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To the Presiding Member South Australian Local Government Grants Commission

Opinion

I have audited the financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Local Government Grants Commission as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member and the Executive Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Local Government Grants Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Executive Officer and the members of the Commission for the financial report

The Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Officer is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the Commission are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Local Government Grants Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Officer
- conclude on the appropriateness of the Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Executive Officer and Presiding Member about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

27 September 2024

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**South Australian Local Government Grants
Commission**

Financial Statements

For the year ended 30 June 2024

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South Australian Local Government Grants Commission
Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income			
SA Government grants, subsidies and transfers	2.1	491	481
Interest revenue	2.2	72	47
Resources received free of charge	2.3	22	37
Other Income	2.4	108	-
Total income		693	565
Expenses			
Staff benefits expenses	3.3	417	307
Supplies and services	4.1	263	129
Total expenses		680	436
Net result		13	129
Total comprehensive result		13	129

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

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South Australian Local Government Grants Commission
Statement of Financial Position
As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	5.1	1 530	1 558
Receivables	5.2	100	7
Total current assets		1 630	1 565
Total assets		1 630	1 565
Current liabilities			
Staff Benefits	3.5	50	46
Payables	6.1	42	16
Total current liabilities		92	62
Non-current liabilities			
Staff Benefits	3.5	126	104
Total non-current liabilities		126	104
Total liabilities		218	166
Net assets		1 412	1 399
Equity			
Retained earnings		1 412	1 399
Total equity		1 412	1 399

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

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South Australian Local Government Grants Commission
Statement of Changes in Equity
for the year ended 30 June 2024

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2022	1 270	1 270
Net result for 2022-23	129	129
Total comprehensive result for 2022-23	129	129
Balance at 30 June 2023	1 399	1 399
Net result for 2023-24	13	13
Total comprehensive result for 2023-24	13	13
Balance at 30 June 2024	1 412	1 412

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

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South Australian Local Government Grants Commission
Statement of Cash Flows
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Cash inflows			
SA Government grants, subsidies and transfers		491	481
Interest received		67	40
Other receipts		20	-
Cash generated from operating activities		578	521
Cash outflows			
Staff benefits payments		(391)	(319)
Payments for supplies and services		(215)	(87)
Cash used in operating activities		(606)	(406)
Net cash provided by / (used in) operating activities		(28)	115
Net increase / (decrease) in cash and cash equivalents		(28)	115
Cash and cash equivalents at the beginning of the reporting period		1 558	1 443
Cash and cash equivalents at the end of the reporting period	5.1	1 530	1 558

South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

1. About the Local Government Grants Commission

The South Australian Local Government Grants Commission (the Commission) is a not-for-profit government entity established pursuant to the *South Australian Local Government Grants Commission Act 1992*, which prescribes its responsibilities in accordance with the provisions of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Commission does not control any other entity and has no interests in unconsolidated structured entities. The Commission has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The Commission has administered activities and resources. Transactions and balances relating to administered items are presented separately and are disclosed at note 8. Administered items are accounted for on the same basis as the Commission transactions.

1.1. Basis of Preparation

These financial statements are general purpose statements and have been prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

The financial statements have been prepared based on a twelve month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Assets and liabilities that will be sold, consumed or realised as part of the normal operating cycle are classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

All financial assets and liabilities are measured at amortised cost.

Accounting policies are set out throughout these notes.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred, on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities are recoverable from, or payable to, the ATO are classified as operating cash flows.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Commission is a member of an approved GST group of which the Department for Infrastructure and Transport is responsible for the remittance and collection of GST.

South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

1.2. Objectives and programs

The Commission is responsible for making recommendations to the Minister for Local Government on the distribution of untied Commonwealth financial assistance grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements. The Commission is also responsible for making recommendations on the distribution of the Supplementary Local Road Funding in accordance with the Project Agreement established between the Federal and State Government. The Commission also makes recommendations on the distribution of funding under the Special Local Roads Program, which includes a proportion of funding from the Identified Local Road Grants component of the Financial Assistance Grants, the Supplementary Local Road Funding and the Commonwealth's Roads to Recovery Program.

The Commission's grant recommendations under the three above mentioned programs form the basis of the administered items (revenue and expenditure) outlined in note 8. All Financial Assistance Grants and Supplementary Local Road Funding received by the State, and paid to eligible bodies by the Commission, is passed on in full. Funding provided under the Roads to Recovery Program is drawn down by the Commission when requested by councils with approved grants.

The Commission is also the body responsible for undertaking the assessment of boundary change proposals, overseeing investigations and making recommendations to the Minister in accordance with the requirements of the *Local Government Act 1999* and the Commission's Guidelines.

2. Income

2.1. SA Government grants, subsidies and transfers

	2024	2023
	\$'000	\$'000
SA Government transfers	491	481
Total SA Government grants, subsidies and transfers	491	481

SA Government transfers are recognised on receipt.

2.2. Interest Revenue

	2024	2023
	\$'000	\$'000
Interest from the Department of Treasury and Finance	72	47
Total interest revenue	72	47

2.3. Resources received free of charge

	2024	2023
	\$'000	\$'000
Resources received free of charge	22	37
Total resources received free of charge	22	37

Resources received free of charge relates to accommodation provided by (DIT).

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South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

2.4. Other Income

	2024	2023
	\$'000	\$'000
Sundry recoveries	108	-
Total other income	108	-

Recoveries for project related expenditure.

3. Board, committees and staff

3.1. Key Management Personnel

Key management personnel of the Commission include the Minister for Local Government, three Commission members and the Executive Officer who have responsibility for the strategic direction and management of the Commission.

Total compensation for the Commission's key management personnel in 2024 was \$185 667 (\$186 180). Salaries and other benefits the Minister for Local Government receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account via the Department of Treasury and Finance under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with Key Management Personnel and other related parties

There were no transactions with key management personnel and other related parties during the year.

3.2. Board and Committee members

Members during the 2023-24 financial year were:

Campana W A
Donaldson R T
Vickery E J

Board and committee members Remuneration.

The number of members whose remuneration received or receivable falls within the following bands:

	2024	2023
	No	No
\$0 - \$19 999	2	2
\$20 000 - \$39 999	1	1
Total number of members	3	3

The total remuneration received or receivable by members was \$46 365 (\$50 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

OFFICIAL

South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.3. Employee Related Expenses

	2024	2023
	\$'000	\$'000
Salaries and wages	264	192
Employment on-costs	57	40
Commission fees	48	45
Annual Leave	28	19
Skills and experience retention leave	4	3
Long service leave	15	6
Other staff related expenses	1	2
Total staff benefits expenses	417	307

Employment on-costs – superannuation

The superannuation employment on-cost charge represents the Commission's contributions to superannuation plans in respect of current services of current staff.

3.4. Remuneration of staff

Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

No staff received remuneration greater than the base executive remuneration level during the year.

3.5. Employee related Benefits Liability

	2024	2023
	\$'000	\$'000
Current		
Annual leave	25	22
Long service leave	17	16
Skills and experience retention leave	2	3
Employment on-costs	6	5
Total current staff related liability	50	46
Non-current		
Long service leave	114	94
Employment on-costs	12	10
Total non-current staff related liability	126	104
Total staff benefits	176	150

Staff benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

3.5. Employee related Benefits Liability (Continued)

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 4% (2023) to 4.25% (2024). This increase in the bond yield results in a decrease in the reported long service leave liability.

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

Employment On-Costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective staff benefits that they relate to are discharged.

The Commission contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and other superannuation funds.

As a result of an actuarial assessment performed by the Department of Treasury and Finance the proportion of long service leave taken as leave has changed from the 2023 rate of 43% to 44%, and the average factor for the calculation of employer superannuation on-costs has increased to 11.5% (11.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year on employment on-costs and staff benefits expense are immaterial. The impact on future periods is impractical to estimate but is not expected to be material.

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South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

4. Expenses

4.1. Supplies and Services

	2024	2023
	\$'000	\$'000
Accommodation*	22	37
Service Level Agreement	31	30
Service contracts	150	35
Auditor's remuneration**	15	12
Travel	33	10
Administrative costs	-	1
Other	12	4
Total supplies and services	263	129

*Accommodation is provided free of charge by the DIT

**Auditors remuneration includes audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Audit Office of South Australia.

5. Financial Assets

5.1. Cash

	2024	2023
	\$'000	\$'000
Deposits at call with the Treasurer	1 530	1 558
Total cash	1 530	1 558

Cash is measured at nominal amounts. Deposits at call with the Treasurer earn a floating interest rate, based on daily banking deposit rates.

5.2. Receivables

	2024	2023
	\$'000	\$'000
Current		
Accrued Interest on deposits	12	7
Receivables	88	-
Total current receivables	100	7
Total receivables	100	7

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice, or the goods/services have been provided under a contractual arrangement. Receivables are non-interest bearing. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

Collectability of receivables is reviewed on an ongoing basis.

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South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

6. Liabilities

6.1. Payables

	2024	2023
	\$'000	\$'000
Current		
Accrued expenses	42	16
Total current payables	<u>42</u>	<u>16</u>
Total payables	<u>42</u>	<u>16</u>

Payables and accrued expenses are recognised for amounts owing but unpaid. Contractual payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature. Payables are measured at nominal amounts.

South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

7. Outlook

7.1. Unrecognised Contractual Commitments

Commitments arise from contractual sources and are disclosed at their nominal value and inclusive of non-recoverable GST.

	2024	2023
	\$'000	\$'000
Within one year	-	20
Total expenditure commitments	-	20

2022-23 Expenditure commitments relate to a Grants Methodology review for non-resident ratepayers.

7.2. Contingent Assets and Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Commission is not aware of any contingent assets or liabilities as at 30 June 2024.

7.3. Events After the Reporting Period

As a result of the restructuring of administrative arrangements, the Commission will be assigned to the Department for Housing and Urban Development as of 1 July 2024.

South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

8. Disclosures of Administered Items

South Australia receives grant funding from the Commonwealth based on recommendations by the Commission on the distribution of the funding which have been endorsed by the state minister for Local Government and approved by the Federal Minister. The Commission manages the distribution of the grant funding in full to eligible and approved bodies that have been approved by the Federal Minister for Local Government. Further details have been provided in note 1.2.

Statement of Administered Comprehensive Income

	Note	2024 \$'000	2023 \$'000
Administered Income			
Commonwealth Financial Assistance Grants	a)	189 860	257 299
Supplementary Local Road Funding Grants	a)	20 000	20 000
Commonwealth Roads to Recovery Grants	a)	6 475	5 675
Interest on cash deposits		52	3
Other Revenue	b)	20	1 030
Total administered income		216 407	284 007
Administered Expenses			
Commonwealth Financial Assistance Grants		190 687	249 428
Supplementary Local Road Funding Grants		20 000	20 000
Commonwealth Roads to Recovery Grants		6 475	5 675
Other Expenses	c)	983	-
Total administered expenses		218 145	275 103
Net Result		(1 738)	8 904
Total comprehensive result		(1 738)	8 904

- a) Commonwealth funding is recognised on receipt.
- b) Other revenue relates to the return of unspent Special Local Roads Program funding upon the completion of a project. The commission recognises this on receipt or when a right to receive the unspent funds has been established.
- c) Other expenses relate to the payment of the unspent funds returned in b) to the South Australian Local Government Grants Commission.

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South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

8. Disclosures of Administered Items (continued)

Statement of Administered Financial Position

	2024	2023
	\$'000	\$'000
Administered Current Assets		
Cash	9 242	8 870
Receivables	-	47
Total Administered Current Assets	<u>9 242</u>	<u>8 917</u>
Administered Current Liabilities		
Payables	2 063	-
Total Administered Current Liabilities	<u>2 063</u>	<u>-</u>
Net Assets	<u>7 179</u>	<u>8 917</u>
Administered Equity		
Retained Earnings	7 179	8 917
Total Administered Equity	<u>7 179</u>	<u>8 917</u>

Statement of Administered Cash flows

	2024	2023
	\$'000	\$'000
Cash Flows from Operating Activities		
Cash Inflows		
Commonwealth Grants	216 335	282 974
Interest Received	52	3
Other revenue	67	983
Cash generated from Operations	<u>216 454</u>	<u>283 960</u>
Cash Outflows		
Commonwealth Grants	215 099	275 103
Other expenses	983	
Cash used in Operations	<u>216 082</u>	<u>275 103</u>
Net cash (used in) operating activities	<u>372</u>	<u>8 857</u>
Net increase / (decrease) in cash and cash equivalents	<u>372</u>	<u>8 857</u>
Cash and cash equivalents at the beginning of the period	8 870	13
Cash and cash equivalents at the end of the period	<u>9 242</u>	<u>8 870</u>

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South Australian Local Government Grants Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2024

8. Disclosures of Administered Items (continued)

Equity adjustments for prior period error

The prior period errors are corrected in the current year by an adjustment to retained earnings. The impact on the Administered financial statements for the prior year is summarised below:

	2023
	\$'000
Interest on deposits	3
Other Revenue	983
<u>Commonwealth Financial Assistance grants</u>	<u>7 871</u>
<u>Total adjustment to comprehensive result</u>	<u>8 857</u>
Cash	8 857
<u>Total adjustment to net assets</u>	<u>8 857</u>

A review of cash balances for the year ending 30 June 2023 identified \$8.857 million of prior period errors. These mainly relate to :

1. Commonwealth Financial Assistance Grants

Commonwealth funding that was transferred to the Commission's deposits held with the Local Government Financing Authority (LGFA) as 30 June 2023 but not yet disbursed by the LGFA and not recognised in the Commission's financial statements as at 30 June 2023.

2. Other Revenue

Returned unspent funding from a council that was transferred to the Commission's deposits held with the Local Government Financing Authority (LGFA) as 30 June 2023 but not recognised in the Commission's financial statements as at 30 June 2023.

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South Australian Local Government Grants Commission
Certification of the Financial Statements
for the year ended 30 June 2024

We certify that the:

- Financial statements of the South Australian Local Government Grants Commission (The Commission):
 - are in accordance with the accounts and records of the Commission;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Commission at the end of the financial year and the result of its operation and cash flows for the financial year.
- Internal controls employed by the Commission for the financial year over its financial reporting and its preparation of financial statements have been effective.



Peter Ilee
Executive Officer
South Australian Local Government Grants Commission
27 September 2024



Robert Donaldson
Presiding Member
South Australian Local Government Grants Commission
27 September 2024