



6 May 2022

Contact for Apologies: General Manager

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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, 10 May 2022

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

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	23 November 2020	23 November 2022
Independent Member(s)	Kate Christ	22 February 2021	22 February 2023
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 2022
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2023
Office Bearers			
Chairperson	John Morgan	22 February 2021	23 November 2022
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2022

1. Open Meeting/Welcome

2. Attendance

John Morgan (Chair)
 Kate Christ
 Laura Hodgson
 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 – 4
8 February 2022

5. Adjourned Item(s)

Nil

6. Reports for Receiving and Noting only

6.1 Action List Report 9
6.2 March Quarterly Budget Review 2021-22 11

7. Reports for Decision

Nil

8. Presentation(s)

Nil

9. Discussion Items – No decision(s)

9.1 VHHTA Credit Card Oversight Options
9.2 Capital Budget – Financial Asset Management Plan / LGFA Funds

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil



12. Confidential Reports

Nil

Next Meeting

Tuesday 13 September 2022, 12:30pm – Encounter Room

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.*

- *To comply with COVID-19 physical distancing requirements, places in the public gallery are limited and will be filled on a 'first in' basis.*



Meeting **Victor Harbor Horse Tram Authority**
Date **10 May 2022**
From **Megan Whibley**
Subject **Minutes of the Previous Meeting**
Report Number **4.1**

RECOMMENDATION

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 8 February 2022 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 8 February 2022 for confirmation.

Background

The Victor Harbor Horse Tram Authority Audit Committee minutes for the meeting held Tuesday, 8 February 2022 were received at the Victor Harbor Horse Tram Authority Board meeting held Tuesday, 12 April 2022.

Commentary

The minutes for the Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 8 February 2022 were distributed to Members on Friday, 11 February 2022.

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



1. Attendance

Present

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

In attendance

Megan Whibley (General Manager VHHTA) (Via Zoom)
Tamar Herron (Minute secretary VHHTA)

Sarah Milosevic (Chartered Accountant SMP)(Via Zoom)

Commencement

The meeting commenced at 12:36pm

2. Apologies

Nil

3. Conflict of Interest

Nil

4. Minutes of the Previous Meeting

4.1 Audit Committee Meeting Minutes Report – 9 November 2021

AC025 Moved: Katherine Christ
 Seconded: Laura Hodgson

That the minutes of the previous Victor Harbor Horse Tram Authority Audit Committee meeting held Tuesday, 9 November 2021 be confirmed as a true and accurate record.

CARRIED

5. Business Arising

Nil



6. Reports for Receiving and Noting only

6.1 Action List Report

AC026 Moved: Laura Hodgson
 Seconded: Nigel Catt

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

CARRIED

6.2 The December Budget Review 2021/22 Report

AC027 Moved: Rachel Kennedy
 Seconded: Nigel Catt

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the December Budget Review 2021/22 Report.
2. That the Victor Harbor Horse Tram Authority Audit Committee recommends to the Authority that depreciation of assets be included in this and any current budget report rather than be applied to the end of financial year review.

CARRIED

6.3 Draft Operating Budget 2022/23 Report

AC028 Moved: Nigel Catt
 Seconded: Laura Hodgson

1. That the Victor Harbor Horse Tram Authority Audit Committee receive and note the Draft Operating Budget 2022/23 Report.



2. That the Victor Harbor Horse Tram Authority Audit Committee recommends to the Authority that the Draft Operating Budget 2022/23 take into consideration the depreciation of new assets and the sale of current assets.

CARRIED

7. Reports for Decision

Nil

8. Presentations

Nil

9. Discussion Items – No decision(s)

9.1 Financial Asset Management Plan

10. Correspondence Received

Nil

11. Urgent Business without Notice

Nil

12. Confidential Item(s)

Nil

13. Next Meetings

Tuesday 10 May 2022, 12:30pm at the Encounter Room

14. Meeting Closed.

1:15pm

***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**

Date **10 May 2022**

From **Megan Whibley**

Subject **Action List Report**

Report Number **6.1**

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 28-Apr-22
*newest at top

Meeting Date	Action Number	Action / Task	Status
		<i>Leave blank</i>	
10 August 2021	AC016	Action: Rename the Audit Committee to the Audit and Risk Committee to more accurately reflect the role and duties of the Committee.	In progress



Meeting **Victor Harbor Horse Tram Audit and Risk Committee**

Date **10 May 2022**

From **Megan Whibley**

Subject **March Quarterly Budget Review 2021/22**

Report Number **6.2**

RECOMMENDATION

That the Victor Harbor Horse Tram Authority Audit Committee receive and note the March Quarterly Budget Review 2021/22 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 2021/22.

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.

This March budget review, is a review addressing the COVID-19 effects on the 2021/22 financial year, and the new Causeway construction which resulted in the Victor Harbor Horse Tram operation closing for an extended period.

Commentary

The first half of the financial year was impacted significantly by construction of the new Causeway and by impacts of COVID-19 such as state border closures. The budget was amended at the first budget review to reflect a decrease in ticket income, and expenses such as staffing costs were reduced, in order to ensure an unchanged council contribution.

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 increased income as a result of the reopening of state borders prior to Christmas combined with the impact of ticket price increases that were made in March 2021. It took significant effort to manage the bottom line, given the significant and often sporadic disruptions to Horse Tram operations over this period. Despite this, the financial result was an unchanged Council contribution at the December budget review, which should not be underplayed.

The March 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.

Expenses have been lower than anticipated for staff costs, tram and paddock maintenance, which has further offset the decrease in income experienced during the first half of the financial year. The result is an unchanged Council contribution to the Authority – a pleasing outcome given the turbulence of the financial year-to-date.

The March Budget Review 2021/22 is provided at Attachment A.

RISK ASSESSMENT

Financial Management – The VHHTA is on track to achieve a break-even budget, not requiring any extra funding from the City of Victor Harbor despite only operating for 6 months of the 2021/22 year and the Covid effects on international travel. 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 –Although disruptions to horse tram operations have been significantly outside of the control of the VHHTA, a small number of people in the community who are seeking the VHHTA to have a decreased reliance on Council funding, may be expecting to see a reduced Council contribution in 2021/22. In this difficult operating environment, it is exceptional that the VHHTA has managed the budget without the need for additional Council contribution. This risk is assessed as **Low**.

REFERENCES

Victor Harbor Horse Tram Authority 2021/22 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 2021/22 budget approved by Council and adopted by the VHHTA.

CONSULTATION

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

Sarah Milosevic – Director and Chartered Accountant, SMP Chartered Accountants

Budget Review - Working								
Victor Harbor Horse Tram Authority								
Description	2021/22 Original Budget	2021/22 YTD Actual	Budget Remaining (\$)	Budget Remaining (%)	2021/22 March Budget Review	Variance (\$)	Variance (%)	Comments
Income								
CVH budget contribution	415,400	311,550	103,850	25%	\$415,400.00	0	0%	COVH Contribution
Donation Income	2,500	237	2,263	91%	\$500.00	(2,000)	-80%	Affected by covid-19 restrictions/Closure-causeway build
Employee Subsidies	4,500	2,727	1,773	0%	\$4,500.00	0	0%	Employer subsidy received and budget adjusted in Dec
Fleurieu Heritage Sales	500	0	500	100%	\$0.00	(500)	-100%	Affected by covid-19 restrictions/Closure-causeway build
Group Sales	2,000	1,023	978	49%	\$5,000.00	3,000	150%	Increase after reopening
Other Income	10,000	631	9,369	94%	\$0.00	(10,000)	-100%	Affected by covid-19 restrictions/Closure-causeway build
Souvenir Sales	35,000	21,564	13,436	38%	\$35,000.00	0	0%	Closure until causeway finished and refurb of merch area has increased sales
Ticket Sales	345,000	231,934	113,066	33%	\$374,500.00	29,500	9%	Increased sales with borders opening and price increase
Causeway Monitoring	60,000	33,050	26,950	0%	\$40,000.00	(20,000)	100%	Monitoring causeway for DIT but no closures for 6 months
Other Income - Interest	0	34	(34)	0%	0	0	0%	
Total Income	874,900	602,750	272,150	31%	874,900	0	0%	No change
Less Operating Expenses								
Administration Charge - Corporate Support	64,000	32,549	31,451	49%	64,000	0	0%	On track
Administration Charge - Rent on Assets	44,000	20,989	23,011	52%	44,000	0	0%	On track

Advertising Expenses	8,000	914	7,086	89%	8,000	0	0%	Funds forecasted to be spent on Advertising for the July hols.
Authority Board Expenses	15,000	6,111	8,889	59%	15,000	0	0%	Payment due to be made.
Cleaning	5,000	1,850	3,150	63%	5,000	0	0%	On track
Consultants and Professional Services	15,000	12,500	2,500	17%	15,000	0	0%	on track
Employee expenses	531,200	355,569	175,631	33%	531,200	0	0%	On track
Horse Care Expenses	58,000	27,947	30,053	52%	51,700	(6,300)	-11%	On track
Other Expenses	1,700	0	1,700	100%	1,700	0	0%	Allowance
Repairs and Maintenance	35,000	13,674	21,326	61%	35,000	0	0%	On track
Security Expenses	3,600	3,111	489	14%	3,600	0	0%	On track
Staff Amenity Expenses	3,500	1,924	1,576	45%	3,500	0	0%	On track
Utilities	14,000	6,768	7,232	52%	14,000	0	0%	On track
Vehicle and Travel Expenses	4,000	2,247	1,753	44%	4,000	0	0%	On track
Volunteer Expenses	3,000	0	3,000	100%	3,000	0	0%	Increase in Volunteers and uniforms are ordered so on Track
Bank Fees	500	750	(250)	-50%	500	0	0%	on track
Insurance	41,000	26,350	14,650	36%	41,000	0	0%	On track
Merchant Fees	2,500	1,736	764	31%	2,500	0	0%	On track
Phone and Date Expenses	3,700	2,886	814	22%	4,700	1,000	27%	On track
Printing and Stationary Expenses	4,200	1,265	2,935	70%	3,200	(1,000)	-24%	On track
Souvenir Purchases	18,000	11,971	6,029	33%	18,000	0	0%	Increase in sales so an increase in purchases
Depreciation	0	3,150	(3,150)	0%	6,300	6,300	100%	Ute, Gator and float gifted by council. To be included in the Dec budget review (\$10K per year)
Total Operating Expenses	874,900	534,259	340,641	39%	874,900	0		No change
Physical Resources Received Free of Charge	50,000				63,000	13,000		Ute, Gator and float gifted by council - this is their value not the gifted depreciated council value..
Net Surplus / (Deficit)	0	68,491	(68,491)	0	0	0		Gifted assets which will be depreciated at 6 monthly review