



Audit Committee

NOTICE OF MEETING

Notice is hereby given that a meeting of the Audit Committee will be held in the

**Kingston Room, Civic Centre
24 Jetty Road, Brighton**

Wednesday 9 October 2019 at 6.00pm

Roberto Bria
CHIEF EXECUTIVE OFFICER

AGENDA



Audit Committee Agenda

1. OPENING

The Presiding Member, Councillor Smedley will declare the meeting open at _____ pm.

2. APOLOGIES

2.1 Apologies received

2.2 Absent

3. DECLARATION OF INTEREST

If a Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Committee they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 28 August 2019 be taken as read and confirmed.

Moved _____, Seconded _____

Carried

5. ACTION ITEMS

6. REPORTS BY OFFICERS

6.1 Standing Items – October 2019(Report No: 371/19)

6.2 2018-19 General Purpose Financial Statements (Report No: 374/19)

6.3 2018-19 Annual Report (Report No: 372/19)

7. AUDIT COMMITTEE FORWARD AGENDA

8. URGENT BUSINESS – Subject to the Leave of the Meeting

9. CONFIDENTIAL ITEMS

9.1 Alwyndor Corporate Risk Register (Report No: 373/19)

Pursuant to Section 83(5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents

in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- d. commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 5 February 2019 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

11. CLOSURE

**ROBERTO BRIA
CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE
ACTION ITEMS
As at 9 October 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
29 August 2018	6.2 AC self-assessment	Investigate the possibility of undertaking a tour of Council facilities and projects as part of the new Council induction program with Audit Committee members invited to attend.	R. Bria	June 2019	Bus tour booked for December.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Review Council report template to include a section on risk implications.	R. Bria	January 2020	A new system to manage meetings and agendas is being implemented. The templates will be reviewed as part of the implementation. In the interim any reports to Council that involve major risks will be documented in the report.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Some guidance to be included in the Prudential Management Policy on when in the project lifecycle that a prudential management report is undertaken. This also to be included in the Project Management training	R. Bria	August 2019	This will be included on the next review of the Prudential Management Policy later this calendar year. The guidance will be included in the Project Management training being undertaken later this financial year.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Council's Prudential Management Policy will be reviewed and if necessary amended to clarify the forms of recommendations the Prudential Report and any covering paper must make to Council - for example unqualified, or qualified.	R. Bria	August 2019	The Prudential Management Policy will be reviewed later this calendar year and we be brought back to Audit Committee for comment before it goes to Council for endorsement.
8 April 2019	6.2 Draft 2019-20 Annual Business Plan	That a Long Term Financial Plan for Alwyndor be brought back to the Committee	GM Alywndor	December 2019	



**AUDIT COMMITTEE
ACTION ITEMS
As at 9 October 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
19 June 2019	6.1 Standing Items	Review of Financial Policies and Procedures (Action from the Control Track Assessment)	Manager, Finance	October 2019	
19 June 2019	6.1 Standing Items	Disaster Recovery Plan, including IT Function, to be reviewed and brought back to the Committee (Action from the Control Track Assessment)	GM, Strategy & Business Services	December 2019	
19 June 2019	6.1 Risk Management Framework	Follow-up on the Strategic Risk workshop	GM, Strategy & Business Services	December 2019	Strategic Risk workshop to be facilitated by Gaplins in October
19 June 2019	6.1 Standing Items	Schedule quarterly stocktake of inventory items (Action from the Control Track Assessment)	Manager, Field Services	June 2020	Working with Manager, Field Services to implement process for stocktake.
8 April 2019	7.1 External Auditor Appointment	External Audit Services be put to tender and an external auditor appointed prior to the commencement of work required for the 2020/21 financial year	Manager, Finance	September 2020	
28 August 2019	6.1 Standing Items	Report quarterly on the high risk audit responses	GM, Strategy & Business Services	Quarterly	Reporting will commence in the meeting February 2020

Item No: **6.1**
Subject: **STANDING ITEMS – OCTOBER 2019**
Date: 9 October 2019
Written By: Manager Finance
General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

The Audit Committee is provided with a report on standing items at each ordinary meeting.

RECOMMENDATION

That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly financial statements**
 - **Risk Management and Internal control**
 - **Audit – External/Internal**
 - **Public Interest Disclosures – previously Whistle-Blowing**
 - **Economy and efficiency audits**
 - **Audit Committee Meeting Schedule**
-

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Local Government Act 1999, Sections 41 and 126
Public Interest Disclosure Act 2018

BACKGROUND

The Audit Committee has previously resolved that a report be included in the agenda of each meeting of the Committee addressing the following standing items:

- Monthly financial statements
- Risk management and Internal Controls
- Audit – External/Internal
- Public Interest Disclosures – previously Whistle-Blowing
- Economy and efficiency audits

Also included in this Standing Items report is an item to formally advise the Committee of the outcomes of its recommendations and advice to Council. This is aimed at 'closing the communication loop' between the Committee and Council.

REPORT

Monthly Financial Reports

Members of the Committee receive copies of the monthly financial reports as soon as practical after they are provided to Council.

Financial reports for Municipal and Alwyndor operations for the month ended 31 August 2019 were considered by Council at its meeting on 24 September 2019. Members of the Committee have received copies of the August report.

Risk Management

Administration is not aware of any material changes to Council's risk profile not otherwise disclosed since the previous Standing Items Report on 5 June 2019.

A draft Alwyndor corporate risk register was provided to the Alwyndor Management Committee for committee approval in August 2019. This is subject to a separate report within this agenda.

Internal Controls

Administration is not aware of any material changes to Council's internal controls not otherwise disclosed since the previous Standing Items report on 28 August 2019.

External Audit

Council's external auditor, BDO, will be attending this Audit Committee to present their 2018/19 audit completion report. This report is included as part of this agenda.

Council's external auditor, BDO, has also attended a special Alwyndor Management Committee (AMC) meeting on 2 October to present their 2018/19 audit completion report to the AMC on the Alwyndor financial statements. This report and Alwyndor statements are included as part of this agenda.

Internal Audit

A credit card internal audit was undertaken during May 2019 to provide Council and Alwyndor assurance in regards to the robustness of internal controls around credit cards. The audit report and management responses are attached.

Refer Attachments 1a/b

In response to the credit card audit an updated credit card policy has been drafted for the committee's consideration and feedback. The draft policy is attached.

Refer Attachment 2

Public Interest Disclosures

On 1 July 2019 the *Public Interest Disclosure Act 2018* came into effect replacing the *Whistleblowers Protection Act 1993*. The new laws strengthen transparency and accountability across government by establishing a scheme that encourages and facilitates the appropriate disclosure of public interest information to certain persons or authorities. Council has endorsed the Public Interest Disclosure Policy aligned to the model policy provided by the Local Government Association.

There have been no public interest disclosures made to Council since the previous standing items report on 28 August 2019.

Sec 130A Economy and Efficiency Audits

Council has not initiated any review pursuant to section 130A of the *Local Government Act* since the previous Standing Items Report on 28 August 2019.

Council Recommendations

At its meeting on 27 August 2019 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 5 June 2019 and the special meeting held on 26 June 2019.

2019 Remaining Meeting Schedule

The Audit Committee's terms of reference require it to meet at least 4 times each year and at least once each quarter. During 2019 meetings have been set to align with the two important financial programs in which the Audit Committee plays important roles:

- Development of the annual business plan and budget
- Completion of the annual financial statements, external audit and annual report.

With the completion of the annual financial statements and annual report there are no further formal meetings scheduled for 2019. There is an informal site visit meeting scheduled for December 2019. It is anticipated that the next formal meeting will be in February 2020 at a date to be confirmed.

BUDGET

This report does not have any budget implications.

LIFE CYCLE COSTS

This report does not have any full life cycle costs implications.

Where you want to be.



September 2019

City of Holdfast Bay

Credit Card Audit
Internal Audit Report

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30 September 2019

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Dear John

Internal Audit Report – Credit Card Audit

Please find attached our report on the Credit Card Audit for City of Holdfast Bay.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa
Partner

Enclosure

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 Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by City of Holdfast Bay management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed. The findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Official Order and for City of Holdfast Bay information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of City of Holdfast Bay management or its delegate. Other than our responsibility to the management of City of Holdfast Bay, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Holdfast Bay external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

Executive summary

Background

The City of Holdfast Bay (“Council”) has engaged Bentleys SA Pty Ltd to conduct an internal audit project – Credit Card Audit in June 2019 in line with the Audit Committee’s request.

The *Local Government Act 1999* S49(a1) and the *Independent Commissioner Against Corruption Act 2012* S4 require that a Council must “obtain value in the expenditure of public money” and protect public money from being used in fraudulent activities. To this end, Council has developed and maintained the relevant Procurement Policy and the Fraud, Corruption, Misconduct and Maladministration Policy; and built up a system to ensure that effective and consistent practices and procedures are in place.

This audit will consider whether credit card management is efficient and effective to mitigate the key risk (#2 of the Council’s Risk Workshop Report 2017) to address fraud and theft in the area of purchasing.

This report outlines findings and recommendations in respect of Council’s credit card management.

Audit objectives

This audit assessed the adequacy and efficiency of credit card controls implemented within Council to prevent and detect credit card fraud. Specific objectives included:

- Review credit cards transactions for compliance with the applicable legislations and Council’s policies on credit card to determine
 - Whether transactions are clearly business related;
 - The adequacy of transaction explanations provided by cardholders;
 - Whether transactions are supported by Tax Invoices/Receipts; and
 - Compliance with set meal and accommodation rates.
- Identify risks associated with the use of credit cards, and to assess the design and effective operation of Council’s controls to address those risks in an efficient manner, including
 - Both financial and non-financial, e.g. reputational risk; and
 - Both internal and external, e.g. CNP frauds – card not present.
- Compare the results of this audit to the Risk Register, particularly:
 - Risk descriptions;
 - Control descriptions;
 - Risk rating assessments – pre and post controls; and
 - Treatment Plan.

Governance objectives, where relevant, were considered. This included an assessment of whether governance processes were in place, including:

- Defined roles and responsibilities;
- Segregation of duties;
- Appropriate levels of delegated authority;
- Monitoring and reporting of abnormal activity; and
- Records management and documented audit trails.

Audit scope and approach

The scope includes credit card activities between July 2018 and March 2019 inclusive (nine months) and considered:

- Controls that provide reasonable assurance that authority for local procurement functions and various tasks provided by Council and the Chief Executive Officer (“CEO”) has been delegated formally and in accordance with relevant regulations and rules;
- Review documents to ensure procurement policies and procedures align with the financial delegations;
- Logic test financial authorities, e.g. purchasing limit not exceeding budget limit / are reasonable based on level of responsibility;
- Review, assess and obtain an understanding of the credit card processes, systems and controls, but not limited to
 - Understand the issuance of credit cards; amendments to card limits and basis of utilisation;
- Assess the post-control risk pertaining to the credit card processes using Council’s Risk Management Framework and compare to the rating in the Risk Register;
- Assess 15 reconciled transactions per month randomly selected across the cardholders of the Council for compliance with policy and procedure;
- Adherence to ATO GST and FBT requirements;
- Obtaining appropriate approvals for entertainment/hospitality expenses;
- Adherence to policy and procedure, including allowable purchases;
- Appropriate Bank system controls/reports have been engaged by management;
- Periodic reporting and monitoring;
- Conduct spend analytics to determine high usage employees and high spend types (subject to data availability); and
- Where possible, the level of compliance will be assessed via statistical analysis and recommendations will be made on improving purchase card compliance and efficiency.

Limitation of scope – At the time of audit in May 2019 the transactions relating to employee ID #4073 occurred in March 2019 were unreconciled and therefore not included in the scope of this audit (refer to Finding 4).

Our approach involved reviewing the process, procedures, policies and documentation; interviewing key staff; observation, walkthrough and substantive testing where possible.

Our audit reviewed the key processes and documents which drive the credit card management. Refer to Documents Accessed and Consultation (Appendix 3) for detailed information.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

Table 1 Sampling basis and sample size

Employee ID #	July 2018 - March 2019					
	Number of Transactions Made	Number of Transactions Tested	Sampling Coverage %	Total \$ Incl. GST of Transactions Made	Total \$ Incl. GST of Transactions Tested	Sampling Coverage %
2350	283	50	18%	\$45,623	\$23,306	51%
1010	213	17	8%	\$15,595	\$4,745	30%
3504	114	12	11%	\$9,261	\$3,820	41%
1077	108	16	15%	\$8,719	\$3,669	42%
3012	81	10	12%	\$8,439	\$3,847	46%
2002	63	9	14%	\$6,837	\$2,793	41%
1000	30	1	3%	\$6,291	\$5,000	79%
4079	29	5	17%	\$5,123	\$2,229	44%

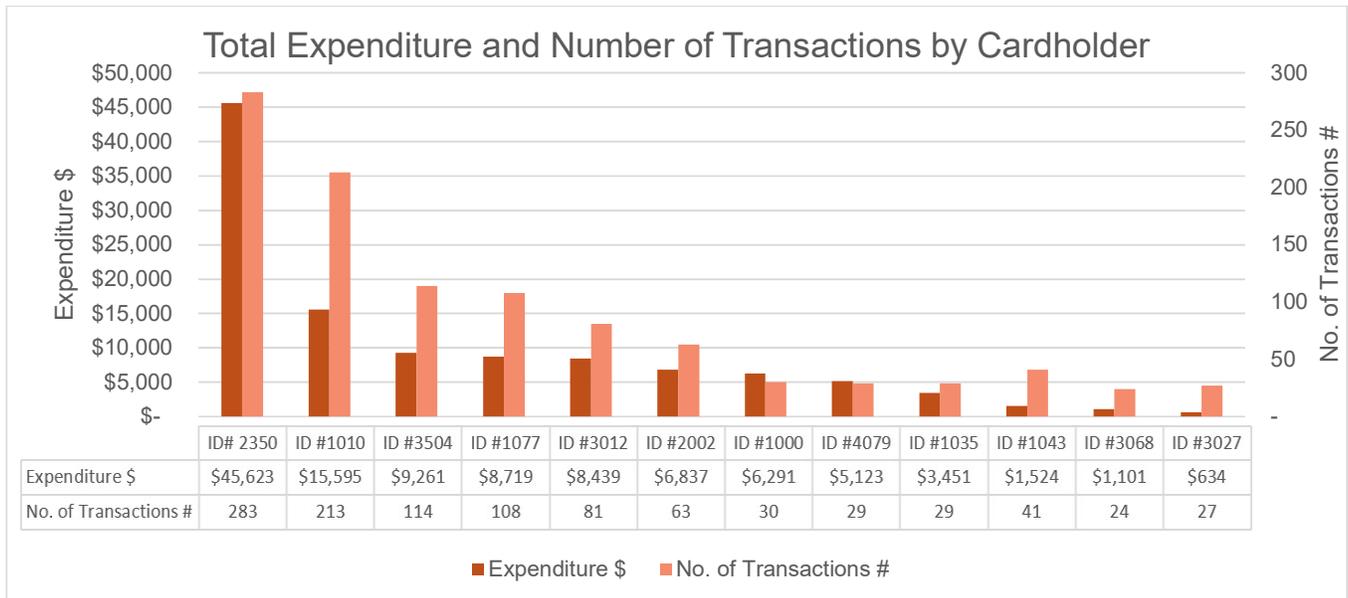
July 2018 - March 2019						
Employee ID #	Number of Transactions Made	Number of Transactions Tested	Sampling Coverage %	Total \$ Incl. GST of Transactions Made	Total \$ Incl. GST of Transactions Tested	Sampling Coverage %
1035	29	5	17%	\$3,451	\$1,961	57%
1043	41	4	10%	\$1,524	\$1,121	74%
3068	24	1	4%	\$1,101	\$253	23%
3027	27	4	15%	\$634	\$1,213	191%*
2107	1	-	-	\$17	-	-
Total	1,043	135	13%	\$112,615	\$53,956	13%

*Refunds (to fraudulent transactions detected due to cyber hacking) were not tested which resulted in the tested purchase value being larger than total purchase value.

Statistical analysis

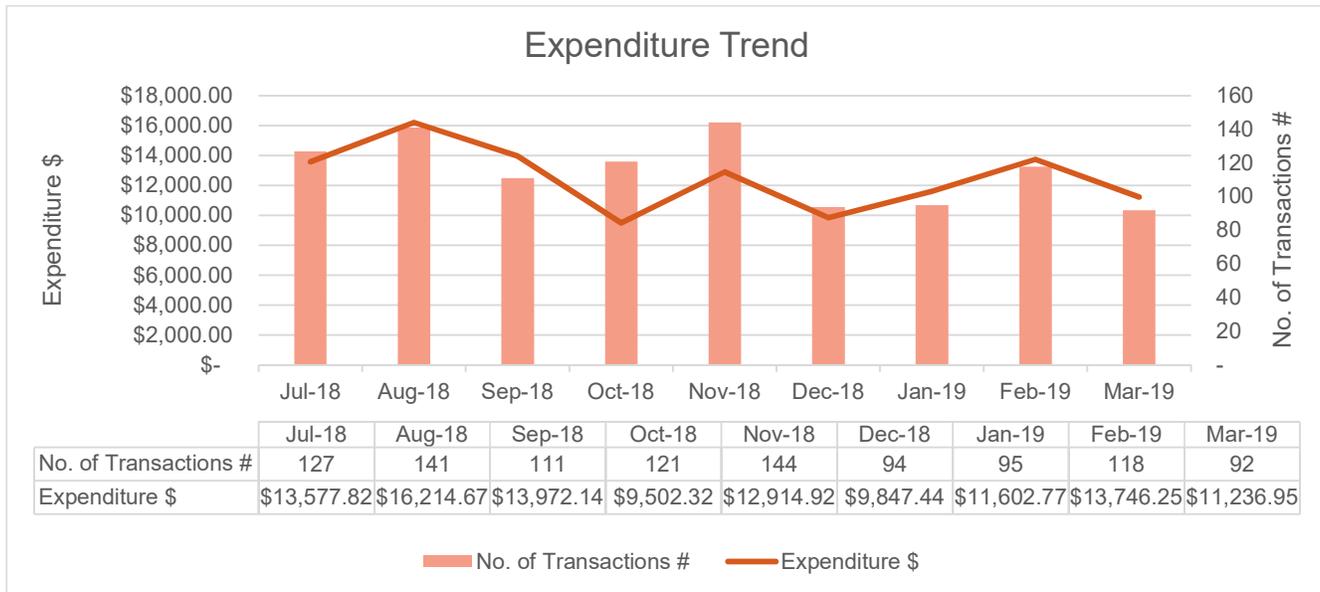
Data analysis was undertaken to highlight credit card usage and purchasing trend over the audit period from July 2018 to March 2019.

Credit card usage



During the audit period, there were fourteen card holders in total. Based on the scope, one card holder was not included due to late reconciliation and data unavailability. Data analysis revealed employee #2350, holding the position of Manager, Library Services, was the most significant user comprising 41% of total purchase value, and 27% of all transaction volume. Purchases were predominantly comprised of minor computer equipment, library resources (i.e. books, films, and magazine subscriptions), and ad hoc purchases for the purpose of hosting events. Employee #3068, holding the position of General Manager, Community Services, was the second most significant user with 20% of total transaction volume. Purchases were predominantly comprised of minor marketing expenses, website hosting, publication subscriptions and minor café expenses. All purchases made by these cardholders were for business purposes and reflected the expenditure expected of their position.

Expenditure trend



Data analysis revealed significant movements in purchasing activity in the months of August 2018, October 2018, November 2018, and February 2019.

A donation in August 2018 totalling \$5 thousand was made for the benefit of South Australian Farmers for the purpose of Drought Relief by the CEO, which contributed to the significant spike in the total spend for the month. In addition, 16 transactions occurred which related to annual credit card fees and the return of disputed transactions which significantly contributed to the increased transaction volume for the month. The decrease in purchase value in October 2018 is a result of lower library book purchases for this month totalling \$1.8 thousand. The spike in November 2018 transaction volume is a result of library resources purchased totalling \$5 thousand across 27 purchases. The increase in transaction volume and purchase value February 2018 is a result of mandatory motor vehicle registrations and inspections made up of eight (8) transactions, totalling \$1.5 thousand and mandatory DCSI screening made up of seven (7) transactions, totalling \$2 thousand.

Good practices observed

The following good practices were observed during the audit:

- New cardholders are required by the Credit Card Policy (“policy”) to read the policy and sign an acknowledgement declaration before the approval of a card.
- A statutory declaration was used to support transactions with lost receipts. This is not detailed in the policy but was being prepared. A statutory declaration is a written statement which you sign and declare is truth before an authorised witness as specified by the Statutory Declarations Regulations 1993.
- Cards are being terminated timely when the cardholders resigned or was terminated. There were no transactions remaining outstanding as at termination date.
- Bank system controls did not allow for transactions which would bring the credit balance over a cardholder’s designated credit limit.
- Cards are only being used by approved card holders.
- Credit and transaction limits are clearly defined in the financial delegations and upon approval of card.
- All transactions were made within card holder limits.
- Though not required by the policy, the CEO and General Managers appear to approve transactions.
- Instances of lost or misused credit cards have been investigated and cancelled within two day of identification and a new card subsequently reissued.

Key findings and observations

A summary of the risk rated findings based on the Risk Management Framework of the City of Holdfast Bay are provided below:

Inherent risks

Key inherent risks before controls include:

- Non-compliance with legislative requirements;
- Non-compliance with the applicable Council policies;
- Fraud, theft or misappropriation of funds;
- Expenses overstated by GST not currently being claimed;
- Exposure to computer hackers/viruses and data breaches; and
- Reputational damage.

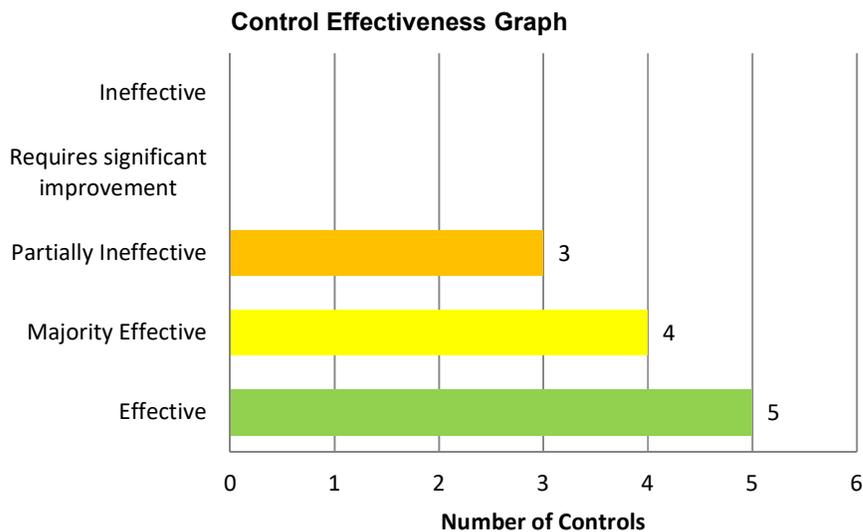
Controls assessment

The control effectiveness assessment below is an indicator of the current state of the control environment within business operations and its ability to mitigate against the risk exposures.

Given the Council does not have its control effective ratings in the risk management policy, we adopted the definitions of control effectiveness ratings from the Better Practice Model – Internal Financial Control developed by the South Australian Local Government Financial Management Group Inc (SALGFMG).

Key controls were identified during the audit. Refer to Controls Assessment (Appendix 4) for detailed information.

Based on the internal audit work completed, documents inspected, surveys conducted and interviews with key stakeholders, it is the view of Bentleys SA/NT that the control environment of credit card management is **Majority Effective**.



Overall Controls Assessment ⁽¹⁾				
Effective	Majority Effective	Partially Ineffective	Requires Significant Improvement	Ineffective

(1) Limited to audit scope and based on test results.

Residual risk assessment

Provided below is an audit assessment of the residual risk in respect of the process reviewed, having regard to the issues identified by the audit.

Ref #	Description of Findings	Risk Rating
1	Policy and process alignment	Moderate
2	Prior approval for sensitive transactions	Moderate
3	Cardholder Register	Low
4	Transaction approval and reconciliation	Low
Ref #	Improvement Opportunities	
1	Minor policy improvements	n/a
2	System solution for credit card management	n/a

Refer to Detailed Findings and Agreed Action Plan (Appendix 1) and Improvement Opportunities (Appendix 2) for detailed information.

Each key finding is rated based on the impact to the process considered. Refer to Risk Framework (Appendix 5) for detailed information.



Assessment of Risk Register

The assessment below is an indicator of the relevance and accuracy of the Key Risk #2 and associated controls in Council's Risk Register included in the Council Risk Workshop Report 2017 ("report"), which is "Fraud and theft in the areas of payroll, purchasing, contracting, cash handling, and investment". The scope of this assessment is undertaken from the perspective of use of credit cards and does not reflect the other areas included, such as payroll, contracting, and investment.

Credit Card Risk Rating	Council Risk Workshop Report 2017			Re-assessed ratings following Credit Card Audit		
	Likelihood	Consequence	Rating	Likelihood	Consequence	Rating
Inherent Risk	Possible	Moderate	Moderate	Likely	Moderate	High
Residual Risk	Unlikely	Minor	Low	Possible	Moderate	Moderate

Inherent risk

Based on the corporate likelihood table utilised by Council the likelihood is determined to be Likely given over a five-year period it is probable internal/external fraud or theft would occur (approximately between 76% - 96%) (refer to Appendix 5). This is based on the disputed transactions identified over the audit period and uncertain nature of fraud. Therefore, the re-assessed inherent risk rating is High.

Consequence remains Moderate with consideration given to all relevant areas impacted. The Reputation impact is determined to be Moderate; the Business Impact is determined to be Minor and the Service Delivery impact is determined to be Insignificant. Therefore, the combined consequence is Moderate.

Therefore, using the Risk Framework the re-assessed inherent risk rating is Moderate.

Control descriptions

We tested 12 controls in this audit (refer to Appendix 4). The comparison to the existing controls captured in Key Risk #2 found that the following two should be added:

- Segregation of duties; and
- Record management

The following existing controls were out of scope and, therefore, not assessed: contract management, corporate values, recruitment procedures, code of conduct, and whistle blower policy.

Residual risk

Based on the corporate likelihood table utilised by Council the likelihood post controls is Possible as a result of the controls in place and given the uncertain nature of fraud. Consequence remains Moderate. Therefore, using the Risk Framework the re-assessed residual risk rating is Moderate.

We recommend that the Risk Register should be reviewed and updated regularly (at least annually) to remain accurate.

Acknowledgement

We appreciate the assistance and cooperation received from management and staff of City of Holdfast Bay in completing this review.

Appendix 1

Detailed findings and agreed action plan

Finding 1.	Policy and process alignment	Risk Category	A, B, E
		Impact:	Minor
		Likelihood:	Likely
		Risk Rating:	Moderate
Finding(s)			
<p>The Credit Card Policy (“policy”) developed and approved in 2007 does not appear to reflect the Council’s current practice of credit card use. Through we note the policy is due for review annually, the disconnect between the policy and the actual use of credit cards indicates the policy is due for a detailed review.</p> <p>Though there are opportunities modernise the policy, the actual process used by cardholders, approves and finance staff sufficiently minimises risk of error or misuse.</p> <p>Policy vs current practice (identified):</p> <p>Responsibility of review</p> <p>The policy currently requires “The Accountant” to undertake the review of credit card spend. Practically, the line manager will have a better working knowledge of the need for the spend and should be the one nominated in the policy to review and approve spend. From our testing it appears the line manager is approving the spend, including the appropriateness of the spend, though not required by the policy.</p> <p>Delegation of review</p> <p>In practice, the CEO currently reviews and approves all transactions in addition to the General Managers review (for process refer to Appendix 6). Common practice is for credit card expenditure to be reviewed by the positions line manager unless the nature and value of the spend is outside that line managers delegated authority.</p> <p>Redundant instruction</p> <p>The policy includes instructions regarding use of a log sheet that is not being consistently used across Council. The policy requires that all transactions are entered in a credit card transaction log sheet and approved prior to spend. Our testing identified that 135 transactions (100%) were not entered in the log sheet.</p> <p>We have, however, identified that card holders prepare a “card holder expenditure summary” to record and allocate transactions post spend. This summary is approved by their General Manager and sent to finance and posted into TechOne (Appendix 6). The “cardholder expenditure summary” appears to be operating as an effective control.</p>			
Risk			
<ul style="list-style-type: none"> • Inconsistent practice without effective policy guidance; • Theft, fraud or misappropriation of funds; • Waste of resources if over control is in place; and • Reputational damage when inadequate transactions occur due to lack of policy guidance. 			
Recommendation		Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Review and update the policy, especially addressing the above audit findings, including: <ul style="list-style-type: none"> – Provide clarity regarding log sheet/approval requirements in the policy; and – Review functions to reflect current or preferred practice. 		<p>Management agree to:</p> <ul style="list-style-type: none"> • Review and update credit card policy; • Remove the transaction log sheet requirements from the policy; • Review functions to reflect best practice; and • Inform and train cardholders of the changed policy requirements. 	

• Provide refresher training to all cardholders and affected responsible staff of their duties.	Responsible Officer	Target Date
	Manager Finance	31 December 2019

Finding 2.	Prior approval for sensitive transactions	Risk Category	A, B, E
		Impact:	Minor
		Likelihood:	Likely
		Risk Rating:	Moderate

Finding(s)

Prior approvals are not present for all sensitive (high risk) transactions which include purchases made in the following areas: entertainment; alcohol; and flowers. It appeared all purchases were made for official council purposes. We would like to note industry experience dictates these expense types carry a high risk of misuse.

The policy requires that all transactions are supported by prior approval. However, this requirement was not implemented. For current process, please refer to Appendix 6.

Our testing of 135 transactions made by thirteen cardholders across the organisation between July 2018 and March 2019 included 26 sensitive transactions. We identified that 17 out of 26 sensitive transactions (totalling \$4,032) were not supported by adequate prior approval. Details are as follows:

Expense Type	Non-conforming transactions	Sampled transactions	Non-conformity % of sampled
Travel/ Accommodation	0	7	0%
Entertainment	11	13	100%
Alcohol	5	5	100%
Flowers	1	1	100%
Total	17	26	65%

The reason for the above issues is mainly that the policy does not stipulate a requirement for these key risk areas to be supported with prior approvals (refer to Finding 1); however, this presents a risk to Council operations as it may result in fraud, theft, misappropriation and reputational damage.

Risk

- Fraud, theft or misappropriation of funds;
- Reputational damage resulting from misuse of credit card; and
- Non-compliance with *S4 – Independent Commissioner Against Corruption Act 2012* legislation regarding value obtained by public money.

Recommendation

We recommend management:

- Define sensitive (high risk) transactions types and seek clarity for purpose/appropriateness; and
- Provide refresher training to all cardholders and affected responsible staff of the policy requirements.

Management Response and Agreed Action Plan

Management agree to:

- Address the audit finding and define high risk sensitive transactions made for appropriateness;
- Develop an Entertainment Policy; and
- Inform and train cardholders and other managers of the policy requirements.

Responsible Officer

Manager Finance

Target Date

31 March 2020

Finding 3.	Cardholder register	Risk Category	A, B
		Impact:	Insignificant
		Likelihood:	Unlikely
		Risk Rating:	Low
Finding(s)			
<p>A Cardholder register developed by Council does not currently exist and therefore, key information is not recorded or maintained.</p> <p>The CBA Cardholder register, received annually for the purpose of external audit, is not being maintained on an ongoing basis and does not contain key information on cardholder details and changes. This presents a risk to Council as throughout the year changes in cardholder position, details, limits, or terminations may be missed resulting in a loss of control, unknown liability and oversight of credit card information.</p> <p>Our testing identified the following limitations when relying on the current (CBA provided) cardholder register:</p> <ul style="list-style-type: none"> • Three (3) new cardholders are not present in the CBA cardholder register provided; • Three (3) existing cardholders had expired card numbers listed in the register; and • The cardholder register does not provide a full history of all cardholders. 			
Risk			
<ul style="list-style-type: none"> • Fraud, theft or misappropriation of funds if a credit card is not terminated immediately when card ownership changes; and • Insufficient card management if there is no timely tracking of changes to Cardholder information. 			
Recommendation		Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Update the policy to shift responsibility for card management from the cardholder to Financial Services. • Develop a cardholder register which includes card approval, approval date, comments section, changes in detail information, new entry for changes with approval and approval date, termination date, and card cancellation date; • Provide financial services with training on how to manage and maintain the cardholder register; and • Provide refresher training to all cardholders and affected responsible staff of the policy requirements. 		<p>Management agree to:</p> <ul style="list-style-type: none"> • Ensure the updated policy notes that the responsibility for cardholder management resides with financial services; • Create a cardholder register in accordance with the audit findings to be managed by financial services staff; • Inform and train cardholders of the requirements. 	
		Responsible Officer	Target Date
		Manager Finance	31 December 2019

Finding 4.	Transaction approval and reconciliation	Risk Category	B, E
		Impact:	Insignificant
		Likelihood:	Possible
		Risk Rating:	Low
Finding(s)			
<p>Credit card statements are not being approved by management and/or reconciled by cardholders in a timely manner after the credit card statements have been issued.</p> <p>Our testing indicated 124 transactions of the 135 sampled (92%) were not approved and subsequently reconciled within fourteen days of the statements being issued, based on industry better practice. The time lag (47 days on average) is occurring due to the delayed reconciliation by the cardholders and delayed approval by the General Manager/CEO (for process map, refer to Appendix 6). This was confirmed by Financial Services and an interview held with a cardholder.</p> <p>The main reasons are that the policy does not provide guidance on the timely approval and reconciliation of credit card statements (refer to Finding 1), and the paper-based process (refer to Appendix 6) was found to be time-consuming to provide purpose, collate supporting documentation, and approve.</p> <p>This presents a risk as unreconciled transactions could lead to delay or no identification of fraudulent activity.</p>			
Risk			
<ul style="list-style-type: none"> • Fraudulent activity not identified on a timely basis; • Data integrity; • Misinformed decision making; and • Financial statement accuracy. 			
Recommendation		Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Update the policy to include a deadline for the approval and reconciliation of all statements within fourteen days of the statement being issued. Based on industry better practice and prior experience, fourteen days allows for ample approval and reconciliation time and mitigates the impact on reported credit card balances; • Inform all cardholders and approvers and affected staff of the changes; and • Action improvement opportunity two. 		<p>Management agree to:</p> <ul style="list-style-type: none"> • Update policy to include a deadline for the approval of the statements; and • Inform cardholders of the changes. 	
		Responsible Officer	Target Date
		Manager Finance	31 December 2019

Appendix 2

Improvement opportunities

1.	Minor policy improvements					
Observation(s)						
<p>The audit highlighted the following improvement opportunities within the policy:</p> <p>Statutory Declaration and Dummy Sales Voucher During our audit we identified a control gap in the policy, which is sufficiently covered by the credit card process detailed in Appendix 6. The policy does not provide guidance concerning lost or unavailable supporting documentation. There was one (1) instance of the 135 sampled in which supporting documentation was lost and a statutory declaration was prepared; however, more were observed throughout the audit which did not form part of the sample.</p> <p>While it is noted that statutory declarations accompany these transactions; they present a risk on their own as significant detail is lost in transactions with multiple invoices/ receipt items. This could result in inaccurate reporting of GST; fraud; and reputational damage.</p> <p>Chief Executive Officer transactions The policy does not provide guidance on who is responsible for approving the CEOs transactions. Whilst we did not identify any transactions where the CEO approved their own transactions it is noted that this is not detailed in the policy. We believe that this poses a risk to Council as it indicates a segregation of duties issue and can result in self approval of inappropriate transactions.</p> <p>Changes in cardholder details The policy does not provide guidance on how cardholder changes in detail and limits are to be administered. Throughout the audit we identified two (2) instances of external fraud which were efficiently and correctly handled (with all affected transactions refunded). It is noted that the reissued card number was not provided to financial services which resulted in an inaccurate information within the Cardholder Register (refer to Finding 3).</p> <p>Flybuys and other benefit schemes The policy does not prohibit the use of Flybuys and other benefit schemes. The utilisation of Flybuys and other benefit schemes when making transaction provides a benefit to the cardholder which is derived using public money. Whilst we did not identify any transactions associated with inappropriate benefit through the use of Flybuys and other benefit schemes, this presents a risk to Council as it is considered asset misappropriation and may result in reputational damage.</p> <p>Roles and responsibilities The policy does not summarise the roles and responsibilities of cardholders and relevant staff. This is an important aspect of the policy as it provides users with a quick reference guide of their role within the policy. We believe this will improve familiarity of policy requirements with new and current staff/cardholders.</p> <p>Scope The policy does not currently detail the scope of the document. Specifically, what this policy relates to and which positions are affected.</p>						
<p>Opportunity(ies)</p> <p>We recommend management:</p> <ul style="list-style-type: none"> • Improve the policy by requiring both the statutory declaration and corresponding dummy sales voucher to support lost or unavailable supporting documentation. • Amend the policy by including the review of CEO transactions by the Mayor and/or elected member. • Improve the policy by requiring a change in details form which includes; details of changes; reasons for change; relevant supporting documentation; approval by general 	<p>Management Response</p> <p>Management agree to:</p> <ul style="list-style-type: none"> • Add the statutory declaration requirement to the policy; • Review the CEO transaction approval process; and • Assess and include relevant policy and procedure improvements and inclusions as identified in the audit. <table border="1" data-bbox="829 1829 1482 1913"> <thead> <tr> <th data-bbox="829 1829 1149 1871">Responsible Officer</th> <th data-bbox="1149 1829 1482 1871">Target Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="829 1871 1149 1913">Manager Finance</td> <td data-bbox="1149 1871 1482 1913">31 December 2019</td> </tr> </tbody> </table>		Responsible Officer	Target Date	Manager Finance	31 December 2019
Responsible Officer	Target Date					
Manager Finance	31 December 2019					

manager; and approval date to support any changes in cardholder details or limits. The details within this form would then form part of the improvements recommended in point one.

- Update policy to include the requirements of prohibiting the use of Flybuys and other benefit schemes.
- Include a table of the summarised roles and responsibilities of all affected staff and cardholders in the policy.
- Include a section detailing the scope.

2. System solution for credit card management		
Observation(s)		
<p>The audit highlighted improvement opportunities in the system solution for credit card transactions.</p> <p>During our testing we observed that a significant portion of the credit card process was paper based. This has resulted in long reconciliation times, loss of important documentation, and considerable investment of admin time.</p> <p>We believe the improvement opportunities below will reduce the likelihood of lost information, improve document organisation, enable data backups, improve retrievability, reduce the double handling of tasks, lower time taken to reconcile transactions through higher oversight of workflow, and lower environmental impact.</p>		
Opportunity(ies)	Management Response	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Create backups in electronic form for all relevant documentation current held; and • Improve the policy and process to move the cardholder reconciliation and approval from a paper-based process to entirely in TechOne (subject to functionality) or through another system. 	<p>Management agree to assess and implement alternate system solutions to enable electronic backups and improve transaction processing.</p>	
	Responsible Officer	Target Date
	<p>Manager Finance</p>	<p>30 June 2020</p>

Appendix 3

Documents accessed and consultation

Documents provided by City of Holdfast Bay and accessed include:

- Corporate Credit Card Policy – September 2007
- Corporate Credit Card Policy Acknowledgment and Declaration – September 2007
- Cardholder Register – April 2019
- Delegations Register
- Credit Card Process
- Credit Card Transaction Listings – March 2019
- Cardholder Expenditure Summary – March 2019
- Disputed Corporate Card Transaction Form – August 2018
- Meal Entertainment Expenditure Declaration – March 2019
- Statutory Declaration – April 2019
- Supporting documentation – July 2018 – March 2019

We would like to extend our appreciation to the following individuals who participated in, and provided information during this internal audit review.

- John Newton, Manager – Financial Services
- Lyn Fuller, Financial Accountant
- Taryn Linke, Finance Officer
- Monica Du Plessis, Manager – Community Wellbeing

Appendix 4

Controls assessment

Key controls

Key controls identified during the audit include:

No.	Control name	Control effectiveness
1	Policies and procedures	Partially ineffective.
2	Issuing, changing and terminating of a credit card	Majority effective.
3	Allowable purchases	Partially ineffective.
4	Card restrictions	Effective.
5	Segregation of duties	Effective.
6	Prior written approval for expenses	Partially ineffective.
7	Limitations on expenditure	Effective.
8	ATO GST and FBT requirements	Effective.
9	Escalation process	Effective.
10	Reconciliation, monitoring and reporting	Majority effective.
11	Record management	Majority effective.
12	Risk register	Majority effective.

Control Assessment Table

Control / Mitigating Factor	Description
Effective	Controls are properly designed and operating as intended.
Majority effective	Controls are properly designed and operating, with opportunities for improvement identified.
Partially ineffective	Key controls are in place, with significant opportunities for improvement identified.
Requires significant improvement	Limited controls are in place, high level of risk remains.
Ineffective	Controls are non-existent, or have major deficiencies and don't operate as intended.

Appendix 5

Risk framework

The following framework for risk ratings was developed by Council to prioritise findings according to their relative significance depending on their impact to the process.

LIKELIHOOD	CONSEQUENCES				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain (E)	Moderate	High	High	Extreme	Extreme
Likely (D)	Low	Moderate	High	Extreme	Extreme
Possible (C)	Low	Low	Moderate	High	Extreme
Unlikely (B)	Low	Low	Low	Moderate	High
Rare (A)	Low	Low	Low	Moderate	High

Measures of corporate risk likelihood

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

LIKELIHOOD RATING	DESCRIPTION
Almost Certain (E)	Event is expected to occur in most circumstances – 95% to 100% probability over next 5 years or had occurred in the last 12 months.
Likely (D)	Event could occur in most circumstances – 76% to 94% probability over next 5 years or had occurred in the last 12 -24months.
Possible (C)	Event could occur at some time – 26% to 75% probability over next 5 years or had occurred in the last 2-10years.
Unlikely (B)	Event could occur in circumstances – 6% to 25% probability over next 5 years or had occurred in the last 10-100 years.
Rare (A)	Event may only occur in exceptional circumstances – 0% to 6% probability over next 5 years or had occurred in over 100 years.

Measures of corporate risk consequence or impact

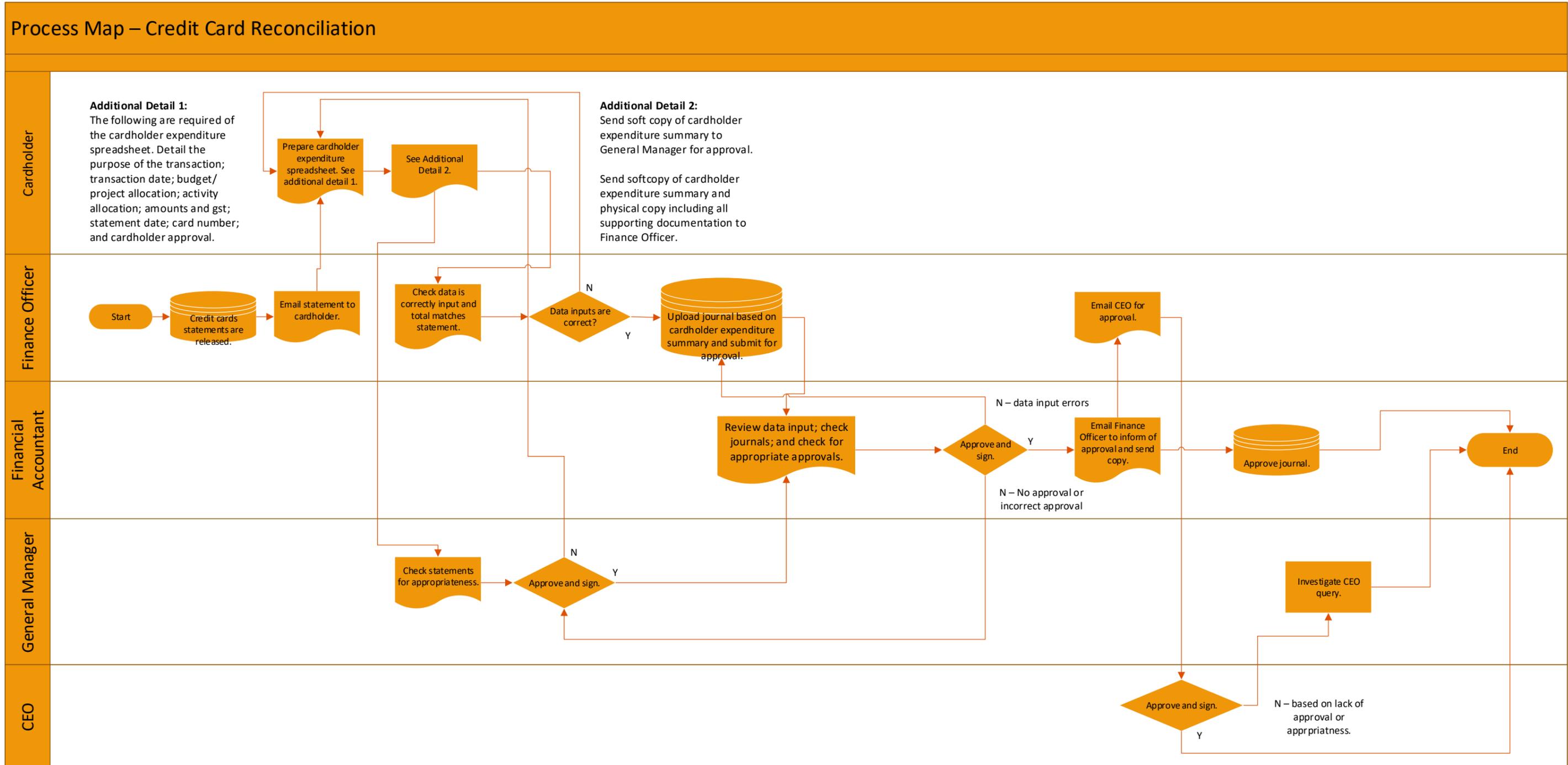
Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

IMPACT SCALE	REPUTATION (A)	BUSINESS IMPACT (B)	PUBLIC SAFETY (C)	ENVIRONMENT (D)	SERVICE DELIVERY (E)
1. Insignificant	<ul style="list-style-type: none"> No adverse effect on public image No media interest Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links. 	<ul style="list-style-type: none"> Low financial loss – impact of less than \$5k Operational issues manageable within normal activities 	<ul style="list-style-type: none"> No injuries Minor repairs required of an insignificant nature to property / infrastructure. 	<ul style="list-style-type: none"> “Nuisance” category under the SA Environment Protection Act (1993) met Short term, immediately reversible effects on ecosystem 	<ul style="list-style-type: none"> Insignificant impact on Council’s ability to achieve strategic outcomes
2. Minor	<ul style="list-style-type: none"> Minor adverse effect on public image Minor media coverage in paper distributed within the local area (small scale single article). Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to. Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships & links. 	<ul style="list-style-type: none"> Medium financial loss – impact of between \$5k and \$20k Minor impact in undertaking routine activities 	<ul style="list-style-type: none"> Only First Aid treatment required Minor loss or infrastructure damage. Normal seasonal illness leading to minor disruption to activities 	<ul style="list-style-type: none"> “Nuisance” category under SA Environment Protection Act (1993) Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible. Contamination – on-site release immediately contained 	<ul style="list-style-type: none"> Some delays in delivery of strategic initiatives, but only minor aspects impacted. Overall strategic intent still achievable
3. Moderate	<ul style="list-style-type: none"> Moderate adverse effect on public image Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media Moderate level of community concern, large number of complaints and letters to editor in Messenger Paper Minor common law action or ombudsman investigation threatened/ initiated. 	<ul style="list-style-type: none"> Moderate financial loss – impact of between \$20k and \$50k Impaired ability to maintain normal operations. Reprogramming required. Minor legal issues, non-compliances and breaches of regulation. 	<ul style="list-style-type: none"> Medical treatment required which may include short term admission to hospital Moderate loss/or infrastructure damage Local epidemic leading to noticeable disruption of activities 	<ul style="list-style-type: none"> “Material” category under the SA Environment Protection Act (1993) Contamination – on-site release contained with outside assistance Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants. Pollution requires physical removal; air quality constitutes potential long-term health problems. Manageable restrictions in resource usage 	<ul style="list-style-type: none"> Some key components of the Strategic Plan cannot be achieved within expected timeframes. Additional funding/resources or some strategies reprioritisation is required
4. Major	<ul style="list-style-type: none"> Significant adverse effect on public image Widespread adverse media campaign including electronic local and national media. Social media going viral requiring management intervention. Pressure on State Government and Agencies to intervene Significant level of community concern Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links. Significant Common Law Action threatened, major ombudsman investigation initiated 	<ul style="list-style-type: none"> Major financial loss - impact of between \$50k and \$100k Significant effects loss of ability to complete programs, major restrictions to services and project delivery Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible. 	<ul style="list-style-type: none"> Serious & extensive injuries Serious structural damage to infrastructure or serious loss of assets. Widespread epidemic that causes significant disruption to activities 	<ul style="list-style-type: none"> “Serious” category under the SA Environment Protection Act (1993) Contamination – off-site release with no detrimental effects Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species Restrictions on resource usage threatening viability of accepted lifestyle 	<ul style="list-style-type: none"> Key Strategic Objectives unable to be achieved; review of Strategic Plan is required
5. Catastrophic	<ul style="list-style-type: none"> Major effect on public image Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage Social media going viral, unable to be contained. State Government and Agencies to intervene. Social health & wellbeing of the community severely affected resulting in fracturing of established community relationships & links. Class Actions, Judicial Inquiries Initiated 	<ul style="list-style-type: none"> Critical financial loss/exposure – impact greater than \$100k Projects & programs failure, inability to meet minimum acceptable standards. Major breaches of regulation, sanctions imposed 	<ul style="list-style-type: none"> Fatalities Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%) Community movements restricted under State Emergency Plan 	<ul style="list-style-type: none"> “Serious Material harm” category under the SA Environment Protection Act (1993) and EPA actions initiated Off-site contamination requiring immediate and significant remediation actions Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated. Restriction on resource usage resulting in permanent disruption of accepted lifestyle. 	<ul style="list-style-type: none"> Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required

Appendix 6

Process map

The following process map was developed by Bentleys SA/NT based on interviews with key staff, with reference to relevant walkthrough documentation and confirmed as accurate by financial services.



Where you want to be.



August 2019

Alwyndor Aged Care

Credit Card Audit Internal Audit Report

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▶ Advisors

▶ Accountants

▶ Auditors

16 August 2019

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Dear Brett

Internal Audit Report – Credit Card Audit

Please find attached our report on the Credit Card Audit for Alwyndor Aged Care.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa
Partner

Enclosure

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Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Alwyndor Aged Care management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed. The findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Official Order and for Alwyndor Aged Care information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of Alwyndor Aged Care management or its delegate. Other than our responsibility to the management of Alwyndor Aged Care, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to Alwyndor Aged Care external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

Executive summary

Background

Alwyndor Aged Care (“Alwyndor”) has engaged Bentleys SA Pty Ltd to conduct an internal audit project – Credit Card Audit in May 2019 in line with the Audit Committee’s request. The City of Holdfast Bay (CHB) has been Trustee of the Dorothy Cheater Trust since 1973. As trustee, CHB is responsible to ensure the Trust is operated by Alwyndor in such a way to provide the benefits outlined in the Trust.

The *Local Government Act 1999* S49(a1) and the *Independent Commissioner Against Corruption Act 2012* S4 require that a Council must “obtain value in the expenditure of public money” and protect public money from being used in fraudulent activities. To this end, Council and Alwyndor have developed and maintained the relevant Procurement Policy and the Fraud, Corruption, Misconduct and Maladministration Policy; and built up a system to ensure that effective and consistent practices and procedures are in place.

This report outlines findings and recommendations in respect of Alwyndor’s credit card management.

Audit objectives

This audit assessed the adequacy and efficiency of credit card controls implemented within organisation to prevent and detect credit card fraud. Specific objectives included

- Review credit cards transactions for compliance with the applicable legislations and organisational policies on credit card to determine
 - Whether transactions are clearly business related;
 - The adequacy of transaction explanations provided by cardholders;
 - Whether transactions are supported by Tax Invoices/Receipts; and
 - Compliance with set meal and accommodation rates.
- Identify risks associated with the use of credit cards, and to assess the design and effective operation of Council’s controls to address those risks in an efficient manner, including
 - Both financial and non-financial, e.g. reputational risk; and
 - Both internal and external, e.g. CNP frauds – card not present.

Governance objectives, where relevant, were considered. This included an assessment of whether governance processes were in place, including:

- Defined roles and responsibilities;
- Segregation of duties;
- Appropriate levels of delegated authority;
- Monitoring and reporting of abnormal activity; and
- Records management and documented audit trails.

Audit scope and approach

The scope included credit card activities between July 2018 and April 2019 inclusive (ten months) and considered:

- Controls that provide reasonable assurance that authority for local procurement functions and various tasks provided by Alwyndor and the General Manager have been delegated formally and are in accordance with relevant regulations and rules;
- Review documents to ensure procurement policies and procedures align with the financial delegations;
- Logic test financial authorities, e.g. purchasing limit not exceeding budget limit / are reasonable based on level of responsibility;
- Review, assess and obtain an understanding of the credit card processes, systems and controls, but not limited to

- Understand the issuance of credit cards; amendments to card limits and basis of utilisation (i.e. field service spend on materials etc).
- Assess the post-control risk pertaining to the credit card processes using Council’s Risk Management Framework and compare to the rating in the Risk Register;
- Assess 30 transactions across all five (5) cardholders of the organisation (for details refer to Table 1 below) for compliance with policy and procedure;
- Adherence to ATO GST and FBT requirements;
- Obtaining appropriate approvals for entertainment/hospitality expenses;
- Adherence to policy and procedure, including allowable purchases;
- Periodic reporting and monitoring;
- Conduct spend analytics to determine high usage employees and high spend types (subject to data availability); and
- Where possible, the level of compliance will be assessed via statistical analysis and recommendations will be made on improving purchase card compliance and efficiency.

Limitation of scope – This audit did not compare the results to the Risk Register because at the time of audit in May 2019 the ControlTrack Assessment was still ongoing and there was no Risk Register to perform the comparison.

Our approach involved reviewing the process, procedures, policies and documentation; interviewing key staff; observation, walkthrough and substantive testing where possible.

Our audit reviewed the key processes and documents which drive the credit card management. Refer to Documents Accessed and Consultation (Appendix 3) for detailed information.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

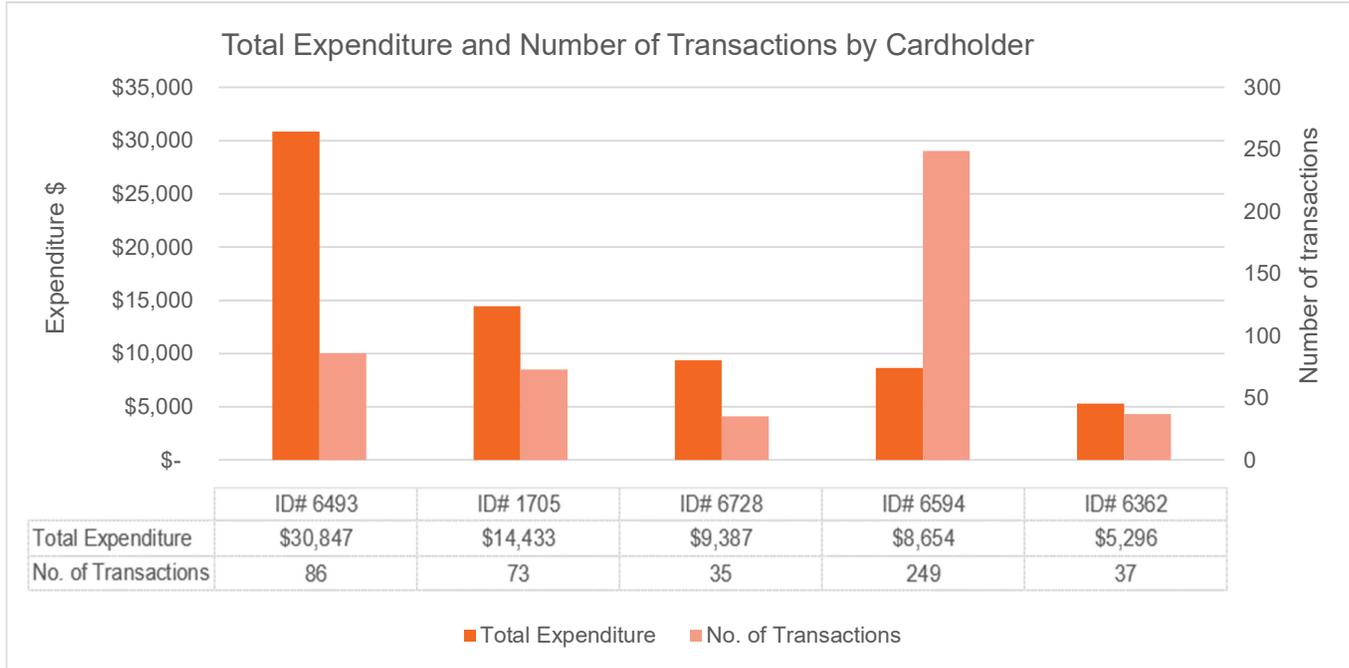
Table 1 Sampling basis and sample size

July 2018 - April 2019						
Employee #	Number of Transactions Made	Number of Transactions Tested	Sampling Coverage %	Total \$ Incl. GST of Transactions Made	Total \$ Incl. GST of Transactions Tested	Sampling Coverage %
6362	37	5	14%	\$5,295.71	\$1,913.83	36%
1705	73	3	4%	\$14,433.33	\$3,096.08	21%
6728	35	5	14%	\$9,386.86	\$3,476.44	37%
6594	249	10	4%	\$8,653.79	\$1,006.78	12%
6493	86	7	8%	\$30,847.20	\$15,344.00	50%
Total	480	30	6%	\$68,616.89	\$24,837.13	36%

Statistical analysis

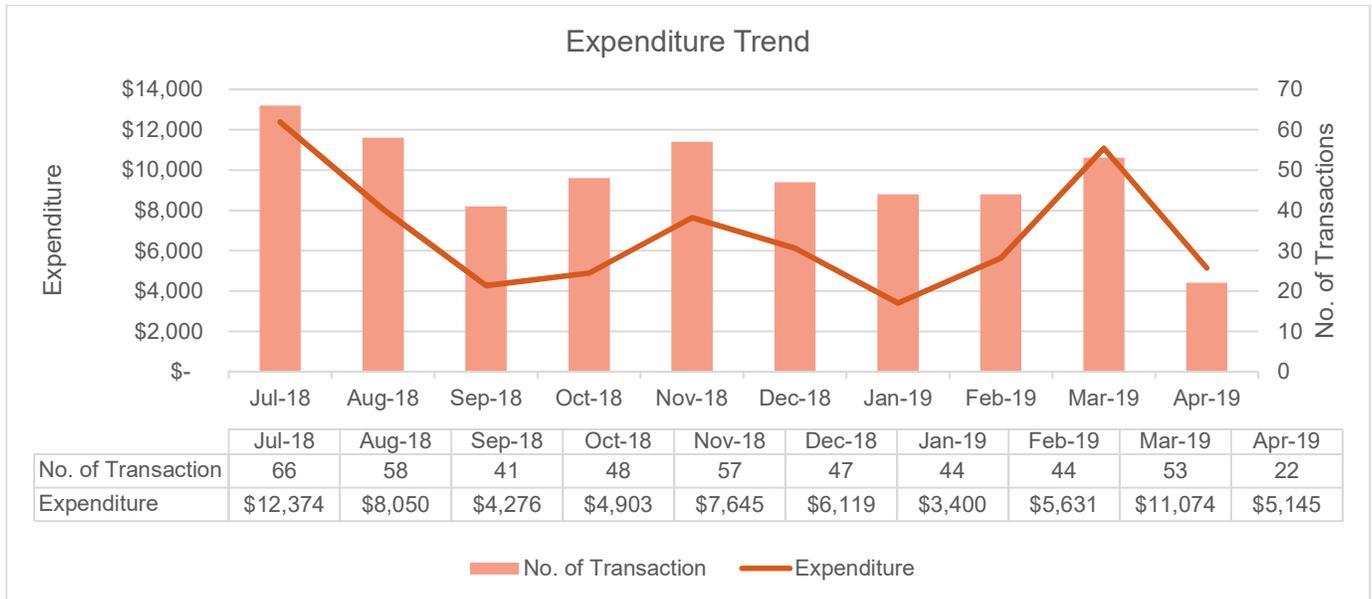
Data analysis was undertaken to highlight credit card usage and purchasing trend over the audit period from July 2018 to April 2019.

Credit card usage



During the audit period, there were five (5) cardholders in total. Data analysis revealed employee #6493, holding the position of Chief Operating Officer, was the most significant user by purchase value comprising 45% of total purchase value. Purchases were predominantly comprised of office furniture and minor equipment, such as hard disk drives, monitors, iPad & MacBook within his delegation and card limit and approved by the General Manager. Employee #6594, holding the position of Lifestyle Coordinator, was the most frequent user with 52% of total transaction volume. Purchases were predominantly comprised of minor refreshments for events and classes, awards/gift cards, and stationery. All purchases made by these cardholders appear for business purposes and reflected the expenditure expected of their position.

Expenditure trend



Data analysis revealed significant spikes in purchasing in the months of July 2018, November 2018 and March 2019. The seven largest transactions in July 2018 comprised \$8,976 or 73% of the total spend for that month. They consisted of minor equipment repairs and purchases; membership and license renewals and entertainment. The increase in purchase volume and value in November 2018 was a result of increased marketing expenditure. There were 17 marketing related transactions totalling \$3,593 or 47% of the total spend for that month. March 2018 saw a significant spike in purchase value as a result of four transactions which consisted of vehicle registration; capital workstation upgrades/computer equipment; and entertainment. These transactions amounted to \$8,526 or 77% of the total spend for that month.

Good practices observed

The following good practices were observed during the audit:

- Cardholder register is a complete history of all five (5) cardholders and includes key elements, e.g. all past and present cardholders; details of changes positions/ limits; date of termination; and comments sections which provides context for any additional detail (where required).
- New cardholders are required to read the policy and sign an acknowledgement declaration before the approval of a card.
- A statutory declaration was used to support transactions with lost receipts. This is not detailed in the credit card policy but was being prepared. A statutory declaration is a written statement which you sign and declare is truth before an authorised witness as specified by the *Statutory Declarations Regulations 1993*.
- Cards are being terminated timely when the cardholders resigned or was terminated. There were no transactions remaining outstanding as at termination date.
- Bank system controls did not allow for transactions which would bring the credit balance over a cardholder's designated credit limit.

Key findings and observations

A summary of the risk rated findings based on the Risk Management Framework of the City of Holdfast Bay are provided below (as Alwyndor has no such framework):

Inherent risks

Key inherent risks before controls include:

- Non-compliance with legislative requirements;
- Non-compliance with the applicable Council policies;
- Fraud, theft or misappropriation of funds;
- Expenses overstated by GST not currently being claimed;
- Exposure to computer hackers/viruses and data breaches; and
- Reputational damage.

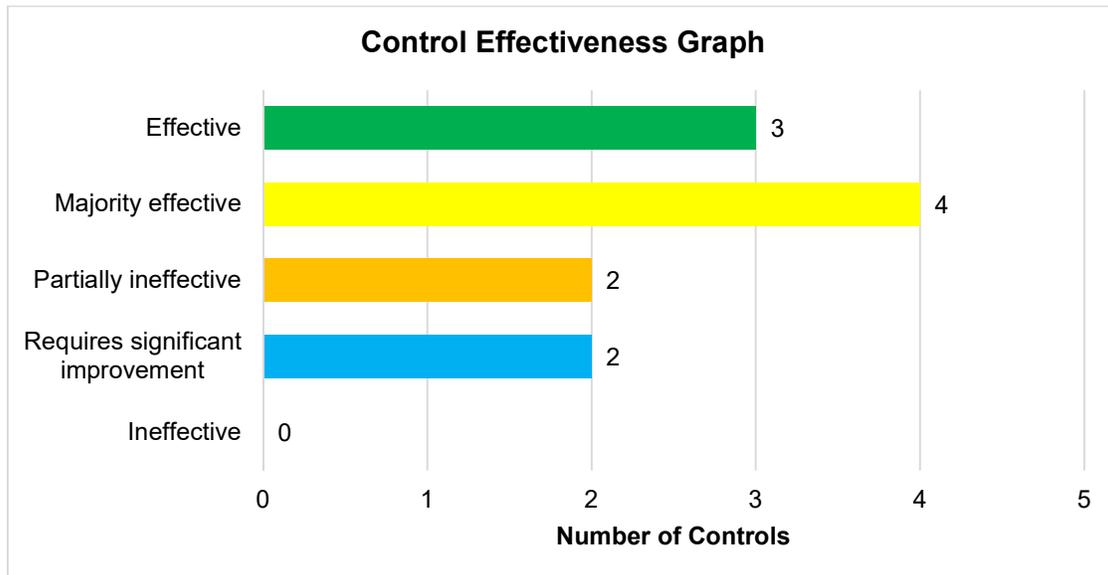
Controls assessment

The control effectiveness assessment below is an indicator of the current state of the control environment within business operations and its ability to mitigate against the risk exposures.

Given Alwyndor does not have its control effective ratings in the risk management policy, we adopted the definitions of control effectiveness ratings from the Better Practice Model – Internal Financial Control developed by the South Australian Local Government Financial Management Group Inc (SALGFMG).

Key controls were identified during the audit. Refer to Controls Assessment (Appendix 4) for detailed information.

Based on the internal audit work completed, documents inspected, surveys conducted and interviews with key stakeholders, it is the view of Bentleys SA/NT that the control environment of credit card management is **Majority Effective**.



Overall Controls Assessment ⁽¹⁾				
Effective	Majority Effective	Partially Ineffective	Requires Significant Improvement	Ineffective

(1) Limited to audit scope and based on test results.

Residual risk assessment

Provided below is an audit assessment of the residual risk in respect of the process reviewed, having regard to the issues identified by the audit.

Ref #	Description of Findings	Risk Rating
1	Policy and process alignment	High
2	Prior approval for high-risk transactions	Moderate
3	Flybuys and other benefit schemes	Moderate
4	Transaction approval and reconciliation	Low
5	Supporting documentation	Low
Ref #	Improvement Opportunities	
1	Minor policy additions	n/a
2	Quality of cardholder register	n/a
3	Records management	n/a

Refer to Detailed Findings and Agreed Action Plan (Appendix 1) and Improvement Opportunities (Appendix 2) for detailed information.

Each key finding is rated based on the impact to the process considered. Refer to Risk Framework (Appendix 5) for detailed information.



Acknowledgement

We appreciate the assistance and cooperation received from management and staff of Alwyndor Aged Care in completing this review.

Appendix 1

Detailed findings and agreed action plan

		Risk Category	A, B, E
Finding 1.	Policy and process alignment	Impact:	Moderate
		Likelihood:	Likely
		Risk Rating:	High
		Finding(s)	
<p>The Credit Card Policy (“policy”) is not fully effective as it contains redundant instructions and also does not provide sufficient guidance of credit card usage (refer to Findings 2, 3 and 4) although it was recently revised in May 2018. As a result, credit card usage has been exposed to risks of incorrect use, fraud, theft and misappropriation of funds.</p> <p>In particular, the policy includes redundant instructions regarding use of a log sheet. The policy requires that all transactions including proposed and approved are entered in a credit card transaction log sheet. However, our testing identified that 30 transactions (100%) were not entered in the log sheet.</p> <p>The current process as outlined in Appendix 6 does not utilise the credit card transaction log sheet as all transactions form part of the third-party credit card statement and are then uploaded to CareSystems providing a complete listing of all transactions. This listing is then reviewed for data accuracy by the Finance Manager.</p> <p>In addition, the policy does not provide clear guidance on the review and approval of transaction appropriateness compared to cardholder authority (specifically, assessing transactions against cardholder position and financial delegations). Currently, the process fills this policy gap as review and approval is performed by the General Manager. This presents a risk to Alwyndor as misalignment between the policy and process could result in approval of unauthorised transactions, inconsistent review and approval practices, or none at all.</p>			
Risk			
<ul style="list-style-type: none"> • Inconsistent practice without effective policy guidance; • Theft, fraud or misappropriation of funds; and • Reputational risk. 			
Recommendation		Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Develop a solution to enable the above issues are managed appropriately. An option is to review and update the policy to address the following <ul style="list-style-type: none"> – Remove the transaction log sheet log sheet requirements from the policy; – Update responsibilities of the General Manager conducting review of cardholder authority and the Finance Manager conducting additional investigation; and • Once policy is approved, provide refresher training to all cardholders and affected responsible staff of their duties. 		<p>Management agree to:</p> <ul style="list-style-type: none"> • Remove the transaction log sheet requirements from the policy; • Update responsibilities of the General Manager conducting review of cardholder authority and the Finance Manager conducting additional investigation; and • Inform cardholders of the changes. 	
		Responsible Officer	Target Date
		Leisa Humphrey – Finance Manager	30 November 2019

Finding 2. Prior approval for high-risk transactions	Risk Category	A, B, E
	Impact:	Minor
	Likelihood:	Likely
	Risk Rating:	Moderate

Finding(s)

Prior approvals are not present for high-risk transactions which include purchases made in the following areas: travel; accommodation; entertainment; and alcohol. There are risks of these transactions resulting in inappropriate use if not managed.

The policy requires that all transactions are supported by prior approval. However, this requirement was not implemented. For current process, please refer to Appendix 6.

Our testing of 30 transactions made by five (5) cardholders across organisation between July 2018 and April 2019 included 15 high-risk transactions. We identified that 14 out of 15 high-risk transactions (totalling \$6,328) were not supported by adequate prior approval. Details are as follows:

Expense Type	Non-conforming transactions	Sampled transactions	Non-conformity % of sampled
Accommodation	1	1	100%
Entertainment	7	8	88%
Alcohol	5	5	100%
Total	14	15	93%

The reason for the above issues is the policy does not stipulate a requirement for these key risk areas to be supported with prior approvals (refer to Finding 1); however, this presents a significant risk to Alwyndors operations as it may result in fraud, theft, misappropriation and reputational damage.

Risk

- Fraud, theft or misappropriation of funds;
- Reputational damage; and
- Non-compliance with legislation.

Recommendation

We recommend management:

- Address the audit finding and review relevant sensitive transactions made for appropriateness;
- Update policy to include the requirements of prior approval by appropriate management and strict purchase value limits on key areas such as alcohol; travel; accommodation; and entertainment purchases; and
- Once policy is approved, provide refresher training to all cardholders and affected responsible staff of the policy requirements.

Management Response and Agreed Action Plan

Management agree to:

- Address the audit finding and review relevant sensitive transactions made for appropriateness;
- Update policy to include the requirements of prior approval by appropriate management and strict purchase value limits on key areas such as alcohol; travel; accommodation; entertainment; and
- Inform cardholders of the changes.

Responsible Officer	Target Date
Leisa Humphrey – Finance Manager	30 November 2019

Finding 3. Flybuys and other benefit schemes	Risk Category	A, B, E
	Impact:	Minor
	Likelihood:	Likely
	Risk Rating:	Moderate
Finding(s)		
<p>Cardholders are gaining inappropriate benefit through the use of store rewards programs. The utilisation of Flybuys and other benefit schemes when making transaction provides a benefit to the cardholder which is derived using public money. This presents a risk to Alwyndor as it is considered asset misappropriation and may result in reputational damage.</p> <p>We reviewed the supporting documents such as retailers' receipts to identify that one cardholder made four (4) transactions (totalling \$505) of 30 sampled (13%) and gained reward points on their personal Flybuys and other store benefit cards, which was an inappropriate benefit. In addition, several other transactions were observed to have utilised rewards programs outside of the selected sample.</p> <p>The reason for the above issues is mainly that the policy does not prohibit the utilisation of Flybuys and other benefits schemes on transactions (refer to Finding 1).</p>		
Risk		
<ul style="list-style-type: none"> • Fraud, theft or misappropriation of funds; • Reputational damage; and • Non-compliance with legislation. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Determine a position on rewards benefits; • Update policy to include managements position on Flybuys and other benefit schemes; and • Once policy is approved, provide refresher training to all cardholders and affected responsible staff of the policy requirements. 	<p>Management agree to:</p> <ul style="list-style-type: none"> • Determine a position on rewards benefits; • Update policy to include managements position on Flybuys and other benefit schemes; and • Inform cardholders of the changes. 	
	Responsible Officer	Target Date
	Leisa Humphrey – Finance Manager	30 November 2019

Finding 4. Transaction approval and reconciliation	Risk Category	B, E
	Impact:	Insignificant
	Likelihood:	Possible
	Risk Rating:	Low
Finding(s)		
<p>Credit card statements are not being approved by management and/or reconciled by cardholders timely after the credit card statements being issued.</p> <p>Our testing indicated (8) transactions of the 30 samples (27%) were not approved and subsequently reconciled within fourteen days of the statements being issued, based on industry better practice. The time lag is occurring due to the delayed reconciliation by the cardholders and delayed approval by the General Manager (for process map, refer to Appendix 6).</p> <p>The main reason is that the policy does not provide guidance on the timely approval and reconciliation of credit card statements (refer to Finding 1). This presents a risk as unreconciled transactions could impact decision making through inaccurate reporting of credit card balances.</p>		
Risk		
<ul style="list-style-type: none"> • Data integrity; • Misinformed decision making; and • Financial statement accuracy. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Update the policy to include a deadline for the approval and reconciliation of all statements within fourteen days of the statement being issued. Based on industry better practice and prior experience, fourteen days allows for ample approval and reconciliation time and mitigates the impact on reported credit card balances; and • Inform all cardholders and approvers and affected staff of the changes. 	<p>Management agree to:</p> <ul style="list-style-type: none"> • Update policy to include a deadline for the reconciliation of statements; and • Inform cardholders of the changes. 	
	Responsible Officer	Target Date
	Leisa Humphrey – Finance Manager	30 November 2019

Finding 5. Supporting documentation	Risk Category	A, B, E
	Impact:	Minor
	Likelihood:	Unlikely
	Risk Rating:	Low
Finding(s)		
<p>There is a lack of adequate supporting documentation to validate occurrence and accuracy of transactions. This presents a risk to Alwyndor as insufficient supporting documentation may have GST and other financial implications.</p> <p>Our testing identified that three (3) transactions of the 30 sampled (10%) were not supported by receipts or tax invoices. There were instances of declined receipts due to incorrectly entered pins, and an order confirmation instead of a tax receipt. However, discussions with the Acting Finance Manager found that the transactions were outliers and not indicative of a non-conformity pattern. The credit card policy provides satisfactory guidance on collating receipts and tax invoices to support transactions.</p>		
Risk		
<ul style="list-style-type: none"> • Unclaimed GST; • Theft, fraud or misappropriation of funds; and • Reputational damage. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Refresh cardholders on appropriate supporting documentation required; and • Implement a more comprehensive review of supporting documentation at the data input and review stage of the credit card procedure to ensure valid supporting documentation is provided. 	<p>Management agree to:</p> <ul style="list-style-type: none"> • Refresh cardholders on appropriate supporting documents required; and • The Admin Officer notify the Finance Officer when supporting document has not been provided for the Finance Manager to review, investigate and monitor. 	
	Responsible Officer	Target Date
	Leisa Humphrey – Finance Manager	30 November 2019

Appendix 2

Improvement opportunities

1. Minor policy additions				
Observation(s)				
<p>Statutory Declaration and Dummy Sales Voucher</p> <p>The audit highlighted improvement opportunities in relation to lost or unavailable supporting documentation.</p> <p>During our audit we identified a control gap in the Credit Card Policy (“policy”) which is sufficiently covered by the credit card process detailed in Appendix 6. The policy does not provide guidance concerning lost or unavailable supporting documentation. There were two (2) instances of the 30 sampled in which supporting documentation was lost and a statutory declaration was prepared.</p> <p>While it is noted that statutory declarations accompany these transactions; they present a risk on their own as significant detail is lost in transactions with multiple invoices/ receipt items. This could result in inaccurate reporting of GST; fraud; and reputational damage.</p> <p>General manager transactions</p> <p>The audit highlighted improvement opportunities in the independent approval of general manager transactions.</p> <p>The policy does not provide guidance on who is responsible for approving the general managers transactions. During our testing we found three (3) instances of the general manager approving transactions from their own card.</p> <p>We believe this poses a risk to Alwyndor as it indicates a segregation of duties issue and can result in self approval of inappropriate transactions.</p> <p>Changes in cardholder details</p> <p>The audit highlighted improvement opportunities concerning changes in cardholder details within the policy.</p> <p>The policy does not provide guidance on how cardholder changes in detail and limits are to be administered. Although, we did not find any changes in cardholder details within the audit period, based on industry best practice and prior experience we believe this poses a significant risk to Alwyndor via unauthorised changes to card limits and inappropriate changes to transaction limits.</p> <p>Roles and responsibilities</p> <p>The audit highlighted an improvement opportunity in relation to the summarisation of roles and responsibilities in the policy.</p> <p>The policy does not summarise the roles and responsibilities of cardholders and relevant staff. This is an important aspect of the policy as it provides users with a quick reference guide of their role within the policy. We believe this will improve familiarity of policy requirements with new and current staff/ cardholders.</p>				
<table border="1"> <thead> <tr> <th data-bbox="139 1864 812 1896">Opportunity(ies)</th> <th data-bbox="812 1864 1502 1896">Management Response</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Opportunity(ies)	Management Response		
Opportunity(ies)	Management Response			

We recommend management:

- Improve the policy by requiring both the statutory declaration and corresponding dummy sales voucher to support lost or unavailable supporting documentation.
- Reallocate the review of authority and approval for the General Manager’s transactions in the policy to the Finance Manager.
- Improve the policy by requiring a change in details form which includes; details of changes; reasons for change; relevant supporting documentation; approval by general manager; and approval date to support any changes in cardholder details or limits. The details within this form would then form part of the improvements recommended in point one.
- Include a table of the summarised roles and responsibilities of all affected staff and cardholders in the policy.

Management agree to:

- Add the statutory declaration requirement to the policy;
- Reallocate the review of the General Manager’s transactions to the Finance Manager; and
- Improve the policy by requiring a change in details form which includes; details of changes; reasons for change; approval by General Manager; and approval date to support any changes in cardholder details or limits.

Responsible Officer	Target Date
Leisa Humphrey – Finance Manager	30 November 2019

2. Quality of cardholder register

Observation(s)

The audit highlighted improvement opportunities in relation to the maintenance and quality of the cardholder register.

The cardholder register provides a full history of all cardholders; however, the maintenance and quality of this history could be improved upon. We believe that several key items could be included to bolster the usefulness of the cardholders register and improve the verifiability of the data within. In its current state the cardholder register presents risks of incomplete data retained and poor record management.

In its current state the cardholder register presents a risk to Alwyndor as physical copies could result in incomplete data retained, and poor record management.

Opportunity(ies)

We recommend management include the following columns to assist in improving the consistency and quality of the register: termination date; transaction limit; details of change; changed limits; card number; last review date; approval by; and approval date. This will bolster the usefulness of the cardholders register and improve verifiability of the data within.

Management Response

Management agree to include the termination date; transaction limit; details of change; changed limits; card number; last review date; approval by; and approval date to the register.

Responsible Officer

Leisa Humphrey – Finance Manager

Target Date

30 November 2019

3. Records management

Observation(s)

The audit highlighted improvement opportunities in the data access and management of relevant documentation.

During our testing we observed that a significant portion of the credit card process transactions was paper based. The supporting documentation; all relevant policy acknowledgements; and credit card applications are filed in a locked filing cabinet.

This poses a risk to Alwyndor as documentation is not backed up and therefore at risk of being lost, and the substantial environmental impact of a paper-based process. We believe the improvement opportunities below will reduce the likelihood of lost information, improve document organisation, enable data backups, improve retrievability, and lower the environmental impact.

Opportunity(ies)

- We recommend management:
- Create backups in electronic form for all relevant documentation current held; and
 - Improve the policy and process to move the cardholder reconciliation and approved from a paper-based process to CareSystems (subject to functionality) or through another system.

Management Response

Management agree to introduce an electronic backup system for credit card documentation.

Responsible Officer

Leisa Humphrey – Finance Manager

Target Date

30 November 2019

Appendix 3

Documents accessed and consultation

Documents provided by Alwyndor Aged Care and accessed include:

- Alwyndor Delegations – April 2019
- Cardholder Register – May 2019
- Credit Card Policy – May 2018
- Credit Card Transaction Listings – April 2019
- New Cardholder Request Form, CBA Melissa Salt – March 2016
- Supporting documentation – July 2018 – April 2019

We would like to extend our appreciation to the following individuals who participated in, and provided information during this internal audit review.

- Amy Klenk, Acting Finance Manager.
- Julie Lawson, Admin Assistant.

Appendix 4

Controls assessment

Key controls

Key controls identified during the audit include:

No.	Control name	Control effectiveness
1	Policies and procedures	Requires significant improvement
2	Issuing, changing and terminating of a credit card	Effective
3	Allowable purchases	Partially ineffective
4	Card restrictions	Partially ineffective
5	Segregation of duties	Majority effective
6	Prior written approval for expenses	Requires significant improvement
7	Limitations on expenditure	Majority effective
8	ATO GST and FBT requirements	Effective
9	Escalation process	Effective
10	Reconciliation, monitoring and reporting	Majority effective
11	Record management	Majority effective

Control Assessment Table

Control / Mitigating Factor	Description
Effective	Controls are properly designed and operating as intended.
Majority effective	Controls are properly designed and operating, with opportunities for improvement identified.
Partially ineffective	Key controls are in place, with significant opportunities for improvement identified.
Requires significant improvement	Limited controls are in place, high level of risk remains.
Ineffective	Controls are non-existent, or have major deficiencies and don't operate as intended.

Appendix 5

Risk framework

The following framework for risk ratings was developed by Council to prioritise findings according to their relative significance depending on their impact to the process.

LIKELIHOOD	CONSEQUENCES				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain (E)	Moderate	High	High	Extreme	Extreme
Likely (D)	Low	Moderate	High	Extreme	Extreme
Possible (C)	Low	Low	Moderate	High	Extreme
Unlikely (B)	Low	Low	Low	Moderate	High
Rare (A)	Low	Low	Low	Moderate	High

Measures of corporate risk likelihood

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

LIKELIHOOD RATING	DESCRIPTION
Almost Certain (E)	Event is expected to occur in most circumstances – 95% to 100% probability over next 5 years or had occurred in the last 12 months.
Likely (D)	Event could occur in most circumstances – 76% to 94% probability over next 5 years or had occurred in the last 12 -24months.
Possible (C)	Event could occur at some time – 26% to 75% probability over next 5 years or had occurred in the last 2-10years.
Unlikely (B)	Event could occur in circumstances – 6% to 25% probability over next 5 years or had occurred in the last 10-100 years.
Rare (A)	Event may only occur in exceptional circumstances – 0% to 6% probability over next 5 years or had occurred in over 100 years.

Measures of corporate risk consequence or impact

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

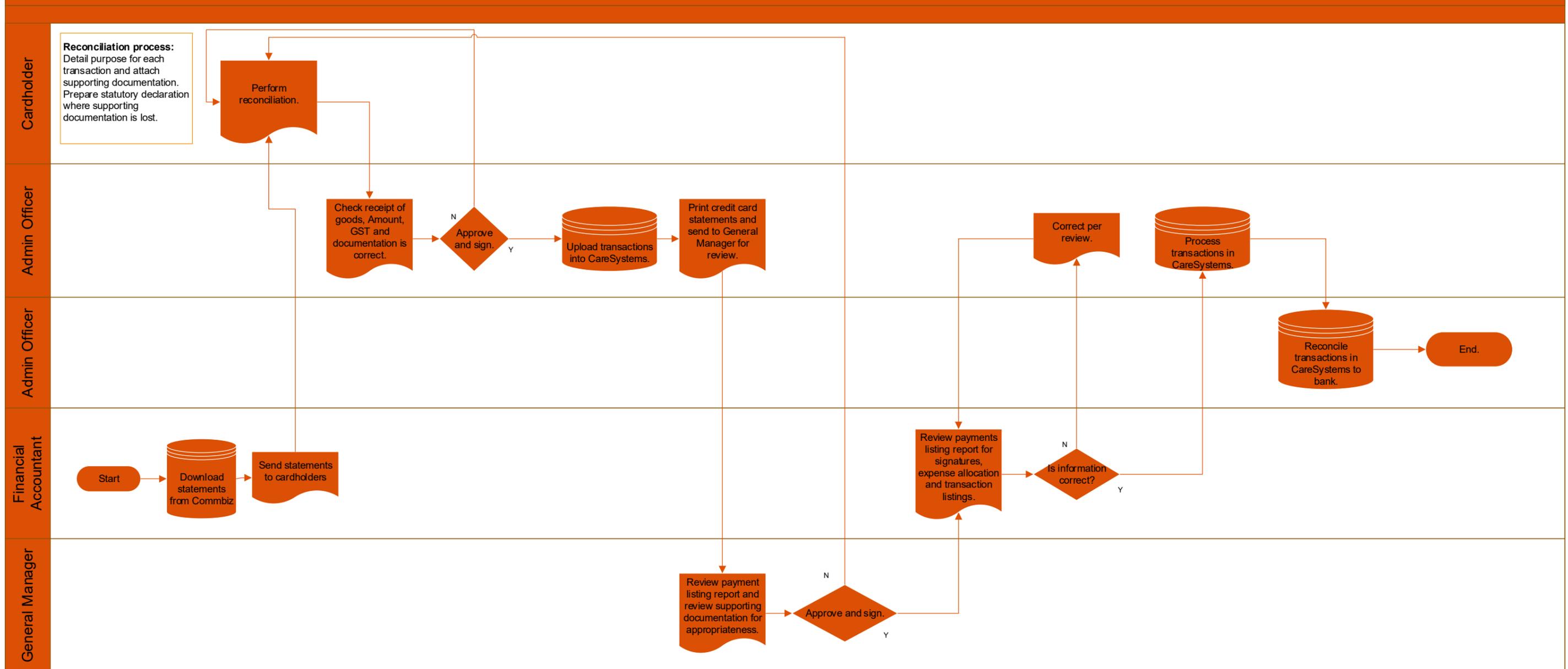
IMPACT SCALE	REPUTATION (A)	BUSINESS IMPACT (B)	PUBLIC SAFETY (C)	ENVIRONMENT (D)	SERVICE DELIVERY (E)
1. Insignificant	<ul style="list-style-type: none"> No adverse effect on public image No media interest Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links. 	<ul style="list-style-type: none"> Low financial loss – impact of less than \$5k Operational issues manageable within normal activities 	<ul style="list-style-type: none"> No injuries Minor repairs required of an insignificant nature to property / infrastructure. 	<ul style="list-style-type: none"> "Nuisance" category under the SA Environment Protection Act (1993) met Short term, immediately reversible effects on ecosystem 	<ul style="list-style-type: none"> Insignificant impact on Council's ability to achieve strategic outcomes
2. Minor	<ul style="list-style-type: none"> Minor adverse effect on public image Minor media coverage in paper distributed within the local area (small scale single article). Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to. Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships & links. 	<ul style="list-style-type: none"> Medium financial loss – impact of between \$5k and \$20k Minor impact in undertaking routine activities 	<ul style="list-style-type: none"> Only First Aid treatment required Minor loss or infrastructure damage. Normal seasonal illness leading to minor disruption to activities 	<ul style="list-style-type: none"> "Nuisance" category under SA Environment Protection Act (1993) Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible. Contamination – on-site release immediately contained 	<ul style="list-style-type: none"> Some delays in delivery of strategic initiatives, but only minor aspects impacted. Overall strategic intent still achievable
3. Moderate	<ul style="list-style-type: none"> Moderate adverse effect on public image Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media Moderate level of community concern, large number of complaints and letters to editor in Messenger Paper Minor common law action or ombudsman investigation threatened/ initiated. 	<ul style="list-style-type: none"> Moderate financial loss – impact of between \$20k and \$50k Impaired ability to maintain normal operations. Reprogramming required. Minor legal issues, non-compliances and breaches of regulation. 	<ul style="list-style-type: none"> Medical treatment required which may include short term admission to hospital Moderate loss/or infrastructure damage Local epidemic leading to noticeable disruption of activities 	<ul style="list-style-type: none"> "Material" category under the SA Environment Protection Act (1993) Contamination – on-site release contained with outside assistance Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants. Pollution requires physical removal, air quality constitutes potential long term health problems. Manageable restrictions in resource usage 	<ul style="list-style-type: none"> Some key components of the Strategic Plan cannot be achieved within expected timeframes. Additional funding/resources or some strategies reprioritisation is required
4. Major	<ul style="list-style-type: none"> Significant adverse effect on public image Widespread adverse media campaign including electronic local and national media. Social media going viral requiring management intervention. Pressure on State Government and Agencies to intervene Significant level of community concern Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links. Significant Common Law Action threatened, major ombudsman investigation initiated 	<ul style="list-style-type: none"> Major financial loss - impact of between \$50k and \$100k Significant effects loss of ability to complete programs, major restrictions to services and project delivery Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible. 	<ul style="list-style-type: none"> Serious & extensive injuries Serious structural damage to infrastructure or serious loss of assets. Widespread epidemic that causes significant disruption to activities 	<ul style="list-style-type: none"> "Serious" category under the SA Environment Protection Act (1993) Contamination – off-site release with no detrimental effects Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species Restrictions on resource usage threatening viability of accepted lifestyle 	<ul style="list-style-type: none"> Key Strategic Objectives unable to be achieved; review of Strategic Plan is required
5. Catastrophic	<ul style="list-style-type: none"> Major effect on public image Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage Social media going viral, unable to be contained. State Government and Agencies to intervene. Social health & wellbeing of the community severely affected resulting in fracturing of established community relationships & links. Class Actions, Judicial Inquiries Initiated 	<ul style="list-style-type: none"> Critical financial loss/exposure – impact greater than \$100k Projects & programs failure, inability to meet minimum acceptable standards, Major breaches of regulation, sanctions imposed 	<ul style="list-style-type: none"> Fatalities Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%) Community movements restricted under State Emergency Plan 	<ul style="list-style-type: none"> "Serious Material harm" category under the SA Environment Protection Act (1993) and EPA actions initiated Off-site contamination requiring immediate and significant remediation actions Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated. Restriction on resource usage resulting in permanent disruption of accepted life-style 	<ul style="list-style-type: none"> Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required

Appendix 6

Process Map

The following process map was developed by Bentleys SA/NT based on interviews with key staff, with reference to relevant walkthrough documentation and confirmed as accurate by Finance.

Process Map – Credit Card Reconciliation



Trim Container	TRIM Container Number
First Issued / Approved:	Date of first issue/approval
Last Reviewed:	Date of last review
	Resolution Number
Next Review:	Review Date

1. PREAMBLE

1.1 Purpose

This policy covers the use of Corporate Credit Cards by City of Holdfast Bay staff.

1.2 Scope

This policy extends to City of Holdfast Bay Staff who have designated use of a Corporate Credit card, are responsible for authorising the issue or changing limits on Corporate Credit Cards, or who are responsible for Corporate Credit Card Administration.

1.3 Definitions

There are no specific definitions associated with this policy.

1.4 Strategic Reference

Culture: Being financially accountable

2. PRINCIPLES

Council and Alwyndor Aged Care Facility will each operate a Corporate Credit Card system which permits an appropriate level of cards to be issued to operational staff throughout the organisation. A Corporate Credit card can only be issued with approval of the responsible General Manager. Cards may be withdrawn at the discretion of the Chief Executive Officer.

The Corporate Cardholder must comply with the Corporate Credit Card Conditions of Use Agreement that is acknowledged prior to application. This document details limits on usage and conditions relating to substantiation required to support credit card transactions.

2.1 Corporate Credit Card Approval and Limits

The expenditure limit for Corporate Credit Card use is up to a maximum of \$3,000 per month GST inclusive as approved by the relevant General Manager. Any changes to the expenditure limit approved for the cardholder up to \$3,000 can be approved by the General Manager. Only the Chief Executive Officer is authorised to approve a higher monthly limit greater than \$3,000 for an individual officer to address their specific operational requirements. Only the Mayor can approve the

issue or increase in limit of a Corporate Credit Card for the Chief Executive Officer.

Maximum transaction limits are defined in accordance with the Corporate Credit Card Conditions of Use Agreement and the Corporate Credit Card Procedure.

2.2 Finance Responsibilities

Only senior Finance staff are able to authorise card issues and limit changes with the bank on receipt of approval from the Cardholder's General Manager, or if the required limit is over \$5,000, the Chief Executive Officer.

The Financial Accountant and Finance Manager Alwyndor each have overall responsibility for the maintenance, approval and support of documents relating to cards at Council and Alwyndor Aged Care respectively.

Further, it is the responsibility of the Financial Accountant and Finance Manager Alwyndor to minimise the potential of operational risk by maintaining best practices in particular, adequate:

- segregation of duties;
- documentation of procedures;
- systems and controls;
- efficiency of operation;

Council and Alwyndor Finance staff shall keep a register of Corporate Cardholders showing card approval officer name, approval date, card limits, changes in detail information including change approval officer and approval date, termination date if applicable, and card cancellation date.

2.3 Cardholder Responsibilities

Each Cardholder is expected to understand and adhere to this Policy, Corporate Credit Card Conditions of Use agreement, Corporate Credit Card Procedure, Entertainment Policy, delegations and authority limits. In terms of purchasing within a business unit budget, it remains the responsibility of the Manager/General Manager to ensure compliance.

Monthly Reconciliation of Transactions

- The Cardholder shall reconcile and allocate transactions each month.
- Copies of supporting documentation should be provided with these transactions. This would include a Tax Invoice for each transaction (or other proof of purchase if the transaction has been for a non taxable supply, including overseas purchases) and be of sufficient detail to substantiate the transaction. If an invoice or receipt or is not available, the Cardholder shall provide a statutory declaration for this transaction.
- If food is purchased, a FBT Meal entertainment form should be completed and also attached to the transaction reconciliation. An

exception for this would be food purchased for resale or for HACC and CHSP operational programs.

- The allocated transactions must then be submitted for review and approval by either their General Manager or the Chief Executive Officer or, in the case of the Chief Executive Officer, the Mayor or an Elected Member.
- The Cardholder is responsible for completion of reconciliation and obtaining authorisation of their statement within 14 days of receiving their Corporate Credit Card statement. An extension to this may be granted by Finance when the Cardholder is on leave during this period.

Fraudulent Transactions

If a Cardholder detects fraudulent transactions on their statement, they must immediately call the bank on the phone number provided on their card to cancel the card and have a new card reissued and obtain a transaction dispute form to complete and forward to the bank for processing. They must notify Finance immediately of the fraudulent transactions and of the last 4 digits of the card number when it is reissued.

Benefit Schemes

Cardholders are not to utilise any benefits schemes (eg Flybuys) when using their card.

Staff who fail to comply with this Policy or the Corporate Credit Card Conditions of Use Agreement may have the card(s) withdrawn and be subject to disciplinary action.

2.5 Authorising Officers

Authorising Officers are as follows:

Cardholder	Authorising Officer
Chief Executive Officer	Mayor or Elected Member
General Manager	Chief Executive Officer
All Other Staff	General Manager

Authorising Officers are responsible for reviewing and approving all transactions on card reconciliations/allocations.

3. REFERENCES

- Corporate Credit Card Conditions of Use Agreement
- Corporate Credit Card Procedure
- Entertainment Policy (pending adoption by Council)

Item No: **6.2**

Subject: **2018-19 GENERAL PURPOSE FINANCIAL STATEMENTS**

Date: 9 October 2019

Written By: Manager Finance, Finance Manager - Alwyndor

General Manager: Strategy & Business Services, Ms P Jackson

SUMMARY

The financial statements for the year ended 30 June 2019 have been completed and audited by Council's auditor, BDO, who have indicated that an unqualified audit opinion will be provided and that there are no material issues arising from the audit. They are presented to the Audit Committee for review.

RECOMMENDATION

That the Audit Committee inform Council it has reviewed the General Purpose Financial Reports for the year ending 30 June 2019, as required under Section 126(4)(a) of the Local Government Act 1999, and found them to present fairly the state of affairs of the Council as required under the Local Government (Financial Management) Regulations 2011.

COMMUNITY PLAN

Culture: Being financially accountable

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

BACKGROUND

Pursuant to sub-section 126(4) of the *Local Government Act*, the Audit Committee is required to review Council's annual financial statements to ensure that they present fairly the state of affairs of Council.

The financial statements for the year ended 30 June 2019 have been completed and audited. They will be presented to an ordinary meeting of Council on 22 October 2019 for the Chief Executive Officer and the Mayor to be authorised to sign the certification of the financial statements.

Preliminary 2018/19 funding statements were received by Council on 13 August 2019 (Report 306/19) and have been previously distributed to members of the Audit Committee under separate cover. The preliminary statements excluded impairment of assets and the Southern Region Waste Resource Authority result as these were yet to be finalised.

The attached 2018/19 financial statements have been prepared in accordance with The Model Financial Statements, Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011* and Council policies. The statements including notes and have not previously been considered by the Audit Committee.

REPORT

Independence of Council's Auditor

Regulation 22 of the *Local Government (Financial Management) Regulations 2011* details the legislative requirements for the independence of council auditor.

Regulation 22(1) states that a council must not engage its auditor to provide services to the council outside the scope of the auditors function under the Act.

Council's auditor, BDO, has not been engaged to provide any services to Council other than within the scope as auditor under the *Local Government Act*. The audit of Council includes the audit of the Alwyndor Aged Care Facility.

Regulation 22(3) requires that the Council Chief Executive Officer and Presiding Member of the Audit Committee execute certificates confirming that the Auditor has complied with the independence requirements. The Chief Executive Officer will sign the certificate prior to the Audit Committee meeting on 9 October 2019 under regulation 22(3) confirming the Auditor's independence. A copy will be tabled at the Audit Committee meeting on 9 October 2019 for completion by the presiding member.

Regulation 22(5) requires the auditor to provide a statement to the following effect:

"I confirm that, for the audit of the financial statements of the City of Holdfast Bay for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act".

A Council audit completion report including this declaration is provided at Attachment 1.

Refer Attachment 1

Regulations 22(4) and 22(6) require that copies of the above certificates must accompany the financial statements.

Financial Statements for the Year Ended 30 June 2019

Section 124 of the *Local Government Act* requires Council to keep such accounting records as correctly and adequately record and explain the revenues, expenses, assets and liabilities of the Council. The accounting records must be kept in a manner to enable the preparation and provision of statements that present fairly financial and other information.

Section 127 additionally requires councils to prepare for each financial year:

- Financial statements and notes in accordance with standards prescribed by the regulations; and
- Other statements or documentation relating to the financial affairs of the council required by regulation.

Regulation 13 of the *Local Government (Financial Management) Regulations 2011* further requires the financial statements of a council (other than notes and other explanatory documentation) to be in accordance with the requirements set out in the Model Financial Statements published by the Local Government Association.

Consolidated financial statements are provided at Attachment 2 and have been audited by Council's Auditor, BDO, who have indicated that an unqualified audit opinion will be provided and that there are no material issues arising from the audit.

Refer Attachment 2

Audited financial statements for Alwyndor activities are provided at Attachment 3. Council's Auditor BDO presented a separate Alwyndor Audit Completion Report to the Alwyndor Management Committee at a special meeting on 2 October 2019. The completion report is attached and the audit is unqualified with no material issues.

Refer Attachment 3a & b

As part of the audit, the General Manager Strategy & Business Services and Manager Finance will both sign a letter to the auditor which provides certain representations in relation to the financial statements pursuant to Australian Auditing Standard ASA580, a copy of which is provided at Attachment 4.

Refer Attachment 4

The following comments are offered with respect to Council's 2018/19 consolidated financial statements:

Consolidation

The consolidated financial statements include Alwyndor Aged Care Facility ("Alwyndor") and Council's equity interest in the Southern Region Waste Resource Authority ("SRWRA").

Alwyndor is not a separate entity to Council but is operated with reasonable autonomy with oversight by a committee of Council established under Section 41 of the *Local Government Act*, comprising Elected Members and independent members with relevant expertise.

SRWRA is an established regional subsidiary under Section 43 of the *Local Government Act*. Council has a 15% equity interest in SRWRA.

Operating Result

The consolidated operating result before capital revenues is \$1,484,000 surplus comprising \$418,000 (deficit) from Alwyndor and \$1,902,000 surplus from Council's municipal operations. Contained in Council's municipal operations result is a \$76,000 surplus from Council's equity interest in SRWRA.

The operating results vary from the preliminary result reported to Council on 13 August (Report 306/19) as indicated in the table below.

The major difference with the Council operating result was accounting for the final SRWRA surplus result, processing final invoices to 2018/19 and accounting for in-kind library grants.

Loan receivables were reviewed and considered by the Audit Committee on 28 August 2019 (Report 325/19). On 10 September 2019 Council noted the minutes of the Audit Committee (Minute C110919/1606). The loan impairment provision has been maintained in accordance with the recommendations.

The major difference with the Alwyndor result was processing additional professional services invoices relating to accreditation and adjustments for year-end payroll accruals.

Preliminary Report Council 306/19 operating result before net gain/loss on asset disposals/revaluations - rounded	Financial Statements Operating Result (rounded)	Difference (to Council Report 306/19)
Municipal Operations		
\$1,856,000 Surplus	\$1,902,000 Surplus	\$46,000 increase in surplus

<i>Alwyndor Operations</i>		
(\$400,000) Deficit	(\$418,000) Deficit	\$18,000 increase in deficit
<i>Consolidated</i>		
\$1,456,000 Surplus	\$1,484,000 Surplus	\$28,000 increase in surplus

Additional comments comparing the results for 2018/19 to the previous year and referenced to the notes in the financial statements are provided at Attachment 5.

Refer Attachment 5

Ratio Analysis

Financial indicators have been determined and are detailed in Note 15 of the financial statements.

The ratios have been compared to the 2018/19 budget including the interest cover ratio which indicates the ability to service debt by calculating net financial interest as a percentage of overall operating revenue.

The following table provides ratio analysis for consolidated activities including comparisons to budget.

Ratio Consolidated Funds	Target – from Long Term Financial Plan	Original Budget	Revised Budget Forecast	Actual Results
Operating Result	≥ 0	\$458,384 Surplus	\$211,519 Surplus	\$1,484,000 Surplus
Operating Ratio	≥ 0%	0.7%	0.3%	2%
Net Financial Liabilities Ratio	≤ 75%	56%	52%	41%
Interest Cover Ratio	≤ 5%	0.6%	0.3%	0.1%
Asset Sustainability Ratio	90% -110%	60%	73%	112%

Ratios - Municipal Funds

The following table provide ratio analysis for municipal activities including comparisons to budget.

Ratio – Municipal Funds	Target – from Long Term Financial Plan	Original Budget	Revised Budget Forecast	Actual Results (rounded)
Operating Result	≥ 0	\$272,076 Surplus	\$537,245 Surplus	\$1,902,000 Surplus
Operating Ratio	≥ 0%	0.6%	1.1%	4%

Net Financial Liabilities Ratio	≤ 75%	49%	41%	21%
Interest Cover Ratio	≤ 5%	1.5%	1.1%	1.0%
Asset Sustainability Ratio	90% -110%	57%	72%	107%

Explanation of variances between budget and result – Municipal Funds

The contributing factors for the *operating result* budget forecast surplus increase from the original forecast have been reported to Council throughout the financial year. The most recent report on 13 August 2019 (Report 306/19) fully detailed the budget forecast variations for 2018/19. The report included comprehensive details of the business unit variances in the operating actual surplus result compared to the revised budget forecast. The report was provided to Audit Committee members under separate cover.

The following table summarises the major contributing variances between the revised budget forecast and final result:

Major Municipal Operational Variances	Amount
Lower employment costs	\$130,045
Lower SRWRA income equity share offset by lower materials, contract, other expenditure	\$(36,141)
Yet to be finalised operational projects	\$475,400
Lower interest on borrowings expense	\$44,389
Lower depreciation expense	\$57,306
Timing of Financial Assistance Grants	\$338,670
Higher Caravan Park user income	\$183,606
Higher investment income	\$40,965
Higher car park user income	\$39,007
State Library Grant – in-kind lending materials	\$91,508
Total variance to forecast	\$1,364,755

The major contributing factors for the reduced *net financial liabilities ratio* are as follows:

- The 2018/19 original ratio assumed completion of the 2017/18 capital works program. However not all 2017/18 capital projects were completed and the net capital expenditure budget was increased by \$7,155,635 during 2018/19.
- A strong positive cash flow occurred during 2018/19 due to the timing of major grant income and related capital expenditure including \$4.35m for Minda Coast Park and \$2m for Brighton Sports Complex.
- The 2018/19 capital expenditure program was not finalised by 30 June 2019 and \$7,714,169 (net) has been approved by Council (Report 306/19) to be carried forward into 2019/20. This is part funded by new borrowings totaling \$3,450,970.

- The above factors contributed to sufficient positive cash flow throughout 2018/19 to not require new borrowings.

Ratios – Alwyndor Funds

Ratio – Alwyndor Funds	Target – from Long Term Financial Plan	Original Budget	Revised Budget Forecast	Actual Results Rounded
Operating Result	≥ 0	\$186,308 Surplus	(\$325,726) Deficit	(\$418,000) Deficit

Additional Alwyndor Performance Indicators	Target	Actual to 30 June 2019
Bed occupancy rate – year-to-date average	98%	98.06%
Cash Liquidity Level – ability to refund bonds/refundable accommodation deposits (RAD's)	Minimum of \$2m	\$5.6m @ call
Accommodation Bond/RAD Level – to ensure it is increasing to provide financial reserves for future capital expenditure	\$32m.	@ 30/6/19 \$31.9m. 1.8% increase
Percentage of full pension funded beds – this determines eligibility for Federal Government refurbishment supplement funding	41% - 55 beds	41% - 56 beds
Resident Financial Position – surplus/(deficit) position per resident	(\$8.45) deficit per resident per day	(\$8.78) deficit per resident per day

Explanation of variances between target, budget and result – Alwyndor Funds

The major contributing factors for the *operating result* actual deficit increase from the original forecast is based on numerous factors as tabled below:

Major Alwyndor Operational Variances	Amount
Operational Review Costs for Accreditation & Training - Employment costs	\$90,000
Additional Depreciation on equipment	\$14,000
Higher interest expense	\$22,000
Lower materials, contracts and other expenses	(\$34,000)
Total variance to forecast	\$92,000

Southern Region Waste Resource Authority (SRWRA)

SRWRA is an established regional subsidiary under Section 43 of the *Local Government Act* to provide and operate services for the management of waste facilities under its control on behalf of its constituent Councils. The Councils include City of Holdfast Bay, City of Onkaparinga and City of Marion. Each Council has equal voting rights, however the percentage of interest and ownership differs being City of Holdfast Bay 15%, City of Onkaparinga 55% and City of Marion

30%. The SRWRA overall financial result for 2018/19 was \$512,000 operating surplus. The 2018/19 SRWRA annual report and financial statements are attached.

Refer Attachment 6

BUDGET

This report has no direct budget implications.

LIFE CYCLE COSTS

This report has no direct implication for life cycle costs.



CITY OF HOLDFAST BAY

Annual completion report

YEAR ENDED 30 JUNE 2019

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Dear Audit Committee Members

We are pleased to present this report to the Audit Committee of City of Holdfast Bay (Council Only) in relation to the 30 June 2019 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters detailed in the executive summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit Committee meeting on 9 October 2019 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on +61 8 7324 6061

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



Geoff Edwards
Engagement Partner

Adelaide, 30 September 2019





EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Audit Committee. This report has been discussed with management. This report relates to the Council only. Matters relating to Alwyndor Aged Care are dealt with in our separate reporting to the Alwyndor Management Committee.

SCOPE

Our audit was conducted in accordance with Australian Auditing Standards, the Local Government Act 199 and the Local Government (Financial Management) Regulations 2011 for the year ended 30 June 2019.

STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ Review of events subsequent to 30 June 2019
- ▶ Receipt of written management representation on various matters
- ▶ Receipt of formally adopted financial statements and agreement of these to the drafts provided to us to date

A draft of the proposed audit report is included at [Appendix 1](#).

SUMMARY OF MISSTATEMENTS

We have identified misstatements during our audit. The list of corrected and uncorrected misstatements is included in the respective [section](#) of this report.

AREAS OF AUDIT FOCUS

Our audit procedures focused on areas that were considered to represent significant risks of material misstatement. These are outlined below:

- ▶ Revaluation, depreciation, useful lives and residual values of infrastructure, land and buildings
- ▶ Accounting treatment for items captured within Capital Work In Progress
- ▶ Accounting treatment for grant funding of any amounts deferred at 30 June 2019
- ▶ Management override of internal controls
- ▶ Potential deficiencies in internal controls, including those reported in our previous Audit Completion Report

Refer to the next [section](#) of this report for further details on the significant risk areas and other areas focused on during the audit.

AREAS OF AUDIT FOCUS

We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

We set out below the areas that were considered significant risks of material misstatement along with an outline of the work performed and a summary of findings.

REVALUATION, DEPRECIATION, USEFUL LIVES AND RESIDUAL VALUES OF INFRASTRUCTURE, LAND AND BUILDINGS

Description	Audit work performed	Summary of findings
Council's infrastructure, property, plant and equipment are carried at valuation. There is a risk that these balances are misstated as a result of the application of inappropriate valuation methodologies, or incorrect underlying assumptions.	Council's assets have been revalued by Council's employees in conjunction with independent valuers. We have evaluated the competence, capability and objectivity of the independent valuers, obtained an understanding of their work, and evaluated its appropriateness.	<p>This year revaluations have been undertaken for roads and kerbs, based on independent valuations undertaken by Public Private Property. We noted that the revaluation has resulted in a net decrease in value of Council's assets by approximately \$11.5 million.</p> <p>On the basis of the audit work performed, we are satisfied that the financial statements are presented fairly in relation to the revaluation of roads and kerbs.</p>

ACCOUNTING TREATMENT FOR ITEMS CAPTURED WITHIN CAPITAL WORK IN PROGRESS

Description	Audit work performed	Summary of findings
There is a risk that the accounting treatment of items captured within capital WIP may not be in accordance with Australian Accounting Standards.	<p>We obtained the WIP schedule and reviewed in detail a sample of projects outstanding as at the end of the year to ensure they are likely to generate assets.</p> <p>We performed sample testing of assets transferred out of capital WIP to ensure that the categorisation and value allocated to assets are appropriate.</p>	No exceptions were noted in relation to the accounting treatment of capital works in progress.

AREAS OF AUDIT FOCUS CONTINUED

ACCOUNTING TREATMENT FOR GRANT FUNDING

Description	Audit work performed	Summary of findings
<p>There is a risk of error in the calculation of grant income recognised and deferred at year end by reference to grant agreements and Australian Accounting Standards.</p>	<p>We reviewed grant revenue recognition for consistency with Council's accounting policies and Australian Accounting Standards.</p> <p>We obtained a schedule of grant income recognised and deferred at year end. We selected a sample of grants and obtained the agreements to review in detail and ensure that they have been recognised in accordance with applicable accounting standards.</p>	<p>Note 1.3 draws attention to an amount of \$351,757 untied Financial Assistance Grant for the year ending 30 June 2019, received in advance during the year ended 30 June 2019. This has been correctly recorded as income in the year ended 30 June 2019.</p> <p>During 2019, we noted that the funding received in 2018 in relation to the Minda Coast Park project and the Brighton Sports Centre Complex project still had unspent funds as at 30 June 2019. The unspent portions had originally been recognised as income, as noted within our summary of misstatements, a correction was made to defer unspent funds of \$2.8 million in accordance with <i>AASB 1004 Contributions</i>.</p>

MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Description	Audit work performed	Summary of findings
<p>Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.</p>	<p>We have tested general journals posted during the year and at the end of the reporting period to consider whether they are appropriate. We considered accounting estimates for management biases or fraud. We sought to corroborate management explanations with independent supporting evidence whenever possible.</p>	<p>There was no evidence of misstatement due to management override of controls.</p>



SUMMARY OF MISSTATEMENTS

UNCORRECTED MISSTATEMENTS

No uncorrected misstatements were identified during the audit, and that were determined by management to be immaterial, both individually and in aggregate to the financial report taken as a whole.

Misstatements have not been included if they are considered to be clearly trivial which we have set at \$63,000. Matters which are clearly trivial are regarded as clearly inconsequential when taken individually or in aggregate.

CORRECTED MISSTATEMENTS

We identified the following misstatements during the course of our audit which have been corrected:

Description	Assets	(Liabilities)	Reserves	(Profit)/Loss
Recognition of deferred income in relation to grant funding	-	2,889,173	-	(2,889,173)
Net effect of corrected misstatements	-	2,889,173	-	(2,889,173)



INTERNAL CONTROL

CURRENT YEAR

We have a responsibility to provide an audit report in which we express a conclusion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects.

In addition, in accordance with ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management, we are required to communicate in writing, any other significant deficiencies in internal controls identified during the audit.

The standard defines a deficiency in internal control as follows:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of those charged with governance. There were no significant deficiencies identified in internal controls during the course of the Council audit.

We intend providing an unqualified audit report in relation to compliance with Section 125 of the Local Government Act 1999. Details of matters identified in our testing of internal controls that were determined not to require qualification in our audit report are set out below.

INTERNAL CONTROL RISK ASSESSMENT

We have completed the testing of internal controls for the purpose of providing an audit opinion on Council's internal controls. This work focuses on controls exercised by the Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law.

Our assessment of internal controls is based on the criteria in the Better Practice Model - Financial Internal Control for South Australian Councils as issued by the Local Government Association of South Australia.

The Better Practice Model emphasises a risk based approach to internal financial controls. It states that a Council should design and implement internal financial controls activities and monitoring systems that prioritise extreme and high financial risk as identified by the Council's risk tolerance framework.

We have been advised by the management that no risk assessment was performed for this financial year. Instead, self-assessment was performed over all 'core controls' that are suggested per Better Practice Model.

For the purpose of our internal control audit opinion, we have performed our own risk assessment to identify the key financial risks facing the Council, determine the inherent risk level and evaluate core controls activities to address this risk. Based on this work, we have not noted any material exceptions that would lead to a qualification to the audit report on internal controls. We will revisit the matter next year and report our findings on management's risk assessment accordingly.

INTERNAL CONTROL CONTINUED



IT GENERAL CONTROL REVIEW

As part of our audit we use one of our IT specialists to review the IT general controls relevant to the audit. IT general controls are policies and procedures that relate to many applications and support the effective functioning of application controls. IT general controls relevant to the audit include logical access controls, program change controls and data processing management. As a result of the review the following improvement opportunities were noted:

DESCRIPTION OF MATTER	DATE PREVIOUSLY COMMUNICATE	CURRENT STATUS
Reduce and remove the use of shared user ID's. If reusable user ID's are required, they should be allocated to one person at a time.	2018 audit completion report	There are no longer shared ID's in use.
Periodic review of user access for accuracy every quarter is recommended	2018 audit completion report	Review does not occur due to challenges around practicality. BDO still recommends a periodic review around the accuracy of user access. If the review cannot be done quarterly due to practicality reasons, it should be done at least annually.
Create a form for User Access that details the relevant information required for adding, changing or removing user access to TechOne	2018 audit completion report	A form has now been created in 2019 in relation to User Access details.
Avoid allocating access to TechOne modules based on individual/direct basis, use roles / profiles.	2018 audit completion report	Access to function is currently by associated roles
Reduce access for Business Innovation team as super-user access may not be necessary. It is recommended for role specific access to be create with reduce privileges	Not previously reported	With management for consideration
Super-user admins have access to payroll system and whilst an audit trail exists, there are opportunities to review and refine privileges	Not previously reported	With management for consideration



OTHER REPORTING REQUIREMENTS

INDEPENDENCE AND ETHICS

In conducting our audit, we have complied with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* made under that Act and s290 of APES 110 *Code of Ethics for Professional Accountants*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to City of Holdfast Bay.

The *Local Government Act 1999* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 2](#).

NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.



APPENDIX 1 PROPOSED AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF HOLDFAST BAY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Holdfast Bay (the Council), which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of City of Holdfast Bay, presents fairly, in all material respects, the Council's financial position as at 30 June 2019 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the Local Government Act 1999 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Local Government Act 1999, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council's Responsibility for the Financial Report

The Council's officers are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as the Council's officers determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council's officers are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council's officers either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.



APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar4.pdf.

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, XX October 2019



APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE HOLDFAST BAY

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Holdfast Bay ('the Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2018 to 30 June 2019 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2018 to 30 June 2019.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.



APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitations of controls

Because of the inherent limitations of an assurance engagement, together with any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, XX October 2019

APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

We set out below our draft Auditor independence declaration.

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of Holdfast Bay for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011.

G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, XX October 2019





APPENDIX 3 NEW DEVELOPMENTS

We wish to bring to your attention some upcoming changes in financial reporting which may cause significant changes to your future reported financial position and performance. We have provided an overview of the major changes below and would be happy to discuss the impact on your business and assist with transition where applicable.

AASB 16

The new leases standard, AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted.

This new leases standard, which mainly impacts lessees, will therefore apply for the first time to your 31 December 2019-year end and supersedes existing standard, AASB 117 Leases, as well as related Interpretations. Although the transition date for full retrospective restatement is 1 January 2018, there is an option of selecting 1 January 2019 as the transition date if the cumulative effect of initial application is recognised as a single entry in opening retained earnings on 1 January 2019 (cumulative catch up method) and additional disclosures are made.

The core principle of AASB 16 is that all assets and liabilities arising under lease contracts are recognised in the statement of financial position as right-of-use assets, with a corresponding lease liability, and an annual expense reflecting depreciation on the leased asset and interest expense, which will vary from period to period, depending on the outstanding balance of the lease liability (i.e. front-end loaded expense).

Exceptions

There are optional exceptions for short-term leases (i.e. where lease term is for a period of less than 12 months, including extension options), and low value leases (i.e. where the value, as new, is less than approximately US \$5,000).

Main implications

- ▶ There is no longer a distinction made between ‘operating’ and ‘finance’ leases, and no more straight-line expense for operating leases
- ▶ Non-cancellable lease payments are included when measuring the right-of-use asset, as well as payments for option periods which the entity is reasonably certain to exercise
- ▶ Contingent rentals (e.g. those linked to sales) are not capitalised into the right-of-use asset but are expensed in profit or loss when incurred.

For more information, please refer to BDO’s [Need to Know](#) and Accounting News [article](#), as well as to the ‘Leasing’ section of our [Issues and Trends](#) page.

Please contact Geoff Edwards to discuss any specific implementation issues.

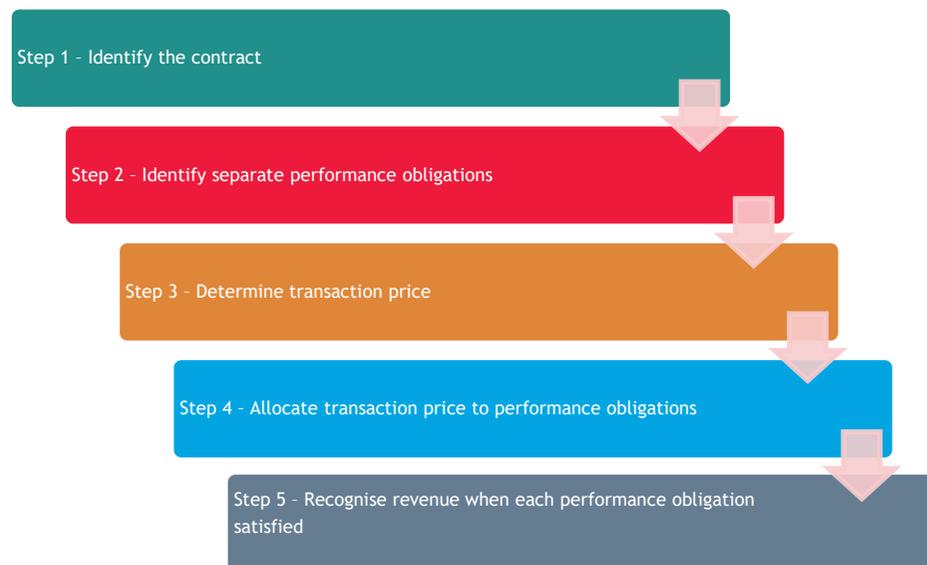
APPENDIX 3 NEW DEVELOPMENTS CONTINUED

AASB 15

The new revenue recognition standard, AASB 15 *Revenue from Contracts with Customers* is a result of a joint project of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB). It is effective for annual periods beginning on or after 1 January 2018, but application has been deferred by one year for not-for-profit entities. This new revenue standard will therefore apply for the first time to your 30 June 2020 year end and supersedes all existing revenue-related Accounting Standards and Interpretations.

REQUIREMENTS

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 *Revenue*. Included in AASB 15 is a new 'Five Step Model' for recognising revenue. An overview is included:



APPENDIX 3 NEW DEVELOPMENTS CONTINUED

AASB 15 (CONTINUED)

The new revenue recognition standard, AASB 15 *Revenue from Contracts with Customers* is a result of a joint project of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB). It is effective for annual periods beginning on or after 1 January 2018, but application has been deferred by one year for not-for-profit entities. Early adoption is permitted.

Some of the key practical implications may result in:

- ▶ Unbundling of sales incentives from original sale;
- ▶ Mobilisation fees not being recognised as revenue;
- ▶ Changes to recognition of licence revenue;
- ▶ Financing taken into account when payments made in advance; and
- ▶ More in-depth analysis of new sales contracts / modification of sales contracts.

It is further anticipated there may be flow-on effects to other commercial areas such as, but not limited to:

- ▶ Bonuses based on profits;
- ▶ Deferred consideration based on profit/revenue; and
- ▶ Banking covenants.

While certain industries such as property, technology and licensors may be more affected than others, we urge you to start familiarising yourself with the detailed requirements of AASB 15 so that you can make necessary changes to long-term contracts and accounting systems prior to the effective date of the standard.

Due to the significance of the change to revenue recognition under AASB 15, BDO has released several short webcasts on each of the five steps in the 'Five Step Model'. Please refer to the links below for more information.

- ▶ Step 1: Identify the contract - [Watch web cast](#)
- ▶ Step 2: Identify separate performance obligations - [Watch web cast](#)
- ▶ Step 3: Determine transaction price - [Watch web cast](#)
- ▶ Step 4: Allocate transaction price to performance obligations - [Watch web cast](#)
- ▶ Step 5: Recognise revenue when each performance obligation satisfied - [Watch web cast](#)

Please contact your partner to discuss implementation issues.

APPENDIX 3 NEW DEVELOPMENTS CONTINUED

AASB 1058

On 20 December 2016, the Australian Accounting Standards Board issued the highly anticipated new standard dealing with income recognition, AASB 1058 Income of Not-for-Profit Entities, which applies to annual reporting periods ending on or after 1 January 2019. The application date of the new revenue recognition standard, AASB 15 Revenue from Contracts with Customers has also been deferred to 1 January 2019 for NFPs.

REQUIREMENTS

AASB 1058 establishes principles and guidance when accounting for:

- ▶ Transactions where the consideration given to acquire an asset is significantly less than its fair value, in order to enable the entity to further its objectives; and
- ▶ The receipt of volunteer services.

Various practical examples are contained in the illustrative examples that accompany AASB 1058, and Application Guidance has been added to AASB 15 Revenue from Contracts with Customers to enable NFPs to be able to apply AASB 15 in a not-for-profit context.

On initial recognition of an asset received by a NFP, any related amounts, including contributions by owners, liabilities or revenue, are to be recognised in accordance with other Australian Accounting Standards. This includes the additional new accounting standards, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.

The combined operation of AASB 1058, AASB 15 and AASB 16 provides specific guidance for NFPs on the principles for recognising various forms of income. For example:

- ▶ If the consideration given, or to be given, by an NFP for an asset is significantly less than the fair value of the asset, AASB 1058 addresses the accounting for the difference.
- ▶ When government grants are received under an enforceable agreement, and there are sufficiently specific performance obligations imposed on the NFP, the components of the grant that relates to those performance obligations would potentially be deferred until the obligations are satisfied.
- ▶ If the performance obligations are not sufficiently specific, the NFP is potentially faced with recognising the grant upon receipt.
- ▶ If the NFP acquired the right to use a property by way of a lease, and the fair value of the right to use the property is significantly greater than the consideration to be given (e.g. a peppercorn lease), the NFP potentially will be required to recognise income for the difference.
- ▶ Certain government NFPs will be required to recognise the financial effect of volunteer services where the fair value of the services can be measured reliably, and the services would have been purchased if they had not been donated. This requirement is not mandatory for private sector NFP entities.



APPENDIX 3 NEW DEVELOPMENTS CONTINUED

AASB 1058 (CONTINUED)

Key issues in implementing the new standard, together with other related amendments, will include:

- ▶ Determining the fair value of assets acquired, particularly where the transaction is on non-commercial terms
- ▶ Determining whether contracts for government grants contain sufficiently specific performance obligations to allow deferral of any component of the grants.

In implementing the new requirements, NFPs will also need to:

- ▶ Review all significant income streams to determine the impact on the financial report
- ▶ Consider the need to change accounting policies and internal financial reporting processes
- ▶ Consider the impact on reporting to stakeholders regarding the NFP's financial position and performance
- ▶ Ensure proper guidance is provided to boards and audit committees.

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We have prepared this report solely for the use of City of Holdfast Bay. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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City of Holdfast Bay

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



City of Holdfast Bay

General Purpose Financial Statements for the year ended 30 June 2019

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City of Holdfast Bay

General Purpose Financial Statements

for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

R. Bria
CHIEF EXECUTIVE OFFICER

A. Wilson
MAYOR

Date:

City of Holdfast Bay

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	36,020	34,886
Statutory Charges	2b	2,282	2,224
User Charges	2c	7,698	7,034
Grants, Subsidies and Contributions	2g	13,896	13,739
Investment Income	2d	687	562
Reimbursements	2e	2,632	2,697
Other Income	2f	4,042	3,915
Net Gain - Equity Accounted Council Businesses	19	76	267
Total Income		67,333	65,324
Expenses			
Employee Costs	3a	29,316	29,316
Materials, Contracts & Other Expenses	3b	25,605	24,048
Depreciation, Amortisation & Impairment	3c	10,150	9,806
Finance Costs	3d	778	856
Total Expenses		65,849	64,026
Operating Surplus / (Deficit)		1,484	1,298
Asset Disposal & Fair Value Adjustments	4	(243)	(142)
Amounts Received Specifically for New or Upgraded Assets	2g	3,460	1,832
Net Surplus / (Deficit) ¹		4,701	2,988
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(11,523)	(9,203)
Total Other Comprehensive Income		(11,523)	(9,203)
Total Comprehensive Income		(6,822)	(6,215)

¹ Transferred to Statement of Changes in Equity

City of Holdfast Bay

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	25,559	27,092
Trade & Other Receivables	5b	3,244	3,062
Inventories	5c	9	10
Total Current Assets		28,812	30,164
Non-Current Assets			
Financial Assets	6a	1,301	1,496
Equity Accounted Investments in Council Businesses	6b	2,945	2,869
Infrastructure, Property, Plant & Equipment	7a	712,513	727,944
Other Non-Current Assets	6c	5,053	520
Total Non-Current Assets		721,812	732,829
TOTAL ASSETS		750,624	762,993
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	41,053	45,228
Borrowings	8b	1,000	1,130
Provisions	8c	4,068	4,303
Total Current Liabilities		46,121	50,661
Non-Current Liabilities			
Borrowings	8b	11,460	12,460
Provisions	8c	432	439
Total Non-Current Liabilities		11,892	12,899
TOTAL LIABILITIES		58,013	63,560
Net Assets		692,611	699,433
EQUITY			
Accumulated Surplus Asset		179,160	174,459
Revaluation Reserves	9a	507,036	518,559
Other Reserves		6,415	6,415
Total Council Equity		692,611	699,433

City of Holdfast Bay

Statement of Changes in Equity for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2019					
Balance at the end of previous reporting period		174,459	518,559	6,415	699,433
a. Net Surplus / (Deficit) for Year		4,701	-	-	4,701
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(11,523)	-	(11,523)
Other Comprehensive Income		-	(11,523)	-	(11,523)
Total Comprehensive Income		4,701	(11,523)	-	(6,822)
Balance at the end of period		179,160	507,036	6,415	692,611
2018					
Balance at the end of previous reporting period		171,538	527,762	6,348	705,648
a. Net Surplus / (Deficit) for Year		2,988	-	-	2,988
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(9,203)	-	(9,203)
Other Comprehensive Income		-	(9,203)	-	(9,203)
Total Comprehensive Income		2,988	(9,203)	-	(6,215)
c. Transfers between Reserves		(67)	-	67	-
Balance at the end of period		174,459	518,559	6,415	699,433

City of Holdfast Bay

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		35,907	34,812
Statutory Charges		2,332	2,444
User Charges		10,097	7,452
Grants, Subsidies and Contributions (operating purpose)		14,066	14,052
Investment Receipts		687	562
Reimbursements		2,642	2,783
Other Receipts		13,146	12,524
<u>Payments</u>			
Payments to Employees		(29,367)	(29,345)
Payments for Materials, Contracts & Other Expenses		(34,849)	(26,364)
Finance Payments		(778)	(856)
Net Cash provided by (or used in) Operating Activities	11b	13,883	18,064
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		(2,886)	1,832
Sale of Replaced Assets		390	227
Sale of Surplus Assets		22	17
Repayments of Loans by Community Groups		208	260
Distributions Received from Equity Accounted Council Businesses		-	383
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,268)	(5,208)
Expenditure on New/Upgraded Assets		(7,162)	(8,142)
Loans Made to Community Groups		-	(50)
Net Cash provided by (or used in) Investing Activities		(13,696)	(10,680)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		4	18
Proceeds from Aged Care Facility Deposits		8,640	9,416
<u>Payments</u>			
Repayments of Borrowings		(1,130)	(2,617)
Repayment of Aged Care Facility Deposits		(9,234)	(8,471)
Net Cash provided by (or used in) Financing Activities		(1,720)	(1,654)
Net Increase (Decrease) in Cash Held		(1,533)	5,730
plus: Cash & Cash Equivalents at beginning of period	11	27,092	21,362
Cash & Cash Equivalents at end of period	11	25,559	27,092

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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n/a - not applicable

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

The City of Holdfast Bay is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 24 Jetty Road, Brighton. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2016/17	\$1,676,106	\$1,106,206	+ \$599,900
2017/18	\$1,185,644	\$1,136,934	+ \$48,710
2018/19	\$1,676,394	\$1,324,637	+ \$351,757

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for

use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Fittings	\$2,000
Equipment	\$2,000
Buildings	\$10,000
Roads	\$10,000
Other Infrastructure	\$6,500

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Furniture & Equipment	3 to 10 years
Vehicles and Road-making Equip	6 to 15 years
Other Plant & Equipment	3 to 25 years

Building & Other Structures

Buildings – masonry	50 to 170 years
Buildings – other construction	20 to 60 years
Park Structures – masonry	40 to 100 years
Park Structures – other construction	20 to 50 years

Infrastructure

Sealed Roads – Surface	15 to 40 years
Sealed Roads – Structure	120 to 150 years
Sealed Roads – Sub-base	300 years
Sealed Roads – Kerbing	100 years
Bridges	100 years
Paving & Footpaths	10 to 50 years
Drains / Culverts	15 to 150 years
Playground Equipment	10 to 20 years
Benches, seats, etc	7 to 25 years

Other Assets

Library Lending Materials	7 years
---------------------------	---------

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that

class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.

- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

13 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The City of Holdfast Bay has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

14 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		34,662	33,592
Less: Mandatory Rebates		(445)	(409)
Less: Discretionary Rebates, Remissions & Write Offs		(178)	(200)
Total General Rates		34,039	32,983
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,254	1,173
Separate & Special Rates		635	633
Total Other Rates		1,889	1,806
Other Charges			
Penalties for Late Payment		76	66
Legal & Other Costs Recovered		16	31
Total Other Charges		92	97
Total Rates Revenues		36,020	34,886
(b). Statutory Charges			
Development Act Fees		375	447
Animal Registration Fees & Fines		157	185
Parking Fines / Expiation Fees		1,140	1,015
Other Licences, Fees & Fines		610	577
Total Statutory Charges		2,282	2,224
(c). User Charges			
Cemetery/Crematoria Fees		154	159
Community Centres		-	1
Parking Fees		1,013	862
Sundry		90	111
Commercial Leases/Caravan Park		2,743	2,791
Aged Care Residential Fees and Rentals		3,515	2,912
Major Community Event		177	191
Other		6	7
Total User Charges		7,698	7,034

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		349	160
- Banks & Other		338	402
Total Investment Income		687	562
(e). Reimbursements			
Private Works		73	149
Aged Care Facility - home care		2,308	2,201
Other		251	347
Total Reimbursements		2,632	2,697
(f). Other Income			
Rebates Received		428	439
Sundry		369	338
Aged Care Facility		979	973
Aged Care Facility - Home Care		2,132	1,786
Other		134	379
Total Other Income		4,042	3,915
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		3,460	1,832
Total Amounts Received Specifically for New or Upgraded Assets		3,460	1,832
Other Grants, Subsidies and Contributions		10,954	10,923
Untied - Financial Assistance Grant		1,325	1,325
Roads to Recovery		300	537
Home and Community Care Grant		965	905
Individually Significant Item - Additional Grants Commission Payment (Refer Note 1 (3))		352	49
Total Other Grants, Subsidies and Contributions		13,896	13,739
Total Grants, Subsidies, Contributions		17,356	15,571
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		16,022	3,419
State Government		1,286	1,571
Other		48	10,581
Total		17,356	15,571

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		24,136	24,591
Employee Leave Expense		2,312	2,059
Superannuation - Defined Contribution Plan Contributions	18	2,359	2,083
Superannuation - Defined Benefit Plan Contributions	18	277	303
Workers' Compensation Insurance		1,048	1,076
Less: Capitalised and Distributed Costs		(816)	(796)
Total Operating Employee Costs		29,316	29,316
Total Number of Employees (full time equivalent at end of reporting period)		332.6	335.1
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		41	35
Elected Members' Expenses		343	310
Election Expenses		214	14
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		47	36
Subtotal - Prescribed Expenses		645	395

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses			
Contractors		7,728	7,903
Energy		619	729
Maintenance		2,467	2,173
Legal Expenses		247	293
Levies Paid to Government - NRM levy		1,234	1,152
Levies - Other		1	35
Professional Services		2,464	2,792
Sundry		2,423	1,527
Water		763	638
Materials		2,595	2,547
Insurances		565	481
Waste Management		3,770	3,305
Other		84	78
Subtotal - Other Material, Contracts & Expenses		24,960	23,653
Total Materials, Contracts and Other Expenses		25,605	24,048
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		2,820	2,787
Infrastructure			
- Stormwater Drainage		492	459
- Roads		1,361	1,331
- Footpaths		929	926
- Kerb & Guttering		726	721
- Other Transport		442	426
- Open Space & Coastal		1,698	1,763
Plant & Equipment		1,013	918
Furniture & Fittings, Office Equipment		519	325
Library Lending Materials		150	150
Subtotal		10,150	9,806
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		10,150	9,806
(d). Finance Costs			
Interest on Loans		630	722
Interest on Accommodation Bonds		148	134
Total Finance Costs		778	856

City of Holdfast Bay

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2019	2018
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		390	227
Less: Carrying Amount of Assets Sold		(631)	(357)
Gain (Loss) on Disposal		(241)	(130)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		22	18
Less: Carrying Amount of Assets Sold		(24)	(30)
Gain (Loss) on Disposal		(2)	(12)
Net Gain (Loss) on Disposal or Revaluation of Assets		(243)	(142)

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash on Hand at Bank	294	1,423
Deposits at Call	8,523	6,445
Short Term Deposits & Bills, etc.	16,742	19,224
Total Cash & Cash Equivalents	25,559	27,092

(b). Trade & Other Receivables

Rates - General & Other	574	471
Council Rates Postponement Scheme	40	30
Accrued Revenues	168	186
Debtors - General	1,436	1,276
GST Recoupment	196	95
Prepayments	298	632
Loans to Community Organisations	195	208
Aged Care Facility Deposits	525	352
Subtotal	3,432	3,250
Less: Allowance for Doubtful Debts	(188)	(188)
Total Trade & Other Receivables	3,244	3,062

(c). Inventories

Stores & Materials	9	10
Total Inventories	9	10

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 6. Non-Current Assets

\$ '000	Notes	2019	2018
(a). Financial Assets			
Receivables			
Loans to Community Organisations		1,819	2,014
Provision for Impairment on Loans to Community Organisations		(518)	(518)
Total Receivables		1,301	1,496
Total Financial Assets		1,301	1,496
(b). Equity Accounted Investments in Council Businesses			
Southern Region Waste Resource Authority	19	2,945	2,869
Total Equity Accounted Investments in Council Businesses		2,945	2,869
(c). Other Non-Current Assets			
Capital Works-in-Progress		5,053	520
Total Other Non-Current Assets		5,053	520

City of Holdfast Bay

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2018					Asset Movements during the Reporting Period						as at 30/6/2019				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals							Dep'n	Impairment	
Land	2	28,062	-	-	-	28,062	-	-	-	-	-	-	28,062	-	-	-	28,062
Land	3	330,274	200	-	-	330,474	147	-	-	-	-	-	330,621	-	-	-	330,621
Buildings & Other Structures	3	129,626	1,452	38,155	-	92,923	411	64	(20)	(2,782)	-	-	139,452	-	48,856	-	90,596
Buildings & Other Structures	2	3,539	-	2,516	-	1,023	-	-	-	(38)	-	-	3,539	-	2,554	-	985
Infrastructure																	
- Stormwater Drainage	3	54,799	3,130	19,337	-	38,592	284	268	(4)	(492)	-	-	58,473	-	19,825	-	38,648
- Roads	3	119,402	3,414	25,241	-	97,575	-	786	(137)	(1,361)	(13,585)	-	125,769	-	42,491	-	83,278
- Footpaths	3	43,960	208	16,421	-	27,747	-	248	(68)	(929)	-	-	44,283	-	17,285	-	26,998
- Kerb & Guttering	3	70,332	2,186	26,574	-	45,944	-	613	(61)	(726)	-	2,051	66,982	-	19,161	-	47,821
- Other Transport	3	23,593	1,276	4,452	-	20,417	159	110	-	(442)	-	-	25,137	-	4,893	-	20,244
- Open Space & Coastal	3	53,961	-	17,787	-	36,174	1,205	653	(79)	(1,698)	-	-	55,684	-	19,429	-	36,255
Plant & Equipment	3	-	8,423	2,936	-	5,487	343	795	(286)	(1,013)	-	-	7,029	2,905	4,600	-	5,334
Furniture & Fittings, Office Equipment	3	(1,281)	4,817	786	-	2,750	457	165	-	(519)	-	-	-	4,708	1,863	-	2,845
Library Lending Materials	3	-	1,253	477	-	776	-	189	-	(150)	-	11	1,384	-	558	-	826
Total Infrastructure, Property, Plant & Equipment		856,267	26,359	154,682	-	727,944	3,006	3,891	(655)	(10,150)	(13,585)	2,062	886,415	7,613	181,515	-	712,513
Comparatives		855,290	43,875	165,674	-	733,491	7,585	6,263	(386)	(9,806)	(9,203)	-	856,267	26,359	154,682	-	727,944

Note 7a (ii). Investment Property

Nil

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$ '000

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information (continued)

Upon revaluation, the current new replacement cost and accumulated depreciation are re stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting data, effectively writing off the expenditure.

Land and Land improvements, including bulk earthworks with an assessed unlimited useful life, were valued at 30 June 2017 by Maloney Field Services.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2017
- Valuer: Maloney Field Services

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2017 by Maloney Field Services.

- Basis of valuation: Fair Value / Written down current replacement cost
- Date of valuation: 30 June 2017
- Valuer: Maloney Field Services

Infrastructure

Infrastructure assets have been valued as follows:

Roads, Kerb and Gutter

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2019
- Valuer: Public Private Property

Footpaths

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 September 2015
- Valuer: Assetic Pty Ltds

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Infrastructure (continued)

Stormwater Drainage

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2017
- Valuer: Jones Lang LaSalle

Other Transport - Bridges, Car Parks, Traffic Control Devices

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2016
- Valuer: Maloney Field Services

Open Space, Coastal

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2018
- Valuer: Jones Lang LaSalle

Plant & Equipment

These assets are recognised at cost.

Library Lending Materials

Library Lending Materials were valued as at 30 June 2019 by Council senior library officers.

Note 8. Liabilities

\$ '000	Notes	2019		2018	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		3,302	-	4,457	-
Payments Received in Advance		3,481	-	6,677	-
Accrued Expenses - Employee Entitlements		468	-	176	-
Accrued Expenses - Other		346	-	284	-
Aged Care Facility Deposits		31,970	-	32,564	-
Deposits, Retentions & Bonds		34	-	30	-
Other		1,452	-	1,040	-
Total Trade and Other Payables		41,053	-	45,228	-
(b). Borrowings					
Loans		1,000	11,460	1,130	12,460
Total Borrowings		1,000	11,460	1,130	12,460

All interest bearing liabilities are secured over the future revenues of the Council

City of Holdfast Bay

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 8. Liabilities (continued)

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(c). Provisions					
Employee Entitlements		4,068	432	4,303	439
Total Provisions		4,068	432	4,303	439

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land	310,456	-	-	-	310,456
Buildings & Other Structures	40,198	-	-	-	40,198
Infrastructure					
- Stormwater Drainage	22,004	-	-	-	22,004
- Roads	80,851	(13,585)	-	-	67,266
- Footpaths	14,055	-	-	-	14,055
- Kerb & Guttering	39,538	2,051	-	-	41,589
- Other Transport	2,727	-	-	-	2,727
- Open Space & Coastal	8,309	-	-	-	8,309
Library Lending Materials	421	11	-	-	432
Total Asset Revaluation Reserve	518,559	(11,523)	-	-	507,036
Comparatives	527,762	(9,203)	-	-	518,559

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Alwyndor General Reserve	6,414	-	-	-	6,414
Total Other Reserves	6,414	-	-	-	6,414
Comparatives	6,347	103	(36)	-	6,414

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Car Park Contributions Fund

To provide for improved off-street, car parking and improved access throughout the Glenelg Precinct. Specific developers contributions towards car parking are held within this fund.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2019	2018
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Receivables			
Accommodation Bonds		525	352
Total Receivables		525	352
Total Assets Subject to Externally Imposed Restrictions		525	352

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Total Cash & Equivalent Assets	5	25,559	27,092
Balances per Statement of Cash Flows		25,559	27,092

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2019	2018
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		4,701	2,988
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		10,150	9,806
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(76)	(267)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		2,886	(1,832)
Net (Gain) Loss on Disposals		243	142
		17,904	10,837
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(195)	260
Net (Increase)/Decrease in Inventories		1	(1)
Net Increase/(Decrease) in Trade & Other Payables		(3,585)	6,962
Net Increase/(Decrease) in Unpaid Employee Benefits		(242)	6
Net Cash provided by (or used in) operations		13,883	18,064

(c). Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	100	100
LGFA Cash Advance Debenture Facility	14,358	14,358

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

City of Holdfast Bay

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Business Undertakings	3,700	3,625	2,308	2,384	1,392	1,241	-	-	79,379	18,774
Community Services	21,249	20,293	26,741	26,436	(5,492)	(6,143)	11,553	11,397	94,663	157,409
Culture	641	614	5,058	4,997	(4,417)	(4,383)	259	270	17,366	17,200
Economic Development	598	634	1,276	1,294	(678)	(660)	-	-	347	338
Environment	288	339	7,601	7,000	(7,313)	(6,661)	106	40	42,939	41,423
Recreation	317	310	6,620	6,500	(6,303)	(6,190)	-	-	316,276	315,262
Regulatory Services	1,968	1,957	5,656	5,089	(3,688)	(3,132)	-	-	546	495
Transport & Communication	26	27	7,825	7,677	(7,799)	(7,650)	-	121	176,997	189,223
Unclassified Activities	-	-	-	-	-	-	-	-	3,322	3,365
Council Administration	38,546	37,258	2,764	2,649	35,782	34,609	1,978	1,911	18,789	19,504
Total Functions/Activities	67,333	65,057	65,849	64,026	1,484	1,031	13,896	13,739	750,624	762,993

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan Parks, Off-street Car Parks, Private Works, Commercial Property, Commercial Activities

COMMUNITY SERVICES

Public Order and Safety, Crime Prevention, Health Services, Nursing Homes, Elderly Citizens Facilities, Home Assistance Scheme, Aged and Disabled Services, Youth Services, Community Bus, Community Amenities including Cemeteries and Public Conveniences

CULTURE

Library Services, Heritage and Museum Facilities and Services.

ECONOMIC DEVELOPMENT

Tourism and Local Businesses Support

ENVIRONMENT

Domestic Waste & Green Waste, Recycling, Coastal Protection, Stormwater and other Drainage, Street Cleaning, Street Lighting.

RECREATION

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Health Inspection, Litter and Parking Control

TRANSPORT

Construction and Maintenance of Roads, Footpaths, Traffic Control, Streetscape, Kerb and Water Table, Bridges

COUNCIL ADMINISTRATION

Administration n.e.c., Elected Members, Organisational, Support Services, Rate Revenue

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.25% and 2.78% (2018: 1.5% and 2.77%). Short term deposits have an average interest rate of 1.37% (2018: 1.96%)

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 0.55% (2018: 0.56% per month). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable six monthly; interest is charged at rates between 3.75% and 7.05% (2018: 3.75% and 7.05%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

City of Holdfast Bay

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash & Equivalents	25,559	-	-	25,559	25,559
Receivables	3,553	990	936	5,479	4,497
Total Financial Assets	29,112	990	936	31,038	30,056
Financial Liabilities					
Payables	40,707	-	-	40,707	40,707
Current Borrowings	1,529	-	-	1,529	1,000
Non-Current Borrowings	-	5,248	10,287	15,535	11,460
Total Financial Liabilities	42,236	5,248	10,287	57,771	53,167
2018					
Financial Assets					
Cash & Equivalents	27,092	-	-	27,092	27,092
Receivables	2,498	429	2,762	5,689	4,621
Total Financial Assets	29,590	429	2,762	32,781	31,713
Financial Liabilities					
Payables	45,346	-	-	45,346	44,944
Current Borrowings	1,772	-	-	1,772	1,130
Non-Current Borrowings	-	5,538	11,527	17,065	12,460
Total Financial Liabilities	47,118	5,538	11,527	64,183	58,534

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	4.73%	12,460	4.81%	13,590
		12,460		13,590

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 14. Commitments for Expenditure

\$ '000	Notes	2019	2018
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land		43	122
Buildings		6,815	-
Infrastructure		212	239
Reserves		2,914	94
Plant & Equipment		152	309
		10,136	764
These expenditures are payable:			
Not later than one year		10,136	764
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		10,136	764
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		32	31
Waste Management Services		5,592	8,861
Employee Remuneration Contracts		3,385	3,045
Other Maintenance Contracts		1,041	1,975
Other		-	52
		10,050	13,964
These expenditures are payable:			
Not later than one year		5,843	6,276
Later than one year and not later than 5 years		4,207	7,683
Later than 5 years		-	5
		10,050	13,964

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15. Financial Indicators

\$ '000	Amounts 2019	Indicator 2019	Prior Periods 2018	Prior Periods 2017
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	<u>1,484</u>			
Total Operating Income	<u>67,333</u>	2%	2%	3%

This ratio expresses the operating surplus as a percentage of total operating revenue.

2. Net Financial Liabilities Ratio

Net Financial Liabilities	<u>27,909</u>			
Total Operating Income	<u>67,333</u>	41%	49%	51%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio		2%	2%	2%
Adjusted Net Financial Liabilities Ratio		41%	49%	51%

3. Asset Renewal Funding Ratio

Net Asset Renewals	<u>3,878</u>			
Infrastructure & Asset Management Plan required expenditure	<u>3,465</u>	112%	51%	73%

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	67,333	65,324
<i>less</i> Expenses	(65,849)	(64,026)
Operating Surplus / (Deficit)	1,484	1,298
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,268)	(5,208)
<i>add back</i> Depreciation, Amortisation and Impairment	10,150	9,806
<i>add back</i> Proceeds from Sale of Replaced Assets	390	227
Subtotal	6,272	4,825
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(7,162)	(8,142)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	(2,886)	1,832
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	22	17
Subtotal	(10,026)	(6,292)
Net Lending / (Borrowing) for Financial Year	(2,270)	(169)

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 17. Operating Leases

\$ '000	2019	2018
Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:		
Not later than one year	511	501
Later than one year and not later than 5 years	1,912	1,898
Later than 5 years	2,130	286
	4,553	2,685

Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	41	45
Later than one year and not later than 5 years	38	60
Later than 5 years	-	5
	78	110

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 18. Superannuation

\$ '000

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017/18) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2019	2018	2019	2018
Joint Ventures	76	267	2,945	2,869
Total	76	267	2,945	2,869

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Southern Region Waste Resource Authority	Management of waste and waste facilities	2,945	2,869
Total Carrying Amounts - Joint Ventures & Associates		2,945	2,869

Southern Region Waste Resource Authority

Established under Section 43 of the Local Government Act, 1999 to provide operate services for the management of waste and the management of waste facilities under its control on behalf of the constituent Council, being the City of Holdfast Bay, City of Marion, and City of Onkaparinga. The Authority made a provision of \$13m in the accounts for landfill restoration which is considered reasonable.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Southern Region Waste Resource Authority	15%	15%	15%	15%	33%	33%

(c) Movement in Investment in Joint Venture or Associate

	Southern Region Waste Resource Authority	
	2019	2018
Opening Balance	2,869	2,986
Share in Operating Result	76	267
Distributions Received	-	(384)
Council's Equity Share in the Joint Venture or Associate	2,945	2,869

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 178 km of road reserves of average width 8.7 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 10 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

4. SOUTHERN REGION WASTE RESOURCE AUTHORITY

Council has a 15% interest in Southern Region Waste Resource Authority. The Authority describes contingent liabilities in Note 15 to their Financial Statements for the year ended 30 June 2018.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 22/10/19.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

City of Holdfast Bay

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 23. Related Party Transactions

\$ '000	2019	2018
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 30 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	1,121	1,010
Leave Entitlements on Termination	223	-
Payments to Mayor and Elected Members	364	317
Development Assessment Panel Independent Members, Alwyndor Management Committee	48	56
Total	1,756	1,383

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

City of Holdfast Bay

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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City of Holdfast Bay

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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City of Holdfast Bay

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Internal Controls

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City of Holdfast Bay

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Internal Controls

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City of Holdfast Bay

General Purpose Financial Statements

for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Holdfast Bay (excluding Alwyndor Aged Care) for the year ended 30 June 2019, the Council's Auditor, BDO Audit Partnership (SA) has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

R. Bria

CHIEF EXECUTIVE OFFICER

J Smedley

PRESIDING MEMBER, AUDIT COMMITTEE

Date:

Alwyndor Aged Care

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



ABN: 66 219 253 940

Alwyndor Aged Care

General Purpose Financial Statements for the year ended 30 June 2019

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3. Primary Financial Statements:	
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- Statement of Changes in Equity	6
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Alwyndor Aged Care

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Alwyndor to certify the financial statements in their final form.

In our opinion:

- the financial statements present a true and fair view of the Alwyndor's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year,
- the financial statements accurately reflect the Alwyndor's accounting and other records.

Roberto Bria
CHIEF EXECUTIVE OFFICER

Beth Davidson-Park
GENERAL MANAGER - ALWYNDOR

Date: dd Month 2019

Alwyndor Aged Care

General Purpose Financial Statements

for the year ended 30 June 2019

Alwyndor Management Committee Declaration

The Alwyndor Management Committee declare that

In our opinion:

The financial statements and notes, as set out in the document are in accordance with the *Australian Charities and not-for-profits Commission Action 2012 and:*

- a comply with Australian Accounting Standards; and
- b give a true and fair view of the financial position of the registered entity as at 30 June 2019 and of its performance for the year ended on that date.

There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Trish Auket
CHAIR

Dated this day of 2019

Alwyndor Aged Care

Statement of Comprehensive Income

for the year ended 30 June 2019

\$	Notes	2019	2018
Income			
User Charges	2a	3,515,100	2,912,359
Grants, Subsidies and Contributions	2e	10,219,401	10,172,010
Investment Income	2b	504,940	463,464
Reimbursements	2c	2,307,825	2,201,012
Other Income	2d	3,128,905	2,766,420
Total Income		19,676,171	18,515,265
Expenses			
Employee Costs	3a	12,862,135	13,202,268
Materials, Contracts & Other Expenses	3b	5,897,148	5,306,476
Depreciation, Amortisation & Impairment	3c	1,187,033	1,074,184
Finance Costs	3d	147,719	133,921
Total Expenses		20,094,035	19,716,849
Operating Surplus / (Deficit)		(417,864)	(1,201,584)
Asset Disposal & Fair Value Adjustments	4	(2,333)	(4,114)
Net Surplus / (Deficit) ¹		(420,197)	(1,205,698)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Nil			
Total Comprehensive Income		(420,197)	(1,205,698)

¹ Transferred to Statement of Changes in Equity

Alwyndor Aged Care

Statement of Financial Position

as at 30 June 2019

\$	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	20,081,445	20,421,789
Trade & Other Receivables	5b	962,876	765,559
Total Current Assets		21,044,321	21,187,347
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	7a	39,425,770	40,174,718
Total Non-Current Assets		39,425,770	40,174,718
TOTAL ASSETS		60,470,091	61,362,065
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	34,458,517	34,829,344
Provisions	8b	1,410,322	1,504,745
Total Current Liabilities		35,868,839	36,334,089
Non-Current Liabilities			
Provisions	8b	121,912	128,440
Total Non-Current Liabilities		121,912	128,440
TOTAL LIABILITIES		35,990,751	36,462,529
Net Assets		24,479,340	24,899,537
EQUITY			
Accumulated Surplus		8,994,329	9,414,526
Asset Revaluation Reserves	9a	9,070,657	9,070,657
Other Reserves	9b	6,414,354	6,414,354
Total Alwyndor Equity		24,479,340	24,899,537

Alwyndor Aged Care

Statement of Changes in Equity

for the year ended 30 June 2019

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2019					
Balance at the end of previous reporting period		9,414,526	9,070,657	6,414,354	24,899,537
a. Net Surplus / (Deficit) for Year		(420,197)	-	-	(420,197)
b. Other Comprehensive Income					
Nil					
Total Comprehensive Income		(420,197)	-	-	(420,197)
Balance at the end of period		8,994,329	9,070,657	6,414,354	24,479,340
2018					
Balance at the end of previous reporting period		10,723,475	9,070,657	6,311,103	26,105,235
a. Net Surplus / (Deficit) for Year		(1,205,698)	-	-	(1,205,698)
b. Other Comprehensive Income					
Nil					
Total Comprehensive Income		(1,205,698)	-	-	(1,205,698)
c. Transfers between Reserves		(103,251)	-	103,251	-
Balance at the end of period		9,414,526	9,070,657	6,414,354	24,899,537

Alwyndor Aged Care

Statement of Cash Flows

for the year ended 30 June 2019

\$	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
User Charges		3,517,249	2,918,359
Grants, Subsidies and Contributions (operating purpose)		10,219,401	10,272,010
Investment Receipts		504,940	463,464
Reimbursements		2,307,825	2,201,012
Other Receipts		3,519,643	3,422,122
<u>Payments</u>			
Payments to Employees		(12,708,264)	(13,127,334)
Payments for Materials, Contracts & Other Expenses		(6,518,933)	(4,943,244)
Finance Payments		(147,719)	(133,921)
Net Cash provided by (or used in) Operating Activities	11b	694,142	1,072,468
Cash Flows from Investing Activities			
<u>Receipts</u>			
Sale of Replaced Assets		-	37,458
Sale of Surplus Assets		42,367	-
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(199,865)	-
Expenditure on New/Upgraded Assets		(282,920)	(556,564)
Net Cash provided by (or used in) Investing Activities		(440,418)	(519,106)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Aged Care Facility Deposits		8,640,479	9,416,274
<u>Payments</u>			
Repayment of Aged Care Facility Deposits		(9,234,547)	(8,471,246)
Net Cash provided by (or used in) Financing Activities		(594,068)	945,028
Net Increase (Decrease) in Cash Held		(340,344)	1,498,391
plus: Cash & Cash Equivalents at beginning of period	11	20,421,789	18,923,398
Cash & Cash Equivalents at end of period	11	20,081,445	20,421,789

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Contents of the Notes accompanying the Financial Statements

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n/a - not applicable

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Alwyndor in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Alwyndor's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$).

2 The Reporting Entity

Alwyndor Aged Care reports under the *Australian Charities and Not-for-profits Commission Act 2012*

and has its principal place of business at 52 Dunrobin Road, Hove. These financial statements include the Alwyndor's direct operations and all entities through which Alwyndor controls resources to carry on its functions. In the process of reporting on the Alwyndor as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Alwyndor obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Alwyndor's operations for the current reporting period.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Alwyndor's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Alwyndor includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Alwyndor for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000
Buildings - new construction/extensions	\$10,000

5.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

5.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Alwyndor, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

5.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Alwyndor were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Alwyndor assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

7 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

8 Employee Benefits

8.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

8.2 Superannuation

The Alwyndor makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Alwyndor's involvement with the schemes are reported in Note 14.

9 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Alwyndor substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class and are amortised to expense over the period during which the Alwyndor is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

10 Construction Contracts

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

11 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

12 New accounting standards and UIG interpretations

In the current year, Alwyndor adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Alwyndor's accounting policies.

Alwyndor Aged Care has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 12 Financial Instruments have changed, there are no changes to the amounts disclosed.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, the sum of \$nil has been recognised as revenue, in accordance with the current Standards, but would in future be recorded as a liability "Amounts in Advance" until the performance obligations have been fulfilled.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, Alwyndor has no leases to which this treatment will need to be applied.

The effect on profit and loss in future years will be non-material.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Alwyndor will implement them when they are effective.

Peppercorn Leases

Alwyndor operates on land owned by the Dorothy Cheater Trust, for which no payments are made. Alwyndor does not intend to elect not to apply the fair value measurement requirements to this lease until such time as this requirement is mandated.

13 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

14 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income

\$	Notes	2019	2018
(a). User Charges			
Aged Care Residential Fees and Rentals		3,515,100	2,912,359
Total User Charges		3,515,100	2,912,359
(b). Investment Income			
Interest on Investments			
- Local Government Finance Authority		170,814	65,731
- Banks & Other		334,126	397,732
Total Investment Income		504,940	463,464
(c). Reimbursements			
Home Care		2,307,825	2,201,012
Total Reimbursements		2,307,825	2,201,012
(d). Other Income			
Home Care Administration		2,132,043	1,786,217
Aged Care Facility		979,032	972,858
Other		17,830	7,346
Total Other Income		3,128,905	2,766,420
(e). Grants, Subsidies, Contributions			
Other Grants, Subsidies and Contributions		10,219,401	10,172,010
Total Grants, Subsidies, Contributions		10,219,401	10,172,010
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		10,219,401	9,672,008
State Government		-	500,002
Total		10,219,401	10,172,010

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses

\$	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		11,092,491	11,742,780
Employee Leave Expense		110,798	38,152
Superannuation - Defined Contribution Plan Contributions	15	1,180,931	995,593
Superannuation - Defined Benefit Plan Contributions	15	67,915	49,453
Workers' Compensation Insurance		410,000	376,291
Total Operating Employee Costs		12,862,135	13,202,268
Total Number of Employees (full time equivalent at end of reporting period)		161	164
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		12,000	13,887
Operating Lease Rentals - Non-Cancellable Leases	13		
- Minimum Lease Payments		14,505	12,610
Subtotal - Prescribed Expenses		26,505	26,497
(ii) Other Materials, Contracts and Expenses			
Contractors		3,266,323	3,256,274
Professional Services		204,064	239,875
Sundry		975,417	321,491
Materials		1,424,839	1,462,339
Subtotal - Other Material, Contracts & Expenses		5,870,643	5,279,979
Total Materials, Contracts and Other Expenses		5,897,148	5,306,476
(c). Depreciation and Amortisation			
Buildings & Other Structures		782,155	781,693
Plant & Equipment		224,690	173,607
Furniture & Fittings		180,188	118,884
Total Depreciation and Amortisation		1,187,033	1,074,184
(d). Finance Costs			
Interest on Accommodation Bonds		147,719	133,921
Total Finance Costs		147,719	133,921

Alwyndor Aged Care

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4. Asset Disposal & Fair Value Adjustments

\$	Notes	2019	2018
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		-	37,458
Less: Carrying Amount of Assets Sold		-	(39,784)
Gain (Loss) on Disposal		-	(2,325)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		21,183	-
Less: Carrying Amount of Assets Sold		(23,516)	(1,788)
Gain (Loss) on Disposal		(2,333)	(1,788)
Net Gain (Loss) on Disposal or Revaluation of Assets		(2,333)	(4,114)

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash on Hand at Bank	195,612	1,236,866
Deposits at Call	5,642,839	2,961,190
Short Term Deposits & Bills, etc.	14,242,994	16,223,733
Total Cash & Cash Equivalents	20,081,445	20,421,789

(b). Trade & Other Receivables

Accrued Revenues	167,577	185,545
Debtors - General	187,419	137,950
GST Recoupment	79,220	89,764
Prepayments	3,660	-
Aged Care Facility Deposits	525,000	352,300
Total Trade & Other Receivables	962,876	765,559

Note 6. Non-Current Assets

Nil

Alwyndor Aged Care

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2018					Asset Movements during the Reporting Period				as at 30/6/2019					
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	At Fair Value	At Cost	Accumulated		Carrying Value	
				Dep'n	Impairment		New / Upgrade	Renewals					Dep'n	Impairment		
Land	2	5,288,840	-	-	-	5,288,840	-	-	-	-	5,288,840	-	-	-	-	5,288,840
Buildings & Other Structures	3	39,928,870	-	7,932,281	-	31,996,589	-	18,481	-	(782,155)	39,947,351	-	8,714,436	-	-	31,232,915
Plant & Equipment		-	2,710,787	1,102,791	-	1,607,997	180,928	75,814	(23,516)	(224,690)	-	2,904,685	1,281,843	-	-	1,622,842
Furniture & Fittings		-	1,832,879	551,587	-	1,281,292	101,993	84,386	-	(180,188)	-	2,019,257	738,084	-	-	1,281,173
Total Infrastructure, Property, Plant & Equipment		45,217,710	4,543,667	9,586,659	-	40,174,718	282,921	178,681	(23,516)	(1,187,033)	45,236,191	4,923,942	10,734,363	-	-	39,425,770
Comparatives		45,208,910	4,704,658	9,179,657	-	40,733,910	306,260	250,303	(41,572)	(1,074,184)	45,217,710	4,543,667	9,586,659	-	-	40,174,718

Note 7a (ii). Investment Property

Nil

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Valuation techniques used to derive Level 2 and Level 3 fair values recognised in the financial statements

The following table sets out the valuation techniques used to measure fair value within Level 2, including a description of the significant inputs used.

Description	Valuation approach and inputs used
Land	Direct comparison of market evidence approach. This method seeks to determine the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. The valuation is based on price per square metre.

The following table sets out the valuation techniques used to measure the fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Description	Valuation Approach	Unobservable Inputs	Range of Inputs	Relationship between unobservable inputs and fair value
Buildings & Other Structures	Depreciated replacement cost approach. This is the current replacement cost of an asset less, where applicable accumulated depreciation calculated on a basis to reflect the already consumed or expired service potential.	Replacement Cost	\$5,844 to \$2,854,414	The higher the replacement cost the higher the fair value
		Remaining Useful Life of Assets	30 years to 150 years	The shorter the remaining life the lower the fair value

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to AIFRS, Alwyndor elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Alwyndor's non financial assets are considered as being utilised for their highest and best use.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

Land and Land improvements, with an assessed unlimited useful life, were valued at 30 June 2017.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2017
- Valuer: Maloney Field Services

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2017

- Basis of valuation: Written down current replacement cost
- Date of valuation: 30 June 2017
- Valuer: Maloney Field Services

Plant & Equipment

These assets are recognised on the cost basis.

Residential Bed Licences

Alwyndor holds 134 bed licenses. These have not been brought to account as they do not meet the recognition criteria of AASB 138 Intangible Assets.

All other Assets

These assets are recognised at cost.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 8. Liabilities

\$	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a). Trade and Other Payables					
Goods & Services		412,685	-	958,590	-
Accrued Expenses - Employee Entitlements		467,311	-	175,624	-
Accrued Expenses - Other		159,899	-	92,081	-
Aged Care Facility Deposits		31,969,780	-	32,563,848	-
Other		1,448,842	-	1,039,201	-
Total Trade and Other Payables		34,458,517	-	34,829,344	-
(b). Provisions					
Employee Entitlements (including oncosts)		1,410,322	121,912	1,504,745	128,440
Total Provisions		1,410,322	121,912	1,504,745	128,440

Note 9. Reserves

\$	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land	4,943,268	-	-	-	4,943,268
Buildings & Other Structures	4,127,389	-	-	-	4,127,389
Total Asset Revaluation Reserve	9,070,657	-	-	-	9,070,657
Comparatives	9,070,657	-	-	-	9,070,657
(b). Other Reserves					
General Reserves	6,414,354	-	-	-	6,414,354
Total Other Reserves	6,414,354	-	-	-	6,414,354
Comparatives	6,414,354	-	-	-	6,414,354

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 10. Assets Subject to Restrictions

\$	Notes	2019	2018
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Alwyndor, or for which the revenues were originally obtained.</p>			
Receivables			
Accommodation Bonds		525,000	352,300
Total Receivables		525,000	352,300
Total Assets Subject to Externally Imposed Restrictions		525,000	352,300

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Total Cash & Equivalent Assets	5	20,081,445	20,421,789
Balances per Statement of Cash Flows		20,081,445	20,421,789

(b). Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus/(Deficit)		(420,197)	(1,205,698)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		1,187,033	1,074,184
Net (Gain) Loss on Disposals		2,333	4,114
		769,169	(127,400)
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(197,317)	218,143
Net Increase/(Decrease) in Trade & Other Payables		223,241	943,573
Net Increase/(Decrease) in Unpaid Employee Benefits		(100,951)	38,152
Net Cash provided by (or used in) operations		694,142	1,072,468

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12. Financial Instruments

\$

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 2.3% and 2.78% (2018: 2.52% and 2.77%). Short term deposits have an average maturity of 156 days and an average interest rate of 2.5% (2018: 162 days and 2.63%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Alwyndor is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Alwyndor's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$

Recognised Financial Instruments

Receivables

Retirement Home Contributions

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Alwyndor.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	20,081,445	-	-	20,081,445	20,081,445
Receivables	962,876	-	-	962,876	962,876
Total Financial Assets	21,044,321	-	-	21,044,321	21,044,321
<u>Financial Liabilities</u>					
Payables	34,458,517	-	-	34,458,517	34,458,517
Total Financial Liabilities	34,458,517	-	-	34,458,517	34,458,517
2018					
<u>Financial Assets</u>					
Cash & Equivalents	20,421,789	-	-	20,421,789	20,421,789
Receivables	765,558	-	-	765,558	765,559
Total Financial Assets	21,187,347	-	-	21,187,347	21,187,347
<u>Financial Liabilities</u>					
Payables	35,095,344	-	-	35,095,344	34,829,344
Total Financial Liabilities	35,095,344	-	-	35,095,344	34,829,344

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Alwyndor.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Alwyndor is the carrying amount, net of any allowance for doubtful debts. All Alwyndor investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Alwyndor's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Alwyndor's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Alwyndor will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Alwyndor also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Alwyndor has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Operating Leases

\$	2019	2018
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Leases Providing Revenue to the Alwyndor

Alwyndor owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Lease Payment Commitments of Alwyndor

Alwyndor has entered into non-cancellable operating leases for various items of office equipment.

Leases in relation to computer and office equipment permit Alwyndor, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	15,512	11,816
Later than one year and not later than 5 years	37,638	35,448
Later than 5 years	-	5,075
	<u>53,150</u>	<u>52,339</u>

Note 14. Superannuation

The Alwyndor makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). No further liability accrues to the Alwyndor as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Alwyndor makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017/18) of "superannuation" salary.

In addition, Alwyndor makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 14. Superannuation (continued)

\$

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Alwyndor does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Alwyndor's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Alwyndor also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Alwyndor.

Note 15. Interests in Other Entities

Alwyndor has no interest in any Equity Accounted Businesses such as Joint Ventures, Associates & Joint Operations.

Note 16. Non-Current Assets Held for Sale & Discontinued Operations

Alwyndor does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 17. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

Alwyndor does not have any Contingencies & Asset/Liabilities Not Recognised in the Balance Sheet.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Alwyndor has adopted the date of receipt of the Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd Month 2019.

Alwyndor is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 19. Related Party Transactions

\$	2019	2018
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Alwyndor includes the Alwyndor Management Committee and General Manager - Alwyndor under section 112 of the Local Government Act 1999.

In all, 8 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	156,442	140,645
Termination Benefits	43,716	-
Payments to Alwyndor Management Committee	29,604	36,301
Total	<u>229,762</u>	<u>176,946</u>

Amounts paid as direct reimbursement of expenses incurred on behalf of Alwyndor have not been included above.

Alwyndor Aged Care

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 20. Segment Reporting

\$	2019	2018
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This note has been made available for specific Alwyndor Notes.

Alwyndor operates in the aged care industry within South Australia and within 3 primary business segments:

- provision and management of residential aged care accommodation
- aged care services to the community,
- rehabilitation and support services (day therapy)

Residential Aged Care

Income Statement

for the year ended 30 June 2019

Care Income

Subsidies & Supplements (Commonwealth)	7,549,575	7,429,149
Resident Fees - Means Tested Care Fees	603,773	617,171
Total Residential Care Income	8,153,348	8,046,320

Accommodation Income

Subsidies & Supplements (Commonwealth)	869,461	801,234
Resident Accommodation Payments and Charges	445,356	321,422
Accommodation Bond Retention amounts	9,268	34,264
Total Residential Accommodation Income	1,324,085	1,156,920

Other Resident Fee Income

Basic Daily Fee	2,429,391	2,322,278
Total Other Residential Fee Income	2,429,391	2,322,278

Financing Income

Interest Income	504,940	463,464
Total Financing Income	504,940	463,464

Other Income

Donations and Fundraising	-	6,568
Other Income	32,222	55,333
Total Other Income	32,222	61,901

Total Revenue	12,443,986	12,050,883
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Alwyndor Aged Care

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 20. Segment Reporting (continued)

\$	2019	2018
Residential Aged Care		
Income Statement (continued) for the year ended 30 June 2019		
Care Expenses		
Labour Costs	7,685,036	8,328,589
Other Expenses	303,316	198,774
Total Care Expenses	7,988,352	8,527,363
Accommodation Expenses		
Labour Costs	205,109	195,696
Property Repairs, Maintenance and Replacement	319,369	310,570
Other Accommodation Expenses	490,851	401,868
Total Accommodation Expenses	1,015,329	908,134
Hotel Services Expenses		
Labour Costs	421,029	528,769
Contracted Services - External Service Organisations	1,260,461	1,372,150
Other Hotel Services Expenses	259,458	116,476
Total Hotel Services Expenses	1,940,948	2,017,395
Administration Expenses		
Labour Costs	1,254,954	1,034,220
Management Fees	53,938	54,965
Other Administration Expenses	520,299	390,538
Total Administration Expenses	1,829,191	1,479,723
Capital and Financing Expenses		
Depreciation	1,110,709	1,069,731
Interest Expenses	141,072	108,262
Total Capital and Financing Expenses	1,251,781	1,177,993
Other Expenses		
Loss on Sale of Assets	2,333	4,114
Total Other Expenses	2,333	4,114
Total Expenses	14,027,933	14,114,722
Net Profit (Before Tax)	(1,583,947)	(2,063,839)

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 20. Segment Reporting (continued)

\$	2019	2018
Residential Aged Care		
Statement of Financial Position		
as at 30 June 2019		
ASSETS		
Current Assets		
Cash	20,081,445	20,421,789
Trade & Other Receivables	962,876	765,558
Total Current Assets	21,044,321	21,187,347
Non-Current Assets		
Property, Plant & Equipment	39,425,770	40,174,718
Total Non-Current Assets	39,425,770	40,174,718
TOTAL ASSETS	60,470,091	61,362,065
LIABILITIES		
Current Liabilities		
Trade & Other Payables	1,095,397	1,238,339
Employee Provisions	897,926	945,379
Accommodation Bonds	31,969,780	32,563,848
Total Current Liabilities	33,963,103	34,747,566
Non-Current Liabilities		
Employee Provisions	68,563	71,963
Total Non-Current Liabilities	68,563	71,963
TOTAL LIABILITIES	34,031,666	34,819,529
Net Assets	26,438,425	26,542,536

Alwyndor Aged Care

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 20. Segment Reporting (continued)

\$	Rehabilitation and Support Services	Consumer Directed Care	Other Home Care	Total
2019				
Revenue	982,306	5,075,339	1,174,540	7,232,185
Expenses	959,308	4,443,333	665,793	6,068,434
Surplus/(Deficit)	22,998	632,006	508,747	1,163,751
Assets	-	-	-	-
Liabilities	291,476	1,615,846	51,763	1,959,085
Total Equity	(291,476)	(1,615,846)	(51,763)	(1,959,085)
2018				
Revenue	939,928	4,084,483	1,439,971	6,464,382
Expenses	849,811	3,464,380	1,292,049	5,606,240
Surplus/(Deficit)	90,117	620,103	147,922	858,142
Assets	-	-	-	-
Liabilities	187,809	1,377,729	77,461	1,642,999
Total Equity	(187,809)	(1,377,729)	(77,461)	(1,642,999)

Alwyndor Aged Care

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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Alwyndor Aged Care

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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ALWYNDOR AGED CARE

Annual completion report

YEAR ENDED 30 JUNE 2019

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Dear members of the Alwyndor Management Committee

We are pleased to present this report to the Management Committee of Alwyndor Aged Care in relation to the 30 June 2019 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters detailed in the executive summary, we expect to issue an unmodified audit report on the financial statements.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Management Committee meeting on 2 October 2019 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on +61 8 7324 6061

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



Geoff Edwards
Engagement Partner

Adelaide, 1 October 2019





EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Management Committee. This report has been discussed with management.

SCOPE

Our audit was conducted in accordance with Australian Auditing Standards and the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2019.

STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ Review of events subsequent to 30 June 2019;
- ▶ Receipt of written management representations on various matters;
- ▶ Receipt of formally adopted financial statements and agreement of these to the drafts provided to us to date.

A draft of the proposed audit report is included at [Appendix 1](#).

The other matters still to be completed are the finalisation of the prudential compliance and wages declaration audits

SUMMARY OF MISSTATEMENTS

We have identified misstatements during our audit. The list of corrected misstatements is included in the respective [section](#) of this report.

We have not identified any uncorrected misstatements that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2019.

AREAS OF AUDIT FOCUS

Our audit procedures focused on areas that were considered to represent significant risks of material misstatement. These are outlined below:

- ▶ Management override of controls

Refer to the next [section](#) of this report for further details on the significant risk areas and other areas focused on during the audit.



AREAS OF AUDIT FOCUS

We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

We set out below the areas that were considered significant risks of material misstatement along with an outline of the work performed and a summary of findings.

MANAGEMENT OVERRIDE OF INTERNAL CONTROL

Description	Audit work performed	Summary of findings
Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.	We have tested general journals posted during the year and at the end of the reporting period to consider whether they are appropriate. We considered accounting estimates for management biases or fraud. We sought to corroborate management explanations with independent supporting evidence whenever possible.	There was no evidence of misstatement due to management override of controls.



AREAS OF AUDIT FOCUS CONTINUED

In addition to the significant risks of material misstatement, we have also focused on other areas in our audit that represented risks of material misstatement to the financial report, or breaches of compliance with the matters disclosed through the Annual Prudential Compliance Statement. We set out below a description of the risks identified along with an outline of the work performed and a summary of findings.

REFUNDABLE ACCOMODATION DEPOSITS

In 2018 we noted two amounts that appeared to have been outstanding for more than six months as at 30 June 2018. As at 30 June 2019, these two amounts are remain outstanding along with an additional two amounts, resulting in a total of four deposits being outstanding for more than six months.

The residents concerned are currently paying Daily Accommodation Payments, but Alwyndor's records reflect the full amount of the refundable accommodation deposit as a liability, and the unpaid portion as a receivable.

Consideration should be given to whether this accounting treatment is appropriate under the Aged Care Act.

PRUDENTIAL COMPLIANCE

As a result of our prudential compliance audit in accordance of Part 5 of the *Fees and Payments Principles 2014 (No.2)*, we have noted the following reportable breaches:

- ▶ For 13 residents that was no record of the resident being provided a letter of disclosure and guarantee within seven days of the agreement date as per section 57(1) of the Principles.
- ▶ For one resident it was noted that the interest was miscalculated between the discharge date of the resident and the date the refundable deposit was drawn, as per section 52P-1 of the Act, which resulted in an underpayment. Management have confirmed that this occurred due to Caresystems calculating the interest from the incorrect date. The current practice is to now manually calculate the interest.

We also noted that on two occasions there was a minor overpayment of interest of approximately \$50. Given the amounts involved we will not be treating these as breaches to be reported to the Department of Health.



SUMMARY OF MISSTATEMENTS

UNCORRECTED MISSTATEMENTS

No uncorrected misstatements were identified during the audit, and that were determined by management to be immaterial, both individually and in aggregate to the financial report taken as a whole.

Misstatements have not been included if they are considered to be clearly trivial which we have set at \$48,900. Matters which are clearly trivial are regarded as clearly inconsequential when taken individually or in aggregate.

CORRECTED MISSTATEMENTS

We identified the following misstatements during the course of our audit which have been corrected:

Description	Assets	(Liabilities)	Reserves	(Profit)/Loss
Reallocation of wage accrual previously recognised as a reconciling item within the bank reconciliation	293,805	(293,805)	-	-
Net effect of uncorrected misstatements	293,805	(293,805)	-	-



INTERNAL CONTROL

CURRENT YEAR

In accordance with *ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as follows:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Management Committee.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Management Committee.



OTHER REPORTING REQUIREMENTS

INDEPENDENCE AND ETHICS

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and s290 of APES 110 *Code of Ethics for Professional Accountants*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to Alwyndor Aged Care.

The *Australian Charities and Not-for-profits Commission Act 2012* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 2](#).

NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.



APPENDIX 1 PROPOSED AUDIT REPORT

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Holdfast Bay - Alwyndor Aged Care (the registered entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of City of Holdfast Bay - Alwyndor Aged Care, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.



APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, XX October 2019

APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

DECLARATION OF INDEPENDENCE
UNDER SECTION 60-40 OF THE ACNC ACT 2012
BY G K EDWARDS
TO THE MEMBERS OF CITY OF HOLDFAST BAY

As lead auditor of the City of Holdfast Bay - Alwyndor Aged Care for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, XX October 2019



APPENDIX 3 NEW DEVELOPMENTS

We wish to bring to your attention some upcoming changes in financial reporting which may cause significant changes to your future reported financial position and performance. We have provided an overview of the major changes below and would be happy to discuss the impact on your business and assist with transition where applicable.

AASB 16

The new leases standard, AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted.

This new leases standard, which mainly impacts lessees, will therefore apply for the first time to your 30 June 2020 year end and supersedes existing standard, AASB 117 Leases, as well as related Interpretations. Although the transition date for full retrospective restatement is 1 July 2018, there is an option of selecting 1 July 2019 as the transition date if the cumulative effect of initial application is recognised as a single entry in opening retained earnings on 1 July 2019 (cumulative catch up method) and additional disclosures are made.

The core principle of AASB 16 is that all assets and liabilities arising under lease contracts are recognised in the statement of financial position as right-of-use assets, with a corresponding lease liability, and an annual expense reflecting depreciation on the leased asset and interest expense, which will vary from period to period, depending on the outstanding balance of the lease liability (i.e. front-end loaded expense).

Exceptions

There are optional exceptions for short-term leases (i.e. where lease term is for a period of less than 12 months, including extension options), and low value leases (i.e. where the value, as new, is less than approximately US \$5,000).

Main implications

- ▶ There is no longer a distinction made between ‘operating’ and ‘finance’ leases, and no more straight-line expense for operating leases
- ▶ Non-cancellable lease payments are included when measuring the right-of-use asset, as well as payments for option periods which the entity is reasonably certain to exercise
- ▶ Contingent rentals (e.g. those linked to sales) are not capitalised into the right-of-use asset but are expensed in profit or loss when incurred.

For more information, please refer to BDO’s [Need to Know](#) and Accounting News [article](#), as well as to the ‘Leasing’ section of our [Issues and Trends](#) page.

Impact on RAD accounting

The disclosures included in the 2019 annual reports of two large listed age care providers Regis Healthcare Limited and Estia Health Limited provide some insight as to the likely impact of initial adoption of AASB 16 in the aged care industry. These companies are suggesting they will account for RADs on the following basis:

1. The liability to the resident will be initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price
2. This deferred difference will represent lease consideration for the purposes of AASB 16. This will be recognised as income on a straight line basis over the lease term, being the anticipated period of residence.

APPENDIX 3 NEW DEVELOPMENTS CONTINUED

3. The liability to the resident will subsequently be measured at amortised cost, which will give rise to an annual interest expense.

We will continue to monitor developments regarding this proposed basis of accounting for RADs under AASB 16 and will discuss and agree the final position with management prior to 30 June 2020.

AASB 1058

On 20 December 2016, the Australian Accounting Standards Board issued the highly anticipated new standard dealing with income recognition, AASB 1058 Income of Not-for-Profit Entities, which applies to annual reporting periods ending on or after 1 January 2019. The application date of the new revenue recognition standard, AASB 15 Revenue from Contracts with Customers has also been deferred to 1 January 2019 for NFPs.

Requirements

AASB 1058 establishes principles and guidance when accounting for:

- ▶ Transactions where the consideration given to acquire an asset is significantly less than its fair value, in order to enable the entity to further its objectives; and
- ▶ The receipt of volunteer services.

Various practical examples are contained in the illustrative examples that accompany AASB 1058, and Application Guidance has been added to AASB 15 Revenue from Contracts with Customers to enable NFPs to be able to apply AASB 15 in a not-for-profit context.

On initial recognition of an asset received by a NFP, any related amounts, including contributions by owners, liabilities or revenue, are to be recognised in accordance with other Australian Accounting Standards. This includes the additional new accounting standards, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.

The combined operation of AASB 1058, AASB 15 and AASB 16 provides specific guidance for NFPs on the principles for recognising various forms of income. For example:

- ▶ If the consideration given, or to be given, by an NFP for an asset is significantly less than the fair value of the asset, AASB 1058 addresses the accounting for the difference.
- ▶ When government grants are received under an enforceable agreement, and there are sufficiently specific performance obligations imposed on the NFP, the components of the grant that relates to those performance obligations would potentially be deferred until the obligations are satisfied.
- ▶ If the performance obligations are not sufficiently specific, the NFP is potentially faced with recognising the grant upon receipt.
- ▶ If the NFP acquired the right to use a property by way of a lease, and the fair value of the right to use the property is significantly greater than the consideration to be given (e.g. a peppercorn lease), the NFP potentially will be required to recognise income for the difference.
- ▶ Certain government NFPs will be required to recognise the financial effect of volunteer services where the fair value of the services can be measured reliably, and the services would have been purchased if they had not been donated. This requirement is not mandatory for private sector NFP entities.

APPENDIX 3 NEW DEVELOPMENTS CONTINUED

AASB 1058 (CONTINUED)

Key issues in implementing the new standard, together with other related amendments, will include:

- ▶ Determining the fair value of assets acquired, particularly where the transaction is on non-commercial terms
- ▶ Determining whether contracts for government grants contain sufficiently specific performance obligations to allow deferral of any component of the grants.

In implementing the new requirements, NFPs will also need to:

- ▶ Review all significant income streams to determine the impact on the financial report
- ▶ Consider the need to change accounting policies and internal financial reporting processes
- ▶ Consider the impact on reporting to stakeholders regarding the NFP's financial position and performance
- ▶ Ensure proper guidance is provided to boards and audit committees.

AASB 15

The new revenue recognition standard, AASB 15 *Revenue from Contracts with Customers* is a result of a joint project of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB). It is effective for annual periods beginning on or after 1 January 2018, but application has been deferred by one year for not-for-profit entities.

This new revenue standard will therefore apply for the first time to your 30 June 2020 year end and supersedes all existing revenue-related Accounting Standards and Interpretations.

Requirements

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 *Revenue*. Included in AASB 15 is a new 'Five Step Model' for recognising revenue. An overview is included:

Some of the key practical implications may result in:

- ▶ Unbundling of sales incentives from original sale;
- ▶ Mobilisation fees not being recognised as revenue;
- ▶ Changes to recognition of licence revenue;
- ▶ Financing taken into account when payments made in advance; and
- ▶ More in-depth analysis of new sales contracts / modification of sales contracts.



APPENDIX 3 NEW DEVELOPMENTS CONTINUED

AASB 15 (CONTINUED)

It is further anticipated there may be flow-on effects to other commercial areas such as, but not limited to:

- ▶ Bonuses based on profits;
- ▶ Deferred consideration based on profit/revenue; and
- ▶ Banking covenants.

While certain industries such as property, technology and licensors may be more affected than others, we urge you to start familiarising yourself with the detailed requirements of AASB 15 so that you can make necessary changes to long-term contracts and accounting systems prior to the effective date of the standard

Due to the significance of the change to revenue recognition under AASB 15, BDO has released several short webcasts on each of the five steps in the 'Five Step Model'. Please refer to the links below for more information.

- ▶ Step 1: Identify the contract - [Watch web cast](#)
- ▶ Step 2: Identify separate performance obligations - [Watch web cast](#)
- ▶ Step 3: Determine transaction price - [Watch web cast](#)
- ▶ Step 4: Allocate transaction price to performance obligations - [Watch web cast](#)
- ▶ Step 5: Recognise revenue when each performance obligation satisfied - [Watch web cast](#)

Please contact Geoff Edwards to discuss implementation issues



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We have prepared this report solely for the use of Alwyndor Aged Care. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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10 October 2019

Mr GK Edwards
BDO Audit (SA) Pty Ltd
Level 7, BDO Centre
420 King William Street
ADEWLAIDE SA 5000

Dear Mr Edwards

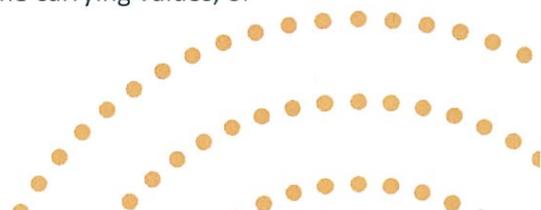
AUDIT FOR YEAR ENDED 30 JUNE 2019 OF CITY OF HOLDFAST BAY

This representation letter is provided in connection with your audit of the financial report of City of Holdfast Bay for the year ended 30 June 2019, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

Financial report

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 28 May 2019, for the preparation for the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.



6. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.
7. We acknowledge that valuations of Infrastructure, Property, Plant & Equipment have been appropriately undertaken so as to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting. Individual classes of Infrastructure, Property, Plant & Equipment are assigned to the appropriate level in the AASB 13 fair value hierarchy.

Books, records and documentation

8. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - All minutes of meetings held by the Board of Directors, Committees and shareholders since the end of the previous reporting period have been given to you for your inspection;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
8. All transactions have been recorded in the accounting records and are reflected in the financial report.

Uncorrected Misstatements

9. There have been no uncorrected misstatements brought to our attention.

Related parties

10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

Fraud

12. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.

13. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
14. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where fraud could have a material impact on the financial report.
15. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

Litigation and claims

16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

Compliance with laws and regulations

17. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
18. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

Subsequent events

19. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required have been adjusted or disclosed.

Other information

20. We have informed you of all the documents that we expect to issue which may compromise other information accompanying the financial report.
21. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.
22. The final version of the other information will be provided to you when available, and prior to issuance to allow you to complete your procedures over this other information.

Electronic presentation of Financial Report

23. We are responsible for the electronic presentation of the financial report.
24. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
25. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
26. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
27. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours sincerely

John Newton
MANAGER FINANCIAL SERVICES

Pamela Jackson
GENERAL MANAGER STRATEGY AND BUSINESS SERVICES

2018-19 Financial Statements - Prior Year Comparison

Note 2(b) - Statutory Charges \$2,282,000 (2017-18 \$2,224,000)

Increased on-street parking fines and permits \$143,000, hoarding fees \$20,000, offset by reduced development assessment fees \$71,000 and implementation of new dog registration fees system \$29,000.

Note 2(c) - User Charges \$7,698,000 (2017-18 \$7,034,000)

Municipal user charges increased by \$52,000. This comprised increased income from regulatory services including off-street parking \$140,000 offset by reduced lease \$28,000, caravan park \$23,000 and winter wonderland income \$14,000.

Alwyndor user charges increased by \$603,000 due to an increase of Consumer Directed Care (CDC) packages gained throughout the year

Note 2(d) - Investment Income \$687,000 (2017-18 \$562,000)

Municipal reserve fund investment increased by \$84,000 due to improved positive cash flow, timing of capital expenditure and the early receipt of major capital grant funds.

Alwyndor investment income increased by \$41,000 due to an increase in cash reserve balances as a result of increases in refundable accommodation deposits (RAD).

Note 2(e) - Reimbursements \$2,632,000 (2017-18 \$2,697,000)

Municipal reimbursements decreased by \$172,000 due to decreased private contributions including memorial seats \$79,000; timing of re-imbursements for employee costs from NRM board \$40,000; reduced special distribution for workers compensation \$24,000; and timing of utility costs reimbursements \$34,000.

Alwyndor reimbursements increased by \$107,000 due to an increase of Consumer Directed Care (CDC) packages gained throughout the year

Note 2(f) - Other Income \$4,042,000 (2017-18 \$3,915,000)

Municipal other income has decreased by \$229,000. This due to a prior year insurance claim for Glenelg Oval Grandstand \$332,000; offset by increased income for community events \$33,000; insurance claims \$51,000 and the Olli bus trial \$23,000.

Alwyndor other income increased by \$362,000 due to the increase in home care administration fee income as a result of increased Consumer Directed Care packages.

Note 2(g) – Operating Grants, Subsidies and Contributions \$13,896,000 (2017-18 \$13,739,000)

Municipal operating grants increased by \$109,000. Commonwealth Supplementary Local Road Funding program was paid in advance in 2018/19 and Council received an additional \$367,956. The community wellbeing program received additional \$59,728 in Commonwealth Home Support payments. The Roads to Recovery funding was \$236,204 less than the prior year in accordance with overall program funding. The financial assistance grant was \$61,184 less than the prior year due to the timing and payments of advance amounts. The overall prior year variance was also due to a number of specific purpose minor grants received including regulatory, waste and environmental services.

Alwyndor grants and subsidies increased by \$47,000. This is due to an increase in the Aged Care Funding Instrument (ACFI) revenue generated throughout the year, which is based on the care needs of each resident.

Note 19 - Net gain – EQUITY ACCOUNTED COUNCIL BUSINESSES \$76,000 (2017-18 \$267,000)

This refers to Council's 15% share (\$76,000 surplus) in the SRWRA. For 2018/19 SRWRA achieved a \$512,000 operating surplus (\$1,756,000 in 2017/18). Major prior year variances included a reduction in landfill operation income \$1.13m with a corresponding \$0.53m reduction in EPA levy payments. The financial results, provisions and expanded notes of SRWRA is included in Note 19 to the financial statements.

Note 3(a) - Employee Costs \$29,316,000 (2017-18 \$29,316,000)

Overall municipal employee costs increased by \$342,000 from prior year due to enterprise agreement increases salary staff (ASU) 2.5% and wages staff (AWU) 2% - budgeted at \$381,000; offset by reduced FTE and other savings due to staff turnover throughout during 2018/19.

Alwyndor employment costs decreased by \$340,000. This is due to a significant reduction and restructure of management during the year.

Note 3(b) - Materials, Contracts and Other Expenses \$25,605,000 (2017-18 \$24,048,000)

Municipal expenses in this grouping increased by \$974,000. This comprised numerous items either included in the original budget or varied throughout the year. Major prior year variances occurred in waste management \$465,000; infrastructure maintenance and materials \$380,000; election expenses \$200,000; water \$125,000; Insurances \$84,000 and the NRM Levy \$82,000. This was offset by reductions in professional services \$245,000, energy costs \$110,000 and legal expenses \$46,000.

Alwyndor expenses increased by \$591,000. A significant portion of this increase is third party costs paid on behalf of home care consumers, which is offset by income \$453,000; increased agency costs \$77,000 and repairs and maintenance costs \$59,000.

Note 3(c) - Depreciation \$10,150,000 (2017-18 \$9,806,000)

Overall municipal depreciation increased by \$230,000 with the increases in drainage, transport, plant and equipment and office equipment. Alwyndor depreciation increased by \$114,000 with most of this increase applicable to equipment, furniture and fittings.

Note 4 - Asset Disposal and Fair Value Adjustments (\$243,000 loss) - (2017-18 \$142,000 - loss)

Municipal assets were sold, or disposed of, throughout the year resulting in a \$241,000 loss. The assets are itemised as follows:

- \$369,000 – Loss - Capital renewal program. Refers to existing infrastructure assets removed or disposed as part of the annual capital program.
- \$128,000 – Net Profit - Sale of plant and vehicles.

Note 2(g) - Amounts Received for New/Upgraded Assets \$3,460,000 (2017-18 \$1,832,000)

New grants were accounted for in 2018/19 for the Minda coast park walkway \$2.822m; Brighton Oval redevelopment \$637,000.

Note 9(a) - Change in Revaluation Surplus – \$11,523,000 decrease (2017-18 \$9,203,000 decrease)

Road and Kerb assets were revalued by Public Private Property. The last revaluation on these assets was performed in 2015. This resulted in a valuation decrease of \$11.5m. The main variances are as follows:

- The value of Council's kerb and guttering assets increased by \$2.0m due to higher replacement costs.
- The value of Council's road surface assets increased by \$0.8m due to higher replacement costs.
- Accumulated depreciation calculated for Council's road base assets increased by \$14.5m which reduced the carrying value due to a change in methodology in calculating the condition of the underground assets. The value, Public Private Property, based the condition, and amount depreciated, on the age of the asset.

Note 5(a) - Cash and Cash Equivalents

As at 30 June 2018, cash and cash equivalents amounted to \$25,559,000 (2017-18 \$27,092,000). This comprises \$5,477,000 of municipal funds and \$20,082,000 of Alwyndor funds as shown in the cash flow statements. The significant level of municipal cash is due to prepayments of large capital government grants including \$4.24m for Minda Coast Park and \$2m for Brighton Sports Complex and the timing of capital expenditure.

Alwyndor funds include monies received and invested for accommodation bonds. Accommodation bonds total \$31,969,780 (2017-18 \$32,563,000) and are subject to externally imposed restrictions with the requirement to be used for capital purposes.

Note 5(b) - Trade and Other Receivables –Current \$3,244,000 (2017-18 \$3,062,000)

Municipal debtors decreased marginally by \$15,000 to \$2,281,000.

Alwyndor debtors had a net increase of \$197,317 primarily due to an increase in current aged care facility deposits outstanding.

Note 6 (a) - Loans to Community Organisations

Council's normal practice for larger loans is to borrow from the Local Government Finance Authority and on-lend to the community organisation on similar terms along with an additional 0.5% credit margin to cover administrative costs. The total amount of principal owing as at 30 June 2019 is \$2,014,000.

During 2016-17 Council received correspondence for the Glenelg Football Club and considered strategies to support the Club in its objective of long term financial sustainability. In May 2017 Council accepted a principal reduction scheme over six years (via the SANFL) and agreed to waive interest up to 31 October 2019. As at 30 June 2019 the Club had met its remaining financial obligations. The total amount of principal owing from the Glenelg Football Club as at 30 June 2019 is \$1,846,589.

On 28 August 2019 the Audit Committee received a report assessing community loan receivables as at 30 June 2019 (Report 325/19). On 10 September Council noted the minutes of the Audit Committee (Minute C110919/1606). The financial statements include maintaining the loan impairment provision of \$517,780 for the Glenelg Football Club loan in accordance with the recommendations.

Note 6 (b) - Regional Subsidiaries – \$2,945,000 (2017-18 \$2,869,000)

This refers to Council's 15% share in the net assets of SRWRA. As at 30 June 2019 SRWRA had \$19,633,000 net assets. The increase is due to a net profit of \$503,000 in 2018/19. Refer also to note 19 above. The financial results, provisions and expanded notes of both entities are included in Note 19 to the Council statements.

Note 6 (c) – Other Non-Current Assets - Capital Works-in-Progress \$5,053,000 (2017-18 \$520,000)

This includes \$3.2m for the construction of a coast park footpath at Minda Dunes, \$875,000 of preliminary works for the new sports complex at Brighton Oval, \$412,000 on initial masterplan designs for Kingston Park and Jetty Road, Glenelg, \$202,000 for improvements to Council owned buildings, \$190,000 for various stormwater projects and the remaining amounts on other incomplete municipal capital projects.

Note 7 - Capital Expenditure

In 2018/19 asset additions totaled \$6,897,000 (2017-18 \$13,848,000).

For municipal activities this comprised \$2.7m on completed new and upgraded assets. The major projects included \$1.0m for the conversion to LED street lighting, \$284,000 of drainage improvements through the use of Water Sensitive Urban Design (WSUD), \$300,000 of technology upgrades and \$162,000 of new plant and equipment.

Asset additions for renewed and replaced assets totaled \$3.7m. These included \$2.0m on infrastructure including roads, kerb, footpaths and stormwater and \$800,000 for the replacement of plant and equipment. The renewal of Open Space assets totaled \$653,000 including \$260,000 on playground equipment and \$97,000 of irrigation replacement at various reserves.

For Alwyndor activities this comprised \$461,000 including \$283,000 on new assets and \$178,000 on renewal and replacement of existing assets. New assets included \$130,000 on CCTV system, \$88,000 on various office equipment, \$33,000 on the installation of signature locks and \$30,000 on medical equipment. Replaced assets included \$55,000 on beds and slings, \$69,000 on office computers and equipment, \$11,000 on fixtures and \$18,000 on paving.

Note 8(a) - Aged Care Facility Deposits – accommodation bonds

The liability for Alwyndor accommodation bonds has decreased by \$594,000 from the previous year. The overall liability is \$31,969,780.

Note 8(a) – Payments Received in Advance

This largely comprises grant income received in 2017-18 for Minda Coast Park walkway \$4.35m and Brighton Oval redevelopment \$2m. The grant conditions stipulate that Council has an obligation to repay any unspent funding, therefore Council does not control the funds until spent. This means that the portion of unspent funds for these grants are recognised as payments received in advance. The amount unspent as at 30 June 2019 and recorded as a payment in advance was \$1.523m for the Minda Coast Park walkway and \$1.362m for Brighton Oval redevelopment.

Note 8(b) - Borrowings

Net borrowings have decreased by \$1,130,000 to \$12,460,000 being fixed term loan principal repayments. No new borrowings were made during 2018/19 as Council had sufficient cash to meet its capital expenditure.

Note 9 - Reserve Funds

All reserve funds required by legislation have been maintained.

Equity

Council's net equity decreased by \$6,822,000 during the year as a result of:

- \$1,484,000 operating surplus
- (\$243,000) deficit on disposal of assets
- \$3,460,000 capital revenue received specifically for new or upgraded assets
- (\$11,523,000) net decrease of assets on revaluation



ANNUAL REPORT

2018 to 2019



SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, pursuant to Section 43 of the Local Government Act, 1999.

Under our Charter, SRWRA is responsible for providing and operating waste management services on behalf of our Constituent Councils.

At a practical level, our core business activity is the management of our SRWRA Landfill, and a Recycling Operation employing innovative resource recovery approaches in managing all products and materials as valuable and finite resources. SRWRA is one of the State's major landfill operations currently receiving over 100,000 tonnes of waste annually.

SRWRA's joint venture operation with Integrated Waste Services (IWS) has developed through 2018 - 2019 with significant improvements in the recycling programme through the jointly operated Southern Recycling Centre (SRC) realising significant improvements in the reduction of waste to landfill.

SRWRA CONSTITUENT
COUNCILS



JOINT VENTURE
PARTNER





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CHAIRPERSON'S MESSAGE

Less waste, more resources, is the title of Australia's National Waste Policy which was released in 2018.

The Policy reports that as a nation we produce 2.7 tonnes of waste per person; encouragingly this has declined by 10% since 2006. Increasingly, we are recognising that we can reduce our environmental impacts if we harness the value of the materials we have previously disposed of by returning them to productive use.

Our National Waste Policy embodies the circular economy where we seek to maintain the economic value of resources for as long as possible. Our State waste strategy, not surprisingly has a similar focus, setting the objective for South Australia to become a resource efficient economy securing best or full value from products and materials. In 2018-19 SRWRA's planning focused on supplementing our landfill activities with the potential for a substantial investment in a modern materials recovery facility that will receive, separate and prepare recyclable materials for marketing to end-use manufacturers ensuring Southern Adelaide is well-placed to contribute to a resource efficient economy.

We are planning to integrate our activities with those of researchers and with industry to provide recovered materials for manufactured reuse, creating employment and generating economic activity in the south of Adelaide. The next 18 months will be exciting times for SRWRA as the traditional landfill site moves towards becoming a truly integrated waste management precinct.

Consistent with national Policy and the State Strategy our landfill activities have continued to focus on the diversion, recovery, and productive use of materials before resorting to landfilling. It is pleasing that over the past year the Southern Recycling Centre has successfully diverted 17,463 tonnes of material from landfill and that material has been put to a productive use. This is a significant improvement over the previous year and with further enhancements to our processes we expect that this will continue to increase again in coming years.

I am pleased to advise that, while maintaining very competitive waste disposal costs, for the year ended 30 June 2019 SRWRA reported an Operating Surplus of \$0.503 million which will be reinvested in our future waste management activities.



From a governance perspective the past year was one of much change. Since 2013 the Authority has been capably led by CEO Mark Hindmarsh, who returned to his native Scotland in early 2019. On behalf of the board I wish to acknowledge the significant contribution he made to the growth and development of SRWRA during his tenure. The board also extends its thanks to Paul Thorne who acted as CEO prior to appointment of Chris Adams and to all our staff whose efforts underpin our success. I wish to thank my fellow board members for their commitment, insight and acumen, these are invaluable in ensuring we are well placed to meet the challenges that lie ahead. In doing so I wish to recognise, in particular the contributions of Vincent Mifsud, Alison Hancock and Lynda Yates who left the Board in the past year.

I commend the annual report to you.

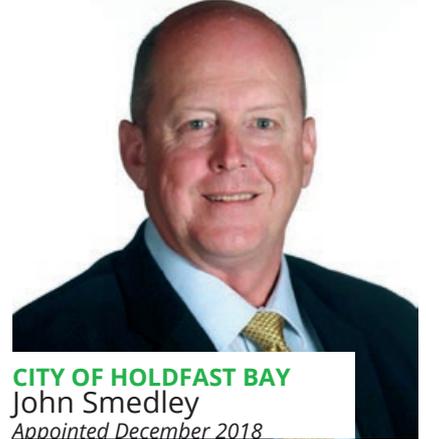
Mark Booth
CHAIRPERSON

BOARD OF MANAGEMENT

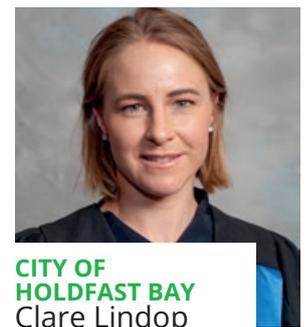
AS AT JUNE 30TH 2019



MEMBERS



DEPUTY MEMBERS





CHIEF EXECUTIVE OFFICER'S MESSAGE

The last 12 months has continued to see significant disruption to the waste management industry. SRWRA is responding to this disruption by positioning itself to support the evolving needs of its Constituent Councils and their communities. This is evidenced by the following activities undertaken throughout the year:

- With our Joint Venture Partners we have continued to maximise waste avoidance, re-use, recycling and recovery opportunities prior to landfill disposal.
- Approved the installation of a Gas Utilisation Facility to be completed in December 2019 that will generate, at full design capacity, 25,500MWh of electricity from the methane gas generated by the landfill operations.
- Commenced planning for a Materials Recovery Facility (MRF) to process the kerbside recyclables from our Constituent Councils including researching new and evolving circular economy markets for the re-use and re-purposing of the recycled materials.

The Authority has continued to provide a cost effective and environmentally responsible waste management solution for its Constituent Councils and their communities. Our focus on our operations resulted in a full-year Operating Surplus of \$0.503 million. The Authority is in a strong financial position with

net assets of \$19.633 million ensuring that we can meet all current and future landfill liabilities without the need for additional funding from our Constituent Councils.

Over the last 12 months the Authority invested in the education of schoolchildren within our communities through the Les Perry Memorial Grants Program. This year, 12 schools from our three Constituent Council areas received a total of \$5,537 in grant funding to support them learning about environmental responsible waste management. Given the outcomes being achieved the Board has approved an increase in the maximum grant amount of \$750 per school, up from \$500.

Although I have only been with the Authority for a short period of time, it has been gratifying to experience the energy, passion and commitment of the Board, Audit Committee, Staff, Joint Venture Partners and contract partners in responding to and capitalising on the significant changes occurring in our industry. I look forward to the next 12 months as we continue to transition our services for the delivery of innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment.

Chris Adams
CHIEF EXECUTIVE OFFICER





FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2019**

SOUTHERN REGION WASTE RESOURCE AUTHORITY

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2019

CERTIFICATION OF FINANCIAL STATEMENTS

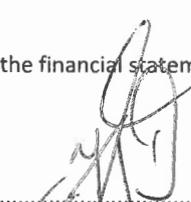
We have been authorised by the Southern Region Waste Resource Authority Board to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.

- the financial statements present a true and fair view of the Authority's financial position at 30 June 2019 and the results of its operations and cashflows for the financial year.

- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable throughout the financial year.

- the financial statements accurately reflect the Authority's accounting and other records.


.....
Mark Booth
Chairman


.....
Chris Adams
Chief Executive Officer

Dated the 14th day of Sept 2019

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
INCOME			
User charges	2	10,578	11,713
Investment income	2	647	620
Other Income	2	464	1,201
Net gain - equity accounted Joint Venture	15	437	176
Total Income		12,126	13,710
EXPENSES			
Employee costs	3	1,301	1,189
Materials, contracts & other expenses	3	9,445	9,777
Depreciation, amortisation & impairment	3	868	908
Other Expenses	3	-	80
Net loss - equity accounted Joint Venture	15	-	-
Total Expenses		11,614	11,954
OPERATING SURPLUS / (DEFICIT)		512	1,756
Net gain (loss) on disposal or revaluation of assets	4	(9)	21
Amounts received specifically for new or upgraded assets		-	-
NET SURPLUS / (DEFICIT)		503	1,777
transfer to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		503	1,777

This Statement is to be read in conjunction with the attached Notes.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	17,497	16,343
Trade & other receivables	5	1,666	1,839
Inventories	5	-	-
		<u>19,163</u>	<u>18,182</u>
Total Current Assets		19,163	18,182
Non-current Assets			
Equity Accounted Joint Venture	15	832	885
Property, Plant & Equipment	6	15,440	15,580
		<u>16,272</u>	<u>16,465</u>
Total Non-current Assets		16,272	16,465
Total Assets		35,435	34,647
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	2,201	2,436
Provisions	7	126	101
		<u>2,327</u>	<u>2,537</u>
Total Current Liabilities		2,327	2,537
Non-current Liabilities			
Provisions	7	13,475	12,980
		<u>13,475</u>	<u>12,980</u>
Total Non-current Liabilities		13,475	12,980
Total Liabilities		15,802	15,517
NET ASSETS		19,633	19,130
EQUITY			
Accumulated Surplus		<u>19,633</u>	<u>19,130</u>
TOTAL EQUITY		19,633	19,130

This Statement is to be read in conjunction with the attached Notes.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the financial year ended 30 June 2019

2019	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		19,130	-	-	19,130
Adjustments due to compliance with revised Accounting Standards		-	-	-	-
Adjustments to give effect to changed accounting policies		-	-	-	-
Restated Opening Balance		19,130	-	-	19,130
Net Surplus/ (Deficit) for Year		503	-	-	503
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-	-
Transfers between reserves		-	-	-	-
Distributions to Member Councils		-	-	-	-
Balance at end of period		19,633	-	-	19,633

2018	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		19,903	-	-	19,903
Adjustments due to compliance with revised Accounting Standards		-	-	-	-
Adjustments to give effect to changed accounting policies		-	-	-	-
Restated Opening Balance		19,903	-	-	19,903
Net Surplus/ (Deficit) for Year		1,777	-	-	1,777
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-	-
Transfers between reserves		-	-	-	-
Distributions to Member Councils		(2,550)	-	-	(2,550)
Balance at end of period		19,130	-	-	19,130

This Statement is to be read in conjunction with the attached Notes

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		12,337	13,439
Investment receipts		647	623
<u>Payments</u>			
Operating payments to suppliers & employees		(11,965)	(12,322)
Net Cash provided by (or used in) Operating Activities	8 (b)	<u>1,019</u>	<u>1,740</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of surplus assets		21	33
Distributions received from equity accounted Joint Venture	15	490	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(256)	(341)
Expenditure on new/upgraded assets		(120)	(2,479)
Capital contributed to equity accounted Joint Venture	15	-	-
Net Cash provided by (or used in) Investing Activities		<u>135</u>	<u>(2,787)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Distribution to Member Councils		-	(2,550)
Net Cash provided by (or used in) Financing Activities		<u>-</u>	<u>(2,550)</u>
Net Increase (Decrease) in cash held		1,154	(3,597)
Cash & cash equivalents at beginning of period		<u>16,343</u>	<u>19,940</u>
Cash & cash equivalents at end of period	8 (a)	<u>17,497</u>	<u>16,343</u>

This Statement is to be read in conjunction with the attached Notes

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UGIs) and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Onkaparinga, City of Marion and the City of Holdfast Bay.

1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Southern Region Waste Resource Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999, and has its principal place of business at 112 Bakewell Dr, Seaford Heights SA 5169.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 10.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019**

Note 1 - Significant Accounting Policies (cont)

5 Infrastructure, Property, Plant & Equipment

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

Capitalisation threshold applied of \$1,000 for all asset classes. Any purchases greater than this amount are capitalised and depreciated on the Authority's asset register.

5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation on Landfill Construction assets are amortised proportionately to the rate of filling based upon the projected remaining airspace of landfill cells as at the beginning of the reporting period. The Authority annually assesses the remaining airspace of landfill cells and accordingly, depreciation and amortisation rates are adjusted to reflect these estimates. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment	3 -10 years
Buildings	30 - 50 years
Waste Facility	10 - 15 years
Landfill Construction	Amortised proportionately to rate of filling

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 1 - Significant Accounting Policies (cont)

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

The Authority recognises all presently entitled liabilities as current liabilities regardless of whether it is expected to be paid within the preceding 12 months of reporting date.

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation 9.5% in 2018/19 (9.5% in 2017/18). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent full actuarial investigation conducted by the Scheme's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

8 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet. The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified.

9 Inventory

Inventory held by the Authority reflect materials stored on site which have either been purchased or gifted which will be used for future Cell and Capping construction works to be undertaken in future years.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 1 - Significant Accounting Policies (cont)

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax". Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

12 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

The Authority is of the view that none of the new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

13 Valuation of Land and Building Assets

Land and Building assets held by the Authority were valued by Opteon (South Australia) Pty Ltd with an effective valuation date of 30 June 2014 applied for financial reporting purposes. Assets were valued to their market value based on the current zoning of the Onkaparinga Council Development Plan and Environmental Protection Agency (EPA) constraints and assessed market values based on highest and best use. All purchases made post 30 June 2014 have been recorded at Cost.

14 Capping Liability Review

During the 2018/19 financial year, the Authority undertook a review of all the key assumptions and estimates in relation to the measurement of landfill cell capping liabilities recorded in Note 7 of the Financial Statements. The Authority engaged Golder Associates Pty Ltd to complete the independent assessment of the liability. As a result of work completed by Golder Associates, the estimated capping liability has been increased to \$7.823 million as at 30 June 2019. This represented an increase of \$0.382m to capping liability estimates to be recognised in 2018/19.

The Authority as at 30 June 2019 has consolidated all capping liability obligations as a single activity given that landfill operations have consolidated into a single cell operation. A new capping liability disclosed as 'Super Cell Capping' has been recognised in Note 7.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$'000	2018 \$'000
USER CHARGES			
Landfill Operations		10,578	11,713
		<u>10,578</u>	<u>11,713</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		421	444
Banks & other		18	24
Investment property rental income		208	152
		<u>647</u>	<u>620</u>
OTHER INCOME			
Movement in Landfill Liabilities		-	886
Other Income		63	48
Southern Recycling Centre		401	267
		<u>464</u>	<u>1,201</u>

Note 3 - EXPENSES

EMPLOYEE COSTS			
Salaries and Wages		1,146	1,092
Employee leave expense		12	(42)
Superannuation		95	87
Workers' Compensation Insurance		48	52
Less: Capitalised and distributed costs		-	-
Total Operating Employee Costs		<u>1,301</u>	<u>1,189</u>
Total Number of Employees		13	11
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		19	18
Board Expenses		41	38
Subtotal - Prescribed Expenses		<u>60</u>	<u>56</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		418	143
Fuel		132	113
Equipment Hire		-	68
Maintenance		270	299
Legal Expenses		16	21
Levies paid- EPA Levy		8,010	8,547
Professional services		36	28
Southern Recycling Centre		255	187
Sundry		248	315
Subtotal - Other Materials, Contracts & Expenses		<u>9,385</u>	<u>9,721</u>
		<u>9,445</u>	<u>9,777</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 3 - EXPENSES (cont)

	Notes	2019 \$'000	2018 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Landfill Construction		374	394
Buildings & Waste Facility		143	140
Plant & Equipment		351	374
Impairment	6	-	-
		<u>868</u>	<u>908</u>
OTHER EXPENSES			
Transfer to Provision of Cell 3-1 & 3-2 Capping		-	80
		<u>-</u>	<u>80</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

PROPERTY, PLANT & EQUIPMENT			
Proceeds from disposal		21	33
Less: Carrying amount of assets sold		<u>(30)</u>	<u>(12)</u>
Gain (Loss) on disposal		<u>(9)</u>	<u>21</u>
NET GAIN (LOSS) ON DISPOSAL OF ASSETS		<u>(9)</u>	<u>21</u>

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		1,755	2,013
Short Term Deposits & Bills, etc		<u>15,742</u>	<u>14,330</u>
		<u>17,497</u>	<u>16,343</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		37	22
Debtors - general		1,626	1,813
Prepayments		<u>3</u>	<u>4</u>
		<u>1,666</u>	<u>1,839</u>
INVENTORIES			
Stores & Materials		-	-
		<u>-</u>	<u>-</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2018				2019			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
	\$'000				\$'000			
Land	1,427	2,556	-	3,983	1,427	2,556	-	3,983
Buildings	560	4,042	(491)	4,111	560	4,044	(634)	3,970
Plant & Equipment	-	4,393	(2,651)	1,742	-	4,600	(2,980)	1,620
Office Equipment	-	148	(113)	35	-	153	(123)	30
Landfill Construction:								
Super Cell		7,511	(5,042)	2,469		7,565	(5,195)	2,370
Super Cell Capping		4,887	(1,982)	2,905		5,269	(2,183)	3,086
Post Closure Rehabilitation		5,974	(5,756)	218		6,064	(5,774)	290
Future Restoration Costs		4,159	(4,159)	-		4,196	(4,161)	35
Work in Progress		117	-	117		56	-	56
TOTAL PROPERTY, PLANT & EQUIPMENT	1,987	33,787	(20,194)	15,580	1,987	34,503	(21,050)	15,440
<i>Comparatives</i>	1,987	30,784	(17,690)	15,081	1,987	33,787	(20,194)	15,580

This Note continues on the following pages.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2018 \$'000 CARRYING AMOUNT	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000										2019 \$'000 CARRYING AMOUNT
		Additions		Disposals	Depreciation	Impairment	Adjustments	Transfer	2019			
		Capital	Renewals						Disposals	Adjustments		
Land	3,983	-	-	-	-	-	-	-	-	-	-	3,983
Buildings	4,111	-	2	-	(143)	-	-	-	-	-	-	3,970
Plant, Equipment & Motor Vehicles	1,742	-	249	(30)	(341)	-	-	-	-	-	-	1,620
Office Equipment	35	-	5	-	(10)	-	-	-	-	-	-	30
Landfill Construction:												
Super Cell	2,469	54	-	-	(153)	-	-	-	-	-	-	2,370
Super Cell Capping	2,905	382	-	-	(201)	-	-	-	-	-	-	3,086
Post Closure Rehabilitation	218	90	-	-	(18)	-	-	-	-	-	-	290
Future Restoration Costs	-	37	-	-	(2)	-	-	-	-	-	-	35
Work in Progress	117	66	-	-	-	-	-	(127)	-	-	-	56
TOTAL PROPERTY, PLANT & EQUIPMENT	15,580	629	256	(30)	(868)	-	(127)	-	(1,664)	-	-	15,440
<i>Comparatives</i>	15,081	2,742	341	(12)	(908)	-	(1,664)	-	-	-	-	15,580

This Note continues on the following pages.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2019

Note 7 - LIABILITIES

	Notes	2019 \$'000		2018 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		2,139	-	2,371	-
Payments received in advance		16	-	-	-
Accrued expenses - other		46	-	65	-
		2,201	-	2,436	-
PROVISIONS					
Annual Leave		66	-	63	-
Long Service Leave		60	25	38	39
Super Cell Capping		-	7,823	-	-
Post Closure Rehabilitation		-	3,985	-	3,895
Cell Capping - 3-1 & 3-2		-	-	-	2,554
Cell Capping - 3-3 & 3-4 (Lower)		-	-	-	2,937
Cell 4 Capping		-	-	-	1,950
Future Restoration Costs		-	1,642	-	1,605
		126	13,475	101	12,980

Movements in Provisions - 2019 year only (current & non-current)

	Opening Balance	Additional Amounts Recognised/ (Derecognised)	Transfers	Closing Balance
<i>Super Cell Capping</i>	-	382	7,441	7,823
<i>Post Closure Rehabilitation</i>	3,895	90	0	3,985
<i>Cell Capping -3-1 & 3-2</i>	2,554	0	(2,554)	-
<i>Cell Capping - 3-3 & 3-4 (Lower)</i>	2,937	0	(2,937)	-
<i>Cell 4 Capping</i>	1,950	0	(1,950)	-
<i>Future Restoration Costs</i>	1,605	37	0	1,642
<i>Total</i>	12,941	509	-	13,450

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 8 - RECONCILIATION OF CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2019 \$'000	2018 \$'000
Total cash & equivalent assets	5	17,497	16,343
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>17,497</u>	<u>16,343</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)		503	1,777
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		868	908
Net (Gain) loss in Equity Movement Joint Venture		(437)	(176)
Movement in Landfill Provisions		-	(886)
Work in Progress Write-Off		127	-
Net (Gain) Loss on Disposals		9	(21)
		<u>1,070</u>	<u>1,602</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		173	186
Net (increase) decrease in inventories		-	-
Net (increase) decrease in other current assets		-	-
Net increase (decrease) in trade & other payables		(235)	(93)
Net increase (decrease) in other provisions		11	45
Net Cash provided by (or used in) operations		<u>1,019</u>	<u>1,740</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge		-	-
- Non-cash grants & contributions		-	-
<i>Amounts recognised in Income Statement</i>		-	-
- Finance Leases		-	-
		<u>-</u>	<u>-</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	18	18
------------------------	----	----

The Authority has no bank overdraft facility.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 9 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
Deposits	Terms & conditions: Deposits are returning fixed interest rates of 1 - 2.25% (2018: 1.25 - 2.5%). Short term deposits have an average maturity of 90 days (2018: 90 days). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Gate Fees & Associated Charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and the ANZ Bank. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2019	Floating Interest Rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
		≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000		
Financial Assets						
Fair Value through P&L						
Cash Assets	1,755	15,742	-	-	-	17,497
Loans & Receivables						
Receivables	-	-	-	-	1,666	1,666
Total	1,755	15,742	-	-	1,666	19,163
<i>Weighted Average Interest Rate</i>	1.00%	2.25%				
Financial Liabilities						
Payables	-	-	-	-	2,201	2,201
Total	-	-	-	-	2,201	2,201
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,755	15,742	-	-	(535)	16,962
2018						
	Floating Interest Rate \$'000	Fixed interest maturing in ≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Financial Assets						
Fair Value through P&L						
Cash Assets	2,013	14,330	-	-	-	16,343
Loans & Receivables						
Receivables	-	-	-	-	1,839	1,839
Total	2,013	14,330	-	-	1,839	18,182
<i>Weighted Average Interest Rate</i>	1.25%	2.50%				
Financial Liabilities						
Payables	-	-	-	-	2,436	2,436
Total	-	-	-	-	2,436	2,436
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	2,013	14,330	-	-	(597)	15,746

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2019

Note 10 - COMMITMENTS FOR EXPENDITURE

	2019 \$'000	2018 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Committed Projects	-	-
	<u>-</u>	<u>-</u>

As at 30 June 2019, the Authority has entered into no capital commitments that are not already recorded on the Statement of Financial Position.

Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	19	37
	<u>19</u>	<u>37</u>
These expenditures are payable:		
Not later than one year	19	18
Later than one year and not later than 5 years	-	19
Later than 5 years	-	-
	<u>19</u>	<u>37</u>

Note 11 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Potential Insurance Losses

The Authority insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

2. Legal Expenses

All known costs have been recognised.

Note 12 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2019 that need to be disclosed in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 13 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

	2019 \$'000	2018 \$'000
Income	12,126	13,710
less Expenses	<u>(11,614)</u>	<u>(11,954)</u>
Operating Surplus / (Deficit)	<u>512</u>	<u>1,756</u>
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(256)	(341)
Depreciation, Amortisation, Impairment and Movement in Landfill Provisions	868	988
Proceeds from Sale of Replaced Assets	-	-
	<u>612</u>	<u>647</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(120)	(2,479)
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	21	33
	<u>(99)</u>	<u>(2,446)</u>
Net Lending / (Borrowing) for Financial Year	<u><u>1,025</u></u>	<u><u>(43)</u></u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 14 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999*. The following payments were made to Key Management Personnel during the year:

	2019 \$'000
Salaries, allowances & other short term benefits	373
Post-employment benefits	-
Long term benefits	-
Termination Benefits	-
TOTAL	373

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Onkaparinga	4,944	509	Provision of waste disposal services
City of Holdfast Bay	930	67	Provision of waste disposal services
City of Marion	2,083	164	Provision of waste disposal services
Southern Recycling Centre	6,920	528	Provision of waste disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Authority has a total amount outstanding of \$0.613m to the Southern Recycling Centre as at 30 June 2019.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2019

Note 15 - EQUITY ACCOUNTED JOINT VENTURE

Southern Recycling Centre (SRC)

The Authority has entered into a joint venture arrangement with Integrated Waste Services Pty Ltd to operate the Southern Recycling Centre located on the Authority's landfill site.

	2019 \$'000	2018 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	49.99%	49.99%
- the proportion of voting power	50.00%	50.00%
 <u>Movement in Investment in Joint Operation:</u>		
Opening Balance	885	709
New Capital Contributions	-	-
Share in Operating Result	437	176
Equity Adjustment	-	-
Distributions Received	<u>(490)</u>	<u>-</u>
Share in Equity of Joint Operation	<u>832</u>	<u>885</u>

Expenditure Commitments

There were no expenditure commitments at reporting date that required to be recognised in the financial statements.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 16 - FAIR VALUE MEASUREMENTS

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land assets.

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) **Fair value hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 16 - FAIR VALUE MEASUREMENTS (Cont.)

The following tables provide the fair values of the Authority's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		-	1,987	-	1,987

2018					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		-	1,987	-	1,987

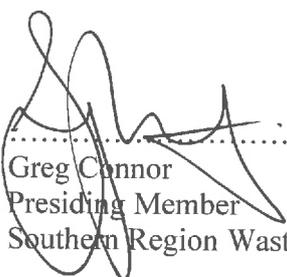
(b) **Disclosed fair value measurements**

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements

**Presiding Member Southern Region Waste Resource Authority
Audit Committee – Auditor Independence**

I, Greg Connor the person occupying the position of Presiding Member of the Southern Region Waste Resource Authority's Audit Committee, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.


.....
Greg Connor
Presiding Member
Southern Region Waste Resource Authority Audit Committee

27/8/19
.....
Dated

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2019

Statement by Auditor

I confirm that, for the audit of the financial statements of the Southern Region Waste Resource Authority for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Simon Smith', written over a light blue horizontal line.

Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

Opinion

We have audited the compliance of the Southern Region Waste Resource Authority ("the Authority") with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

In our opinion, the Authority has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Authority in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Authority's Responsibility for Internal controls

The Authority is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, with acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Authority in Accordance with *Section 129 of the Local Government Act 1999* in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
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INDEPENDENT AUDITOR'S REPORT

To the members of the Southern Region Waste Resource Authority

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the Southern Region Waste Resource Authority ("the Authority"), which comprises the balance sheet as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Executive Officer and the Chairman.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999 and Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



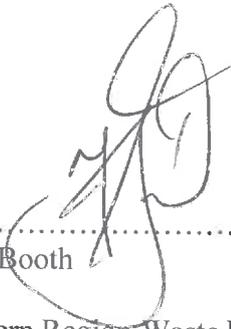
Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

**Southern Region Waste Resource Authority
Board Chair – Auditor Independence**

I, Mark Booth, the person occupying the position of Chair of the Southern Region Waste Resource Authority's Board, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.

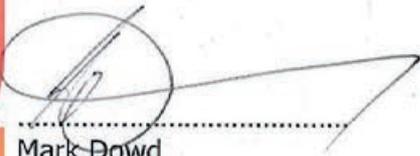


.....
Mark Booth
Chair
Southern Region Waste Resource Authority Board

4,9,19
.....
Dated

**Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority**

I, Mark Dowd the person for the time being occupying the position of Chief Executive Officer of the City of Onkaparinga, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the *Local Government (Financial Management) Regulations 2011*), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the *Local Government Act 1999*.



Mark Dowd
Chief Executive Officer
City of Onkaparinga

12.8.19



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9 August 2019



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South Australia 5046

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Chief Executive Officer's Certificate of Compliance – Auditor Independence Southern Region Waste Resource Authority

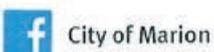
I, Adrian Skull, the person for the time being occupying the position of Chief Executive Officer of the City of Marion, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

.....
Adrian Skull
Chief Executive Officer
City of Marion

9.8.19

.....
Dated

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people as the traditional and continuing custodians of the land.



City of Marion



@CityofMarion



City of Marion



@CityofMarion

marion.sa.gov.au



holdfast.sa.gov.au

Brighton Civic Centre 24 Jetty Road, Brighton SA 5048

PO Box 19 Brighton SA 5048

P 08 8229 9999 F 08 8298 4561

Glenelg Customer Service Centre and Library
2 Colley Terrace, Glenelg SA 5045

**Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority**

I, Roberto Bria, the person for the time being occupying the position of Chief Executive Officer of the City of Holdfast Bay, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

.....
Roberto Bria
Chief Executive Officer
City of Holdfast Bay

..... 9 / 8 / 19

Dated

ATTENDANCE AT BOARD MEETINGS

BOARD MEMBERS	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
CHAIRMAN Mark Booth	6	6
CITY OF ONKAPARINGA Kirk Richardson	6	5
CITY OF ONKAPARINGA Alison Hancock <i>Term Completed June 2019</i>	6	5
CITY OF MARION Vincent Mifsud <i>Resigned May 2019</i>	5	4
CITY OF MARION Adrian Skull <i>Appointed May 2019</i>	1	0
CITY OF MARION Ian Crossland	6	4
CITY OF HOLDFAST BAY Roberto Bria	6	6
CITY OF HOLDFAST BAY Lynda Yates <i>Resigned November 2018</i>	3	2
CITY OF HOLDFAST BAY John Smedley <i>Appointed December 2018</i>	3	3

DEPUTY BOARD MEMBERS

Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology

CITY OF ONKAPARINGA Heidi Greaves		0
CITY OF MARION Nick Kerry <i>Term Completed October 2018</i>		0
CITY OF MARION Bruce Hull <i>Appointed October 2018</i>		0
CITY OF MARION Ray Barnwell <i>Appointed May 2019</i>		1
CITY OF HOLDFAST BAY John Smedley <i>Resigned December 2018</i>		2
CITY OF HOLDFAST BAY Clare Lindop <i>Appointed December 2018</i>		1

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CHAIRMAN Greg Connor	4	4
David Powell	4	4
Vicki Brown <i>Resigned March 2019</i>	3	3
Sam Spadavecchia <i>Appointed March 2019</i>	1	1
Mark Booth	4	4
Lynda Yates <i>Deputy SRWRA Representative Resigned November 2018</i>	0	0
John Smedley <i>Deputy SRWRA Representative Appointed February 2019</i>	0	0

PERFORMANCE AGAINST BUSINESS PLAN

Each year SRWRA prepares an Annual Business Plan that is submitted to the Constituent Councils detailing its aims and objectives.

AIMS AND OBJECTIVES	STATUS
Assessments of Long Term Financial Plan Assumptions	Achieved
Further Development of the Southern Recycling Centre recycling operations	Achieved
Cell Construction feasibility & development project	In Progress
Redesign of capping system for super cell area	In Progress
Solar/alternative energy projects	In Progress
Work with Constituent Councils to explore options and feasibility surrounding the operations of a "Waste to Energy" and "Materials Recycling Facility" in the region.	In Progress





SRWRA CONSTITUENT
COUNCILS



SRWRA

112 Bakewell Drive
Seaford Heights SA 5169

T 08 8327 0304

E info@srwra.com.au

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Item No: **6.3**

Subject: **2018-19 ANNUAL REPORT**

Date: 9 October 2019

Written By: Corporate Planning Officer

General Manager: Strategy and Business Services - Ms P Jackson

SUMMARY

Council's Annual Report is an important document providing legislators and the community with assurance that the City of Holdfast Bay is meeting all its strategic and governance requirements.

The 2018-19 Annual Report has been prepared to meet all statutory requirements. The report shows that Council has continued to deliver quality and improved services and facilities to its community.

RECOMMENDATION

That the Audit Committee notes the 2018-19 Annual Report, subject to design and minor alterations, and the inclusion of the audited financial statements.

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Section 131 *Local Government Act 1999*.

BACKGROUND

Section 131 of the Local Government Act 1999 requires Council to prepare and adopt an Annual Report each year, by 30 November, that reflects the progress in reaching its strategic and financial goals.

A copy of this Annual Report must be submitted by Council to the Presiding Members of both Houses of Parliament and to the SA Local Government Grants Commission by 31 December.

Council is scheduled to receive the Annual Report at their meeting of 22 October 2019.

REPORT

The draft 2018-19 Annual Report meets all the requirements of the *Local Government Act 1999* and provides an overview of Council's substantial achievements.

Refer Attachment 1

The achievements include:

- Commenced the Brighton Oval Sports Complex construction.
- Commenced construction of the final section of Coast Park in our area.
- Progressed the Jetty Road Glenelg and Environs Masterplan to a point which allowed us to secure State Government Funding for the construction of the first stage.
- Developed an Arts and Culture Strategy and completed the Open Space and Public Realm Strategy.
- Increasing the opening hours of the Brighton Library, resulting in an additional 18,000 visits.

We also make some remarkable achievements in a number of strategic measures in Our Place 2030 such as:

- Improving our engagement with the community – 6825 subscribers to Your Holdfast engagement portal (equivalent to 18% of our community).
- Reduced our waste to landfill by 273 tonnes per year.
- CO₂ emissions from electricity reduced by 259 tonnes per year, a 13.6% reduction, this reduction is largely due to LED street lighting conversion.
- CO₂ emissions from fleet fuel reduced by 8 tonnes per year, a 2.3% reduction largely due to increasing the number of hybrid vehicles in the fleet. Overall 12% reduction in annual emissions.

Our projects and innovations were recognised with a number of awards:

- Angus Neill Playspace won the Parks and Leisure Australia SA/NT Playspace Award (<\$0.5m).
- Local Government Excellence Awards.
- Excellence in Cross Council Collaboration (Winner).
- Excellence in Environmental Leadership & Sustainability (Winner).
- Local Government IT South Australia, Award for Information Management Excellence.
- 2018-2019 Green Industries SA Women in Waste Award.
- 2018 Local Government Award for Tourism at the South Australian Tourism Awards.

The attached draft report does not include the audited financial statements. These statements are presented for endorsement by the Committee in Report No 372/19 in this agenda and will be included in the Annual Report for publication, as will the annual reports of Council's regional subsidiary; Southern Region Waste Resource Authority.

As in previous years, this year's Annual Report will be provided in an electronic format on the Council's website with a limited number of printed copies available upon request.

BUDGET

The cost of design and publishing of the Annual Report is incorporated in the 2019-20 Budget.

LIFE CYCLE COSTS

There are no full life cycle cost implications.



OUR PLACE

DRAFT

2018-19
ANNUAL REPORT

OUR VISION

Balancing our progress with our heritage, we lead in coastal management to deliver high quality public spaces and services to build a welcoming, safe and active community where resident, visitor and business prosperity meet.

Our Place: 2030 Strategic Plan

WELCOME TO OUR PLACE

This annual report is part of a strategic planning and reporting framework that guides the direction and measures the performance of the organisation in relation to the goals set out in the City's strategic plan—Our Place 2030.

It records our achievements in line with the ambitious program of works outlined in the 2018–19 Annual Business Plan, and reports our performance compared to the budget and strategic measures set out for the past financial year.

In 2018–19, Council undertook a range of improvements on behalf of the community and continued to deliver an extensive suite of high-quality services—while containing the rate revenue increase to a modest 2.7 per cent.



TRADITIONAL CUSTODIANS

The City of Holdfast Bay acknowledges the Kurna People as the traditional owners and custodians of the land. We respect the spiritual relationship with Country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to the Kurna People today.



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- X FROM THE MAYOR
- X FROM THE CEO
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- X QUALITY OF LIFE SURVEY
- X COMMUNITY
- X ENVIRONMENT
- X ECONOMY
- X PLACEMAKING
- X CULTURE
- X STRATEGIC MANAGEMENT
- X COUNCIL OF THE CITY OF HOLDFAST BAY
- X DECISION-MAKING STRUCTURE
- X CORPORATION OF THE CITY OF HOLDFAST BAY
- X TRANSPARENCY
- X AUDITED FINANCIAL STATEMENTS
- X SOUTHERN REGION WASTE RESOURCE AUTHORITY ANNUAL REPORT
- X WESTERN REGION WASTE MANAGEMENT AUTHORITY ANNUAL REPORT



um to country

OUR PLACE

Adelaide's Favourite Coastal Destination

For 65,000 years Aboriginal people have inhabited the vast lands of Australia.

The traditional owners of Holdfast Bay, the Kurna people, used the coastal plain that makes up Holdfast Bay as a place to seek refuge from summer temperatures, a meeting place for celebration, ceremony and trade, and an area for abundant plant and animal resources.

Holdfast Bay continues to be a place of rich cultural significance for Kurna.

The coastal environment with its fresh water lagoons and abundant food sources was used for millennia as a meeting place for cultural celebrations, ceremony and trade by Kurna people, and continues to be a place of significant Kurna cultural heritage.

In 1836, Colonel William Light arrived on The Rapid on a mission to survey the South Australian coast in search of a place for settlement. While The Rapid stood off-shore near the mouth of the Patawalonga, a storm blew in and the anchor held. Colonel Light consequently named the bay 'Holdfast Bay'.

The Province of South Australia was proclaimed at Pathawilyangga in 1836, which became the municipality of Glenelg in 1855. Wituwaringga became the municipality of Brighton in 1858.

The City of Holdfast Bay was formed in 1997 through the amalgamation of the City Councils of Glenelg and Brighton.

Located just 11 kilometres from the Adelaide city centre and five minutes from Adelaide Airport, our City is now home to almost 37,000 people and one of the most celebrated places to live, work and visit in the Adelaide metropolitan area. It boasts a beautiful natural environment; high quality recreation and community facilities; superior health and education, health options; a vibrant tourism sector; thriving retail precincts and a small light industrial area.



MESSAGE FROM THE MAYOR

Marni Naa Pudni.
Welcome to our Place.



DR



Amanda Wilson

Mayor
City of Holdfast Bay



MESSAGE FROM THE CEO

AWAITING TEXT

DRAFT

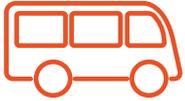


Roberto Bria

Chief Executive Officer
City of Holdfast Bay

2018-19 HIGHLIGHTS

In 2018-19:



9,516

community transport trips helped residents get out and about



10,024

hours of active and healthy living services were provided to 743 people through Alwyndor Aged Care



435,576

items were lent to 14,039 library members



2,050

immunisations were administered at our local clinics



1.4 million

people visited and/or stayed in Holdfast Bay



13,000

native plants were planted in our gullies, cliffs and dunes

584

street trees were planted

267m

of sand drift fencing was installed at Seacliff



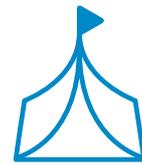
1,030

development applications were processed



4,414lm

of kerbing, 2,377sq m of footpath and 23.6sq kms of roads were maintained



620,000

people attended more than 200 Holdfast Bay-hosted events

\$569,216

was invested in improving stormwater management at 10 locations



10,310

hours of domestic assistance, home modifications and home maintenance were provided to residents



256

new dwellings were approved (valued at \$114 million)



\$3 million

was brought into our local economy by our Winter Wonderland event

\$4.2 million

in funding was received from the State Government to complete Coast Park, with \$1 million funding from Council

1,977

attendees were welcomed to Holdfast Bay History Centre events during South Australia's History Festival



440

volunteers contributed 89,500 voluntary hours economic value to the community (\$3.7 million economic value)



43,200

phone calls were answered, with 9 out of 10 enquiries resolved by the first staff member that callers spoke to



7 million

people around the globe saw the Santos Tour Down Under race start in Holdfast Bay

\$2 million

in funding was secured from the State Government for the Brighton Oval Masterplan, with a further \$2.7 million from Council



QUALITY OF LIFE SURVEY RESULTS (2019)

HOW YOU RATED YOUR COUNCIL OUT OF 10

COMMUNITY



8.5

Providing library services



7.95

Providing sporting facilities



7.85

Delivering services for the elderly and people with a disability



8.0

Promoting programs and services that encourage an active lifestyle



PLACEMAKING



7.0

Maintaining roads and kerbing



7.2

Maintaining cycle networks



8.2

Providing a sense of safety in neighbourhoods



ENVIRONMENT



8.0

Maintaining beaches and coastal areas



8.15

Providing adequate waste management services



Overall rating of Holdfast Bay as a place to live

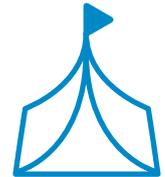


ECONOMY



7.9

Encouraging a diverse range of businesses and services in the area



7.8

Supporting and promoting tourism and events



CULTURE



6.8

Quality of service provided by Council staff



7.1

Overall satisfaction with the quality of service and performance of the Council



8.2

Maintaining well laid out parks and reserves



7.7

Providing programs that foster social interaction and community wellbeing



8.8

Likelihood to recommend Holdfast Bay as a place to live

Council would like to express their appreciation and thanks to those who participated in this survey.



COMMUNITY

A HEALTHY, CREATIVE, CONNECTED COMMUNITY

In 2018–19 Council delivered many projects and services that contributed to building a healthy, active and resilient community; celebrating culture and diversity; providing welcoming, accessible facilities; and fostering an engaged contributing community.

Active Communities

The City of Holdfast Bay promotes an active, healthy and socially connected lifestyle for residents by providing: high-quality sporting and recreational facilities; opportunities for volunteering; a network of community centres; youth programs; opportunities for local clubs and community groups to improve their governance; and initiatives that celebrate the City's indigenous history and diverse culture. This year's highlights include:

- › Development of a Playspace Action Plan (2019–2028) detailing recommendations for playspace redevelopments across our City over the next decade.
- › Completion of new playspaces at Angus Neill Reserve, Bindarra Reserve, Kauri Community and Sports Centre, and Alf Smedley and Mel Baker Reserve.
- › Receipt of the Parks and Leisure Australia (SA/NT) award for the Best Playspace Redevelopment under \$500,000 for the Angus Neill Reserve Playspace.
- › Community consultation and planning for the redevelopment of Wigley Reserve Playspace and Fitness Hub.
- › Creation of a five year Youth Action Plan (2018–2023) in partnership with the Youth Affairs Council of SA and our youth community.
- › Delivery of youth events including: Pumpin' National Youth Week event at Brighton Pump Track; HoldUp Race Around the Bay 2018; Christmas in July at Winter Wonderland; and the SA Skate League Event at West Beach Skate Park in partnership with the City of West Torrens.
- › Supporting 82 young people to represent South Australia and Australia at national and international sporting and cultural events through the Youth Achievement Sponsorship program.
- › Providing quarterly professional development workshops on the topic of school gardening for early learning and primary school staff, in partnership with the Cities of West Torrens and Marion and Natural Resource Management Education.
- › Adoption of the Arts and Culture Strategy and Action Plan (2019–2024) by Council.
- › Contribution of 89,500 hours, equating to \$3.7 million in economic value to the community by 440 volunteers.
- › Commencement of a masterplan design for the Holdfast Bay Community Centre.



PROJECTIONS AND PLANS

Council's projections and plans for the next financial year are outlined in our 2019–20 Annual Business Plan. Some of the strategic activities to be undertaken as part of the 2019–20 Annual Business Plan include:



Community Donations

Council distributed \$46,133.54 to the Holdfast Bay community via the Community Chest and Community Donations programs in 2018–19.

Community Donations

Of the total amount, \$30,609 was provided through the Community Donations program to support:

- › Community and wellbeing initiatives including a junior tennis growth initiative, Seacliff beach volleyball courts, skill and performance workshops for musicians and a community socialisation through singing initiative.
- › Events ranging from beach water polo to club centenary celebration functions.
- › Arts and cultural projects including a photographic and poetry exhibition and community engagement sculpture.

Community Donation recipients were:

- › Somerton Park Tennis Club
- › Volleyball SA
- › Holdfast Bay Music Centre
- › City of Holdfast Bay Concert Band
- › Holdfast Bay Dog Centre
- › Kingston Park With One Voice Choir
- › Somerton Park Surf Life Saving Club
- › Water Polo SA
- › Brighton Bowling Club
- › Tutti Arts
- › Seacliff Community Recreation Association.

Community Chest Donations

\$6,200 was distributed in Community Chest Donations to 13 community groups, organisations and individuals to support initiatives including:

- › Community events and street parties
- › Arts and cultural events
- › Planting of community fruit trees
- › Installation of defibrillators in club facilities
- › Establishing a Seacliff Esplanade Parkrun.

Youth Sponsorship

An amount \$8,200 was distributed in Youth Achievement Sponsorships to assist 65 young people with personal and professional development activities and sports, including public speaking, defence force cadets, calisthenics, volleyball, cricket, sailing, netball, basketball and hockey.

Community and Sporting Facilities

Brighton Oval Masterplan

Local sporting clubs and residents will benefit from \$13.7 million redevelopment of Brighton Oval which commenced in June 2019. In addition to Council funding, State and Federal Government funding was secured to enable the whole Masterplan to proceed.

Once redeveloped, Brighton Oval will provide high quality sports and recreational facilities for the community, including three brand new, purpose-built buildings for cricket/football, rugby and lacrosse, and improved community spaces including a new playspace, shelters, seating and carparks.

The redevelopment will create significant economic, social and health benefits for the community. In particular, the facilities will be expanded to accommodate increased female and youth participation in sport. The new buildings, leased by the tenant sports clubs, will also be available for the whole community to use and hire.

Club Development

Council provides assistance and support to local sporting clubs and recreation groups to develop positive and sustainable club management through workshops that support strategic planning, volunteer management, financial management and succession planning. In 2018–19 workshops covered topics including CPR, financial management, sports and social media, grant writing, making meetings work, sports taping, and succession planning.

Glenelg Oval

Concept Plans for Stage 1 of the redevelopment of Glenelg Oval were completed. Stage one will see a redevelopment of the Holdfast Bay Tennis Club, including upgrades to the clubroom, courts, fencing, lighting. Council is working with all stakeholders to deliver this project in the 2019–20 year.

Alwyndor Aged Care

Operated by Council as Trustee of the Dorothy Cheater Trust, Alwyndor is fully funded by the Commonwealth and State Governments and Alwyndor resident and client contributions.

Community Wellbeing

The Community Wellbeing program provided 10,697 hours of domestic assistance and home maintenance, and facilitated 7,617 hours of social support during the last financial year.

Home maintenance officers installed \$47,266 worth of home modifications to improve the safety and mobility of residents.

The community bus service provided 7,506 community bus trips to local libraries, shopping centres and other community venues, and personal transport volunteers provided another 2,006 trips to residents who needed individualised support.

The community participation team introduced a number of lifestyle programs including:

- › Aqua fun
- › Fun with art
- › Tai Chi
- › Healthy living with Dawn
- › Zumba gold.

The team expanded the Let's Eat! community meal program to 3 locations, three times per month, catering to approximately 120 people each time.

A partnership with cities of Marion, Mitcham and Onkaparinga resulted in the delivery of Moving Towards Wellness and the Wellbeing and Resilience Programs (WaRP) that aim to build individual resilience and provide residents with tools to deal with life's setbacks.

Holdfast Bay History

The Holdfast Bay History Centre celebrates and shares Holdfast Bay's unique history. Each year the Centre works to preserve its nationally significant collection in order to make it accessible to our community and ensure its longevity.

During the 2018–19 financial year volunteers dedicated over 4,000 hours to help deliver the Centre's extensive program.

This year's highlights include:

- › Answering over 1,000 community history enquiries.
- › Digitising over 200 collection items including photographs, objects and paintings.
- › Welcoming over 1,977 attendees to events during South Australia's History Festival.
- › Welcoming 236 visitors to the Glenelg air-raid shelter.
- › Successfully attracting \$25,000 in grant funding.
- › Generating \$7,000 in donations and sales.
- › Providing research and content for exhibition within Glenelg's museum – the Bay Discovery Centre.
- › Completion of the WWI commemoration project – From the Bay to the Battlefield.



Heritage and Culture

The City of Holdfast Bay continues to foster and strengthen relationships with the Kurna People to honour, promote and protect their culture, heritage and connection to the land.

- › Regular meetings were held with Kurna elders to discuss Council projects, cultural initiatives and to support their ongoing culture, heritage, beliefs and connection to country.
- › The new elected body and the senior leadership team undertook cultural awareness training and took part in a smoking ceremony and Welcome to Country, at the swearing in of the new elected members and first Council meeting.
- › The Heritage Research and Procedures Report was developed by Integrated Heritage Services to identify and manage areas of Kurna cultural and European historic heritage.



- › A variety of workshops, activities and cultural inductions were held throughout the year that encouraged cultural sharing and a greater understanding and respect for Aboriginal heritage and culture and significant cultural sites throughout the City.
- › In celebration of National Reconciliation Week and History Month cultural workshops and tours were facilitated by Kurna elders.
- › Dual naming signage was applied on reserves and cultural sites throughout the City.
- › Traditional Welcome to Country and smoking ceremonies were held by Kurna elders and at community events and civic ceremonies.

Art and Activations

Arts and Culture Strategy

The Arts and Culture Strategy and Action Plan (2019–2024) was developed in collaboration with Trish Hansen, Founding Principal of Urban Mind, the community, creative leaders, businesses and arts organisations. The Arts and Culture Strategy provides a framework to guide the philosophy, coordination, promotion, management of and investment in arts and culture across the City over the next five years.

Murals

Several mural artworks were installed on walls throughout Holdfast Bay to create interest and add vitality. Artist Bronte Naylor created an artwork at the Glenelg Community Centre. Matt Fortrose installed a vibrant work along Milton Street, Glenelg arts duo, Hyde and Seek used recycled materials to create a colourful work at the Broadway in Glenelg South.

Sculpture

The Gyre Sculpture by artist Matt Turley was purchased by Council from the 2019 Brighton Jetty Sculptures Festival and installed along the Brighton Esplanade on the southern side of the Brighton Jetty.

Temporary Art Interventions and Events

Seven temporary art installations, creative interventions, arts workshops and performances with a community and youth focus featured as part of community events and activation. These included Sidewalk Sundays, SALA Festival, Adventures by the Sea, Pumpin Youth event, MudFest and the community opening of the Angus Neill Playspace.

Artisan on Partridge at Historic Partridge House

The annual Artisan on Partridge event held during the South Australian Living Artist SALA Festival showcased artworks and the creative talents of over 50 artists, designers, musicians and performers. The one-day event featured an indoor exhibition, arts market, arts workshops, live music and come-and-try art activities and workshops.

Green Rooms at Jetty Road Glenelg

The final Green Room artwork elements were installed along Jetty Road Glenelg. The creative pipe-works and planter boxes have been positioned along Jetty Road and in Moseley Square to provide interest, soften harsh spaces and create greenery.

Community Centres

The City of Holdfast Bay provides four community centres:

- › Glenelg Community Centre
- › Glenelg North Community Centre
- › Brighton Community Centre
- › Holdfast Bay Community Centre.

Council staff work closely with centre volunteers to attract more than 8,000 visitors each month and deliver over 70 low-cost programs that include health and fitness, education, arts and crafts, social and personal development as well as luncheons, charity events, and Fringe and Festival shows.

The community centres support local charities by delivering social events that raise awareness of issues, and by sharing information on services available within the community. The Cancer Council's Biggest Lunch, Easter, Christmas, Seniors and Seasonal luncheons attract up to 100 people each, while Halloween at Holdfast Bay drew around 300 ghouls and goblins.

Cemeteries

Council operates the St Judes Cemetery and North Brighton Cemetery as well as the Glenelg and Brighton Seaside Memorial.

A modular ashes system was installed in May 2019 at the North Brighton Cemetery, allowing for an additional 75 new ashes sites.

Community Gardens

Glenelg North Community Garden (on the corner of Kibby Avenue and Alison Street) and the newly established Brighton Community Garden on Bowker Road, continue to attract hundreds of community members each week.

Council provides funding and support through project development, governance direction and volunteer recruitment.

The gardens are a vibrant and inclusive environment to share sustainable food practices and learn about topics such as wicking beds, tree pruning and the benefits of working in an environmentally friendly way.

Volunteers

During 2018–19, the 440 people belonging to the City of Holdfast Bay's volunteering program performed 545 active roles and contributed 89,500 hours, translating to \$3.7 million in economic value.

To facilitate this contribution, Council staff worked with 20 other organisations including Volunteer SA & NT, Southern Volunteering and Council's community centres to maximise the opportunities for volunteering.

Staff used social media and online advertising and promotion at Council events to attract new volunteers, and worked with organisations to support corporate volunteering programs.

Corporate and one-off community volunteering increased from 102 incidental volunteers to 257. This was an increase of 155 per cent on the previous year. Over the 2018–2019 financial year our referral rate also increased by 27 per cent. Volunteer opportunities continue to grow through improving our databases, referral networks and promotion to the wider community.

Libraries

Council's accessible, progressive library service not only meets the community's research and recreational reading needs, it also fosters lifelong learning.

This year, the service lent more than 435,576 items via the Brighton and Glenelg branches, Home Library Service and online resources. Active borrower membership reached 14,039 members, with 1,740 new borrowers joining the library service.

Programs aimed at the children of City of Holdfast Bay attracted 20,121 people. Staff provided 120 sessions for Wriggle N Rhyme, 120 sessions for the newly introduced Toddler Time, and 80 Storytime sessions. Outreach services were provided to early learning centres, kindergartens and primary schools. Staff continued to run Little Bang Discovery Club STEM activities and introduced Little Bang Plus, promoting the library as a place of connected learning inspiring engagement and curiosity in science. Highlights of the children's programming calendar included Book Week and the school holiday programs.

A program aimed at adults was attended by 735 people, with 185 attending digital workshops, 506 attending general community sessions and 44 community members attending 1:1 digital support sessions designed to improve access to digital collections.

The refurbishment of Glenelg library continued with the installation of new air-conditioning.

The opening hours at Brighton Library were extended to six days a week from Monday to Saturday. The number of people visiting Brighton Library increased by 23 per cent. Overall, there were 213,452 visits to Holdfast Bay's Libraries.

Regulatory Services

Council's Regulatory Services Department protects the health and safety of the local community and visitors to Holdfast Bay. Services include immunisation, animal management, public health, permits, litter and nuisance control, security, parking control and public safety.

To ensure that the City of Holdfast Bay is a safe place, staff use a broad range of strategies including education and enforcement.

This year's highlights include:

- › Providing 2,050 immunisations
- › Registering 4,397 dogs
- › Reuniting 150 animals with their owners
- › Investigating 92 litter and nuisance issues
- › Undertaking 291 food business inspections
- › Patrolling traffic safety at schools 150 times a year.

The Regulatory Services Department operates a security patrol in public spaces 365 days of the year and staff are available 24 hours a day, 7 days a week.

Ticket Machine Upgrade

This year parking ticket machines were changed from coin only to coin and credit card, making it easier for visitors to park, thereby supporting the local economy.

Dog and Cat Registration

In 2018–19 a new state-wide online dog and cat registration system called DACO (Dogs and Cats Online) was introduced to make it easier for dog and cat owners to register their pets. The new system reduces waste and inefficiency by issuing one I.D. tag for life, saving Councils the need to re-issue tags each year. It also enables Councils to return wandering animals to their owners more easily.





ENVIRONMENT

A COMMUNITY CONNECTED TO OUR NATURAL ENVIRONMENT

This year Council staff undertook a range of actions to protect biodiversity; build an environmentally resilient City; use resources efficiently; and foster an environmentally connected community, including:

- › Maintenance and rehabilitation of natural reserves and coastal areas.
- › Commencement of a Sturt River (Warriparri) nature corridor.
- › Protection of habitats for native flora and fauna including sand dunes.
- › Implementation of formal bird surveys.
- › Installation of 267 m of sand drift fencing at Seacliff.
- › Providing support for volunteer groups taking care of our natural reserves and sand dunes.
- › Providing workshops and subsidies for sustainable living.
- › Staging Clean Up Australia Day and National Tree Day community activities.
- › Managing waste collection services.
- › Converting street lights to LEDs to reduce carbon emissions.
- › Delivering programs that improved the diversion rate of household waste from landfill.
- › Awarding five Greening Our Community grants.
- › Planting 584 street trees.
- › Continuing our participation in the Resilient South program.
- › Improving stormwater infrastructure and constructing new Water Sensitive Urban Design (WSUD) installations.
- › Installing two sand groynes.

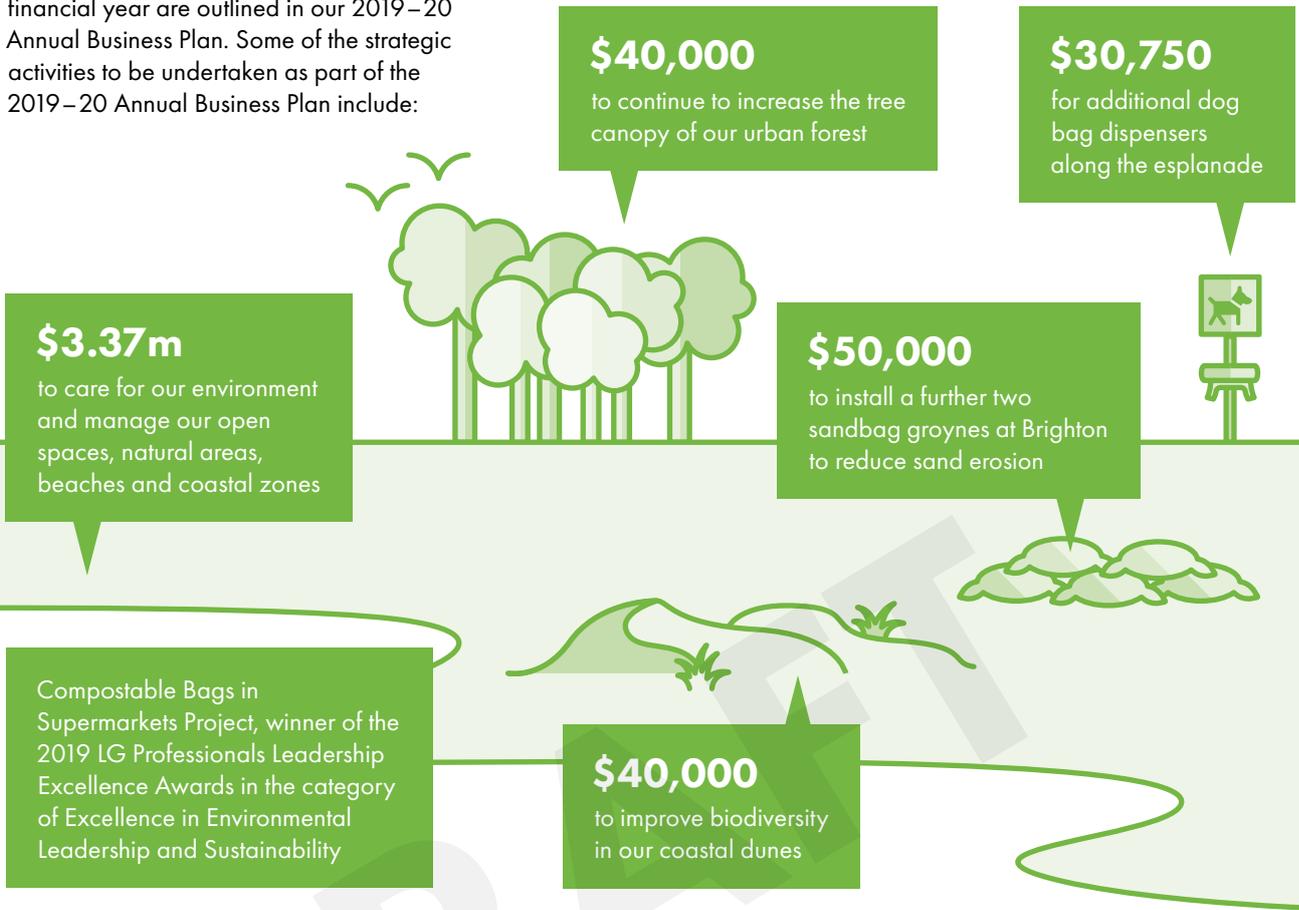
Biodiversity Corridor

In partnership with SA Water, City of Marion, Natural Resources Adelaide & Mt Lofty, and Friends of Sturt River, Council began implementation of a corridor for plants and animals, along the Sturt River (Warriparri). The corridor started with planting 900 native plants in the Bob Lewis Reserve, Glenelg North.



PROJECTIONS AND PLANS

Council's projections and plans for the next financial year are outlined in our 2019–20 Annual Business Plan. Some of the strategic activities to be undertaken as part of the 2019–20 Annual Business Plan include:



Compostable Bags in Supermarkets Pilot

In 2018 Council implemented a 12-month trial with two local supermarkets, replacing plastic bags for fruit and vegetables with compostable versions. The project aimed to increase availability of kitchen caddy compatible compostable bags for disposal of food waste into kerbside organics bins, and to reduce the supermarkets' reliance on single use plastic bags.

Customer surveys demonstrated overwhelming support for the pilot and a high level of understanding of the pilot's objectives. Bin audit data demonstrated an average 310 per cent increase in food waste efficiency in kerbside garbage bins in close proximity to both supermarkets.

The State Minister for Environment and Water praised the pilot and progress reports have been shared with the Australian Packaging Covenant and government staff reviewing the Australian Capital Territory's single use plastic bag ban legislation.

Minda Dunes

Minda Dunes underwent a huge transformation this year, with the removal of a large number of weedy trees including olives, boxthorn and athel pines, and other invasive weed species. This was followed by planting 10,000 native plant species, some of which were planted by the new Friends of Minda Dunes volunteer group on World Environment Day, after a special Kurna smoking ceremony.



Greening Our Community Grants

In 2018–19, Council provided five local community organisations with a total of \$19,331 in grant funding to support environmentally themed projects, involving biodiversity and water conservation, energy and waste reduction, renewable energy or educational programs. The recipients were:

- › The Brighton and Seacliff Yacht Club – \$5,000 for solar panels.
- › Baden Pattison Kindergarten – \$1,145.50 for their Warm in Winter – Cool in Summer project.
- › St Peters Woodland School – \$5,000 for their Nature Play Space.
- › Seacliff Recreational Centre – \$4,191 for their Energy Efficient Hand Dryers project.
- › St Leonards Primary School – \$3,995.50 for their SLPS Goes Green project.

Community Engagement

Staff conducted a range of community engagement activities during the year including:

- › 26 waste talks and tours.
- › Clean Up Australia Day – 62 volunteers cleaned up Brighton Beach, including the Mayor and Senator Hanson-Young.

- › World Environment Day – new Friends of Minda Dunes volunteer group planted 300 native plants.
- › National Tree Day – 200 people attended including the State Minister for Environment and Water. Planted 500 native plants.
- › 7 Green Living Workshops.

Nature Volunteers

Over the course of 15 volunteering sessions and one plant identification training day, 32 nature volunteers contributed at least 210 hours to looking after our natural areas.

Hooded Plovers

Holdfast Bay's Hooded Plover family successfully raised two chicks this year. 'Cliff' fledged from Seacliff beach in early November 2018 and was seen later in the year at Aldinga Beach. The second fledgling, 'Sandy' was successfully banded by BirdLife Australia with a white flag 'YL'.

The family are a story of success against the odds, and are very popular on Council's Facebook page with more hits than any other topic.

The City of Holdfast Bay works in partnership with BirdLife Australia and Natural Resources Adelaide and Mt Lofty Ranges.

Natural Areas and Dunes Rehabilitation and Maintenance

Holdfast Bay's environment team works in partnership with community volunteers and Natural Resources Adelaide and Mt Lofty Ranges to maintain and improve our natural areas.

Three gullies represent the majority of our natural areas and are important refuges for native animals and plants, including some regionally rare species. This year we improved the pathways in Gilbertson and Pine Gullies, as well as undertaking weed control and revegetation at all three gullies and Kingston cliff face:

- › Barton Gully – 235 plants
- › Pine Gully – 500 plants
- › Gilbertson Gully – 500 plants

A contractor also planted 235 plants at the Kingston cliff face, where a weed that is new to South Australia was discovered and is now being treated. The dunes had a range of weeds treated, and approximately 300 native dune plants were planted by volunteers.

Water Sensitive Urban Design Improvements

Trees and plants produce oxygen, store carbon and cool our environment while improving the appearance of our streets and public spaces.

During the 2018–19 financial year, Council implemented water sensitive urban design improvements in the following areas:

- › Farrel Street/Weewanda Street
- › Portland Street, Seacliff
- › Partridge Street
- › Brighton Road – permeable pavement installed in sections

Stormwater Management

To improve the capacity of the City's stormwater system and mitigate the risk of flooding, Council is implementing its stormwater management plan in stages, according to priority. During 2018–19, we reduced the impact of stormwater flooding considerably. Approximately \$315,000 was invested to investigate, design, and improve stormwater pipes and pits to reduce the risk of flash flooding at six locations:

- › Robert Street, Glenelg
- › Miller Street, Glenelg
- › Wheatland Street
- › Maitland Street
- › Mary Street
- › Seacliff Train Station





ECONOMY

A DIVERSE AND RESILIENT LOCAL ECONOMY

The City of Holdfast Bays aims to help the local economy by supporting and growing local business; making it easier to do business; harnessing emerging technology; and boosting the visitor economy.

In August 2018 Council adopted the Economic Activation Plan (2018–2023) focusing on five key strategic areas.

- › Strategy 1 – business capacity building.
- › Strategy 2 – investment growth & attraction.
- › Strategy 3 – innovation and digital evolution.
- › Strategy 4 – regional collaboration.
- › Strategy 5 – Adelaide’s premier seaside destination.

Achievements for 2018–19 include:

- › Participation by 200 businesses in digital training programs and associated mentoring services.
- › Provision of business support through the Southern Adelaide Business Advisory Service, which reported that 10 per cent of their advisory assistance had been provided to Holdfast Bay businesses.
- › Ongoing coordination of the Western Business Leaders program which provides Holdfast Bay businesses with opportunities for training, networking and promotion (for tourism and hospitality businesses) via the website adelaidebeaches.com.au.
- › Introduction of small businesses grants, providing new and existing businesses matched funding up to \$5,000 for projects leading to employment growth, sustainable outcomes, export opportunities and collaboration that increases the capacity of a precinct.

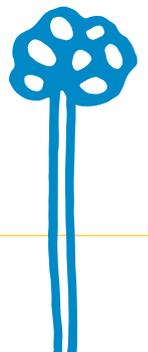
- › Expenditure of \$55,000 in the Shopfront Grants program to stimulate further investment by businesses and property owners in the upkeep of their facades and improve the vibrancy of the City’s mainstreets, resulting in an estimated total value of works of approximately \$242,000.
- › Formation of a Brighton Jetty Road business group to improve the coordination of activation events and programs and establish a new brand identity.
- › Planning for a 2020 Winter festival and establishing the Brighton Jetty Road precinct as South Australia’s first plastic free precinct.

Tourism and Business Marketing Services

In 2018, Holdfast Bay hosted 1.459 million visitors, made up of 13,000 international overnight visitors, 181,000 domestic overnight visitors, and 1.290 million day trippers.

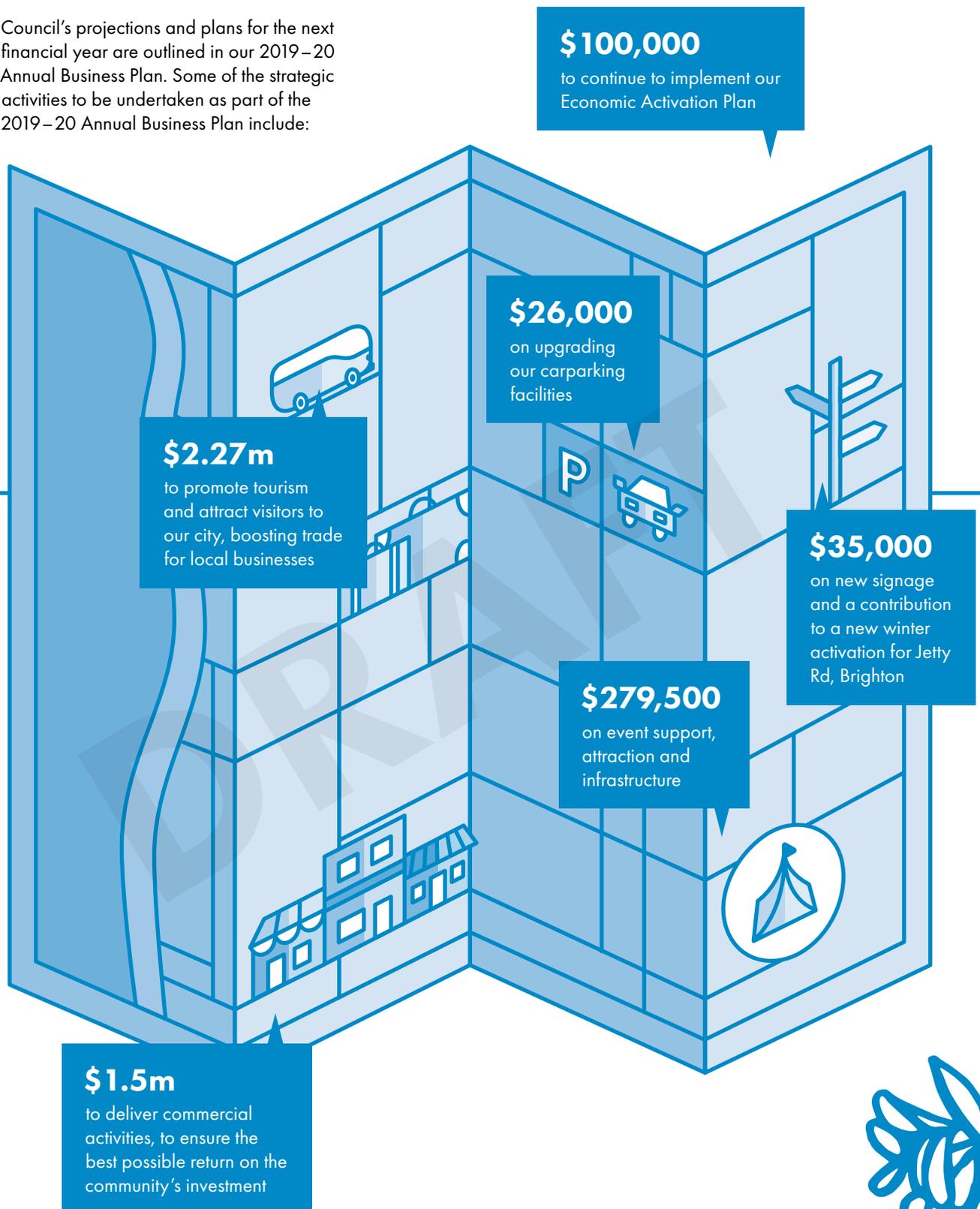
Council works to strengthen Holdfast Bay’s tourism profile by implementing strategies that aim to increase the number of visitors to the City; extend the length of their stay; increase the amount they spend while they are here; and encourage them to return.

The Tourism Plan 2020, adopted by Council this year, provides a framework and strategic priorities for the planning, development, management and marketing of Holdfast Bay.



PROJECTIONS AND PLANS

Council's projections and plans for the next financial year are outlined in our 2019–20 Annual Business Plan. Some of the strategic activities to be undertaken as part of the 2019–20 Annual Business Plan include:





Community events are a key component of the Tourism Plan. This year, our City hosted more than 200 events, which attracted more than 620,000 attendees. Council continued to support many of these events through specialist advice, event planning, sponsorship and in-kind support. These events included the well-established Sunday Mail City Bay Fun Run, Channel 7 Brighton Jetty Classic Swim, Brighton Jetty Classic Sculptures, Bay Sports Festival, Pol Roger Beach Polo, multiple beach concerts, Santos Tour Down Under race start, World Surf Life Saving Championships and the Skyline Observation Wheel as well as the Glenelg and Brighton ANZAC Day dawn services. We welcomed back the October Street Party and the Moseley Beach Club.

Council's own iconic events included:

- › New Year's Eve celebrations in Glenelg, which, with support from the South Australian Government, sponsorship partners, and emergency services, attracted more than 60,000 people, while our Brighton fireworks display drew a strong crowd of more than 15,000.
- › The 63rd Annual Glenelg Christmas Pageant, which, with support from the Jetty Road Mainstreet Committee, involved 2,000 community participants from 80 community groups, schools and local businesses and attracted 35,000 spectators, 50 per cent of whom travelled to the event from outside the precinct.
- › The Winter Wonderland Festival in Glenelg, which ran in partnership with the Jetty Road Mainstreet Committee from 1–22 July 2018. The event attracted over 20,000 people to an ice rink in Moseley Square (79 per cent of whom travelled to the event from outside the precinct) with an estimated economic return of more than \$3 million.
- › The Glenelg Street Party, which attracted 40,000 attendees to Glenelg the night before our Santos Tour Down Under race start. Involvement in the TDU generated 355 individual items of media coverage directly promoting the City of Holdfast Bay, with a cumulative audience reach of more than 7 million people and a value of \$5.5 million.

- › The official 181st South Australian Proclamation Day ceremony, which saw His Excellency Hieu Van Le, Governor of South Australia reading the Proclamation of South Australia, and included an address by the Premier of South Australia, The Hon. Steven Marshall MP. An estimated 400 people attended the official ceremonies, followed by a community barbecue.
- › Official Australia Day citizenship and awards ceremonies, which saw 79 people from 27 different countries become Australian citizens and involved special guest, Australia Day Ambassador, Dr Deane Hutton, and was followed by free all-ages, family-friendly Australia Day at the Bay activities.

Lifesaving World Championships

The 2018 Lifesaving World Championships were held in Glenelg from 16 November – 2 December, with pool events held at the State Aquatic and Leisure Centre in Marion. With over 7,000 registered participants, including 4,400 competing athletes from 45 nations, the LWC2018 is the largest Lifesaving World Championships ever conducted.

LWC2018 also saw a number of firsts for the International Lifesaving Federation.

- › It was the first time the event has returned to a city where it has previously been held.
- › It was the first time a state association made a successful bid to run a World Championships (previously only national bodies had hosted World Championships).
- › It included the running of the first National Youth Teams events and the first National IRB Teams events.
- › It involved the largest number of technical officials attending a World Championships.
- › It included the first Nipper carnival within a Lifesaving World Championships, which saw over 800 local Nippers, demonstrating to the world how healthy lifesaving is in South Australia.

There were 35 world records broken in the pool events, and Australia and New Zealand dominated in the international competition.

On 21 November, the area was hit with a significant weather event which resulted in two storm surges in the morning and afternoon. There was an impressive post-storm effort from Council staff and LWC2018 staff and volunteers to ensure a safe venue for competition to restart on 23 November, resulting in only 1 day of lost competition.

Event media reached in excess of 7 million people in Australia and a live streaming audience of 50,000 viewers around the world.

Social Media

Social media and online platforms have become increasingly important communications tools for Council. In 2018–19:

- › Jetty Road Facebook fans increased from 23,283 to 26,208.
- › Jetty Road Twitter followers increased from 5,260 to 5,273.
- › Jetty Road Instagram followers increased from 10,000 to 10,500.
- › City of Holdfast Bay Facebook page fans increased from 4,880 to 7,287.
- › City of Holdfast Bay Twitter followers increased from 3,789 to 4,000.

Moseley Beach Club

The Moseley Beach Club returned to Glenelg in 2019 after its successful debut in January 2018. Offering sun lounges and beds with table service, it also featured a casual dining area and bar with live acoustic music and DJs. The Moseley Beach Club employed 60 new staff, sourced local produce, welcomed over 60,000 visitors, engaged local businesses, was well supported by the local community, and increased patronage to surrounding retail precinct.

Tourism Activations and Marketing

Council continued to develop an environment that supports the future viability of local businesses and creates opportunities to enhance our tourism offering.

Our visitor and business services include:

- › Planning, implementing and supporting a wide range of community events to increase visitation and length of stay within our City.
- › Proactively consulting and communicating with the community through our community engagement program.
- › Preserving and stabilising the Holdfast history collection while developing opportunities to make it more accessible to the community.
- › Providing targeted tourism and marketing services aligned with community desires and needs.
- › Developing city-wide commercial and economic opportunities.
- › Providing a voice for business and property owners in the Glenelg precinct through the Jetty Road Mainstreet Committee.

Bay Discovery Centre

In 2018–19, the Bay Discovery Centre delivered a comprehensive cultural program, presenting a broad range of projects and exhibitions. The centre recorded a total of 40,806 visitors, including 40 groups who booked in for educational tours through the museum.

The final installment of The Bay to the Battlefield project finished in 2018–19. A World War One commemoration project funded by the Commonwealth Government's ANZAC Centenary Local Grant Program, the project featured large paste-up image installations throughout the City.

The Bay Discovery Centre also hosted the prestigious National Photographic Portrait Prize, an annual event promoting the very best in contemporary photographic portraiture by both professional and aspiring photographers.

Brighton Caravan Park

Brighton Caravan Park in Kingston Park is a community asset that provides an income to relieve the burden on ratepayers. It remains a popular tourism destination with a record 13,468 guests this year.

In 2018–19, Council supplied Wi-Fi to the park to improve the customer experience. Scoping of works and design for a second stage of redevelopment is underway. It is expected that the replacement of aging cabins and construction of a new administration building will commence in the later part of the 2019–2020 financial year.



PLACEMAKING

AN ACCESSIBLE, VIBRANT AND SAFE COASTAL CITY THAT CELEBRATES OUR PAST TO BUILD FOR OUR FUTURE

In 2018–19, Council delivered a broad range of projects and services that supported the goal of enhancing the design and function of our City — creating a place that is well planned, providing choice and enhancing life.

Minda Coast Park

During 2018–19, construction took place on a section of Coast Park behind the remnant dunes at Minda, North Brighton. Work is due for completion in September 2019.

This is the last remaining section of coastal pathway to complete a continuous Coast Park through Holdfast Bay.

The Coast Park Project is a State Government initiative which commenced in 2002. When complete, the project will provide a 70-kilometre stretch of shared use linear pathway for pedestrians and cyclists along Adelaide’s metropolitan coastline, from Sellicks Beach to Outer Harbour.

Minda Coast Park boasts a 4m wide paved footpath, boardwalks, a centrally located viewing deck, education zone, plaza, rock wall and beach access ramp in front of the Somerton Surf Life Saving Club. It also includes a new southern plaza adjacent the Gladstone Road carpark, a biodiversity program including planting of 10,000 native plants, public art, interpretive signage as well as new shelters, benches, seating, showers and drinking fountains incorporating dog bowls. It is a significant asset for our region that provides a coastal link between Brighton and Glenelg.

The project was made possible through \$4.3 million in funding from the State Government’s Open Spaces Grant Fund and a \$1 million contribution by Council.

Chapel Street Plaza and Hindmarsh Lane Upgrades

The role of the Jetty Road Glenelg Masterplan is to drive investment in infrastructure and improve the streetscape in one of our City’s most important precincts. It provides an overarching framework to deliver a staged upgrade of Jetty Road Glenelg over the next 10 years.

Following endorsement of the Masterplan in February 2018, Council allocated funding in the 2018–19 budget to commence detailed design of the first two stages of the Masterplan, being Chapel Street Plaza and Moseley Corner Integration. Detailed designs have progressed throughout 2018–19 and are due for completion by the end of 2019.

In June 2019, Council was awarded a \$1.77 million grant from the Department of Planning, Transport and Infrastructure Places for People fund, matching the funding commitment from Council to complete construction of stage one. Construction of the first of the Jetty Road Glenelg Masterplan projects will commence in early 2020. Once complete, the Chapel Street Plaza and Hindmarsh Lane development will create a new community space and civic heart mid-way along Jetty Road.



PROJECTIONS AND PLANS

Council's projections and plans for the next financial year are outlined in our 2019–20 Annual Business Plan. Some of the strategic activities to be undertaken as part of the 2019–20 Annual Business Plan include:

\$10.89m

to manage and maintain community assets. This includes \$2.64m to maintain and upgrade roads, kerbs and footpaths, \$56,100 for signage, \$38,000 to maintain public toilets and \$30,000 to upgrade bus shelters.

\$200,000

for a pedestrian crossing at Angus Neill Reserve

\$15,000

for the design and specification for a replacement of the public toilet and shower facility located on the Esplanade at Seacliff

An additional
\$200,000

to accelerate the footpath improvement program

\$2.55m

to commence construction of the Jetty Rd Masterplan for the Chapel Street Civic Plaza and Hindmarsh Lane (subject to grant funding)

Strategic Planning

In 2018–19, Council progressed several planning projects that support our City's character and heritage, and enable better, more attractive city design. These include:

- › An Integrated Transport Strategy that will provide: a strategic framework for the efficient and safe movement of people and goods; options for increasing active travel especially those which displace private vehicle travel; and better integration of all modes of transport, access and parking with land use.
- › Responding to major State Government initiatives related to the progressive rollout of significant reforms to the State's planning system. This included submitting feedback on planning policies and new regulations for the *Planning Development and Infrastructure Act 2016* and commencing a review of Council's contributory heritage properties.
- › Progressing the Seacliff DPA in conjunction with the City of Marion, as a result of agreement being reached between the developer and Boral for the relocation of the existing quarry haul road.

- › Completing an Open Space and Public Realm Strategy, which reassessed Council's priorities for creating, upgrading and developing public open spaces and established a set of guidelines for designing these projects. The strategy received a High Commendation in the Strategic Planning category of the 2019 Parks and Leisure Australia Awards of Excellence SA/NT.
- › Development of a Housing Strategy was placed on hold pending State and Local Government elections and anticipated changes to the housing policy framework being produced for the Planning and Design Code associated with the new *Planning, Development and Infrastructure Act 2016*.

Development Services

Council's development assessment, development advice and building compliance services work to recognise opportunities while protecting the character and amenity of our suburbs. This year, we processed 1,030 development applications and approved 256 new dwellings with a construction value of \$114 million.

Shopfront Character and Heritage Grants Scheme

During 2018–19 a grant scheme was introduced to support the conservation of our City’s heritage premises and the character of our retail precincts. Aimed at encouraging people who own heritage listed or retail precinct properties to invest in maintaining, restoring and preserving them, the grants replaced a previous rates rebate for heritage listed properties.

Asset Management

Council staff manage, maintain and develop community assets and infrastructure in an environmentally and financially sustainable way. This includes buildings, roads, coastal assets, stormwater assets, open space and general plant and equipment.

Our ongoing services include:

- › Providing traffic management services.
- › Maintaining buildings and facilities.
- › Maintaining the Patawalonga boat lock.
- › Inspecting and resolving damages caused by developers and utility companies.
- › Participating in emergency management planning with the Local Government Association.

During 2018–19 Council also:

- › Resealed 22,838 m² of road.
- › Patched 799 m² of road.
- › Replaced 4,414 lm of kerb.
- › Replaced 2,377 m² of footpath.
- › Supplied and installed four bus shelters.
- › Replaced a number of welcoming and other signs.
- › Improved fencing at various locations.
- › Converted street lights to LED to reduce carbon emissions and save energy.
- › Improved stormwater drainage at a number of flash flood hotspots.
- › Supported development of the observation tower for Seacliff Surf Life Saving Club.

Field Services

Council prides itself on maintaining a high quality built and natural environment and continually strives to balance the needs of residents, business and visitors; heritage and innovation; development and environment; and visual appeal and practical application.

A vigorous maintenance program is part of our commitment to enhancing the City’s image and safety. As well as a scheduled maintenance and cleansing program Council operates a rapid response team to ensure our City remains clean, safe and graffiti free.

During 2018–19 our field services team:

- › Attended to 3,412 customer service requests (over and above scheduled maintenance and cleansing services).
- › Revised street and footpath sweeping and open space maintenance schedules to better meet community expectations.
- › Maintained services and facilities along our premier coastline to improve amenity for residents and visitors.
- › Planted 584 trees in Holdfast Bay’s streets and open space reserves.
- › Planted 1,750 native trees and shrubs in our gullies, reserves and along our coastline.
- › Upgraded irrigation controllers to better monitor and manage irrigation activities.
- › Upgraded Council bins and bin enclosures to improve appearance and functionality.
- › Delivered the final Green Rooms landscaping project in and along Jetty Road Glenelg.
- › Upgraded Colley Reserve signage incorporating its Kurna name, Ngutinilla meaning ‘place of Ngutinai (Kurna Man)’.
- › Implemented a field services leadership program – recognising the need for a tailored leadership development program for depot staff, to enable high performance and ensure the depot provides an efficient, customer centred service.

Public Safety Infrastructure

Effective street lighting and a network of strategically placed CCTV cameras improve public confidence in the safety of our public spaces.

Bulk LED replacement

Street lighting is necessary for public safety and amenity. The bulk LED replacement program replaced 2,439 mercury vapour lights with LED. The transition will significantly reduce Council's energy consumption, carbon emissions and maintenance costs and provide an overall improvement to the City's street lighting network.

Once fully installed the change will result in an expected annual saving of approximately \$220,000 and an anticipated annual reduction of 517 tonnes of greenhouse emissions. Additional infill lighting was also installed in Marlborough Street and Old Beach Road.

Partridge House CCTV and lighting

An underground conduit and pit network to support five lights poles and light fittings was installed along the driveway and in the grounds of Partridge House. A discrete new CCTV system provides CCTV surveillance around the perimeter of the house and grounds. The upgraded exterior lighting and CCTV installation provide better night security for the building and make it easier for evening users to access the facility.





CULTURE

AN EFFECTIVE, CUSTOMER-CENTRED ORGANISATION

At all times, the City of Holdfast Bay aims to provide customer-centred services; be financially accountable; enable high performance; and support excellent, efficient operations.

Business Services

Council staff deliver services in an accountable, transparent way that meets legislative requirements and provides the best value for money. The broad business areas delivering corporate services to support our administration include:

- › Business planning and improvement
- › Commercial and strategic services
- › Corporate communications and media management
- › Elected member and CEO support
- › Finance
- › Governance and policy
- › Information and technology services
- › People and culture
- › Procurement
- › Property management and leases
- › Rates
- › Records management
- › Risk management
- › Work health and safety.

Achievements for 2018–19 were:

- › Continuing the responsible management our operational and capital expenditure, allowing us to reduce debt.
- › Facilitating the 2018 Local Government Elections.
- › Conducting a full condition audit of Council's building stock.



PROJECTIONS AND PLANS

Council's projections and plans for the next financial year are outlined in our 2019–20 Annual Business Plan. Some of the strategic activities to be undertaken as part of the 2019–20 Annual Business Plan include:

\$56,000

to develop a Customer Service Strategy 2019–21

Council will contribute

\$7,500

to support an adult Aboriginal trainee at the visitor centre



Business Transformation

Council's business transformation program continued to deliver business and customer benefits throughout the year. The focus has been on communication and our mobile technology initiative allows staff to interact with customers anywhere, anytime. Further development in this area will make the Council systems and information more accessible for rate payers and visitors.

Significant emphasis was placed on security of customer data and risk mitigation for transactional processing—ensuring the latest cyber security is protecting our customers at all times.

Street and open space maintenance was fully systemised, allowing visibility and predictability as to when these services are delivered.

During the year the City of Holdfast Bay website was re-launched with richer, more customer focussed content. In particular, the new site enables users to more easily access events and services provided by Council.

Council is working with the State government and other councils on Smart Cities—involving a range of initiatives that will, over time, provide improved information, safety and security. It will also allow Council to plan activities and change programs in line with customer needs.

Customer Service

Council operates a face-to-face customer enquiry service between 8.30am and 5.00pm Monday to Friday (excluding public holidays), and a 24 hours/7 day phone service. Surveys found:

- › 9 out of 10 customers had their enquiry resolved by the first staff member they spoke with when visiting Council.
- › The customer service team scored 9.6 out of 10 for treating customers professionally.
- › The customer service team scored 9.7 out of 10 for the quality of face-to-face service provided.

Data collected by the telephone and customer service management system showed that:

- › Wait times improved – 60 per cent of customers did not have to wait in line and a further 36 per cent of customers waited less than 5 minutes to be served.
- › Staff answered 43,200 phone calls with an average of 2 minutes 40 seconds talk time.
- › The grade of service for phone calls was 93 per cent (which includes answering, resolving and wrapping up calls).

People and Culture

The people and culture team provide an advisory, support and education service Council's departments to assist them to lead and manage their resources safely and effectively. Areas of support include:

- › Recruitment and selection
- › Workplace relations
- › Professional development
- › Reward and recognition
- › Work health and safety (WHS)
- › Return to work.

Highlights for 2018–19 include:

- › 100 per cent completion rate for WHS Risk Evaluation Action Plan.
- › Submitting successful business cases for the purchase of plant and equipment to reduce injuries from manual handling in the field services team.
- › Introduction of early intervention and Warm up for Work programs for field services staff in collaboration with Alwyndor Aged Care.
- › Engaging 12 participants in the field services leadership program.
- › Implementation of an internal training calendar (both WHS and general topics available for staff).
- › Being a finalist in the Innovative Management and People and Culture categories of the LG Excellence Awards.
- › Implementation of employment branding including development of culture video.
- › Implementation of a new field services career classification structure.

Leadership Scorecard

In November 2018, a review of Council's leadership capability was undertaken. Individual feedback was provided and leaders were required to submit a personal development plan for the following 12 months.

This process will ensure continued improvement against Council's required leadership capability.

ASU/Administration Enterprise Agreement

Successful negotiation was undertaken for a 3-year ASU/Administration Enterprise Agreement that takes effect from 1 July 2019.

Local Government Excellence Awards

The City of Holdfast Bay was selected as a finalist in seven Excellence Award categories and received the top award in two of those categories.

- › Innovative Management Initiatives
- › Excellence in Cross Council Collaboration (winner)
- › Community Partnerships and Collaboration
- › Emerging Leader of the Year
- › Excellence in Local Economic Development
- › Excellence in Environmental Leadership and Sustainability (winner)
- › Excellence in People and Culture

Aboriginal Traineeship

Council provided grant funding to support the Glenelg Visitor Information Centre to host Aboriginal trainees.

School Based Traineeships

Council continued a community partnership with Minda, Brighton Secondary School and Sacred Heart College to host school-based trainees with a mild disability to undertake Certificate III in Business Administration. Council is proud to lead and participate in this valuable community partnership which assists young people to gain the skills and experience they need to improve their long-term job and socio-economic prospects.

Financial Services

The financial services team provides services including strategic long term financial planning; annual budgeting compilation and monitoring; rates administration; year-end financial accounting and audit; financial systems and internal control; payroll; and accounts payable/receivable.

Highlights for 2018–19 include:

- › A review of the Long Term Financial Plan which provided the basis for preparation of the draft 2019–20 budget and included updated capital scenarios and funding options that were presented to a series of budget workshops throughout the year.
- › Implementation of better practice model for internal controls using updated internal control software and included training and education in collaboration with Councils internal auditor – Bentleys. The controls were assessed and reviewed in accordance with business processes.

Other achievements for the year included:

- › Budget revisions (2018–19) and budget adoption (2019–20).
- › Rate modelling, notice generation and distribution.
- › Annual financial statements, audit finalisation and adoption for 2017–18.
- › Updated long term financial plan – improved development including capital projects.
- › Implementation of new enterprise budgeting software for budget monitoring.
- › Implementation of updated internal control software.
- › Reviewed and implementation of improved team structure, enabling resource reallocation to procurement services.
- › Implementation of single-touch payroll tax office remission requirements.
- › Contribution to organisational management software testing and implementation.





STRATEGIC MANAGEMENT

HOW WE MEASURE OUR PERFORMANCE

Council assesses its financial performance against measures established in its Long-Term Financial Plan. As required under the *Local Government Act 1999*, we prepare a range of reports each financial year, including monthly financial statements, budget updates, four comprehensive annual budget reviews and audited financial statements.

Our Place: 2030 Strategic Plan (Our Place) was adopted in April 2017 after an extensive community engagement campaign, 'Say September'. Our Place establishes the vision for our City, defining five key outcome areas, and providing objectives and strategic measures to track performance.

Strategic measures are used to track our progress towards achieving community objectives and improve our internal services. Information for these reports comes from a range of sources, including a comprehensive community Quality of Life Survey (2019) and Business Confidence Survey (2018).

People who participated in the surveys were asked to rate various Council services or performance out of 10 (0–5 being 'very poor to poor'; 5–7 'average to good'; 7+'good to very good').

Strategic Measures

COMMUNITY

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
Increase resident wellbeing Using PERMA model (Positive emotion, Engagement, Relationships, Meaning, Accomplishment/Achievement)	5 per cent increase (life of plan)	2018–19 represents baseline	g=0.6 Measured for the first time in 2019
Deliver wellbeing and resilience workshops Number of workshops undertaken annually	≥2 workshops (p/a)	N/A	4 workshops delivered Achieved for 2018–19
Achieve a high level of community satisfaction with playgrounds and open space Quality of Life Survey Results	≥7 (each measure)	N/A	8 out of 10 Achieved for 2018–19
Complete new sporting and community hubs Completion of sporting and community hub Projects Kauri Parade Sporting Complex has been completed	2 (life of plan)	N/A	The Brighton Oval was progressed with \$7.115m external funding secured and construction commenced in June. Preliminary concept plans were completed for Stage 1 of the Glenelg Oval Redevelopment. Progressing – trend on track
Attract new community initiatives through our Community Donations Program Number of new community initiatives	3 (p/a)	N/A	This year, Council provided a total of \$30,609 in donations to 11 community groups and organisations for new community and wellbeing initiatives. Achieved for 2018–19
Achieve a high level of community satisfaction with the range and quality of services and programs Quality of Life Survey Results	≥7 (each measure)	N/A	7.1 out of 10 Achieved for 2018–19
Increase community engagement with culture and heritage and Aboriginal cultural programs through participation in events and activities Number of participants	200 (p/a)	N/A	Approximately 100 participants across a number of events and activities, including: Kaurna cultural workshops, school holiday activities and the cultural walking tours held by Kaurna Elders during National Reconciliation Week. Achieved for 2018–19

Strategic Measures (continued)

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
<p>Increase the number of people accessing our community centres and libraries</p> <p>Number of people accessing facilities</p>	5 per cent increase (p/a)	195,512	<p>The Glenelg and Brighton libraries attracted 213,452 visitors in total. This is a 9 per cent increase from the previous financial year. 3 out of 4 Community Centres have collected data to include 81 active volunteers working 844 hours each month to provide over 70 programmes. This equates to 6,901 centre visits each month across 3 centres which will be our baseline data for future years.</p> <p>Achieved for 2018–19</p>
<p>Achieve a high level of community satisfaction with community facilities including libraries, services and programs</p> <p>Quality of Life Survey Results</p>	≥7 (each measure)	N/A	<p>7.7 out of 10</p> <p>Achieved for 2018–19</p>
<p>Increase the number of volunteering opportunities</p> <p>Number of volunteering opportunities</p>	5 per cent increase (p/a)	537	<p>440 volunteers were involved in 545 active roles, with some volunteers filling multiple roles across the community with some volunteers filling more than one role. This represents a 1.5 per cent increase in volunteering opportunities from the previous year.</p> <p>Not achieved for 2018–19</p>
<p>Increase our “YourView” (online engagement site) subscription</p> <p>Number of people subscribed</p>	10 per cent sample of population (life of plan)	1,788 (4.9 per cent sample of population)	<p>The number of Your View subscribers has increased to 6,825. This represents 18.43% of the population.</p> <p>Target exceeded</p>
<p>Increase awareness of volunteering opportunities within our city</p>	Develop successful partnerships with a range of groups/industries (life of plan)		<p>We are working with 20 other organisations in the City who offer volunteering opportunities. We also work closely with Volunteer SA & NT and Southern Volunteering. We have introduced a database to share newsletters & promotions as well as direct communication at a range of events.</p> <p>Progressing – trend on track</p>

Strategic Measures (continued)



ENVIRONMENT

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
<p>Increase native flora (species and population) in natural areas</p> <p>Types of species (flora) and density score using 'Bush Rat' assessment tool</p>	10 per cent increase (life of plan)	12.8	<p>We established a baseline for this measure of 12.8 (overall biodiversity Score). This score can be broken down into the following areas:</p> <p>Coastal Biodiversity – Average 15.63 Nature Reserve Biodiversity – Good 23.39 Parks and Ovals Biodiversity – Poor 9.77 Measured at 5 yearly intervals</p>
<p>Increase native fauna habitats in natural areas</p> <p>Type of species (flora) and density score using 'Bush Rat' assessment tool</p>	10 per cent increase (life of plan)	12.8	<p>An indicator of native fauna habitats is the measurement of native flora. The baseline of the native flora measure can also be used for this measure – baseline of 12.8. Measured at 5 yearly intervals</p>
<p>Increase tree canopy within our city</p> <p>Per cent of tree canopy cover increase</p>	10 per cent increase (life of plan)	11.6 per cent	Measured at 5 yearly intervals
<p>Maintain our dune systems and increase recreational beach widths</p> <p>Recreational beach width (based on land survey and aerial photography)</p>	10 per cent increase (life of plan)	Not yet available	<p>Works are being undertaken to increase recreational beach width, including conservation works and sand replenishment program. A baseline has yet to be established for this measure. Efforts are being made in conjunction with the Coastal Protection Board to establish this. Measure not yet available – to be reported at a later date</p>
<p>Reduce heat island areas within our city</p> <p>Surface temperature (thermal imaging or equivalent) across the city</p>	10 per cent increase (life of plan)	Not yet available	<p>Heat mapping was undertaken this year for the first time to identify heat islands. This can now be used as a baseline. Baseline only</p>
<p>Reduce flash flooding within our city during rain events less than 20mm</p> <p>Registered events of flash floods</p>	0 flash floods less than 20mm (life of plan)	59 events	<p>In 2018 we undertook a range of works to establish water sensitive urban developments and rain gardens in several locations, and reduce the flash floods at 6 locations within the City. Measure unavailable</p>

Strategic Measures (continued)

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
<p>Decrease Council's greenhouse emissions</p> <p>Carbon footprint assessment (only fuel and electricity usage at this time)</p>	12 per cent reduction (life of plan)	Fuel – 352 tonnes CO ₂ e Electricity – 1,902 tonnes CO ₂ e	CO ₂ e emissions from electricity reduced by 259 tonnes per year, a 13.6% reduction, this reduction is largely due to LED streetlighting conversion, CO ₂ e emissions from fleet fuel reduced by 8 tonnes per year, a 2.3% reduction largely due to increasing the number of hybrid vehicles in the fleet. Overall 12% reduction. Target achieved
<p>Increase waste diverted from landfill</p> <p>Tonnage diverted from landfill</p>	10 per cent increase (life of plan)	8,274.6 tonnes	8,001.73 tonnes were sent to landfill (baseline 8,274.6). This is a 3.3 per cent increase in waste diverted from landfill. Progressing – trend on track
<p>Reduce stormwater discharge</p> <p>Stormwater discharge to sea (M/L)</p>	30 per cent reduction (life of plan)	2,108 ML (p/a)	A baseline was captured of 2,108 ML of stormwater. A reduction of 632.4 ML is required to meet the target. It is anticipated this will be achieved through the implementation of our Stormwater Management Plan and other related strategies (i.e. Water Sensitive Urban Design strategy) Baseline only
<p>Increase number of environmental volunteering opportunities</p> <p>Number of volunteers</p>	50 per cent increase (life of plan)	0	36 volunteers were inducted, 18 events were available with 210 volunteer hours. This is a 12.5% increase on 2016–17. Progressing – trend on track

Strategic Measures (continued)



ECONOMY

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
Increase business satisfaction in Council's support for business Business Confidence Survey Results	≥7 (each measure)	N/A	The survey is conducted every 2 years. Not available for 2018–19
Increase business satisfaction in doing business with Council Business Confidence Survey Results	≥7 (each measure)	N/A	The survey is conducted every 2 years. Not available for 2018–19
Develop and commence implementation of a Digital Economy Strategy Endorsement of Strategy	Endorsement (by 1 July 2017)	N/A	A Digital Economy Strategy has been incorporated into the Economic Activation Plan 2018–2023, and was endorsed in July 2018. Strategy 3 of the Economic Activation Plan 2018–23 sets eight strategic actions in relation to the digital economy. Completed
Increase percentage of properties able to connect to high-speed internet	100 per cent increase (life of plan)	0	Approximately 68% of properties were able to be connected to high-speed internet through the NBN roll-out as of 30 June 2019. Progressing – trend on track
Increase the number of visitors to Holdfast Bay Number of visitors	15 per cent increase (by 2022)	1,295,000 visitors	1.4 million visitors came to Holdfast Bay (baseline 1.295). This is a 8.1 per cent increase in visitors. Progressing – trend on track

Strategic Measures (continued)



PLACEMAKING

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
<p>Achieve a high level of community satisfaction with the quality and feel of our major main street precincts</p> <p>Quality of Life Survey Results</p>	≥7 (each measure)	N/A	7.35 out of 10 Achieved for 2018–19
<p>Achieve a high level of community satisfaction with walkability and access to local shops, services, public transport and open space</p> <p>Quality of Life Survey Results</p>	≥7 (each measure)	N/A	8.5 out of 10 Achieved for 2018–19
<p>Increase the number of people travelling to local destinations via active travel options</p>	20 per cent increase (life of plan)		Data not available at time of report. A baseline for this measure is yet to be established. Council is currently undertaking an Integrated Transport Strategy with active travel as a key objective. Measure not yet available
<p>Achieve a high level of community satisfaction with the design of new buildings and their contribution to local character</p> <p>Quality of Life Survey Results</p>	≥7 (each measure)	N/A	6 out of 10 Not achieved for 2018–19
<p>Increase the proportion of non-detached dwelling types (the 'missing middle') in our city</p>	10 per cent increase (life of plan)	43.3 per cent	Result, based on trend data, shows a negligible (0.13 per cent) increase to be steady at 43.8 per cent. Based on this trend data, we are on track to record a 1 per cent increase to the proportion of our missing middle housing to 2030. The potential recommendations as part of a housing strategy will be vital in exploring this data further and recommending development policy changes to accelerate the trend. Progressing – trend at risk

Strategic Measures (continued)



CULTURE

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
Achieve a high level of community satisfaction with Council's services Quality of Life Survey Results	≥7 (each measure)	N/A	6.8 out of 10 Not achieved for 2018–19
Increase number of customer services available through a digital platform in addition to other service channels	100 per cent of customer services (life of plan)	N/A	The following services are now available through a digital platform: <ul style="list-style-type: none"> › Dogs and Cats Online › My Aged Care Portal › Event applications (including sponsorships) › DA tracking › Filming and photography permits › Volunteer applications › Grant applications – smarty grants › Outdoor Fitness applications › Library services › Online payments › Ezybill – electronic rates notices and help your self client details management › Event calendar › Community Directory › Your Holdfast engagement portal
Achieve delivery on Annual Business Plan Completion of projects and programs outlined in the Annual Business Plan	100 per cent delivery (p/a)	N/A	81 per cent project/programs completed during the 2018–19 financial year Not achieved for 2018–19
Achieve a high level of satisfaction with our Culture Brand Organisational Culture Survey Results	90 per cent (each measure)	N/A	88 per cent satisfaction rating Nearly achieved for 2018–19
Achieve a high score in our annual leadership survey Organisational Leadership Survey Results	≥8 (each measure)	N/A	7.2 out of 10 Not achieved for 2018–19
Achieve annual financial targets Performance of annual financial targets	100 per cent achievement (p/a)	N/A	Awaiting audited financial statements

Strategic Measures (continued)

INDICATOR	TARGET (TIMEFRAME)	BASELINE (IF APPLICABLE)	ACTUAL
<p>Achieve high level of community satisfaction with Council's provision of good financial management and value for the rate dollar</p> <p>Quality of Life Survey Results</p>	≥7 (each measure)	N/A	6.7 out of 10 Not achieved for 2018–19
<p>Reduce reliance on rate revenue</p> <p>Percentage of total revenue</p>	<70 per cent (life of plan)	2016/17 – 71 per cent (excluding separate rates)	Awaiting audited financial statements Progressing – trend on track
<p>Achieve recognition in operating efficiency: target – benchmarked as top 5 metropolitan councils</p>	benchmark as top 5 (life of plan)	Not yet available	Measure not yet available – to be reported at a later date
<p>Achieve high level of community satisfaction on Council's performance</p> <p>Quality of Life Survey Results</p>	≥7 (each measure)	N/A	6.8 out of 10 Nearly achieved for 2018–19
<p>Achieve recognition for work undertaken across our organisation</p> <p>Number of awards received</p>	3 awards of excellence (p/a)	N/A	6 awards won: <ul style="list-style-type: none"> › Angus Neill Playspace won the Parks and Leisure Australia SA/NT Playspace Award (<\$0.5m) Local Government Excellence Awards: <ul style="list-style-type: none"> › Excellence in Cross Council Collaboration (Winner) › Excellence in Environmental Leadership & Sustainability (Winner) › Local Government IT South Australia, Award for Information Management Excellence › 2018–2019 Green Industries SA Women in Waste Award › 2018 Local Government Award for Tourism at the South Australian Tourism Awards Achieved for 2018–19





ANNUAL PERFORMANCE: COMPLETED PROGRAMS

Each year Council prepares an Annual Business Plan that describes the programs, projects and outcomes that support our City's strategic vision of building a welcoming, safe and active community where resident, visitor and business prosperity meet.

We completed approximately 82 per cent of the programs and projects identified in the 2018–19 Annual Business Plan.

The remaining 18 per cent of projects identified in the 2018–19 Annual Business Plan are either underway, staged over several years, not pursued or delayed because of circumstances beyond our control. These include:

- › **Glenelg Town Hall – Restoration Assessment and Remedial Works**
An extensive and important project – this project will run over multiple financial years. Stakeholder and community engagement is scheduled for completion in October/November 2019.
- › **Kingston Park Coastal Reserve Masterplan**
The masterplan for Kingston Park Coastal Reserve has been reviewed and recommendations endorsed by Council. A brief is currently being developed to commence the tender process for the amendment of the masterplan.
- › **Minda Coast Park**
The anticipated completion date and opening of Minda Coast Park is early October 2019.
- › **Jetty Road Glenelg Masterplan**
Detailed designs for stage one of the Jetty Road Glenelg Masterplan (Chapel Street Plaza and Hindmarsh Lane) are 70 per cent complete. On 21 June it was announced that Chapel Street Plaza was awarded \$1.77 million from the Places for People Grant fund for construction. Construction is anticipated to commence in early 2020.
- › **Integrated Transport Strategy**
Community engagement took place on the topic of transport and movement in the City of Holdfast Bay, generating a range of ideas and a vision for the next 10–20 years. This will inform the drafting of an integrated transport strategy. An origin destination study will also be undertaken to better inform management of key issues.
- › **Brighton Caravan Park – Stage Two Investigation and Design**
Stage two – investigation and design for the redevelopment of Brighton Caravan Park is underway. Council has sought initial feedback from the current managers of the Park, as well as from industry bodies. Further preliminary designs will include opportunities for additional car parking.



- › **Stormwater Management Plan Implementation**

The implementation of the Stormwater Management Plan depends on financial support from the Stormwater Management Authority. After several meetings and correspondences, the Stormwater Management Authority has not supported the grant application. Council staff are now liaising with the City of Marion to identify a way forward.
- › **Access and Inclusion Strategy and Five-Year Action Plan**

This important project has commenced. Phase one – staff internal engagement was completed in the last quarter of 2018–19. A consultant specialising in legislative requirements will be engaged in the first quarter of 2019–20 to undertake phase two. Phase three, which comprises broader community engagement, is scheduled for the second quarter of 2019–20.
- › **Holdfast Bay Community Centre Masterplan**

The final masterplan for Holdfast Bay Community Centre is due for Council endorsement in August 2019.
- › **Brighton Oval Masterplan Stage One Implementation**

Construction has started on the Brighton Oval redevelopment, with the Brighton Rugby Club building underway. This building is scheduled for completion in late 2019 with the football /cricket club rooms and lacrosse clubrooms scheduled for completion in mid 2020. Council staff are finalising detailed plans and budgets for the remaining site upgrades. These works will take place towards the end of the building construction program.
- › **Cemetery Improvements**

The final stages of the cemetery improvements will be completed in 2019–20.
- › **Dulcie Perry Park Playground**

The scope for redevelopment of Dulcie Perry Playground was increased in 2019–20.
- › **Lockers for the Homeless**

Council resolved to divert funds from the Lockers for the Homeless project to an alternative program for the homeless.
- › **Kauri Parade Sport Complex Management**

A report will be submitted to Council in July 2019 to recommend endorsement of an applicant to manage the Kauri Parade Sport Complex, following a tender process or alternative management structure.
- › **Glenelg Oval Masterplan Stage One**

Council was unsuccessful in securing grant funding for the Glenelg Oval Masterplan. The project is fully funded in the 2019–20 budget.
- › **Wigley Reserve Playspace and Fitness Hub Redevelopment**

Council was unsuccessful in securing grant funding for the Wigley Reserve Playspace and Fitness Hub Redevelopment.

ACHIEVEMENTS IN 2018-19

INVESTED \$4m

in maintaining and renewing the City's roads, footpaths, playgrounds and reserves

Commenced Holdfast Bay's final section of the

COAST PARK WALKING TRAIL

at Minda Dunes (due for completion in September)

250+

Events hosted

Attracting over

500,000

event attendees



ARTS AND CULTURE

Strategy for our City

PLAYSPACE

Constructed at Kauri Parade Sports and Community Centre

Developed an

OPEN SPACE AND PUBLIC REALM

Strategy for our City

Commenced the

BRIGHTON OVAL

Redevelopment

Extended Brighton Library opening hours to six days a week, increasing patronage by

OVER 16,500 VISITORS



Established a

BIODIVERSITY CORRIDOR

along the Sturt River

Supported local business start-ups with

\$50,000

in small business development grants

For a full list of achievements, please visit holdfast.sa.gov.au/achievements.

**COUNCIL OF
THE CITY OF
HOLDFAST BAY**

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COMPOSITION OF COUNCIL

Our Council consists of the Principal Member (Mayor) and twelve Councillors. Our City is made up of four wards, each electing three Councillors, with the Mayor elected by the whole City. Elections are held every four years, with the next election scheduled for November 2022.

Local Government Elections 2018

The South Australian, 2018 Local Government elections were held from September to November 2018. The City of Holdfast Bay administration managed the key stages of our election from nomination to close of voting. The scrutiny and count was conducted by the Electoral Commission of South Australia on the 10–11 November 2018 at the Brighton Civic Centre.

City of Holdfast Bay had the highest participation rate in the metropolitan area with 34.05 per cent of electors returning their ballot material. There was a moderate increase in participation rates across the state with 32.66 per cent of ballot packs returned.

All wards within the City of Holdfast Bay were highly contested:

- › Three candidates stood for the position of Mayor (one position available).
- › Five for Brighton Ward (three positions available).
- › Ten for Glenelg Ward (three positions available).
- › Five for Seacliff Ward (three positions available).
- › Seven for Somerton Ward (three positions available).

Seven members of the former Council were re-elected and five new members were elected. Notably, Holdfast Bay's Mayor and seven of our twelve elected members are women.



ELECTED MEMBERS

November 2014 to November 2018



Acting Mayor
(July 2018–November 2018)

Amanda Wilson

Seacliff Ward



Susan Lonie

Brighton Ward



Rosemary Clancy

Somerton Ward



Mikki Bouchee

Glenelg Ward



Samuel Charlick



Lynda Yates



Karen Donaldson



John Smedley



Rosie Aust



Annette Bradshaw
(Deputy Mayor July 2018
– November 2018)



Robert Snewin



Bob Patton

ELECTED MEMBERS

Elected in the November 2018 election



Mayor

Amanda Wilson

Seacliff Ward



Susan Lonie

Brighton Ward



Rosemary Clancy

Somerton Ward



Mikki Bouchee

Glenelg Ward



Bob Patton



Annette Bradshaw



Robert Snewin



John Smedley



Rebecca Abley



Clare Lindop



Jane Fleming



William Miller



Phillip Chabrel

ELECTED MEMBER ATTENDANCE AT COUNCIL MEETINGS

	Previous Term Meetings July 2018 – 23 October 2018 (election)	New Term Meetings 27 November 2018 – June 2019
Number of Meetings held	8	13

Meeting Attendance	Number of Council meetings attended July 2018 – October 2018	Number of Council meetings attended November 2018 – June 2019	Notes
Acting Mayor			
Amanda Wilson ²	7	13	Re-elected November 2018
Brighton Ward			
Rosemary Clancy	7	13	Re-elected November 2018
Robert Snewin	5	13	Re-elected November 2018
Jane Fleming	N/A	12	Elected November 2018
Karen Donaldson (previous term to November 2018)	5	N/A	Until November 2018
Glenelg Ward			
Bob Patton ³	8	13	Re-elected November 2018
Rebecca Abley	N/A	11	Elected November 2018
Phillip Chabrel	N/A	13	Elected November 2018
Samuel Charlick	8	N/A	Until November 2018
Rosie Aust	8	N/A	Until November 2018
Seacliff Ward			
Susan Lonie	7	12	Re-elected November 2018
Clare Lindop	N/A	13	Elected November 2018
Annette Bradshaw ¹	8	13	Re-elected November 2018
Lynda Yates	8	N/A	Until November 2018
Somerton Ward			
Mikki Bouchee	8	12	Re-elected November 2018
John Smedley	8	12	Re-elected November 2018
William Miller	N/A	13	Elected November 2018
Amanda Wilson	See above	See above	See above

¹ Deputy Mayor July 2018 – November 2018. ² Acting Mayor July 2018 – November 2018, then Mayor November 2018 – June 2019.

³ Deputy Mayor November 2018 – current.

ALLOWANCES

	Allowances Previous Term July 2018–November 2018	Allowances New Term November 2018–June 2019	Total
Mayor	\$28,001.00	\$42,858.00	\$70,859.00
Deputy Mayor	\$8,748.00	\$14,490.00	\$23,238.00
Councillors	\$6,999.00	\$14,664.00	\$94,097.00
Audit Committee Chair	\$1,667.00	\$1,974.00	\$3,641.00
Independent Members of the Audit Committee	\$3,377.00	\$5,058.00	\$8,435.00
			\$200,270.00
IT Allowance	\$4,789.74	\$12,764.93	\$17,554.67
Fuel – Mayor	\$837.61	\$814.41	\$1,652.02
Legal Fees – Elected Members	Nil	Nil	Nil
			\$19,206.69

TRAINING AND DEVELOPMENT EXPENDITURE FOR 2017–18

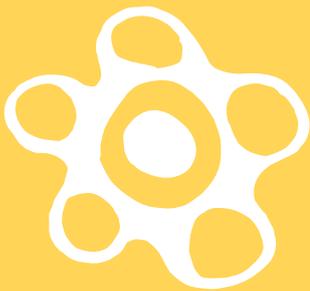
	All Elected Members				Total
All of Council					
Post Election Training by Kelledy Jones Lawyers – Social Media Training	\$750.00				\$750.00
Post Election Training by Kelledy Jones Lawyers – Legal Information and the <i>Local Government Act 1999</i>	\$4,950.00				\$4,950.00
Kaurna Welcome to Country for Cultural Awareness Training	\$772.00				\$772.00
Council Delegate Activities					
	Mayor Wilson	Councillor Bouchee	Councillor Chabrel	Total	
Australian Local Government Association Conference 2019		\$2,989.00	\$2,967.00	\$5,956.00 ¹	
Local Government Association Conference	\$190.00				
				\$12,428.00	

¹ Including Travel and Accommodation.

DECISION-MAKING STRUCTURE

PROVISIONS FOR MEETING PROCEDURES

All Council and committee meetings are conducted in accordance with the *Local Government Act (Procedures at Meetings) Regulations 2013*. The *Local Government Act 1999* is the primary legislation for the operation of Local Government in South Australia and its provisions are supported by *Local Government (General) Regulations 2013*. Meetings for the Council Assessment Panel are convened under the *Planning, Development and Infrastructure Act 2016*.



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COMMITTEES

Throughout 2018–19 our Council met twice a month (on the second and fourth Tuesdays of the month). Due to the 2018 Election, only one General Council meeting was held in December 2018 and January 2019.

Council was supported by a number of committees. These are:

1. One management committee:

- › Alwyndor Management Committee.

2. Two statutory committees:

- › Audit Committee
- › Strategic Planning and Development Policy Committee.

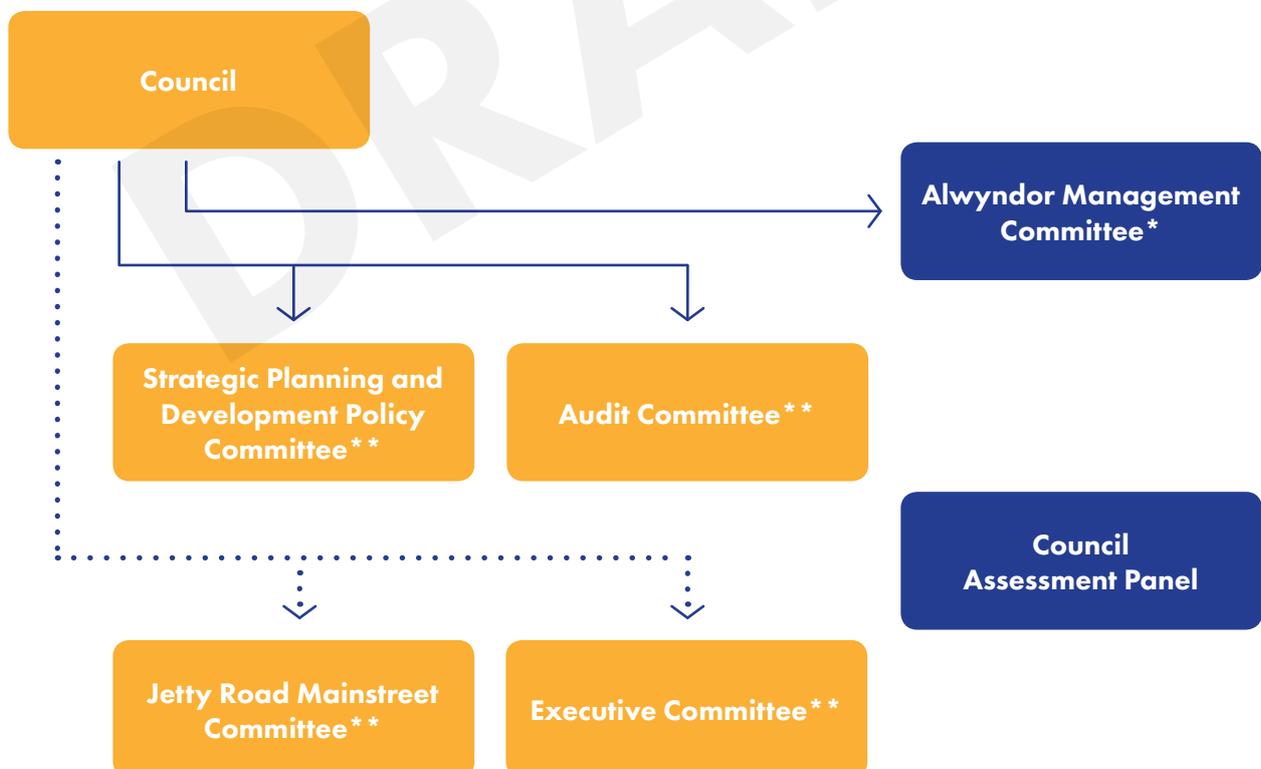
3. Two advisory committees:

- › Jetty Road Mainstreet Committee
- › Executive Committee.

The Council Assessment Panel (CAP) met on the fourth Wednesday of the month as required. Due to the 2018 Local Government Election there were no meetings held in November and December 2018.

All meetings were open to the public, with notices of meetings, agendas, reports and minutes available at holdfast.sa.gov.au.

Council's current committee structure, for both the City of Holdfast Bay and Alwyndor, is shown below:



* delegated authority from Council to make decisions within budget and terms of reference.

** advisory only, with no delegations.

DELEGATIONS

In accordance with Sections 44 and 101 of the *Local Government Act 1999*, our Council delegates relevant powers and duties to the Chief Executive Officer, who may sub-delegate to individual officers or committees. Council also delegates powers to the Alwyndor Management Committee to make decisions within the Committee's terms of reference. Delegations and individual sub-delegations are reflected in the Delegations Schedule and are reviewed every financial year.

STRATEGIC PLANNING AND DEVELOPMENT POLICY COMMITTEE

The Strategic Planning and Development Policy Committee is formed under Section 41 of the *Local Government Act 1999* and is a requirement of the *Development Act 1993*. The Committee provides advice to Council on strategic planning and development policy issues. The Committee comprises all members of Council and convenes as required.

AUDIT COMMITTEE

The Audit Committee operates under Section 126 of the *Local Government Act 1999* and oversees our risk management and internal control frameworks. The Committee reports to the Council on a regular basis to confirm that these frameworks are in place and operating effectively, and to review our annual financial statements, Annual Business Plan and Long-Term Financial Plan.

The committee comprises of 2 Elected Members including the Presiding Member plus 3 independent members. The independent Members each received an allowance of \$417.00 per meeting (July 2018 – November 2018) and then \$425.00 per meeting (November 2018–June 2019).

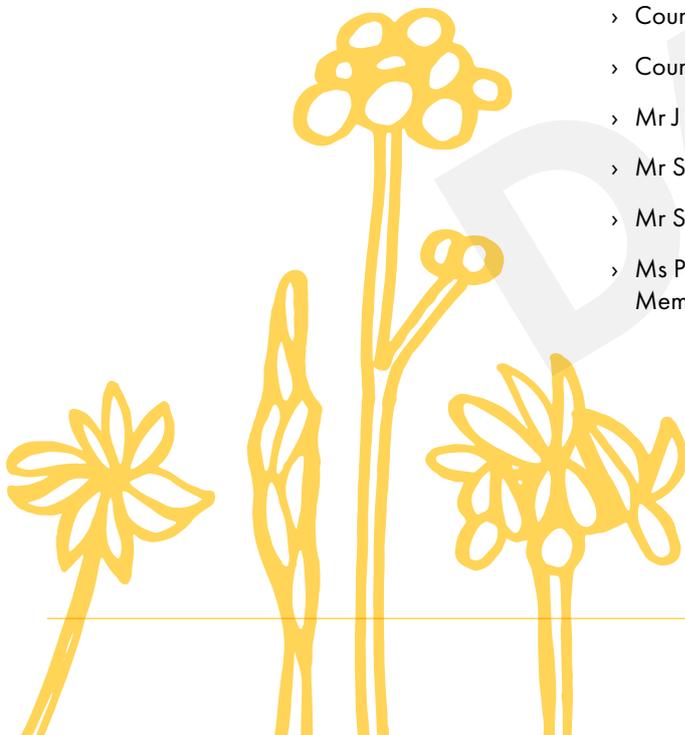
The Committee Members are as follows:

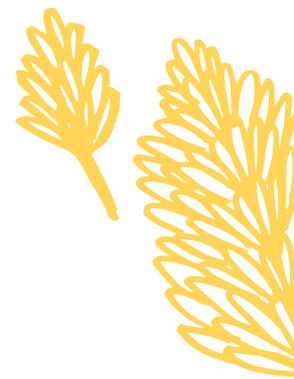
July 2018 – November 2019

- › Councillor Smedley – Presiding Member
- › Councillor Charlick
- › Mr J Wood – Independent Member
- › Mr S Spadavecchia – Independent Member
- › Mr S Tu – Independent Member.

November 2018 – June 2019

- › Councillor Smedley – Chair Person
- › Councillor Snewin
- › Mr J Wood – Independent Member (to March 2019)
- › Mr S Spadavecchia – Independent Member
- › Mr S Tu – Independent Member
- › Ms Paula Davies – Independent Member (to March 2019).





JETTY ROAD MAINSTREET COMMITTEE

The Jetty Road Mainstreet Committee is funded through the collection of a separate rate to assist Council to enhance and promote Glenelg's Jetty Road as a vibrant shopping, leisure and recreational precinct.

The 2018–19 committee comprised two elected members and eight independent members who represent traders in the precinct, with no allowances paid. The Committee Members were as follows:

July 2018 – November 2018 (prior to election)

- › Mark Faulkner, Fawkes and Co – Chair Person
- › Con Maios, Maios Investments – Deputy Chairperson
- › Eve Leenearts, Elite Choice Home Improvements
- › Simon Robinson, GU Filmhouse
- › Elise Fassina, Fassina Family Liquor
- › Angus Warren, Beach Burrito
- › Tony Beatrice, Cibo Espresso
- › Rocco Caruso, Caruso's Fresh Foods
- › Adoni Fotopoulos, Ikos Holdings Trust
- › Councillor Annette Bradshaw
- › Councillor Sam Charlick

November 2018 – June 2019 (post election)

- › Mark Faulkner, Fawkes and Co – Previous Chairperson (to March 2019)
- › Con Maios, Maios Investments – Deputy Chairperson to April 2019 (Chairperson from May 2019)
- › Eve Leenearts, Elite Choice Home Improvements – (Deputy Chairperson from May 2019)
- › Simon Robinson, GU Filmhouse
- › Elise Fassina, Fassina Family Liquor (to March 2019)
- › Angus Warren, Beach Burrito

- › Tony Beatrice, Cibo Espresso
- › Rocco Caruso, Caruso's Fresh Foods (to March 2019)
- › Adoni Fotopoulos, Ikos Holdings Trust
- › Councillor William Miller (from Nov 2018)
- › Councillor Rebecca Abley (from Nov 2018)
- › Ms Lee Boys (from April 2019)
- › Ms Gilia Martin (from April 2019)
- › Mr Nathan Hughes (from April 2019).

COUNCIL ASSESSMENT PANEL

The Council Assessment Panel (CAP) is an autonomous authority that considers development applications and makes development decisions. It was established in accordance with the *Planning, Development and Infrastructure Act 2016* and has delegated powers that are administered in accordance with the Act's statutory requirements. It consists of one elected member who is appointed by the Council and four independent members.

The Presiding Member received \$500 per meeting (July – October 2018) and \$522 per meeting (November 2018 – June 2019) and other panel members received \$400 per meeting (July – October 2018) and \$417 per meeting (November 2018 – June 2019). In 2018–19 the panel comprised of:

- › Ms Jenny Newman, Presiding Member
- › Mr Jim Gronthos (from May 2019)
- › Ms Alison Vine (to April 2019)
- › Mr Graham Goss
- › Mr David Bailey
- › Councillor Rosemary Clancy.

ALWYNDOR MANAGEMENT COMMITTEE

The Alwyndor Management Committee oversees the management of the Alwyndor, which provides a range of care and accommodation options for elderly people. The 2018–19 committee consisted of two Elected Members and eight independent members, as follows:

July 2018 – November 2018 (prior to election)

- › Mr Darryl Royans, Chair (to 19 June 2018)
- › Mr Ian Pratt (to 19 June 2018)
- › Dr Ollie Peters (to 20 November 2018)
- › Ms Leah Wills (to 21 August 2018)
- › Councillor Rosie Aust (to 16 October 2018)
- › Councillor Susan Lonie
- › Mr Todd Bamford
- › Ms Julie Bonnici
- › Ms Julia Cudsi
- › Ms Trish Aukett (from September 2017)
- › Mr Kim Cheater (from 21 August 2018)
- › Mr Kevin Whitford (from 17 July 2018).

November 2018 – June 2019 (post election)

- › Councillor Susan Lonie
- › Councillor Philip Chabrel (from 20 November 2018)
- › Dr Ollie Peters (to 20 November 2018)
- › Mr Todd Bamford
- › Ms Julie Bonnici
- › Ms Julia Cudsi
- › Ms Trish Aukett
- › Mr Kim Cheater
- › Mr Kevin Whitford.

The Independent Chairperson of the Alwyndor Management Committee received the following payments:

- › \$350.00 per meeting (July 2018 – September 2018) and
- › \$500.00 per meeting (October 2018)
- › \$531.00 per meeting (November 2018 – June 2019).

The Independent members of the Alwyndor Management Committee received the following payments:

- › \$250 each, per meeting (July 2018 – September 2018)
- › \$400 per meeting (October 2018)
- › \$425 per meeting (November 2019 – June 2019).

ORGANISATIONAL STRUCTURE

As at 30 June 2019 our organisation structure was:



Roberto Bria
CHIEF EXECUTIVE
OFFICER (ACTING)¹



Brett Capes
GENERAL MANAGER
ALWYNDOR
(ACTING)



Howard Lacy
GENERAL
MANAGER CITY
ASSETS AND
SERVICES*



Rajiv Mouveri
MANAGER
ASSETS &
FACILITIES



Adrian Hill
MANAGER
REGULATORY
SERVICES



Ross Whitfield
MANAGER
FIELD SERVICES



Anthony Marroncelli
MANAGER
DEVELOPMENT
SERVICES



Marnie Lock
GENERAL MANAGER
COMMUNITY
SERVICES



Sally Heading
MANAGER CITY
ACTIVATION



Matthew Rechner
MANAGER ACTIVE
COMMUNITIES



Monica Du Plessis
MANAGER
COMMUNITY
WELLBEING



David Lambert
MANAGER
LIBRARY SERVICES



Jo Miller-Robinson
MANAGER
CUSTOMER
EXPERIENCE



Pamela Jackson
GENERAL
MANAGER
BUSINESS SERVICES
(ACTING)²



John Newton
MANAGER
FINANCE



Sharon Somerville
MANAGER
PEOPLE &
CULTURE



Vacant
MANAGER
STRATEGY &
INNOVATION³

1. Justin Lynch was CEO until March 2019. 2. Roberto Bria was GM until March 2019. 3. Pamela Jackson was Manager until Feb 2019.

CORPORATION OF THE CITY OF HOLDFAST BAY



OUR VALUES

Our ARISE values are the way we achieve our vision.

Achievement

Deliver agreed outcomes for our community.

Respect

Act with honesty and integrity.

Innovation

Seek better ways.

Simplicity

Easy to do business with.

Engagement

Provide opportunities for all to participate.

SENIOR LEADERSHIP TEAM

Council is supported in its decision making by a senior leadership team, which comprises:

- › Chief Executive Officer, Mr Justin Lynch (to March 2018).
- › Acting Chief Executive Officer, Mr Roberto Bria (from March 2018).
- › General Manager Alwyndor Aged Care, Mr Rick Kluge (to December 2018).
- › Acting General Manager Alwyndor Aged Care, Mr Brett Capes (from December 2018).
- › General Manager City Assets and Services, Howard Lacy.
- › General Manager Community Services, Ms Trish Aukett (to July 2018).
- › General Manager Community Services, Ms Marnie Lock (from July 2018).
- › General Manager Business Services, Mr Roberto Bria (to March 2018).
- › Acting General Manager Business Services, Pam Jackson (from March 2018).

Senior executive salary packages include the following benefits:

- › A competitive salary.
- › A fully maintained vehicle or novated vehicle lease.
- › Employer-sponsored superannuation contributions.

REMUNERATION PROFILE

Total remuneration (excluding superannuation)	COUNCIL		ALWYNDOR		TOTAL	
	Male	Female	Male	Female	Male	Female
< \$25,000	4	7	20	44	24	51
\$25,000 – \$35,000	3	5	2	43	5	48
\$35,001 – \$45,000	2	12	4	28	6	40
\$45,001 – \$55,000	3	9	8	29	11	38
\$55,001 – \$65,000	30	11	4	21	34	32
\$65,001 – \$75,000	22	21	1	9	23	30
\$75,001 – \$85,000	7	9	0	17	7	26
\$85,001 – \$95,000	12	15	1	2	13	17
\$95,001 – \$105,000	2	6	0	3	2	9
\$105,001 – \$115,000	4	5	0	1	4	6
\$115,001 – \$125,000	4	2	1	0	5	2
\$125,001 – \$150,000	2	1	1	0	3	1
>\$150,000	2	1	0	0	2	1
Total	97	104	42	197	139	301



WORKFORCE PLANNING

Work continues on building skills and capability across our workforce to provide excellent customer experience and provide flexibility in times of changing service demands and technology. Recruitment focuses not only on required experience and skills, but also on behaviours in line with our organisational values and customer experience requirements. Staff benefits, including flexible working arrangements continue to be developed to ensure the attraction of high quality candidates and retention of staff.

Voluntary employee turnover for Council was 9.71 per cent. Alwyndor Aged Care's turnover was 29.11 per cent.

TRAINING AND DEVELOPMENT

Approximately \$155,000 was spent on developing workforce skills to meet current and future needs, and this included mandatory training to meet legislative requirements such as work health and safety as well as governance obligations. Work has been undertaken to determine the capabilities and key behaviour indicators required to be a leader within Council. Strategies will be implemented to measure and build capability across Council.

WORK HEALTH AND SAFETY

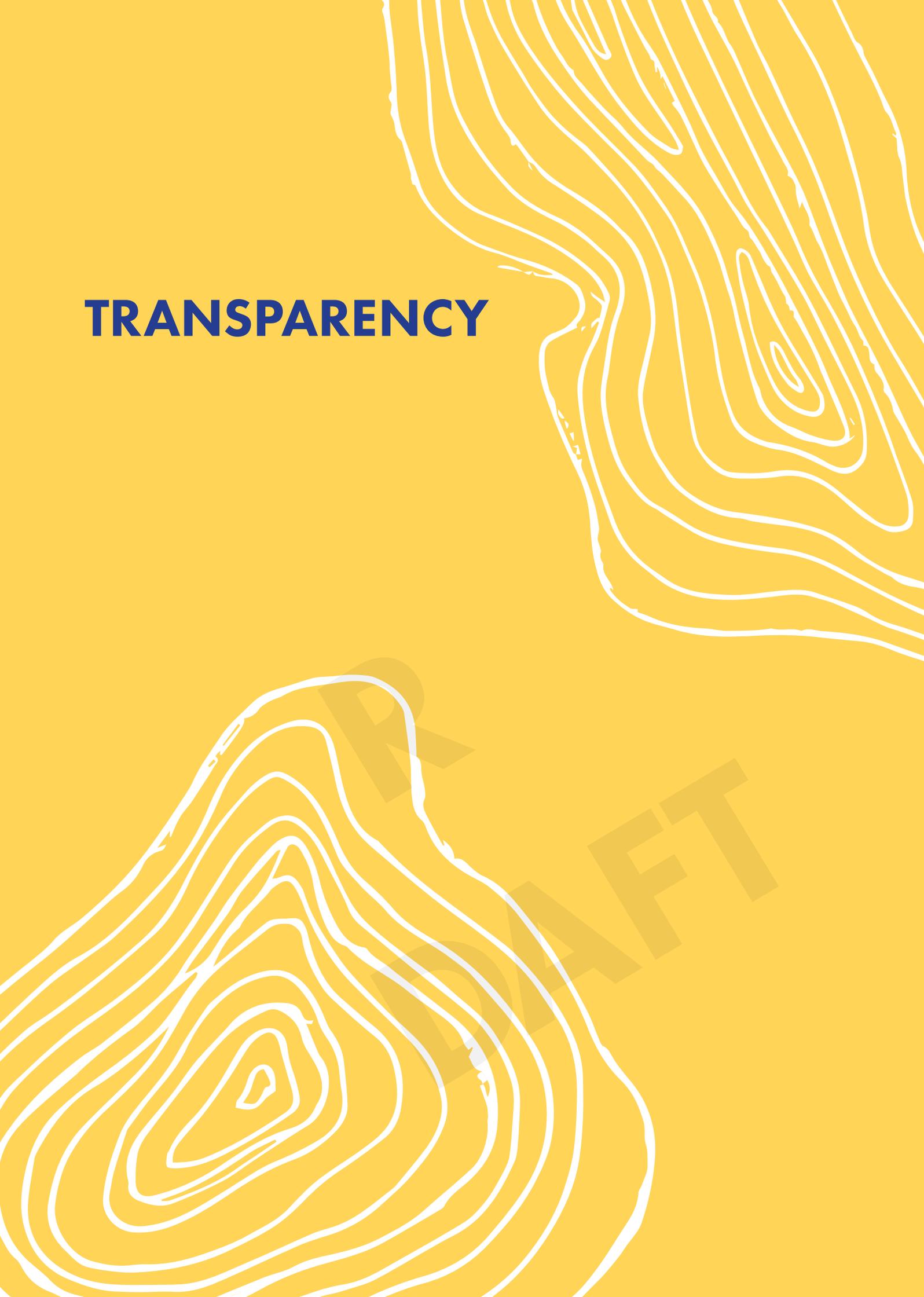
Total Hazards	23
Total Incidents	122
Total Injuries	50

Note: This table includes totals for Alwyndor.

The Local Government Association Workers Compensation Scheme (LGAWCS) provides the City of Holdfast Bay with a fully integrated Claims, Return to Work and Work Health Safety Service. Claims are determined and coordinated by LGAWCS as our Insurer.



TRANSPARENCY



COMMUNITY ENGAGEMENT

Council regularly sources community views about local issues, plans, events and activities through its online hub (yourviewholdfast.com), customer service points and regular Quality of Life Survey. This input helps to form Council's decisions and ensures that services are tailored to best meet local requirements.

The International Association of Public Participation (IAP2) spectrum provides the framework for our community engagement.

COMMUNICATIONS AND MEDIA ACTIVITIES

In the interest of providing our services in a transparent manner, we aim to address all media enquiries promptly and honestly. This year, in addition to proactive media advice supplied to journalists and editors, hundreds of written media responses were provided by email, most of which included responses to between two and five questions. This does not include media enquiries handled directly by the Mayor, elected members and the CEO.

COMMUNITY LAND MANAGEMENT PLANS

Community land management plans identify the purpose and objectives of land held for community use and operate in accordance with Section 196 of the *Local Government Act 1999*.

In the 2018–19 financial year no properties were purchased or sold by the City of Holdfast Bay.

REGISTERS AND CODES

The following documents are available to the public:

Registers

- › Register of Interests (Elected Members)
- › Register of Gifts and Benefits (Elected Members)
- › Register of Allowances and Benefits (Elected Members)
- › Register of Remuneration, Salaries and Benefits (Staff)
- › Register of Interests (Staff)
- › Register of Community Land
- › Register of Public Roads
- › Register of By-Laws
- › Register of Fees and Charges
- › Register of Building Upgrade Agreements.

Codes

- › Code of Conduct for Council Members
- › Code of Practice for Access to Meetings and Documents
- › Employee Code of Conduct
- › Code of Practice – Meeting Procedures.



INTERNAL REVIEW OF COUNCIL ACTIONS – SECTION 270 OF THE LOCAL GOVERNMENT ACT 1999

We recognise the importance of transparency in decision making and the need to provide a fair procedure for the review of Council decisions, including matters relating to the impact of rates and service charges on ratepayers.

We received three requests in 2018–19 to review Council decisions in accordance with the provisions of Section 270 of the *Local Government Act 1999 – Internal Review of Council Actions*.

Year	Number of reviews
2018–19	3
2017–18	5
2016–17	1
2015–16	3
2014–15	3

FREEDOM OF INFORMATION APPLICATIONS

In 2018–19, 8 requests were received to release information under *Freedom of Information Act 1991*. All requests were resolved:

- › 3 granted in full
- › 3 granted in part and;
- › 2 where there was no information available.

INDEPENDENT AUDITORS

The *Local Government Act 1999* provides that auditors will be appointed on the recommendation of the Audit Committee for a term no longer than five years. As of 1 July 2016, BDO were reappointed as Council's external auditors for a period of three years, with the option to extend for a further two years. On the recommendation of the Audit Committee, Council accepted the option to extend for a period effective from 1 July 2019 until completion of the 2019–20 financial year audit. In 2018–19, BDO were paid \$40,430 (excluding GST) for external auditing services.



LOCAL NUISANCE AND LITTER CONTROL

In 2018–19, in accordance to the *Local Nuisance and Litter Control Act 2017*, 134 complaints were registered, 4 abatement notices were provided and 9 expiation notices were issued.

	Dust	Noise	Odour	Animals	Litter	Insanitary Conditions	Unightly	Total
Complaints	4	33	15	9	57	8	8	134
Abatement Notices		1			2		1	4
Expiations					8		1	9

NATIONAL COMPETITION POLICY

Competitive neutrality is one of the key principles of the National Competition Policy. The principle is based on the concept of a level playing field for people competing for business and relates to any situation where there is, or there is the potential for, competition between the private and public sectors.

Councils are required to identify their business activities and disclose those in Category One (annual gross operating income greater than \$2 million per year) and Category Two (annual gross operating income less than \$2 million per year).

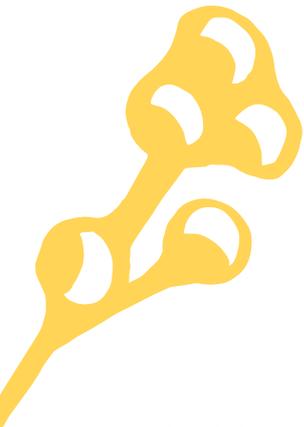
In 2018–19 we continued to maintain the following significant business activities:

- › Alwyndor Aged Care Facility
- › Brighton Caravan Park
- › Partridge House
- › Kauri Parade Sporting Complex
- › The Glenelg Visitor Information Centre.

COMPETITIVE TENDERING

Tenders are called for contracts in excess of \$50,000, provided Council is of the reasonable opinion that a competitive process is practicable and will deliver greater benefit than through other methods. All tendering is managed within the following procurement principles:

- › Value for money.
- › Transparent, accountable, fair and ethical.
- › Social and environmental sustainability.
- › Supports local economic development.
- › Conforms with our work health and safety policies.

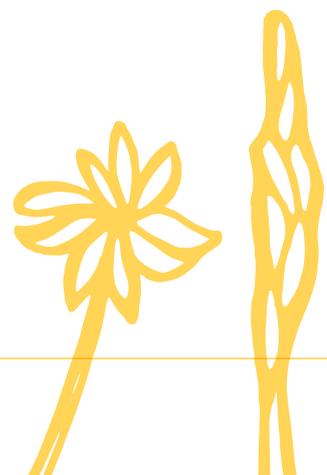


REPRESENTATION QUOTA

The number of electors represented by each City of Holdfast Bay elected member, and comparative data for similar councils, is shown below:

Council	Number of members (including the Mayor)	Number of electors	Elector/ representation ratio
Burnside	13	31,453	1:2419
Campbelltown	11	35,020	1:3183
Holdfast Bay	13	27,660	1:2127
Mitcham	14	48,161	1:3440
Norwood, Payneham and St Peters	14	25,108	1:1793
Unley	13	27,389	1:2106
West Torrens	15	41,058	1:2737
Average			1:2543

DAFT





NUMBER OF ITEMS DISCUSSED IN CONFIDENCE

There were 20 Confidential Orders made in 2018–19 under s90(2), *Local Government Act 1999*.

The grounds of each Confidential Order are reflected in the table below. There can be multiple grounds under each Order.

Grounds of Confidential Orders	Grounds for Confidential Orders	Orders Expired	Ceased to Apply	Revoked	Remained Operative	Partially Released
A Personal affairs	2				2	
B Commercial advantage	16				16	
C Trade secret						
D Commercial information not a trade secret	15				15	
E Security/safety						
F Maintenance of law						
G Breach of law						
H Legal advice	7				7	
I Litigation						
J Minister of the Crown						
K Tenders for the supply of goods						
M Amendment to the Development plan						
N <i>Freedom of Information Act 1982</i>						

CONFIDENTIAL ORDERS RELEASED FROM PREVIOUS YEARS FOR 2018

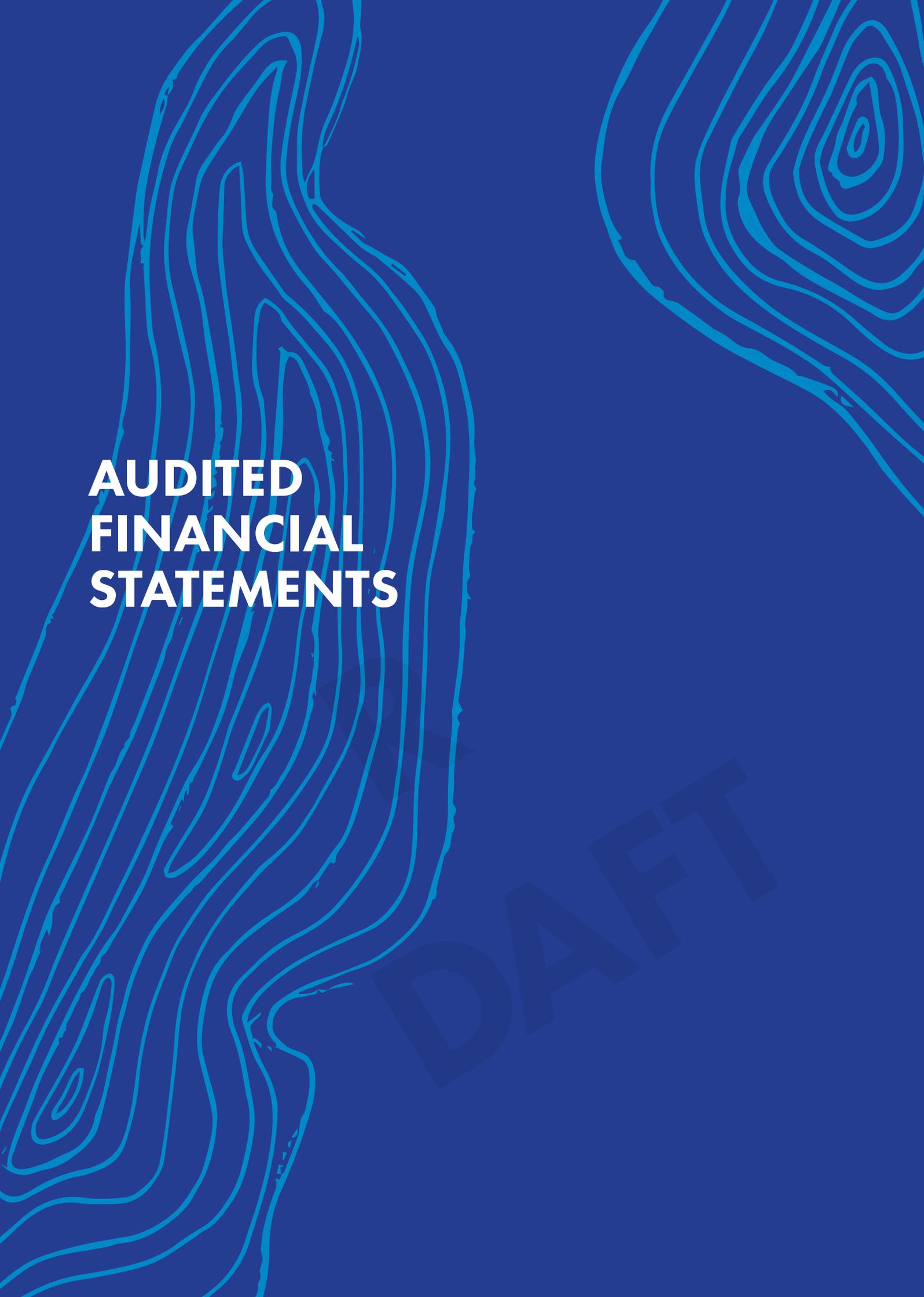
The grounds of each Confidential Order are reflected in the table below. There can be multiple grounds under each Order that were released.

Grounds of Confidential Orders	Grounds for Confidential Orders
A Personal affairs	
B Commercial advantage	2
C Trade secret	
D Commercial information not a trade secret	2
E Security/safety	
F Maintenance of law	
G Breach of law	
H Legal advice	
I Litigation	
J Minister of the Crown	
K Tenders for the supply of goods	1
M Amendment to the Development plan	
N <i>Freedom of Information Act 1982</i>	

ITEMS RETAINED IN CONFIDENCE

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Items	1	1	0	0	9	2	0	1	2	1	0	0	4	17	31	20





**AUDITED
FINANCIAL
STATEMENTS**

DAEFT



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