



5 May 2023

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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:** Tuesday, 9 May 2023

**TIME:** 12:30pm

**PLACE:** Encounter Room

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

Yours faithfully

A handwritten signature in black ink that reads "Megan Whibley". The signature is written in a cursive style.

**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.*



**Audit Committee**  
**Committee Membership**

<b>Member</b>	<b>Representative</b>	<b>Appointed</b>	<b>Expires</b>
Independent Member(s)	John Morgan	23 November 2020	23 November 2024
Independent Member(s)	Kate Christ	22 February 2021	22 February 2025
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2023
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	23 November 2020	23 November 2024
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2023
<b>Office Bearers</b>			
Chairperson	John Morgan	22 February 2021	23 November 2024
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2024

- 1. Open Meeting/Welcome**
- 2. Attendance**

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

Megan Whibley (General Manager VHHTA)  
 Tamar Herron (Minute Secretary VHHTA)



**3. Apologies**

Nil

**4. Minutes of Previous meeting**

4.1	Minutes –Victor Harbor Horse Tram Authority Audit Committee – 7 February 2023	4
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**5. Adjourned Item(s)**

Nil

**6. Reports for Receiving and Noting only**

6.1	Action List Report	10
6.2	Amended Draft Operating and Capital Budget 2023-24	12
6.3	March Quarterly Budget Review 2022-23	24
6.4	VHHTA Audit Committee Self-Assessment Review Report	34

**7. Reports for Decision**

Nil

**8. Presentation(s)**

Nil

**9. Discussion Items – No decision(s)**

9.1	VHHTA Audit Committee Terms of Reference	
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**10. Correspondence Received**

Nil

**11. Urgent Business without Notice**

Nil



## 12. Confidential Reports

Nil

## Next Meeting

Tuesday 12 September 2023, 12:30pm – Encounter Room TBC

## 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 **9 May 2023**  
From **Megan Whibley**  
Subject **Minutes of the Previous Meeting**  
Report Number **4.1**

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## **RECOMMENDATION**

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 7 February 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 7 February 2023 for confirmation.

### **Background**

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 8 November 2022 were received at the Victor Harbor Horse Tram Authority Board meeting held Tuesday, 7 February 2023.

### **Commentary**

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 7 February 2023 were distributed to Members on Friday, 10 February 2023.

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 7 February 2023  
Commencing at 12:30pm, Encounter Room



**10. Correspondence Received**

Nil

**11. Urgent Business without Notice**

Nil

**12. Confidential Item(s)**

Nil

**13. Next Meetings**

Tuesday 9 May 2023, 12:30 pm at the Encounter Room, TBC

**14. Meeting Closed.**

The meeting closed at 1:49 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 **9 May 2023**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

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## **RECOMMENDATION**

That the Audit Committee receive and note the Action List and 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 4-May-23**

\*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
<b>7 February 2023</b>	6.2.1	<b>Action:</b> The Uniform Presentation of Finance Statement for assets requires review / clarification. (December Budget Review 2022/23 Report)	Complete
<b>10 May 2022</b>	6.2.1	<b>Action:</b> To edit numbers as displayed in the budget graphs are justified to the right with consistent decimal places	Ongoing
<b>10 August 2021</b>	AC016	<b>Action:</b> Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress



The VHHTA has since reviewed the draft Capital Funding Plan, which in turn, impacted on the draft Operating Budget. As such, VHHTA took the opportunity to undertake further refinements to the draft Operating Budget formerly approved by the Council. Key changes include:

- Corrected Depreciation, Interest on borrowing increases, and Bank fees
- Capital funding repayments are shown, and have been adjusted in the Financial Statements
- Budget Review 2022/23 will reflect the return of surplus Operating funds.

A key highlight of the draft budgets which are being re-presented to Council is a growth of VHHTA’s own source revenue:

Own Source Funding Ratio	2019/20	2020/21	2021/22	2022/23	2023/24
	54%	54%	55.5%	73%	77%

The draft 2023/24 financial statements for the amended draft Operating Budget are provided at attachment A. The amended draft 2023/24 Capital Budget is provided within this report.

### 2023/24 Draft Operating Budget

The table below provides a summary of the draft budgeted expenses for 2023/24:

Description	Amount
<b>Employee costs</b>	Salaries, superannuation & Workcover \$974,600
<b>Office and Administration costs</b>	Travel, stationary, printing and communication
	Insurance, interest & utilities \$175,660
<b>Maintenance</b>	Building and equipment maintenance \$35,000
	Horse care - feed, farrier and vet fees \$70,000
<b>Marketing</b>	Advertising, promotions and souvenir purchases \$100,000
<b>Depreciation</b>	Capital Asset Depreciation \$33,575
<b>Other Expenses</b>	Committee costs, volunteer and staff amenities \$69,600
<b>Equipment Hire</b>	Building and equipment hire \$50,000
<b>Corporate Support</b>	IT, finance, records and administration \$70,000
<b>Total</b>	<b>\$1,578,435</b>

The table below provides a summary of the draft budgeted income for 2023/24:

<b>Description</b>		<b>Amount</b>
<b>Ticket Sales</b>	Casual and group bookings	\$796,235
<b>Other Income</b>	Donations/sponsorship and Souvenir sales	\$195,100
	Behind the Scenes	\$177,100
	DIT Boom Gate Contract	\$45,000
	Council contribution	\$365,000
<b>Total</b>		<b>\$1,578,435</b>

### **Capital Budget Funding Plan**

The VHHTA’s draft Capital Funding Plan shows the predicted VHHTA capital spend for the next ten-year period. This has been integrated into the amended draft Operating Budget to incorporate repayments. This plan includes assets which will be needed in the future, and shows the timing for the renewal and replacement of current assets. This plan takes into account the development of the new facility at Canton Place.

Interest on the borrowings has been increased by 0.5% annually. This will need monitoring and possible adjustment. Next financial year, 2023/24, interest is currently set at 5.5%.

## Capital 10 year funding Plan

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	TOTAL
<b>CAPITAL EXPENDITURE</b>												
<b>CAPITAL NEW</b>												
IT equipment		\$10,000										\$10,000
Tools	\$5,000	\$5,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$32,500
Tractor/mower/slasher		\$20,000										\$20,000
Gater		\$15,000										\$15,000
Work vehicle	\$53,121											\$53,121
Second float	\$23,140											\$23,140
Harness Equipment	\$4,879	\$5,000	\$5,000		\$5,000		\$5,000		\$5,000		\$5,000	\$34,879
Equissage	\$10,120											\$10,120
												\$0
												\$0
<b>Total - Capital New</b>	<b>\$96,260</b>	<b>\$55,000</b>	<b>\$7,500</b>	<b>\$2,500</b>	<b>\$7,500</b>	<b>\$2,500</b>	<b>\$7,500</b>	<b>\$2,500</b>	<b>\$7,500</b>	<b>\$2,500</b>	<b>\$7,500</b>	<b>\$198,760</b>
<b>CAPITAL REPLACEMENT</b>												
Float			\$25,000					\$25,000				\$50,000
Second Float						\$25,000					\$25,000	\$50,000
Work Vehicle				\$53,000			\$53,000			\$53,000		\$159,000
harness Equipment				\$5,000		\$5,000		\$5,000		\$5,000		\$20,000
Spray unit					\$3,000							\$3,000
Gater							\$15,000					\$15,000
Work Ute	\$42,118					\$50,000					\$53,000	\$145,118
Tractor/mower/slasher								\$35,000				\$35,000
Tools			\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$22,500
IT Equipment												\$0
												\$0
<b>Total - Capital Replacement</b>	<b>\$42,118</b>	<b>\$0</b>	<b>\$27,500</b>	<b>\$60,500</b>	<b>\$5,500</b>	<b>\$82,500</b>	<b>\$70,500</b>	<b>\$67,500</b>	<b>\$2,500</b>	<b>\$60,500</b>	<b>\$80,500</b>	<b>\$499,618</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>\$138,378</b>	<b>\$55,000</b>	<b>\$35,000</b>	<b>\$63,000</b>	<b>\$13,000</b>	<b>\$85,000</b>	<b>\$78,000</b>	<b>\$70,000</b>	<b>\$10,000</b>	<b>\$63,000</b>	<b>\$88,000</b>	<b>\$698,378</b>
Less: Income from sale of assets/tradeins	<b>-\$27,727</b>		<b>-\$15,000</b>	<b>-\$45,000</b>		<b>-\$50,000</b>	<b>-\$53,000</b>	<b>-\$15,000</b>		<b>-\$60,000</b>	<b>-\$40,000</b>	<b>-\$305,727</b>
<b>TOTAL CAPITAL TO BE FUNDED</b>	<b>\$110,651</b>	<b>\$55,000</b>	<b>\$20,000</b>	<b>\$18,000</b>	<b>\$13,000</b>	<b>\$35,000</b>	<b>\$25,000</b>	<b>\$55,000</b>	<b>\$10,000</b>	<b>\$3,000</b>	<b>\$48,000</b>	<b>\$392,651</b>
<b>BORROWINGS</b>												
Opening balance from previous year	\$0	\$74,664	\$75,796	\$34,543	\$20,459	\$16,301	\$29,148	\$29,480	\$46,661	\$26,760	\$7,588	\$0
New Borrowings	\$110,651	\$55,000	\$20,000	\$18,000	\$13,000	\$35,000	\$25,000	\$55,000	\$10,000	\$3,000	\$48,000	\$392,651
Interest	\$2,513	\$7,132	\$5,748	\$3,415	\$2,342	\$3,848	\$4,332	\$7,181	\$5,099	\$2,827	\$5,559	\$49,995
Repayments	<b>-\$38,500</b>	<b>-\$61,000</b>	<b>-\$67,000</b>	<b>-\$35,500</b>	<b>-\$19,500</b>	<b>-\$26,000</b>	<b>-\$29,000</b>	<b>-\$45,000</b>	<b>-\$35,000</b>	<b>-\$25,000</b>	<b>-\$27,000</b>	<b>-\$408,500</b>
<b>Closing Balance</b>	<b>\$74,664</b>	<b>\$75,796</b>	<b>\$34,543</b>	<b>\$20,459</b>	<b>\$16,301</b>	<b>\$29,148</b>	<b>\$29,480</b>	<b>\$46,661</b>	<b>\$26,760</b>	<b>\$7,588</b>	<b>\$34,146</b>	<b>\$34,146</b>
<b>ROUA</b>												
Opening Balance	119,829.57	87,035.04	53,000.00	19,399.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	\$2,205.47	\$1,528.00	\$836.53	\$165.04								
Repayment	- 32,794.53	- 34,035.04	- 33,600.43	- 19,399.57								
<b>Closing Balance</b>	<b>87,035.04</b>	<b>53,000.00</b>	<b>19,399.57</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## RISK ASSESSMENT

The risks associated with the recommendation have been assessed as follows:

**Corporate Governance** - The VHHTA Charter requires the Board, in accordance with the Act, to endorse and provide the Draft Operating Budget to Council before 31 March each year. Preliminary figures were supplied to Council prior to this date, to assist with Council's own budget planning. The risk is assessed as **low**.

**Financial Management** – Poorly planned budgets can result in a costly overspend. The VHHTA Board should endorse a realistic budget and present it to Council for approval, taking into account learnings from the previous budgets of the VHHTA to improve accuracy for the coming financial year. VHHTA has made every effort to reduce the operating deficit (contribution from COVH) through initiatives that will generate own source revenue, so the deficit contribution will be \$65,000 less than last financial year in this draft 2023/24 budget. This risk is assessed as **low**.

**Socio Political, Community Issues/Reputation** –A realistic budget is essential for the operations to run safely and ensure that it continues to be an icon for Victor Harbor. This risk is assessed as **low**.



**Service Delivery** – Poorly planned budgets impact on service delivery and may include interruption to service. This budget has been conservatively prepared to ensure that there is minimal impact on service delivery outside of external factors such as COVID-19. This risk is assessed as **low**.

**Service Delivery** – Some budget increases from 2023/24 have been included to address employee professional development and loan repayments of assets purchases. This risk is assessed as **low**.

**Employee Safety / Public Safety** – Some budget increases from 2023/24 have been included to address risks to public and employee safety. This risk is assessed as **low**.

## **REFERENCES**

VHHTA Budget 2019/20

VHHTA Budget 2020/21

VHHTA Budget 2021/22

VHHTA Budget 2022/23

Victor Harbor Horse Tram Authority Charter

## **BUDGET IMPLICATIONS**

Excluding endorsed budgeted staff resources there are no budget implications in the 2022/23 VHHTA budget in receiving, noting and endorsing this Draft Operating Budget 2023/24.

Endorsement by the VHHTA Board and approval by COVH Council of the Draft Operating Budget 2023/24 will impact as detailed in the draft budget at attachment A, with an operating deficit (contribution amount from COVH) of \$365,000.

## **CONSULTATION**

VHHTA Board Members

VHHTA Audit Committee Members

SMP Chartered Accountants

Michele Bennetts LGiQ

City of Victor Harbor - Director Corporate and Customer Service (Karen Rokicinski)



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
	FY22 \$'000	YTD 22/23 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	to BR2 \$'000	Budget FY24 \$'000
<b>INCOME</b>									
Ticket & Bookings Sales	349	617	538	538	606	68	756	150	796
Council Contribution	415	311	415	415	415	-	415	-	365
Other income	81	145	160	200	198	(3)	187	(11)	417
<b>Total Income</b>	<b>845</b>	<b>1,073</b>	<b>1,113</b>	<b>1,153</b>	<b>1,219</b>	<b>65</b>	<b>1,358</b>	<b>139</b>	<b>1,578</b>
<b>DIRECT EXPENSES</b>									
Employee Costs	495	482	695	687	706	18	720	15	975
Materials, Contracts and Other Expenses	336	354	403	451	450	-	548	98	570
Depreciation, amortisation & impairment	-	-	15	15	16	(1)	18	3	33
	<b>831</b>	<b>836</b>	<b>1,113</b>	<b>1,153</b>	<b>1,172</b>	<b>17</b>	<b>1,286</b>	<b>116</b>	<b>1,578</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>14</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>48</b>	<b>72</b>	<b>23</b>	<b>-</b>
Net gain (loss) on disposal or revaluation of assets	-	-	-	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>14</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>48</b>	<b>72</b>	<b>23</b>	<b>-</b>



VICTOR HARBOR HORSE TRAM AUTHORITY CASH FLOW STATEMENT	Actual FY22 \$'000	Actual YTD 22/23 \$'000	Budget Original \$'000	Budget Revised 1 \$'000	Budget Revised 2 \$'000	Variance BR2 to BR1 \$'000	Budget Revised 3 \$'000	Variance BR3 to BR1 \$'000	Budget FY24 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Operating receipts	868	1,071	1,113	1,153	1,217	-	1,366	148	1,578
Investment receipts	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Operating payments to suppliers & employees	(774)	(877)	(1,098)	(1,136)	(1,155)	-	(1,258)	(102)	(1,504)
Finance payments	(3)	-	-	(2)	-	2	(5)	(5)	(9)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>91</b>	<b>194</b>	<b>15</b>	<b>15</b>	<b>62</b>	<b>2</b>	<b>103</b>	<b>41</b>	<b>65</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Grants specifically for new or upgraded assets	-	-	-	-	-	-	-	-	-
Sale of Assets	-	-	28	-	28	-	28	-	-
<b>Payments</b>									
Capital Expenditure on renewal/replacement of assets	(43)	(70)	(53)	-	(42)	-	(42)	-	-
Capital Expenditure on new/upgraded assets	-	-	(78)	-	(86)	-	(96)	10	(55)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(43)</b>	<b>(70)</b>	<b>(103)</b>	<b>-</b>	<b>(100)</b>	<b>-</b>	<b>(110)</b>	<b>10</b>	<b>(55)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds from Borrowings	-	-	21	-	101	-	111	10	55
<b>Payments</b>									
Repayment of Borrowings	(32)	(1)	(14)	-	(17)	-	(69)	59	(88)
<b>Net Cash used in Financing Activities</b>	<b>(32)</b>	<b>(1)</b>	<b>7</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>42</b>	<b>69</b>	<b>(33)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>16</b>	<b>123</b>	<b>(81)</b>	<b>15</b>	<b>46</b>	<b>2</b>	<b>35</b>	<b>120</b>	<b>(23)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>75</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>-</b>	<b>91</b>	<b>-</b>	<b>126</b>
<b>CASH AT END OF PERIOD</b>	<b>91</b>	<b>214</b>	<b>10</b>	<b>106</b>	<b>137</b>	<b>2</b>	<b>126</b>	<b>120</b>	<b>103</b>



	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
VICTOR HARBOR HORSE TRAM AUTHORITY BALANCE SHEET	FY22	YTD 22/23	Original	Revised 1	Revised 2	BR2 to BR1	Revised 3	to BR1	Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	FY24
									\$'000
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and cash equivalents	91	214	10	106	137	30	126	(11)	104
Trade & Other Receivables	9	11	31	9	-	(9)	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>100</b>	<b>225</b>	<b>41</b>	<b>115</b>	<b>137</b>	<b>21</b>	<b>126</b>	<b>(11)</b>	<b>104</b>
<b>Non-Current Assets</b>									
Infrastructure, Property, Plant & Equipment	164	233	287	148	173	27	208	36	198
<b>Total Non-Current Assets</b>	<b>164</b>	<b>233</b>	<b>287</b>	<b>148</b>	<b>173</b>	<b>27</b>	<b>208</b>	<b>36</b>	<b>198</b>
<b>TOTAL ASSETS</b>	<b>264</b>	<b>458</b>	<b>328</b>	<b>263</b>	<b>310</b>	<b>48</b>	<b>334</b>	<b>25</b>	<b>302</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Trade & Other Payables	83	40	67	82	34	(49)	41	8	42
Short-term Provisions	63	63	15	63	17	(45)	23	5	23
Short-term Borrowings	120	120	39	120	35	(85)	35	-	35
<b>Total Current Liabilities</b>	<b>266</b>	<b>223</b>	<b>121</b>	<b>265</b>	<b>86</b>	<b>(179)</b>	<b>99</b>	<b>13</b>	<b>100</b>
<b>Non-Current Liabilities</b>									
Long-term Provisions	-	-	40	-	40	40	40	-	40
Long-term Borrowings	-	-	120	-	139	139	127	(12)	94
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>179</b>	<b>179</b>	<b>167</b>	<b>(12)</b>	<b>134</b>
<b>TOTAL LIABILITIES</b>	<b>266</b>	<b>223</b>	<b>281</b>	<b>265</b>	<b>265</b>	<b>-</b>	<b>266</b>	<b>1</b>	<b>234</b>
<b>NET ASSETS</b>	<b>(2)</b>	<b>235</b>	<b>47</b>	<b>(2)</b>	<b>45</b>	<b>48</b>	<b>68</b>	<b>24</b>	<b>68</b>
<b>EQUITY</b>									
Accumulated Surplus	(2)	235	47	(2)	45	47	69	24	69
	(2)	235	47	(2)	45	47	69	24	69
	Actual	Actual	Budget	Budget	Budget		Budget		Draft
									Budget



**VICTOR HARBOR HORSE TRAM AUTHORITY  
STATEMENT OF CHANGES IN EQUITY**

**ACCUMULATED SURPLUS**

Opening balance at beginning of financial year  
 Total comprehensive income for the year  
 Closing balance at end of period

	FY22 \$'000	YTD 22/23 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	Variance BR2 to BR1 \$'000	Revised 3 \$'000	Variance BR3 to BR1 \$'000	FY24 \$'000
Opening balance at beginning of financial year	(16)	(2)	47	(2)	(2)	-	(2)	-	45
Total comprehensive income for the year	14	237	-	-	47	47	72	23	-
Closing balance at end of period	(2)	235	47	(2)	45	47	70	23	45



	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
VICTOR HARBOR HORSE TRAM AUTHORITY UNIFORM PRESENTATION OF FINANCES	FY22	YTD 22/23	Original	Revised 1	Revised 2	BR2 to BR1	Revised 3	to BR1	Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	FY24
									\$'000
Operating Revenues	845	1,073	1,113	1,153	1,219	65	1,358	139	1,578
less Operating Expenses	(831)	(836)	(1,113)	(1,153)	(1,172)	(17)	(1,286)	(116)	(1,578)
<b>OPERATING SURPLUS (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	14	237	-	-	47	48	72	23	-
<b>NET OUTLAYS ON EXISTING ASSETS</b>									
Capital Expenditure on Renewal and Replacement of Existing Assets	(43)	(70)	(53)	-	(42)	-	(42)	-	-
add back Depreciation, Amortisation and Impairment	-	-	15	15	16	(1)	18	3	33
add back Proceeds from Sale of Replaced Assets	-	-	28	-	28	-	28	-	-
	(43)	(70)	(10)	15	2	(1)	4	3	33
<b>NET OUTLAYS ON NEW AND UPGRADED ASSETS</b>									
Capital Expenditure on New and Upgraded Assets	-	-	(78)	-	(86)	-	(96)	10	(55)
add back Amounts Received Specifically for New and Upgraded Assets	-	-	(78)	-	(86)	-	(96)	10	(55)
<b>NET LENDING (BORROWING) FOR FINANCIAL PERIOD</b>	<b>(29)</b>	<b>167</b>	<b>(88)</b>	<b>15</b>	<b>(37)</b>	<b>47</b>	<b>(20)</b>	<b>36</b>	<b>(22)</b>



	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
<b>VICTOR HARBOR HORSE TRAM AUTHORITY</b>									<b>Budget</b>
<b>FINANCIAL INDICATORS</b>	<b>FY22</b>	<b>YTD 22/23</b>	<b>Original</b>	<b>Revised 1</b>	<b>Revised 2</b>	<b>BR2 to BR1</b>	<b>Revised 3</b>	<b>to BR1</b>	<b>FY24</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Operating Surplus Ratio <i>being operating surplus (deficit) divided by operating revenue</i>	1.7%	22.1%	0.0%	0.0%	3.9%		5.3%		0.0%
Net Financial Liabilities <i>being total liabilities less financial assets (excluding equity accounted investments in Council business)</i>	166	(2)	240	150	128	(21)	140	12	130
Net Financial Liabilities Ratio <i>being total liabilities less financial assets (excluding equity accounted investments in Council business), divided by total operating revenue</i>	19.6%	-0.2%	21.6%	13.0%	10.5%	-32.3%	10.3%	8.6%	8.2%
Asset Management Plan forecast project spend for renev	43	70	53	-	42		42		-
Asset Renewal Funding Ratio <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>	100%	100%	100%		100%		100%		
<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		91%	63%	64%	69%		73%		77%



VICTOR HARBOR HORSE TRAM AUTHORITY	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
CAPITAL EXPENDITURE	FY22	YTD 22/23	Original	Revised 1	Revised 2	BR2 to BR1	Revised 3	to BR1	Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	FY24
									\$'000
<b>CAPITAL NEW</b>									
IT equipment	-	-	-	-	-	-	-	-	10
Tools	-	-	-	-	5	-	5	-	5
Tractor/mower/slasher	-	-	-	-	-	-	-	-	20
Gater	-	-	-	-	-	-	-	-	15
Work vehicle	-	-	-	-	53	-	53	-	-
Second float	-	-	-	-	23	-	23	-	-
Harness Equipment	-	-	-	-	5	-	5	-	5
Equissage	-	-	-	-	-	-	10	-	-
0	-	-	-	-	-	-	-	-	-
<b>Total - Capital New</b>	-	-	-	-	<b>86</b>	-	<b>96</b>	-	<b>55</b>
<b>CAPITAL REPLACEMENT</b>									
Float	-	-	-	-	-	-	-	-	-
Second Float	-	-	-	-	-	-	-	-	-
Work Vehicle	-	-	-	-	-	-	-	-	-
harness Equipment	-	-	-	-	-	-	-	-	-
Spray unit	-	-	-	-	-	-	-	-	-
Gater	-	-	-	-	-	-	-	-	-
Work Ute	-	-	-	-	42	-	42	-	-
Tractor/mower/slasher	-	-	-	-	-	-	-	-	-
Tools	-	-	-	-	-	-	-	-	-
IT Equipment	-	-	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-	-	-
<b>Total - Capital Replacement</b>	-	-	-	-	<b>42</b>	-	<b>42</b>	-	-
	-	-	-	-	<b>128</b>	-	<b>138</b>	-	<b>55</b>





Meeting **Victor Harbor Horse Tram Authority Audit Committee**  
Date **9 May 2023**  
From **Megan Whibley**  
Subject **March Quarterly Budget Review 2022/23**  
Report Number **6.3**

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## **RECOMMENDATION**

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note the March Quarterly Budget Review 2022/23 Report.**

## **INFORMATION**

### **Purpose**

The purpose of this report is for the Victor Harbor Horse Tram Authority Audit Committee to receive and note the March Quarterly Budget Review 2022/23.

### **Background**

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirement for regular budget reviews. Further, the Victor Harbor Horse Tram Authority are required by the Charter to provide reports on the financial position of the Authority each quarter:

*5.5 Quarterly reports summarising the financial position and performance of the Authority against the Budget must be prepared and presented to the Board within thirty days of the conclusion of each quarter and copies provided to the Council.*

The March report for the 2022/23 financial year has been prepared on schedule. This March Review of the 2022/23 Budget, is a review addressing the first 9 months of the 2022/23 financial year.

### **Commentary**

The Victor Harbor Horse Tram Authority 2022/23 budget was prepared by the VHHTA, utilising the software package 'Xero' to manage Authority finances.

The 2022/23 budget is tracking really well with the summer season seeing some record days. It is exciting times, with all Causeway construction finished, and the new merchandise store continuing to show really impressive results this financial year.

Ticket sales have been tracking well since the opening of the new Causeway, which has brought many visitors to the area, however with increased ticket sales there are also additional staffing and other expenses associated with running the Horse Tram operation.

The budget was adjusted at the December budget review, to reflect that the Behind the scenes income will be nil as the buildings are now predicted to be finished in this financial year - 2023, not the original December 2022, an increase in revenue both in ticket sales and the merchandise store, and that the performance of the merchandise store exceeded expectations requiring an allowance for extra stock purchases.

The March Quarterly Budget Review is a further opportunity to revise the original budget and adjust it according to known information at this point in the financial year.

When the December 2022/23 review was reported to COVH at the 27 February 2023 council meeting the resolution was made to request the surplus to be returned to the Council at the end of financial year 2022/23. A report was then taken to the council on the 27 March 23 where the Council agreed that the VHHTA can spend \$20,000 of the surplus on signage and landscaping of the new facilities. This has been allowed for in this review as well as extra expenditure for horse care, after the loss of Jay Jay and associated vet costs. Depreciation has now been calculated correctly and the repayments of loans on capital expenditure have been set up in a schedule that works for the VHHTA budget. An extra piece of equipment (Equissage) has been allowed for in this capital budget due to the needs of the horses being paramount in the success of the Tram operations.

The end of financial year 2022/23 result is still looking to produce a promising surplus of \$72,000 – Something that the VHHTA has worked hard at achieving.

The March Quarterly Budget Review 2022/23 is provided at attachment A.

## **RISK ASSESSMENT**

**Financial Management** – The VHHTA is on track to achieve budget with a \$75,000 surplus. This is the first year that the VHHTA has been able to operate unimpeded, with no prolonged shutdowns. 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**.

## **REFERENCES**

Victor Harbor Horse Tram Authority 2022/23 budget  
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 A remains at \$415,400, being the same as the original 2022/23 budget approved by Council and adopted by the VHHTA.

**CONSULTATION**

Director Corporate & Customer Service, City of Victor Harbor – Karen Rokicinski

Director and Chartered Accountant, SMP Chartered Accountants – Sarah Milosevic



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
	FY22 \$'000	YTD 22/23 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	to BR2 \$'000	Budget FY24 \$'000
<b>INCOME</b>									
Ticket & Bookings Sales	349	617	538	538	606	68	756	150	796
Council Contribution	415	311	415	415	415	-	415	-	365
Other income	81	145	160	200	198	(3)	187	(11)	417
<b>Total Income</b>	<b>845</b>	<b>1,073</b>	<b>1,113</b>	<b>1,153</b>	<b>1,219</b>	<b>65</b>	<b>1,358</b>	<b>139</b>	<b>1,578</b>
<b>DIRECT EXPENSES</b>									
Employee Costs	495	482	695	687	706	18	720	15	975
Materials, Contracts and Other Expenses	336	354	403	451	450	-	548	98	570
Depreciation, amortisation & impairment	-	-	15	15	16	(1)	18	3	33
	<b>831</b>	<b>836</b>	<b>1,113</b>	<b>1,153</b>	<b>1,172</b>	<b>17</b>	<b>1,286</b>	<b>116</b>	<b>1,578</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>14</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>48</b>	<b>72</b>	<b>23</b>	<b>-</b>
Net gain (loss) on disposal or revaluation of assets	-	-	-	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>14</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>48</b>	<b>72</b>	<b>23</b>	<b>-</b>



VICTOR HARBOR HORSE TRAM AUTHORITY CASH FLOW STATEMENT	Actual FY22 \$'000	Actual YTD 22/23 \$'000	Budget Original \$'000	Budget Revised 1 \$'000	Budget Revised 2 \$'000	Variance BR2 to BR1 \$'000	Budget Revised 3 \$'000	Variance BR3 to BR1 \$'000	Budget FY24 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Operating receipts	868	1,071	1,113	1,153	1,217	-	1,366	148	1,578
Investment receipts	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Operating payments to suppliers & employees	(774)	(877)	(1,098)	(1,136)	(1,155)	-	(1,258)	(102)	(1,504)
Finance payments	(3)	-	-	(2)	-	2	(5)	(5)	(9)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>91</b>	<b>194</b>	<b>15</b>	<b>15</b>	<b>62</b>	<b>2</b>	<b>103</b>	<b>41</b>	<b>65</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Grants specifically for new or upgraded assets	-	-	-	-	-	-	-	-	-
Sale of Assets	-	-	28	-	28	-	28	-	-
<b>Payments</b>									
Capital Expenditure on renewal/replacement of assets	(43)	(70)	(53)	-	(42)	-	(42)	-	-
Capital Expenditure on new/upgraded assets	-	-	(78)	-	(86)	-	(96)	10	(55)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(43)</b>	<b>(70)</b>	<b>(103)</b>	<b>-</b>	<b>(100)</b>	<b>-</b>	<b>(110)</b>	<b>10</b>	<b>(55)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds from Borrowings	-	-	21	-	101	-	111	10	55
<b>Payments</b>									
Repayment of Borrowings	(32)	(1)	(14)	-	(17)	-	(69)	59	(88)
<b>Net Cash used in Financing Activities</b>	<b>(32)</b>	<b>(1)</b>	<b>7</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>42</b>	<b>69</b>	<b>(33)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>16</b>	<b>123</b>	<b>(81)</b>	<b>15</b>	<b>46</b>	<b>2</b>	<b>35</b>	<b>120</b>	<b>(23)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>75</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>-</b>	<b>91</b>	<b>-</b>	<b>126</b>
<b>CASH AT END OF PERIOD</b>	<b>91</b>	<b>214</b>	<b>10</b>	<b>106</b>	<b>137</b>	<b>2</b>	<b>126</b>	<b>120</b>	<b>103</b>



VICTOR HARBOR HORSE TRAM AUTHORITY BALANCE SHEET	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
	FY22 \$'000	YTD 22/23 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	to BR1 \$'000	Budget FY24 \$'000
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and cash equivalents	91	214	10	106	137	30	126	(11)	104
Trade & Other Receivables	9	11	31	9	-	(9)	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>100</b>	<b>225</b>	<b>41</b>	<b>115</b>	<b>137</b>	<b>21</b>	<b>126</b>	<b>(11)</b>	<b>104</b>
<b>Non-Current Assets</b>									
Infrastructure, Property, Plant & Equipment	164	233	287	148	173	27	208	36	198
<b>Total Non-Current Assets</b>	<b>164</b>	<b>233</b>	<b>287</b>	<b>148</b>	<b>173</b>	<b>27</b>	<b>208</b>	<b>36</b>	<b>198</b>
<b>TOTAL ASSETS</b>	<b>264</b>	<b>458</b>	<b>328</b>	<b>263</b>	<b>310</b>	<b>48</b>	<b>334</b>	<b>25</b>	<b>302</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Trade & Other Payables	83	40	67	82	34	(49)	41	8	42
Short-term Provisions	63	63	15	63	17	(45)	23	5	23
Short-term Borrowings	120	120	39	120	35	(85)	35	-	35
<b>Total Current Liabilities</b>	<b>266</b>	<b>223</b>	<b>121</b>	<b>265</b>	<b>86</b>	<b>(179)</b>	<b>99</b>	<b>13</b>	<b>100</b>
<b>Non-Current Liabilities</b>									
Long-term Provisions	-	-	40	-	40	40	40	-	40
Long-term Borrowings	-	-	120	-	139	139	127	(12)	94
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>179</b>	<b>179</b>	<b>167</b>	<b>(12)</b>	<b>134</b>
<b>TOTAL LIABILITIES</b>	<b>266</b>	<b>223</b>	<b>281</b>	<b>265</b>	<b>265</b>	<b>-</b>	<b>266</b>	<b>1</b>	<b>234</b>
<b>NET ASSETS</b>	<b>(2)</b>	<b>235</b>	<b>47</b>	<b>(2)</b>	<b>45</b>	<b>48</b>	<b>68</b>	<b>24</b>	<b>68</b>
<b>EQUITY</b>									
Accumulated Surplus	(2)	235	47	(2)	45	47	69	24	69
	(2)	235	47	(2)	45	47	69	24	69
	Actual	Actual	Budget	Budget	Budget		Budget		Draft Budget



**VICTOR HARBOR HORSE TRAM AUTHORITY  
STATEMENT OF CHANGES IN EQUITY**

**ACCUMULATED SURPLUS**

Opening balance at beginning of financial year  
 Total comprehensive income for the year  
 Closing balance at end of period

	FY22 \$'000	YTD 22/23 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	Variance BR2 to BR1 \$'000	Revised 3 \$'000	Variance BR3 to BR1 \$'000	FY24 \$'000
Opening balance at beginning of financial year	(16)	(2)	47	(2)	(2)	-	(2)	-	45
Total comprehensive income for the year	14	237	-	-	47	47	72	23	-
Closing balance at end of period	(2)	235	47	(2)	45	47	70	23	45



	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
VICTOR HARBOR HORSE TRAM AUTHORITY UNIFORM PRESENTATION OF FINANCES	FY22	YTD 22/23	Original	Revised 1	Revised 2	BR2 to BR1	Revised 3	to BR1	Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	FY24
									\$'000
Operating Revenues	845	1,073	1,113	1,153	1,219	65	1,358	139	1,578
less Operating Expenses	(831)	(836)	(1,113)	(1,153)	(1,172)	(17)	(1,286)	(116)	(1,578)
<b>OPERATING SURPLUS (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>14</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>48</b>	<b>72</b>	<b>23</b>	<b>-</b>
<b>NET OUTLAYS ON EXISTING ASSETS</b>									
Capital Expenditure on Renewal and Replacement of Existing Assets	(43)	(70)	(53)	-	(42)	-	(42)	-	-
add back Depreciation, Amortisation and Impairment	-	-	15	15	16	(1)	18	3	33
add back Proceeds from Sale of Replaced Assets	-	-	28	-	28	-	28	-	-
	(43)	(70)	(10)	15	2	(1)	4	3	33
<b>NET OUTLAYS ON NEW AND UPGRADED ASSETS</b>									
Capital Expenditure on New and Upgraded Assets	-	-	(78)	-	(86)	-	(96)	10	(55)
add back Amounts Received Specifically for New and Upgraded Assets	-	-	(78)	-	(86)	-	(96)	10	(55)
<b>NET LENDING (BORROWING) FOR FINANCIAL PERIOD</b>	<b>(29)</b>	<b>167</b>	<b>(88)</b>	<b>15</b>	<b>(37)</b>	<b>47</b>	<b>(20)</b>	<b>36</b>	<b>(22)</b>





	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
VICTOR HARBOR HORSE TRAM AUTHORITY FINANCIAL INDICATORS	FY22 \$'000	YTD 22/23 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	to BR1 \$'000	Budget FY24 \$'000
Operating Surplus Ratio <i>being operating surplus (deficit) divided by operating revenue</i>	1.7%	22.1%	0.0%	0.0%	3.9%		5.3%		0.0%
Net Financial Liabilities <i>being total liabilities less financial assets (excluding equity accounted investments in Council business)</i>	166	(2)	240	150	128	(21)	140	12	130
Net Financial Liabilities Ratio <i>being total liabilities less financial assets (excluding equity accounted investments in Council business), divided by total operating revenue</i>	19.6%	-0.2%	21.6%	13.0%	10.5%	-32.3%	10.3%	8.6%	8.2%
Asset Management Plan forecast project spend for renev	43	70	53	-	42		42		-
Asset Renewal Funding Ratio <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>	100%	100%	100%		100%		100%		
<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		91%	63%	64%	69%		73%		77%



VICTOR HARBOR HORSE TRAM AUTHORITY	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance BR3	Draft
CAPITAL EXPENDITURE	FY22	YTD 22/23	Original	Revised 1	Revised 2	BR2 to BR1	Revised 3	to BR1	Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	FY24
CAPITAL NEW									\$'000
IT equipment	-	-	-	-	-	-	-	-	10
Tools	-	-	-	-	5	-	5	-	5
Tractor/mower/slasher	-	-	-	-	-	-	-	-	20
Gater	-	-	-	-	-	-	-	-	15
Work vehicle	-	-	-	-	53	-	53	-	-
Second float	-	-	-	-	23	-	23	-	-
Harness Equipment	-	-	-	-	5	-	5	-	5
Equissage	-	-	-	-	-	-	10	-	-
0	-	-	-	-	-	-	-	-	-
<b>Total - Capital New</b>	-	-	-	-	<b>86</b>	-	<b>96</b>	-	<b>55</b>
<b>CAPITAL REPLACEMENT</b>									
Float	-	-	-	-	-	-	-	-	-
Second Float	-	-	-	-	-	-	-	-	-
Work Vehicle	-	-	-	-	-	-	-	-	-
harness Equipment	-	-	-	-	-	-	-	-	-
Spray unit	-	-	-	-	-	-	-	-	-
Gater	-	-	-	-	-	-	-	-	-
Work Ute	-	-	-	-	42	-	42	-	-
Tractor/mower/slasher	-	-	-	-	-	-	-	-	-
Tools	-	-	-	-	-	-	-	-	-
IT Equipment	-	-	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-	-	-
<b>Total - Capital Replacement</b>	-	-	-	-	<b>42</b>	-	<b>42</b>	-	-
	-	-	-	-	<b>128</b>	-	<b>138</b>	-	<b>55</b>



Meeting **Victor Harbor Horse Tram Authority Audit Committee**  
Date **9 May 2023**  
From **Megan Whibley**  
Subject **VHHTA Audit Committee Self-Assessment Review Report**  
Report Number **6.4**

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## **RECOMMENDATION**

**That the Victor Harbor Horse Tram Authority Audit Committee receive and note the VHHTA Audit Committee Self-Assessment Review Report**

## **INFORMATION**

### **Purpose**

The purpose of this report is for the VHHTA Audit Committee to receive the collated results from the self-assessment that was undertaken by individual members of the VHHTA Audit Committee, as distributed at the 7 February 2023 meeting.

### **Background**

At provision 15.1, the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference requires the Committee to, 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.

At the 7 February 2023 meeting the Committee were provided with a self-assessment questionnaire to individually complete, and the current version of the Committee Terms of Reference to review, with the General manager to bring a report to the 9 May meeting to report back on the Committee's review.

### **Commentary**

This is the Committee's first self-review. Members completed the assessment distributed at the meeting held on Tuesday, 7 February 2023. Members individual assessments were generally very similar. It was really pleasing to see that there was a consensus that the committee have a great range of skills and experience, feel able to support the VHHTA with that wealth of expertise, and feel supported in turn by the VHHTA with adequate, well written reports and information, supplied in a timely manner. It was great to see that all

Committee Members felt that they are able to raise concerns and relevant issues, which is so important for the overall performance of the committee. Responses indicate that the Committee meets its responsibilities, and overall is efficient and effective.

There were some areas for improvement identified, and it is fantastic that this review has highlighted them, providing opportunity to enhance the performance of the Committee and the VHHTA overall.

Significantly, the Committee's involvement with the external auditor needs to be improved. 2023 will see the Committee meet with the external auditor, with the option of meeting without the General Manager, should they choose to do so. It was commented that meeting with the auditor, prior to the making of their audit opinions would be helpful, and so this will be arranged.

The VHHTA will also be involving, and looking for recommendations from, the Audit Committee when engaging the external auditor, enabling the Committee to meet its requirements under s7.3 of the VHHTA Audit Committee Terms of Reference.

The Committee results indicate that the VHHTA is meeting its risk management responsibilities, but that it might be helpful to have a stand-alone risk agenda item, that identifies new risks, and reports on changes to old risks. The addition of such an agenda item is being considered.

This is a brief summary of the results from the Audit Committee's 2023 self-review. Specific results, comments and feedback are provided at attachment A.

## **RISK ASSESSMENT**

**Legal and Compliance** – The completion of the annual Self-Assessment meets the requirements of the Terms of Reference. This risk is assessed as **low**.

## **REFERENCES**

Victor Harbor Horse Tram Authority Audit Committee Terms of Reference  
Victor Harbor Horse Tram Authority Charter

## **BUDGET IMPLICATIONS**

Excluding endorsed budgeted staff resources there are no budget implications in the preparation or receipt of the VHHTA Audit Committee Self-Assessment Review  
No additional funds are required.

## **CONSULTATION**

Victor Harbor Horse Tram Authority Audit Committee Members

VHHTA Audit Committee Annual Review						
Self-Assessment Survey Results 2023						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
1. Members of the Committee understand their role and responsibilities				2	3	LGA training session was very useful
2. The Committee reviews annually its terms of reference and recommends any necessary changes to the Board				2	3	Waiting on when we can have a report go to Council to update Committee's name. I can't recall off the top of my head when we reviewed the ToR in full. Did we discuss doing this last meeting?
3. Committee members are independent of management, exercise their own judgement, voice their own opinions and act freely from any conflicts of interest				1	4	
4. The Committee collectively has sufficient skills, experience, time and resources to undertake its duties				1	4	Good range of experience and expertise
5. All Committee members demonstrate the highest level of integrity; including maintaining utmost confidentiality and identifying,				1	4	

disclosing and managing conflicts of interest						
6. There is a general understanding of the Authority, Local Government sector and external issues				2	3	<p>Doing the intro course via the LGA was beneficial for all members. Not sure if all members have attended the course (eg. newer ones).</p> <p>I think some of us are learning more about local government issues as we go (talking about myself here)</p>
7. Committee Members attend meetings on a regular basis				2	3	<p>Good participation rate</p> <p>Sometimes other things get in the way but everyone makes a genuine commitment</p>
8. The Committee Chair runs meetings appropriately to ensure that the committee's workload is dealt with effectively				1	4	
9. The Committee works constructively as a team and works well with staff and individuals that attend meetings				1	4	

10. The Committee provides effective support to the Board in fulfilling its responsibility and adding value to the Authority				2	3	I assume so based on comments at meetings, but this is more for members of the Board to answer
11. 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				3	2	<p>Some meetings are less than 30 minutes, others that require more discussion, etc take longer, all within the planned meeting times.</p> <p>It would be great for us all to be able to attend in person more often. I know that work commitments do get in the way and that VH is a bit far for some people.</p>
12. Meeting agendas and related background information is circulated in a timely manner				3	2	<p>Sometimes it would be good to receive a little sooner. I currently just make sure I have time the night prior or day of to go through the agenda.</p> <p>Sometimes challenging for me to review. As much time as possible before would be useful.</p> <p>Meg and Tamar do a fantastic job!</p>
13. The Committee receives information, presentations, or explanations considered necessary to fulfil its responsibilities				4	1	<p>Also, guest speakers attend to discuss items that require more indepth discussion eg. council, outsourced accounting assistance, etc.</p> <p>Scope for other preso or training in the coming year</p>

14. Meeting agendas and supporting papers are well structured and well written				2	3	This is done very well
15. Effective minutes are prepared, distributed and followed up				1	4	Very prompt in the draft dispatch and tabling the final minutes, including upload to website.
16. Meetings allow Committee members to raise any issue they believe relevant				1	4	
17. Overall, the Committee is efficient and effective				2	3	
18. 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				3	2	Maybe include Risk as a standing agenda item for each meeting noting any new risks, any risks where the ratings have changed, or any risks that have been eliminated and taken off the risk register.  I have been very impressed with the approach to risk taken
19. 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				3	2	
20. In monitoring the integrity of the financial statements of the VHHTA, the committee meets				2	3	



its requirements at S7.1 of the TOR						
21. In regards to Internal Controls and Management Systems, the Committee meets their duties under S7.2 of the TOR				2	3	
22. In regards to the External Audit Process, the Committee meets their requirements under S7.3 of the TOR		1		2	2	The auditors will attend a future meeting, which is good. Also meeting prior to their audit opinions would also be good.  Shall we schedule meet or Zoom with them for next
23. The Committee meets with the external Auditor as needed, and at least once per year			2	2	1	Needs to be scheduled for this FY. Happy for it to be an out of cycle online meeting.
24. The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR				2	3	
25. The committee reviews the effectiveness of the external audit in accordance with S7.3.5 and S7.3.6 of the TOR				3	2	

<p>26. Management responds to external audit recommendations in a timely and appropriate manner</p>				<p>4</p>	<p>1</p>	<p>I assume so based on what I have seen to date.</p>
<p>27. Do you have any suggestions for improving any aspect of the Committee's performance, role or functions? Please provide details.</p>						<p>Committee is working well together and with the board. Exciting to see where the Horse Tram is heading over the next 12 months as it increases its offerings in Victor Harbor.</p> <p>Meeting auditors and having risk as a standing agenda item would be good.</p> <p>Planning for future year meet external auditor / share terms of engagement and payment (7.3). Possibly some team building / get to know session. Could link to the opening of Behind the Scenes. Good to ensure externals feel integrated and know the business.</p> <p>At present no suggestions as the procedures and reporting appears to be sufficient.</p> <p>I think the Committee is a good group of dedicated individuals with an appropriate range of skills and experience. No suggestions at this time.</p>