

## MINUTES

### South Australian Local Government Financial Management Group Executive Committee

18 January 2019 at 9:30am

City of Onkaparinga – Council Office, Civic Area – Ramsay Place, Noarlunga Centre

#### 1. Present

##### Executive Committee:

- Kate George (President), City of Salisbury
- Elizabeth Williams (Vice President), Alexandrina Council
- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Angela Papatheodorakis, City of Port Adelaide Enfield
- Annette Martin, City of Charles Sturt
- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- David Harman, City of Marion
- Leta Northcott, City of Mitcham
- Norm Biggs, City of West Torrens
- Rajith Udugampola, Adelaide Plains Council
- Sonia Sghendo, City of Onkaparinga

##### Proxies:

- Joe Scordo, Light Regional Council (for Mark Lague)

##### Observers/Guests:

- Rebecca Muller, LGA
- Corey Round, City of Onkaparinga
- Diane Eckermann, City of Onkaparinga
- Elise Woolcock, City of Playford
- Grace Pelle, City of Playford
- Joan Murrell, City of Onkaparinga

*It is important to note that on occasion it may be necessary for the Executive Committee to discuss an item in confidence and in those circumstances, observers and guests will be asked to leave the room for that item.*

#### 2. Apologies

- Clive Hempel (Secretary), Mid Murray Council
- Craig Mudge, District Council of Mount Remarkable
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Pep Piscioneri
- Sarah Taylor
- Simon Zbierski, City of Campbelltown
- Katy Bone, Town of Walkerville

#### 3. Presentations

Nil

#### 4. Confirmation of Minutes

**Moved:** Elizabeth Williams

**Seconded:** Chris Birch

**Recommendation:** That the minutes of the meeting held on 23 November 2018 be confirmed as a true and correct record.

**CARRIED**

#### 5. Business Arising from the Minutes

Nil

#### 6. Treasurer's Report

Alex advised that we are in a good financial position. Still trying to finalise account access that is required with NAB and the new accounting software, this is almost finalised so that P&L reports and financial statements can be created. Alex explained the issues that have led to delays in reporting. We are still waiting for the final payment from the sponsor who cancelled their three year contract.

Treasurer's Report			
Action Items	Meeting	Responsible	Status
Purchase and setup XERO and Arlo.	27/04/18	Treasurer	<b>Arlo setup complete. Xero setup complete – only a few areas left to update.</b>
Commence legal action to recover unpaid sponsorship for 2017/18.	21/09/18	President/ Treasurer	<b>In progress.</b>

#### 7. Projects/Work Groups – Update/Status

##### 7.1 Asset Management – Katy Bone (Chairperson)

Kate advised that there is a survey that has been drafted to get some insight into how we are travelling in Local Government with Asset Management Plans. The survey has been sent to all FMG Members.

##### 7.2 Costing Principles – Alex Oulianoff (Chairperson)

Alex advised that there will be a meeting in the next month or so to review ESCOSA submissions, to see if any Councils need help with any compliance issues and to look at a benchmark for Councils that deal with wastewater.

### 7.3 Events – Kate George (Chairperson)

#### 7.3.1 March Conference – 15 March 2019, Adelaide Convention Centre

Kate advised that the last meeting was held in January. Final contact is being made with a few presenters. Dr Fiona Kerr has been booked with ICMI as our Keynote Speaker.

Before the August AGM a review of the constitution will be undertaken to consider possible changes including the structure of working groups and Members who are external to Local Government.

#### 7.3.2 Executive Committee Nominations

There are some vacancies currently on the Executive Committee. A nomination form will be released to the membership for the vacancies with appointments to take place at the February meeting for the remainder of the current committee term.

**Moved:** Annette Martin

**Seconded:** David Harman

**Recommendation:** *That the FMG release a call for nominations to all Members for the vacancies on the Executive Committee.*

**CARRIED**

Events			
Action Items	Meeting	Responsible	Status
Information Sharing Platform - LinkedIn, Facebook or a website forum (to be investigated with the help of Irene Scales).	31/03/17	Seminar Workgroup	<b>Facebook group created – yet to complete active testing.</b>
Registration fees for Sponsors at Member rate for additional tickets.	23/11/18	Seminar Workgroup	<b>Completed. To be discussed again during the review of the Sponsorship Proposal for 2019/20.</b>

### 7.4 Fees and Charges – Elizabeth Williams (Chairperson)

Elizabeth advised that there is no further progress to report. Recent contact has been made with BDO expressing frustration with the length of time it is taking. The ATO is still holding up the process and the group is trying to get movement from them.

Grace advised that she will provide some information that has been received relative to fees that are included and exempt from GST. Legal advice was sought in November 2018 that will also be provided to the committee.

## 7.5 Financial Management Framework – Mark Lague (Chairperson)

### 7.5.1 Internal Control Survey (Tony Amato & Annette Martin Feedback)

The Executive Committee discussed the Internal Control Survey and noted the following changes:

- In question one after FTE count add: as per audited 2018 financial statements.
- Remove figures from the risks and controls questions (92 & 260) and alter question to be: How many risks are you currently reviewing and how many controls are you currently reviewing (residual risk instead of targeted risk).
- Provide a drop-down box of the LGA categories for metro and regional Councils instead of just asking for regional or metro.
- Additional Question: Who is your external auditor?
- Additional Question: Do you have residual risks that are above your target / acceptable risk level?
- Instead of: To ascertain the level of LG sector compliance, indicate what the overall review scores are for your internal controls. Change to: If using ControlTrack what is your overall review score from the 2018 reviews undertaken.
- Instead of: Do you have a Corrective & Preventative Action Register and how is this maintained? Change to: How do you monitor your action plan / treatment plans?
- For question: How many of the 260 Controls in the Better Practice Model is your Council assessing? Remove: If not all – which specific ones have been excluded?

After working through the survey, the committee discussed the benefits of the survey in its current format. The survey is currently designed to meet too many purposes. Maybe we should try to provide information and consider having breakaway sessions at our events to discuss the issues. For some issues, perhaps Councils can be selected that are similar to each other to work through the issues and then a survey can be conducted later.

**ACTION:** Secretariat to add this matter to the next Executive Committee meeting agenda.

### 7.5.2 Model Financial Statements Contractual Agreement

Shane Sody at the LGA advised via email that the Model Financial Statements for 2019 will be subject to the same process as the previous three years, under the contract with Coalface. The original contract for years 2016, 2017 and 2018 envisaged the possibility of two 12-month extensions and the LGA has exercised its option for the first of these two 12-month extensions. The same arrangement may occur once more for the year ending June 2020 (pending any advice from the FMG). The LGA will need to start looking beyond that point.

### 7.5.3 Related Party Disclosures

Tim Muhlhausler at SALGAG has been emailed and this item is on next week's SALGAG agenda regarding issues that we can perhaps communicate to the Members or adding a sample document/questionnaire on the website. The following is what has been added to the next SALGAG meeting:

- So we can provide assistance as needed are we able to know which Councils were qualified for the 17/18 Financials and why?
- Being the second year-round for AASB124, if they feel there was some compliance or other issues with Councils audit in this area?

At the November 2018 FMG Conference as part of his presentation Tim Muhlhausler advised that there were less audit qualifications in 17/18, areas for Council assistance include issues on:

- Internal control
- Procurement
- Infrastructure assets not revalued regularly some more than 5 years
- FAGS not recognised on receipt
- ICT user access and Masterfile changes

Regarding compliance for AASB124, Tim advised that the Model Financial Statements provided good information and examples for the FMG Members but could be better so that Councils consider inclusions of long-term benefits for the KMPs.

Financial Management Framework			
Action Items	Meeting	Responsible	Status
Discuss ideas from Councils for best practice in relation to AASB124 Related Party Disclosures.	22/09/17	Financial Management Framework Workgroup	<b>In progress. Listed as an agenda item for SALGAG meeting next week.</b>
Discuss what the restrictions are relative to note 10 and also if practical examples should be developed to cover what the restrictions are.	26/10/18	Financial Management Framework Workgroup	
Internal Controls survey to be sent to the Executive Committee for additions and feedback. Prepare survey monkey survey once all feedback is received and provide the link to the LGA for distribution via an LGA circular.	23/11/18	Mark Lague / Patricia Coonan	<b>In progress.</b>
Accounting for the urban tree fund - 12 responses that were received were all different. Issue to be raised at next meeting of the workgroup.	23/11/18	Financial Management Framework Workgroup	

## 7.6 Local Government Price Index – Chris Birch (Chairperson)

Chris advised that his contacts at the Uni will be back at work next week so the actions for this group can start to be worked through. The Grants Commission returns have completed and submitted – all but one Council have sent in their returns which is the highest ever.

Local Government Price Index			
Action Items	Meeting	Responsible	Status
Speak with the SA Centre for Economics regarding forecasting and commentary for the LGPI and provide feedback to the Executive Committee.	18/03/16 & 29/04/16	Chris Birch / LGPI Workgroup	<b>Awaiting result of the Rate Capping Bill to determine whether a forecasting indicator is required.</b>
Work on a set of definitions for data that feeds into the LGPI and supply it to the Grants Commission for their consideration.	21/09/18	LGPI Workgroup	

## 7.7 Long Term Financial Plan – Kate George (Chairperson)

Kate advised that the LTFP model was well received at the conference and many Councils are talking to LG Solutions for implementation. There is a delay on responses to questions etc being experienced by some Councils given the high demand.

Grace advised that there has been some discussion regarding a cash offsets facility through the LGFA. If the demand was large enough, the LGFA would look into providing the service. It would operate like separate bank accounts within the system. Some Councils track this information via an excel spreadsheet.

Long Term Financial Plan			
Action Items	Meeting	Responsible	Status
When the LTFP LG Solutions Lite Model is released, Councils to be notified.	21/09/18	LTFP Workgroup	<b>Completed.</b>

## 7.8 Membership & Communication – Craig Mudge (Chairperson)

Craig provided an update prior to the meeting advising that work has just commenced on the Summer Newsletter, with release anticipated to be the last week of February. Work on updating the buddy list will commence soon with initial emails to be sent out before the FMG conference in March.

Tony advised that they have started the next eNewsletter and the sponsors have all been contacted. A few articles have been received already. Raising the FMG profile and recognition is always important. The FMG is often more seen when Councils are dealing with difficult and high-profile finance issues. The committee could look at booking meetings at locations that have Skype facilities so that more Members can observe the meetings.

Membership & Communication			
Action Items	Meeting	Responsible	Status
Draft an application form for the engagement of distant FMG Members. The form will act as an 'expression of interest' for those members to request to attend FMG Executive Committee meetings free of travel expenses.	23/03/18	Clive Hempel	

## 7.9 Rating and Valuation – Simon Zbierski (Chairperson)

Kate advised that a meeting was held early December at the State Valuation Office.

Joan advised that RPSA was unsuccessful getting funding from the LGA for updating of the Rate Rebate Policy as the application was submitted late and the funding was exhausted. Michael Kelledy has been commissioned by RPSA to do a complete rewrite on the policy and they are hoping to have the draft to launch at the RPSA conference on 6-8 February. RPSA is funding the policy rewrite. The policy document is predominantly to assist rates officers to make decisions. They are open to a contribution from the FMG if so willing, but the final cost is not currently known. The committee agreed that the FMG would have liked to have seen a procurement process undertaken for a rewrite of the policy.

The committee also discussed hardship policies that have been created in some Councils specifically related to Council rates. Playford engaged with external organisations like Anglicare for example. Joan confirmed that the rewrite of the Rate Rebates Policy does not cover hardship or CWS.

The committee discussed the action regarding ‘Charge’s against the land’. Some software packages don’t allow for the inclusion of an additional debt to the rates notices, you can only add it as an additional cost.

<b>Rating and Valuation</b>			
<b>Action Items</b>	<b>Meeting</b>	<b>Responsible</b>	<b>Status</b>
Rate rebate policy – a possible LGR&D Scheme application to be prepared for funding to update the 2008 policy. Workgroup to seek a quote from Michael Kelledy (original author of the policy) to see how much it would cost to have the policy updated.	24/02/17	Rating & Valuation Workgroup	<b>Revenue Professionals SA have applied for LG R&amp;D funding for the rewrite of the Rebate Information paper.</b>
Speak with the LGA regarding “Charge’s against the land”, such as Outstanding Block Clearing Fees and charges under the SA Health Act. Can these be placed on the assessment (rate notice) and charged fines/interest?	23/03/18	Rating & Valuation Workgroup	
Provide FMG submission to ESCOSA regarding the South Australian Local Government Rate Oversight Scheme Guidelines.	21/09/18	President	<b>Completed</b>

#### **7.10 DACO Update – Simon Zbierski and Clive Hempel**

Grace had a question around the invoices Councils are receiving. The invoices are showing 76% net amount, but Councils would like to see the gross and net amounts to understand the difference. The DCMB will likely include this in the next upgrade due in April.

#### **8. Correspondence**

Nil

#### **9. Confidential Discussion Items**

Nil

#### **10. Other Business**

##### **10.1 New Venue for July Meeting (Currently Barossa)**

26 July will now be hosted at the City of Burnside.

## 10.2 Timing of Annual Property Valuation Data – Proposed Circular (Kate George)

If the Rate Oversight Bill or similar comes through, the timing of the SVO processes would need to be revisited. The circular provides two different arguments for and against. This really should be up to each individual Council to decide given the Bill wasn't released. The committee supports the endeavour of the 30 May date. Kate will email the LGA with the committee's feedback.

## 10.3 Nomination Forms to be Released for Executive Committee Vacancies (Kate George)

Discussed at item 7.3.2.

## 10.4 Home/Aged Care Assistance ATO Contractors (Grace Pelle)

Defer to February meeting. No update available currently.

## 10.5 Implementation of AASB1058 Volunteer Services (Tony Amato)

Some Councils have early adopted the standard.

Other Business			
Action Items	Meeting	Responsible	Status
Prepare a letter of thanks for Anna-Lucia Draper who has resigned from the Executive Committee.	22/06/18	Secretariat	<b>In progress for all outgoing Executive Committee Members.</b>
Home/Aged Care Assistance ATO Contractors Issue – add to February agenda.	23/11/18	Secretariat	
That the FMG prepares a submission detailing areas of interest for potential funding to the Local Government Research and Development Scheme for consideration in the Scheme's future Business Plan.	23/11/18	President	<b>Completed</b>
That the FMG prepares a submission to the LGA with regards to the publication of credit card expenditure under the Local Government (Ratepayer Protection and Related Measures) Amendment Bill.	23/11/18	Annette Martin	<b>Completed</b>

## 11. Next Meeting

22 February 2019 – Adelaide Hills Council



Standing and Future Items	Meeting	Frequency
Sponsorship Proposal for the next financial year	March	<b>Annually</b>
AGM Matters and Recommendations: <ul style="list-style-type: none"> <li>• Constitution Draft</li> <li>• Membership Guidelines Draft</li> <li>• Membership Fees Recommendation to AGM</li> <li>• Honorary &amp; Life Member Nominations</li> <li>• Auditor Appointment Recommendation to AGM</li> <li>• Executive Committee Nominations</li> </ul>	June	<b>Annually</b>
<ul style="list-style-type: none"> <li>• Davin Lambert – LGFA update</li> <li>• Constitution Recommendation to AGM</li> <li>• Membership Guidelines adoption</li> </ul>	July	<b>Annually</b>
<ul style="list-style-type: none"> <li>• New Committee Members</li> <li>• Workgroup allocations</li> <li>• Proxy/Deputy Chairperson for each of the Workgroups and Executive Committee meetings</li> <li>• Meeting dates for next 12 months</li> <li>• Event registration fees for the financial year</li> </ul>	September	<b>Annually</b>
DACO Update	Every Meeting	<b>Every Meeting</b>

## 12. Close

**For further information regarding topics raised at the FMG Executive Committee meetings, please see contact details below:**

FMG President, Kate George: [kgeorge@salisbury.sa.gov.au](mailto:kgeorge@salisbury.sa.gov.au).

- Asset Management Workgroup Chairperson, Katy Bone: [KBone@walkerville.sa.gov.au](mailto:KBone@walkerville.sa.gov.au)
- Costing Principles Workgroup Chairperson, Alex Oulianoff: [aoulianoff@dcmtbarker.sa.gov.au](mailto:aoulianoff@dcmtbarker.sa.gov.au)
- Events Workgroup Chairperson, Kate George: [kgeorge@salisbury.sa.gov.au](mailto:kgeorge@salisbury.sa.gov.au)
- Fees and Charges Workgroup Chairperson, Elizabeth Williams: [elizabeth.williams@alexandrina.sa.gov.au](mailto:elizabeth.williams@alexandrina.sa.gov.au)
- Financial Management Framework Workgroup Chairperson, Mark Lague: [mlague@barossa.sa.gov.au](mailto:mlague@barossa.sa.gov.au)
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- Long Term Financial Plan Workgroup Chairperson, Kate George: [kgeorge@salisbury.sa.gov.au](mailto:kgeorge@salisbury.sa.gov.au)
- Membership & Communication Workgroup Chairperson, Craig Mudge: [finance@mtr.sa.gov.au](mailto:finance@mtr.sa.gov.au)
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