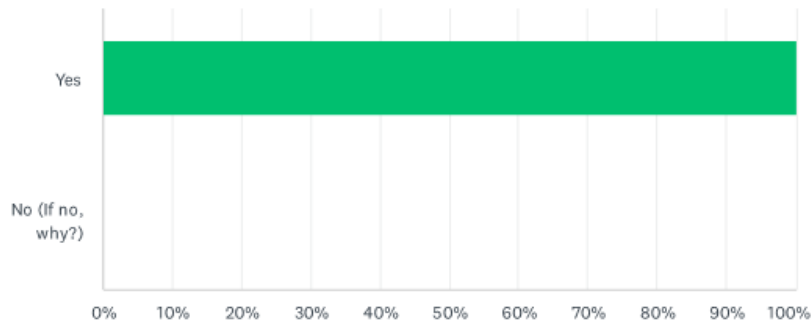
ATTACHMENTS

1. **Self-Assessment Results 2023** [↓](#) 
2. **Proposed Audit and Risk Committee Work Plan 2024** [↓](#) 

Audit and Risk Committee Self-Assessment 2023

Q3 Have you read, and agree to abide by the functions of the Committee as set out in its Terms of Reference? If not, why, and what changes do you suggest? Terms of reference can be found at <https://yorke.sa.gov.au/about-us/your-council/committees/audit/>

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No (if no, why?)	0.00%	0
TOTAL		5

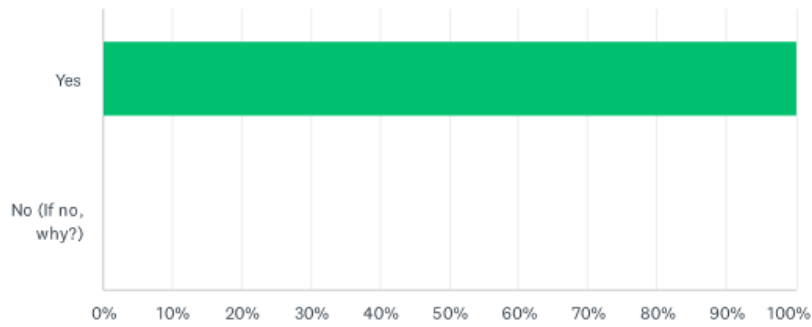
#	NO (IF NO, WHY?)	DATE
	There are no responses.	



Audit and Risk Committee Self-Assessment 2023

Q4 Does the Committee collectively have sufficient skills, experience, time and resources to undertake its duties? If not, why?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No (if no, why?)	0.00%	0
TOTAL		5

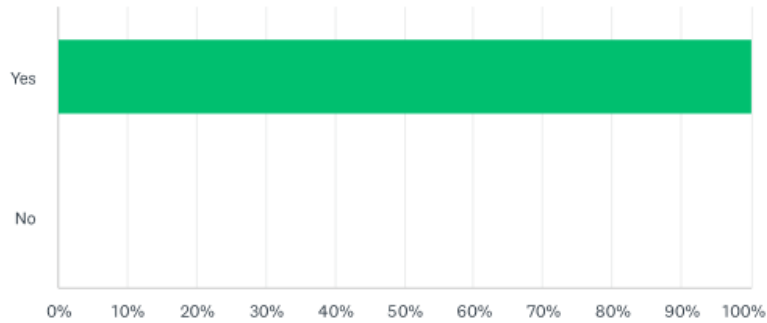
#	NO (IF NO, WHY?)	DATE
	There are no responses.	



Audit and Risk Committee Self-Assessment 2023

Q5 Does the Committee work constructively as a team and work well with others attending the meetings?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

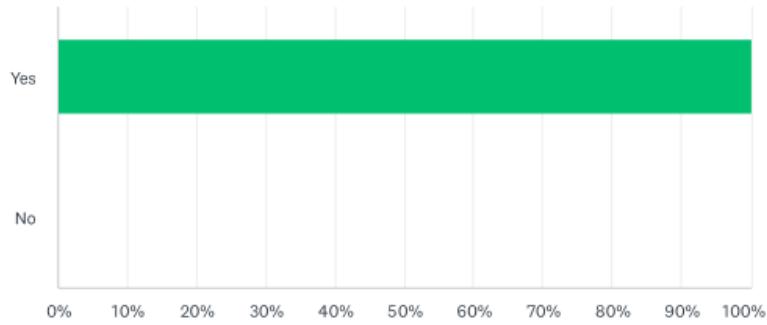
#	COMMENTS	DATE
█	At times I feel that members stray from the main points in the reports presented to them and tend to stray into areas that are operational rather than strategic. While the line between these areas can at times be difficult to distinguish, it is important for the committee not to get sidetracked on operational issues.	█
█	Having attended only three meetings of the committee my opinion of its functionality is limited. █ █ █ █	█



Audit and Risk Committee Self-Assessment 2023

Q6 Does the relationship between committee members strike the right balance between challenge and mutuality?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

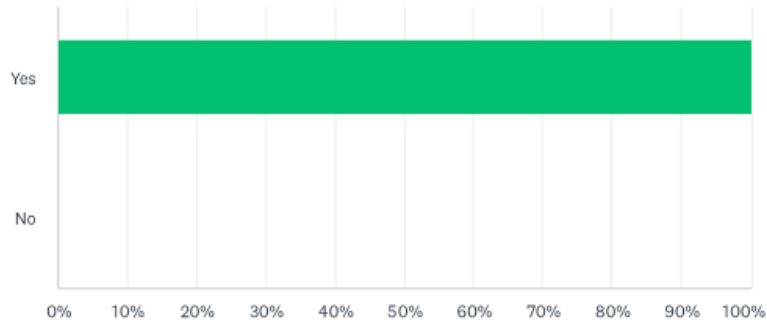
#	COMMENTS	DATE
1	This will be enhanced with the advent of a third independent member.	[REDACTED]



Audit and Risk Committee Self-Assessment 2023

Q7 Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?

Answered: 5 Skipped: 0



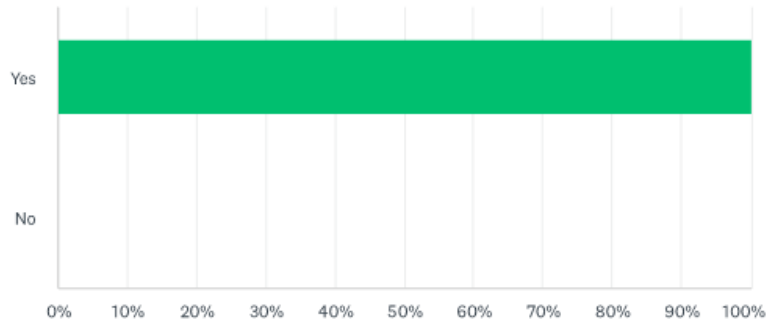
ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

#	COMMENTS	DATE
	There are no responses.	

Audit and Risk Committee Self-Assessment 2023

Q8 Are the reports for each meeting sufficiently comprehensive and yet easily understood for you to make informed decisions? If no, what improvements / additions would you recommend?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

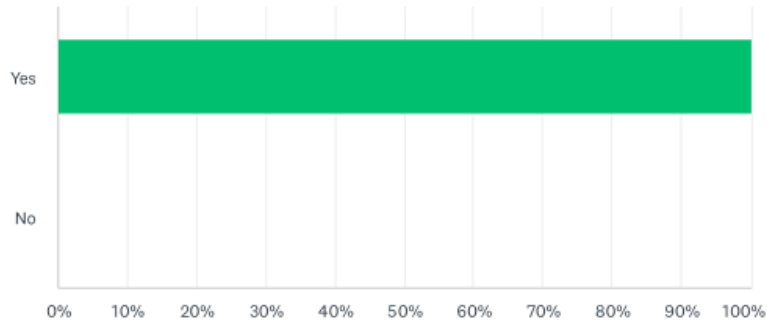
#	COMMENTS	DATE
1	Staff reports and presentations are professional and comprehensive	[REDACTED]



Audit and Risk Committee Self-Assessment 2023

Q9 Are presentations (visual or verbal) an interesting and helpful way of informing members about various issues?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

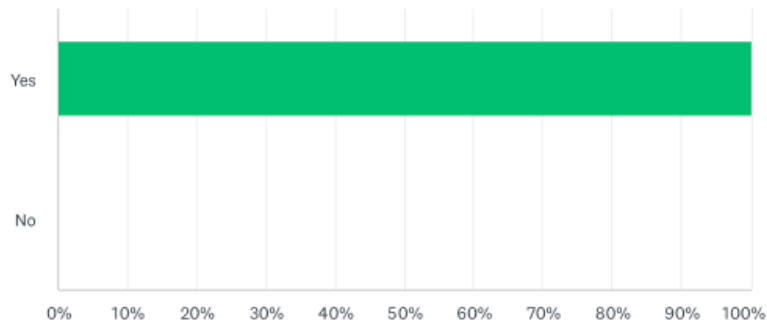
#	COMMENTS	DATE
	There are no responses.	



Audit and Risk Committee Self-Assessment 2023

Q10 Are effective minutes prepared, distributed and any actions followed up (if required)?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

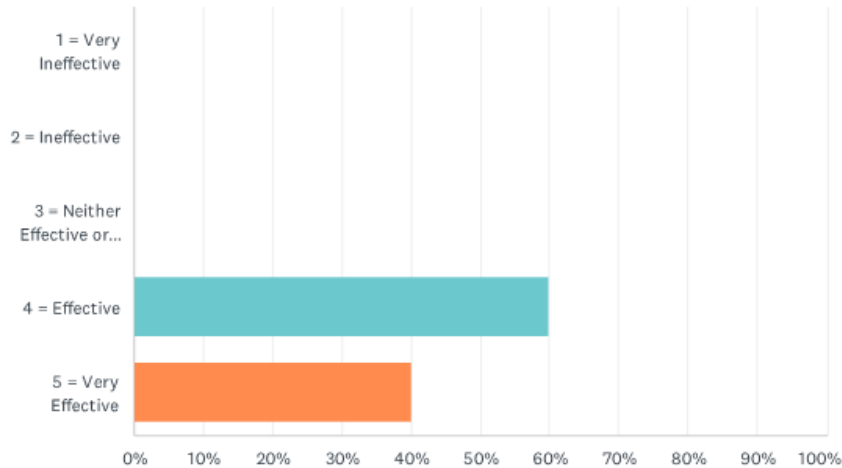
#	COMMENTS	DATE
1	The committee receives excellent support in this area	[REDACTED]



Audit and Risk Committee Self-Assessment 2023

Q11 How do you rate the overall efficiency and effectiveness of the Committee? Please provide reasons for your ranking.

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES
1 = Very Ineffective	0.00% 0
2 = Ineffective	0.00% 0
3 = Neither Effective or Ineffective	0.00% 0
4 = Effective	60.00% 3
5 = Very Effective	40.00% 2
TOTAL	5

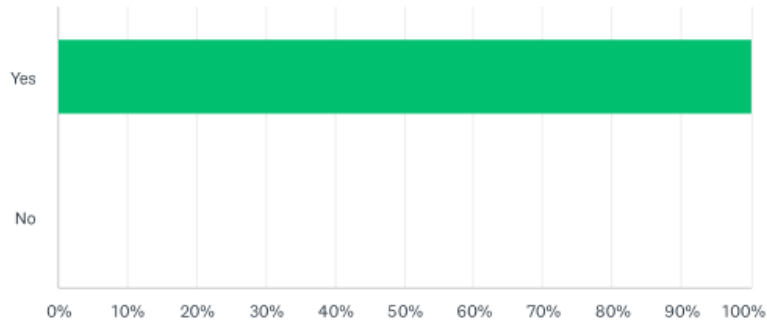
#	WHAT ARE THE REASONS FOR YOUR RANKING?	DATE
█	We have a well-balanced cross-section of skills and experience in the committee. This allows for matters to be addressed from various perspectives and healthy and productive discussions are had at our meetings.	█
█	With 3 elected members - one new to the committee this year - and the lack of full attendance (an observation - not a criticism) I believe the committee was not as effective as it could have been. Many councils elected to appoint a third independent member early this year well ahead of the legislative changes which take effect on 30 November 2023 and I feel Yorke Peninsula Council's decision to hold off till now and have an inexperienced (in terms of the A&R Committee) elected member for only 4 meetings did not do anything to enhance the efficiency or effectiveness of this committee.	█
█	Again due to my limited role in the assessments made by the committee I can only state that I found it to be basically efficient and effective.	█



Audit and Risk Committee Self-Assessment 2023

Q12 Do staff and members conduct themselves in accordance with high standards of behaviour (e.g. Code of Conduct and Corporate Values)?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

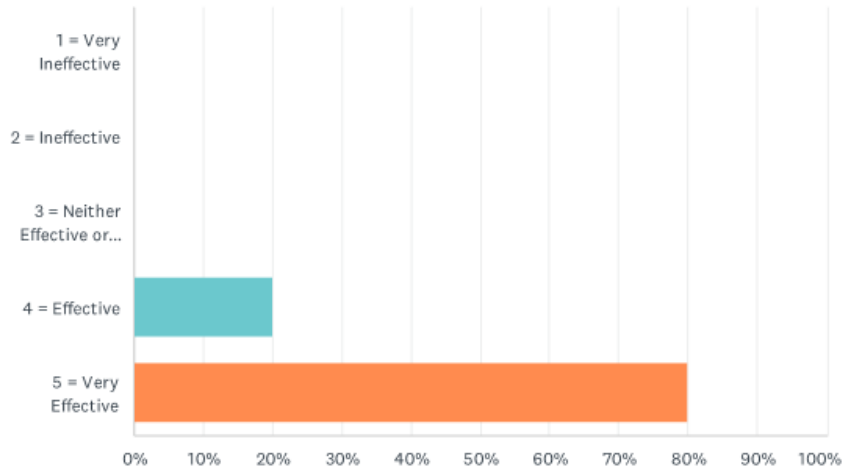
#	COMMENTS	DATE
	There are no responses.	



Audit and Risk Committee Self-Assessment 2023

Q13 How do you rate the performance of the Presiding Member in preparing for and conducting the meetings? What are the reasons for your ranking?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES
1 = Very Ineffective	0.00% 0
2 = Ineffective	0.00% 0
3 = Neither Effective or Ineffective	0.00% 0
4 = Effective	20.00% 1
5 = Very Effective	80.00% 4
TOTAL	5

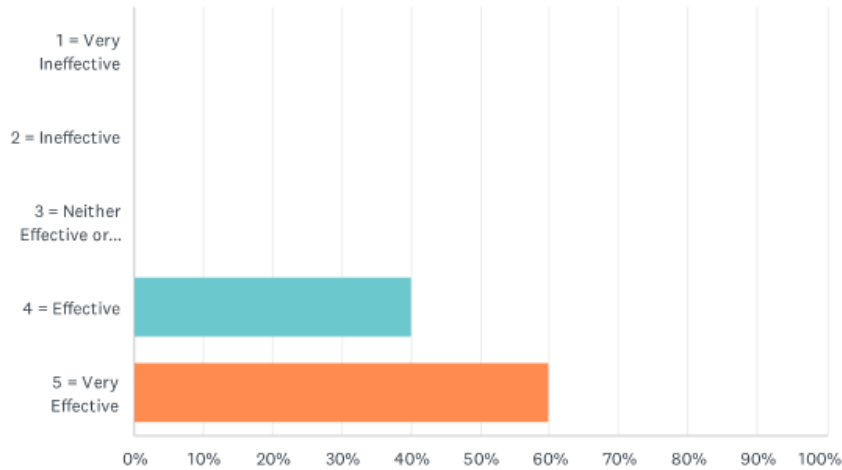
#	WHAT ARE THE REASONS FOR YOUR RANKING?	DATE
█	Rob has chaired our committee for a few years now, and he is experienced in the role, also chairing other audit committees around the state. Rob offers his opinion when appropriate to assist with decision making and he is able to reflect on the experiences of other councils to provide sound advice. He chairs the committee in a friendly manner and follows meeting procedure to ensure the meetings are as timely as and effective as possible.	█
█	The PM is well prepared, has extensive experience with other A&R Committees and provides members with sufficient opportunity to contribute and join the discussion.	█
█	Limited time on committee duties limit my rating of the presiding member.	█



Audit and Risk Committee Self-Assessment 2023

Q14 How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee? What are the reasons for your ranking?

Answered: 5 Skipped: 0



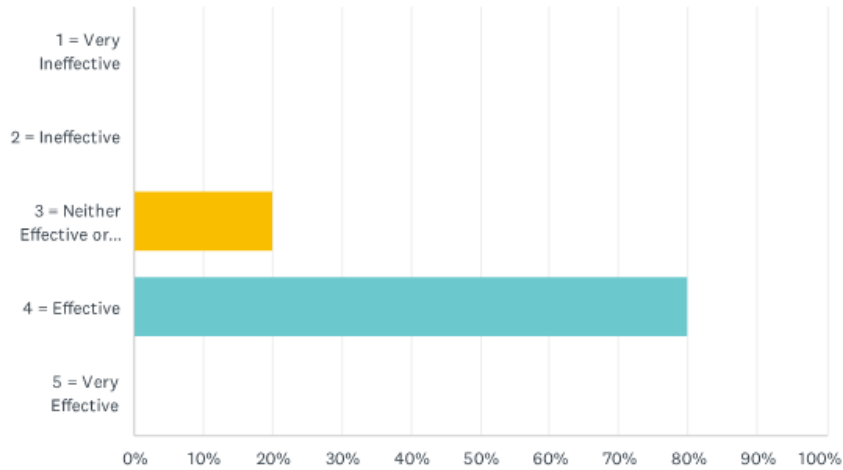
ANSWER CHOICES	RESPONSES
1 = Very Ineffective	0.00% 0
2 = Ineffective	0.00% 0
3 = Neither Effective or Ineffective	0.00% 0
4 = Effective	40.00% 2
5 = Very Effective	60.00% 3
TOTAL	5

#	WHAT ARE THE REASONS FOR YOUR RANKING?	DATE
█	All members bring different perspectives and expertise to the table and collectively we have an effective committee. Local government knowledge, CPA qualifications, debt collection, risk and policy experience, and small business knowledge are some of the valuable qualifications that the committee collectively brings to the table.	█
█	See comments in Q5 and Q11	█
█	Quite limited opportunities to reliably assess and quantify the other members role in the functions of the committee.	█

Audit and Risk Committee Self-Assessment 2023

Q15 How do you rate your performance as a member of the Committee?
What are the reasons for your ranking?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
1 = Very Ineffective	0.00%	0
2 = Ineffective	0.00%	0
3 = Neither Effective or Ineffective	20.00%	1
4 = Effective	80.00%	4
5 = Very Effective	0.00%	0
TOTAL		5

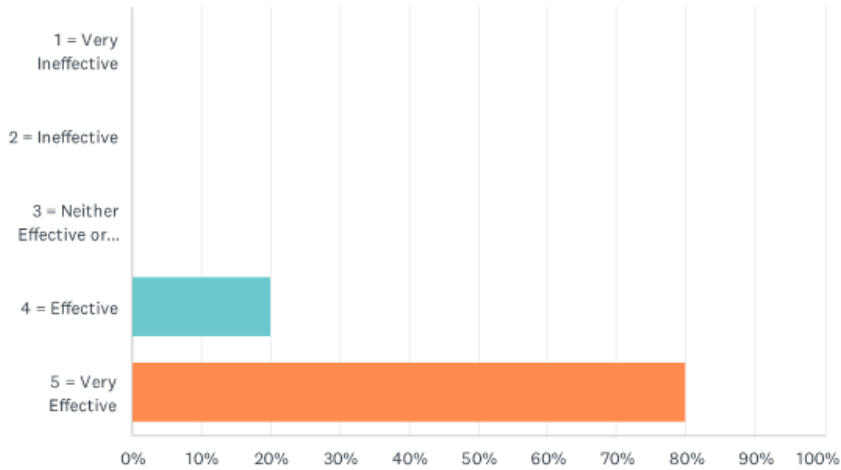
#	WHAT ARE THE REASONS FOR YOUR RANKING?	DATE
█	My experience in banking, HR, risk & policy and small business assists the committee, along with 10 years experience as an elected member of YP Council.	█
█	See comments in Q5 and Q11	█
█	Very limited time as a member of the committee	█



Audit and Risk Committee Self-Assessment 2023

Q16 How do you rate the performance of staff in facilitating the Committee’s role and function? What are the reasons for your ranking?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES
1 = Very Ineffective	0.00% 0
2 = Ineffective	0.00% 0
3 = Neither Effective or Ineffective	0.00% 0
4 = Effective	20.00% 1
5 = Very Effective	80.00% 4
TOTAL	5

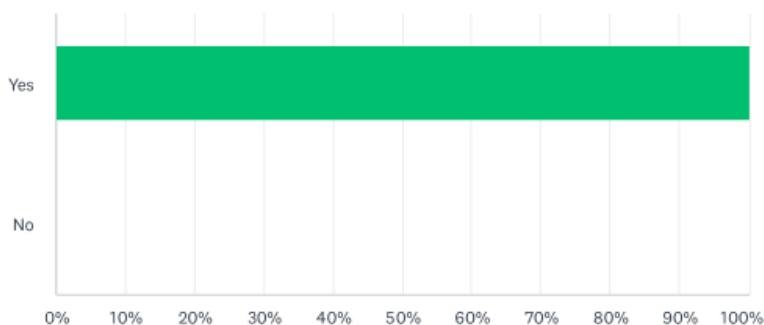
#	WHAT ARE THE REASONS FOR YOUR RANKING?	DATE
█	Reports provided by staff are comprehensive and well explained. When further clarification is sought, this is done in a timely manner.	█
█	The staff conduct themselves in a professional manner and at all times try to accommodate questions from members and are open in their responses	█
█	All dealings with staff were cordial, informative and very helpful in my dealings with them and other members of the committee.	█



Audit and Risk Committee Self-Assessment 2023

Q17 Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

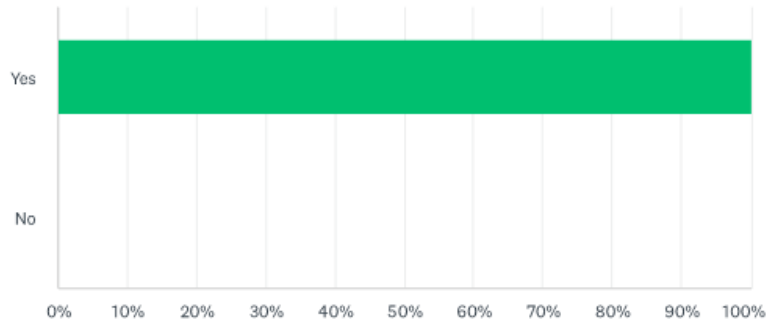
#	COMMENTS	DATE
█	Reporting through the risk matrices are provided and appropriate action and follow-up is conducted to ensure that risks are managed appropriately and in a timely manner.	█
█	Risk identification and control forms a formal part of the committee's work program	█
█	Hard to give a very detailed assessment given the short time on the committee.	█



Audit and Risk Committee Self-Assessment 2023

Q18 Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

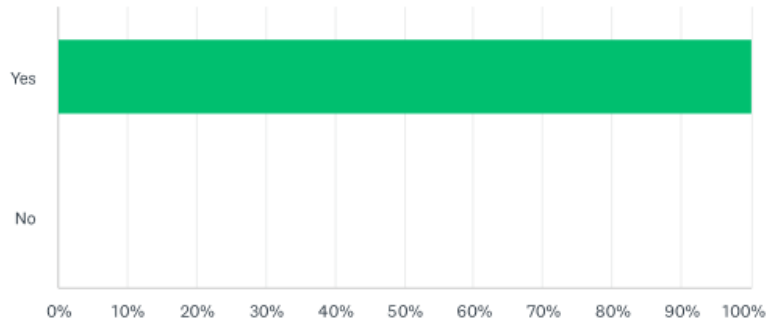
#	COMMENTS	DATE
█	In addition to the comments in Q17, the internal audit program is comprehensive and provides this assurance.	█
█	Difficult to state what the mood of the rest of the committee is, again for the time factor involved with the committee	█



Audit and Risk Committee Self-Assessment 2023

Q19 Are internal audit findings and recommendations responded to in a timely and appropriate manner?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

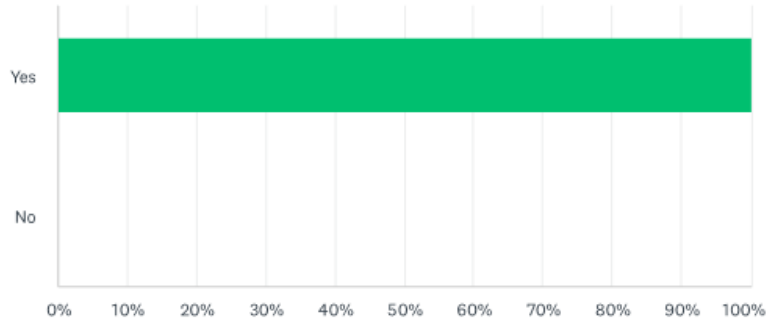
#	COMMENTS	DATE
█	Amanda consistently provides comprehensive and informative internal audit reports along with appropriate actions to address concerns any that may have arisen.	█
█	In addition to comments in 17 and Q18, the internal audit reports provides status reports on all follow up actions for the committee to consider - it forms part of the committee's work program	█
█	Limited exposure to duties in this role.	█



Audit and Risk Committee Self-Assessment 2023

Q20 Does the Committee review the work of the external Auditor?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

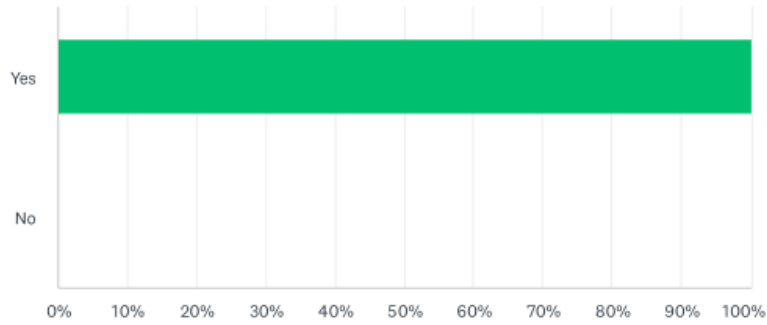
#	COMMENTS	DATE
█	This was conducted at our most recent meeting in October.	█
█	As previous comment	█



Audit and Risk Committee Self-Assessment 2023

Q21 Does the Committee review and discuss the external Auditor's management letter?

Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	5
No	0.00%	0
TOTAL		5

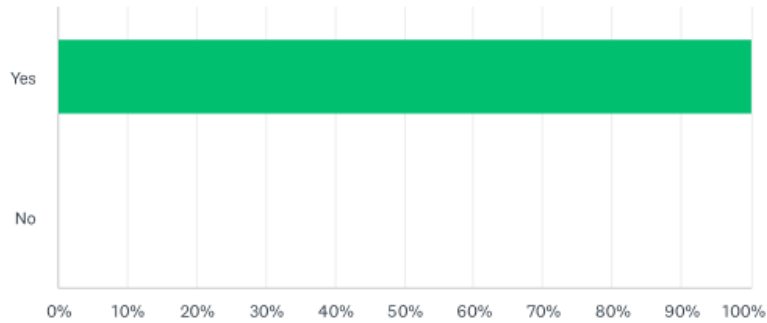
#	COMMENTS	DATE
█	All recommended actions in the management letter form part of the internal auditor's report	█
█	Not a role I have participated in.	█



Audit and Risk Committee Self-Assessment 2023

Q22 Is the Committee effective in managing and monitoring the relationship with the external Auditor?

Answered: 4 Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

#	COMMENTS	DATE
█	This year, the committee met with the external auditors (via zoom/teams) on two occasions as well as an in confidence meeting.	█
█	Can't comment, very limited involvement.	█



Audit and Risk Committee Self-Assessment 2023

Q23 Do you have any suggestions for improving any aspect of the Committee’s performance, role or functions?

Answered: 4 Skipped: 1

#	RESPONSES	DATE
█	Revise the TOR to make reference to the role of A&RC specified under s126 of the LG Act.	██████████
█	Our new independent member Sarah Beesley will also add another perspective of corporate governance skills which will further enhance the effectiveness of the committee.	██████████
█	Not at this time	██████████
█	No.	██████████



Yorke Peninsula Council										
Proposed Audit and Risk Committee Work Plan 2024-2025										
Activity	Link to Legislation, TOR	Timeframe								Notes
		Completed Current Deferred								
		Feb-24 27th Q1	May-24 28th Q2	Sep-24 24th Q3	Oct-24 22nd FS	Nov-24 26th Q4	Feb-25 27th Q1	May-25 28th Q2		
1. Financial Reporting s126(4)(a)										
1.1 Review General Purpose Financial Statements	"				X					Following external audit but prior to Council endorsement.
1.2 Review asset revaluations	"		X						X	Revaluations as at 1 July 2023 to be undertaken for the following infrastructure asset classes: > Transport; > Community Wastewater Management Scheme (CWMS); > Water; and > Stormwater Infrastructure. Ensure values are up to date and soundly based, including having particular regard to local conditions: > Whether infrastructure asset values reflect local replacement costs and the condition of existing assets; > In accordance with relevant Accounting Standards and Council policies PO124 Asset Accounting Policy & PO128 Asset Management Policy; > Whether any infrastructure asset condition information is available to assist in determining revaluation.
1.3 Review methodology and approach to Depreciation	"		X		X				X	As part of asset revaluations and financial statements.
1.4 Review of Budget - information only	"	X	X			X	X	X		For information only, generally reported after adoption by Council due to timing.
2. Internal Controls s126(4)(f)										
2.1 Review Better Practice Model Self-Assessment (External Auditor reviews as part of Controls certification).	"		X		X				X	Status report provided on internal controls self assessment testing.
3. Risk Management s126(4)(c)										
3.1 Mandated Update to Strategic Risk Register	"			X						Due for review following November 2022 LG Elections in line with review of Strategic Management Plan. Review SMP within 2 years LG Election (i.e. - before November 2024, current SMP spans period 2021-2025).
3.2 Annual Review of Risk Management Systems (including strategic, financial and operational risks and Emergency Management/Business Continuity Plan)	S99(1)(ia) S126(4)(c,h) S125(3)					X				

Yorke Peninsula Council										
Proposed Audit and Risk Committee Work Plan 2024-2025										
Activity	Link to Legislation, TOR	Timeframe								Notes
		Completed		Current		Deferred				
		Feb-24 27th Q1	May-24 28th Q2	Sep-24 24th Q3	Oct-24 22nd FS	Nov-24 26th Q4	Feb-25 27th Q1	May-25 28th Q2		
3.3 Results of LGRS Risk Profiling Review	"									Initial assessment undertaken in October 2023, awaiting final results to be approved by the LGRS Board. Unsure of future timeline for reviews, so ad hoc until determined.
4. Internal Audit s126(4)(c)										
4.1 Adopt/review planning and scoping of internal audit plan	"			X						Proposed Internal Audit Plan updated annually for consideration by the Committee.
4.2 Review the status of the internal audit plan and any internal audit reports presented	"	X	X	X		X	X	X		Presented at quarterly meetings.
4.3 Review the status and follow up work of any outstanding audit actions (relating to internal audit, internal control self-assessments and external audit management letters)	"	X	X	X		X	X	X		Reports provided on progress made against matters raised by Council's external and internal auditor
5. External Audit s126(4)(b)										
5.1 Meet with Council's external auditor to: > invite presentation of their audit methodology and risk assessments within the audit plan; > discuss any qualifications raised in the most recent audit or comments made in the accompanying audit management letter; > assess the appropriateness of the proposed Council response to matters so raised; and > invite comment on the financial systems and affairs of the Council having regard to comparable benchmarks.	TOR				X					To include confidential meeting to satisfy requirements of Local Government (Financial Management) Regulation 17B.
5.2 Review effectiveness of external audit.	S126(4)(b)				X					
5.3 Review audit findings/ management representation letters.	"			X	X					
5.4 Assess the appropriateness of the Council's response to the auditor's findings and recommendations.	"			X	X					
5.5 Oversee action to follow up on matters raised by the external auditor.	"			X	X					

Yorke Peninsula Council										
Proposed Audit and Risk Committee Work Plan 2024-2025										
Activity	Link to Legislation, TOR	Timeframe								Notes
		Completed		Current		Deferred				
		Feb-24 27th	May-24 28th	Sep-24 24th	Oct-24 22nd	Nov-24 26th	Feb-25 27th	May-25 28th		
		Q1	Q2	Q3	F5	Q4	Q1	Q2		
6. Reporting										
6.1 Regular Reporting to Council > summary of the work of the committee during the period preceding the meeting; and > outcomes of the last committee meeting (through presentation of meeting minutes to Council).	s126(8)(a)	X	X	X	X	X	X	X	X	Draft report summarising the work of the Committee to be included on the agenda of each meeting to satisfy requirements of Local Government Act s.126(8)(a)
6.2 Annual Report of the Audit and Risk Committee functions for inclusion in Council annual report: > activities of the Committee's work program and the results of a self-assessment of performance for the preceding financial year including whether it believes any changes to its Terms of Reference are needed; > outlining any training needs; > advising future work program proposals; and > inviting comment from Council on all of the above.	s126(8)(b) s126(9)			X						Annual report for 2023 to be considered at the February 2024 meeting. Timing of Committee annual report re-scheduled to align with Council annual reporting requirements (i.e. - financial year) to satisfy requirements of Local Government Act s.126(8)(b). New legislative requirement effective 30 November 2023
6.3 CEO annual report on Council's internal audit processes	S99(1)(ib)			X						Tentative timing of the report proposed. Format and timing of the report subject to further consideration of prescribed requirements. To satisfy requirements of Local Government Act s.99(1)(b). New legislative requirement effective 30 November 2023

Yorke Peninsula Council Proposed Audit and Risk Committee Work Plan 2024-2025										
Activity	Link to Legislation, TOR	Timeframe								Notes
		Completed		Current		Deferred				
		Feb-24 27th	May-24 28th	Sep-24 24th	Oct-24 22nd	Nov-24 26th	Feb-25 27th	May-25 28th		
		Q1	Q2	Q3	F5	Q4	Q1	Q2		
7. Strategic, Financial and Management Planning										
s126(4)(ac)										
7.1 Review Strategic Management Plan	"			X						Due for review following November 2022 LG Elections (current SMP spans period 2021-2025). Contractor EOI / RFQ completed (Nov-23) with preferred vendor selected. Review due to commence early 2024.
7.2 Review Long Term Financial Plan	"		X					X		Updated annually in conjunction with adoption of Annual Business Plan and Budget.
7.3 Review Asset Management Plans/Strategy	"			X	X	X				Review of Council's Asset Management Plans to commence in 2024. Plans are due for review due within 2 years after LG Election (i.e. - before November 2024). Asset Management Plans are to be reviewed for the following asset classes: > Buildings and Structures; > Transport Infrastructure; > CWMS Infrastructure; > Water Infrastructure; > Stormwater Infrastructure; and > Major Plant
7.4 Review appropriateness of the range and content of Council's policies and strategies	"	X	X	X	X	X	X	X	X	As per review timeframes and legislative requirements - ongoing
7.5 Review Annual business plan, budget and fees and charges	"		X						X	In conjunction with public consultation period
8. Other matters										
8.1 Review Independent Member Appointments				X						Mr. Rob Reiman (appointment expiry 30 November 2024) Mr. Hussain Rafeeu (appointment expiry 30 November 2024) Mrs. Sarah Beesley (appointment expiry 30 November 2027) Independent Member Candidate EOI process to commence 4th QTR FY 23/24.
8.2 Adopt/review the Committee annual workplan	s126(4)(ac)	X	X	X	X	X	X	X	X	Updated for each meeting
8.3 Reports on other relevant matters		X	X	X	X	X	X	X	X	Ongoing as the need arises

8.3 SEPTEMBER QUARTERLY BUDGET REVIEW 2023-2024**Document #:** 23/111448**Department:** Corporate and Community Services**PURPOSE**

To receive Council's endorsed September quarterly budget review (as at 30 September 2023) for Council's 2023/2024 budget and associated financial statements, ratios and changes.

RECOMMENDATION

That the Audit and Risk Committee receive Council's endorsed 2023/2024 September Budget Review changes as presented in the attached Summary of Changes, Statement of Comprehensive Income and Uniform Presentation of Finances and receive the updated Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Financial Indicators (Ratios).

LINK TO STRATEGIC PLAN**Goal:** 5 Responsible Governance**Strategy:** 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk management

BACKGROUND

Regulation 9 of the Local Government (Financial Management) Regulations 2011 sets out the requirements relating to the review of budgets for Council.

Council's policy PO142 Budget Reporting and Amendment requires quarterly budget reviews i.e. September, December and March. This is the first (as at 30 September 2022) of the three (3) quarterly budget reviews for the 2023/2024 financial year.

This budget review was endorsed by Council at its meeting on Wednesday, 8 November 2023.

DISCUSSION

Budget managers in all directorates have completed a review of their 2023/2024 budgets as at 30 September 2023 and all adjustments allowed in accordance with policy PO142 have been included in the attached documents (Attachments 1 - 7).

Budgets have been reviewed taking the following into consideration (as applicable):

- Additional income likely to be generated or received;
- Income and expenditure to date and forecasts for the remainder of the year;
- New grants and contributions;
- Changes to user and statutory fee income forecasts;
- Review of staffing levels to those originally budgeted;
- Changes due to amendments in legislation;
- Changes to Government fees and charges;
- Council decisions made since the adoption of the original budget; and

- Status of capital projects including consideration of projects rolled over from 2022/2023 for completion in the current financial year (refer Council decision in August 2023).

A full list of adjustments, with reasons for the changes, is attached to this report (Attachment 1).

Budgeted Operating Surplus/ (Deficit)

As a result of proposed adjustments in this review, and previously endorsed budgets for projects/expenditure rolled over from 2022/2023, Council's forecast Operating Deficit for 2023/2024 is \$1.5m. This is a decline of \$2.0m to the adopted 2023/2024 forecast Operating Surplus of \$0.5m.

The decrease to Council's budgeted operating bottom line is due to a forecast operating expenditure increase of \$2.4m which is only partially offset by an increase to operating income of \$0.4m. The key drivers behind the expenditure increase are \$1.6m in operating projects which were rolled over from 2022/2023 and \$0.8m increase to forecast depreciation expense.

It should be noted that the portion of Financial Assistance Grant (FAG) allocations for the current year which were paid in advance in 2022/2023 have not been removed from the current year budget under the assumption that, as in previous years, the advance payment of FAG will continue.

Major Impacts

Listed below are the major impacts (generally >\$25k) due to adjustments proposed during this Budget review.

- **Depreciation on Buildings and Structures – operating expenditure** - \$609,426 increase to depreciation expense to reflect impact of the recently endorsed 1 July 2022 revaluation of Buildings and Structures asset class and subsequent depreciation forecast generated by Council's asset management system.
- **Depreciation on Plant, Equipment and Other Assets – operating expenditure** - \$193,398 increase to depreciation expense based upon significant increase in value of capitalised assets in 2022/2023 (up \$1.0m on prior year) and subsequent depreciation forecast generated by Council's asset management system.
- **Depreciation on Airfield (Transport) Assets – operating expenditure** - \$27,920 increase to depreciation expense based upon asset management system forecasts following 2022/2023 year end capitalisation capital works to Maitland, Minlaton and Yorketown airfields.
- **Workers Compensation Premiums – operating expenditure** - \$37,050 decrease to workers compensation insurance budget based on actual premiums payable in 2023/2024. Original budget was \$354k.
- **Asset Disposal Income – income below the line** - \$35,000 increase to asset disposal income predicated upon future sale of Osmond Street Road Reserve to Maitland Lutheran School which is dependent upon positive outcome in relation to road process order.
- **Maitland Robert Street Project – capital renewal expenditure** - \$35,000 increase to project budget based on quarantine of future anticipated proceeds from sale of Osmond Street Road Reserve to Maitland Lutheran School which is dependent upon positive outcome in relation to road process order.

More detailed information on the changes to Council's proposed Operating Deficit (and income and expenditure budgets) is available in the attached reports and statements in particular the Budgeted Statement of Comprehensive Income (Attachments 1 - 7).

Budgeted Capital Expenditure

Council's proposed capital expenditure budget, after the proposed first quarter budget review adjustments and previously adopted budgets for projects/expenditure rolled over from 2022/2023, is \$20.4m. This includes the initially adopted budget of \$16.9m to which projects/expenditure rolled over from 2022/2023 adopted by Council worth \$3.5m were added in August 2023. Adjustments of \$40,000 are proposed in this budget review.

Details of all capital adjustments can be found in the reports and updated Statements in particular the Budgeted Statement of Cash Flows (Attachments 1 - 7).

Of the proposed budget of \$20.4m, \$10.6m is budgeted to be spent on renewal and replacement of existing assets, while \$9.8m is budgeted to be spent on upgrade of existing assets and acquisition of new assets.

Budgeted Cash Flow & Net Lending/ (Borrowing)

Following the proposed adjustments in this budget review, endorsed roll over expenditure being included in this year's budget and adjustment of opening balances in line with 2022/2023 audited General Purpose Financial Statements, Council's forecast closing cash and cash equivalents as at 30 June 2024 is \$1.4m which is an increase of approximately \$0.2m to the original adopted budget. This increase can be attributed to a better-than-expected closing cash position as at 30 June 2023 which was primarily due to the net impact of grants received but not spent, including advance payment of financial assistance grants, and incomplete projects rolled over to 2023/2024.

The proposed end of year Net Borrowing position has increased from the originally adopted \$1.8m to \$5.6m. This is primarily due to the impact of budgets rolled over from 2022/2023 for incomplete or unstarted projects.

More detail on the movements in net lending/ (borrowing) for the financial year can be found in the Budgeted Uniform Presentation of Finances (Attachment 6).

Budgeted Financial Indicators (Ratios)

As a result of proposed changes in this budget review, and inclusion of projects/expenditure rolled over from 2022/2023, forecasts for Council's Financial Indicators have changed.

Council's Operating Surplus Ratio is forecast to be -4.0%, which is a decline of 5.3% compared to the original adopted Budget. The reasons for this have been detailed earlier in this report. The forecast ratio is below Council's LTFP minimum target of breakeven or 0%.

The Net Financial Liabilities Ratio has decreased marginally from 24% forecast originally to 21%. The positive variance is due to the higher-than-expected closing cash position as at 30 June 2023 following finalisation of the 2022/2023 Financial Statements. The forecast ratio remains well within Council's LTFP target of 100%.

Council's forecast Asset Renewal Funding Ratio is forecast to be 60%, a 4% increase to the original forecast. The increase is primarily due to projects/expenditure rolled over from 2022/2023 for completion in 2023/2024 and the decision to budget for \$9.8m in new/upgrade capital projects in 2023/2024. It should also be noted that Council's asset renewal target per asset management plans for 2023/2024 is \$17.6m. This target is higher than the average target over the last four (4) years of \$14.6m. Over the last four (4) years Council has averaged an Asset Renewal Funding Ratio of 82%.

This forecast Asset Renewal Funding Ratio will be achieved if Council completes all budgeted capital renewal projects in 2023/2024. The forecast ratio is well below Council's current LTFP minimum target of 100%.

More information on Council's Financial Indicators can be found in Attachment 7.

COMMUNITY ENGAGEMENT PLAN

Level 1 - Inform

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Manager Financial Services
- Budget Managers
- Accountant – Financial Management

- Accountant – Financial Operations

In preparing this report, the following External Parties were consulted:

- Nil

POLICY IMPLICATIONS

PO142 Budget Reporting and Amendment Policy

BUDGET AND RESOURCE IMPLICATIONS

Budget and resource implications are as detailed in this report and as presented in the attached reports and statements (Attachments 1 – 7).








RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Council's budget is a fundamental instrument of accountability and an essential pre-requisite to deciding the annual rate impost on the community. As such it is important that material variations compared with the original budget be disclosed and explained.

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

ATTACHMENTS

1. **Proposed Summary of Changes - Quarterly Budget Review - September 2023** [↓](#) 
2. **Budgeted Statement of Comprehensive Income 2023-2024** [↓](#) 
3. **Budgeted Statement of Financial Position 2023-2024** [↓](#) 
4. **Budgeted Statement of Cash Flows 2023-2024** [↓](#) 
5. **Budgeted Statement of Changes in Equity 2023-2024** [↓](#) 
6. **Budgeted Uniform Presentation of Finances 2023-2023** [↓](#) 
7. **Budgeted Financial Indicators (Ratios) 2023-2024** [↓](#) 

YORKE PENINSULA COUNCIL 2023/2024 BUDGET SUMMARY OF PROPOSED CHANGES - SEPTEMBER (QUARTER 1) BUDGET REVIEW			
Type	Note #	Amount Increase/ (Decrease)	Reason for Variance
OPERATING INCOME			
User Charges	1	\$3,531	Increase budget for lease income from Ardrossan Caravan Park following provision of 2022/2023 financial results from Ardrossan Progress and subsequent refresh to current year lease calculation.
	2	\$117	Increase budget for lease income from Port Clinton Caravan Park following provision of 2022/2023 financial results from Port Clinton Progress and subsequent refresh to current year lease calculation.
	3	\$631	Increase budget for lease income from Price Caravan Park following provision of 2022/2023 financial results from Price Progress and subsequent refresh to current year lease calculation.
	4	(\$5,690)	Decrease budget for lease income from Edithburgh Caravan Park following provision of 2022/2023 financial results from Edithburgh Progress and subsequent refresh to current year lease calculation.
	5	\$1,038	Increase budget for lease income from Coobowie Caravan Park following provision of 2022/2023 financial results from Coobowie Progress and subsequent refresh to current year lease calculation.
	6	(\$859)	Decrease budget for lease income from Stansbury Caravan Park following provision of 2022/2023 financial results from Stansbury Progress and subsequent refresh to current year lease calculation.
Grants, subsidies and contributions	7	\$6,398	Increase Aboriginal Lands - Municipal Services Program Grant to match grant actual allocation for 2023-2024. [Refer note 15]
	8	\$15,648	Increase operating grant budget for final instalment of 2022/2023 Regional Transport Subsidy payment. Unintentionally overlooked for back dating into 2022/2023 as part of year end process.
	9	\$14,300	Increase for anticipated wage subsidy payments, offset by increased training expenditure. [Refer notes 10, 13 and 21]
Reimbursements	10	\$2,589	Increase budget to reflect reimbursement of higher education fees, offset by increased training expenditure. [Refer note 9, 13 and 21]
OPERATING EXPENDITURE			
Employee Costs	11	\$8,685	Net increase to income protection insurance budget based on actual premiums payable in 2023/2024. Original budget was \$186k
	12	(\$37,050)	Net decrease to workers compensation insurance budget based on actual premiums payable in 2023/2024. Original budget was \$354k
	13	(\$4,355)	Decreasing adjustment to reflect reallocation of salaries to cover labour hire expenses for vacant position. [Refer notes 9, 10 and 21]
Materials, contracts & other expenses	14	\$598	Increase Aboriginal Lands - Municipal Services Program (MUNS) Grant expenditure line to match actual grant allocation for 2023-2024. Note: adopted expenditure budget exceeded forecast grant allocation which has now been corrected through this adjustment. [Refer note 7]
	15	\$1,888	Increase budget for payment of insurance settlement funds received in 2022/2023 to Edithburgh Caravan Park.

YORKE PENINSULA COUNCIL 2023/2024 BUDGET SUMMARY OF PROPOSED CHANGES - SEPTEMBER (QUARTER 1) BUDGET REVIEW			
Type	Note #	Amount Increase/ (Decrease)	Reason for Variance
Materials, contracts & other expenses (continued...)	16	(\$6,863)	Allocate Caravan Park Emergency Fund budget to capital renewal to fund replacement of air-conditioner at Port Vincent Caravan Park Manager Residence. [Refer to note 27]
	17	(\$8,779)	Net decrease to Public Liability, Asset and Motor Vehicle insurance budgets based on actual premiums payable in 2023/2024. Original budget was \$617k
	18	(\$5,500)	Reallocate hall maintenance budget to fund construction of new steps Port Vincent kiosk. [Refer note 34]
	19	\$2,516	Increase budget to fund purchase of a 12 month extended warranty and inclusive repairs package for Council's large drone. [Refer note 28]
	20	\$4,658	Increase budget to fund the purchase of extended warranty for Council's data storage server. [Refer note 29]
	21	\$21,244	Net increase to budget to fund higher education professional development and external labour hire to fill vacancy. Covered by wage subsidy payments, reimbursements and reductions to employee costs. [Refer notes 9, 10 and 13]
Depreciation	22	\$609,426	Increase depreciation expense for buildings and structures asset class following inclusion of 1 July 2022 revaluation data and 2022/2023 capitalisation based on asset management system forecast.
	23	\$27,920	Increase depreciation expense budget for airfields (sub class of transport assets) based on asset management system forecast following 2022/2023 year end capitalisation of upgrade and renewal works to Maitland, Minlaton and Yorketown airfields.
	24	\$193,398	Increase depreciation expense budget for Plant, Equipment and Other Assets based on asset management system forecast following 2022/2023 year end capitalisation.
CAPITAL INCOME			
Asset Disposals	25	\$35,000	Increase income to account for potential future sale of Osmond Street Road Reserve to Maitland Lutheran School pending successful outcome of road process order. [Refer note 26]
CAPITAL EXPENDITURE - RENEWAL			
Capital Expenditure - Renewal	26	\$35,000	Increase budget for Maitland Main Street Project to account for potential future sale of Osmond Street Road Reserve to Maitland Lutheran School pending successful outcome of road process order. [Refer note 25]
	27	\$6,863	Increase capital renewal budget for Port Vincent Caravan Park to facilitate replacement of air-conditioner at Port Vincent Caravan Park Manager Residence. [Refer note 16]
	28	(\$2,516)	Decrease computer renewal budget to fund purchase of a 12 month extended warranty and inclusive repairs package for Council's large drone. [Refer note 19]
	29	(\$4,658)	Decrease computer renewal budget to fund the purchase of an extended warranty for Council's data storage server. [Refer note 20]
	30	\$5,500	Reallocate hall maintenance budget to fund construction of new steps Port Vincent kiosk. [Refer note 20]

YORKE PENINSULA COUNCIL 2023/2024 BUDGET BUDGETED STATEMENT OF COMPREHENSIVE INCOME					
	2023/2024 Revised Budget \$('000)	2023/2024 September Budget Adjustments \$('000)	2023/2024 Rolled Over Budget Adjustments \$('000)	2023/2024 Adopted Budget \$('000)	Notes
INCOME					
Rates	28,423			28,423	
Statutory Charges	408			408	
User Charges	5,100	(1)		5,101	1-6
Grants, subsidies, contributions - Capital	1,991		241	1,750	
Grants, subsidies, contributions - Operating	2,644	36	123	2,485	7-9
Investment Income	167			167	
Reimbursements	173	2		171	10
Other Income	124			124	
Total Income	39,030	37	364	38,629	
EXPENSES					
Employee costs	11,258	(32)		11,290	11-13
Materials, contracts and other expenses	16,747	9	1,645	15,093	14-21
Depreciation	12,292	831		11,461	22-24
Finance Costs	275		(4)	279	
Total Expenses	40,572	808	1,641	38,123	
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(1,542)	(771)	(1,277)	506	
Amounts received specifically for New or Upgrade assets	3,788		835	2,952	
Asset disposal and fair value adjustments	0			0	
NET SURPLUS/(DEFICIT)	2,246	(771)	(442)	3,458	
Other Comprehensive Income					
Changes in revaluation surplus - IPP&E	0			0	
Total Other Comprehensive Income	0	0	0	0	
TOTAL COMPREHENSIVE INCOME	2,246	(771)	(442)	3,458	

Note: Totals may not add due to rounding

YORKE PENINSULA COUNCIL 2023/2024 BUDGET BUDGETED STATEMENT OF FINANCIAL POSITION					
	2023/2024 Revised Budget \$('000)	2023/2024 September Budget Adjustments \$('000)	2023/2024 Rolled Over Budget Adjustments \$('000)	2023/2024 Adopted Budget \$('000)	Notes
ASSETS					
Current Assets					
Cash & Equivalent Assets	1,357	58	190	1,109	
Trade & Other Receivables	2,018	1	196	1,821	
Inventories	573	1	127	445	
Total Current Assets	3,948	60	513	3,375	
Non-Current Assets					
Financial Assets	151		5	146	
Infrastructure, Property, Plant & Equipment	312,355	(825)	17,804	295,376	
Total Non-Current Assets	312,506	(825)	17,809	295,522	
Total Assets	316,454	(765)	18,322	298,897	
LIABILITIES					
Current Liabilities					
Trade & Other Payables	3,118	5	(25)	3,138	
Borrowings	1,311		(60)	1,371	
Provisions	2,289			2,289	
Total Current Liabilities	6,718	5	(25)	6,798	
Non-Current Liabilities					
Trade & Other Payables	57		(5)	62	
Borrowings	4,935		(255)	5,190	
Provisions	194		1	193	
Total Non-Current Liabilities	5,186	0	(259)	5,445	
Total Liabilities	11,904	5	(284)	12,243	
NET ASSETS	304,550	(770)	18,606	286,654	
EQUITY					
Accumulated Surplus	(6,726)	(770)	39	(4,156)	
Asset Revaluation Reserve	306,409	19,709		286,700	
Other Reserves	4,867		757	4,110	
TOTAL EQUITY	304,550	18,939	796	286,654	

Note: Totals may not add due to rounding

YORKE PENINSULA COUNCIL 2023/2024 BUDGET BUDGETED STATEMENT OF CASH FLOWS					
	2023/2024 Revised Budget \$('000)	2023/2024 September Budget Adjustments \$('000)	2023/2024 Rolled Over Budget Adjustments \$('000)	2023/2024 Adopted Budget \$('000)	Notes
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
Operating Receipts	28,201		(127)	28,328	
Statutory Charges	456		42	414	
User Charges	5,478	(1)	370	5,109	1-6
Grants, subsidies, contributions (Operating Purpose)	3,507	40	(464)	3,931	7-9
Investment Receipts	193		26	167	
Reimbursements	201	2	27	172	10
Other Income	68		17	51	
<i>Payments</i>					
Employee Costs	(11,167)	31	56	(11,254)	11-13
Materials, contracts & other expenses	(16,585)	(9)	(1,411)	(15,165)	14-21
Finance Costs	(275)		4	(279)	
Net Cash provided by (or used in) Operating Activities	10,077	63	(1,460)	11,474	
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Receipts</i>					
Grants, subsidies, contributions (Capital Purpose)				0	
Amounts Specifically for New/Upgraded Assets	3,788		836	2,952	
Sale of Renewed/Replaced Assets	174		25	149	
Sale of Surplus Assets	35	35		0	25
Repayments of Loans by Community Groups	95			95	
<i>Payments</i>					
Expenditure on Renewal/Replacement of Assets	(10,586)	(40)	(648)	(9,898)	26-30
Expenditure on New/Upgraded Assets	(9,799)		(2,840)	(6,959)	
Net Cash Provided by (or used in) Investing Activities	(16,292)	(5)	(2,627)	(13,661)	
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Receipts</i>					
Proceeds from Borrowings	760			760	
<i>Payments</i>					
Repayments of Borrowings	(1,256)			(1,256)	
Repayment of Finance Lease Liabilities	7		7		
Net Cash provided by (or used in) Financing Activities	(489)	0	7	(496)	
Net Increase/(Decrease) in cash held	(6,704)	58	(4,080)	(2,683)	
Opening cash, cash equivalents or (bank overdraft)	8,061		4,270	3,791	
Closing cash, cash equivalents or (bank overdraft)	1,357	58	190	1,109	

Note: Totals may not add due to rounding

YORKE PENINSULA COUNCIL 2023/2024 BUDGET BUDGETED STATEMENT OF CHANGES IN EQUITY					
2023/2024 Revised Budget	Accumulated Surplus \$('000)	Asset Revaluation Reserve \$('000)	Other Reserves \$('000)	Total Equity \$('000)	Notes
Balance at end of previous reporting period	(8,972)	306,409	4,867	277,386	
Net Surplus/ Deficit for Year	2,246	0	0	2,246	
Total Comprehensive Income	2,246	0	0	2,246	
Balance at end of period	(6,726)	306,409	4,867	304,550	
2023/2024 Budget Adjustments	Accumulated Surplus \$('000)	Asset Revaluation Reserve \$('000)	Other Reserves \$('000)	Total Equity \$('000)	Notes
Balance at end of previous reporting period	(1,358)	19,709	757	(5,810)	
Net Surplus/ Deficit for Year		0	0	0	
Total Comprehensive Income	0	0	0	0	
Balance at end of period	(1,358)	19,709	757	(5,810)	
2023/2024 Adopted Budget	Accumulated Surplus \$('000)	Asset Revaluation Reserve \$('000)	Other Reserves \$('000)	Total Equity \$('000)	Notes
Balance at end of previous reporting period	(7,614)	286,700	4,110	283,196	
Net Surplus/ Deficit for Year	3,458	0	0	3,458	
Total Comprehensive Income	3,458	0	0	3,458	
Balance at end of period	(4,156)	286,700	4,110	286,654	

Note: Totals may not add due to rounding

YORKE PENINSULA COUNCIL 2023/2024 BUDGET BUDGETED UNIFORM PRESENTATION OF FINANCES					
	2023/2024 Revised Budget	2023/2024 September Budget Adjustments	2023/2024 Rolled Over Budget Adjustments	2023/2024 Adopted Budget	Notes
Income					
Rates	28,423	0	0	28,423	
Statutory Charges	408	0	0	408	
User Charges	5,100	(1)	0	5,101	1-6
Grants, subsidies, contributions - Capital	1,991	0	241	1,750	
Grants, subsidies, contributions - Operating	2,644	36	123	2,485	7-9
Investment Income	167	0	0	167	
Reimbursements	173	2	0	171	10
Other Income	124	0	0	124	
Total Income	39,030	37	364	38,629	
Expenses					
Employee costs	11,258	(32)	0	11,290	11-13
Materials, contracts and other expenses	16,747	9	1,645	15,093	14-21
Depreciation	12,292	831	0	11,461	22-24
Finance Costs	275	0	(4)	279	
Total Expenses	40,572	808	1,641	38,123	
Operating Surplus/(Deficit) before Capital Amounts	(1,542)	(771)	(1,277)	506	
Net Outlays on Existing Assets					
Capital Expenditure on Renewal/Replacement of Existing Assets	(10,586)	(40)	(648)	(9,898)	26-30
Add back Depreciation, Amortisation & Impairment	12,292	831	0	11,461	22-24
Add back Proceeds from Sale of Replaced Assets	174	0	25	149	
	1,880	791	(623)	1,712	
Net Outlays on New and Upgraded Assets					
Capital Expenditure on New/Upgraded Assets	(9,799)	0	(2,840)	(6,959)	
Add back Amounts Specifically for New/Upgraded Assets	3,788	0	835	2,952	
Add back Proceeds from Sale of Surplus Assets	35	35	0	0	25
	(5,976)	35	(2,005)	(4,007)	
Net Lending / (Borrowing) for Financial Year	(5,638)	55	(3,905)	(1,789)	

Note: Totals may not add due to rounding

YORKE PENINSULA COUNCIL 2023/2024 BUDGET BUDGETED FINANCIAL INDICATORS (RATIOS)				
	2022/2023 Revised Budget	2022/2023 September (including roll overs) Budget Adjustments	2022/2023 Adopted Budget	Notes
Operating Surplus Ratio (OSR)	(4.0%)	(5.3%)	1.3%	1-24
<i>Operating Surplus - \$'000</i>	<i>(1,542)</i>			
<i>Total Operating Income - \$'000</i>	<i>39,030</i>			
Net Financial Liabilities Ratio (NFLR)	21%	(2%)	24%	
<i>Net Financial Liabilities - \$'000</i>	<i>8,378</i>			
<i>Total Operating Income - \$'000</i>	<i>39,030</i>			
Asset Renewal Funding Ratio (ARFR)	60%	4%	56%	26-30
<i>Asset Renewals - \$'000</i>	<i>10,586</i>			
<i>Asset Renewal Commitments per AMP - \$'000</i>	<i>17,639</i>			

Note: Totals may not add due to rounding

8.4 INTERNAL AUDIT PLANNING 2024-2026**Document #:** 23/97246**Department:** Executive Services**PURPOSE**

To seek endorsement of the Internal Audit Plan for 2024 – 2026.

RECOMMENDATION

That the Audit and Risk Committee endorses the three-year Internal Audit Plan for 2024 - 2026.

LINK TO STRATEGIC PLAN**Goal:** 5 Responsible Governance**Strategy:** 5.1 Openness and transparency of reporting Council's performance

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk management

5.8 Continuous improvement of Council processes

BACKGROUND

The objectives of Yorke Peninsula Council's (Council's) Internal Audit process are detailed in PR150 Internal Control Audit Procedure (Procedure). The Procedure requires that an Internal Audit Plan (Plan) is submitted to Council's Audit and Risk Committee for endorsement on an annual basis.

A three-year Plan covering the calendar years 2024, 2025 and 2026 has been developed and sets out proposed Internal Audit projects to be undertaken by Council's Business Improvement Officer, and other admin staff, and reported by Council's Chief Executive Officer (CEO).

DISCUSSION

A two-year Plan was last considered by the Audit and Risk Committee in December 2022. The Plan has been updated to prioritise the allocation of Council's Internal Audit resources to areas of importance for the next three calendar years, being 2024, 2025 and 2026.

We have undertaken a consultative approach to develop the Plan and acknowledge that it may require change in order to address emerging areas of risk throughout the period. We have included accompanying draft audit scopes for those audits planned for the 2024 calendar year.

The Plan was developed using the following considerations:

- Meetings were held with Council's CEO, relevant Directors, Managers and employees to discuss areas of particular focus they wish to have included for review.
- A high-level assurance mapping process of the proposed Plan against the risks on Council's Strategic Risk Register. This mapping includes a high level indication of internal processes, internal audits undertaken (since 2014) and planned on the three-year internal audit has been included in Attachment 1.
- The ongoing annual requirements for:
 - Self-assessments and independent verification of financial internal controls. This is performed six-monthly based on a three-year rotational program for testing of all controls in the library.
 - Work, Health and Safety (WHS) and Yorke Peninsula Leisure Options (YPLO) review and assessments.

- Compliance with corporate purchase card and staff expense reimbursement policies and procedures.
- Providing the Committee with the CEO's corporate card transactions on a six-monthly basis.
- Follow up of all audit related agreed actions.
- Comparison with other Council's Internal Audit Plans and considering topics of relevance, emerging risks and audit areas for Local Government (including topics raised by SA Auditor Generals and Independent Commission Against Corruption).
- Professional judgement of Internal Audit resources.

The proposed three-year Plan is set out in Attachment 2. In addition, we have drafted indicative scopes for each of the proposed projects in 2024, these have been set out in Attachment 3.

An Internal Audit Activity report, including final reports for completed Internal Audits, and a summary of Agreed Actions completed or in progress during the relevant period, is provided at each Audit and Risk Committee meeting.

COMMUNITY ENGAGEMENT PLAN

Level 1 - Inform

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer
- Director Development Services
- Director Corporate and Community Services
- Asset Manager
- Operations Manager
- Works Manager
- Manager Financial Services
- Manager Economic Development & Business Sustainability
- Acting Manager People, Culture and Safety

In preparing this report, the following external parties were consulted:

- Nil

POLICY IMPLICATIONS

PO156 Internal Financial Control Policy

PR150 Internal Control Audit Procedure

PO091 Risk Management Policy

BUDGET AND RESOURCE IMPLICATIONS




All proposed projects are to be conducted with current in-house resource and the Network Penetration Testing is included in the IT budgeting process.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act (SA) 1999

Statutes Amendment (Local Government Review) Act 2021

ATTACHMENTS

1. **Internal Audit Plan 2024 - 2026 - Mapping to Strategic Risk Register** [↓](#) 
2. **Internal Audit Plan 2024 - 2026** [↓](#) 
3. **Internal Audit Plan 2024 - 2026 - Objectives and Scope Document** [↓](#) 

Council									
Audit and Risk Management Committee									
Corporate Management Team									
Strategic Risk Categories (Inherent Risk Ratings Shown)	Cyber Attacks and Incidents	Change in Community Expectations of Council	Failure to consider and meet the expectations of the Community and Councillors	Technology advances more rapidly than Council is able to adapt	Changes to regulations and legislation impact Council Operations	Changes in Economic Conditions in the Region	Impacts of Climate and Increased Number and/ or severity of major disaster/ Community Emergency Management Event	Externally Imposed Organisational Changes (including amalgamation)	Cost Shifting, reduction and/or change in Government Funding
Risk Description	Cyber Attacks and Incidents. IT systems and safeguards are inadequate. Staff unaware of new technologies available. Staff unaware of new sources of threats.	Changes in demographics/social make up. Comparison with other Council services. Changes to Council services. Changes to the level of services by other tiers of government/providers	Change in Elected Members. Strategic Objectives that do not align with community expectation. Funding changes/rate capping. In effective financial planning systems. Elected Members not informed/consulted appropriately. Council staff not informed/consulted appropriately. Community not informed/consulted appropriately. Key Stakeholders not informed/consulted appropriately. Ineffective consultation systems. Ineffective training/development systems.	Limited infrastructure and/or systems. Unskilled/ trained staff. Unaware of new technologies. Limited funding to buy in. Limited resources. Limited support/ commitment to new emerging IT solutions. Physical geographic locations.	External pressures on Government (i.e. lobbying by LGA, Developers, Community, Activist Groups, Royal Commissions, Ombudsman Investigations, ICAC etc.). State Government and/or political pressure/changes (including policies). Outdated provisions. Changes in Federal/State Policies.	Changes in Economic Conditions in the Region. Changes in demographics. Reduction in funds available for local government due to financial pressures on State and Federal Governments. Close down of services (e.g. bus, schools, hospitals, etc.) Skills shortages within Region. Loss or Gain of Industry and Business in Region	Extreme Weather. Increased unusual weather events. Natural Disasters. Heat Waves. Earthquake. Coastal Flooding. Pandemic	Poor governance. Financial unsustainability. Streamlining Services. Local Government/ perceived economies of scale. Legislative Change. Community lobbying for change.	Cost Shifting, reduction and/or change in Government Funding. Political parties change, priorities change; demographics and population change; reduction in funds available for local government due to financial pressure on State and Federal Government. Down turn in economy; reprimatisation of government funding.
Management / Council Groups		Roads Working Party			Legatus Group	Legatus Group CEO Alliance and Network Grants Working Party Tender Evaluation Panel	Emergency Management Committee Work Health Safety Committee Building Fire Safety Committee Business Recovery Working Party	Legatus Group CEO Alliance and Network	Legatus Group CEO Alliance and Network
First Line – Service Delivery	Policies Procedures IT Standards & Best Practice Plans	Policies Procedures Plans	Policies Procedures Plans	Policies Procedures Plans	Policies Procedures Plans Delegations Local Laws Memberships Subscriptions Registers	Policies Procedures Memberships Plans Budgets Forecasts Reconciliations Systems & IT Grant Agreements / Registers	Policies Procedures Standards Plans	Policies Procedures Plans	Policies Procedures Plans Memberships Partnerships
Second Line – Monitoring and Risk	Penetration Testing IT Dashboard Network Monitoring & Access Logging Disaster Recovery & Back Up Testing Patching Training	Training Media Monitoring Audit and Risk Committee Reports CMT/Council Reports Community Consultation	Training Media Monitoring Audit and Risk Committee Reports CMT/Council Reports Community Consultation	Penetration Testing IT Dashboard Network Monitoring & Access Logging Disaster Recovery & Back Up Testing Patching Training	Council Reports Audit and Risk Committee Reports Delegations Review Condition Assessments / Valuations	Financial Statements Budget Reviews Investment Review Grant Reports Procurement Review Condition Assessments / Valuations CMT/Council Reports Audit and Risk Committee Reports	BCP Review & Testing Network Monitoring & Access Logging Delegations Review CMT/Council Reports	Engagement CEO Networking Elected Members	Engagement CEO Networking Elected Members
Third Line – Internal Audit (Completed and Planned)	Completed: IT User Access Review (2013) Off Boarding / Exit Process Planned: Network Penetration Testing (annual)	Completed: Cash Management (Boat Ramp Ticket Machines) (2013) Bush Camping Review (2014) Fees & Charges Register Review (2016, 2020) Community Grants Scheme (2018) Community Loans Process Review (2021) Planned: Community Grants Scheme and Business Enhancement Program (2024) Special Event Process (2025/2026) Economic Development and Tourism Strategy (2025/2026)	Completed: Library and Caravan Park Revenue (2014) Council Direct Managed Caravan Park Spot Audit (2014, 2016) Water Recovery Charges (2013) CSR Review (2016) Elected Members Expenses (2017) Rates Issue Investigation (2018) Cemeteries Review (2019) Development – Complying Schedule 4 Fees Investigation (2019) Expiations Review (2023) Planned: Expiation Waiving Process (2024) Project Management (2025/2026) Elected Member Expenses (2025/2026)	Completed: Attractive Asset Review (2014) Mobile Devices (2018) Software Licensing Fees & Utilisation (Service Level Type Review) (2019) Planned:	Completed: ICAC Preparedness (2014, 2020) Professional Memberships (Service Level Type Review) (2019) Inspection Process Review (2019) Legislative Compliance (LGA Self-Assessment Tool) – completed over 2 year period (2020) Planned: Scheduled Policy and Procedure Review Register (annual) Risk Management (2025/2026)	Completed: Procurement Part 1 - Purchasing (2014) Cash Management (2014) Petty Cash and TII Floats (2014, 2015, 2017) Financial Management - Payroll (2014, 2018) Fuel Management Review (2014, 2017) Timesheet Review (2015) Financial Management - Accounts Receivable Review (2015, 2023) Corporate Purchase Card Review & Spot Check (2016, 2017, 2018, 2021, 2022, 2023) Financial Management - Accounts Payable (2016, 2020) Procurement Part 2 - Tendering & Contracts (2017) Equipment Testing & Compliance Data Review (2017) Financial Management - Rates & Rebates (2017) Staff Reimbursement Spot Check (2022, 2023) Selection & Recruitment Procedure Review (2023) Planned: Corporate Purchase Card and Employee Expense Reimbursement Compliance (annual) Financial Management - Payroll (2024) Financial Management - Accounts Payable (2025/2026) Procurement (2025/2026) Inventory Policy (2025/2026)	Completed: WHS - Incident Reporting (2015) WHS - First Aid Review (2018) WHS - Corrective & Preventative Action Procedure Review (2022) WHS - Consultation & Communication Procedure Review (2023) Planned: WHS Legislation (annual) Minlagawi Gum Flat Reserve Management Plan (2024) Hazardous Chemicals (2025/2026) Community Emergency Management Plan (2025/2026)	Completed: Legislative Compliance (LGA Self-Assessment Tool) – completed over 2 year period (2020) Planned:	Completed: Yorke Peninsula Leisure Options - Workers Screen Review (2023) Planned: YPLO Program (annual)
External Assurance	Cyber Security (external) (2017, 2018, 2023) User Access Review (Authority & Records Management) (2018) Web Application Penetration Testing (external) (2019)		Development Review (2018)		Bentleys - External Audit ESCOSA Review Accountability and Disclosure Audit (external consultant) (2013) Dog & Cat Management Audit (external) (2014) Policy Compliance Audit (external) (2016) Review of Statutory Registers (external) (2019)	Bentleys - External Audit ESCOSA Review	LGRS Audit LGWCS Audit		Asset Management Maturity Audit (external) (2014) Office Technical Regulator – Safety, Reliability, Maintenance Management Plan (external) (2019) Prudential Review – Waste & Recycling Tender (external) (2019) National Disability Insurance Scheme (2021)

Key
█ Extreme Risk
█ Moderate Risk
 Risk Ratings are devised from Council's Risk Matrix included in PO091 Risk Management Policy



Internal Audit Plan 2024 - 2026

1. Objective

The objectives of Yorke Peninsula Council's (Council) Internal Audit function are detailed in PR150 Internal Control Audit Procedure (Procedure). The Procedure requires that an Internal Audit Plan (Plan) is submitted to Council's Audit and Risk Committee (Committee) for endorsement on an annual basis.

The below three-year Plan, covering the calendar years 2024 – 2026, sets out proposed Internal Audit projects for consideration by the Committee.

2. Proposed Internal Audit Projects 2024

The table below outlines the proposed list of Internal Audit projects for 2024, including a brief description, proposed timing (based on 2023 Committee meeting dates) and an indication if a project is ongoing annually.

Further details of indicative and draft scope and objectives for each proposed project will be included in a separate document for the Committees perusal; however, it should be noted that these are in draft format and details will be confirmed and agreed upon with the relevant stakeholders at the time of planning the project.

Section 3 of this document sets out the one-off projects proposed for 2025 and 2026. The Plan is flexible to include or substitute other priority projects / areas as required.

	Project	Brief Description	Proposed Timing Committee Reporting	2024	2025	2026
1	Financial Management – On boarding and Payroll Processing	A review of key payroll procedures and internal controls (relating to the Better Practice Model) including new payroll additions, terminations, pay rate changes, payroll changes and deductions. In addition, the scope will extend to assessing Council's new employee on-boarding process, outlined in PR116 Induction and Training Procedure.	February	✓		
2	Expiation Waiver Process	Following on from an investigation undertaken in 2023 relating to Expiation Notice legislative references, this project will assess the policy and processes in place to apply and withdraw an Expiation Notice.	June	✓		
3	Community Grants Scheme and Business Enhancement Program (BEP)	A review to assess the procedures related to Community Grants and BEP paid by Council, including the assessment and allocation of grants and follow up requirements. This will consider compliance with Council's PO149	June	✓		

		Community Grants Scheme Policy and PO184 Business Enhancement Program Policy and Guidelines.				
4	Minlagawi Gum Flat Reserve Management Plan	2024 will be the halfway point of this five-year Plan and this review will provide an update on progress towards achieving the outlined objectives. This will include assessment of effectiveness of implemented management actions in consideration of the outlined timeframe and alignment with identified management principles.	September	✓		
5	WHS Legislation	To meet requirements of the Work, Health and Safety (WHS) Act 2012, a project will be undertaken annually to review and assess performance against the Strategic Risk Management Plan and WHS program objectives and compliance with policies, procedures and processes. Specific scope will be developed in consultation with the Manager People, Culture & Safety.	September	✓	✓	✓
6	Yorke Peninsula Leisure Options Program (YPLO)	To ensure YPLO meets the quality management framework (National Disability Insurance Scheme), a project in this area will be undertaken annually. Specific scope will be developed in consultation with the Manager People, Culture & Safety.	October	✓	✓	✓
7	Network Penetration Testing (formally called Cyber Security)	Network penetration testing to be conducted annually by external consultant. The engagement and management of this review is performed by Council's Leader Systems and Technology and Information Technology Team. A summary report, action items and action status will be provided to the Committee.	October	✓	✓	✓
8	Internal Financial Controls	Manage the Internal Controls self-assessment process and report results to the Committee. Perform independent verification of staff's self-assessment of internal financial controls.	February & October	✓	✓	✓
9	Corporate Purchase Card, Employee Expense Reimbursement Compliance and Chief Executive Officer (CEO) Corporate Card Transactions	Select a sample of corporate purchase card transactions and general staff reimbursements and verify that they are in accordance with PO084 Corporate Purchase Card Policy, PR115 Corporate Purchase Card Procedure and other relevant policies and procedures. Furthermore, provide the Committee with the CEO's corporate card transactions on a six-monthly basis.	February & October	✓	✓	✓

10	Scheduled Policy and Procedure Review Register	To inform the Committee about the relevant policies and procedures that are upcoming for review, including the proposed dates that draft documents will be provided to the Committee.	February	✓	✓	✓
11	Follow Up Agreed Actions	Continued follow up and reporting of agreed actions resulting from internal and external audits, internal control self-assessments and other external bodies (where required).	Ongoing	✓	✓	✓
12	CEO Requests	Allowance for special projects, investigations, follow ups and requests by the CEO that may arise during the year.	Ongoing	✓	✓	✓

3. Proposed Internal Audit Projects 2025 – 2026

Planned 2025 and 2026 projects are included below, however these will be continually reviewed and are considered annually with the Committee.

	Project	Brief Description	2025	2026
1	Financial Management - Accounts Payable	A review of key accounts payable controls including approval and disbursement process, maintenance of supplier master file and general ledger reconciliations.	✓	
2	Special Event Process	A review to assess compliance with PR063 Special Events. This procedure defines the process and provides guidance for the management, coordination and/or assistance provided in relation to the management and approval of Special Events held on land and/or facilities (property) owned or managed by Council.	✓	
3	Project Management	A review to assess the effectiveness of the controls to support the successful delivery of projects across the organisation. Examination of the processes, policies and procedures in place to govern projects. This will include consideration of a Council Project Management Framework.	✓	
4	Community Consultation	A project to review the Community Consultation practices with minimum legislative requirements and compliance with PO057 Community Engagement. This Policy outlines community engagement techniques and the circumstances of when and how each technique will be used.	✓	
5	Elected Member Expenses	A review to confirm correct payment of allowances, reimbursement of expenses and accurate and timely recording in legislated registers.	✓	
6	Procurement and Contract Management	A review to assess an area of procurement, with a specific scope to be developed to address highest area of priority (for example Vendor Panel, contractor management, spend analysis). Please note an external consultant will be required for this project due to independence.		✓
7	Risk Management	A review to consider the implementation and operation of Council's Risk Management Framework and approach and the effectiveness with which it manages risks across Council. Please note an external consultant will be required for this project due to independence.		✓
8	Hazardous Chemicals	A review to consider the processes relating to the purchasing, usage and storing of hazardous chemicals across the organisation (including Caravan Parks).		✓
9	Inventory Policy	It is understood that an Inventory Policy will be developed and implemented by the Finance team in 2024. This project is planned to assess Council's compliance with this newly developed policy.		✓
10	Economic Development and Tourism Strategy	2025 will be nearing the end point of Council's five-year strategy and this review will provide an update on progress towards achieving the outlined Priorities and Pathways (8 in total) and the specific Action Plan Items (61 in total).		✓

Indicative Scopes for Proposed Project on the 3-Year Internal Audit Plan 2024 - 2026

(Please note: the scopes are indicative only and in early draft format – actual scope will vary pending stakeholder engagement and further input).

1. Financial Management – On Boarding and Payroll Processing

The overall objective of the project is to assess the risks and controls associated with Council's on-boarding of new employees, payroll and remuneration processes.

The scope of the project is to ensure that:

- Policies and procedures are in place for payroll management.
- Focussed testing key payroll controls (addressing the controls within the Better Practice Model) specifically new hires and additions to payroll system, changes to payroll master file details, recording time worked, payroll processing and leave management.
- Ensuring compliance with Council's new employee on-boarding process, outlined in PR116 Induction and Training Procedure.

2. Expiation Waiver Process

The overall objective of the project is to verify that waived expiation notices are managed appropriately in accordance with policies and procedures.

The scope of the project is to ensure that:

- Policies and procedures are in place for the application and waiving of produced expiation notices.
- Applications for waiving of expiation notices are documented and retained.
- Decisions relating to waiving of expiation notices are appropriately managed and documented.
- Ongoing processes are in place to review and monitor the level of expiation notice withdrawals to ensure issuing processes are effective.

3. Community Grants Scheme and Business Enhancement Program (BEP)

The overall objective of the project is to provide assurance that the grants and/or monies provided to Council community are awarded to eligible recipients and managed effectively as per PO149 Community Grants Scheme and/or PO184 BEP Policy and Guidelines.

The scope of the project is to ensure that:

- Council's PO149 Community Grants Scheme, PO184 BEP Policy and related procedures covering its grant management and business enhancement allocation processes are in place and available for relevant stakeholders.
- Grants Working Party is in place in accordance with policy and procedures.
- The eligibility criteria and award process for grants have been established and communicated.
- The assessment process has complied with relevant criteria.
- Council has a central register of fund recipients, capturing the details of previous funding received.

- Conflict of interest avoidance measures are incorporated and followed in the grant awarding process.
- All grants have terms and conditions specifying expectations on usage and the acquittal process.

4. Yorke Peninsula Leisure Options Program (YPLO)

The overall objective of the project is to assist YPLO meeting the ongoing requirements of quality management framework (National Disability Insurance Scheme).

The scope of the project will be developed in consultation with the Manager People, Culture & Safety and will assess compliance against a specific YPLO policy or procedure requirement.

5. WHS Legislation

The overall objective of the project is to meet requirements of the Work, Health and Safety (WHS) Act 2012, and assess performance against the Strategic Risk Management Plan and WHS program objectives and compliance with policies, procedures and processes.

The scope of the project will be developed in consultation with the Manager People, Culture & Safety and will assess compliance against a specific WHS policy or procedure.

6. Minlagawi Gum Flat Reserve Management Plan

The overall objective of the project is to provide an independent update on progress towards achieving the outlined objectives of the Management Plan that has been prepared for Minlagawi Gum Flat Reserve (Reserve). The Management Plan sets out a direction for the Reserve until 2026 and recommends management actions (30 in total) aimed at meeting the needs and expectations of Reserve users.

The scope of the project is to ensure that:

- Council's Reserve Management Plan has been documented and communicated effectively to relevant stakeholders.
- Management actions have been documented and there is an internal process in place to ensure their implementation in a timely manner.
- Implemented management actions are effective in consideration of the outlined timeframe and alignment with identified management principles.
- Reporting protocols are in place to Senior Management and Elected Members to provide regular updates on the progress of the Management Plan.

7. Network Penetration Testing

The overall objective of the project is to undertake network penetration testing across Councils External public facing points of access and also internal perimeter network.

The scope of the project is to ensure that:

- Specific firewall, routers, internal and external network points are tested by an external provider to see if they can compromise or breach Council's security controls.

- Controls to improve and enhance Council's network security profile are identified.
- Engagement and management of this review is performed by Council's Leader Systems and Technology and Information Technology Team. A summary report, action items and action status will be provided to the Audit and Risk Committee.

8. Internal Financial Controls

The overall objective of the project is to provide the Audit and Risk Committee with updates regarding the management of the internal controls testing and the results of staff control self-assessment testing of the key financial controls within the Better Practice Model.

The scope of the project is to ensure that:

- Council's financial control self-assessment testing is undertaken in accordance with the agreed three-year testing plan of all controls within the internal financial control library.
- Council's financial management control environment is operating effectively.
- Ensure that external financial audit legislative requirements are adhered to.
- Perform independent verification of staff's self-assessment of internal financial controls.

9. Corporate Purchase Card, Employee Expense Reimbursement Compliance and Chief Executive Officer (CEO) Corporate Card Transactions

The overall objective of the project is to verify that Council's corporate purchase card transactions and general staff reimbursements are in accordance with PO084 Corporate Purchase Card Policy, PR115 Corporate Purchase Card Procedure and other relevant policies and procedures. Furthermore, provide the Committee with the CEO's corporate card transactions on a six-monthly basis.

The scope of the project is to ensure that:

- Transactions are submitted and processed in timely manner.
- Transaction information is accurately recorded.
- Transactions are appropriately approved or required documentation is retained (i.e SF050C Corporate Purchase Card - Missing Documentation Declaration Form).
- The transaction spend appears to be in accordance with current procedure i.e. it is a legitimate Council expense and if any of the transactions possibly perceived or considered as 'Sensitive Nature'.
- For any sensitive in nature transactions, the business purpose or justification has been adequately described.

10. Scheduled Policy and Procedure Review Register

The overall objective of the Audit and Risk Committee report is to inform the Audit and Risk Committee about the relevant policies and procedures that are upcoming for review, including the proposed dates that draft documents will be provided to the Committee.

The scope of the report is to ensure that:

- Policies and procedures that are required to be reviewed and endorsed by the Audit and Risk Committee are provided in a timely manner.
- The Audit and Risk Committee are aware of relevant policies that are overdue for review and update.

11. Follow Up Agreed Actions

The overall objective of the Audit and Risk Committee report is to provide updates on the status of Council's agreed actions.

The scope of the project is to ensure that the Audit and Risk Committee are informed:

- Of agreed actions resulting from internal and external audits, internal control self-assessments and other external bodies (where required).
- Of status updates from Action Owners regarding work undertaken to address the action.
- Of action items that are not being addressed in a timely manner.

12. Chief Executive Officer (CEO) Requests

The overall objective of the project is to allow resource time and flexibility for special projects, investigations, follow ups and requests by the CEO that may arise during the calendar year.

8.5 ASSET MANAGEMENT UPDATE**Document #:** 23/113504**Department:** Assets and Infrastructure Services**PURPOSE**

To update the Audit and Risk Committee on Asset Management activities.

RECOMMENDATION

That the report be received.

LINK TO STRATEGIC PLAN**Goal:** 2 Community Connected through Infrastructure**Strategy:** 2.1 Develop and deliver on Asset Management Plans for all asset classes

2.4 Explore provision of new infrastructure

BACKGROUND

The report provides the Audit and Risk Committee with a summary of the works/activities undertaken within Asset Management.

DISCUSSION

The following asset classes are being revalued this financial year:

- Transport
- Community Wastewater Management Scheme (CWMS)
- Stormwater Infrastructure
- Water Infrastructure

The revaluation will enable Council to comply with Australian Accounting Standards AASB 116 – Property, Plant and Equipment and AASB 13 – Fair Value Measurement.

This process has commenced with Council staff reviewing condition data, unit rates for the current replacement cost, standard lives, and the current asset componentry.

Tonkin have been engaged to undertake the revaluation of CWMS, Stormwater and Water assets.

COMMUNITY ENGAGEMENT PLAN

Level 1 - Inform

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Assets and Infrastructure Services
- Manager Financial Services

In preparing this report, the following external parties were consulted:

- Nil

POLICY IMPLICATIONS

PO124 Asset Accounting Policy

PO128 Asset Management Policy

BUDGET AND RESOURCE IMPLICATIONS

The continued review of Council's asset management data provides Council with a guide to ensure that sufficient funding is available to maintain assets at an appropriate level.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act 1999

ATTACHMENTS

Nil

8.6 REPORT ON EXCESS ANNUAL LEAVE ENTITLEMENTS

Document #: 23/113860

Department: Corporate and Community Services

PURPOSE

To provide an update to the Audit and Risk Committee on the current annual leave management processes.

RECOMMENDATION

That the report be received.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance and Leadership

Strategy: 5.5 Undertake effective risk and emergency management

BACKGROUND

An entitlement to paid annual leave is a statutory minimum condition of employment and provides employees with access to paid days away from their workplace each year. The effective management of annual leave is important from a strategic and its operational perspective and forms part of the risk management and internal controls. By managing excess annual leave, an organisation can ensure it remains productive, can meet operational needs, and supports health, safety and wellbeing of its employees. Additionally, active management of employees' use of their annual leave entitlements can help reduce the financial risks associated with accruing excessive amount of annual leave.

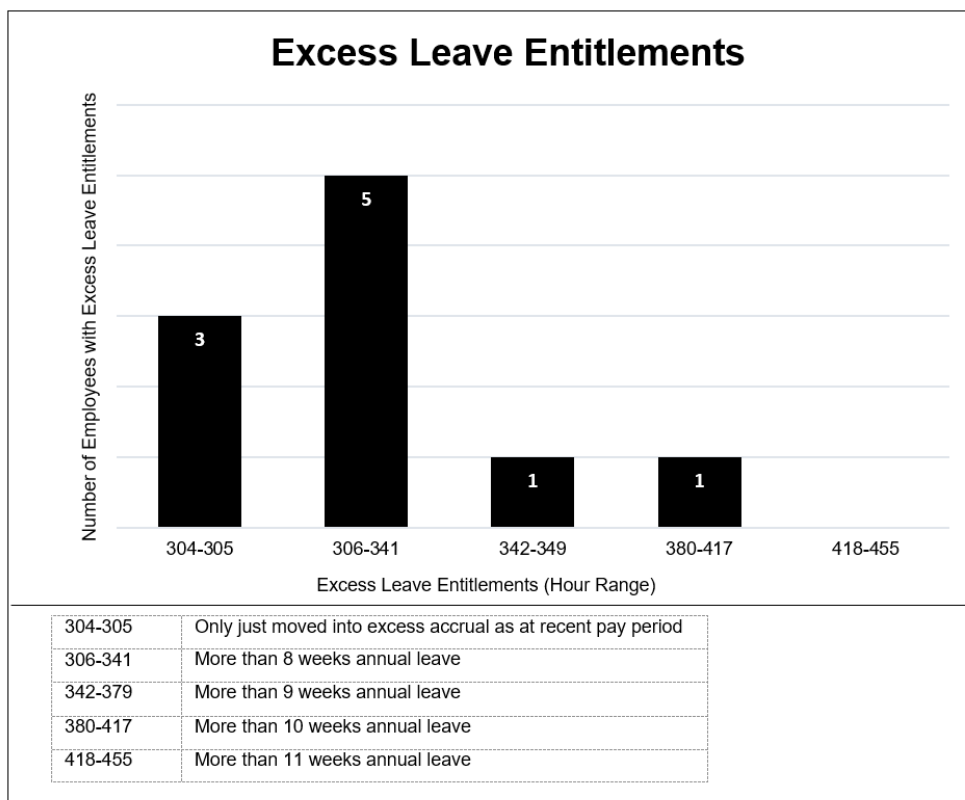
At the October 2023 Audit and Risk Committee meeting, it has been requested that the excess annual leave entitlements be reported through to the Committee on a regular basis.

DISCUSSION

Council's current PO173 Leave Management Policy (Policy) defines excess leave as an employee accruing leave credits that accumulate beyond an acceptable level at any time during their employment lifecycle. The current acceptable level for accrued annual leave is eight (8) weeks or three hundred and four (304) hours. The Policy provides Council with a consistent approach in managing employee leave entitlements to prevent accumulation which is above the allowable limit.

It is recognised that excess leave entitlements will alter during the year as balances naturally increase and decrease as employees accrue and access their annual leave entitlements. This natural fluctuation of balances is monitored by management on a regular basis with fortnightly excess leave reports being reviewed, which ensures excess entitlements are managed appropriately. This regular reporting is initially provided to the Corporate Management Team (CEO and Directors) which highlights when an employee has a balance greater than the allowable limit. The relevant Director, in consultation with the Manager, will then discuss the excess leave balance with the affected employee(s) to ascertain their future planned leave arrangements. To ensure appropriate risk management strategies are put in place, a Leave Management Plan is created and monitored.

The following graph shows the number of employees who hold annual leave entitlements in excess of the Policy as at Friday 17 November 2023.



- Three (3) employees have only just accrued annual leave entitlements above the allowable limit (greater than 304 hours). A request for a new leave management plan has been forwarded onto relevant Directors for completion.
- Five (5) employees have more than eight (8) weeks annual leave:
 - Two (2) employees are currently establishing new leave management plans with one (1) employee (outside staff member) scheduled for leave in January 2024.
 - Two (2) employees have approved leave management plans and are scheduled for leave in January 2024.
 - One (1) employee has an approved leave management plan and is scheduled to reduce entitlement by February 2024.
- One (1) employee with more than nine (9) weeks annual leave. An approved leave management plan is in place an annual leave booked for January 2024.
- One (1) employee with more than ten (10) weeks annual leave. Leave management plan now superseded by retiring in January 2024.

This report covers all Council employees employed under an award, with ten employees having excess annual leave balances, equating to 7% of the workforce.

COMMUNITY ENGAGEMENT PLAN

Level 1 - Inform

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Manager People Culture and Safety
- Team Leader, HR and People

In preparing this report, the following external parties were consulted:

- Nil

POLICY IMPLICATIONS

PO173 Leave Management

BUDGET AND RESOURCE IMPLICATIONS

Council's annual budget deals with annual leave in two different ways. The outside staff have a separate budget line for annual leave in which the assumption is made that the four full weeks entitlement will be taken during the year. For inside staff, the four (4) full weeks allowance is incorporated into the annual salary which is allocated into the appropriate budget area. Should the four (4) week allowance not be taken, or additional leave above the four (4) weeks is taken in that financial year, an end of year balance sheet adjustment is completed to ensure that Council's accurately reflects the leave liability as at 30 June of the relevant year.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Fair Work Act 1994

Local Government 1999

Work Health and Safety Act 2012

YPC Local Government Employees Enterprise Agreement 2023

YPC Municipal Officers Enterprise Agreement 2023

ATTACHMENTS

Nil

9 NEW AND EMERGING RISKS / ISSUES

10 GENERAL BUSINESS

11 NEXT MEETING

Tuesday 27 February 2024 (to be confirmed)

12 CLOSURE