Yorke Peninsula Council

NOTICE OF MEETING

Notice is hereby given that the next ordinary meeting of Council's
AUDIT COMMITTEE
will be held on Thursday 11th December 2014
in the Minlaton Council Chamber,
57 Main Street, Minlaton commencing at 3pm

David Harding
DIRECTOR CORPORATE AND
COMMUNITY SERVICES

A G E N D A

ITEM 1 **YORKE PENINSULA COUNCIL – AUDIT COMMITTEE**

1.1 Welcome by Chairperson

1.2 Present

1.3 Apologies/Leave of Absence

1.4 Minutes of previous meeting – for confirmation:
Audit Committee meeting held on Monday 27th October 2014 at 2pm

1.5 Questions without Notice

1.6 Conflict of Interest

CONFLICT OF INTEREST

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefit or detriment and non-pecuniary benefit or detriment in accordance with Section 73 of the Local Government Act in items listed for consideration on the Agenda. Section 74 of the Local Government Act 1999 requires that Members declare any interest and provide full and accurate details of the relevant interest to the Council prior to consideration of that item on the Agenda.

Each Member of a Committee has a duty to vote at all meetings unless excepted by legislation.

The major exception being where a Member has a conflict of interest.

ITEM 2 REPORTS

1. Review Audit Committee Work Plan 2014
2. Consider Audit Committee Work Pan 2015
3. Final Financial Statements and Auditors Report
4. June 2014 Budget Review
5. First Quarter 14/15 Budget Review
6. Investment Report 2013/2014 Financial Year
7. Long Term Financial Plan (verbal update)
8. Asset Management Report
9. Risk Management Report
10. Internal Activity Report
11. Internal Audit Plan 2015-2017
12. Internal Controls Project Update

ITEM 3 GENERAL BUSINESS

ITEM 4 NEXT MEETING

Tuesday 24th February
Minlaton Council Chamber at 3pm

ITEM 5 CLOSURE

DIRECTOR CORPORATE AND COMMUNITY SERVICES

1. UPDATED AUDIT COMMITTEE WORK PLAN 2014 (File Ref: 9.14.1.6)

INTRODUCTION

To consider the updated 2014 Audit Committee Work Plan.

RECOMMENDATION

That the Audit Committee endorse the updated 2014 Audit Committee Work Plan.

COMMENT

The Audit Committee Work Plan Draft endorsed by the Audit Committee at its last meeting held 27th October 2014 has been updated to reflect progress to date.

A detailed update in regard to the Internal Controls project scheduled for the October meeting was postponed until the December meeting.

Due to Council elections and the current council being in caretaker mode, the first quarter budget review was delayed for presentation to the December Audit Committee and December Council meeting.

As stated in clause 2 of the Audit Committee Terms of Reference, 23 February 2010, the objective of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, related to financial reporting and audit initiatives, the internal control system and the audit functions and to act as a source of advice to Council and Chief Executive Officer in relation to these matters.

The Committee will:

- enhance the communication between the external auditor and the Council;
- assist the management of financial and other risks to ensure the protection of Council assets;
- monitor the effectiveness of audit and reviewing functions and;
- enhance the integrity of the financial reporting of the Council.

The Terms of Reference are to be read in conjunction with the Chapter 8 of the Local Government Act 1999.

The adoption, and constant review, of an Audit Committee Work Plan assists in ensuring the objectives of the Audit Committee are achieved.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The orderly and timely review of Council's major financial timetable and reports, internal audit activities and financial reports by the Audit Committee strengthens the credibility of the completed work and reduces financial risk to Council.

YORKE PENINSULA COUNCIL AUDIT COMMITTEE
2014 WORK PLAN

Meeting	Item	Comments
Tuesday 11th March 2014 Minlaton Council Chamber at 3pm	• Approve new Audit Committee Work Plan. • Interim External Audit Date. • Internal Audit Activity Report. • Internal Controls Project Update. • Review Final Audit Letter. • Risk Management Update. • Endorse 2013/2014 – 2022/2023 Long Term Financial Plan. • 2014/2015 Budget Timetable. • 2014/2015 Capital Budget Update. • Second Quarter 13/14 Budget Review. • Asset Management Update. • EDRMS System Update.	Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed
Tuesday 13th May 2014 Minlaton Council Chamber at 3pm	• Review draft Annual Business Plan. • 2014/2015 Budget Update. • Recommendation to Council regarding 3rd Quarter Budget Review Update. • LTFP Update. • Internal Audit Activity Report. • Internal Controls Project Update. • Update from Independent Project Manager for Transport Infrastructure Condition Assessment Project • Asset Management Update. • Risk Management Update. • Review Rates Options 2014-2015	Completed Completed Completed Completed Completed Completed Completed Completed Completed Completed
Tuesday 24th June 2014 Minlaton Council Chamber at 3pm	• Endorse Annual Business Plan & 2014/2015 Budget. • Interim External Audit Visit Update • LTFP Update. • Review Data from Transport Infrastructure Condition Assessment Project • Internal Audit Activity Report. • Internal Controls Project Update. • Update from Independent Project Manager for Transport Infrastructure Condition Assessment Project • Asset Management Update. • Risk Management Update.	Completed Completed Completed Completed Completed Completed Completed Completed Completed

Tuesday 16th September 2014 Minlaton Council Chamber at 3pm	• LTFP Update. • Internal Audit Activity Report. • Internal Controls Project Update. • Approve FY15 Internal Audit Plan. • Review 2013-2014 Financial Statements • Review Transportation Infrastructure Revaluations. • EDRMS System Update. • Asset Management Update. • Risk Management Update.	Postponed Completed Completed Completed in June Completed Completed Completed Completed Completed
Monday 27th October 2014 Minlaton Council Chamber at 2pm	• Recommendation to Council regarding 2013/2014 Financial Statements. • Recommendation to Council regarding First Quarter 14/15 Budget Review. • Asset Management Update. • Risk Management Update. • Internal Audit Activity Report. • Internal Controls Project Update.	Completed Delayed until December meeting Completed No update Completed Full review scheduled for December
Tuesday 11th December 2014 Minlaton Council Chamber at 3pm	• Receive Final Financial Statements and Auditors Report to Council • Receive June 2014 Budget Review • Receive First Quarter 14/15 Budget Review • Review 2014 Audit Committee Work Plan • Consider 2015 Audit Committee Work Plan Draft • LTFP Update. • Asset Management Update. • Risk Management Update. • Internal Audit Activity Report. • Internal Controls Project Update.	

As required:
Policy Reviews
Asset Management Plan Endorsements

DIRECTOR CORPORATE AND COMMUNITY SERVICES

2. AUDIT COMMITTEE WORK PLAN DRAFT 2015 (File Ref: 9.14.1.6)

INTRODUCTION

To consider the proposed 2015 Audit Committee Work Plan.

RECOMMENDATION

That the Audit Committee endorse the 2015 Audit Committee Work Plan.

COMMENT

As stated in clause 2 of the Audit Committee Terms of Reference, 23 February 2010, the objective of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, related to financial reporting and audit initiatives, the internal control system and the audit functions and to act as a source of advice to Council and Chief Executive Officer in relation to these matters.

The Committee will:

- enhance the communication between the external auditor and the Council;
- assist the management of financial and other risks to ensure the protection of Council assets;
- monitor the effectiveness of audit and reviewing functions and;
- enhance the integrity of the financial reporting of the Council.

The Terms of Reference are to be read in conjunction with the Chapter 8 of the Local Government Act 1999.

The adoption, and constant review, of an Audit Committee Work Plan assists in ensuring the objectives of the Audit Committee are achieved.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The orderly and timely review of Council's major financial timetable and reports, internal audit activities and financial reports by the Audit Committee strengthens the credibility of the completed work and reduces financial risk to Council.

YORKE PENINSULA COUNCIL AUDIT COMMITTEE
2015 WORK PLAN

Meeting	Item	Comments
Tuesday 24th February Minlaton Council Chamber at 3pm	• Approve new Audit Committee Work Plan • Interim External Audit Date • Internal Audit Activity Report • Internal Controls Project Update • Review Final Audit Letter • Risk Management Update • Long Term Financial Plan update • 2015/2016 Budget Timetable • Second Quarter 14/15 Budget Review • Asset Management Update • EDRMS System Update	
Tuesday 21st April Minlaton Council Chamber at 3pm	• Review draft Annual Business Plan • 2015/2016 Budget Update • Third Quarter 14/15 Budget Review Update • LTFP Update • 2015/2016 Capital Budget Update • Internal Audit Activity Report • Asset Revaluation Requirements update • Asset Management Update • Risk Management Update	
Tuesday 23rd June Minlaton Council Chamber at 3pm	• Endorse Annual Business Plan & 2015/2016 Budget • Interim External Audit Visit Update • LTFP Update • Rates Options 2015-2016 Update • Internal Audit Activity Report • Assessment Project • Asset Management Update • Risk Management Update	
Tuesday 22nd September Minlaton Council Chamber at 3pm (Subject to Balance Date Audit dates)	• LTFP Update • Internal Audit Activity Report • Internal Controls Project Update • Approve FY16 Internal Audit Plan • External Audit Activity Update • Review 2014-2015 Financial Statements • Review Required Asset Revaluations • EDRMS System Update • Asset Management Update • Risk Management Update	

Tuesday 27th October Minlaton Council Chamber at 3pm	• Recommendation to Council regarding 2014/2015 Financial Statements • Recommendation to Council regarding First Quarter 15/16 Budget Review • Asset Management Update • Risk Management Update • Internal Audit Activity Report	
Tuesday 8th December Minlaton Council Chamber at 3pm	• Receive Final Financial Statements and Auditors Report to Council • Receive June 2015 Budget Review • Receive First Quarter 14/15 Budget Review • Review 2015 Audit Committee Work Plan • Consider 2016 Audit Committee Work Plan Draft • LTFP Update • Asset Management Update • Risk Management Update • Internal Audit Activity Report • Internal Controls Project Update	

As required:

- Policy Reviews
- Asset Management Plan Endorsements

DIRECTOR CORPORATE AND COMMUNITY SERVICES

3. COUNCIL'S ANNUAL FINANCIAL STATEMENTS (File Ref: 9.14.1.6)

INTRODUCTION

To consider Council's final Annual Financial Statements for 2013/2014 and the audit report received from Council's external auditors, Dean Newbery and Partners.

RECOMMENDATION

That Audit Committee receives the report incorporating Council's audited Annual Finance Statements and final Audit Report for the year ended 30 June 2014.

COMMENT

The Council's Annual Financial Statements have been prepared by Council staff and reviewed by Council's auditors. A copy of the draft statements is attached, together with the Management Representation letter.

The external auditors have provided their final audit report to the Mayor which, as previously advised, contains a qualification in regard to the revaluation of Transport Infrastructure assets.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 – Section 127 – Financial Statements.

Local Government (Financial Management) Regulations 2011 – Regulations 14 and 22 (3) (a)

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The Annual Financial Statements form a critical part of Council's public accountability and performance reporting, and are required to meet a number of legislative requirements.

The statements were adopted by Council at its meeting held on 26th November 2014 and were presented to the Ministers office on 27th November, 2014.

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

RECEIVED
28 NOV 2014

27 November 2014

Item Number
7292-2014-3
DS Number
7.8.1.1
Distribution
Copy to Jackie

Mayor Ray Agnew
Yorke Peninsula Council
PO Box 88
MINLATON SA 5575

Dear Mayor Agnew

COMPLETION OF EXTERNAL AUDIT: PROVISION OF 2014 AUDITOR'S REPORT TO COUNCIL

Please be advised that in accordance with the requirements under the *Local Government Act 1999* (the Act), we have now completed the statutory audit of the Yorke Peninsula Council for the financial year ended 30 June 2014.

We have enclosed the 2014 Auditor's Report which has been signed without reference to any qualification.

As required under Section 129 of the Act, we wish to advise of the following matters in conjunction with the work recently completed.

1. No report is required to the Minister

There is no matter arising from the audit of your Council for the year ended 30 June 2014 which we need to report to the Minister, as would otherwise be required under Section 129(6) of the Act.

2. Audit Correspondence issued during the 2014 Financial Year

Various audit matters have been formally communicated through our issued Management Letters to you from time to time during the year. We are satisfied that action has, or is in the process of addressing all matters previously raised.

3. Accounting Practices and Management of the Council's Financial Affairs

In reaching our audit opinion, we are satisfied as to the overall standard of Council's accounting practices and management of Council's financial affairs.

4. Council's Audit Committee

We are satisfied that Council's Audit Committee has addressed all of its prescribed functions as outlined in Section 126(4) of the Act.

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E: admin@deannewbery.com.au

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5. Auditor's Independence Declaration

Please note that our signed Auditor Independence Declaration has been issued as required by Section 16A of the *Local Government (Financial Management) Regulations 2011.*

6. 2014 Balance Date Audit Management Letter

Our 2014 Balance Date Management Letter will be separately issued to you shortly, with a copy forwarded to Council's Audit Committee as is our customary practice.

Please contact me on the details provided below should you require any further information.

Yours sincerely
DEAN NEWBERY & PARTNERS

Jim Keogh
Partner

T: 8267 4777
E: jimkeogh@deannewbery.com.au

C. Council's Audit Committee.

Enc:

Statutory Audit Opinion 2014

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE YORKE PENINSULA COUNCIL

We have audited the accompanying financial report of the Yorke Peninsula Council, which comprises the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the Yorke Peninsula Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. We confirm that the independence declaration required by the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 provided to the Chief Executive Officer, would be in the same terms if provided to the Chief Executive Officer as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Yorke Peninsula Council as of 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

JIM KEOGH
PARTNER

Signed on the 27th day of November 2014,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

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Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Yorke Peninsula Council for the year ended 30 June 2014, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011.*

Jim Keogh

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 27th day of November 2014

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YORKE PENINSULA COUNCIL

General Purpose Financial Reports
for the year ended 30 June 2014

TABLE OF CONTENTS

	Page
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N7
Note 3 - Expenses	N10
Note 4 - Asset Disposal & Fair Value Adjustments	N12
Note 5 - Current Assets	N13
Note 6 - Non-Current Assets	N13
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	N14
Note 8 - Liabilities	N18
Note 9 - Reserves	N19
Note 10 - Assets Subject to Restrictions	N20
Note 11 - Reconciliation of Cash Flow Statement	N21
Note 12 - Functions	N22
Note 13 - Financial Instruments	N24
Note 14 - Expenditure Commitments	N26
Note 15 - Financial Indicators	N27
Note 16 - Uniform Presentation of Finances	N28
Note 17 - Operating Leases	N29
Note 18 - Superannuation	N30
Note 19 - Assets & Liabilities not Recognised	N31
Audit Report - Financial Statements	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

Yorke Peninsula Council

YORKE PENINSULA COUNCIL

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2014 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.

.....	.....
Andrew Cameron	Ray Agnew
CHIEF EXECUTIVE OFFICER	**MAYOR**

Date: 26.11.2014

YORKE PENINSULA COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
INCOME			
Rates	2	**17,940**	16,430
Statutory charges	2	**407**	379
User charges	2	**2,787**	2,861
Grants, subsidies and contributions	2	**2,705**	3,397
Investment income	2	**166**	251
Reimbursements	2	**660**	570
Other income	2	**296**	212
Total Income		**24,961**	24,100
EXPENSES			
Employee costs	3	**7,422**	7,140
Materials, contracts & other expenses	3	**12,279**	11,152
Depreciation, amortisation & impairment	3	**8,438**	8,827
Finance costs	3	**240**	303
Total Expenses		**28,379**	27,422
OPERATING SURPLUS / (DEFICIT)		**(3,418)**	(3,322)
Asset disposal & fair value adjustments	4	**23**	29
Amounts received specifically for new or upgraded assets	2	**946**	594
Physical resources received free of charge	2	**39**	13
NET SURPLUS / (DEFICIT) transferred to Equity Statement		**(2,410)**	(2,686)
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	**49,401**	24,459
Transfer to accumulated surplus on sale of revalued infrastructure, property, plant & equipment		**-**	(14,431)
Total Other Comprehensive Income		**49,401**	10,028
TOTAL COMPREHENSIVE INCOME		**46,991**	7,342

This Statement is to be read in conjunction with the attached Notes.

YORKE PENINSULA COUNCIL

STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	**2,607**	2,961
Trade & other receivables	5	**1,141**	1,154
Inventories	5	**723**	887
Total Current Assets		**4,471**	5,002
Non-current Assets			
Financial assets	6	**438**	467
Infrastructure, property, plant & equipment	7	**323,864**	276,041
Total Non-current Assets		**324,302**	276,508
Total Assets		**328,773**	281,510
LIABILITIES			
Current Liabilities			
Trade & other payables	8	**1,996**	1,914
Borrowings	8	**682**	748
Provisions	8	**1,434**	857
Total Current Liabilities		**4,112**	3,519
Non-current Liabilities			
Borrowings	8	**1,590**	2,237
Provisions	8	**635**	309
Total Non-current Liabilities		**2,225**	2,546
Total Liabilities		**6,337**	6,065
NET ASSETS		**322,436**	275,445
EQUITY			
Accumulated Surplus		**(3,388)**	(1,055)
Asset Revaluation Reserves	9	**325,107**	275,706
Other Reserves	9	**717**	794
TOTAL EQUITY		**322,436**	275,445

This Statement is to be read in conjunction with the attached Notes.

YORKE PENINSULA COUNCIL

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

2014	Notes	Accumulated Surplus $'000	Asset Revaluation Reserve $'000	Other Reserves $'000	Total Council Equity $'000	TOTAL EQUITY $'000
Balance at end of previous reporting period		(1,055)	275,706	794	275,445	275,445
Adjustment to give effect to changed accounting policies					-	-
Restated opening balance		(1,055)	275,706	794	275,445	275,445
Net Surplus / (Deficit) for Year		(2,410)			(2,410)	(2,410)
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment			49,401		49,401	49,401
Transfers between reserves		77		(77)	-	-
Balance at end of period		(3,388)	325,107	717	322,436	322,436

2013					
Balance at end of previous reporting	(13,285)	265,678	1,320	253,713	253,713
Adjustment to give effect to changed accounting policies	(41)	-	-	(41)	(41)
Restated opening balance	(13,326)	265,678	1,320	253,672	253,672
Net Surplus / (Deficit) for Year	(2,686)			(2,686)	(2,686)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment	-	24,459	-	24,459	24,459
Transfer to accumulated surplus on sale of infrastructure, property, plant & equipment	14,431	(14,431)	-	-	-
Transfers between reserves	526	-	(526)	-	-
Balance at end of period	(1,055)	275,706	794	275,445	275,445

This Statement is to be read in conjunction with the attached Notes

YORKE PENINSULA COUNCIL

STATEMENT OF CASH FLOWS
for the year ended 30 June 2014

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2014 $'000	2013 $'000
Receipts			
Rates - general & other		17,897	16,357
Fees & other charges		439	410
User charges		3,279	2,923
Investment receipts		155	292
Grants utilised for operating purposes		2,908	3,651
Reimbursements		726	627
Other revenues		390	212
Payments			
Employee costs		(7,006)	(7,103)
Materials, contracts & other expenses		(12,182)	(12,473)
Finance payments		(414)	(24)
Net Cash provided by (or used in) Operating Activities	11	6,192	4,872
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets		946	594
Sale of replaced assets		439	162
Net disposal of investment securities		-	5
Repayments of loans by community groups		53	56
Repayments of loans by developers		6	8
Payments			
Expenditure on renewal/replacement of assets		(4,709)	(3,725)
Expenditure on new/upgraded assets		(2,528)	(2,265)
Loans made to community groups		(40)	
Net Cash provided by (or used in) Investing Activities		(5,833)	(5,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayments of borrowings		(713)	(963)
Net Cash provided by (or used in) Financing Activities		(713)	(963)
Net Increase (Decrease) in cash held		(354)	(1,256)
Cash & cash equivalents at beginning of period	11	2,961	4,217
Cash & cash equivalents at end of period	11	2,607	2,961

This Statement is to be read in conjunction with the attached Notes

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards
This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011.*

1.2 Historical Cost Convention
Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding
All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). This is the first time council has used this method.

2 The Local Government Reporting Entity
Yorke Peninsula Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 8 Elizabeth Street, Maitland. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated. Please note as from September 11, 2013, Council changed its name from the District Council of Yorke Peninsula to Yorke Peninsula Council.

3 Income recognition
Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

Note 1 - Significant Accounting Policies (cont)

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to $553,244 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: $1,177,804; and in June 2013, again two quarters of the 2013/14 allocation: $1,210,438.

In June 2014 these amounts in advance were adjusted by the Federal Government to reflect actual year of allocation. The total amount adjusted at 30 June 2014 was $1,210,438.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

Council no longer recognises Footpaths that have previously been classed as dolomite or tracks as these are not maintained and any expenses incurred are treated as operating costs.

Note 1 - Significant Accounting Policies (cont)

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture and Equipment	$1,000
Other Plant and Equipment	$1,000
Buildings – new constructions/extensions	$5,000
Park and Playground Furniture & Equipment	$2,000
Road Construction & Reconstruction	$10,000
Paving & Footpaths, Kerb & Gutter	$2,000
Drains & Culverts	$5,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets. Residual values for Roads were introduced during the revaluation performed in 2013 by Gayler Engineering. This change resulted in a decrease in annual depreciation of approximately $500,000 in 2013. As a result of the revaluation of land and buildings in 2014 required under AASB13, annual depreciation has increased by approximately $100,000 compared to 2013.

Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

		Residual
Plant, Furniture & Equipment		
Office Equipment	5 to 10 years	0%
Office Furniture	5 to 20 years	0%
Vehicles and Road-making Equip	3 to 8 years	20-40%
Other Plant & Equipment	5 to 15 years	15-40%
Building & Other Structures		
Buildings – masonry	50 to 100 years	15%-40%
Buildings – other construction	20 to 40 years	15%-40%
Park Structures – masonry	50 to 100 years	15%-40%
Park Structures – other construction	20 to 40 years	10%
Playground equipment	5 to 15 years	0%
Benches, seats, etc	10 to 20 years	0%

Note 1 - Significant Accounting Policies (cont)

Infrastructure		
Roadworks – Earthworks	indefinite	
Sealed Roads – Surface	15 to 30 years	58%
Sealed Roads – Pavement	20 to 80 years	40%-49%
Unsealed Roads	10 to 20 years	23%-56%
Paving & Footpaths	10 to 70 years	0%
Drains, Kerb & Gutter	70 to 100 years	0%
Culverts	50 to 75 years	0%
Flood Control Structures	80 to 100 years	0%
Reticulation Pipes – PVC	50 to 60 years	0%
Reticulation Pipes – other	25 to 65 years	0%
Pumps & Telemetry	15 to 25 years	0%
Other Assets		
Reserve Furniture	5 to 15 years	0%
Artworks	indefinite	

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

Annual Leave has this year been disclosed under Provisions for the first time due to the new requirements under AASB 119. In previous years, Annual Leave has been disclosed under Trade & Other Payables. Comparative information has been amended for comparability purposes and this has resulted in no change in the comparative financial position or performance of the Council.

Note 1 - Significant Accounting Policies (cont)

8 Payables

8.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

8.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

9 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

10 Employee Benefits

10.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	2.5% (2013, 2.75%)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

10.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

11 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

Note 1 - Significant Accounting Policies (cont)

12 Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

13 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

14 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 132	Financial Instruments: Presentation

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6, AASB 2012-10, AASB 2013-3, AASB 2013-8 and AASB 2013-9.

(Standards not affecting local government have been excluded from the above list.)

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 2 - INCOME

	Notes	2014 $'000	2013 $'000
RATES REVENUES			
General Rates		13,616	12,432
Less: Mandatory rebates		(104)	(92)
Less: Discretionary rebates, remissions & write offs		(26)	(5)
		13,486	12,335
Other Rates (including service charges)			
Natural Resource Management levy		724	704
Waste collection		2,240	2,030
Water supply		184	171
Community wastewater management systems		1,238	1,118
		4,386	4,023
Other Charges			
Penalties for late payment		48	46
Legal & other costs recovered		20	26
		68	72
		17,940	16,430
STATUTORY CHARGES			
Development Act fees		223	196
Town planning fees		-	8
Health & Septic Tank Inspection fees		51	37
Animal registration fees & fines		69	71
Parking fines / expiation fees		8	9
Other Registration Fees		18	14
Sundry		38	44
		407	379
USER CHARGES			
Cemetery fees		25	26
Commercial activity revenue (Other Commercial)		44	52
Commercial activity revenue (Caravan Parks)		2,339	2,378
Hall & equipment hire		36	45
Boat Ramp Fees		127	136
Refuse Disposal		49	45
Water		99	99
Sundry		68	80
		2,787	2,861
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		115	197
Banks & other		51	54
		166	251

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

NOTE 2 - INCOME (continued)

	Notes	2014 $'000	2013 $'000
REIMBURSEMENTS			
- for roadworks		9	27
- for private works		1	1
- by joint undertakings		-	3
- other		650	539
		660	570
OTHER INCOME			
Sundry		296	212
		296	212
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		946	594
Other grants, subsidies and contributions		2,705	2,186
Individually significant item - additional grants commission payment		-	1,211
		3,651	3,991

The functions to which these grants relate are shown in Note 2.

Sources of grants		
Commonwealth government	410	633
State government	3,127	3,222
Other	114	136
	3,651	3,991
Individually Significant Item		
Financial Assistance Grants	-	1,210

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

NOTE 2 - INCOME (continued)

	Notes	2014 $'000	2013 $'000
Conditions over grants & contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		-	43
Less: expended during the current period from revenues recognised in previous reporting periods			
Heritage & Cultural Services		-	(43)
Subtotal			(43)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Heritage & Cultural Services		166	-
Subtotal		166	
Unexpended at the close of this reporting period		166	
Net increase (decrease) in assets subject to conditions in the current reporting period		166	(43)
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Other Assets		39	-
Stormwater Drainage		-	13
TOTAL PHYSICAL RESOURCES RECEIVED		39	13

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 3 - EXPENSES

	Notes	2014 $'000	2013 $'000
EMPLOYEE COSTS			
Salaries and Wages		**6,726**	6,366
Employee leave expense		**618**	565
Superannuation - defined contribution plan contributions	18	**221**	230
Superannuation - defined benefit plan contributions	18	**436**	373
Workers' Compensation Insurance		**293**	326
Other		**118**	111
Less: Capitalised and distributed costs		**(990)**	(831)
Total Operating Employee Costs		**7,422**	7,140
Total Number of Employees		***111***	*110*
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		**17**	17
- Other services		**14**	6
Elected members' expenses		**330**	316
Election expenses		**11**	-
Operating Lease Rentals - non-cancellable leases	17		
- minimum lease payments		**130**	94
Subtotal - Prescribed Expenses		**502**	433
Other Materials, Contracts & Expenses			
Contractors		**3,034**	2,564
Energy		**670**	723
Water		**435**	632
Insurance		**584**	528
Legal Expenses		**51**	106
Levies paid to government - NRM levy		**724**	704
- Other Levies		**49**	50
Parts, accessories & consumables		**1,814**	1,648
Professional services		**512**	375
Professional services - waste management		**2,270**	1,942
Sundry		**1,634**	1,447
Subtotal - Other Materials, Contracts & Expenses		**11,777**	10,719
		12,279	11,152

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 3 - EXPENSES (cont)

	Notes	2014 $'000	2013 $'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		**2,050**	1,948
Transport Infrastructure		**4,328**	4,869
Stormwater Drainage		**112**	106
Plant & Equipment		**970**	1,016
Furniture & Fittings		**105**	101
CWMS Infrastructure		**378**	330
Water Scheme Infrastructure		**67**	45
Other Assets		**428**	412
		8,438	8,827
FINANCE COSTS			
Interest on overdraft and short-term drawdown		**57**	60
Interest on Loans		**183**	243
		240	303

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2014 $'000	2013 $'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Assets renewed or directly replaced			
Proceeds from disposal		439	163
Less: Carrying amount of assets sold		416	134
Gain (Loss) on disposal		23	29
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		23	29

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS	Notes	2014 $'000	2013 $'000
Cash on Hand and at Bank		26	150
Deposits at Call		2,581	2,811
		2,607	2,961
TRADE & OTHER RECEIVABLES			
Rates - General & Other		371	328
Accrued Revenues		91	80
Debtors - general		235	373
GST Recoupment		169	72
Prepayments		210	244
Loans to community organisations		65	51
Loans to Developers		-	6
		1,141	1,154

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

INVENTORIES			
Stores & Materials		723	887
		723	887

Note 6 - NON-CURRENT ASSETS

FINANCIAL ASSETS	Notes	2014 $'000	2013 $'000
Receivables			
Loans to community organisations		438	467
TOTAL FINANCIAL ASSETS		438	467

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2013 $'000				2014 $'000			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	2	69,165	-	-	69,165	**73,572**	**-**	**-**	**73,572**
Buildings & Other Structures	2	5,230	-	(2,986)	2,244	**5,384**	**42**	**(331)**	**5,095**
Buildings & Other Structures	3	68,283	1,582	(36,343)	33,522	**86,680**	**280**	**(44,336)**	**42,624**
Transport Infrastructure		241,553	-	(99,788)	141,765	**285,534**	**2,776**	**(118,006)**	**170,304**
Stormwater Drainage		6,108	1,187	(2,967)	4,328	**6,108**	**1,551**	**(3,079)**	**4,580**
Plant & Equipment		-	11,107	(5,062)	6,045	**-**	**10,751**	**(4,516)**	**6,235**
Furniture & Fittings		-	1,663	(1,026)	637	**-**	**1,839**	**(1,131)**	**708**
CWMS Infrastructure		17,793	298	(6,793)	11,298	**17,793**	**593**	**(7,171)**	**11,215**
Water Scheme Infrastructure		1,795	17	(540)	1,272	**3,393**	**-**	**(954)**	**2,439**
Other assets		-	9,074	(3,309)	5,765	**-**	**10,829**	**(3,737)**	**7,092**
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		409,927	24,928	(158,814)	276,041	**478,464**	**28,661**	**(183,261)**	**323,864**
Comparatives		***398,160***	***30,035***	***(173,655)***	***254,540***	***409,927***	***24,928***	***(158,814)***	***276,041***

This Note continues on the following pages.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2013 $'000	CARRYING AMOUNT MOVEMENTS DURING YEAR $'000							2014 $'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Land	69,165	-	-	-	-	-	-	4,407	73,572
Buildings & Other Structures	2,244	42	-	-	(331)	-	-	3,140	5,095
Buildings & Other Structures	33,522	138	142	-	(1,719)	-	-	10,541	42,624
Transport Infrastructure	141,765	779	1,997	-	(4,328)	-	-	30,091	170,304
Stormwater Drainage	4,328	362	2	-	(112)	-	-	-	4,580
Plant & Equipment	6,045	191	1,385	(416)	(970)	-	-	-	6,235
Furniture & Fittings	637	57	119	-	(105)	-	-	-	708
CWMS Infrastructure	11,298	135	160	-	(378)	-	-	-	11,215
Water Scheme Infrastructure	1,272	12	-	-	(67)	-	-	1,222	2,439
Other assets	5,765	812	943	-	(428)	-	-	-	7,092
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	276,041	2,528	4,748	(416)	(8,438)	-	-	49,401	**323,864**
Comparatives	***254,540***	***2,278***	***3,725***	***(134)***	***(8,827)***			***24,459***	***276,041***

This Note continues on the following pages.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets
General Valuation Principles

Accounting procedure: Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

Highest and best use: For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.
Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.
For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.
For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

Transition to AASB 13: The requirements of AASB 13 *Fair Value Measurement* have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Fair value hierarchy level 2 valuations: Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land: Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets: There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.
Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.
Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

Note 7 – Property, Plant & Equipment (cont)

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2013 by Maloney Field Services in accordance with AASB 13: *Fair Value Measurement*. AASB 13 requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. The following tables provide the fair values of the entity's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

2014 ($,000)	Level 2	Level 3	Total
Land	$73,572	$0	$73,572
Buildings and Structures	$5,384	$86,680	$92,064
Total LB&S recognised at fair value	**$78,956**	**$86,680**	**$165,636**

2013 ($,000)	Level 2	Level 3	Total
Land	$37,098	$32,067	$69,165
Buildings and Structures	$0	$73,513	$73,513
Total LB&S recognised at fair value	**$37,098**	**$105,580**	**$142,678**

There were 368 transfers between Levels 2 and 3 for assets measured at fair value on a recurring basis during the reporting period (2013: 0 transfers).

Infrastructure

Transportation Infrastructure assets were valued by Tonking Consulting as at 1 July 2013. Complete sealed road condition assessments were undertaken by the Australian Road Research Board, who in conjunction with Council staff, also undertook a partial condition assessment on approximately 670kms of unsealed road network. The road networks assessed were segmented spatially to reflect future management practice for ongoing capital works programmes. Unit rates were reviewed and applied to all new data for input into Councils Asset Management System.

Stormwater drainage infrastructure was valued by Gayler Professional Services as at 30 June 2011 at written down current replacement cost and pursuant to Council's election are disclosed at written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community Wastewater Management Schemes infrastructure was valued by Gayler Professional Services as at 30 June 2011 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Water Supply Schemes infrastructure was valued by Maloney Field Services as at 30 June 2014 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

Pursuant to Council's election, these assets are recognised on the cost basis.
These include Other Assets and Minor Plant.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 8 - LIABILITIES

		2014 $'000		2013 $'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		748		575	
Payments received in advance		167	-	57	-
Accrued expenses - employee entitlements		346	-	869	-
Accrued expenses - other		731	-	235	-
Deposits, Retentions & Bonds		4	-	32	-
Other		-	-	146	-
		1,996	-	1,914	-
BORROWINGS					
Loans		682	1,590	748	2,237
		682	1,590	748	2,237

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS				
Employee entitlements (including oncosts)	1,405	496	804	158
Future reinstatement / restoration, etc	29	139	53	151
	1,434	635	857	309

Movements in Provisions - 2014 year only *(current & non-current)*	*Carbon Tax*	*Insurance Losses*	*Future Reinstate-ment*	*Other Provision*
Opening Balance	-	-	*204*	-
(Less) Payments	-	-	*(36)*	-
Closing Balance	-	-	*168*	-

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 9 - RESERVES

ASSET REVALUATION RESERVE	Notes	1/7/2013	Net Increments (Decrements)	Transfers, Impairments	30/6/2014
		$'000	$'000	$'000	$'000
Land		68,879	4,407	-	**73,286**
Buildings & Other Structures		35,314	13,681	-	**48,995**
Transport Infrastructure		158,663	30,091	-	**188,754**
Stormwater drainage		3,479	-	-	**3,479**
CWMS Infrastructure		9,219	-	-	**9,219**
Water Scheme Infrastructure		152	1,222	-	**1,374**
TOTAL		275,706	49,401	-	**325,107**
	Comparatives	*265,678*	*24,459*	*(14,431)*	*275,706*

OTHER RESERVES	1/7/2013	Transfers to Reserve	Transfers from Reserve	30/6/2014
Balgowan Water Supply	1	-	(1)	**0**
Balgowan (Gills) Water Augmentation	49	-	(4)	**45**
Black Point Water Supply	36	21	-	**57**
Combined Effluent Reserve	125	-	(115)	**10**
Hardwicke Bay Effluent Augmentation	177	-	(6)	**171**
Hardwicke Bay Water Supply	32	23	-	**55**
Hardwicke Bay Water Augmentation	41	-	-	**41**
Point Souttar Effluent Augmentation	17	-	-	**17**
Port Victoria Effluent Augmentation	316	5	-	**321**
TOTAL OTHER RESERVES	794	49	(126)	**717**
Comparatives	*1,320*	*23*	*(549)*	*794*

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

Balgowan Water Supply

Investment of surplus funds from water service charges levied for Balgowan, as required by legislation.

Balgowan (Gills) Water Augmentation

Contribution from land division (as condition of approval) to assist future water supply infrastructure installation/upgrade

Black Point Water Supply

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the scheme in the future.

Combined Effluent Reserve

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the various schemes in the future as per motion of Council at 12th June 2007 meeting.

Hardwicke Bay Effluent Augmentation

Contribution from land division (as condition of approval) to assist future effluent infrastructure installation/upgrade.

Hardwicke Bay Water

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the scheme in the future.

Hardwicke Bay Water Augmentation

Contribution from land division (as condition of approval) to assist future water infrastructure installation/upgrade.

Port Souttar Effluent Augmentation

Contribution (as condition of approval) to assist future effluent infrastructure installation/upgrade.

Port Victoria Water Augmentation

Contribution from land division (as condition of approval) to assist future water supply infrastructure installation/upgrade.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	Notes	2014 $'000	2013 $'000
CASH & FINANCIAL ASSETS			
Developer Contributions		-	18
		0	18
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
refer below		15,316	14,337
		15,316	14,337
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		15,316	14,355

Due to the nature of Local Government there are restrictions over many of the assets controlled by Council. These

The following major assets have been identified as restricted:-

Country Fire Service Stations		
Ardrossan	56	136
Balgowan	150	150
Port Clinton	77	75
Curramulka	29	30
Maitland	60	60
Minlaton	54	55
Port Victoria	109	100
Stansbury	-	145
Yorketown	-	50
Caravan Parks		
Ardrossan	755	584
Coobowie	3,200	3,048
Edithburgh	1,954	1,938
Minlaton	313	305
Pine Point	473	413
Port Clinton	436	435
Port Rickaby	1,462	1,367
Port Victoria	592	564
Stansbury/Oyster Point	3,585	3,237
Yorketown	843	878
Fauna & Wildlife Parks		
Minlaton	123	126
Parklands		
Ardrossan Scout Hall	276	95
Minlaton Basketball Stadium and Courts	286	334
Edithburgh Oval	30	23
Yorketown Lions Clubrooms	355	153
Warooka Museum	98	36
	15,316	14,337

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2014 $'000	2013 $'000
Total cash & equivalent assets	5	**2,607**	2,961
Balances per Cash Flow Statement		**2,607**	2,961

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)	**(2,410)**	(2,686)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	**8,438**	8,827
Net increase (decrease) in unpaid employee benefits	**416**	38
Non-cash asset acquisitions	**(39)**	(13)
Grants for capital acquisitions treated as Investing Activity	**(946)**	(594)
Net (Gain) Loss on Disposals	**(23)**	(29)
	5,436	5,543
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	**(13)**	(167)
Net (increase) decrease in inventories	**164**	(59)
Net increase (decrease) in trade & other payables	**605**	(400)
Net increase (decrease) in other provisions	**-**	(45)
Net Cash provided by (or used in) operations	**6,192**	4,872

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:			
- Physical resources received free of charge	3	**39**	13
Amounts recognised in Income Statement		**39**	13
		39	13

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts	**100**	100
Corporate Credit Cards	**30**	30
LGFA Cash Advance Debenture facility	**3,000**	3,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 12 - FUNCTIONS

	INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Business Undertakings	2,376	2,416	1,942	3,269	434	(853)	-	-	27,514	23,815
Community Services	671	676	1,518	1,607	(847)	(931)	515	539	5,195	4,460
Culture	370	345	981	1,817	(611)	(1,472)	14	102	14,662	12,613
Community Wastewater Management	1,432	1,348	1,296	1,166	136	182	-	100	12,235	12,173
Environment	1,365	836	1,389	1,359	(24)	(523)	1	112	8,334	10,941
Recreation	94	103	1,556	1,510	(1,462)	(1,407)	558	-	56,559	48,363
Regulatory Services	305	287	296	303	9	(16)	-	-	-	-
Tourism	48	28	189	176	(141)	(148)	-	-	3	3
Transport & Communication	790	1,181	7,923	7,999	(7,133)	(6,818)	854	1,119	184,900	151,148
Waste Management	2,303	2,082	2,363	2,311	(60)	(229)	10	-	1,470	1,351
Water Supply	277	268	271	321	6	(53)	-	-	3,265	1,982
Council Administration	14,930	14,530	8,655	5,584	6,275	8,946	753	1,425	14,636	14,661
TOTALS	24,961	24,100	28,379	27,422	(3,418)	(3,322)	2,705	3,397	328,773	281,510

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings
Caravan Parks, Electricity Supply, Gravel Pits/Quarries, Marinas/Boat Havens, Private Works, Property Portfolio, and Other.

Community Services
Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Cemeteries, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture
Library Services, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

Community Wastewater Management
Community Wastewater Management Schemes

Economic Development
Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Environment
Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Other Environment, Coastal Protection, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

Recreation
Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

Regulatory Services
Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport
Aerodrome, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), Stormwater and Drainage, and Other Transport.

Waste Management
Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility and Other Waste Management

Water Supply
Water Supply - domestic

Council Administration
Governance, Administration NEC., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 13 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables.*

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	**Accounting Policy:** Carried at lower of cost and net realiseable value; interest is recognised when earned. **Terms & conditions:** Deposits are returning fixed interest rates between 2.5% and 3.05% (2013: 3.35% and 4.2%). Short term deposits have an average maturity of 0 days and an average interest rate of 2.5% (2013: 0 days, 3.15%). **Carrying amount:** approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. **Terms & conditions:** Secured over the subject land, arrears attract interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State. **Carrying amount:** approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. **Terms & conditions:** Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries. **Carrying amount:** approximates fair value (after deduction of any allowance).
Receivables - other levels of government	**Accounting Policy:** Carried at nominal value. **Terms & conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments. **Carrying amount:** approximates fair value.
Liabilities - Creditors and Accruals	**Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council. **Terms & conditions:** Liabilities are normally settled on 30 day terms. **Carrying amount:** approximates fair value.
Liabilities - Interest Bearing Borrowings	**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues. **Terms & conditions:** secured over future revenues, borrowings are repayable by principal and interest; interest is charged at fixed rates between 4.4% and 8.25% (2013: 5.7% and 8.25%) **Carrying amount:** approximates fair value.
Liabilities - Finance Leases	**Accounting Policy:** accounted for in accordance with AASB 117.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 13 (cont) - FINANCIAL INSTRUMENTS
Liquidity Analysis

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	$'000	$'000	$'000	$'000	$'000
Cash & Equivalents	2,607			2,607	2,607
Receivables	800	-	-	800	770
Other Financial Assets		290	282	572	438
Total	3,407	290	282	3,979	3,815
Financial Liabilities					
Payables	919	-	-	919	919
Current Borrowings	825	-	-	825	682
Non-Current Borrowings	-	1,136	936	2,072	1,590
Total	1,744	1,136	936	3,816	3,191

2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	$'000	$'000	$'000	$'000	$'000
Cash & Equivalents	2,961			2,961	2,961
Receivables	859	-	-	859	826
Other Financial Assets	-	327	372	699	467
Total	3,820	327	372	4,519	4,254
Financial Liabilities					
Payables	810	-	-	810	810
Current Borrowings	938	-	-	938	748
Non-Current Borrowings	-	1,684	1,175	2,859	2,237
Total	1,748	1,684	1,175	4,607	3,795

The following interest rates were applicable to Council's borrowings at balance date:

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	$'000	%	$'000
Fixed Interest Rates	6.53	2,272	6.78	2,985
		2,272		2,985

Net Fair Value
All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 14 - COMMITMENTS FOR EXPENDITURE

	Notes	2014 $'000	2013 $'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		108	158
		108	158
These expenditures are payable:			
Not later than one year		53	50
Later than one year and not later than 5 years		55	108
		108	158
Other Expenditure Commitments			
Other non-capital expenditure commitments in relation to investment properties:			
Audit Services		82	74
Waste Management Services		9,454	6,813
Employee Remuneration Contracts		2,162	1,661
		11,698	8,548
These expenditures are payable:			
Not later than one year		2,738	2,402
Later than one year and not later than 5 years		8,960	6,146
		11,698	8,548

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 15 - FINANCIAL INDICATORS

	2014	2013	2012

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio			
Operating Surplus / Rates - general & other less NRM levy	(20%)	(21%)	(23%)

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Adjusted Operating Surplus Ratio	*(20%)*	*(21%)*	*(27%)*

*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio			
Net Financial Liabilities / Total Operating Revenue less NRM levy	9%	6%	7%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue (excluding NRM levy).

Asset Sustainability Ratio			
Net Asset Renewals / Infrastructure & Asset Management Plan required expenditure	49%	40%	27%
		*	*

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Amounts shown above an asterisk (*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2014 $'000		2013 $'000	
Income		**24,961**		24,100
less Expenses		**28,379**		27,422
Operating Surplus / (Deficit)		**(3,418)**		(3,322)
less **Net Outlays on Existing Assets**				
Capital Expenditure on renewal and replacement of Existing Assets	**4,709**		3,725	
Depreciation, Amortisation and Impairment	**(8,438)**		(8,827)	
Proceeds from Sale of Replaced Assets	**(439)**		(162)	
		(4,168)		(5,264)
less **Net Outlays on New and Upgraded Assets**				
Capital Expenditure on New and Upgraded Assets *(including investment property & real estate developments)*	**2,528**		2,265	
Amounts received specifically for New and Upgraded Assets	**(946)**		(594)	
		1,582		1,671
Net Lending / (Borrowing) for Financial Year		**(832)**		271

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis whereever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Lessees commitments under all non-cancellable lease agreements are as follows:

	2014	2013
	$'000	$'000
Not later than one year	**343**	330
Later than one year and not later than 5 years	**285**	193
Later than 5 years	**23**	16
	651	539

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for various items of computer equipment.
No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.
Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.
No lease contains any escalation clause.
Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2014	2013
	$'000	$'000
Not later than one year	**94**	103
Later than one year and not later than 5 years	**127**	191
	221	294

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members
Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.25% in 2013/14; 9% in 2012/13). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members
Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2012/13) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes
Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

YORKE PENINSULA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. **LAND UNDER ROADS**
As reported elsewhere in these Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 3,199 km of road reserves of average width 20 metres.

2. **POTENTIAL INSURANCE LOSSES**
Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. **LEGAL EXPENSES**
Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

YORKE PENINSULA COUNCIL

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Yorke Peninsula Council for the year ended 30 June 2014, the Council's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

.....
Andrew Cameron
CHIEF EXECUTIVE OFFICER

.....
Peter Brass
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 26.11.2014

DIRECTOR CORPORATE AND COMMUNITY SERVICES

4. JUNE 2014 BUDGET REVIEW (File Ref: 9.14.1.6)

INTRODUCTION

In accordance with the requirements of the Local Government (Financial Management) Regulations 2011 the 2013/14 adopted budget is compared with the 2013/14 audited statements.

RECOMMENDATION

That the explanations and the attached financial reports, comparing the adopted 2013/2014 budget with the audited financial statements, be received.

COMMENT

The attached financial statements show the budget figures as adopted in July 2013 and the final figures from the audited financial statements.

The major variations between the budget and actual statements are explained below.

Income Statement:

Grants, Subsidies and Contributions - $1.360m under budget

- Reduction (adjustment) in Financial Assistance Grants to compensate for pre-payments in previous years of $1.169m
- Clinton Road funding of $653k withdrawn
- $385k additional funding received through Operations grant applications
- Additional $30k grant – MUNS funding

Investment Income – $55k over budget

- LGFA Bonus $32k received
- Investment interest up $23k

Reimbursements – $276k over budget

- Road reimbursements down $14k
- Fuel Reimbursements up $12K
- HR Traineeship subsidies/reimbursements $73k
- Risk administration reimbursements $71k
- Insurance bonuses/reimbursements $46k
- YPCTS reimbursement to Council $42k
- Wages adjustment reimbursement $29k

Other Income - $115k over budget

- Effluent Augmentation Fees received $88k (not budgeted)
- Reimbursement for alteration to Black Point Boat Ramp design $42k
- YPCTS/YPLO $24k under budget
- Parks and Reserves $5k over budget

Materials, Contract and Other Expenses – $580k over budget

- HR training (contractors) $116k over budget (funded from reimbursements received)
- Increased energy costs (public lighting) $80k over budget
- Cleaning contractors costs $95k over budget
- Rubble $95k over budget
- Professional fees $89k over budget

Depreciation - $1.108m under budget

- Decrease due to revaluation of Road Infrastructure at July 1, 2013: revaluation and reclassification under AASB13 of Land, Buildings and Structures at July 1, 2013; and revaluation of Water Supplys at June 30, 2014.

Finance Costs - $19k under budget

- Reduced bank charges due to change of provider.

Cash Flow Statement:

	Budget $'000	Actual $'000	Difference $'000
Renewal/Replacement of Assets	5,015	4,709	306
New/Upgraded Assets	2,534	2,528	6
	7,549	**7,237**	**312**

- Capital Roads unsealed works down $387k
- Capital Roads sealed works down $629k ($653k Clinton Road funding withdrawal)
- Stormwater project deferred - down $118k (Yorketown Consultancy)
- Buildings & Structures up $35k (building accommodation project adjusted first quarter review)
- Plant and Equipment up $101k (early replacement of fleet vehicles)
- Inventory (rubble) down $323k (capital costs transferred to inventory at year end)
- Other Assets up $1.01m (Walk The Yorke $800k, Black Point Boat Ramp $230k)

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government (Financial Management) Regulations 2011.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Comparison of the final results with the Adopted Budget strengthens Council's accountability and transparency. It allows Council and the community to review changes made to the Adopted Budget and compare to endorsed quarterly budget reviews.

DIRECTOR CORPORATE AND COMMUNITY SERVICES

5 SEPTEMBER 2014 BUDGET REVIEW (File Ref: 9.14.1.6)

INTRODUCTION

To consider a review of Council's 2014/2015 adopted budget.

RECOMMENDATION

That the Audit Committee receive the September 2014 Budget Review changes as presented in the attached September 2014 Budget Review – Summary of Changes and the financial reports (Uniform Presentation of Finances, Statement of Comprehensive Income).

COMMENT

As required under Local Government (Financial Management) Regulations 2011 Council staff in all Directorates have completed a review of the adopted budget and made adjustments incorporating approved rollovers, approved Council amendments and review changes based on the financial results to 30th September 2014.

As a result of the September 2014 review the proposed Revised Budget for the 2014/2015 financial year shows a Net Borrowing of $4.332m (previously Net Borrowing of $4.215m - an increase of $117k).

The major cash variation to the Adopted Budget is the inclusion of the Yorketown Stormwater Consultancy project totalling $118k which has been carried forward from the 2013/14 budget year. Other variations as noted in the Summary of Changes result in a minor decrease in net borrowing of $1k.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999.

Local Government (Financial Management) Regulations 2011.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Regular Budget Reviews, at least in accordance with Local Government (Financial Management) Regulations 2011 requirements, contribute significantly to both Financial and Risk Management procedures.

Yorke Peninsula Council

Budgeted Uniform Presentation of Finances
First Quarter Revised Budget 2014/2015

	2014/2015 Adopted Budget	Sept 14 Quarter Budget Adjustments	2014/2015 Revised Budget
Income	-$25,976	-$290	-$26,266
Less Expenses	$29,536	$75	$29,611
Operating Deficit before Capital Amounts	$3,560	-$215	$3,345
Less Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	$6,498	$118	$6,616
Less Depreciation, Amortisation and Impairment	-$9,153	$0	-$9,153
Less Proceeds on Sale of Assets	-$280	$0	-$280
	-$2,935	$118	-$2,817
Less Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	$4,746	$249	$4,995
Less Amounts received specifically for New and Upgraded Assets	-$1,156	-$35	-$1,191
Less Proceeds for Sale of Surplus Assets	$0	$0	$0
	$3,590	$214	$3,804
NET(LENDING) / BORROWING FOR FINANCIAL YEAR	$4,215	$117	$4,332

District Council of Yorke Peninsula

Budgeted Statement of Comprehensive Income
First Quarter Revised Budget 2014/2015

	2014/2015 Adopted Budget	Sept 14 Quarter Budget Adjustments	2014/2015 Revised Budget
Rates	-$19,094	-$26	-$19,120
Statutory Charges	-$450	$0	-$450
User Charges	-$2,941	$7	-$2,934
Grants Subsidies Contributions	-$2,870	-$191	-$3,061
Investment Income	-$121	$0	-$121
Reimbursements	-$344	-$1	-$345
Other Income	-$156	-$78	-$234
TOTAL REVENUES	-$25,976	-$289	-$26,265
Employee Costs	$7,670	$0	$7,670
Materials Contracts & Other Expenses	$12,335	$75	$12,410
Depreciation	$9,153	$0	$9,153
Finance Costs	$378	$0	$378
TOTAL EXPENSES	$29,536	$75	$29,611
OPERATING DEFICIT BEFORE CAPITAL AMOUNTS	$3,560	-$214	$3,346
Asset Disposals	-$40	$0	-$40
Amounts Specifically for New Assets	-$1,156	-$35	-$1,191
NET DEFICIT	$2,364	-$249	$2,115

District Council of Yorke Peninsula
September 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp $	Decrease Deficit/ Capital Exp $	Net Change Increase/ (Decrease) $	Reason for Change
Executive Services				
Income				
Youth - refund from supplier		(728)		Refund received
Exec Services Net Change - Income	**0**	**(728)**	**(728)**	
Operating Expenses				
Youth - refund from supplier	728			Allocation of refund
HR Employee Expenses		(66,152)		Transfer of salaries to trainee allocation
HR Employee Expenses		(1,500)		Transfer of reclassification to salaries allocation
HR Employee Expenses	67,652			Transfer of salaries to trainee allocation
Exec Services Net Change - Operating Expenses	**68,380**	**(67,652)**	**728**	
Capital Expenditure				
Exec Services Net Change - Capital Expenditure	**0**	**0**	**0**	
Total increase/(decrease) - Executive Services			**0**	

District Council of Yorke Peninsula
September 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp $	Decrease Deficit/ Capital Exp $	Net Change Increase/ (Decrease) $	Reason for Change
Assets and Infrastructure Services				
Operating Expense				
Parks and Reserves - Wages		(25,000)		transfer wages allocations to Halls
Recyclable collection		(5,000)		Reallocate to transfer stations contractual costs
Refuse collection		(5,000)		Reallocate to transfer stations contractual costs
Transfer Stations	10,000			Increase contractual expenses underestimated
Foreshore Protection	10,000			Gleesons Landing Fencing Project - grant funded
Roadside Vegetation	13,845			Roadside Vegetation Survey - grant funded
Point Pearce MUNS	27,908			Increase MUNS expenditure - admin grant
Assets & Infrastructure Net Change - Operating Expenses	**61,753**	**(35,000)**	**26,753**	
Capital Expenditure				
Walk The Yorke		(25,000)		Budget allocated incorrectly - move to Pt Vincent Open Space
Pt Vincent Open Space	25,000			Reallocation from Walk The Yorke
General Capital Projects - Minlaton Skate Park	84000			Minlaton Skate Park project - funded by contribution
Yorketown Stormwater Consultancy	118,060			Project carried forward from 13/14
Beach Access Stairs - Stimulus Grant	25,804			Beach Access project from 13/14 - grant funds not expended
Pt Vincent Open Space	32,000			Walkway project from 13/14 - grant funds not expended
Walk The Yorke	60,149			Project carried forward from 13/14 - grant funds not expended
Yorketown /Weaners Flat Boardwalk	47,252			Boardwalk project from 13/14 - grant funds not expended
Assets & Infrastructure Net Change - Capital Expenditure	**392,265**	**(25,000)**	**367,265**	
Total increase/(decrease) - Assets & Infrastructure			**394,018**	

District Council of Yorke Peninsula
September 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp $	Decrease Deficit/ Capital Exp $	Net Change Increase/ (Decrease) $	Reason for Change
Development Services				
Income				
Development Services Net Change - Income	**0**	**0**	**0**	
Operating Expenses				
Emergency Services Levy	3,151			Increased levy as a result of State Budget
Ardrossan Hall - wages	1000			Salaries transferred from Operations
Maitland Hall - wages	1000			Salaries transferred from Operations
Minlaton Hall - wages	1000			Salaries transferred from Operations
Yorketown Hall - wages	1000			Salaries transferred from Operations
Warooka Hall - wages	1000			Salaries transferred from Operations
Unallocated Halls - wages	20,000			Salaries transferred from Operations
Development Services Net Change - Operating Expenses	**28,151**	**0**	**28,151**	
Capital Expenditure				
Development Services Net Change - Capital Expenditure	**0**	**0**	**0**	
Total increase/(decrease) - Development Services			**28,151**	

District Council of Yorke Peninsula
September 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp $	Decrease Deficit/ Capital Exp $	Net Change Increase/ (Decrease) $	Reason for Change
Corporate and Community Services				
Income				
Foreshore Protection		(10,000)		Grant Income - Gleesons Landing Fencing Project
Foreshore Protection		(25,804)		Grant Income from 13/14 - Beach Access Stairs
Foreshore Protection		(32,000)		Grant Income from 13/14 - Pt Vincent Foreshore Walkway
Foreshore Protection		(47,252)		Grant Income from 13/14 - Yorketown/Weaners Flat Boardwalk
Walk The Yorke		(60,149)		Grant Income from 13/14 - Walk The Yorke
Traffic Control		(13,845)		Grant Income - Roadside Vegetation Survey Grant
MUNS funding		(27,908)		Administration Grant
CYP Caravan Parks - Other		(3,910)		Increase in Ardrossan CP Lease income
Maitland Library		(1,000)		Donation received for purchase of dvd's
Community Group Reimbursements		(76,000)		Contribution to Minlaton Skate Park
Stansbury Caravan Park	3844			Decrease in Stansbury CP Lease Income
Coobowie Caravan Park	2900			Decrease in Coobowie CP Lease Income
Edithburgh Caravan Park	3986			Decrease in Edithburgh CP Lease Income
YP Community Transport		(1,200)		Grant income - Volunteers
NRM Levy	255			NRM Levy adjustment
Sealed Road Construction Income - Roads to Recovery	24964			Decrease in RTR funding
Sealed Road Construction Income - Grants Commission	25388			Adjustment to revenue as per Grants Commission advice
Grants Commission Allocation		(58,737)		Adjustment to revenue as per Grants Commission advice
Corp & Comm Services Net Change - Income	**61,337**	**(357,805)**	**(296,468)**	
Operating Expenses				
Office Expenses		(2,000)		Reallocation - installation of new phone system for YPCT
IT - professional services	2,000			Reallocation - installation of new phone system for YPCT
NRM Levy		(255)		NRM Levy adjustment
Maitland Library - dvd purchases	1,000			dvd purchases funded by donation
YP Community Transport- volunteers	1,200			volunteer expenses - grant funded
Donations NEC		(8,000)		move budget to capital project - Minlaton Skate Park
Insurance		(2,231)		insurance adjustments
Corp & Comm Services Net Change - Operating Expenses	**4,200**	**(12,486)**	**(8,286)**	
Capital Expenditure				
Computer Equipment	8000			Reallocation - installation of new phone system for YPCT
Office Equipment		(8,000)		Reallocation - installation of new phone system for YPCT
Corp & Comm Services Net Change - Capital Expenditure	**8,000**	**(8,000)**	**0**	
Total increase/(decrease) - Corporate & Community Services			**(304,754)**	
Overall increase/(decrease) for September Budget Review			**117,415**	

District Council of Yorke Peninsula
September 2014 Budget Review - Summary of Changes

Summary	Increase Deficit/ Capital Exp $	Decrease Deficit/ Capital Exp $	Net Change Increase/ (Decrease) $	Reason for Change
Decrease /(Increase) in Operating Income		(237,047)		
Increase/(Decrease) in Operating Expenses		47,346		
Net Increase/(Decrease) in Operating Deficit			(189,701)	
Net Decrease/(Increase) in Capital Amounts Received		(60,149)		
Net Increase/(Decrease) in Deficit after Capital Receipts			(249,850)	
Increase/(Decrease) in Spending on New Capital Items		249,205		
Increase/(Decrease) in Spending on Renew of Capital Items		118,060		
Net Increase/(Decrease) in Capital Expenditure			367,265	
Overall increase/(decrease) for September Budget Review			117,415	
Adjust reduction in Depreciation (Non-Cash)			0	
Net Increase/(Decrease) in Borrowings			$117,415	

MANAGEMENT ACCOUNTANT

6. INVESTMENT REPORT 2013/14 FINANCIAL YEAR (File Ref: 9.14.1.6)

INTRODUCTION:

To provide the Audit Committee with information in relation to its investment of surplus monies.

RECOMMENDATION

That the report be received.

COMMENT

1.1 Sections 139 and 140 of the Act that relate to investments are provided on Attachment 1.

1.2 Council currently invests surplus funds on both a 24 hour at call and fixed term deposit basis with the Local Government Finance Authority (LGFA) at the interest rate declared by the LGFA. The balance of money held with ANZ (being Council's 'transaction account') is kept to the minimum required for day to day activity at all times.

1.3 This report provides a summary of investments for the 2013/14 financial year to enable Council to review the performance of its investments in accordance with S.140 of the Act and S.4 of the Treasury Management Policy.

1.4 The following table shows the level of investment and cash holdings held with the LGFA and ANZ Bank at the end of each quarter during the 2013/14 financial year:

Balance of Funds	Sep 13	Dec 13	Mar 14	Jun 14
LGFA 24 At Call ($)	2,045,404	3,011,116	1,834,128	2,305,518
LGFA Fixed Deposits ($)	3,000,000	2,000,000	3,000,000	-
ANZ District Fund ($)	240,793	469,520	254,522	205,816
ANZ Rates Account ($)	$810,464	$124,731	30,073	56,571
	$6,096,661	**$5,605,367**	**$5,188,723**	**$2,567,905**

1.5 Total interest income from cash deposits (ANZ) and investments (with LGFA) for the period 1 July 2013 to 30th June 2014 is approximately $ 165,991 (previous year $251,009). The majority of the interest earned was derived from the LGFA. The amount of interest earned includes an LGFA bonus of $11,828 and a Mutual Liability Scheme bonus of $41,698.54. The bonus from the LGFA is considered to be a return on investment as the amount received is linked to the level of investments and borrowing held by Council with the LGFA.

1.6 The following table presents a snapshot of interest earned from the deposits with the LGFA:

Interest earned	Sep 13	Dec 13	Mar 14	Jun 14	Totals
24 At Call ($)	10,400	15,546	14,426	6,289	46,661

Fixed Deposits ($)	2,607	16,614	16,127	17,130	52,478
	$13,007	**$32,160**	**$30,553**	**$23,419**	**$99,139**

1.7 The following table presents a snapshot of interest rates (at the end of each quarter) associated with the different categories of deposits with the LGFA:

Interest Rates	**Sep 13**	**Dec 13**	**Mar 14**	**Jun 14**
	%	**%**	**%**	**%**
24 At Call	2.5	2.5	2.5	2.5
Fixed Deposits (average of various terms)	2.88	2.96	3.05	3.05

1.8 LGFA's interest rate on 24 hour at call investment is the same as the prevailing rate set by the Reserve Bank of Australia. The cash rate set by the RBA is a rediscount rate. This rate is determined in the money market as a result of the interaction of demand for and supply of overnight funds.

1.9 A regular check of other rates on the market is kept to ensure that these rates remain competitive. The interest rate offered by the LGFA on 24 hour at call investments and fixed term deposits is currently the competitive market return rate and therefore is comparable to the rates offered by other financial institutions for the same type of investment.

1.10 In addition to investing monies on a 24 hour at call basis, Council has been investing monies surplus to immediate working capital requirements for fixed periods via term deposits.

1.11 Term deposits are typically for periods of 30, 60 and 90 days, or may be extended for periods (eg 12 months) if required. The interest rates offered by the LGFA on term deposits at any point in time are determined by the financial market and driven by prevailing economic conditions. That is, the interest rate can change on a daily basis as the financial market responds to current, and speculates on future, economic conditions. As a result, the differential between the 24 hour at call rate and the term deposit rate can fluctuate on an ad hoc basis.

1.12 The use of fixed term deposits is a risk management strategy to maximise interest rate returns. Given fixed term deposits have a higher interest rate than the 24 hour at call, Council staff constantly monitor surplus cash requirements in order to maximise investment returns via this method.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Treasury Management Policy PO139

Sections 139 and 140 of the Local Government Act 1999 (the Act)

Strategic Plan 2012-2015 "Sound decision making based on best practice risk management principles will provide for a prosperous and sustainable future"

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Designed to enable Council to manage its' investments to achieve maximum return at the lowest possible risk.

South Australia
Local Government Act 1999
An Act to provide for local government; and for other purposes.

Part 4—Investment

139—Investment powers

(1) A council may invest money under its control.

(2) A council must, in exercising its power of investment—

(a) exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and

(b) avoid investments that are speculative or hazardous in nature.

(3) Without limiting the matters that a council may take into account when exercising its power of investment, a council must, so far as may be appropriate in the circumstances, have regard to—

(a) the purposes of the investment;

(b) the desirability of diversifying council investments;

(c) the nature of and risk associated with existing council investments;

(d) the desirability of maintaining the real value of the capital and income of the investment;

(e) the risk of capital or income loss or depreciation;

(f) the potential for capital appreciation;

(g) the likely income return and the timing of income return;

(h) the length of the term of a proposed investment;

(i) the period for which the investment is likely to be required;

(j) the liquidity and marketability of a proposed investment during, and on the determination of, the term of the investment;

(k) the aggregate value of the assets of the council;

(l) the likelihood of inflation affecting the value of a proposed investment;

(m) the costs of making a proposed investment;

(n) the results of any review of existing council investments.

(4) Without limiting the matters that a council may take into account when exercising its power of investment, but subject to the operation of subsection (3), a council may, so far as may be appropriate in the circumstances, have regard to—

(a) the anticipated community benefit from an investment;

(b) the desirability of attracting additional resources into its local community.

(5) A council may obtain and consider independent and impartial advice about the investment of funds or the management of its investments from a person whom the council reasonably believes to be competent to give the advice.

140—Review of investments

A council must, at least once in each year, review the performance (individually and as a whole) of its investments.

ASSET MANAGER

8. ASSET MANAGEMENT (File Ref: 9.14.1.6)

INTRODUCTION

The purpose of this report is to update Audit Committee members on Asset Management activities.

RECOMMENDATION

That the report be received.

COMMENT

Transport Infrastructure

Council staff, in conjunction with Tonkin Consulting, is currently reviewing the data that has been placed in Conquest. The data will be used to model future budgets and works programs. A workshop with elected members will be held in the New Year to discuss road categories, priorities, budgets, works programs, etc.

Data collection is continuing on the unsealed road network, this includes coring of sheeted roads.

Implementation of Conquest

Workshops have been held with Council staff and Tonkin Consulting to discuss the setup of Conquest and how it will be used to manage Building assets. Buildings data is currently being reviewed by staff prior to being populated into Conquest.

CWMS, Water and Stormwater data is currently being reviewed and collected by Council staff prior to being populated into Conquest.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999, Chapter 8

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Not applicable.

RISK MANAGEMENT OFFICER

9. RISK MANAGEMENT (File Ref: 9.14.1.6)

INTRODUCTION

A draft Strategic Risk Management Plan 2015-2017 has been prepared (copy attached). Officers are seeking feedback and comments from the Audit Committee prior to employee consultation and ultimately a recommendation to Council for formal adoption.

RECOMMENDATION

The Audit Committee considers the draft Strategic Risk Management Plan and provide feedback and comments, prior to employee consultation.

COMMENT

The objective of the Yorke Peninsula Council's ("Council") Strategic Risk Management Plan is to provide an essential and coherent link between our strategic goals, our risk management policies, procedures and processes and our day to day activities. This Plan demonstrates Council's commitment, by detailing the risk management framework to be employed by all workers, contractors, committees, elected members and volunteers engaged in Council business.

The Strategic Risk Management Plan provides direction for an integrated and consistent approach to risk management at Council. The objectives of the Risk Management Policy and Procedure are to develop, implement and maintain an organisational risk management plan, incorporating Work Health and Safety (WHS) and Injury Management (IM) and internal controls.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Work Health and Safety Act 2012 (SA)
Local Government Act 1999 – Section 125 – Internal control policies
Local Government Act 1999 – Section 134 (4)(b) – Financial arrangements
Strategic Plan
Key Theme: Corporate Governance and Leadership
2. Organisational Efficiency and Resource Management
Strategic Goal: 2.4 Effective Risk Management
PO091 Risk Management Policy
PR098 Risk Management Procedure
PO001 WHS & IM Policy
ISO 31000 Risk Management

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Not applicable.

This plan is designed to meet:	**Strategic Risk Management Plan - STRATEGIC OBJECTIVES**
STRATEGIC REFERENCE AS FOLLOWS:	***The Strategic Risk Management Plan is referenced in the Yorke Peninsula Council – Strategic Plan 2012-2015***
	Strategy No. 2 – Organisational Efficiency and Resource Management
	2.4 – Effective Risk Management: Develop, implement and maintain an organisation risk management plan incorporating Work Health Safety (WHS) & Injury Management (IM) and internal controls.

This Plan demonstrates Council's commitment, by detailing the risk management framework to be employed by all workers, contractors, committees, elected members and volunteers engaged in Council business. The principles of the Plan are to:

- Identify, evaluate and prioritise the Council's risk-associated opportunities and threats, with a view to:
    - Exploit opportunities; and
    - Reduce, mitigate, transfer or eliminate threats
- Promote and support risk management processes throughout the Council
- Recognise that successful risk management relies on input from ALL employees and stakeholders
- Provide a basis for higher accountability
- Protect the Council's corporate image as a professional, responsible and ethical organisation and an employer of choice

Continuous Improvement of Performance Standards for Self Insurers (PSSI)

1. Commitment and Policy

The Yorke Peninsula Council is committed to managing strategic and operational risks by logically and systematically identifying, analysing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on the Council's ability to achieve the vision and strategic objectives outlined in the Strategic Plan 2012-2015.

2. Planning

The Yorke Peninsula Council will ensure an integrated organisational risk management framework is in place, including policies, procedures and training programs, that are compliant with legislative, Local Government Association (LGA) Workers Compensation Scheme and LGA Mutual Liability Scheme (MLS) requirements and that is integral to the organisation's Strategic and Business Plans.

3. Implementation

The Yorke Peninsula Council will establish and maintain a compliant system for risk identification, assessment, control and review that minimises the risk exposure to Council, its employees and the community.

4. Measurement & Evaluation

The Yorke Peninsula Council will measure, monitor and evaluate its performance in consultation with its employees and their representatives and take corrective and/or preventative action, where necessary. Internal audit processes will be systematically conducted to verify the effectiveness of implementation across Council.

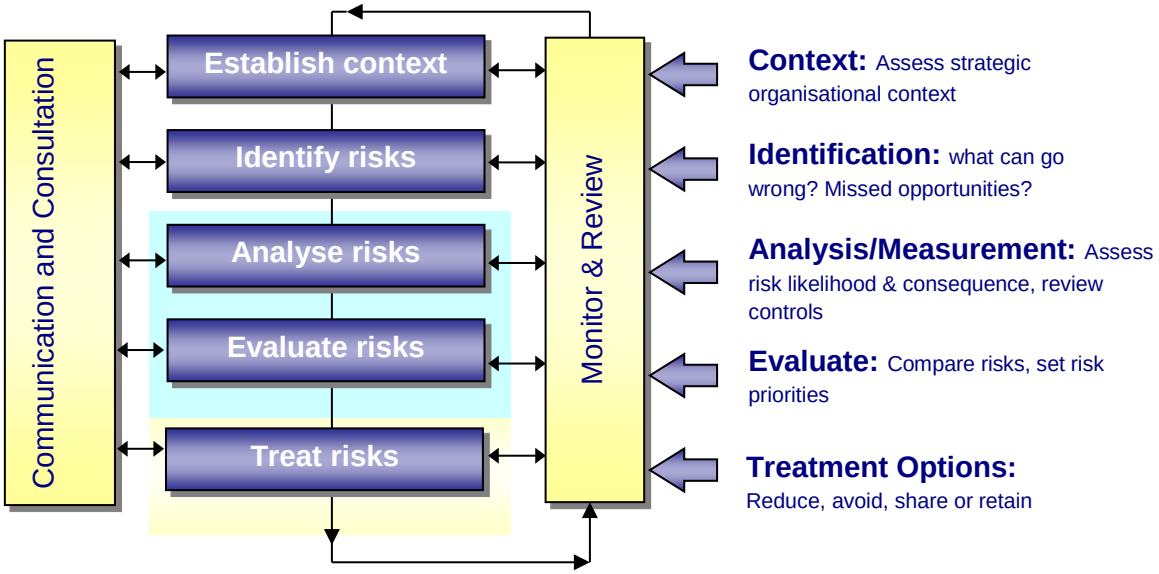
5. Management Systems, Review & Improvement

The management and review of Council's risk profile will enable Council to:

- meet strategic objectives;
- establish an effective method for decision making and planning;
- ensure a continuous improvement regime across the Council; and
- establish the roles and responsibilities of risk management throughout the organisation.

To ensure that the risk profile remains relevant, ongoing monitoring and review is required. The Audit Committee will meet a minimum of four (4) times a year and the Corporate Management Team (CMT) will monitor and review the system at their meetings as well as conduct an annual review.

Council's risk management process closely follows that set out in AS/NZ 31000:2009. The diagram below outlines the process:



CMT is committed to providing leadership in relation to sound risk management and driving ongoing improvement strategies. Strategic risk relates to those risks that may impact the achievement of Council's strategic objectives. However, Council has also considered operations, specifically areas that have a level of civil liability exposure or areas that require a formal risk management approach, in the framework to prevent potential civil liability claims. As the main legislative requirements are administered by Local Government, focus is given to compliance with legislation such as the Local Government Act 1999, Development Act 1993 and Work Health and Safety Act 2012.

The identification of strategic risk involves both external and internal environmental factors which may impact Council's goals. This includes the organisation's relationship with its external providers and customers, dependency on technology and the reliability of that technology and the culture and reputation of the organisation.

Sound risk management not only contributes to good governance, it also provides protection in the event of an adverse outcome. Provided risks have been managed in accordance with the Council's guidelines, protection occurs on two levels. Firstly, the adverse outcome may not be as severe as it might otherwise have been. Secondly, those accountable can, in their defence, demonstrate that they have exercised a proper level of diligence.

Risk management is applied at many levels within the organisation, principally CMT will:

- Establish the context for the risk management process;
- Identify risks which could expose Council or the general community;
- Identify measures in place to treat and control risks;
- Identify the likelihood of certain events taking place;
- Identify the consequence of those events;
- Rate the identified risk;
- Identify alternative measures to treat the identified risk;
- Develop action plans and assign responsibilities and timeframes to the implementation of those actions;
- Record risks and associated action plans within a risk register; and
- Measure and monitor the entire process

The Strategic Risk Management Plan 2015-2017 has been developed following a planning session completed with CMT. Using the Performance Standards for Self Insurers (PSSI) and in particular, the Yorke Peninsula Council Risk Management Policy and Procedure as a guide to identifying actions and tasks, the following information and material was analysed as part of the planning process:

- Strategic Plan 2012-2015;
- PO091 Risk Management Policy;
- PR098 Risk Management Procedure; and
- Risk Management Review 2013 (LGAMLS).

CMT has identified the following key risks to Council, in order of inherent and then residual risk rating only.

Please Note: Key risks are those that will be driven and monitored frequently by CMT.

No	The Risk:	Risk Owner	Inherent Risk Rating	Residual Risk Rating	Treatment Option(s) Responsibility & Timeframe
1	Systems and processes are not in place to manage contractors	CEO	Ex	Hi	TBA – Procurement Project Team
2	Lack of funding or change in grants from external sources significantly reduces income (external funding only).	CEO	Ex	Hi	TBA
3	Council does not comply with Records Management legislation	DCCS	Ex	Hi	TBA
4	Inability to maintain an effective and compliant WHS management system that meets organisational requirements on an ongoing basis. (failure to comply with WHS Act & PSSI).	CEO	Ex	Hi	TBA
5	Inability to maintain an effective and complaint risk management system that meets organisational requirements on an ongoing basis.	CEO	Ex	Hi	TBA
6	Lack of integration between financial and operational assets registers.	CEO	Ex	Hi	TBA
7	Failure to deliver, maintain and monitor infrastructure and a road network that is safe, appropriate and fit for purpose.	DAIS	Ex	Hi	TBA
8	Corporate Management Team is not aligned with the strategic vision or direction of Council. Office of the CEO advice or direction is not sought, accepted or followed.	CEO	Ex	Hi	TBA
9	Procurement is not adequately managed.	CEO	Ex	Hi	TBA
10	Elected Members are not aware of their responsibilities or do not fulfil those responsibilities when acting in Office	CEO	Ex	Mo	TBA
11	Inability to sustain long term financial performance and unable to meet forecast budgets.	DCCS	Ex	Mo	TBA
12	Breach of legislation, failure to comply with key regulations (ICAC, Development Act, LG Act).	CEO	Ex	Mo	TBA
13	Inability to attract and retain appropriate and talented staff to Council.	CEO	Ex	Mo	TBA
14	Significant business interruption to core operations	DCCS	Ex	Mo	TBA
15	Failure to engage in meaningful two-way consultation with the Community	CEO	Hi	Hi	TBA
16	Lack of awareness and inability to adapt to changing climate conditions	DDS	Hi	Hi	TBA
17	Inadequate management of volunteer workforce	CEO	Hi	Mo	TBA

Appendix A – Council Risk Management Matrix

Consequence Rating							
Description	**Safety**	**Reputation**	**Legal & Regulatory**	**Environmental**	**Financial**	**IT / Records**	**Service Delivery**
Severe	Fatality. Severe injury or illness giving rise to a disability or impairment. Litigation.	State negative media coverage. Irreparable damage to reputation. Public outcry.	Significant prosecution for organisation and individuals. Fines. Very serious litigation.	Extensive, very serious and long-term impairment of the environment. EPA involvement or investigation.	> $1 mil	Extensive loss / damage to IT and communications assets and infrastructure. Permanent loss of data. Widespread disruption to the business.	Extreme loss of service quality.
Major	No fatality. Serious (but non-life threatening) injury or illness. Critical failure of internal controls.	Extensive local negative media coverage. Loss of reputation that will require external resources. Public concern.	Major breach of legislation or regulation. Prosecution. Fines. Litigation.	Serious (>6months) impairment of the environment.	> $250k to < $1 mil	High risk of loss, data corrupt. Significant catch up required. Business Continuity Plan implemented.	Major decline in the quality and value of service delivery. Probable decrease in the community's confidence in the Council.
Moderate	No fatality. Non-life threatening injury/illness. Medical treatment and/or hospitalisation required. Serious breach involving statutory authority investigation. Significant failure of internal controls.	Significant local media attention. Significant number of complaints.	Serious breach of legislation or regulation with investigation and/or report to relevant authority. Limited fine or other penalty possible.	Moderate damage or impairment of the environment. Repairable in 1 to 6 months.	> $50k to < $250k	Moderate to high loss / damage to IT and communications. Data lost.	Moderate decline in the quality and value of service delivery. Possible decrease in the community's confidence in the Council.
Minor	Minor reversible injury requiring medical treatment by doctor. No hospitalisation. Contained non-compliance with short term significance.	Heightened negative local media attention. Low number of complaints.	Breach of legislation or regulation with noted compliance failure. Requirement for report to regulator or authority.	Limited damage or impairment of the environment. Repairable within 1 month.	< $50k	Minor loss / damage to IT and communications. Some catch up required.	Untimely service delivery to our community. Should not decrease the community's confidence in the Council.
Insignificant	A minor injury that is treated on site. Near miss or incident that does not give rise to any injury.	A number of complaints.	Minor non-compliance. Minimal failure of internal controls.	Minor containable incident with no measurable impairment or impact of the environment.	< $20k	Negligible loss of or damage to IT and communications. No loss of data.	Minimal decline in the quality and value of service delivery.

Likelihood Rating		
Almost Certain	Is expected to occur in most circumstances	**Not applicable Work Health &Safety (WHS)** At least once in 1 year or has occurred in the past year
Likely	Will probably occur in most circumstances	At least once in 2 years or has occurred in the past 2 years
Possible	Might occur at some time	At least once in 5 years or has occurred in the past 5 years
Unlikely	Could occur at some time	At least once in 10 years or has occurred in the past 10 years
Rare	May only occur in exceptional circumstances	Less than once in 10 years and has not occurred in the past 10 years

Risk Matrix Consequence and Reporting Action						
Likelihood		Insignificant	Minor	Moderate	Major	Severe
	Almost Certain	High	High	Extreme	Extreme	Extreme
	Likely	Moderate	High	High	Extreme	Extreme
	Possible	Low	Moderate	High	Extreme	Extreme
	Unlikely	Low	Low	Moderate	High	Extreme
	Rare	Low	Low	Moderate	High	High

Risk Level	**Residual Risk Appetite (treatment, plan, activity)**	**WHS Specific Residual Risk Appetite**
Extreme (E)	**To be avoided,** further treatment plan required as a matter of urgency. Expected treatment plans to be identified.	Operation of plant/ **activity should not be allowed to continue** until the risk level has been reduced with appropriate controls and treatment.
High (H)	**May be acceptable** provided appropriate controls and treatment strategies are in place.	Operation of plant/ **activity should not be allowed to continue** until the risk level has been reduced with appropriate controls and treatment
Moderate (M)	**Acceptable** with review	**Acceptable** provided appropriate controls and treatment strategies are in place.
Low (M)	**Acceptable** with review	**Acceptable** provided appropriate controls and treatment strategies are in place.

Appendix B – Reporting responsibilities based on residual risk appetite.

Risk Level	Reporting and Action	WHS Specific
Extreme (E)	**Report:** Line management, CEO, Risk Administrator, Audit Committee and Council immediately. **Action:** Continued exposure to the risk must be approved by CEO and reported to Council. Exposure to the risk should be discontinued where possible.	**Report:** Line management, CEO, Risk Administrator, immediately, WHS Committee and Council (as required), as soon as reasonably practical. **Action:** Continued exposure to the risk must be approved by the WHS Committee and CEO. Exposure to the risk should be discontinued. Recorded into hazard register.
High (H)	**Report:** Director, CEO (or appointed person), and Risk Administrator immediately. **Action:** Exposure to the risk should be discontinued as soon as possible.	**Report:** Line management, CEO, Risk Administrator, immediately and WHS Committee as soon as reasonably practical. **Action:** Continued exposure to the risk must be approved by the WHS Committee and CEO. Exposure to the risk should be discontinued. Recorded into hazard register.
Moderate (M)	**Report:** Director immediately **Action:** Annual review of the risk by Management	**Report:** Line management, Director and Risk Administrator, immediately. Recorded into hazard register.
Low (M)	**Report:** Manager **Action:** Periodic review of the risk by Management	**Report:** Line management immediately and Risk Administrator as soon as reasonably practicable. Recorded into hazard register.

BUSINESS IMPROVEMENT OFFICER

10. INTERNAL AUDIT ACTIVITY REPORT (File Ref: 9.14.1.6)

INTRODUCTION

The Business Improvement Officer presents an update on recent Internal Audit Activity.

RECOMMENDATION

That the report be received.

COMMENT

The objective of the Yorke Peninsula Council's ("Council") internal audit function is to enhance business performance by recommending improvements in process effectiveness, efficiency and economy.

This report provides an update on the implementation of proposed actions resulting from:

- Internal audit activities;
- Internal controls project; and
- External audit activities.

The latest status information has been provided by the officers responsible for the implementation.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 – Section 125 – Internal Control Policies
Council's Internal Audit Activity – Framework

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Internal audits will assist in the management of Council's financial and operational risks.

Internal Audit Activity Report (Oct 14 – Nov 14)

1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	**Attractive Asset Review**	Attractive assets to the Council include items such as mobile phones, laptops and artwork. This audit will focus on the processes to manage and secure attractive assets (particularly artworks) acquired by the Council.	**Project Completed**
2	**Financial Management – Account Receivable**	A review of key accounts receivable controls including receipting, banking, debtor follow up processes and general ledger reconciliations.	**Scope Document Completed. Audit will commence in Dec 2014.**
3	**Post Implementation Review - Asset System**	A new asset management system is budgeted for the 2014 financial year; this review will be an assessment of the effectiveness of the implementation of the new system against the outlined objectives of the project.	Not started. Scheduled to commence in Dec 2014, however will be delayed until July 2015 once a few asset categories have been fully loaded and staff are actively using the system.
4	**CSR Operational Review**	A review to assess the processes relating to the customer service request ("CSR") system, including allocation of jobs, follow up, completion / service levels and reporting to Council.	Not started. On track to in commence Mar 2015.
5	**WHS Legislation**	To meet requirements of the Work, Health and Safety (WHS) Act 2012, a WHS project will be undertaken each year.	**Scope Document & Test Plan Completed. Audit due to commence Nov 2014.**
6	**Petty Cash and Till Floats**	Regular spot check of petty cash and till floats. The objective is to ensure that staff with custodian of till floats and petty cash floats are aware of their responsibilities and are discharging those responsibilities efficiently and effectively.	**Project Completed**
7	**Council Direct Managed Caravan Park Spot Audits**	Unannounced visit to Caravan Parks to confirm that utilised sites were correctly recorded in the online Reservation Management System ("RMS"), general maintenance and cleanliness of the parks and all WHS matters were addressed.	**Project Completed**

No.	Project	Scope Overview	Project Status
8	**Independent verification of control self-assessment**	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (Controltrack)	Not started. On track to in commence Jan 2015.

2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
Bush Camping Review	Director Development Services	Audit of the key bush camping permit controls to determine areas for improvement. The review was limited to reviewing the current processes for Council staff and the local businesses that issue permits and collect fees on behalf of Council.	**Project Completed**
Financial Management – Payroll **(carry forward from 13/14)**		Audit of the procedures and internal controls relating to the fortnightly processing of the payroll. Processes include new payroll additions, terminations, pay rate changes, payroll changes and deductions.	**Project Completed**
Minlaton Caravan Park	Director Corporate and Community Services	Review key financial statements to confirm historical accuracy of base rent paid and identify tighter controls for next lease negotiation.	Scheduled for Feb 2015.

3. IMPLEMENTATION OF AGREED ACTIONS (INTERNAL CONTROLS PROJECT, INTERNAL AUDIT AND EXTERNAL AUDIT)

An update on the implementation of proposed actions resulting from the following activities is provided in **Attachment A**:

- Internal controls project;
- Internal audits; and
- External audit.

The latest status information has been provided by the officers responsible for the implementation.

Implementation of Agreed Actions

This report provides an update on the implementation of proposed actions resulting from:

1. Internal audit activities;
2. Internal controls project; and
3. External audit activities.

The latest status and comment information has been provided by the officers responsible for the implementation.

1. Internal Audit Activities

Water Recovery Charges Review – June 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Usage Invoicing Spreadsheet	An independent review of the Water Supply Invoicing spreadsheets will be performed by Internal Audit after each roll over to ensure completeness and accuracy of the process.	Business Improvement Officer and DCCS	1/03/14	N/A	In Progress	The Finance section have developed and implemented new processes. Final invoices entered into new spreadsheets in Nov 2014. Internal Audit will now conduct the independent review.

IT User Access Review – July 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. IT Security Policy and Procedure & User Guidelines	Agreed with recommendation: ▪ Develop a set of basic internal IT procedures ▪ Review and update the Internet and Email Policy and Guidelines for Computer Network Use to ensure they reflect current practices and the new procedures to be developed.	Manager Information Services	30/08/13	31/12/14	In Progress	These requirements are part of the set of current projects to review and overhaul the IT policies and procedures. Draft IT policy has been reviewed by the Governance Officer and is on track to be implemented by end Dec 2014. Also currently exploring options for a more rigorous, long term approach for policy, procedure and guideline development.
4. Network Administrator Access	1. Administrator users (including contractors) are provided with an individual administrator account. 2. As part of the upgrade to Active Directory in late 2013, IT will consider changing generic Administrator password, after attempting to identify services that are running using this account.	Manager Information Services	30/08/13	30/06/15	1.Completed 2.In Progress	Administrator password change will be included as part of the active directory upgrade. A contractor has now been engaged and the change will be implemented over this Christmas break to lessen any potential disruption to service delivery.

Accountability and Disclosure Audit – October 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Council reviews its Purchase of Goods and Services Policy	As highlighted as part of the Internal Controls Program, a project team will be initiated to address issues relating to procurement and contract management including reviewing and drafting policy, procedures and work flow diagrams. All procurement processes need to be addressed by the project team including: ▪ general purchasing ▪ tendering and suppliers ▪ contract management.	Governance Officer	30/06/15		**In Progress**	Refer to comments under the Purchasing Review performed in February 2014 below. This action will be merged and reported with Finding 1 - Procurement Review in the next Implementation of Agreed Actions report.
2. Give consideration of a central records management system that will also capturing emails to and from Elected Members	A centralised electronic records management system will be considered as part of the FY15 budget.	CEO	30/06/15	31/12/15	**In Progress**	The IT Manager has commenced investigations of potential records management systems and a preferred option has been selected. Expenditure for the project was requested in the FY15 budget, however due to competing priorities the Elected Body have decided to delay this project until the FY16 budget This is a large IT project and requires a significant expense.

Procurement, Part 1 Purchasing – February 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Purchase of Goods and Services Policy **Risk Level** High	A Project Team to address procurement issues has been established and the project will commence in March 2014. Draft procurement policies have been sought from the LGA and will be implemented as necessary.	Governance Officer	30/06/15	30/09/14	**In Progress**	A Project Team was assembled to review procurement processes across Council. The project team has developed flowcharts, templates and checklists to ensure that procurement and tendering processes are managed consistently across Council. The Audit Committee considered the new draft Procurement Policy at the September 2014 meeting. All staff have been consulted on the draft policy. Consultation period has now closed and all feedback received is now being assessed and incorporated where appropriate. The policy will be presented to Council for endorsement in the new year. The Audit Committee also approved participation in the Regional Procurement Roadmap Program at this meeting.
2. Outstanding Purchase Orders **Risk Level** Low	A review process will be initiated at least twice a year and those orders no longer required are followed up and cancelled.	Manager Financial Services	30/06/14		**Completed**	The Accounts Payable Officer has added the twice yearly review process to the internal schedule of activities. First review was completed in Aug/Sept 2014. No major issues identified. Next review will occur early 2015.

Leased Caravan Parks Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Minlaton Caravan Park Lease Agreement **Risk Level** Moderate	Management will review and renegotiate the Minlaton Caravan Park lease agreement in June 2015. Current known issues will be considered and addressed at that time.	DC&CS	30/06/15		Future Dated	N/A
2. Lack of consistency across Caravan Park lease agreements **Risk Level** Low	The current lease spreadsheet will be incorporated into the SharePoint application to ensure automation of key dates etc.	Property Tenure Officer	30/09/14		**In Progress**	SharePoint has been tested and is expected to be implemented with staff trained by February 2015.

Fuel Management Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Fuel Sheets **Risk Level** High	1. Agreed, a standard fuel sheet template will be developed (if it is considered that the current system will not be overhauled with an automated system). 2. Agreed the Director Corporate & Community Services will source system information and costs to be considered by CMT	1.Financial Accountant 2.DC&CS	31/12/14 30/09/14		**1.In Progress** **2.In Progress**	1. IT has commenced drafting a standard fuel sheet if an automated system is not considered an option. This is not in use yet, as there are a number of factors that need to be addressed (i.e. that there are obviously differing vehicles and machinery at each depot). 2. A quote has been sourced and reviewed. Alternate options seeking a partial (more cost effective) solution are being considered. A report to CMT is being drafted.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
3. Fuel reconciliation spreadsheet **Risk Level** Moderate	1. The fuel reconciliation spreadsheet will be saved in a secure location on the network with limited access. Where possible formulas and linkages will be locked with a password. 2. The Manager Financial Services to formally review the fuel reconciliation spreadsheet each month and results, major discrepancies, be reported to the CMT	1. Financial Accountant 2. DC&CS	31/12/14 30/06/14		**1. Completed** **2. In Progress**	1. The formulas (where appropriate) in the fuel reconciliation spreadsheet have been locked down to secure access to the Financial Accountant only. 2. Major discrepancies reported, completion is dependent upon above actions.
3. Fuel dip reading **Risk Level** Moderate	An independent fuel dip reading is performed on a six monthly basis by the Financial Accountant to verify the inventory.	Financial Accountant	30/09/14		**In Progress**	First independent reading has been completed. Data is currently being analysed.

Bush Camping Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Timing of obtaining permits **Risk Level** High	1. Agreed, a policy that incorporates key points from the audit findings will be developed, including a communication plan to inform staff and the community. 2. Signage to be reviewed, costs identified and a budget submission is prepared for 2015/16 Annual Business Plan and budget. 3. Agreed, Council to contact local businesses in the known 'gap areas' (e.g. Pt Wakefield, Ardrossan, Stansbury, Pt Vincent, Pt Victoria etc.). 4. Further investigation to be undertaken to identify the costs, risks and benefits of alternate methods and a report prepared for Council's consideration. 5. Once new processes are implemented ensure that the Ranger educates and makes the bush camping public aware of new processes and change to culture.	1. Manager Developmt Services 2. Operations Manager 3. Manager Developmt Services 4. Manager Developmt Services 5. Manager Developmt Services	31/03/15 28/02/15 30/09/14 31/12/14 31/03/15		1. Future Dated 2. Future dated **3. On hold** 4. Future dated 5. Future dated	All bush camping recommendations are subject to Council endorsement. A Council briefing will be scheduled in the New Year.
2. Charging, receipt, banking and reconciliation of permit fees **Risk Level** High	1. Bush Camping Permit procedure to be developed to reflect current expectations and communicated to staff, Rangers, and local business who are issuing permits on behalf of Council. At a minimum the document should outline the: ▪ Timeliness of collection and banking processes ▪ Standard receipting procedures, including reconciliation ▪ Security considerations when collecting and counting money ▪ Supporting documentation requirements ▪ Process for notifying Council when the identified businesses change ownership.	Manager Development Services	31/12/14 31/12/14 31/03/15		Future Dated	N/A

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	2. If it is considered too onerous for businesses to deposit fees in a timely manner, it should be added to the Ranger's responsibilities to collect shop permit fees, including reconciliation and issuing receipts at the premises. 3. Bush camping fees are considered as part of the 2015 annual review of fees and charges.					
3. Signage (relating to camping locations, permit requirements & site spaces) **Risk Level** Moderate	Consider reviewing the camp site space allocations, with the aim to clearly delineate all camp sites with permanent markings.	Operations Manager	28/02/15		Future Dated	N/A
4. Information collected on permits **Risk Level** Moderate	Consider suitable technology (e.g. hand held palm pilot, tablets) for the Rangers to document and issue bush camping permits. Investigate to identify the costs, risks and benefits and prepare a report for Council's consideration.	Manager Development Services	31/12/14		Future Dated	N/A
5. Obtaining permits – inconsistent information **Risk Level** Low	Review information on the Council and Visitor Information Websites and update appropriately to reflect the correct locations where permits can be obtained.	Corporate Services Officer	30/09/14		**In Progress**	Visitor Information Centre review and update their website on a regular basis. Work still to be completed on Council's website.
6. Review of Ranger responsibilities **Risk Level** Low	Review the role of the Rangers so that standardised duties are undertaken and work is allocated by geographic area. Also consider resource requirements of Rangers, particularly for weekend and peak times	Manager Development Services	31/03/15		Future Dated	N/A

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
7. Further opportunities for improvement **Risk Level** Low	1. Review the requirement of nominating a specific site and consider changing to a permit being applicable for any of the bush camping sites. 2. Review the rationale of non-fee and fee payable sites and if appropriate, set fees for all fifteen sites as part of the annual review of fees and charges.	1. Manager Developmt Services 2. Corporate Services Officer	28/02/15 31/03/15		Future Dated	N/A

Payroll Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Leave Balances and Bona Fide Reports **Risk Level** High	Managers receive a quarterly employee bona fide report that identifies all employees being cost to their department's budget and leave balances.	Manager Org Development	30/09/14		**Completed**	New reports have been developed. Bona fide reports will be provided to CMT on a regular basis. Managers can also access staff leave balances anytime via Authority.
1. Separation Processes **Risk Level** Moderate	HR develops and implements the Employee Exit Checklist and processes.	Manager Org Development	30/09/14		**Completed**	Checklist and processes have now been implemented.
2. Payroll Procedures **Risk Level** Low	Payroll procedures reviewed and updated to reflect current practices.	Payroll Officer	30/06/15		Future Dated	N/A

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
3. Electronic Timesheets and Leave Requests **Risk Level** Low	Consideration or research into the Authority capabilities to automate / streamline the timesheet and leave request process.	Manager Org Development	30/06/15		Future Dated	N/A

Asset Management Maturity Audit – March 2014
Undertaken by Jeff Rodda & Associates (External Consulting Firm)

Please note: All road infrastructure will be addressed first. The aim is to complete all actions for the road in infrastructure category by 30 June 2015. Actions will then be removed from this list. Internal Audit will complete a follow up review of Asset Management in FY17 to ensure all asset categories have been completed in accordance with the agreed actions.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Strategic Longer Term Planning **Risk Level** Low	Ensure future plans indicate likely service level and risk trends resulting from adopted LTFP	DC&CS	30/09/15		Future Dated	Currently completed as best as possible, however with limited data. New AM system and the data available will improve LTFP.
	Consider including in the next update of the Strategic Plan commentary on the future outlook for infrastructure including any challenges/risks & ensure that Strategic Plan performance measures are aligned with the AMP service levels utilising state of the assets reporting.	Governance Officer	31/12/15		Future Dated	Strategic Plan will be updated after the Council elections and will consider wording in relation to the Asset Management.
2. Annual Budget **Risk Level** Low	Include commentary in the budget to provide a statement of whether the budget will achieve the Strategic Plan objectives and sustain current service levels	DC&CS	TBA			
	Develop ongoing councillor and community engagement strategy on affordable service levels based on current LTFP	DA&I	TBA			

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	Ensure that the depreciation projections in the LTFP are related to forecast movements in the asset base. To do this a reconciliation of the movements in Property, Plant and Equipment values is needed within the forecast	DC&CS	TBA			
3. Annual Report **Risk Level** Low	Include "state of the assets" reporting in annual report (& AMPs) to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends.	Business Improvement Officer	30/11/15		Future Dated	This will be included in the Annual Report for the FY15 financial period, once the Asset Management System (AMS) has been in production for a full year.
4. AM Policy **Risk Level** High	Implement an Asset Management Policy. When policy has been developed, ensure it is communicated to all key stakeholders including a briefing to Council regarding their roles and responsibilities. The policy should include (but not limited to) the following: - Document methodology for determining asset lives, useful lives, conditions and financial reporting in an asset accounting policy as per Australian Infrastructure Management Guidelines - Develop business processes and documentation to ensure audit trail for financial transactions, asset register updates and annual reporting. This should be done as part of the CRV and new Asset Management System implementation process - Document an Asset Management Improvement Program. Annually review asset management maturity & conduct annual review of policy implementation by the Asset Management Team and Audit Committee - Training requirements for staff - Responsibilities for staff (i.e. Finance and Asset Management staff) - Reporting mechanisms and timeframes - Linkages to risk	Asset Manager	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	- Continuous improvement					
5. AM Strategy **Risk Level** Extreme	Implement an Asset Management Strategy (using templates provided). Strategy must identify 'critical' assets and includes risk management strategies for these assets. Strategy should also include specific actions to improve asset management capabilities, projected resource requirements & timeframes.	Asset Manager	30/06/15		Future Dated	
6. AM Plans **Risk Level** High	Update the Asset Management Plans (Optimal Scenario) and what will be done with available funding (Balanced Scenario) & complete risk management plans for the Balanced Scenario.	Asset Manager	30/06/15		Future Dated	AM Plans will be automated as part of the AMS implementation
	Complete service levels for AMPs using state of the assets reporting (condition / function / capacity) as per example provided by the consultants & ensure that service level targets for the next 10 years for each AMP are achievable and it is clear what Council can and cannot do within the budget constraints of the LTFP.	Asset Manager	30/06/15		**In Progress**	AM Plans will be automated as part of the AMS implementation. The data collection and analysis process has commenced with road categories.
7. Governance and Management **Risk Level** High	Identify if the Asset Management Team will continue, if so adopt charter for the Asset Management Team. The focus of the group should be on the implementation of Asset Management Improvement Program and to report risk and service level trends	Asset Manager	31/12/14		Future Dated	Asset Manager to discuss the proposition (benefits and relevance) of continuing with the Asset Management Team with CMT. This is expected to be assessed in the New Year.
	Ensure whole of life costing is used for all capital upgrade/expansion projects with a feedback loop into the LTFP.	Asset Manager	30/06/15		Future Dated	
8. Levels of Service **Risk Level** High	Develop additional AMP scenarios as required to align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the SP and annual reporting	Asset Manager	30/06/15		Future Dated	
9. Data and Systems	Provide a data improvement program as part of the asset management improvement program	Asset Manager	30/06/15		**In Progress**	Aligned to the implementation of the Conquest system. Road

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Risk Level High	based on benefit/cost/risk. This should be done in conjunction with the development of the Asset Accounting Policy and Implementation of both the Authority CRV module and new Asset Management System. This process should determine the level of data required to meet both financial and asset management requirements					category completed
	Ensure that the current register is kept up to date and asset condition is monitored & annually updated with 'useful lives' and reported as part of the annual review of the works program. Includes annual update of unit rates (replacement and renewal cost rates) based on the completed works program	Asset Manager	30/06/15		**In Progress**	Aligned to the implementation of the Conquest system. Road category completed

Attractive Assets Review – August 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Acquisition and disposal processes of attractive assets **Risk Level** High	A standard process for the acquisition and disposal of assets is developed and deployed internally with training for staff	Manager Financial Services	30/06/15		Future Dated	
	As a checking mechanism, the Accounts Payable Officer to check whether newly acquired assets have been captured within the correct registers at the time of paying the invoice	Manager Financial Services	30/06/15		Future Dated	
2. Recording of attractive assets **Risk Level** Moderate	Incorporate all registers into a centrally managed register with plans to move this into the new Asset Management Software (Conquest) in the future. Focus on just those asset classes that are not already (or soon to be) loaded into Conquest.	Manager Financial Services	30/06/15		Future Dated	
	All assets meeting the threshold requirements are also immediately transferred into the Attractive Asset register, thereby bringing this register up to date	Manager Financial Services	30/06/15		Future Dated	
	All artworks are immediately recorded into the F&F asset register and also transferred into the Attractive Asset Register if they meet the threshold requirements.	Manager Financial Services	31/12/14		**In Progress**	All artworks have been captured in a separate document, in the process of being transferred to the Asset Register.
	Regular stocktakes of all categories of assets are planned and undertaken at least once every two years (some such as plant and machinery should be completed annually)	Manager Financial Services	31/12/15		Future Dated	
	Standard forms to assist the stocktakes are developed	Manager Financial Services	30/09/15		Future Dated	
3. Asset Management and Accounting Policy **Risk Level** Moderate	Council's current Asset Management and Accounting Policy is reviewed and updated taking into account the findings of this review	Manager Financial Services	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Methodologies for tagging and monitoring the location of attractive assets **Risk Level** Moderate	It is recommended that Council consider some marking or stamp to identify Council artworks	Executive Assistant Director Corporate & Community Services	30/06/15			
	Council investigates purchasing equipment required to 'tag' assets (e.g. bar code creation and readers) and if deemed appropriate, plan for resources to undertake tagging of all assets throughout Council.	IT Manager	31/12/15			

2. Internal Controls Project (Various Workshop Dates Held in Early 2014)

Risk Ref	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
2.1.8	Investigate other resources in regards to existence of accounting policies, including other Councils and external audit.	Financial Accountant	31/08/13	31/03/15	**In Progress**	The revised date for this action has been extended until March 2015, this to allow time for the Finance department to collate all procedures into one document (or folder) to create a whole of Accounting and Finance Manual (rather than just individually). Work has commenced on this manual for majority of finance processes have been completed, however the Accounts Receivable and Payroll areas still need significant work and then a final way to present and manual needs to be decided upon. The Financial Accountant will be responsible for: - Reviewing other Councils using the Authority application and their accounting and finance procedures - Collating the manual

3. External Audit Activities

March 2013 Half Year Management Letter

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Asset Management Plans	Council's Transport Asset Management Plan will be updated to reflect the results of the condition inspection and revaluation of assets. Once the Asset Management Plan has been updated, recommend Council updates the Long Term Financial Plan (LTFP) with updated capital works and depreciation forecasts.	Manager Assets	31/12/13	30/06/14	**In progress**	Please refer to Asset Management Maturity Audit actions listed above.
Asset Service Standards	Council should undertake a review and documentation of required service standards so that the Administration can plan for future capital works programs in the LTFP and annual budgets.	Manager Assets	30/06/14	30/06/14	**In progress**	Please refer to Asset Management Maturity Audit actions listed above.

BUSINESS IMPROVEMENT OFFICER

11. FY2015 -2017 INTERNAL AUDIT PLAN (File Ref: 9.14.1.6)

INTRODUCTION

The Business Improvement Officer re-presents the adopted Internal Audit Plan for the Audit Committee members' information.

RECOMMENDATION

That the report be received.

COMMENT

The three year Internal Audit Plan was developed to focus the limited internal audit resources to areas of most importance and concern to Council Management.

The internal audit plan was developed using the following considerations:

- An internal audit that was not fully completed in the FY14 financial year was rolled over and addressed as a priority (now completed);
- Previous discussions with the Chief Executive Officer, Directors, management team and external auditors;
- Review of the Council's strategic plan;
- Independent verification of control self-assessments;
- Suggested key risks and audits performed at other councils; and
- Professional judgement of internal audit.

The Internal Audit Plan (refer Attachment A) was adopted by the Audit Committee at the June 2014 meeting. The attached Plan has now been amended to reflect all changes in the scheduled completion dates.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 – Section 125 – Internal control policies

Council's Internal Audit Activity – Framework

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Internal audits will assist in the management of Council's financial risks.

Internal Audit Plan 2015 - 2017

1. OBJECTIVE

The objective of the Yorke Peninsula Council's ("Council") internal audit function is to enhance business performance by ensuring compliance and recommending improvements in process effectiveness, efficiency and economy.

The three year Internal Audit Plan covering the 2015 – 2017 financial year sets out the proposed internal audit projects to be undertaken by Council. This Internal Audit Plan is approved by the Chief Executive Officer and endorsed by the Audit Committee. It will be reviewed at the end of each financial year to ensure that it addresses the high business risks facing the Council.

2. METHODOLOGY

The three year Internal Audit Plan was developed to focus the limited internal audit resources to areas of most importance and concern to Council Management.

The internal audit plan was developed using the following considerations:

- An internal audit that was not fully completed in the FY14 financial year will be rolled over and addressed as a priority
- Previous discussions with the Chief Executive Officer, Directors, management team and external auditors
- Review of the Council's strategic plan
- Suggested key risks and audits performed at other councils
- Professional judgement of internal audit.

3. REPORTING

- The Business Improvement Officer will report on the following to the Chief Executive Officer and Audit Committee (on at least a quarterly basis):
  - Ongoing status of the approved Internal Audit Plan
  - Outcomes / reports of individual engagements and any identified significant risk, control, fraud or governance issues
  - Status of implementation of agreed actions resulting from internal and external audits, internal controls project and other external bodies.

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4. INTERNAL AUDIT PLAN

The following table presents the proposed audit projects with a tentative scope and proposed timing for those planned for 2015 and beyond:

	Project	Scope Overview	Proposed Timing	2015	2016	2017
1	Attractive Asset Review	Attractive assets to the Council include items such as mobile phones, laptops and artwork. This audit will focus on the processes to manage and secure attractive assets (particularly artworks) acquired by the Council, including control associated with: ▪ Acquisition and disposal processes of attractive assets ▪ Recording of attractive assets Methodologies for valuation and safeguarding of attractive assets.	June 2014 (completed)	✓		
2	Financial Management – Receivables	A review of key accounts receivable controls including receipting, banking, debtor follow up processes and general ledger reconciliations.	~~Sept 2014~~ Dec 2014	✓		
3	Post Implementation Review - Asset System	A new asset management system is budgeted for the 2014 financial year; this review will be an assessment of the effectiveness of the implementation of the new system against the outlined objectives of the project.	~~Dec 2014~~ July 2015	~~✓~~	✓	
4	CSR Operational Review	A review to assess the processes relating to the customer service request ("CSR") system, including allocation of jobs, follow up, completion / service levels and reporting to Council.	Mar 2015	✓		
5	WHS Legislation	To meet requirements of the Work, Health and Safety (WHS) Act 2012, a WHS project will be undertaken each year. A review to assess performance against the Strategic Risk Management Plan and WHS program objectives and compliance with policies, procedures and processes. Specific scope will be developed in consultation with the Risk Administrator at a later stage.	Ongoing	✓	✓	✓
6	Petty Cash and Till Floats	Regular spot check of petty cash and till floats. The objective is to ensure that staff with custodian of till floats and petty cash floats are aware of their responsibilities and are discharging those responsibilities efficiently and effectively.	Ongoing	✓	✓	✓

	Project	Scope Overview	Proposed Timing	2015	2016	2017
7	Council Direct Managed Caravan Park Spot Audits	Undertake a regular spot check of Council direct managed Caravan Parks (Point Turton, Marion Bay, Port Vincent Foreshore, Black Point and Yorketown). Key areas to be reviewed include: • RMS Bookings compared to actual sites occupied • Basic WHS checks • Insurance and assets schedule • General maintenance observations	Ongoing	✓	✓	✓
8	Management Requests	Allowance for special projects, investigations and requests by Management that may arise during the year.	Ongoing	✓	✓	✓
9	Independent verification of control self-assessment	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (Controltrack)	Ongoing	✓	✓	✓
1	Procurement Part 2 – Tendering & Contracts (Post Implementation review of Procurement Processes)	The second stage of the procurement project will address tendering and contract processes and assess compliance with newly developed policies and procedures. Specifically relating to tender specifications; probity; evaluation; selection; approval; documentation, transparency and fraud management particularly policies and procedures relating to gifts from suppliers, contract approval processes; recording, storage and tracking contract specifications (i.e. contract register); ongoing contract performance and variation and monitoring of expiry and contract renewals.	July 2015		✓	
2	Town Hall and Council Asset Hire	Review of the processes associated with hiring of hall and other assets to the community. Including financial, WHS, risk management and insurance controls.	Sep 2015		✓	
3	Borrowing & Investments	A review of financial borrowing and investment controls including a review of the processes regarding the decisions to borrow taking into consideration the impacts on the financial sustainability of Council.	Nov 2015		✓	
4	Financial Management - Accounts Payable	A review of key accounts payable controls including approval and disbursement process, maintenance of supplier master file and general ledger reconciliations.	Mar 2016		✓	

	Project	Scope Overview	Proposed Timing	2015	2016	2017
5	Volunteer Management	This review will assess the management of volunteers and compliance with the Volunteer Management Handbook.	Jun 2016		✓	
1	Corporate Governance	The objective of the review will be to assess the adequacy of Council's governance mechanisms (policies, structures, processes and information) to provide strategic direction and oversight of activities in support of the department. Specific areas that may be included are: • Tone at the Top • Strategic Planning and Budgeting • Internal Controls, Internal Audit and Risk Management • Formally established Council and Management committees • Performance Monitoring and Reporting • Legislative Compliance	Aug 2016			✓
2	Dog and Cat Management	Review of annual report provided to Cat and Dog Management Board, pounds, dog registrations and associated documentation is accurate. Furthermore the review will assess the performance against the Animal Management Plan objectives.	Oct 2016			✓
3	Contractor Management	Review of the process for hiring and entering into contracts and/or agreements, approvals, compliance requirements including insurance, licenses and WorkCover are managed, process for recording and storing contracts and agreements.	Jan 2017			✓
4	Underperforming Assets	Review and analyse a sample of assets to identify assets where cost outlays performance or service charges associated with the asset.	Mar 2017			✓
5	Mobile Phones	This review will assess the processes for allocation of mobile phones, usage and ongoing monitoring processes.	May 2017			✓

BUSINESS IMPROVEMENT OFFICER

12. INTERNAL CONTROLS PROJECT (File Ref: 9.14.1.6)

INTRODUCTION

The Business Improvement Officer presents an update on the Internal Controls project.

RECOMMENDATION

That the report be received.

COMMENT

Section 125 of the *Local Government Act 1999* ("the Act") provides:

"*A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

Section 129 (3) (b) of the Act requires the auditor to provide:

"*an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law*."

For the Yorke Peninsula Council (YPC), the requirement to have an auditor provide an opinion on internal financial controls is mandatory from the 2015-16 financial year audit.

YPC has developed an "Internal Control Project - Framework & Implementation Plan" to meet the requirements of the Act.

This report provides a status update on the Internal Controls project to date. Key points are, of the 31 processes required to be reviewed under the Act, as at 26 Nov 2014:

- All 31 processes have been addressed and completed.
- Deloitte engaged and have implemented the ControlTrack application.
- A total of 209 internal controls were established and uploaded into the ControlTrack system.
- Twenty three staff are allocated responsibilities for assessing and/or reviewing controls. All staff were provided training in the ControlTrack system in May 2014.
- A pilot round of control assessments and reviews was also completed in May 2014.
- Following the pilot round, several minor adjustments were made to the controls (i.e. change of ownership, minor re-wording etc.).
- A database has created (named 'CSA Change Register') to record and maintain a history of all changes made.

- To further support the Internal Controls Project, a Business Rules document was developed and endorsed by the Audit Committee in September 2014.

The first full round of assessments and reviews is currently underway. All 209 controls have been assessed by staff and reviews are due to be completed by 10 December 2014.

The results of this first full review will be presented to the next scheduled Audit Committee (tentatively scheduled for February 2015).

Following review and analysis of these results, Internal Audit will commence a series of random audits to independently verify staff's self-assessments.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 - Sections 125, 126, 129 & 130

Local Government (Accountability Framework) Amendment Act 2009 –Schedule 1 cl. 2.

Local Government (Financial Management) Regulations 2011 r14 (e)

Australian/New Zealand Standard AS/NZS ISO 31000:2009

Institute of Internal Audit Standards

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

A sound control environment will assist in the management of Council's financial risks.