

Byron Shire Council (‘BSC’)

Caravan Parks Scope

June 2023



2023 / 2024 Annual Internal Audit Plan

Caravan Parks - Objectives and Scope

Background

Council owns two holiday parks being First Sun Holiday Park, Byron Bay and Suffolk Beachfront Holiday Park in Suffolk Park. Council's two holiday parks are contracted out in terms of management to an outsourced provider (Belgravia Pro). The contract remuneration is structured based on a retainer plus a percentage of revenue and / or profit. Council's Manager Open Space & Facilities is responsible for the management of Belgravia Pro.

Given the Holiday Parks are Council owned they are declared business activities of Council for the purposes of National Competition Policy reporting. The special purpose financial reports outline the performance of the holiday parks at the back of Council's published financial statements. In 2021 / 2022 financial year, the holiday parks were debt free and provided a contribution to the General Fund in terms of a dividend and funding of corporate overheads of approximately \$1.5m.

As part of the 2021 / 2022 Financial Audit conducted by the AONSW, an issue was raised outlining:

"Management does not currently have a robust monthly review process to confirm completeness or accuracy of revenue generated by Caravan Parks".

Management agreed to:

1. Receive more detailed reporting from park management what we enable improved analysis and reporting of daily occupation rates and associated revenue streams
2. Undertake periodic site inspections that will enable comparison of site occupancy against reported

Objectives

The objective of the engagement is to assess the adequacy and effectiveness of internal financial controls and processes in place to completeness and accuracy of revenue generated by Caravan Parks.

The review will also conduct benchmarking of fees and revenue of similar caravan parks with the geographic region*.

**Benchmarking will be based on public information.*

Scope

The scope of the review is as follows (but not limited to):

- Financial reporting obligations from the Contractor are met as per the Contract
- Validation of remuneration payments to contractors in accordance with Belgravia Pro contracts
- Financial and operational processes and systems in place to ensure the integrity of the financial and operational data.
- Utilisation / Occupancy reporting vs. Revenue reporting including validating the information provided (including site inspections being performed)
- Month-end reporting processes
- Bank reconciliations
- Management and Council reporting
- Benchmarking of performed against similar size and locations caravan parks



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