



2 February 2024

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File Ref: GOV9.14.041

Dear Committee Member

NOTICE OF MEETING

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference and Section 87(7) of the Local Government Act, 1999, as amended that a meeting for the **Victor Harbor Horse Tram Authority Audit Committee** has been called for:-

DATE: Wednesday, 7 February 2024
TIME: 12:30pm
PLACE: 'The Stables' 11 Canton Place, Victor Harbor

Please find enclosed a copy of the Agenda for the meeting.

Yours faithfully

Megan Whibley
General Manager
Victor Harbor Horse Tram Authority

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.



**VHHTA Audit Committee
 Membership**

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	22 February 2023	22 February 2024
Independent Member(s)	Kate Christ	22 February 2023	22 February 2024
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2025
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	22 February 2023	22 February 2024
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2025
Office Bearers			
Chairperson	John Morgan	22 February 2023	22 February 2024
Deputy Chairperson	Rachel Kennedy	22 February 2023	22 February 2024

1. Open Meeting/Welcome

2. Attendance

John Morgan (Chair)
 Laura Hodgson
 Rachel Kennedy
 Nigel Catt
 Kate Christ

Megan Whibley (General Manager VHHTA)
 Whitney Mainwaring (Minute Secretary - Consultant)



3. Apologies

Nil

4. Minutes of Previous meeting

- 4.1 Minutes –Victor Harbor Horse Tram Authority Audit Committee- 5
31 October 2024

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

- 6.1 Action List Report 10
6.2 December Budget Review Report 12

7. Reports for Decision

- 7.1 VHHTA Audit Committee Annual Self-Assessment 24
7.2 VHHTA Audit Committee Meeting Date Change Report 30

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

- 9.1 Terms of Reference Review/Name Change of Audit Committee

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Reports

Nil

Victor Harbor Horse Tram Authority
Audit Committee Meeting Agenda
For meeting Wednesday 7 February 2024
Commencing at 12:30pm



Next Meeting

Wednesday 8 May 2024, 12:30pm – At the Stables

Meeting Close

Please be advised

- *That filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*



Meeting **Victor Harbor Horse Tram Authority Audit Committee**

Date **7 February 2024**

From **Megan Whibley**

Subject **Minutes of the Previous Meeting**

Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 31 October 2023 be confirmed as a true and accurate record.

INFORMATION

Purpose

The purpose of this report is to present the Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held on 31 October 2023 for confirmation.

Background

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 31 October 2023 were received at the Victor Harbor Horse Tram Authority Board meeting held Wednesday, 13 December 2023.

Commentary

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 31 October 2023 were distributed to Members.

A copy of the minutes are provided at attachment A.

RISK ASSESSMENT

Legal and Compliance – The minutes were prepared and distributed to members in line with legislation. This risk is assessed as **low**.

REFERENCES

Nil

BUDGET IMPLICATIONS

Excluding endorsed budgeted staff resources there are no budget implication in confirming the Victor Harbor Horse Tram Authority Audit Committee minutes.

No additional funds are required.

CONSULTATION

Victor Harbor Horse Tram Authority Audit Committee members

Minutes of the Victor Harbor Horse Tram Authority
Audit Committee Meeting
For meeting Tuesday 31 October 2023
Commencing at 12:30pm, The Stables, 11 Canton Place,
Victor Harbor



8. Presentations

Nil

9. Discussion Items – No decision(s)

9.1 VHHTA AC Terms of Reference and its compliance with current legislation.

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Item(s)

Nil

13. Next Meetings

Next meeting – Tuesday 6 February 2024, 12:30PM, at 'The Stables' 11 Canton Place, Victor Harbor.

14. Meeting Closed.

The meeting closed at 1:02 pm.

***Please be advised** that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*



Meeting **Victor Harbor Horse Tram Authority Audit Committee**

Date **7 February 2024**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

RECOMMENDATION

That the Audit Committee receive and note the Action List Report.

INFORMATION

Purpose

The purpose of this report is to provide the status of action items from previous meetings for consideration.

Background

The Audit Committee provides recommendations to the Authority and may also request information pertaining to financial, strategic or corporate risks for consideration. The Action List provides details and status of these requests.

Commentary

The Action List has been updated and is provided at attachment A.

RISK ASSESSMENT

Information – No risks have been assessed in relation to this report as it has been provided for information only and no formal decision is required.

REFERENCES

Nil

BUDGET IMPLICATION

Excluding endorsed budgeted staff resources there are no budget implications in the preparation or receipt of the Action List. No additional funds are required.



Attachment A
VHHTA – Outstanding Action List– updated 31-Jan-24
 *newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
26 Sept 2023	6.1.1	Action: The Audit Committee request that the VHHTA Terms of Reference are reviewed/updated to align with new legislation. Michelle Bennetts is happy to review the TOR.	In progress
10 May 2022	6.2.1	Action: To edit numbers as displayed in the budget graphs are justified to the right with consistent decimal places	Ongoing
10 August 2021	AC016	Action: Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress

Meeting **Victor Harbor Horse Tram Authority Audit Committee**

Date **7 February 2024**

From **Megan Whibley**

Subject **December Budget Review 2023/24 Report**

Report Number **6.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the December Budget Review 2023/24 Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee advises the Victor Harbor Horse Tram Authority that it has reviewed the December Budget Review Report and is satisfied the current position of the Authority aligns with the 2023/24 Budget.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority Audit Committee to endorse The December Review of the 2023/2024 Budget Report, and to advise the Victor Harbor Horse Tram Authority (VHHTA) that the review aligns with goals set in the 2023/24 Budget.

Background

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirements for regular budget reviews. Regulation 9(1)(b) and 9(2) of the Local Government (Financial Management) Regulations 2011 requires a budget review to include a revised forecast of the VHHTA's operating and capital investment activities compared with estimates set out in the budget.

Further, the Victor Harbor Horse Tram Authority Audit Committee is required by the Terms of Reference to review annual financial statements and reports on a regular basis:

- 2.1 The Committee is established for the purposes of Section 13(4) of Schedule 2 of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 to:*
 - 2.1.1 review annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the Authority; and*
 - 2.1.2 review the adequacy of Authority risk management systems; and*
 - 2.1.3 propose, and provide information relevant to, a review of the Authority's strategic management plans or annual business plan; and*
 - 2.1.4 liaise with the Authority's external auditor; and*
 - 2.1.5 review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Authority on a regular basis.*

The December report for the 2023/2024 financial year has been prepared on schedule.

This December Review of the 2023/2024 Budget is a review addressing the first 6 months of the 2023/2024 financial year.

Commentary

The 2023/2024 budget is performing well, despite the unusual weather patterns experienced during this summer season, leading to intermittent shutdowns during peak tourist periods. The commencement of operations at the new stables and the introduction of behind-the-scenes experiences has shown early success, with revenue already generated. Anticipated growth is on the horizon as additional offerings are planned for release throughout the year, further contributing to the positive trajectory of income over time.

It's worth noting that in October 2023, another peak tourist period, the Horse Tram operated minimally due to unexpected horse illnesses and injuries. This unforeseen circumstance serves as a reminder that businesses involving animals can encounter unexpected challenges. Despite such challenges, the VHHTA remains resilient and committed to the continued success of the Horse Tram venture.

During the previous fiscal year, VHHTA achieved a revenue surplus of \$168,000, with Council's endorsement to allocate \$100,000 of this surplus for reinvestment in the construction of the stables complex, which has now been operational since late 2023. However, it's noteworthy that the entirety of the \$100,000 allocation was utilised in completing essential components, including a training yard, earthworks, and repurposing causeway timbers, incurring higher costs than initially expected. Fortunately, the initial phase of operations at the new stables, coupled with the introduction of behind-the-scenes experiences, has demonstrated early success, resulting in generated revenue. Projected growth is on the horizon, with additional offerings planned for release throughout the year, contributing to the sustained positive trajectory of income.

Despite the promising outcomes thus far, there remains a need to finalise certain aspects of the stables to ensure preparedness for all seasons. As VHHTA has approval from Council to retain the remaining \$68,000 surplus generated last year, it is proposed that these funds be recognised within operating expenditure this year to complete the following enhancements:

- \$8,633 allocated for fencing to create a secure raceway connecting the paddocks at 20 Canton Rd to the new stables. This measure aims to establish a safe pathway for both horses and staff.
- \$5,600 designated for the installation of a new roller door on the stables, contributing to improved visitor comfort, particularly during cold and windy winter months.
- Allocating \$5,000 for the completion of external paving to the east of the complex, utilising cost-effective and repurposed CVH pavers to ensure a sustainable and aesthetically pleasing solution.
- \$2,000 allocated to resolving drainage issues around the complex
- Allocating \$2,000 for the final touches to landscaping to enhance the overall aesthetics and environmental appeal of the complex.
- Securing an additional \$30,000 to finalise the engineering and repurposing of artistic screens designed by local Aboriginal artists, currently unused, to incorporate them as unique artwork around the stables complex, subject to obtaining necessary approvals.

In the pursuit of greater financial self-sufficiency, VHHTA has demonstrated significant progress, both financially and in productivity, over the past year. A cornerstone of this progress lies in our

commitment to gradually reduce reliance on Council contributions, steering towards a future where operations are predominantly sustained through self sourced revenue streams.

Council's contribution has not seen any increases since 2020, and has remained constant at \$365,000 this current fiscal year and will not change as a result of the VHHTA utilising the remainder of the 2023/24 surplus operating funds. In the face of inflationary pressures and escalating operational costs, maintaining the same monetary contribution signifies a decrease in real value when adjusted for these economic factors.

This steadfast commitment to financial independence is a testament to VHHTA's resilience and adaptability.

The December Review of the 2023/2024 Budget is provided at Attachment B to this report with Financial Statements provided at Attachment A.

RISK ASSESSMENT

Risks associated with the recommendation have been assessed as follows:

Financial Management – The VHHTA is on track to achieve an end of financial year position in accordance with the adopted budget. The Board are continuing to find ways to generate own-source income outside of ticket sales to improve the bottom line into the future. The risk is assessed as **low**.

Reputation - The Board are continuing to find ways to generate own-source income to reduce the dependency on Council funding which will go toward appeasing any community concern regarding the use of ratepayer money to fund Horse Tram operations. The VHHTA has been able to provide information to the Victor Harbor community around the benefits of the iconic Horse Tram as a driver of the tourist economy and as an attraction for Victor Harbor versus the relatively low cost of keeping the service running, via the study and report by Laura Hodgson, titled 'The Assessment of the Value of the Victor Harbor Horse Tram'. This risk is assessed as **low**.

Governance - the recommendation meets the requirements of the Charter and legislation. The risk is assessed as **low**.

REFERENCES

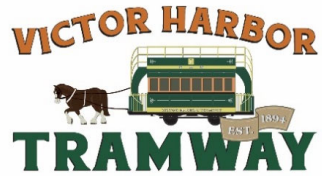
Victor Harbor Horse Tram Authority 2023/2024 budget
Victor Harbor Horse Tram Authority Charter
Victor Harbor Horse Tram Authority Audit Committee Terms of Reference
Local Government (Financial Management) Regulations 2011

BUDGET IMPLICATION

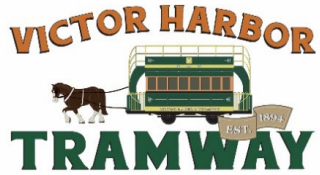
The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at Attachment B remains unchanged at \$365,000 with the remaining \$68,000 from the 2022/23 operating surplus being recognised as 2023/24 expenditure.

CONSULTATION

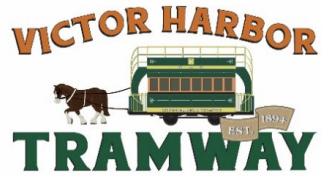
SMP Chartered Accountants
Kate Edwards IgiQ
City of Victor Harbor



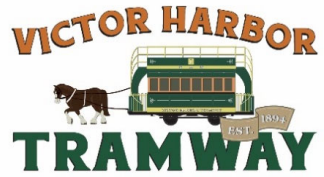
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
INCOME					
Ticket & Bookings Sales	810	313	796	796	-
Council Contribution	415	274	365	365	-
Other income	223	89	417	317	(140)
Total Income	1,448	676	1,578	1,478	(140)
DIRECT EXPENSES					
Employee Costs	698	384	954	877	(89)
Materials, Contracts and Other Expenses	529	394	557	689	2
Depreciation, amortisation & impairment	52	-	66	67	-
	1,279	778	1,577	1,633	(87)
OPERATING SURPLUS / (DEFICIT)	169	(102)	1	(155)	(53)
Net gain (loss) on disposal or revaluation of assets	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	169	(102)	1	(155)	(53)



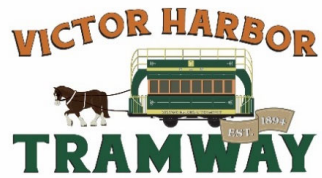
VICTOR HARBOR HORSE TRAM AUTHORITY CASH FLOW STATEMENT	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Operating receipts	1,470	680	1,579	1,477	-
Investment receipts	-	-	-	-	-
Payments					
Operating payments to suppliers & employees	(1,267)	(557)	(1,491)	(1,544)	-
Finance payments	(2)	-	(9)	(9)	-
Net Cash provided by (or used in) Operating Activities	201	123	79	(76)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Grants specifically for new or upgraded assets	-	-	-	-	-
Sale of Assets	-	-	-	-	-
Payments					
Capital Expenditure on renewal/replacement of assets	(98)	(24)	-	5	-
Capital Expenditure on new/upgraded assets	-	(16)	(55)	(55)	-
Net Cash provided by (or used in) Investing Activities	(98)	(40)	(55)	(50)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Proceeds from Borrowings	-	-	55	55	-
Payments					
Repayment of Borrowings	(33)	200	(88)	(85)	-
Net Cash used in Financing Activities	(33)	200	(33)	(30)	-
NET INCREASE (DECREASE) IN CASH HELD	70	283	(9)	(156)	-
CASH AT BEGINNING OF YEAR	91	161	90	161	-
CASH AT END OF PERIOD	161	444	81	5	-



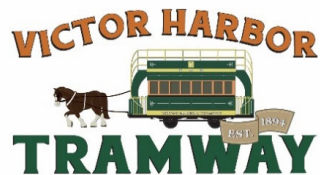
VICTOR HARBOR HORSE TRAM AUTHORITY BALANCE SHEET	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	161	444	81	7	(53)
Trade & Other Receivables	18	13	-	18	-
Inventories	-	-	-	-	-
Total Current Assets	179	457	81	25	(53)
Non-Current Assets					
Infrastructure, Property, Plant & Equipment	211	249	198	198	-
Total Non-Current Assets	211	249	198	198	-
TOTAL ASSETS	390	706	279	223	(53)
LIABILITIES					
Current Liabilities					
Trade & Other Payables	64	284	9	10	-
Short-term Provisions	59	59	32	32	-
Short-term Borrowings	87	87	35	35	-
Total Current Liabilities	210	430	76	77	-
Non-Current Liabilities					
Long-term Provisions	13	13	40	40	-
Long-term Borrowings	-	200	94	94	-
Total Non-Current Liabilities	13	213	134	134	-
TOTAL LIABILITIES	223	643	210	211	-
NET ASSETS	167	63	69	12	(53)
EQUITY					
Accumulated Surplus	167	63	69	14	(53)
	167	63	69	14	(53)



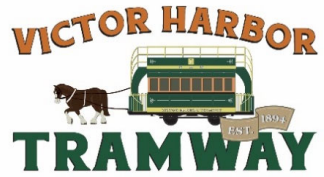
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CHANGES IN EQUITY	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
ACCUMULATED SURPLUS					
Opening balance at beginning of financial year	(2)	167	68	167	-
Total comprehensive income for the year	169	(102)	1	(155)	(56)
Closing balance at end of period	167	65	69	12	(56)



VICTOR HARBOR HORSE TRAM AUTHORITY UNIFORM PRESENTATION OF FINANCES	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
Operating Revenues	1,448	676	1,578	1,478	(140)
less Operating Expenses	(1,279)	(778)	(1,577)	(1,633)	87
OPERATING SURPLUS (DEFICIT) BEFORE CAPITAL AMOUNTS	169	(102)	1	(155)	(53)
NET OUTLAYS ON EXISTING ASSETS					
Capital Expenditure on Renewal and Replacement of Existing Assets	(98)	(24)	-	5	-
add back Depreciation, Amortisation and Impairment	52	778	66	67	-
add back Proceeds from Sale of Replaced Assets	-	-	-	-	-
	(46)	754	66	72	-
NET OUTLAYS ON NEW AND UPGRADED ASSETS					
Capital Expenditure on New and Upgraded Assets	-	(16)	(55)	(55)	-
add back Amounts Received Specifically for New and Upgraded Assets	-	(16)	(55)	(55)	-
	-	(16)	(55)	(55)	-
NET LENDING (BORROWING) FOR FINANCIAL PERIOD	169	(118)	12	(138)	(53)



VICTOR HARBOR HORSE TRAM AUTHORITY FINANCIAL INDICATORS	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
Operating Surplus Ratio <i>being operating surplus (deficit) divided by operating revenue</i>	11.7%	-15.1%	0.1%	-10.5%	
Net Financial Liabilities <i>being total liabilities less financial assets (excluding equity accounted investments in Council business)</i>	44	186	129	186	53
Net Financial Liabilities Ratio <i>being total liabilities less financial assets (excluding equity accounted investments in Council business), divided by total operating revenue</i>	3.0%	27.5%	8.2%	12.6%	-37.9%
Asset Management Plan forecast project spend for renew	98	24	-	(5)	
Asset Renewal Funding Ratio	100%	100%		100%	
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets. The optimal level planned refers to the Council's Asset Management Plan (AMP) which forecasts the activities/projects that need to be undertaken in order to maintain the Council's assets.</i>					
<i>The ideal ratio is 100%, where VHHTA is spending the amount required each year to renew and replace existing assets so they continue to operate optimally to meet the organisations objectives.</i>					
Own Source Funding		52%	77%	68%	



VICTOR HARBOR HORSE TRAM AUTHORITY CAPITAL EXPENDITURE	Actual	Actual	Budget	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 2 \$'000	BR2 to BR1 \$'000
CAPITAL NEW					
IT equipment	-	-	10	10	-
Tools	-	-	5	5	-
Tractor/mower/slasher	-	-	20	20	-
Gater	-	16	15	15	-
Work vehicle	-	-	-	-	-
Second float	-	-	-	-	-
Harness Equipment	-	-	5	5	-
Equissage	-	-	-	-	-
Total - Capital New	-	16	55	55	-
CAPITAL REPLACEMENT					
Float	-	-	-	-	-
Second Float	-	-	-	-	-
Work Vehicle	-	-	-	-	-
harness Equipment	-	-	-	-	-
Spray unit	-	-	-	-	-
Gater	-	-	-	-	-
Work Ute	-	-	-	-	-
Tractor/mower/slasher	-	-	-	-	-
Tools	-	-	-	-	-
IT Equipment	-	-	-	-	-
Total - Capital Replacement	-	-	-	-	-
	-	16	55	55	-

Victor Harbor Horse Tram Authority Budget



Income	Description	YTD 23/24	Original	Revised 1	Revised 2	Variance BR2 to BR1 (\$)	Variance BR2 to BR1 (%)	VarianceComments
Ticket Sales	Casual and Group bookings	312,372	796,235	796,235	796,235	-	-	
	Souvenir sales and donations/sponsorship	61,962	155,000	195,416	155,000	(40,416)	(21%)	Figures are indicating a slowing in sales
Other Income	Department of Infrastructure and Transport					-	-	
	Behind the scenes	3,839	177,100	177,100	77,100	(100,000)	(56%)	Delayed start and soft start
	DIT Boom gate monitoring	17,329	45,000	45,000	45,000	-	-	
	Council Contribution	273,750	365,000	365,000	365,000	-	-	
	Interest and Other Income	5,451	40,100	40,100	40,100	-	-	
	Total Income	674,703	1,578,435	1,618,851	1,478,435	(140,416)	(21%)	

Expenses	Description	YTD 23/24	Original	Revised 1	Revised 2	Variance BR2 to BR1 (\$)	Variance BR2 to BR1 (%)	Comments
Employee Costs	Salaries, superannuation & workcover	383,908	954,270	964,686	875,570	(89,116)	(9%)	Behind the scenes wages down due to delayed opening
Depreciation	Depreciation for fixed assets	-	66,720	66,720	66,720	-	-	
Administration	Travel, stationary, printing, communication, insurance, utilities, training and development	74,311	142,830	132,830	122,830	(10,000)	(8%)	Vehicle expenses down
Maintenance	Building, stables, tram, paddock and equipment maintenance	124,268	35,000	135,000	188,000	53,000	39%	Stables finalising and maintenance
	Horse Care - feed, farrier and vet fees	53,165	70,000	90,000	105,000	15,000	17%	Horses expenses looking like similar to last 22/23
Marketing	Advertising, promotions, and souvenir purchases	43,214	100,000	120,000	80,000	(40,000)	(33%)	Advertising down due to delayed start to behind the scenes and souvenir purchases down due to less sales.
Other Expenses	Committee, cleaning, consultants, professional services, volunteer and staff amenities	37,102	122,760	122,760	98,760	(24,000)	(20%)	Costs associated with volunteers and cleaning down. Cleaning happening in house.
Administration charge	Rent on Assets	22,500	16,855	16,855	16,855	-	-	- EOFY adjustment to occur
Corporate Support	IT, Finance, Records and Administration	38,850	70,000	70,000	77,700	7,700	11%	Increased from predicted budget to follow CPI increases
	Total Expenses	777,318	1,578,435	1,718,851	1,631,435	(87,416)	(5%)	

TOTAL BUDGET		(102,615)	0	(100,000)	(153,000)	(53,000)	53%	2022/23 surplus utilising for Stables completion
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Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **7 February 2023**
From **Megan Whibley**
Subject **VHHTA Audit Committee Annual Review Report**
Report Number **7.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the VHHTA Audit Committee Self-Assessment Review Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee members complete individual responses to the VHHTA Audit Committee Self-Assessment Survey at attachment A to this report and provide those responses to the VHHTA General Manager.**
- 3. That the Victor Harbor Horse Tram Authority Audit Committee recommend that the General Manager provide a report to the Committee on the results of the assessment at the next meeting.**

INFORMATION

Purpose

The purpose of this report is for the VHHTA Audit Committee to undertake the annual review process, encompassing a self-assessment survey.

Background

Section 15.1 of the VHHTA Committee Terms of Reference states:

- 15.1 The Committee shall at least once a year, review its own performance in line with the purpose for establishing the Committee; and review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Authority for approval.

Section 15.2 also states:

- 15.2 These Terms of Reference shall be reviewed by the Authority annually.

The VHHTA Charter does not detail Audit Committee responsibilities, other than Audit Committee membership. The Local Government Act 1999, at Part 2, Section 126(4) does outline the functions of an Audit Committee. These functions are detailed in the VHHTA Audit Committee Terms of Reference.

Commentary

The VHHTA Audit Committee (AC) is required by its section 15.2 of its Terms of Reference to review its own performance annually. In order to comply with this requirement a process for self-review has been established.

The VHHTA process for Audit Committee Member self-review is as follows:

1. The Audit Committee Members annually review the Committee Assessment Review Survey, as provided at attachment A to this report, to ensure relevance to, and coverage of, the Committee's role, and in order to achieve a consistent baseline for Committee self-reflection.
2. The Audit Committee Members complete the self-assessment survey and provide their individual responses to the VHHTA General Manager (GM).
3. That the GM provide a report to the Committee on the results of the assessment at the next meeting. The GM report shall highlight strengths of the Audit Committee as well as identify areas for improvement and potential remedial action.

The survey will be provided to the Committee in an excel format for ease of completion and collation of responses, with a static word document version also provided at attachment A of this report.

The VHHTA Audit Committee Terms of Reference are provided at attachment B to this report for Audit Committee Members review. Any Audit Committee recommended changes will be provided to the Board for consideration during the Terms of Reference annual review.

RISK ASSESSMENT

Corporate Governance –The Audit Committee carries a governance risk by not meeting its responsibilities in accordance with the Audit Committee Terms of Reference. This risk will be mitigated by an annual process of self-review, and annual review of its Terms of Reference, ensuring regular review and compliance of Audit Committee responsibilities under the Local Government Act 1999.

BUDGET IMPLICATIONS

There are no budget implications associated with the Board receiving and noting the VHHTA Audit Committee Annual Review Report

VHHTA Audit Committee Annual Review

Self-Assessment Survey 2024

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
Members of the Committee understand their role and responsibilities						
The Committee reviews annually its terms of reference and recommends any necessary changes to the Board						
Committee members are independent of management, exercise their own judgement, voice their own opinions and act freely from any conflicts of interest						
The Committee collectively has sufficient skills, experience, time and resources to undertake its duties						
All Committee members demonstrate the highest level of integrity; including maintaining utmost confidentiality and identifying, disclosing and managing conflicts of interest						
There is a general understanding of the Authority, Local Government sector and external issues						
Committee Members attend meetings on a regular basis						

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
The Committee Chair runs meetings appropriately to ensure that the committee's workload is dealt with effectively						
The Committee works constructively as a team and works well with staff and individuals that attend meetings						
The Committee provides effective support to the Board in fulfilling its responsibility and adding value to the Authority						
The meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) and allow sufficient time for the discussion of substantive matters						
Meeting agendas and related background information is circulated in a timely manner						
The Committee receives information, presentations, or explanations considered necessary to fulfil its responsibilities						
Meeting agendas and supporting papers are well structured and well written						
Effective minutes are prepared, distributed and followed up						
Meetings allow Committee members to raise any issue they believe relevant						

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
Overall, the Committee is efficient and effective						
The Committee assures itself that responsibility is taken by appropriate parties for risk identification and control, with formal assurance through reporting that key risks are being adequately managed						
The Committee is satisfied that there is an effective program in place to ensure that risk management is an integral part of the way in which the Authority conducts business						
In monitoring the integrity of the financial statements of the VHHTA, the committee meets its requirements at S7.1 of the TOR						
In regards to Internal Controls and Management Systems, the Committee meets their duties under S7.2 of the TOR						
In regards to the External Audit Process, the Committee meets their requirements under S7.3 of the TOR						
The Committee meets with the external Auditor as needed, and at least once per year						
The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR						

Attachment A

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR						
The committee reviews the effectiveness of the external audit in accordance with S7.3.5 and S7.3.6 of the TOR						
Management responds to external audit recommendations in a timely and appropriate manner						
Do you have any suggestions for improving any aspect of the Committee's performance, role or functions? Please provide details.						

The resolution of the Audit Committee endorsed the following Audit Committee Meetings:

Date - 2024	Location	Time
Tuesday 6 February 2024	The Stables – 11 Canton Place	12:30pm to 2:00pm
Tuesday 9 May 2024	The Stables – 11 Canton Place	12.30pm to 2:00pm
Tuesday 24 September 2024	The Stables – 11 Canton Place	12:30pm to 2:00pm
Tuesday 29 October 2024	The Stables – 11 Canton Place	12:30pm to 2:00pm

Commentary

The VHHTA has become aware that the meetings to be held on 6th February 2024, 7th May 2024, 24th September 2024 and 29th October 2024 all fall just one day prior to scheduled VHHTA Board Meetings. This proposal to change the meeting dates of the Victor Harbor Horse Tram Authority (VHHTA) Audit Committee to align with the VHHTA Board Meetings.

The VHHTA Audit Committee Terms of Reference state:

8.1.1 The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle.

RISK ASSESSMENT

Governance – the recommendation meets the requirements of the Terms of Reference, relevant legislation, and the Code of Practice for Meeting Procedures. However, it is essential to acknowledge a potential risk associated with scheduling both the Audit Committee meetings and the Board Member meetings on the same day. This arrangement may pose challenges when the Audit Committee proposes changes or submits recommendations to the Board that cannot be incorporated into the board meeting on the same day. While we are technically adhering to the Terms of Reference, this scheduling conflicts with 8.6.4 of the Terms of Reference which states: *One copy of all minutes shall be supplied to the Authority Board before its next meeting following that of the Committee.* This is particularly significant given the legal requirement to post the agenda three clear days before the board meeting date. While not directly deviating from the Terms of Reference, it's essential to recognise that this scheduling introduces a **medium level of risk**.

REFERENCES

VHHTA Audit Committee Terms of Reference
VHHTA Code of Practice for Meeting Procedures

BUDGET IMPLICATIONS

There are no budget implications in rescheduling the meetings.