



1 May 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, 8 May 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.



**Audit Committee
 Committee Membership**

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	23 November 2020	22 February 2026
Independent Member(s)	Katherine Christ	22 February 2021	22 February 2026
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2025
Victor Harbor Horse Tram Authority Board Member	Paul Brown	22 February 2024	22 February 2026
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2025
Office Bearers			
Chairperson	John Morgan	22 February 2021	22 February 2026

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

John Morgan (Chair)
 Laura Hodgson
 Paul Brown
 Nigel Catt
 Katherine 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 4
– 13 March 2024

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

- 6.1 Action List Report 9
6.2 March Budget Review Report 11
6.3 Self-Assessment Review Report 22

7. Reports for Decision

- 7.1 Asset Accounting Policy Report 29
7.2 Appointment of Audit Committee Deputy Chairperson Report 38

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

- 9.1 Stables Complex Official Opening
9.2 Environmental Social Governance requirements of VHHTA Board

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 8 May 2024
Commencing at 12:30pm



Next Meeting

Wednesday 25 September 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 **8 May 2024**

From **Megan Whibley**

Subject **VHHTA AC Meeting Minutes – 13 March 2023**

Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee Meeting held Wednesday, 13 March 2024, 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 13 March 2024 for confirmation.

Background

A Board meeting of the Victor Harbor Horse Tram Authority Audit Committee was held on Wednesday, 13 March 2024.

Commentary

The minutes for the Victor Harbor Horse Tram Authority meeting held Wednesday, 13 March 2024 and were distributed to Members.

A copy of the minutes are provided at Attachment A to this report.

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 implications 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

Victor Harbor Horse Tram Authority
 Audit Committee Meeting Agenda
 For meeting Wednesday, 13 March 2024
 Commencing at 1.30pm



Present

John Morgan (Chair) (Via Teams)
 Paul Brown
 Laura Hodgson
 Nigel Catt
 Katherine Christ

In Attendance

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

Commencement

The meeting commenced at 1:35pm

3. Apologies

4. Minutes of the Previous Meeting

4.1 Minutes – Victor Harbor Horse Tram Authority Audit Committee – 7 February 2024

AC066 Moved: Laura Hodgson
 Seconded: Nigel Catt

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Wednesday, 7 February 2024 be confirmed as a true and accurate record.

CARRIED

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

6.1 Action List Report

10

AC067

Victor Harbor Horse Tram Authority
 Audit Committee Meeting Agenda
 For meeting Wednesday, 13 March 2024
 Commencing at 1.30pm



Moved: Nigel Catt
 Seconded: Katherine Christ

That the Audit Committee receive and note the Action List Report

CARRIED

6.2 Draft Operating and Capital Budget 2024/25 12

AC068

Moved: Paul Brown
 Seconded: Nigel Catt

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Draft Operating and Capital Budget 2024/25 report.
2. That the Victor Harbor Horse Tram Authority Audit Committee advises the Victor Harbor Horse Tram Authority that it has reviewed the Draft Operating and Capital Budget 2024/25

CARRIED

6.3 Draft Business Plan 2024 – 2027 Report 35

AC069

Moved: Laura Hodgson
 Seconded: Katherine Christ

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Draft Business Plan 2024 – 2027 Report with minor grammatical changes.

Meg Whibley left the meeting at 1.59pm

Meg Whibley returned to the meeting at 2.01pm

CARRIED

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

9.1 Self - Assessment Review

Victor Harbor Horse Tram Authority
Audit Committee Meeting Agenda
For meeting Wednesday, 13 March 2024
Commencing at 1.30pm



Self assessment sent on 7 February to be discussed at the next meeting.

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Reports

Nil

Next Meeting

Wednesday, 8 May 2024, 12.30pm – The Stables, 11 Canton Place, Victor Harbor

Meeting Close

Meeting was closed at 2.11pm

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 **8 May 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

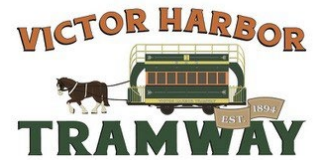
Information – No risks have been assessed in relation to this report as it has been provided for information only and no formal decision is required.

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 1-May-24
 *newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
7 February 2024	AC064	<p>Action:</p> <ol style="list-style-type: none"> 1. Audit Committee members to 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. 2. General Manager provide a report to the Committee on the results of the assessment at the next meeting. 	In progress
26 Sept 2023	6.1.1	<p>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.</p>	Tabled for future discussion - FEB 2025
10 May 2022	6.2.1	<p>Action: To edit numbers as displayed in the budget graphs are justified to the right with consistent decimal places</p>	Ongoing
10 August 2021	AC016	<p>Action: Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.</p>	Tabled for future discussion - FEB 2025

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

Date **8 May 2024**

From **Megan Whibley**

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

Report Number **6.2**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the March 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 March 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 March 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 March report for the 2023/2024 financial year has been prepared on schedule.

This March Review of the 2023/2024 Budget is a review addressing the first 9 months of the 2023/2024 financial year.

Commentary

The 2023/2024 budget is holding up decently, despite facing several unforeseen hurdles that have impacted tram operations. These challenges include illnesses and injuries among multiple horses, mechanical issues with the tram, and erratic weather patterns resulting in lower-than-expected revenue.

Despite these challenges, the VHHTA remains resilient and committed to the ongoing success of the Horse Tram operation.

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.

In the pursuit of greater financial self-sufficiency, VHHTA has demonstrated significant progress, both financially and in productivity, over the past two years. 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 the Authority was established and has remained constant at \$365,000 this current fiscal year.

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.

The March Review of the 2023/2024 Budget is 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 A remains unchanged at \$365,000.

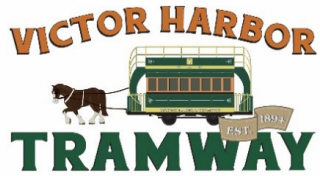
CONSULTATION

SMP Chartered Accountants
Kate Edwards IgiQ
City of Victor Harbor

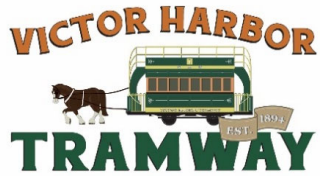
Victor Harbor Horse Tram Authority Budget



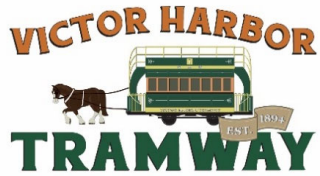
Income	Description	YTD 23/24	Original	Revised 1	Revised 2	Revised 3	Variance BR3 to BR2 (\$)	Variance BR3 to BR2 (%)	Variance Comments
Ticket Sales	Casual and Group bookings	563,508	796,235	796,235	796,235	796,235	-	-	Achievable if nothing else goes wrong
	Souvenir sales and donations/sponsorship	97,816	155,000	195,416	155,000	152,000	(3,000)	(2%)	Donations down a little
	Behind the scenes	10,091	177,100	177,100	77,100	37,100	(40,000)	(52%)	start/opening 6 months behind schedule , starting to gain momentum
	DIT Boom gate monitoring	26,799	45,000	45,000	45,000	45,000	-	-	
	Council Contribution	365,000	365,000	365,000	365,000	365,000	-	-	
	Interest and Other Income	5,901	40,100	40,100	40,100	21,100	(19,000)	(47%)	Sponsorship still low. \$10 and some gained in kind instead of \$
Total Income		1,069,115	1,578,435	1,618,851	1,478,435	1,416,435	(62,000)	(1)	
Expenses	Description	YTD 23/24	Original	Revised 1	Revised 2	Revised 3	Variance BR3 to BR2 (\$)	Variance BR3 to BR2 (%)	Variance Comments
Employee Costs	Salaries, superannuation & workcover	587,821	954,270	954,270	865,154	837,154	(28,000)	(3%)	As income is down we are able to reduce wages
Depreciation	Depreciation for fixed assets	-	66,720	66,720	66,720	66,720	-	-	
Administration	Travel, stationary, printing, communication, insurance, utilities, training and development	89,118	142,830	132,830	122,830	110,830	(12,000)	(10%)	Small gains in some of these areas to reduce costs
Maintenance	Building, stables, tram, paddock and equipment maintenance	151,038	35,000	135,000	188,000	168,000	(20,000)	(11%)	Utilising remaining surplus to achieve breakeven budget
	Horse Care - feed, farrier and vet fees	73,668	70,000	90,000	105,000	95,000	(10,000)	(10%)	tracking well
Marketing	Advertising, promotions, and souvenir purchases	52,911	100,000	120,000	80,000	70,000	(10,000)	(13%)	holding on souvenir spending
Other Expenses	Committee, cleaning, consultants, professional services, FBT, volunteer and staff amenities	77,342	122,760	133,176	109,176	127,176	18,000	16%	consultants due to admin contractor and induction process being designed
Administration charge	Rent on Assets	33,750	16,855	16,855	16,855	16,855	-	-	Other funds in ROU to be drawn on to balance
Corporate Support	IT, Finance, Records and Administration	58,275	70,000	70,000	77,700	77,700	-	-	
Total Expenses		1,123,923	1,578,435	1,718,851	1,631,435	1,569,435	-62000	-0.291809857	
Net gain (loss) from sale of assets									
Net Surplus (Deficit)		(54,808)	0	(100,000)	(153,000)	(153,000)	0	-0.720167188	



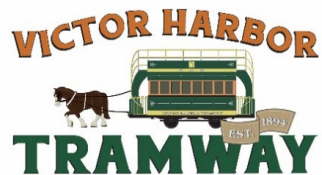
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2024	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	BR3 to BR2 \$'000
INCOME								
Ticket & Bookings Sales	810	563	796	795	798	-	796	-
Council Contribution	415	365	365	365	365	-	365	-
Other income	223	141	417	458	317	(140)	255	(62)
Total Income	1,448	1,069	1,578	1,618	1,480	(140)	1,416	(62)
EXPENSES								
Employee Costs	698	588	954	954	866	(89)	837	(28)
Materials, Contracts and Other Expenses	529	536	557	698	700	2	666	(34)
Depreciation, amortisation & impairment	52	-	66	66	67	-	67	-
	1,279	1,124	1,577	1,718	1,633	(87)	1,570	(62)
OPERATING SURPLUS / (DEFICIT)	169	(55)	1	(100)	(153)	(53)	(154)	-
Net gain (loss) on disposal or revaluation of assets	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	169	(55)	1	(100)	(153)	(53)	(154)	-



VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CASH FLOWS for the year ended 30 June 2024	Actual FY23 \$'000	Actual YTD 23/24 \$'000	Budget Original \$'000	Budget Revised 1 \$'000	Budget Revised 2 \$'000	Variance BR2 to BR1 \$'000	Budget Revised 3 \$'000	Variance BR3 to BR2 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts								
Operating receipts	1,470	1,073	1,579	1,619	1,479	(140)	1,417	(62)
Investment receipts	-	-	-	-	-	-	-	-
Payments								
Operating payments to suppliers & employees	(1,267)	(1,170)	(1,491)	(1,631)	(1,544)	87	(1,482)	62
Finance payments	(2)	-	(9)	(9)	(9)	-	(9)	-
Net Cash provided by (or used in) Operating Activities	201	(97)	79	(21)	(74)	(53)	(74)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Grants specifically for new or upgraded assets	-	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-	-
Payments								
Capital Expenditure on renewal/replacement of assets	-	-	-	5	5	-	5	-
Capital Expenditure on new/upgraded assets	(98)	(52)	(55)	(55)	(55)	-	(55)	-
Net Cash provided by (or used in) Investing Activities	(98)	(52)	(55)	(50)	(50)	-	(50)	-
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Proceeds from Borrowings	-	-	55	55	55	-	55	-
Payments								
Repayment of Borrowings	(33)	219	(88)	(85)	(85)	-	(85)	-
Net Cash used in Financing Activities	(33)	219	(33)	(30)	(30)	-	(30)	-
NET INCREASE (DECREASE) IN CASH HELD	70	70	(9)	(101)	(154)	(53)	(154)	-
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	91	161	90	161	161	-	161	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	161	231	81	60	7	(53)	7	-



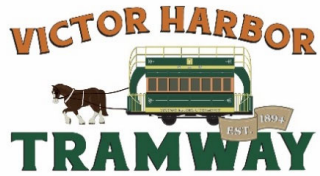
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF FINANCIAL POSITION for the year ended 30 June 2024	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	BR3 to BR2 \$'000
ASSETS								
Current Assets								
Cash and cash equivalents	161	231	81	60	7	(53)	7	-
Trade & Other Receivables	18	13	-	18	18	-	18	-
Inventories	-	-	-	-	-	-	-	-
Total Current Assets	179	244	81	78	25	(53)	25	-
Non-Current Assets								
Infrastructure, Property, Plant & Equipment	211	261	198	199	200	-	199	-
Total Non-Current Assets	211	261	198	199	200	-	199	-
TOTAL ASSETS	390	505	279	277	225	(53)	224	-
LIABILITIES								
Current Liabilities								
Trade & Other Payables	64	15	9	9	10	-	9	-
Short-term Provisions	59	59	32	32	32	-	32	-
Short-term Borrowings	87	87	35	35	35	-	35	-
Total Current Liabilities	210	161	76	76	77	-	76	-
Non-Current Liabilities								
Long-term Provisions	13	13	40	40	40	-	40	-
Long-term Borrowings	-	219	94	94	94	-	94	-
Total Non-Current Liabilities	13	232	134	134	134	-	134	-
TOTAL LIABILITIES	223	393	210	210	211	-	210	-
NET ASSETS	167	112	69	67	14	(53)	14	-
EQUITY								
Accumulated Surplus	167	112	69	67	14	(53)	14	-
TOTAL EQUITY	167	112	69	67	14	(53)	14	-



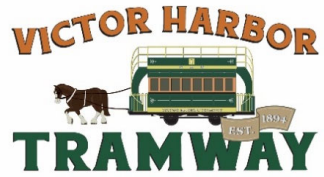
VICTOR HARBOR HORSE TRAM AUTHORITY STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2024	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	BR3 to BR2 \$'000
ACCUMULATED SURPLUS								
Opening balance at beginning of financial year	(2)	167	68	167	167	-	167	-
Total comprehensive income for the year	169	(55)	1	(100)	(153)	(53)	(154)	-
Closing balance at end of period	167	112	69	67	14	(53)	13	-



VICTOR HARBOR HORSE TRAM AUTHORITY UNIFORM PRESENTATION OF FINANCES for the year ended 30 June 2024	Actual	Actual	Budget	Budget	Budget	Variance	Budget	Variance
	FY23 \$'000	YTD 23/24 \$'000	Original \$'000	Revised 1 \$'000	Revised 2 \$'000	BR2 to BR1 \$'000	Revised 3 \$'000	BR3 to BR2 \$'000
Operating Revenues	1,448	1,069	1,578	1,618	1,480	(140)	1,416	(62)
less Operating Expenses	(1,279)	(1,124)	(1,577)	(1,718)	(1,633)	87	(1,570)	62
OPERATING SURPLUS (DEFICIT)	169	(55)	1	(100)	(153)	(53)	(154)	-
NET OUTLAYS ON EXISTING ASSETS								
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-	-	5	5	-	5	-
add back Depreciation, Amortisation and Impairment	52	1,124	66	66	67	-	67	-
add back Proceeds from Sale of Replaced Assets	-	-	-	-	-	-	-	-
	52	1,124	66	71	72	-	72	-
NET OUTLAYS ON NEW AND UPGRADED ASSETS								
Capital Expenditure on New and Upgraded Assets	(98)	(52)	(55)	(55)	(55)	-	(55)	-
add back Amounts Received Specifically for New and Upgraded Assets	(98)	(52)	(55)	(55)	(55)	-	(55)	-
ANNUAL NET IMPACT TO FINANCING ACTIVITIES (SUPPLUS)/(DEFICIT)								
	71	(107)	12	(84)	(136)	(53)	(137)	-



VICTOR HARBOR HORSE TRAM AUTHORITY FINANCIAL INDICATORS for the year ended 30 June 2024	Actual FY23 \$'000	Actual YTD 23/24 \$'000	Budget Original \$'000	Budget Revised 1 \$'000	Budget Revised 2 \$'000	Variance BR2 to BR1 \$'000	Budget Revised 3 \$'000	Variance BR3 to BR2 \$'000
Operating Surplus Ratio <i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>	11.7%	-5.1%	0.1%	-6.2%	-10.3%		-10.9%	
Net Financial Liabilities <i>Net Financial Liabilities are defined as total liabilities less financial assets.</i>	44	149	129	132	186		185	
Net Financial Liabilities Ratio <i>being total liabilities less financial assets (excluding equity accounted investments in Authority business), divided by total operating revenue</i>	3.0%	13.9%	8.2%	8.2%	12.6%		13.1%	
Asset Management Plan forecast project spend for renewal of assets	-	-	-	(5)	(5)		(5)	
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.</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>				100%	100%		100%	
Own Source Funding		63%	77%	73%	68%		67%	



VICTOR HARBOR HORSE TRAM AUTHORITY CAPITAL EXPENDITURE for the year ended 30 June 2024	Actual FY23 \$'000	Actual YTD 23/24 \$'000	Budget Original \$'000	Budget Revised 1 \$'000	Budget Revised 2 \$'000	Variance BR2 to BR1 \$'000	Budget Revised 3 \$'000	Variance BR3 to BR2 \$'000
CAPITAL NEW								
IT equipment	-	-	10	10	10	-	10	-
Tools	-	-	5	5	5	-	5	-
Tractor/mower/slasher	-	-	20	20	20	-	20	-
Gater	-	16	15	15	15	-	15	-
Work vehicle	53	-	-	-	-	-	-	-
Second float	24	-	-	-	-	-	-	-
Harness Equipment	1	9	5	5	5	-	5	-
Equissage	10	-	-	-	-	-	-	-
Photocopier	-	6	-	-	-	-	-	-
Mower	-	14	-	-	-	-	-	-
Other	10	8	-	-	-	-	-	-
Total - Capital New	98	52	55	55	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	-	-	-	-	-	-	-	-
	98	52	55	55	55	-	55	-



Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **8 May 2024**
From **Megan Whibley**
Subject **VHHTA Audit Committee Self-Assessment Review Report**
Report Number **6.3**

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 2024 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 2024 meeting the Committee was provided with a self-assessment questionnaire to individually complete, with the General manager to bring a report to the 8 May 2024 meeting to report back on the Committee's review.

Commentary

This is the Committee's second self-assessment review. Following the meeting on February 7, 2024, Audit Committee Members conducted the assessment. Overall, members' evaluations closely aligned.

Members feel equipped to support VHHTA with their wealth of expertise, and they feel reciprocally supported by VHHTA, which provides well-prepared reports and information in a timely manner. Importantly, all Committee Members expressed confidence in their ability to raise concerns and relevant issues, crucial for the committee's overall performance. Responses indicate that the Committee believes it fulfills its responsibilities and operates efficiently and effectively.

The Committee identified areas for improvement, showing its reflective nature and commitment to progress. Notably, it suggested scheduling the meeting with the external auditor earlier to allow for better planning. There were also comments regarding the timing of agenda distribution, though these adhere to the regulatory guidelines of providing agendas at least 5 clear days prior to a meeting.

This summary provides a concise overview of the findings from the Audit Committee's 2023 self-review. Detailed results, comments, and feedback are available in 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 2024						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Comments
1. Members of the Committee understand their role and responsibilities				1	3	yes
2. The Committee reviews annually its terms of reference and recommends any necessary changes to the Board				1	3	yes
3. Committee members are independent of management, exercise their own judgement, voice their own opinions and act freely from any conflicts of interest					4	
4. The Committee collectively has sufficient skills, experience, time and resources to undertake its duties					4	Really good range of skills and experience
5. All Committee members demonstrate the highest level of integrity; including maintaining utmost confidentiality and identifying, disclosing and managing conflicts of interest					4	
6. There is a general understanding of the Authority,					4	

Local Government sector and external issues						
7. Committee Members attend meetings on a regular basis				1	3	yes
8. The Committee Chair runs meetings appropriately to ensure that the committee's workload is dealt with effectively					4	
9. The Committee works constructively as a team and works well with staff and individuals that attend meetings					4	
10. The Committee provides effective support to the Board in fulfilling its responsibility and adding value to the Authority				1	3	As an independent member, this appears to be the case, but the Board members will have greater knowledge and be able to better comment on this point.
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				1	3	
12. Meeting agendas and related background information is circulated in a timely manner				2	2	More time nice if possible Sometimes it would be more helpful if we had more time with meeting papers prior to the meeting.

13. The Committee receives information, presentations, or explanations considered necessary to fulfil its responsibilities				1	3	
14. Meeting agendas and supporting papers are well structured and well written					4	Great job team!
15. Effective minutes are prepared, distributed and followed up					4	
16. Meetings allow Committee members to raise any issue they believe relevant				1	3	
17. Overall, the Committee is efficient and effective				1	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					4	
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				1	3	
20. In monitoring the integrity of the financial statements of the VHHTA, the committee meets				1	3	Yes to all s7.1 TOR

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	2	
22. In regards to the External Audit Process, the Committee meets their requirements under S7.3 of the TOR				1	3	
23. The Committee meets with the external Auditor as needed, and at least once per year			1		3	In planning It would be great if the next meeting with the auditor could be scheduled ahead of time along with all meetings to ensure we have them in our calendars
24. The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR					4	
25. The Committee reviews and monitors the findings of the audit with the external auditor in accordance with S7.3.4 of the TOR				1	2	Repeated question
26. The committee reviews the effectiveness of the external audit in accordance with S7.3.5 and S7.3.6 of the TOR				1	3	

<p>27. Management responds to external audit recommendations in a timely and appropriate manner</p>					4	yes
<p>Do you have any suggestions for improving any aspect of the Committee's performance, role or functions? Please provide details.</p>						<p>None</p> <p>Add to our annual schedule meet with auditor +p12 2.1.5 systematically review systems once per year</p>



Meeting **Victor Harbor Horse Tram Authority Audit Committee**
Date **8 May 2024**
From **Megan Whibley**
Subject **Asset Accounting Policy Report**
Report Number **7.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Asset Accounting Policy Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee recommend the Asset Accounting Policy to the Victor Harbor Horse Tram Authority for endorsement.**

INFORMATION

Purpose

The purpose of this report is to provide the Asset Accounting Policy of the Victor Harbor Horse Tram Authority (VHHTA) to the VHHTA Audit Committee for consideration and review.

Background

The VHHTA Audit Committee is responsible for overseeing the financial and accounting policies of the VHHTA.

The VHHTA Terms of Reference state:

7.1.2 The committee shall review and challenge where necessary:

7.1.2.1 The consistency of, and/or any changes to, accounting policies;

Commentary

The VHHTA still continues to use and refer to the policies of the City of Victor Harbor.

The Asset Accounting Policy has been prepared for the VHHTA Audit Committee's consideration and review.

A policy framework has been developed to ensure these all-adopted policies of the Board are monitored and reviewed as required.

RISK ASSESSMENT

Legal and Compliance – The review of policies ensures that they are reviewed and updated for effective control and guidance for the VHHTA. This risk is assessed as **low**.

Governance – The recommendation meets the requirements of the Charter and legislation. The risk has been assessed as **low**.

REFERENCES

The Local Government Act 1999
The VHHTA Charter
VHHTA Audit Committee

BUDGET IMPLICATIONS

Excluding endorsed budgeted staff resources there are no budget implications in the VHHTA Board reviewing and updating VHHTA policies and procedures.

No additional funds are required.



Policy

Policy Name	Asset Accounting Policy
Policy/File Number	ED4.12.012
Review Frequency	Every Three Years
Attachments	nil

1. Purpose

The purpose of this Policy is to ensure the Authority's non-current assets are recognised and accounted for in accordance with *Australian Accounting Standards* and the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*, Australian Accounting Standards, interpretations, guidelines and relevant South Australian Legislation.

2. Scope

This Policy applies to the acquisition and accounting treatment of the Authority's non-current assets, to ensure they are managed in an efficient and financially responsible manner, and that financial information related to non-current assets are presented accurately and consistently.

3. Policy Statement (Summary)

The Victor Harbor Horse Tram Authority has an obligation to ensure that existing assets are managed efficiently, and that decisions regarding the acquisition of new assets and the sale and maintenance of current assets are undertaken in an open and transparent manner.

The Authority's non-current assets shall be recognised, capitalised and revalued in accordance with the Australian Accounting Standards and this Policy.

4. Legislation and Compliance

The Victor Harbor Horse Tram Authority is subject to the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*, and relevant Australian Accounting Standards.

5. Definitions

Accumulated Depreciation means the total of all the annual depreciation that has been applied to the asset since the asset has been used by the entity.

Asset means a resource controlled by the entity as a result of past events and from which

Asset Accounting Policy

future economic benefits are expected to flow to the entity. The three elements of an asset are:

- future economic benefits (goods and services provided by the asset)
- control by the entity (ability of entity to benefit from future economic benefits)
- occurrence of a past event (asset must be in existence)

Residual Value (where applicable) of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Carrying Amount means the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Depreciation means the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable Amount means the cost of an asset or other amount substituted for cost, less its residual value.

Fair Value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Impairment Loss means the amount by which the carrying amount of an asset exceeds its recoverable amount.

Maintenance means recurrent operating expenditure such as repairs, fuel, power, materials, labour, overheads and general services. It includes both reactive maintenance and planned maintenance programs and non-capitalised minor equipment purchases.

Property, Plant and Equipment are tangible items that:

- (a) are held for the use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period

Right-of-Use Assets means an asset that represents a lessee's right to use an underlying asset for the lease term.

Useful Life means the period for which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

6. Policy Content

AASB 116 requires that a distinction be made between expenditure that is consumed immediately in operations (or within one financial year) and expenditure on physical assets that will provide service over more than one financial year. This distinction is a critical component in the determination of financial sustainability of a Council subsidiary.

Asset Accounting Policy

6.1 Recognition of an Asset

An asset is recognised in the statement of financial position when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

An asset that qualifies for recognition will be initially recorded at cost at the date of acquisition, including costs directly attributable to bringing the asset to the location and condition ready for operation.

Where an asset is acquired at no cost, at significantly less than fair value, the cost is determined as the fair value of the asset/s at the date of acquisition.

Assets with an economic life in excess of one year will be capitalised where the cost of acquisition exceeds materiality thresholds set by the Authority for each type of asset.

No capitalisation threshold is applied to the acquisition of land or interests in land.

6.2 Material Levels for Capitalisation

Material levels for capitalisation of assets are:

Asset type	Material level
Software	\$50,000
Buildings	\$10,000
Infrastructure	\$10,000
Major Plant and Equipment	\$5,000
Minor Plant and Equipment	\$1,000
IT and Office Equipment	\$1,000
Furniture and Fittings	\$1,000
Other	\$1,000

6.2.1 Individual Assets

Individual assets not meeting threshold limits may be capitalised as a group asset, if the total value of the items exceeds threshold levels (eg 200 chairs).

Additionally, where there is expenditure on individual assets that falls below the materiality threshold for that asset class, but operate together as a network or asset group, that total expenditure can be capitalised, for example a computer network, bulk furniture or stormwater pumps.

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6.2.2 Intangible Assets

Intangible assets, such as software, will be recognised subject to AASB138. Research will be recognised as an expense when it is incurred.

Development activities including configuration, coding, installation and testing will be capitalised where it can be demonstrated that the asset meets the criteria within AASB138.

Generally, software costs will be recognised as follows:

- Research, investigations, feasibility, evaluation etc will be expensed as the costs are incurred.
- Materials, services and internal resources consumed in the development of the software including external / third party fees, software purchase costs, data conversion, migration and testing will be recognised as having probable future economic benefits and thus be capitalised.

6.3 Asset Classes

AASB 116 requires assets to be classified into classes. The Authority has nominated the following financial classes of assets:

Category	Financial Class	Assets Included
Buildings & Structures	Buildings	Internal and external structure, roof, internal and external finishes and building services
Infrastructure	Tram Line	Horse tram line
Plant and Equipment	Plant and Equipment	Major plant and equipment Minor plant and equipment IT and office equipment
Furniture and Fittings / Other	Furniture and Fittings	Office Furniture

6.4 Asset Depreciation

Other than land and excluded assets under section 6.1, all recognised infrastructure, property, plant and equipment assets will be systematically depreciated over their useful lives in a manner that reflects the consumption of the service potential embodied in those assets. Residual values (where applicable) are based on the estimated value of an asset at the end of its useful life.

6.4.1 Depreciation

Depreciation is recognised on a straight-line basis. Depreciation rates may be

Asset Accounting Policy

varied for specific assets where asset quality, environmental and/or operational conditions require other than standardised treatment.

6.4.2 Useful Lives and Residual Values

Useful lives and residual values for each class of asset are reviewed as part of the annual asset revaluation process and are included in the Asset Register which is updated following adoption of the annual financial statements each year.

Category	Class	Useful Life (Years)	Average Annual Depreciation Rates (%)
Buildings & Structures	Buildings	10 - 100	1 – 10
Infrastructure	Horse Tram Line	10 - 100	1 – 10
Plant and Equipment	Plant and Equipment	2 – 20	5 – 50
Furniture and Fittings / Other	Furniture and Fittings	5 – 10	10 – 20

6.5 Asset Impairment

Impairment is the decline in the future economic benefits or service potential of an asset, over and above the use reflected through depreciation (e.g. an asset is damaged in a natural disaster and the carrying value is no longer valid).

AASB 136 requires assessment at each reporting date whether assets under its control may be impaired. External indicators for impairment could be as a result of significant adverse changes in the technological, market, economic or legal environment. Internal indicators for impairment could include obsolescence or physical damage of an asset.

Indicators may provide evidence that an asset is of no benefit to the community or that plans to replace or dispose of the asset will require the re-assessment of its useful life. If any such indication exists, the Authority shall estimate the recoverable amount of the asset.

Impairment loss shall be recognised when the recoverable amount of an asset is less than its carrying amount. An impairment loss is recognised in the Income Statement, unless the asset is carried at a revalued amount, when it is to be treated in the same way as a revaluation decrement against the same asset. An impairment loss can be reversed in subsequent years.

6.6 Measurement after recognition

AASB 116 requires revaluations to be undertaken with sufficient regularity to ensure that the carrying amount of an asset does not differ materially from that which would be determined using fair value at the reporting date and for the entire class of asset to be revalued simultaneously.

Asset Accounting Policy

Determining the frequency of valuations depends on striking a balance between having relevant and timely information, and the cost of obtaining such information. It is appropriate to provide for periodic comprehensive revaluations with interim revaluations based on specific indices.

AASB 116 requires that comprehensive revaluations every three to five years may be sufficient for non-current assets that experience only insignificant changes in fair value. It also provides that a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and revaluations are kept up to date.

The Authority will undertake comprehensive valuations to ensure the carrying amount of an asset does not differ materially from that which would be determined using fair value.

The Authority intends to conduct comprehensive revaluations on the following basis:

- Buildings to be revalued by external valuers at intervals of no more than four years;
- Infrastructure to be revalued by internal staff and signed off by an external valuer at intervals of no more than four years;
- Plant, equipment, furniture and fittings assets are not to be subject to revaluation, as they have relatively short useful lives. The Authority will hold these assets at historical cost.

6.7 Leases

In accordance with AASB16 Leases, all leases will be capitalised by recognising a Right of Use asset together with a liability for the present value of the lease obligation.

Depreciation will be calculated on the Right of Use asset and interest will be calculated on the lease liability.

The value of the Right to Use asset and the lease liability will include non-cancellable lease payments and payments for option periods which the Authority is reasonably certain to exercise.

Exceptions to the capitalisation rule are short-term leases with a period of 12 months or less, and low value underlying assets such as personal computers, small items of office furniture and telephones.

6.8 Asset Sale or Disposal

The disposal or sale of assets must be performed in accordance with the *Disposal of Land and Other Assets Policy*.

Asset Accounting Policy

6.9 Disclosure Requirements

The disclosure requirements shall be in accordance with AASB 116 - Property, Plant and Equipment.

7. Risk Management

Recorded fixed asset acquisitions that do not represent fixed assets acquired by the Authority may result in misstatement in the management report and financial statements. Inaccuracies in the input and/or processing of asset acquisition details or amounts may lead to the asset being incorrectly reflected in the general ledger. Asset acquisitions that are not recorded may understate the value of fixed assets and depreciation, and may lead to assets being lost or misappropriated.

8. Implementation/Delegations

The General Manager is delegated authority to implement this Policy.

9. Related Documents

Asset Management Plans
Long Term Financial Plan
Disposal of Land and Other Assets
Procurement Policy

10. Availability of Policy

This policy is available on the Victor Harbor Horse Tram website at www.horsedrawntram.com.au. It may also be inspected or purchased at the Principal Office of the City of Victor Harbor, 1 Bay Road, Victor Harbor.

Document History

Version	Document	Action	Date
1.0	Approved version	Victor Harbor Horse Tram Authority endorsement VHHTA436	24/04/2024



Meeting **Victor Harbor Horse Tram Authority**
Date **8 May 2024**
From **Megan Whibley**
Subject **Appointment of Audit Committee Deputy Chairperson Report**
Report Number **7.1**

RECOMMENDATION

PURPOSE

The purpose of this report is to facilitate the appointment of a Victor Harbor Horse Tram Authority (VHHTA) Audit Committee Member as Deputy Chairperson as required by the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Appointment of Audit Committee Deputy Chairperson Report.**
- 2. That the Victor Harbor Horse Tram Authority Audit Committee recommend to the VHHTA Board the appointment of _____ as Deputy Chairperson, for the term of 2 years as specified at 5.1 of the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference.**

INFORMATION

The Terms of Reference states the following:-

5. APPOINTMENT OF OFFICE BEARERS

5.1 Council shall appoint a Chairperson and Deputy Chairperson and the term of office shall be two (2) years.

5.2 The Chairperson and Deputy Chairperson must not be a Council Member or Employee of the Council.

Summary

Following the departure of the Deputy Chairperson, who did not seek renewal for another term on the VHHTA Audit Committee, there arises a vacancy for the position of Deputy Chairperson. It is advisable for the Audit Committee to propose the appointment of a new Deputy Chairperson to the Victor Harbor Horse Tram Authority for endorsement to Council, aligning with the provisions outlined in the Charter and the VHHTA Audit Committee Terms of Reference.

RISK ASSESSMENT

Governance – the Audit Committee is required by its Terms of Reference to appoint a Deputy Chairperson, adherence to this requirement ensures compliance of the Terms of Reference. The risk has been assessed as *low*.

BUDGET IMPLICATIONS

Budget implications for the Chairperson and Independent Members sitting fees are provided in the 2023/24 Budget Report. Excluding budgeted staff resources, there are no budget implications from receiving this report.