



## Yorke Peninsula Council

### NOTICE OF MEETING

Notice is hereby given that the next ordinary meeting of Council's

#### **AUDIT COMMITTEE**

will be held on Tuesday 11th March 2014  
in the Minlaton Council Chamber,  
57 Main Street, Minlaton commencing at 3pm

David Harding  
DIRECTOR CORPORATE AND  
COMMUNITY SERVICES

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## A G E N D A

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

1.1 Welcome by Chairman

1.2 Present

1.3 Apologies/Leave of Absence

1.4 Minutes of previous meeting – for confirmation:  
Audit Committee meeting held on Monday 2<sup>nd</sup> December 2013 at 9.30am

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. Audit Committee 2014 Work Plan (D. Harding)                              | Page 3-5   |
| 2. Interim External Audit Date (K. Schulz – Verbal)                         |            |
| 3. Internal Audit Activity Report Oct 13 – Feb 14 (A. Parkes)               | Page 6-29  |
| 4. Internal Controls Project Update (A. Parkes – Verbal)                    |            |
| 5. Review Final Audit Letter (K. Schulz)                                    | Page 30-32 |
| 6. Risk Management Update (B. Wood – Verbal)                                |            |
| 7. 2013/2014 – 2022/2023 Long Term Financial Plan (D. Harding)              | Page 33-57 |
| 8. 2014/2015 Budget Timetable (D. Harding)                                  | Page 58-60 |
| 9. 2014/2015 Capital Budget Update (D. Harding – Verbal, Schedule Provided) | Page 61-70 |
| 10. Second Quarter 13/14 Budget Review (K. Schulz)                          | Page 71-85 |
| 11. Asset Management Update (M. McCauley)                                   | Page 86-89 |
| 12. EDRMS System Update (B. Cowley)   | Page 90-92 |

**ITEM 3      GENERAL BUSINESS**

**ITEM 4      NEXT MEETING**

**ITEM 5      CLOSURE**

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **1. AUDIT COMMITTEE WORK PLAN DRAFT 2014**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To consider the proposed 2014 Audit Committee Work Plan.

#### **RECOMMENDATION**

That the Audit Committee endorse the 2014 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  
2014 WORK PLAN**

Meeting	Item	Comments
<p>11<sup>th</sup> March 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Elect Presiding Member of Audit Committee for 2014.</li> <li>• Approve new Audit Committee Work Plan.</li> <li>• Interim External Audit Date.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Review Final Audit Letter.</li> <li>• Risk Management Update.</li> <li>• Endorse 2013/2014 – 2022/2023 Long Term Financial Plan.</li> <li>• 2014/2015 Budget Timetable.</li> <li>• 2014/2015 Capital Budget Update.</li> <li>• Second Quarter 13/14 Budget Review.</li> <li>• Asset Management Update.</li> <li>• EDRMS System Update.</li> </ul>	
<p>29<sup>th</sup> April 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Review draft Annual Business Plan.</li> <li>• 2014/2015 Budget Update.</li> <li>• Recommendation to Council regarding 3<sup>rd</sup> Quarter Budget Review Update.</li> <li>• LTFFP Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Update from Independent Project Manager for Transport Infrastructure Condition Assessment Project</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> <li>• Review Rates Options 2013-2014</li> </ul>	
<p>24<sup>th</sup> June 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Endorse Annual Business Plan &amp; 2014/2015 Budget.</li> <li>• Interim External Audit Visit Update</li> <li>• LTFFP Update.</li> <li>• Review Data from Transport Infrastructure Condition Assessment Project</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Update from Independent Project Manager for Transport Infrastructure Condition Assessment Project</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> </ul>	

<p>26<sup>th</sup> August 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• LTFP Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> <li>• Approve FY15 Internal Audit Plan.</li> <li>• Review 2013-2014 Financial Statements</li> <li>• Review Transportation Infrastructure Revaluations.</li> <li>• EDRMS System Update.</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> </ul>	
<p>21<sup>st</sup> October 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Recommendation to Council regarding 2014/2015 Financial Statements.</li> <li>• Recommendation to Council regarding First Quarter 14/15 Budget Review.</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> </ul>	
<p>3<sup>rd</sup> December 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Receive Final Financial Statements and Auditors Report to Council</li> <li>• Endorse June 2014 Budget Review</li> <li>• Review 2014 Audit Committee Work Plan</li> <li>• Consider 2015 Audit Committee Work Plan Draft</li> <li>• LTFP Update.</li> <li>• Asset Management Update.</li> <li>• Risk Management Update.</li> <li>• Internal Audit Activity Report.</li> <li>• Internal Controls Project Update.</li> </ul>	

**As required:**

Policy Reviews

Asset Management Plan Endorsements

## **BUSINESS IMPROVEMENT OFFICER**

### **3. 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 a status update on the Internal Audit Activity performed from October 2013 – February 2014, key points are:

- § Procurement, Part 1 – Purchasing has been completed;
- § Caravan Park Review has been completed;

Furthermore, the 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. It is highlighted that a significant number of agreed actions to address findings have been completed by responsible officers, particularly by the Finance team. This has assisted in the preparation for the ControlTrack system implementation.

A verbal report on the current status of the Internal Controls project will be provided, highlighting that Council Core controls have been loaded into ControlTrack and testing and training will commence with staff in March 14.

#### **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 (October 13 – February 14)

## 1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	<b>Library &amp; Caravan Parks Revenue</b>	This audit will review the processes undertaken by Council to verify the revenue received from caravan park and library leases and charges.	<b>Project In Progress</b>  Draft report documented, will be presented at next Audit Committee
2	<b>Attractive Asset Review</b>	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.	<b>Not Started</b>  Planned to commence in June 2014
3	<b>Cash Management</b>	This audit will assess compliance with relevant policies and procedures and assess key controls over the receipting and banking of cash at various locations.	<b>Project Completed</b>
4	<b>Procurement Part 1 - Purchasing</b>	The audit plan provides for a staged audit of Council's procurement systems. Stage 1 will address those general procurement activities i.e. purchases less than \$50,000.	<b>Project Completed</b>  Final report included in Attachment A
5	<b>Financial Management - Payroll</b>	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.	<b>Not Started</b>  Plan to commence in April 2014
6	<b>ICAC Preparedness (Accountability &amp; Disclosure Audit)</b>	A legal compliance review to assess whether all statutory reporting and disclosure requirements are being met.	<b>Project Completed</b>
7	<b>Petty Cash and Till Floats</b>	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.	<b>Project Completed</b>

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## 2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
<b>Fuel Management</b>	Chief Executive Officer (“CEO”)	<p>The finance team have identified issues when reconciling fuel costs.</p> <p>The CEO has requested that Internal Audit perform a review to understand and map the fuel management process.</p> <p>As part of this review, identify potential control weaknesses that may contribute the reconciliation of fuel costs.</p>	<p><b>Project In Progress</b></p> <p>Fieldwork performed. Report will be presented at next Audit Committee</p>

## 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 B:

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

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





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# **Internal Audit Report**

## **Procurement Part 1 – Purchasing Review**

### **February 2014**

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#### **For Distribution:**

David Harding – Director, Corporate & Community Services  
Karen Schultz – Manager Financial Services

#### **For Information:**

Andrew Cameron – Chief Executive Officer  
Mary Herrmann – Governance Officer  
Corporate Management Team (CMT)

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# Executive Summary

## Background

With the recent introduction of the Independent Commission Against Corruption ("ICAC") legislation, the processes associated with procurement and purchasing is a high risk for many Councils. In addition, the procurement of goods and services represents a significant proportion of Council's overall annual expenditure. It is therefore good business practice to undertake an independent review of the process to ensure that risks are adequately managed.

The approved 2014 Yorke Peninsula Council ("Council") Internal Audit Plan includes a project relating to purchasing processes. The three year Internal Audit Plan provides for a staged audit of Council's procurement systems. Part 1 addresses purchases less than \$50,000.

## Objectives & Scope

The objective of the review was to assess the key purchasing controls associated with expenses less than \$50,000. The audit examined a sample of procurement transactions over the preceding six months, and provides an assessment on the compliance with the current policy and procedures and best practice purchasing controls.

## Key Findings

Details of all findings and recommendations identified during the review are included in Appendix 1; however I would like to draw your attention to the following key findings that rated High or Moderate risk against the Council's Risk Matrix (PR098 Risk Management Procedure).

1. Purchase of Goods and Services Policy	<p>Council has a Purchase of Goods and Services Policy, which aims to ensure that methods of purchasing goods and services are cost effective and meet the needs of the community and represent best value for money.</p> <p>The key issues identified with the current policy include:</p> <ul style="list-style-type: none"><li>§ The policy was last reviewed in June 2010, which is not in accordance with the annual review timeframe</li><li>§ The policy does not put enough emphasis on Council officers to ensure integrity of the procurement process and that decisions made by Council Officers and/or representatives are transparent. Although the current policy refers to transparency and accountability in purchasing procedures and practices in bullet point form, Council commitment to this is even more important given the introduction of ICAC. Key areas including, but not limited to, the following should be clearly documented in a procurement policy:<ul style="list-style-type: none"><li>» roles and responsibilities are clearly established</li><li>» appropriate record keeping and documentation so there is an audit trail</li><li>» the confidentiality of all Commercial in Confidence information</li><li>» the transparency of decisions made</li><li>» that Council Officers are accountable for their actions</li></ul></li><li>§ There is no clear guidance that should be followed when determining the method of procurement to be used (although high level factors to be 'considered' when purchasing are bullet pointed)</li><li>§ The policy does not outline what may constitute inappropriate or improper purchasing practices</li><li>§ The use of the new online requisition system is not stipulated</li></ul>
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Without a clearly defined and documented purchasing policy there is a risk that employees are unaware of their responsibilities leading to inappropriate or improper purchasing practices.

Consequence	Likelihood	Risk Level
Major	Likely	High

## 2. Budget allocation

The new online requisition system has ensured that a general ledger account is required to be entered for a purchase order to be processed, however there are a number of deficiencies with the allocation of general ledger account numbers to requisitions including:

- § There is no restriction on which general ledger requisitions can be posted to (anyone can post to any general ledger account)
- § There is no restriction or warning advising a user if the budget has been exceed for an account.

Furthermore, the independent review of the budget allocation, as part of the EFT payment review, should be documented.

Without a sound budget review processes, which occurs after the process, there is a risk of incorrect budget allocations.

Consequence	Likelihood	Risk Level
Minor	Likely	Moderate

## 3. Accounts payable master file changes

Although accounts payable processes were outside the scope of this review, it was identified through discussions that changes to the accounts payable master file are not independently reviewed on a regularly basis.

In order to meet the internal financial controls legislation, a process should be in place to review any changes of master file (in particular bank details) to source documentation and ensure the accuracy and validity of changes.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

## General Observations

The following observations were noted from testing:

- § With the implementation of the OLR system, the important control that has been introduced is the approval process for requisitions, which are system enforced to be in accordance with the delegations register.
- § Internal Audit performed some data integration on payment files by comparing the supplier master file with payroll bank account numbers; there were no anomalies identified.
- § From the 60 sample transactions tested, purchases appeared appropriate and were in accordance with the current policy document. Internal audit raised questions of relevant staff where descriptions were unclear or further information was required, again all explanations appeared appropriate and goods or services were required as part of Council operations.
- § Controls relating to the independent review and approval of payment files are well documented, which was also noted in the previous internal audit completed.

## **Internal Audit Opinion**

Based on the work and testing performed, Internal Audit is of the opinion that the processes relating to procurement processes, in particular in relation to the policies and procedures, need improvement and the recommendations included in Appendix 1 should be considered.

I would like to thank Karen Schultz, Sophie Glazbrook and Ben Cowley for their assistance and co-operation during the review.

### **Amanda Parkes**

Business Improvement Officer

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Phone: 8832 0000

## Appendix 1 – Detailed Findings

### 1.1 Purchase of Goods and Services Policy

Council has a Purchase of Goods and Services Policy, which aims to ensure that methods of purchasing goods and services are cost effective and meet the needs of the community and represent best value for money.

The key issues identified with the current policy include:

- § The policy was last reviewed in June 2010, which is not in accordance with the annual review timeframe
- § The policy does not put enough emphasis on Council officers to ensure integrity of the procurement process and that decisions made by Council Officers and/or representatives are transparent. Although the current policy refers to transparency and accountability in purchasing procedures and practices in bullet point form, Council commitment to this is even more important given the introduction of ICAC. Key areas including, but not limited to, the following should be clearly documented in a procurement policy:
  - » roles and responsibilities are clearly established
  - » appropriate record keeping and documentation so there is an audit trail
  - » the confidentiality of all Commercial in Confidence information
  - » the transparency of decisions made
  - » that Council Officers are accountable for their actions
- § There is no clear guidance that should be followed when determining the method of procurement to be used (although high level factors to be 'considered' when purchasing are bullet pointed)
- § The policy does not outline what may constitute inappropriate or improper purchasing practices
- § The use of the new online requisition system is not stipulated

Without a clearly defined and documented purchasing policy there is a risk that employees are unaware of their responsibilities leading to inappropriate or improper purchasing practices.

Consequence	Likelihood	Risk Level
Major	Likely	High

### 1.2 Recommendation

As raised as part of the Internal Financial Controls program, a project team should be initiated to address issues relating to procurement and contract management including reviewing and drafting policy, procedures and work flow diagrams.

This is a large project as policies and processes, not only relating to smaller procurement and purchasing processes, need to be reviewed, updated and addressed.

### 1.3 Management Response

**Management Response and Agreed Action:** Agreed, a Project Team has been established and will commence the project in March 2014. Draft procurement policies have been sought from the LGA and will be implemented as necessary.

**Responsibility:** Governance Officer – Mary Herrmann

**Due Date:** 30 June 2015

## 2.1 Budget allocation

The new online requisition system has ensured that a general ledger account is required to be entered for a purchase order to be processed, however there are a number of deficiencies with the allocation of general ledger account numbers to requisitions including:

- § There is no restriction on which general ledger requisitions can be posted to (anyone can post to any general ledger account)
- § There is no restriction or warning advising a user if the budget has been exceeded for an account.

Furthermore, the independent review of the budget allocation, as part of the EFT payment review, should be documented.

Without a sound budget review processes, which occurs after the process, there is a risk of incorrect budget allocations.

Consequence	Likelihood	Risk Level
Minor	Likely	Moderate

## 2.2 Recommendation

It is recommended that Finance Management, along with the IT Manager investigate enhancing the preventative controls relating to budget allocation within OLR.

This includes investigating with Civica:

- § whether controls to restrict the accounts that individual users can post to
- § the potential to initiate a warning or restriction on raising requisitions against general ledger accounts that have exceeded their annual budget limits.

## 2.3 Management Response

### Management Response and Agreed Action:

Investigation with Civica will be undertaken to assess:

- § whether controls to restrict the accounts that individual users can post to
- § the potential to initiate a warning or restriction on raising requisitions against general ledger accounts that have exceeded their annual budget limits.

**Responsibility:** Manager, Finance Services - Karen Schulz

**Due Date:** 31 December 2014

### 3.1 Accounts payable master file changes

Although accounts payable processes were outside the scope of this review, it was identified through discussions that changes to the accounts payable master file are not independently reviewed on a regularly basis.

In order to meet the internal financial controls legislation, a process should be in place to review any changes of master file (in particular bank details) to source documentation to ensure the accuracy and validity of changes.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

### 3.2 Recommendation

In order to meet the internal financial controls legislation, a monthly process should be implemented to independently review any changes of master file (in particular bank details) to source documentation to ensure the accuracy and validity of changes.

Evidence of this review should be retained and the ongoing process included in the accounts payable schedule of tasks and/or procedure document.

### 3.3 Management Response

**Management Response and Agreed Action:** A monthly process will be implemented to independently review any changes of master file (in particular bank details) to source documentation to ensure the accuracy and validity of changes.

**Responsibility:** Manager, Finance Services - Karen Schulz

**Due Date:** 30 May 2014



#### 4.1 Timing of raising of requisitions

Although detailed testing could not be performed, it was noted through discussions with the accounts payable officer that there are numerous situations where an invoice is received by accounts payable before a requisition has been raised.

At the time of reporting there were 23 invoices awaiting purchase orders, all of these were within two weeks of receiving an invoice.

Internal audit acknowledges that there are occasional circumstances where invoices maybe required before a purchase requisitions is raised (e.g. electricity and or water bills).

Although the importance of timeliness of raising requisition is emphasised at year end, there is a risk that Council's ongoing purchasing commitments is inaccurately recorded.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

#### 4.2 Recommendation

Employees with delegation for purchasing are reminded about the importance of following the correct processes with regards to timeliness of requisition raising.

This requirement is documented as part of the purchasing policy and or procedure.

#### 4.3 Management Response

**Management Response and Agreed Action:** Employees with delegation for purchasing will be reminded about the importance of following the correct processes with regards to timeliness of requisition raising.

**Responsibility:** Governance Officer – Mary Herrmann

**Due Date:** 30 June 2014

#### 5.1 Outstanding Purchase Orders

Internal audit reviewed a listing of outstanding purchase orders and noted that as at 14 Feb 2014, there were 302 purchase orders remaining open in the OLR system, 6% of these are greater than six months old.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

#### 5.2 Recommendation

To ensure good housekeeping relating to long outstanding purchase orders, it is recommended that the review process is undertaken at least twice a year and those orders no longer required are cancelled.

Evidence of this review should be retained and the ongoing process included in the accounts payable schedule of tasks and/or procedure document.

#### 5.3 Management Response

**Management Response and Agreed Action:** A review process will be initiated at least twice a year and those orders no longer required are followed up and cancelled.

**Responsibility:** Manager, Finance Services - Karen Schulz & Governance Officer – Mary Herrmann

**Due Date:** 30 June 2014

## Appendix 2 – Responsibility Statement

This report was prepared in accordance with the scope document as agreed to by management and Australian auditing standards subject to the following limitations:

- § Procedures were designed to provide limited assurance as defined by the Australia auditing standards, which recognizes that absolute assurance is rarely attainable due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions and the use of selective testing, and because much of the evidence available to auditor is persuasive rather than conclusive in nature.
- § Because of the inherent limitation of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Procedures were not designed to detect all weaknesses in control procedures and they were not performed continuously throughout the period and the tests performed are on a sample basis.
- § Any projection of the evaluation of the controls procedures to future periods is subject to the risk that the systems may become inadequate because of changes in condition, or that the degree of compliance with them may deteriorate.
- § The matters raised in the report are only those which came to the attention of the internal auditor during the course of performing audit procedures and are not necessarily a comprehensive statement of the weaknesses that exist or improvement that might be made. The internal auditor cannot, in practice, examine every activity and procedure, nor can they be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on the report to identify all weaknesses that exist in the systems and procedures under examination or potential instances of non-compliance that may exist.
- § Any reliance placed on internal audit reports and associated working papers, by a third party, are that party's sole responsibility.



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## 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. Water Recovery Percentages Spreadsheet	CMT will monitor the water recovery percentages every 6 months until the process is sound.	CMT	31/12/13	N/A	Completed	Manager Financial Services provided the water recovery percentages report to CMT after the February reading and invoices were completed.
2. 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	Future Dated	N/A
3. Authority Invoicing Process	Introduce deployment flowchart for reconciliation process.	DCCS	30/09/13	31/12/13	Completed	A more effective process has been developed to ensure the completeness of invoices being raised. A process has been implemented whereby all invoices raised are printed off and the relevant spreadsheet is checked to by an independent reviewer. Evidence of the review is retained.
4. Internal Water Meters	To ensure costs are reflected accurately, water charges for internal council meters will be allocated to the appropriate general ledger cost centre.	Manager Financial Services	30/09/13	31/12/13	Completed	Internal costs were charged out to appropriate cost centres as part of the last invoicing of water, which enabled a more accurate water recovery report to CMT.
5. Trending Reports or Analysis	A process for timely analysis of water trends will be developed.	Manager Financial Services	30/09/13	31/12/13	Completed	Completed as part of the water recovery percentage report provided to CMT.

## 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.
2. Network Structure & User Access	The overall network folder structure and access will be assessed as part of records management system. However in the short term: § Implement a consistent approach to granting user access to network directories § Access to key priority folders is reviewed by data owners.	Manager Information Services	31/12/13		Completed	IT have developed a consistent method to grant access to users.
3. Active Directory Access	A process will be established with payroll where employees leaving the organisation are notified by email. IT will retain evidence of the email for audit trail purposes.	Manager Information Services	30/06/13	31/10/13	Completed	An agreement is now in place with HR and Payroll is in place.
4. Network Administrator Access	§ Administrator users (including contractors) are provided with an individual administrator account. § As part of the upgrade to Active Directory, IT will consider changing generic Administrator password.	Manager Information Services	30/08/13	31/12/13  30/06/14	Completed  In Progress	Individual accounts have been created, slowly removing permissions from our standard accounts. IT are only using the Administrator account in extreme situations.  Administrator password change will be included as part of the active directory upgrade project, which is currently on hold until early 2014.

### Cash Management (Boat Ramp Ticket Machines) – September 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Boat Ramp Cash Collection procedure	The Boat Ramp Cash Collection procedure will be updated to reflect current expectations and communicated to community groups and their key representatives. The document should be simple and easy for community groups to follow.	Financial Accountant	30/12/13		Completed	<p>The Financial Accountant has reviewed the Boat Ramp Cash Collection procedure and this has been communicated to the relevant community groups for actioning.</p> <p>Already there has been an increase in the frequency of banking and documentation received by Council.</p>

## Accountability and Disclosure Audit – October 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. All staff receive conflict of interest training	<p>1. Induction training for all new staff will be expanded to include a 'Governance' are including:</p> <ul style="list-style-type: none"> <li>§ Code of Conduct</li> <li>§ Conflict of Interest</li> <li>§ Public Officers</li> </ul> <p>2. In addition for existing staff, a guideline/procedure will be developed and communicated to staff, addressing governance processes.</p>	HR Advisor Governance Officer	31/12/13 28/02/14		Completed	<p>HR have updated the new employee booklet to incorporate induction processes on:</p> <ul style="list-style-type: none"> <li>§ Code of conduct</li> <li>§ Gifts and benefits</li> <li>§ Fraud and corruptions</li> </ul> <p>In addition a new checklist has been developed for employees to sign off as understanding the key policies and procedures.</p>
2. Elected Members receive "refresher" conflict of interest training	<p>CEO and Governance Officer will present an information session at an Elected Member workshop to remind Elected Members:</p> <ul style="list-style-type: none"> <li>§ Of their responsibilities relating to conflict of interest</li> <li>§ On details required to be completed within the Ordinary Returns forms.</li> </ul>	Governance Officer	31/03/14		Completed	Chris Wellington from Wallmans undertook Conflict of Interest training for Elected Members. Those that were unable to attend the previous session, Council has scheduled further training for the end of March 2014.
3. Development Assessment Panel Members receive "refresher" conflict of interest training	<p>CEO and the Governance Officer will present an information session at an Development Assessment Panel meeting to remind Members:</p> <ul style="list-style-type: none"> <li>§ Of their responsibilities relating to conflict of interest</li> <li>§ On details required to be completed within the Ordinary Returns forms.</li> </ul>	Governance Officer	31/03/14		Future Dated	N/A
4. Council review the gifts and benefits policy in accordance with the comments made below	Agreed. Governance Officer will update the gifts and benefits policy accordingly.	Governance Officer	31/03/14		In Progress	A gift register is in place; however the policy is yet to be reviewed.
5. Council ensures that the Gifts and Benefits policy is consistent with	Current staff Code of Conduct to be reviewed once gazetted policy is released.	Governance Officer	31/03/14		In Progress	The employee Code of Conduct has been released, however our policy is yet to be reviewed.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
the Codes of Conduct for Council members and Council staff						
6. Fraud & Corruption Prevention Policy is reviewed in accordance with comments made	Agreed. Governance Officer will update the Fraud & Corruption policy accordingly.	Governance Officer	31/03/14		Future Dated	N/A
7. Whistle-blowers Policy is reviewed in accordance with comments made	Agreed. Governance Officer will update the Whistle-blowers policy accordingly.	Governance Officer	30/04/14		Completed	Whistle-blowers policy has been reviewed it is currently out with staff for consultation and finalisation.
8. 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: <ul style="list-style-type: none"> <li>§ general purchasing</li> <li>§ tendering and suppliers</li> <li>§ contract management.</li> </ul>	Governance Officer	30/06/15		Future Dated	Refer to comments under the Purchasing Review performed in February 2014 below.
9. Undertake a review of committees established under section 41 of the Act	Governance Officer to follow up with Director of Corporate and Community Services regarding Section 41 committees.	Governance Officer	30/06/14	30/12/14	Future Dated	The date for this action has been extended due to the nature of reviewing and potentially restructuring Section 41 Committees. Director of Corporate and Community Services has started conversations with the Art Committee and Yorketown Caravan Park.
10. Give consideration of a central records management system	A centralised electronic records management system will be considered as part of the FY15	CEO, Andrew Cameron	30/06/15		In Progress	The IT Manager has started investigations of potential records management systems. The IT



Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
that will also capturing emails to and from Elected Members	budget.					Manager has visited a number of other Councils to review and assess their electronic records management systems.
11. Ensure new Code of Conduct is made available on the Council's website	Agreed. EA to CEO will work with IT Officer to ensure that Code and a link to the Gazetted Code once it is available.	EA to CEO	30/06/14		Completed	Has been uploaded to Council's website.
12. Consider the inclusion of Council's delegations register on the website	Agreed. EA to CEO will work with IT Officer to ensure that delegations register is available on the Council website.	EA to CEO	28/02/14		Completed	The Council's delegation to the CEO has been recorded specifically on the Council's website under Council documents menu.
13. Induction Processes for Council Staff, consideration be given to the update and inclusion of additional information	Agreed. HR Advisor will update the induction booklet to ensure it includes comments made.	HR Advisor	28/02/14		Completed	Refer to finding number 1 above.
14. Ensure financial limitation on expenditure is reflected as a conditions on the exercise of the delegation	Agreed, will be updated in delegations.	EA to CEO	31/12/13		Completed	All delegation and sub delegations have been updated to include financial limitations in accordance with Section 37 of the Act.

## 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 <b>Risk Level</b> 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		Future Dated	The Project Team has been identified consisting of Governance Manager, Business Improvement Officer, Risk Administrator and Executive Assistant to Assets and Infrastructure. A project meeting is scheduled in for March.
2. Budget allocation <b>Risk Level</b> Moderate	Investigation with Civica will be undertaken to assess: § whether controls to restrict the accounts that individual users can post to § the potential to initiate a warning or restriction on raising requisitions against general ledger accounts that have exceeded their annual budget limits.	Manager Financial Services	31/12/14		Future Dated	N/A
3. Accounts payable master file changes <b>Risk Level</b> Moderate	A monthly process will be implemented to independently review any changes of master file (in particular bank details) to source documentation to ensure the accuracy and validity of changes.	Manager Financial Services	30/05/14		Future Dated	N/A
4. Timing of raising of requisitions <b>Risk Level</b> Low	Employees with delegation for purchasing will be reminded about the importance of following the correct processes with regards to timeliness of requisition raising.	Governance Officer	30/06/14		Future Dated	N/A
5. Outstanding Purchase Orders <b>Risk Level</b> 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		Future Dated	N/A

## 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	30/06/13	In Progress	<p>The revised date for this action has been extended until June 2014, 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).</p> <p>Majority of finance processes have been completed, however the Accounts Receivable area still needs significant work.</p> <p>The Financial Accountant will be responsible for:</p> <ul style="list-style-type: none"> <li>- Reviewing other Councils using the Authority application and their accounting and finance procedures</li> <li>- Collating the manual</li> </ul>
7.1.2	Review and update the treasury management policy.	Manager Financial Services	31/08/13	31/10/13	Completed	The Treasury Management Policy was part of the organisational wide policy review project. The Policy was reviewed by the Manager Financial Services and will be reported to the March Council meeting.
7.1.5	Formulate a list which will enable staff to determine if they have a conflict of interest in regards to particular investment decisions.	Manager Financial Services	31/08/13	31/10/13	Completed	This has been addressed as part of the Treasury Management policy which has been completed above.
7.1.6a	Formulate and implement a simple cash flow forecasting system, to be used to assist with investment decisions.	Manager Financial Services	31/08/13	31/10/13	Completed	A simple analysis of cash trends has been implemented to allow decision making on when possible investment decisions can be made.
7.1.6b	Develop a procedure for investment decisions, including the need for two signatories.	Manager Financial Services	31/08/13	31/10/13	Completed	This has been incorporated as part of the Treasury Management policy which has been completed above.
10.1.1	The accounts payable manual to be updated to reflect prepayment processes.	Manager Financial Services	31/10/13		Completed	Manual has been updated accordingly.
13.1.2	A summary report to be provided to Council for grant acquittal processes.	Corporate Services Officer	31/08/14		Future Dated	N/A

Risk Ref	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
19.1.4	A quarterly review of rates staff accounts will be performed by the Manager Financial Services to detect anomalies. This process will be evidenced and retained.	Manager Financial Services	31/12/13		Completed	Manager Finance has completed a retrospective review of staff rate accounts as at 31/12/13 and process is in place to review these quarterly. This ongoing task is documented within the Manager Finance calendar.
23.1.5	Manager Financial Services will review a listing of credit notes on a monthly basis as there can be no segregation put in place due to the limited staff within reception and receipting roles.	Manager Financial Services	31/12/13		Completed	Review is now being undertaken and evidence is being retained by the Manager Financial Services.
23.2.2	Discuss with the external auditors the controls relating to segregation between receipting and banking officers, as separation is difficult to achieve with the limited resources available for banking. Bank reconciliations are performed on a daily basis by an officer independent from the receipting and banking process.	Business Improvement Officer	31/12/13		Completed	Daily bank reconciliations are performed by the Financial Accountant (independent from the receipting and banking functions). This function cannot be segregated due to the limited reception staff performing this function.
25.1.1	A project team has been initiated to address issues relating to procurement and contract management including reviewing and drafting policy, procedures and work flow diagrams.	Manager Governance	30/06/15		Future Dated	Refer to finding comments within the recent Part 1 – Purchasing review.
26.4.1	Investigate whether there is a bank account change report available in Authority for Payroll.	Payroll Officer	30/10/13		Completed	Payroll Officer has investigated whether a bank account change report available in Authority for payroll master file changes.  This report is available and a process has now been put in place whereby the Payroll Officer will provide the Finance Manager with the change report and the source documentation after each pay run.
28.2.2	Finance to implement a declaration form for credit card holders to sign, to acknowledge their responsibilities as card holders. This needs to reference the policy PO084 as having being read and understood.	Manager Financial Services	31/12/13		Completed	All employment contracts have statement that all employees must comply with all policies and procedures of the Council.  In addition, the Manager Financial Services has sent an email to all card holders with a copy of the latest policy as a reminders of their responsibilities

### 3. External Audit Activities

#### March 2013 Half Year Management Letter

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Independent Review of Exempt Property Listing	There is minimal evidence that an independent review of the exempt property listing for the 2012/13 financial year rates was undertaken to confirm the listings. Some assessments on the Exempt Property Listing require further investigation that may not have been correctly classified.	Senior Rates & Assessments Officer	30/06/13	30/06/14	Completed	The Senior Rates & Assessments Officer has undertaken a review of the exempt property listing, providing explanations on these properties (most properties relate to churches, schools and other government agency properties). This report has been independently reviewed by the Director C&CS.
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 separate Asset Manager Asset Management Audit Committee Report. This ongoing project will address asset management and asset service standards findings raised by the External Auditors.
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		In progress	Please refer to separate Asset Manager Asset Management Audit Committee Report. This ongoing project will address asset management and asset service standards findings raised by the External Auditors.

## **MANAGER FINANCIAL SERVICES**

### **5. EXTERNAL AUDITORS FINAL MANAGEMENT LETTER**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

Every year Council's external auditor finalises the audit of Council's financial statements by summarising the audit and reflecting on concerns in a final management letter.

The final management letter from Dean Newberry & Partners is attached.

#### **RECOMMENDATION**

That the management letter be received.

#### **COMMENT**

The external auditors have provided their report on Council's 2012/20132 annual financial statements.

The report has been signed with a reference to a qualification against Transport Infrastructure Assets due to the auditor's inability to rely on the data provided as a result of the failure to undertake a complete review on this entire class of assets as required under AASB (116) *Property, Plant and Equipment*.

The only other matter noted was in relation to the introduction of AASB (13) *Fair Value Measurement*, with a recommendation that council consult with its external valuers to ensure future revaluations incorporate the new requirements

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Audit Committee Terms of Reference

Division 4. Local Government Act 1999 – Audit.

#### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Review of the auditors concerns will assist in the management of Council's financial policies, procedures, processes and risks.

9 DEC 2013

3 December 2013

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

Dear Mayor Agnew

**RE: Balance Date Audit Management Letter – Financial Year Ending 30 June 2013**

As a result of the work recently completed in connection with our final Balance Date audit of your Council for the financial year ended 30 June 2013, we provide a summary of matters we wish to bring to your attention.

We have recently discussed the matters raised below with your Council's Audit Committee on and have issued our 2013 Auditor's Report which has been signed with a reference to a qualification due to our inability to rely upon the reported depreciation expense and asset carrying values for Transport Infrastructure assets.

**We wish to highlight to the following matters to you as a result of work recently completed:**

1. We have received appropriate explanations for all material variations as between 2013 budget and 2013 actual (operating and capital) and 2012 actual and 2013 actual (operating and capital).
2. There were no changes in accounting policies during the 2013 financial year and accordingly all financial information has been prepared on a consistent basis as reported in prior years.
3. Our 2013 Auditor's Report was signed with a reference to a qualification due to our inability to rely upon the reported depreciation expense and asset carrying values for Transport Infrastructure assets given a complete review of the useful lives, residual values and tests for impairment (including a physical condition rating assessments) on the entire class of assets has not been undertaken since 2008 in accordance with the requirements of Australian Accounting Standard (AASB) 116 *Property, Plant and Equipment*.

To ensure this matter is addressed and a qualification avoided in future years, a complete stocktake and condition assessment of Council's Transport Infrastructure assets should be carried out as this exercise has not been undertaken since 2008 in order to verify the completeness of Council's asset register to confirm that all assets had been appropriately accounted for.

<b>Item Number</b> 6849-2013-3
<b>GDS Number</b> 7.8.1.1
<b>Distribution</b> Copy to Lesley & Jackie



At the date of signing the audit report, due to the matters raised above in relation to Infrastructure Transport assets, we were unable to rely on the accuracy of the reported depreciation expense and asset carrying values relating to Transport Infrastructure assets in the Statement of Comprehensive Income and Balance Sheet.

4. As from 1 July 2013, Council will be required to comply with Australian Accounting Standard (AASB) 13 *Fair Value Measurement* which establishes the framework for valuing all Infrastructure, Property, Plant and Equipment (IPPE) assets in future years.

We have previously issued correspondence relating to this matter on 15 May 2013 and recommend that Council in conjunction with its Audit Committee, undertakes an assessment as to whether the introduction of this standard will have any impact on the assumptions currently applied in valuing and depreciation its IPPE assets which could have a financial impact on the financial position or performance of Council.

We recommend this review should be done in consultation with Council's external valuers to ensure that any future valuations undertaken by Council are done so incorporating the new requirements set by AASB 13.

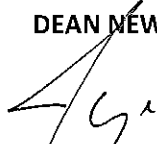
#### Summary

I would like to thank the Council and Administration for the support provided to myself and the audit team this year.

Should you require any further information, please contact me on the details provided below.

Yours sincerely

**DEAN NEWBERY & PARTNERS**



**Jim Keogh**  
Partner

P. 8 267 4777

E. [jimkeogh@deannewbery.com.au](mailto:jimkeogh@deannewbery.com.au)

C. Council's Audit Committee

C. Council's Chief Executive Officer



## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **7. LONG TERM FINANCIAL PLAN**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To consider a review of Council's Long Term Financial Plan.

#### **RECOMMENDATION**

That the Audit Committee recommends the reviewed Long Term Financial Plan to Council for formal adoption at Council's March 2014 meeting.

#### **COMMENT**

The Long Term Financial Plan (LTFP) has been used by Council to guide the development of the 2012/2013 and the 2013/2014 budgets and to assess major projects prior to formal consideration by Council.

The LTFP has been now been revised for the period from 2013/14 through to the 2022/23 financial year. The revised LTFP incorporates Council's actual financial position at 30 June 2013 as detailed in the adopted financial statements for 2012/2013 and the results of the September 2013 budget review. Continued revision of the LTFP ensures that the plan remains relevant and reflects the impact of the most recent decisions made by Council.

As endorsed by Council at the January 2014 Council Meeting the draft LTFP was made available for public consultation from the 30<sup>th</sup> January 2014 with all feedback due by close of business on 26<sup>th</sup> February 2014. No feedback was received by the due date from Elected Members or from the public consultation.

The final Long Term Financial Plan is attached.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

#### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

The LTFP is an important component of Councils strategic management plans and provides important guidance to Council decision making, especially in the area of financial sustainability.



# YORKE PENINSULA COUNCIL

## Long Term Financial Plan

2013/14 to 2022/2023



## DOCUMENT INFORMATION

### Document Details

Document Title:	Long Term Financial Plan 2013/2014 – 2022/2023
Document Version:	1.0
Document Date:	27/02/2014
File Name:	LTFP 2013-14 to 2022-23

### Document Authorisation

Prepared by:	David Harding – Director Corporate & Community Services
Authorised by:	Andrew Cameron – Chief Executive Officer
Adopted by Council:	

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## Executive Summary

The objective of the Long Term Financial Plan (LTFP) is to ensure that Council is financially sustainable and able to provide at least the current level of services over the 10 years of the plan.

In 2011/12, as the result of an extensive review, by staff and an independent local government consultant, of Council's financial performance and position over the previous 5 - 10 years Council determined that:

*"DCYP (now YPC) needs to commit to progressively improving its financial performance. If it doesn't then service levels will decline over time as Council will not be able to renew and replace assets as required."*

The LTFP is used as a tool to establish and communicate Council's general financial direction over the longer term and to assist in the assessment of Council's current financial position in conjunction with its Annual Business Plan and Annual Budgets preparation together with ongoing quarterly Budget Reviews.

Section 122 (4a) of the Local Government Act 1999 requires Council to undertake a review of its long term financial plan as soon as practicable after adopting the council's annual business plan for a particular financial year.

Also required under the Act:

- S.8 (k): *A council must act to ..... ensure the sustainability of (its) long-term financial performance and position*
- S.150 (c): *(A) council should, in making any (rating) decision, take into account the financial effects of the decision on future generations*

Council's previous LTFP published in 2011/2012 was based on the following key strategies:

- Achieve operating surplus as a minimum within next 10 years (2021/2022);
- Spending on asset renewal consistent with AMP identified needs (say +/- 10%); to ensure Asset Sustainability in the long term;
- No new services to be introduced without consideration of the impact on the LTFP;

In preparing this updated version to 2022/2023 Council has adhered to the long term strategy adopted in 2011/2012 and will continue to monitor these key aims across the long term of its Financial Plan going forward.

The 2013/14 to 2022/23 LTFP has been created using the current year Revised Budget, endorsed by Council at its November 2013 meeting, as year 1 of the plan.



The LTFP is intended to be a “live” document requiring adjustment and assessment as Council makes financial decisions which may affect its financial position long term. In particular decisions made in the key areas of rate movements, asset replacements and renewals, and the sustainability of service levels to be provided (inclusive of operating costs over the long term) require constant monitoring and review.

The LTFP is derived from a sub set of strategic financial policies, including Infrastructure Asset Management Plans (IAMP) for all classes of assets, and a set of assumptions necessary given the high level of the LTFP itself and the long term nature of all forecasts made. (refer to pages 7 & 8 of this document for a summary of the major assumptions applied)

## **Resources Referenced**

Resources referenced for the construction of the YPC LTFP include:

- Previous Long Term Financial Plans;
- 2012-2013 Audited Financial Statements;
- 2013-14 Revised Budget (September Quarter review);
- 2013-2014 Adopted Budget (adopted July 2013);
- 2013-2014 Annual Business Plan (adopted July 2013);
- Infrastructure Asset Management Plans;
- 2013/14 Annual Business Plan;
- Input from the CEO, Council Directors and key Council staff;
- Requests from Elected Members.



## Key Assumptions

The key assumptions in achieving this result are:

- Expected CPI movement of 3.2% per annum across the 10 years of the plan;
- Average Enterprise Bargaining Agreement (EBA) Movements of 3.4%, based on current EBA's for inside and outside staff;
- Rate increases for financial sustainability at 3% above CPI;
- Area growth of 0.5% per annum;
- Power and Water charges increasing at 1.2 times CPI movement;
- Spending on parts and consumables at approximate CPI plus 0.1% to allow for increased usage of services resulting from growth;
- Increase in expenditure on waste collection to match revenue increases at CPI plus growth;
- Spending on asset renewal (excluding Transport Infrastructure) in line with existing IAMP's or at about estimated needs;
- Spending on renewal of Transport Infrastructure increasing at 7% per annum with program acceleration increases (also indexed at 7% per annum) of \$830k in 2014/15, \$1.1m in 2017/18, \$220k in 2018/2019, \$330k in 2019/20, \$40k in 2020/21, and \$300k in 2022/23. This strategy results in approximately an additional \$19m being invested in renewal of transportation infrastructure over the 10 years of the plan;
- Council been awarded Government funding for the Walk the Yorke project on a dollar for dollar basis and expenditure is scheduled in 2013/14 (\$800k), 2014/15 (\$1.086m) and 2015/16 (\$800k) as required by the terms of the grant funding agreement for the project.
- Spending on other new assets is at about 2012/13 levels of approx. \$2.3m pa plus an average increase of 5.5% per annum;
- No other new additional services or increase in existing service levels.



# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023



The following tables outline the assumptions that have been built in to the projection model.

## Key Assumptions Tables

Long Term Financial Plan 2013/14 - 2022/23 Assumptions			1								
			2015 Plan Year 2	2016 Plan Year 3	2017 Plan Year 4	2018 Plan Year 5	2019 Plan Year 6	2020 Plan Year 7	2021 Plan Year 8	2022 Plan Year 9	2023 Plan Year 10
Expected CPI Movement			3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
EB Movements			3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
Rates	General Movement		3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
	Growth		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
	Sustainability		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	TOTAL		6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%
CWMS	General Movement		3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
	Growth		0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
	Sustainability		0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
	TOTAL		3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%
Finance Charges (Existing Borrowings)	Overdraft Rates		8.72%	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%
	Loan Interest Rate		6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
Energy Cost	CPI		3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
	Cost Pressure Increase		0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
	TOTAL		3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%

[illegible]



# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023

## Key Assumptions Tables (contd)

Long Term Financial Plan 2013/14 - 2022/23 Assumptions		3									
Forecast Renewal of Assets		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
		1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Buildings and Other Structures	Scheduled	169	400	413	426	440	454	468	483	499	515
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	169	400	413	426	440	454	468	483	499	515
Transportation Infrastructure	Scheduled	2,384	2,554	3,621	3,874	4,146	5,613	6,241	7,034	6,760	7,233
	Acceleration	0	830	0	0	1,100	220	330	40	0	300
	TOTAL	2,384	3,384	3,621	3,874	5,246	5,833	6,571	7,074	6,760	7,533
Plant & Equipment	Scheduled	1,419	1,463	1,592	1,643	1,696	1,750	1,806	1,864	1,923	1,985
	Acceleration	0	80	0	0	0	0	0	0	0	0
	TOTAL	1,419	1,543	1,592	1,643	1,696	1,750	1,806	1,864	1,923	1,985
CWMS Infrastructure	Scheduled	156	160	186	192	198	204	211	217	224	232
	Acceleration	0	20	0	0	0	0	0	0	0	0
	TOTAL	156	180	186	192	198	204	211	217	224	232
Water Scheme Infrastructure	Scheduled	0	93	96	100	103	106	109	113	117	120
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	0	93	96	100	103	106	109	113	117	120
Other Assets	Scheduled	818	84	231	176	264	298	144	121	211	218
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	818	84	231	176	264	298	144	121	211	218
Stormwater Drainage	Scheduled	120	50	52	53	55	57	59	60	62	64
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	120	50	52	53	55	57	59	60	62	64
Total Asset Renewal Expenditure		5,066	5,734	6,190	6,464	8,001	8,702	9,367	9,933	9,796	10,667

# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023



## Key Assumptions Tables (contd)

Long Term Financial Plan 2013/14 - 2022/23 Assumptions				4							
		2014 Rev Budget 1st Quarter \$('000)	2015 Plan Year 2 \$('000)	2016 Plan Year 3 \$('000)	2017 Plan Year 4 \$('000)	2018 Plan Year 5 \$('000)	2019 Plan Year 6 \$('000)	2020 Plan Year 7 \$('000)	2021 Plan Year 8 \$('000)	2022 Plan Year 9 \$('000)	2023 Plan Year 10 \$('000)
Forecast New Assets											
Buildings and Other Structures	Scheduled	154	500	200	205	210	215	220	225	230	235
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	154	500	200	205	210	215	220	225	230	235
Transportation Infrastructure	Scheduled	834	893	1,137	1,220	1,305	1,503	1,662	1,778	1,902	2,038
	Acceleration	0	170	0	0	100	50	0	0	0	50
	TOTAL	834	1,063	1,137	1,220	1,405	1,553	1,662	1,778	1,902	2,088
Plant & Equipment	Scheduled	160	165	258	266	275	284	293	302	312	322
	Acceleration	0	85	0	0	0	0	0	0	0	0
	TOTAL	160	250	258	266	275	284	293	302	312	322
Furniture & Fittings	Scheduled	0	32	33	34	35	36	37	39	40	42
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	0	32	33	34	35	36	37	39	40	42
CWMS Infrastructure	Scheduled	138	140	206	213	220	227	234	242	249	257
	Acceleration		60	0	0	0	0	0	0	0	0
	TOTAL	138	200	206	213	220	227	234	242	249	257
Water Scheme Infrastructure	Scheduled	12	0	0	0	0	0	0	0	0	0
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	12	0	0	0	0	0	0	0	0	0
Other Assets	Scheduled	448	39	120	127	234	242	249	257	266	275
* Walk The York*	Acceleration	800	1,086	800	0	0	0	0	0	0	0
	TOTAL	1,248	1,125	920	127	234	242	249	257	266	275
Stormwater Drainage	Scheduled	372	80	0	0	0	0	0	0	0	0
	Acceleration	0	0	0	0	0	0	0	0	0	0
	TOTAL	372	80	0	0	0	0	0	0	0	0
Total New Asset Expenditure		2,918	3,250	2,755	2,065	2,379	2,556	2,694	2,843	3,000	3,219



## Operating Income

### Rates

Rates includes revenue from General Rates, Service Charges (Refuse Collection), National Resource Management Levies collected on behalf of State Government, CWMS and Water service charges, fines for late payment and incorporates rebates available for each category.

The Rate Revenue increase shown in the tables is the average increase and actual changes to rates may vary dependant on valuations and other criteria. The Revenue line in the LTFP also includes an allowance for growth currently estimated at 0.5% p.a. based on trends over the past 2 years.

### Statutory Charges

Statutory Charges are fees related to the regulation of activities including Development Applications (set by State Government), Animal Registration and various Licence Fees.

Statutory charges have been reviewed for 2013/14 based on historical levels and increases at estimated CPI are expected from year 2 of the LTFP.

### User Charges

This category of income consists of fees for recovery of service delivery costs and income from Caravan Parks operated or leased by Council.

User charges, including caravan park income is expected to increase in line with CPI movements.

### Grants & Subsidies

The primary components of this category are constituted of Local Government Grants Commission grants and grants for projects such as Foreshore Protection and Tourism projects. Roads to Recovery Grants (RTR) and Walk the Yorke project funding are not included in this category but are shown as Grants Received Specifically for New/Upgraded Assets.

Grants Commission Grants in the LTFP are predicted to increase at a rate of 2% per annum until end of 2015/16 and thereafter expected to increase in line with CPI.

Other Grants available to Council are expected to increase by CPI for the 10 years of the projection.



### Grants Received Specifically for New Assets

RTR Income has been included for the 10 years of the LTFP and has been assumed to increase in line with CPI.

Walk the Yorke contributions are recognised in 2013/14 (\$400k), 2014/15 (\$543k) and 2014/15 (\$400k).

### Investment Income

Investment Income included in the LTFP is reflective of projections of cash available for investment and investment rates are in line with current trends experienced in the past 2 years. Council's Treasury Management Policy ensures available funds are managed on a regular basis to maximise returns. Adjustments made in the 2013/14 budget reflect recent falls in interest rates.

### Reimbursements

This category includes reimbursements by Community Groups; Sporting Clubs and individuals for expenses incurred by Council on their behalf and on-billed. This category also includes any amounts charged for Private Works performed by Council.

Reimbursements in the first year of the LTFP are expected to increase significantly with the cost of water playing a significant part. Reimbursements from year 2 of the LTFP are expected to be in line with CPI.

### Other Revenue

Includes income from minor sundry activities.

Other income is expected to increase equivalent to CPI over the 10 years of the LTFP.



## Operating Expenses

### Employee Costs

Includes all labour costs inclusive of salaries, wages, superannuation, leave entitlements and workers compensation insurance.

Costs in this category are based on staffing levels at the time of development of the LTFP and do not contain specific allowances for increases in staff numbers over the life of the LTFP.

Increases are projected at the average of current Enterprise Bargaining Agreements (EBA) with an allowance of approximately 0.2% for reclassifications and “annual” award service increases.

### Materials, Contracts and Other Expenses

Material costs in this category include road making materials, water, fuel, electricity, and office consumables: Contracts includes payments to outside entities for provision of services to Council including Waste Management Services. This category also includes payments to consultants and legal fees incurred by Council.

Over the 10 years of the LTFP:

- Water charges increasing at 1.2 times CPI;
- Power charges increasing at 1.2 times CPI;
- Materials have increased across the term of the LTFP by CPI plus 0.1% to allow for increased usage of Council assets due to area growth;
- Waste Management costs, have been increased at CPI plus 0.5% growth across the full term of the LTFP;
- Insurance, legal expenses, grants to Progress Associations, operating lease rentals and general contractors are expected to increase in line with CPI;
- No specific increase has been included to provide for Carbon Tax impact and may require assessment at a future date when more information is available to Council.

### Finance Costs

Finance Costs include interest on borrowings and bank charges.

Finance costs are based on forecast rates contained within the model and are based on applicable rates for existing loans and reflective of reductions achieved with Council's decision to change its banking provider following an open tender in 2012/13.



## Depreciation

Depreciation is an accounting charge to Operating Expenses showing the rate of consumption of Council's infrastructure, buildings, plant and equipment and other fixed assets and is effectively a provision for replacement of these assets at the optimum estimated time to support the provision of current Council services.

Depreciation in the LTFP is calculated based on best estimates of consumption of Council's assets over their useful lives. The estimate is also reflective of existing Asset Management Plans, advice taken from senior Council officers and the strategic decision taken by Council to increase renewal expenditure on assets and the reduction forecast in spending on new assets.

Depreciation on transport infrastructure was reviewed during 2012/13 and depreciation levels were reduced based on re-assessments of useful lives and the introduction of residual values for assets undergoing renewal.

## Treasury Management Strategy

Financing forecasts in the LTFP have been made with consideration of Council's current Treasury Management Strategy.

*"Council's operating and capital expenditure decisions are made on the basis of:*

- identified community need and benefit relative to other expenditure options;*
- cost effectiveness of the proposed means of service delivery; and,*
- affordability of proposals having regard to Council's long term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest cover ratios<sup>1</sup>.)*

*Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets and will:*

- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required."*





## Strategic Rating Policy

### General Rates

Rates are Council's main source of income. They are used to provide the funds to deliver services and maintain infrastructure required by the community.

Rates are a form of property taxation and property values play an important part in determining how much each individual ratepayer contributes. As it is a system of taxation, the rates paid may not directly relate to the services used by each ratepayer. Generally, the higher the value of the property the higher the rates paid.

Along with most other Councils, we use capital value to value all properties. Capital value is the value of the land and all improvements.

In determining how rates are applied, we use a differential rating system with a fixed charge. Differential rates allow us to set a different rate depending on the use to which the land is put - whether it be residential, commercial, primary production, etc. A fixed charge is a fixed, or flat amount, that all ratepayers have to contribute to equally. Differential rates are calculated on top of a fixed charge.

In addition to General Rates, as described above, Council will use its rating powers to raise the following rates and charges.

### Waste Collection & Recycling Service Charge

This service charge is charged to recover the cost of providing the Waste Collection & Recycling service. Council charges a set amount per property. Council calculates one service charge for properties entitled to receive a two bin service and another for those properties entitled to receive a three bin service.

This service charge is subject to a specific provision of the Local Government Act and Council has been required to introduce a system that calculates the amount payable by residents outside town limits depending on the distance of their property access point to the nearest collection point.

The two bin service charges have been re-aligned based on the following distances from collection points:

- |                                |   |
|--------------------------------|---|
| • Within 500 metres            | 100% of declared charge                   |
| • 500 metres to 2 kilometres   | 75% of declared charge                    |
| • 2 kilometres to 5 kilometres | 50% of declared charge                    |
| • Outside 5 kilometres         | No service unless negotiated with Council |



### **Natural Resource Management Levy**

Council is required to collect an amount each year which is paid to the local Natural Resource Management Board. Council are informed each year of the amount to be collected. Council uses the capital value of properties to determine a rate-in-the-dollar for the NRM Levy.

### **Community Waste Management Scheme (CWMS) Service Charge**

Council operates a number of CWMS schemes which provide a community effluent or sewerage scheme to properties. Council calculates a service charge each year to cover the cost of operating and maintaining and replacing equipment for all the schemes. A different service charge is set each year for occupied and unoccupied properties.

### **Water Scheme Service Charge**

Council operates a number of Water schemes throughout the district. Council calculates a service charge each year to cover the cost of operating and maintaining and replacing equipment for all the schemes. In addition to a service charge properties are charged for their water use.

### **Rate relief**

For ratepayers who may have difficulty paying their rates Council has a number of schemes to assist people who find themselves in this circumstance. Council provides:

- Rate capping scheme;
- Postponement of rates scheme;
- Negotiated repayments.

# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023



## Financial Statements

### - Uniform Presentation of Finances

Yorke Peninsula Council		10 Year Long Term Financial Plan									
LTFP - Projection First Quarter Review 2013/2014											
SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS											
Year Ended 30 June:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Audited	Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenues	24,100	25,729	27,105	28,447	29,916	31,523	33,164	34,901	36,752	38,735	40,897
<i>less Operating Expenses</i>	27,417	28,382	29,424	30,439	31,448	33,496	34,678	35,811	37,033	38,238	41,340
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(3,317)</b>	<b>(2,653)</b>	<b>(2,319)</b>	<b>(1,992)</b>	<b>(1,532)</b>	<b>(1,973)</b>	<b>(1,514)</b>	<b>(910)</b>	<b>(281)</b>	<b>497</b>	<b>(443)</b>
<b>Less: Net Outlays on Existing Assets</b>											
Capital Expenditure on Renewal/Replacement of Existing Assets	3,731	5,066	5,734	6,190	6,464	8,001	8,701	9,367	9,933	9,797	10,666
<i>less Depreciation, Amortisation &amp; Impairment</i>	8,826	9,045	9,398	9,752	10,118	11,438	11,828	12,231	12,651	13,027	15,216
<i>less Proceeds from Sale of Replaced Assets</i>	163	341	200	160	160	160	160	170	170	170	180
	<b>(5,258)</b>	<b>(4,320)</b>	<b>(3,864)</b>	<b>(3,722)</b>	<b>(3,814)</b>	<b>(3,597)</b>	<b>(3,287)</b>	<b>(3,034)</b>	<b>(2,888)</b>	<b>(3,400)</b>	<b>(4,730)</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>											
Capital Expenditure on New/Upgraded Assets	2,259	2,918	3,250	2,755	2,065	2,379	2,556	2,694	2,843	3,000	3,219
<i>less Amounts Specifically for New/Upgraded Assets</i>	594	994	1,199	1,077	699	721	744	768	793	818	844
<i>less Proceeds from Sale of Surplus Assets</i>	0	0	0	0	0	0	0	0	0	0	0
	<b>1,665</b>	<b>1,924</b>	<b>2,051</b>	<b>1,678</b>	<b>1,366</b>	<b>1,658</b>	<b>1,812</b>	<b>1,926</b>	<b>2,050</b>	<b>2,182</b>	<b>2,375</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>276</b>	<b>(257)</b>	<b>(506)</b>	<b>52</b>	<b>915</b>	<b>(34)</b>	<b>(40)</b>	<b>197</b>	<b>558</b>	<b>1,716</b>	<b>1,912</b>



# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023

## - Comprehensive Presentation of Income

Yorke Peninsula Council			10 Year Long Term Financial Plan									
LTFP - Projection First Quarter Review 2013/2014												
ESTIMATED COMPREHENSIVE INCOME STATEMENT												
Year Ended 30 June:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	Audited	Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
	Financials	1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
<b>INCOME</b>												
Rates	16,428	17,928	19,000	20,142	21,354	22,642	24,010	25,465	27,009	28,655	30,403	
Statutory Charges	379	425	499	515	532	550	569	589	610	632	655	
User Charges	2,865	2,888	3,007	3,104	3,203	3,306	3,411	3,519	3,631	3,747	3,866	
Grants, subsidies, contributions	3,397	3,702	3,788	3,876	4,000	4,128	4,260	4,397	4,538	4,683	4,833	
Investment Income	249	109	113	50	42	87	78	69	74	99	192	
Reimbursements	570	481	496	552	570	588	607	626	646	667	688	
Other Income	212	196	202	208	215	222	229	236	244	252	260	
<b>Total Revenues</b>	<b>24,100</b>	<b>25,729</b>	<b>27,105</b>	<b>28,447</b>	<b>29,916</b>	<b>31,523</b>	<b>33,164</b>	<b>34,901</b>	<b>36,752</b>	<b>38,735</b>	<b>40,897</b>	
<b>EXPENSES</b>												
Employee costs	7,140	7,297	7,545	7,801	8,066	8,342	8,626	8,918	9,221	9,533	9,856	
Materials, contracts & other expenses	11,149	11,837	12,289	12,680	13,121	13,581	14,099	14,545	15,052	15,578	16,173	
Depreciation	8,826	9,045	9,398	9,752	10,118	11,438	11,828	12,231	12,651	13,027	15,216	
Finance Costs	302	203	192	206	143	135	125	117	109	100	95	
<b>Total Expenses</b>	<b>27,417</b>	<b>28,382</b>	<b>29,424</b>	<b>30,439</b>	<b>31,448</b>	<b>33,496</b>	<b>34,678</b>	<b>35,811</b>	<b>37,033</b>	<b>38,238</b>	<b>41,340</b>	
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(3,317)</b>	<b>(2,653)</b>	<b>(2,319)</b>	<b>(1,992)</b>	<b>(1,532)</b>	<b>(1,973)</b>	<b>(1,514)</b>	<b>(910)</b>	<b>(281)</b>	<b>497</b>	<b>(443)</b>	
Net gain/(loss) on disposal or revaluations	49	131	10	10	10	10	10	10	10	10	10	
Amounts specifically for new assets	594	994	1,199	1,077	699	721	744	768	793	818	844	
Physical resources free of charge	14	0	0	500	0	600	0	600	0	650	0	
<b>NET SURPLUS/(DEFICIT)</b>	<b>(2,660)</b>	<b>(1,528)</b>	<b>(1,110)</b>	<b>(405)</b>	<b>(823)</b>	<b>(642)</b>	<b>(760)</b>	<b>468</b>	<b>522</b>	<b>1,975</b>	<b>411</b>	
<b>Other Comprehensive Income</b>												
Changes in revaluation surplus - IPP&E	0	0	2,364	0	19,813	0	0	10,200	0	29,172	0	
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>2,364</b>	<b>0</b>	<b>19,813</b>	<b>0</b>	<b>0</b>	<b>10,200</b>	<b>0</b>	<b>29,172</b>	<b>0</b>	
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(2,660)</b>	<b>(1,528)</b>	<b>1,254</b>	<b>(405)</b>	<b>18,990</b>	<b>(642)</b>	<b>(760)</b>	<b>10,668</b>	<b>522</b>	<b>31,147</b>	<b>411</b>	



# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023

## - Balance Sheet

Yorke Peninsula Council			10 Year Long Term Financial Plan									
LTFP - Projection First Quarter Review 2013/2014												
ESTIMATED BALANCE SHEET												
Year Ended 30 June:	2013		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Audited		Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials		1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Equivalent Assets	2,962		1,980	881	738	1,518	1,369	1,212	1,291	1,733	3,369	5,261
Trade & Other Receivables	1,130		1,164	1,168	1,168	1,168	1,168	1,170	1,170	1,170	1,170	1,170
Investments & Other Financial Assets	20		0	0	0	0	0	0	0	0	0	0
Inventories	887		887	887	887	887	887	887	887	887	887	887
Sub-total	4,999		4,031	2,936	2,793	3,573	3,424	3,269	3,348	3,790	5,426	7,318
Non-current assets held for sale	0		0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>4,999</b>		<b>4,031</b>	<b>2,936</b>	<b>2,793</b>	<b>3,573</b>	<b>3,424</b>	<b>3,269</b>	<b>3,348</b>	<b>3,790</b>	<b>5,426</b>	<b>7,318</b>
<b>Non-Current Assets</b>												
Receivables	0		(34)	(38)	(38)	(38)	(38)	(40)	(40)	(40)	(40)	(40)
Financial Assets	468		467	485	504	524	546	569	593	619	646	662
Infrastructure, Property, Plant & Equipment	276,040		274,789	276,549	276,092	294,167	293,558	292,838	303,309	303,273	332,704	331,203
<b>Total Non-Current Assets</b>	<b>276,508</b>		<b>275,222</b>	<b>276,996</b>	<b>276,558</b>	<b>294,653</b>	<b>294,066</b>	<b>293,367</b>	<b>303,862</b>	<b>303,852</b>	<b>333,310</b>	<b>331,825</b>
<b>Total Assets</b>	<b>281,507</b>		<b>279,253</b>	<b>279,932</b>	<b>279,351</b>	<b>298,226</b>	<b>297,490</b>	<b>296,636</b>	<b>307,210</b>	<b>307,642</b>	<b>338,736</b>	<b>339,143</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Trade & Other Payables	1,912		1,916	1,971	1,980	2,006	2,027	2,051	2,077	2,096	2,122	2,145
Borrowings	748		677	246	200	177	183	188	180	152	92	69
Provisions	857		910	921	960	986	1,021	1,052	1,086	1,121	1,157	1,195
<b>Total Current Liabilities</b>	<b>3,517</b>		<b>3,503</b>	<b>3,138</b>	<b>3,140</b>	<b>3,169</b>	<b>3,231</b>	<b>3,291</b>	<b>3,343</b>	<b>3,369</b>	<b>3,371</b>	<b>3,409</b>
<b>Non-Current Liabilities</b>												
Borrowings	2,236		1,559	1,313	1,113	936	753	565	385	233	141	72
Provisions	346		329	365	387	419	448	481	514	550	586	615
Other Non-Current Liabilities	(36)		(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)
<b>Total Non-Current Liabilities</b>	<b>2,546</b>		<b>1,834</b>	<b>1,624</b>	<b>1,446</b>	<b>1,301</b>	<b>1,147</b>	<b>992</b>	<b>845</b>	<b>729</b>	<b>673</b>	<b>633</b>
<b>Total Liabilities</b>	<b>6,063</b>		<b>5,337</b>	<b>4,762</b>	<b>4,586</b>	<b>4,470</b>	<b>4,378</b>	<b>4,283</b>	<b>4,188</b>	<b>4,098</b>	<b>4,044</b>	<b>4,042</b>
<b>NET ASSETS</b>	<b>275,444</b>		<b>273,916</b>	<b>275,170</b>	<b>274,765</b>	<b>293,756</b>	<b>293,112</b>	<b>292,353</b>	<b>303,022</b>	<b>303,544</b>	<b>334,692</b>	<b>335,101</b>
<b>EQUITY</b>												
Accumulated Surplus	(1,055)		(2,583)	(3,693)	(4,098)	(4,921)	(5,563)	(6,323)	(5,855)	(5,333)	(3,358)	(2,947)
Asset Revaluation Reserve	275,705		275,705	278,069	278,069	297,882	297,882	297,882	308,082	308,082	337,254	337,254
Other Reserves	794		794	794	794	794	794	794	794	794	794	794
<b>TOTAL EQUITY</b>	<b>275,444</b>		<b>273,916</b>	<b>275,170</b>	<b>274,765</b>	<b>293,755</b>	<b>293,113</b>	<b>292,353</b>	<b>303,021</b>	<b>303,543</b>	<b>334,690</b>	<b>335,101</b>



# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023

## - Changes in Equity

Yorke Peninsula Council		10 Year Long Term Financial Plan									
LTFP - Projection First Quarter Review 2013/2014											
ESTIMATED STATEMENT OF CHANGES IN EQUITY											
Year Ended 30 June:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Audited	Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
<b>ACCUMULATED SURPLUS</b>											
Balance at end of previous reporting period	1,078	(1,055)	(2,583)	(3,693)	(4,098)	(4,921)	(5,563)	(6,323)	(5,855)	(5,333)	(3,358)
Net Result for Year	(2,660)	(1,528)	(1,110)	(405)	(823)	(642)	(760)	468	522	1,975	411
Transfers to Other Reserves	(23)	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	550	0	0	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>(1,055)</b>	<b>(2,583)</b>	<b>(3,693)</b>	<b>(4,098)</b>	<b>(4,921)</b>	<b>(5,563)</b>	<b>(6,323)</b>	<b>(5,855)</b>	<b>(5,333)</b>	<b>(3,358)</b>	<b>(2,947)</b>
<b>ASSET REVALUATION RESERVE</b>											
Land	0	0	2,213	2,213	2,213	2,213	2,213	11,797	11,797	11,797	11,797
Buildings and Other Structures	0	0	0	0	3,139	3,139	3,139	3,139	3,139	6,784	6,784
Transportation Infrastructure	274,472	274,472	274,472	274,472	288,315	288,315	288,315	288,315	288,315	310,009	310,009
Plant & Equipment	960	960	960	960	1,637	1,637	1,637	1,637	1,637	2,467	2,467
Furniture & Fittings	0	0	0	0	40	40	40	40	40	45	45
CWMS Infrastructure	273	273	273	273	1,397	1,397	1,397	1,397	1,397	3,093	3,093
Water Scheme Infrastructure	0	0	0	0	132	132	132	132	132	360	360
Other Assets	0	0	0	0	858	858	858	858	858	1,932	1,932
Stormwater Drainage	0	0	151	151	151	151	151	767	767	767	767
<b>Balance at end of period</b>	<b>275,705</b>	<b>275,705</b>	<b>278,069</b>	<b>278,069</b>	<b>297,882</b>	<b>297,882</b>	<b>297,882</b>	<b>308,082</b>	<b>308,082</b>	<b>337,254</b>	<b>337,254</b>
<b>OTHER RESERVES</b>											
Balance at end of previous reporting period	1,321	794	794	794	794	794	794	794	794	794	794
Transfers from Accumulated Surplus	23	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(550)	0	0	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>	<b>794</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>275,444</b>	<b>273,916</b>	<b>275,170</b>	<b>274,765</b>	<b>293,755</b>	<b>293,113</b>	<b>292,353</b>	<b>303,021</b>	<b>303,543</b>	<b>334,690</b>	<b>335,101</b>

# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023



## - Cash Flow Statement

Yorke Peninsula Council		10 Year Long Term Financial Plan										
LTFP - Projection First Quarter Review 2013/2014												
ESTIMATED CASH FLOW STATEMENT												
Year Ended 30 June:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	Audited	Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
	Financials	1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
<u>Receipts</u>												
Rates	16,428	17,928	19,000	20,142	21,354	22,642	24,010	25,465	27,009	28,655	30,403	
Statutory Charges	379	425	499	515	532	550	569	589	610	632	655	
User Charges	2,831	2,884	3,007	3,104	3,203	3,304	3,411	3,519	3,631	3,747	3,866	
Grants, subsidies, contributions	3,397	3,702	3,788	3,876	4,000	4,128	4,260	4,397	4,538	4,683	4,833	
Investment Income	249	109	113	50	42	87	78	69	74	99	192	
Reimbursements	570	481	496	552	570	588	607	626	646	667	688	
Other Income	212	196	202	208	215	222	229	236	244	252	260	
<u>Payments</u>												
Employee costs	(7,115)	(7,255)	(7,529)	(7,766)	(8,039)	(8,309)	(8,595)	(8,885)	(9,187)	(9,498)	(9,819)	
Materials, contracts & other expenses	(11,127)	(11,852)	(12,221)	(12,664)	(13,084)	(13,550)	(14,064)	(14,509)	(15,021)	(15,541)	(16,138)	
Finance Costs	(302)	(203)	(192)	(206)	(143)	(135)	(125)	(117)	(109)	(100)	(95)	
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>5,522</b>	<b>6,415</b>	<b>7,163</b>	<b>7,811</b>	<b>8,650</b>	<b>9,527</b>	<b>10,380</b>	<b>11,390</b>	<b>12,435</b>	<b>13,596</b>	<b>14,845</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	594	994	1,199	1,077	699	721	744	768	793	818	844	
Sale of Renewed/Replaced Assets	163	341	200	160	160	160	160	170	170	170	180	
Sale of Surplus Assets	103	0	0	0	0	0	0	0	0	0	0	
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(3,731)	(5,066)	(5,734)	(6,190)	(6,464)	(8,001)	(8,701)	(9,367)	(9,933)	(9,797)	(10,666)	
Expenditure on New/Upgraded Assets	(2,259)	(2,918)	(3,250)	(2,755)	(2,065)	(2,379)	(2,556)	(2,694)	(2,843)	(3,000)	(3,219)	
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(5,130)</b>	<b>(6,649)</b>	<b>(7,585)</b>	<b>(7,708)</b>	<b>(7,671)</b>	<b>(9,499)</b>	<b>(10,354)</b>	<b>(11,124)</b>	<b>(11,812)</b>	<b>(11,808)</b>	<b>(12,861)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<u>Receipts</u>												
Proceeds from Borrowings	0	0	0	0	0	0	0	0	0	0	0	
<u>Payments</u>												
Repayments of Borrowings	(963)	(748)	(677)	(246)	(200)	(177)	(183)	(188)	(180)	(152)	(92)	
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(963)</b>	<b>(748)</b>	<b>(677)</b>	<b>(246)</b>	<b>(200)</b>	<b>(177)</b>	<b>(183)</b>	<b>(188)</b>	<b>(180)</b>	<b>(152)</b>	<b>(92)</b>	
<b>Net Increase/(Decrease) in cash held</b>	<b>(571)</b>	<b>(982)</b>	<b>(1,099)</b>	<b>(143)</b>	<b>779</b>	<b>(149)</b>	<b>(157)</b>	<b>78</b>	<b>443</b>	<b>1,636</b>	<b>1,892</b>	
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>3,533</b>	<b>2,962</b>	<b>1,980</b>	<b>881</b>	<b>738</b>	<b>1,518</b>	<b>1,369</b>	<b>1,212</b>	<b>1,291</b>	<b>1,733</b>	<b>3,369</b>	
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>2,962</b>	<b>1,980</b>	<b>881</b>	<b>738</b>	<b>1,518</b>	<b>1,369</b>	<b>1,212</b>	<b>1,291</b>	<b>1,733</b>	<b>3,369</b>	<b>5,261</b>	

# Yorke Peninsula Council Long Term Financial Plan 2013/2014 to 2022/2023



## - Key Financial Ratios

Yorke Peninsula Council		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
FINANCING TRANSACTIONS		Audited	Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
		Financials	1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
New Borrowings		0	0	0	0	0	0	0	0	0	0	0
LTFP - Projection First Quarter Review 2013/2014		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEY FINANCIAL INDICATORS		Audited	Rev Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
		Financials	1st Quarter	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus Ratio - %		(20)%	(15)%	(12)%	(10)%	(7)%	(9)%	(6)%	(4)%	(1)%	2%	(1)%
Net Financial Liabilities Ratio - %		6.2%	6.7%	8.2%	7.6%	4.2%	4.1%	4.0%	3.2%	1.6%	(2.9)%	(7.5)%
Interest Cover Ratio - %		0.2%	0.4%	0.3%	0.5%	0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	(0.2)%
Asset Sustainability Ratio - %		40%	52%	59%	62%	62%	69%	72%	75%	77%	74%	69%





## Significant Long Term Financial Plan Risks

The YPC Draft Long Term Financial Plan has been constructed based on a set of assumptions which reflect current trends as best interpreted by Council. Any of these assumptions may change due to influences beyond Council's control and place significant pressure on Council to achieve its stated objectives.

Given the 10 year timeframe of the LTFP, changes in these assumptions are almost certain at some time over the journey, As such the LTFP will demand constant updating and Council will undertake to keep the LTFP up to date with quarterly reviews following budget reviews required under Local Government Regulations.

Within Local Government there are many factors that could have significant impact on forecasts such as legislative changes, changes in economic conditions which may impact CPI and growth estimates, major events that may have significant consequences within the Council area of operation.

Changes in community expectations of Council in regard to services provided and new services required also presents significant risk in relation to the LTFP objectives which Council will monitor via its stated strategy to not introduce changes to services, or add new services, without reference to their impact on the LTFP.

While Asset Management Plans address replacement of core assets based on expected useful life estimates there is always the risk that deterioration of these assets may be quicker or slower than expected due to changes in factors impacting on the particular assets. There is also the chance that major replacement programs could be disrupted by shortages within the skilled workforce or abnormal weather conditions.

Asset Management Plans and the LTFP assume that at least current levels of funding for renewal of assets from both State and Federal Governments will continue across the term however any change to these arrangements would also threaten the basis of the projections.

A further risk is presented with the replacement of Elected Members at elections every 4 years. Council is confident that continuity in this regard can be achieved through close monitoring and regular financial reporting together with the proposed quarterly reviews of the LTFP.

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **8. ANNUAL BUSINESS PLAN AND BUDGET PREPARATION PLAN 2014/2015**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To provide information regarding the timetable for preparation of the 2014/2015 budget, Long Term Financial Plan and Annual Report adopted by Council.

#### **RECOMMENDATION**

That the Annual Business Plan and Budget Preparation Plan 2014/2015, as endorsed by Council at its meeting held on 12<sup>th</sup> February 2014, be received.

#### **COMMENT**

##### **Statutory Compliance**

Section 123 (2) of the Local Government Act 1999 (the Act) requires the following items be included in Council's Annual Business Plan:

- Summary of Council's longer term objectives;
- Significant influences including financial factors, asset renewal needs and progress on projects;
- Specific objectives for next year that performance will be measured against;
- Services and projects that will be undertaken;
- Summary of revenue source by type; and
- Rating approach and what it means for ratepayers.

In terms of process the Act requires as a minimum:

- Newspaper notice encouraging feedback and advising of means;
- Public meeting (at least 21 days' notice) or dedicated session in a specific Council meeting (at least one hour) – public may make submissions or ask questions;
- Written submissions (at least 21 days' notice);
- Responses at meeting to submissions received and questions raised;
- ABP available at meeting and prior (at least 21 days' notice); and
- Website facility for questions (and their answers) and lodging of submissions.

The proposed consultation process is:

- Wednesday 7th May 2014 - Approval of draft by Council
- Wednesday 7th May 2014 – Notice of 21 Day Public Consultation published in Yorke Peninsula Country Times
- 9th May 2014 Commence public consultation
  - Web Site
  - Front Counter
- Wednesday 11th June 2014 - Council to consider/hear submissions from public consultation
- Tuesday 24<sup>th</sup> June 2014 – Audit Committee to endorse Annual Business Plan and 2014/2015 Budget for adoption by Council
- Wednesday 9<sup>th</sup> July 2014 – Council to adopt Annual Business Plan and 2014/2015 Budget

This proposed timetable will meet the minimum legislative requirements.

#### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999.

Local Government (Financial Management) Regulations 2011.

#### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Council's Annual Business Plan incorporating the Adopted Budget and Regular Budget Reviews, at least in accordance with Local Government (Financial Management) Regulations 2011 requirements, contributes significantly to both Financial and Risk Management procedures.

## 2014 Annual Business Plan & Budget Preparation Program

	<b>Council Meeting</b>	<b>Council Workshop</b>	<b>Audit Committee</b>
<b>February</b>	<b>Wednesday 12<sup>th</sup></b>	<b>Wednesday 26<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>Adopt timetable</li> </ul>	<ul style="list-style-type: none"> <li>Rating review</li> <li>Construction Budget</li> <li>Caravan Park budgets</li> <li>Departmental Project Budgets</li> <li>Fees review</li> <li>Elected Members Operating and Capital Budget requests/considerations (form issued to Elected Members by 12/2/14)</li> </ul>	
<b>March</b>	<b>Wednesday 12<sup>th</sup></b>	<b>Wednesday 26<sup>th</sup></b>	<b>Tuesday 11<sup>th</sup></b>
	<ul style="list-style-type: none"> <li>Adopt LTFP</li> </ul>	<ul style="list-style-type: none"> <li>Workshop to consider draft budget</li> <li>Consideration of EM Budget Requests</li> </ul>	<ul style="list-style-type: none"> <li>Review Budget Timetable</li> <li>Endorse draft LTFP for adoption by council</li> </ul>
<b>April</b>			<b>Tuesday 22<sup>nd</sup></b>
			<ul style="list-style-type: none"> <li>Review Draft ABP</li> </ul>
<b>May</b>	<b>Wednesday 7<sup>th</sup></b>		
	<ul style="list-style-type: none"> <li>Consider Draft ABP ready for consultation</li> <li>March Budget review</li> </ul>		
<b>June</b>	<b>Wednesday 11<sup>th</sup></b>	<b>Wednesday 25<sup>th</sup></b>	<b>Tuesday 24<sup>th</sup></b>
	<ul style="list-style-type: none"> <li>Approve draft ABP</li> <li>Consider detailed Rating options</li> </ul>	<ul style="list-style-type: none"> <li>Review changes to Draft ABP</li> </ul>	<ul style="list-style-type: none"> <li>Endorse Draft ABP for adoption by Council</li> </ul>
<b>July</b>	<b>Wednesday 9<sup>th</sup></b>		
	<ul style="list-style-type: none"> <li>Approve ABP, Budget &amp; Rates</li> </ul>		

*Last updated 22/01/2014*

2014/2015 Capital Budget  
as at 25 Feb 2014  
Incl EM Requests

Other Assets

CWMS

Water

Asset Management

Transportation

Plant (incl Admin Vehicles)

Stormwater

Buildings

TOTALS

	New		Variance from LTFP	Renewal		Variance from LTFP	Overall Var from LTFP
	Draft Budget	LTFP		Draft Budget	LTFP		
Other Assets	1,642,860	1,171,000	471,860	413,850	84,000	329,850	801,710
CWMS	165,000	200,000	-35,000	160,000	180,000	-20,000	-55,000
Water	27,000	0	27,000	0	93,000	-93,000	-66,000
Asset Management	0	0	0	0	0	0	0
Transportation	2,605,365	1,063,000	1,542,365	3,016,360	3,384,000	-367,640	1,174,725
Plant (incl Admin Vehicles)	211,000	250,000	-39,000	1,730,000	1,543,000	187,000	148,000
Stormwater	315,000	80,000	235,000	155,000	50,000	105,000	340,000
Buildings	375,000	500,000	-125,000	1,570,350	400,000	1,170,350	1,045,350
TOTALS	5,341,225	3,264,000	2,077,225	7,045,560	5,734,000	1,311,560	3,388,785

2014/2015 Capital Budget  
as at 25 Feb 2014  
Staff Projects

Other Assets

CWMS

Water

Asset Management

Transportation

Plant (incl Admin Vehicles)

Stormwater

Buildings

TOTALS

New		Variance from LTFP	Renewal		Variance from LTFP	Overall Var from LTFP
Draft Budget	LTFP		Draft Budget	LTFP		
1,620,860	1,171,000	449,860	413,850	84,000	329,850	779,710
165,000	200,000	-35,000	160,000	180,000	-20,000	-55,000
27,000	0	27,000	0	93,000	-93,000	-66,000
0	0	0	0	0	0	0
586,570	1,063,000	-476,430	2,655,000	3,384,000	-729,000	-1,205,430
211,000	250,000	-39,000	1,730,000	1,543,000	187,000	148,000
40,000	80,000	-40,000	155,000	50,000	105,000	65,000
350,000	500,000	-150,000	1,570,350	400,000	1,170,350	1,020,350
3,000,430	3,264,000	-263,570	6,684,200	5,734,000	950,200	686,630

**2014/2015 Capital Budget**  
**as at 25 Feb 2014**  
**EM Requests**

**Other Assets**

**CWMS**

**Water**

**Asset Management**

**Transportation**

**Plant (incl Admin Vehicles)**

**Stormwater**

**Buildings**

**TOTALS**

New
EM Requests
22,000
0
0
0
2,018,795
0
275,000
25,000
<b>2,340,795</b>

Renewal
EM Requests
0
0
0
0
361,360
0
0
0
<b>361,360</b>

TOTAL
EM Requests
22,000
0
0
0
2,380,155
0
275,000
25,000
<b>2,702,155</b>

**2014/2015 Capital Budget**  
**as at 25 Feb 2014**  
**Detailed Project Listing**

**Other Assets**

	New	Renewal
	<b>\$1,286,500</b>	<b>\$12,200</b>
Skate Park Lighting	\$20,000	
Federation Park – Signage Replacement		\$3,200
Walk the Yorke (in accordance with funding agreement)	\$1,100,000	
Library Equipment	\$1,500	\$9,000
Office Furniture - New	\$20,000	
Audit Committee Business Improvement Infrastructure	\$50,000	
Boardwalk and Viewing Platform (Par-lake Yorketown) Grant Funded \$48,000	\$95,000	

**Caravan Park Other**

	<b>\$123,560</b>	<b>\$194,750</b>
Port Vincent CP - Hose Reels Replacement (HIGH)		\$25,000
Port Vincent CP - Lawnmower Replacement (HIGH)		\$8,250
Marion Bay CP - Boom Gate Controller Replacement (HIGH)		\$1,500
Marion Bay CP - Hose Reels Replacement (HIGH)		\$20,000
Marion Bay CP - Basketball Facilities (HIGH)	\$3,500	
Marion Bay CP - Jumping Pillow (HIGH)	\$16,060	
Marion Bay CP - Replace Playground (HIGH)		\$15,000
Marion Bay CP - Road Renewals (HIGH)		\$100,000
General Caravan Park Capital Renewal (HIGH)		\$25,000
Port Rickaby Fire Hydrants (HIGH)	\$40,000	
Marion Bay CP - Dump Point (MEDIUM)	\$7,000	
Yorketown CP - Jumping Pillow (MEDIUM)	\$16,000	
Yorketown CP - Watering System (MEDIUM)	\$20,000	
Yorketown CP - New Playground (MEDIUM)	\$15,000	
Visitor Information Centre - Accommodation Bookings Software	\$6,000	



**2014/2015 Capital Budget**  
**as at 25 Feb 2014**  
**Detailed Project Listing**

		New	Renewal
<b>Information Technology</b>	(in Priority Order)	<b>\$138,800</b>	<b>\$176,900</b>
	Disaster Recovery Room Development	\$7,000	
	Network Equipment Replacement		\$10,000
	Increased Network Shelf and Drives (EDRMS)	\$10,000	
	Computer Equipment General Replacement		\$6,000
	13 Laptop Computers (Buy instead of Lease)		\$32,500
	19 Desktop Computers (Buy instead of Lease)		\$30,400
	New Laptops for New EM's (Buy instead of Lease)	\$15,000	
	Navman Replacement Equipment for Existing System (Frequency Change)		\$18,000
	WHS Remediation of Server Room (Noise)	\$5,000	
	New Test Units	\$4,000	
	3 Ruggedized Tablets for Field Work	\$10,800	
	Telephone System Renewal		\$80,000
	Aerial Photography - Mapinfo Systems	\$45,000	
	Navman Equipment for Plant & Admin Vehicles	\$42,000	
<b>Cemeteries Capital</b>		<b>\$50,000</b>	<b>\$30,000</b>
	Cemeteries Other		\$30,000
	Port Vincent Cemetery	\$50,000	
<b>EM's Requests</b>		<b>\$22,000</b>	<b>\$0</b>
	Dump Points - Annual Allocation	\$22,000	
<b>CWMS</b>		<b>\$165,000</b>	<b>\$160,000</b>
	Chinaman Wells CWMS - WWTP New Chlorine analyser & filtration system	\$20,000	
	Maitland CWMS - Buffer Tank Installation	\$120,000	
	Port Victoria CWMS - New Chlorine shed, tank, analyser & filtration system	\$25,000	
	Ardrossan CWMS - Manhole Rehabilitation		\$20,000
	Maitland CWMS - Collection scheme gravity drain repairs		\$25,000
	Maitland CWMS - WWTP Lift Pump Station Installation		\$70,000
	Port Victoria CWMS - WWTP New filtration unit		\$10,000
	Yorke town CWMS - Pump Upgrade (David Street)		\$10,000
	Yorke town CWMS - WWTP New Concrete Lid		\$25,000
<b>Water</b>		<b>\$27,000</b>	<b>\$0</b>
	Black Point Water Scheme - New solar powered flow meter	\$12,000	
	Marion Bay Desalination Plant - Solar Power System	\$15,000	

2014/2015 Capital Budget  
as at 25 Feb 2014  
Detailed Project Listing

		New	Renewal
Transportation	See detailed Listing - Staff Projects	\$586,570	\$2,655,000
	See Detailed Listing - EM Projects	\$2,018,795	\$361,360
Plant	See detailed Listing	\$205,000	\$1,371,500
Admin Vehicles		\$6,000	\$358,500
	Replace 10 Admin Vehicles		\$358,500
	Marion Bay CP - Cleaning Van (MEDIUM)	\$6,000	
Stormwater	Staff Projects	\$40,000	\$155,000
	Maitland Stormwater Harvesting Scheme - Control upgrade		\$5,000
	Maitland Stormwater Harvesting Scheme - Flow meter installation	\$12,000	
	Minlaton Stormwater Harvesting Scheme - Alarm system installation	\$5,000	
	N10. North Terrace, Arthurton (sealed drain)	\$23,000	
	S11. Wool Bay Stormwater		\$150,000
	EM Projects	\$275,000	\$0
	E12. Ardrossan Stormwater Harvesting Project	\$275,000	
Buildings		\$100,000	\$137,350
	Maitland Town Hall - Concrete Cancer restoration		\$50,000
	Maitland Town Hall Floor Resurfacing		\$13,900
	Yorke town Hall Floor Resurfacing		\$16,600
	Ardrossan Hall Floor Resurfacing		\$13,750
	Minlaton Hall Floor Resurfacing		\$11,400
	Warooka Hall Floor Resurfacing		\$11,700
	Maitland Depot - New Shed	\$40,000	
	Yorke town Depot - New Shed	\$60,000	
	Minlaton Chamber Upgrade		\$20,000

**2014/2015 Capital Budget**  
**as at 25 Feb 2014**  
**Detailed Project Listing**

**EM's Requests**

Port Vincent Visitor Information Center

**New**

**\$25,000**  
 \$25,000

**Renewal**

**\$0**

**Caravan Park Buildings**

Point Turton CP - Replace 6 cabins with 4 (HIGH PRIORITY)

Point Turton CP - Rejuvenate 10 Cabins (HIGH)

Point Turton CP - Replace BBQ Shelter (MEDIUM)

Port Vincent CP - Oz Shack (HIGH)

Port Vincent CP - New Deluxe Cabin (MEDIUM)

Marion Bay CP - Amentities Refurbishment (HIGH)

Marion Bay CP - Upgrade kitchen in Managers Residence (HIGH)

Marion Bay CP - Replace 3 Cabins (HIGH)

Marion Bay CP - Pergola for Family Cabin (MEDIUM)

Yorke town CP - Replace Amenities Building (HIGH)

Port Rickaby CP - Replace Amenities Building (HIGH)

**\$250,000**

\$30,000

\$200,000

\$20,000

**\$1,433,000**

\$500,000

\$60,000

\$15,000

\$30,000

\$28,000

\$300,000

\$200,000

\$300,000

**2014/2015 Capital Budget**  
**as at 25 Feb 2014**  
**Staff Transport Infrastructure Projects**

	New	Renewal
Fourth Street (Stansbury Road), Minlaton – Median Strip	\$32,000	
Gulfview Road, Stansbury – Kerbing	\$70,300	
N1. Gap Road		\$90,000
N2. Willing Road		\$112,000
N3. Nalyappa Road		\$145,000
N4. Tiddy Widdy Beach Road		\$109,000
N5. Coleman Road		\$89,000
N6. McFarlane Road		\$95,000
N7. Barnes Road		\$90,000
N8. James Well Road		\$95,000
N9. Clinton Road	\$327,000	
Park Terrace, Edithburgh – Kerbing	\$82,000	
Reseals		\$500,000
S1. South Coast Road		\$202,000
S10. Mills Gully Road, Stansbury	\$33,370	
S2. Gun Club Road		\$117,000
S3. Sparrow Road		\$122,000
S4. Old Coast Road		\$164,000
S5. Bittner Road		\$162,000
S6. Coringle Road		\$116,000
S7. Brutus Road		\$92,000
S8. Daly Head Road		\$275,000
S9. Pookawarowie Road		\$80,000
Stansbury Road, Yorketown – Kerbing	\$41,900	
	<b>\$586,570</b>	<b>\$2,655,000</b>

## 2014/2015 Capital Budget

as at 25 Feb 2014

### EM's - Transport Infrastructure Projects

	New	Renewal
E1. Harmer Road		\$82,000
E10. Grainstack Road, Stansbury	\$140,800	
E11. Gulfview Road, Stansbury	\$119,000	
E13. Beach Road, Edithburgh	\$105,385	
E14. Ford Road, Minlaton	\$141,070	
E2. Honner Road		\$78,000
E3. Clasohm Road		\$94,000
E4. Old Coast Road	\$984,000	
E5. North Coast Road -\$64,175-\$107,360		\$107,360
E6. Pepper Road	\$119,000	
E7. Maitland Road/Yorke Highway, Ardrossan (Service Road)	\$95,000	
E8. Fourth Street, Artherton	\$59,000	
E9. Coringle Road	\$255,540	
	<b>\$2,018,795</b>	<b>\$361,360</b>



**2014/2015 Capital Budget  
as at 25 Feb 2014**

**PLANT SCHEDULE**

**RENEWAL**

	<b>Purchase Price</b>	<b>Trade-In</b>	<b>Net Cost</b>
Operations Truck	\$115,000	\$5,000	\$110,000
Mower Tractor	\$70,000	\$5,000	\$65,000
Construction Grader	\$385,000	\$85,000	\$300,000
Operations Truck	\$130,000	\$20,000	\$110,000
Patrol Grader	\$355,000	\$75,000	\$280,000
Mower x 3	\$82,500	\$0	\$82,500
Chipper	\$60,000	\$0	\$60,000
Utes	\$144,000	\$7,500	\$136,500
Minor Plant Renewals	\$30,000	\$0	\$30,000

**Total Plant Renewal**

**\$1,371,500**

**\$197,500**

**\$1,174,000**

**NEW PLANT**

Dog Trailer x 2	\$120,000
Plant Trailer	\$45,000
Stump Grinder x 2	\$40,000

**Total New Plant**

**\$205,000**

**Total Plant Purchases**

**\$1,576,500**

## **MANAGER FINANCIAL SERVICES**

### **10. SECOND QUARTER 13/14 BUDGET REVIEW**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To consider a review of Council's 2013/2014 adopted budget.

#### **RECOMMENDATION**

That the report as endorsed by Council at its meeting on 22<sup>nd</sup> January 2014 be received.

#### **COMMENT**

As required by Local Government (Financial Management) Regulations 2011 Council budget managers in all Directorates have completed a review of the adopted budget and September budget review changes. Further adjustments have been made incorporating approved Council amendments, review changes based on financial results to date and known changes in circumstances at 31st December 2013.

As a result of the December 2013 review the Net Borrowing for the financial year has decreased by \$15,371 to a total of \$240,542 in the proposed Revised Budget for the 2013/2014 financial year.

Cash variations from this review are summarised below:

- Savings to date on hall capital projects of \$9,377
- Increased revenue from Development Services fees totalling \$23,090
- Associated increases in levies/administration costs for Development Services of \$5,066
- Increase in water and maintenance costs for Council buildings of \$9,717
- Increase in insurance costs for plant, parks & gardens and airstrips of \$7,521
- Refund of contributions to local government national referendum campaign fund totalling \$3,451
- Savings in workers compensation insurance of \$1,626
- Savings of \$131 in library insurance.

Major re-allocations of budget funds include:

- Savings in workers compensation insurance costs of \$15,280 reallocated to cover costs associated with the supplementary election to be held in January 2014.
- Increase in A&IS grant funding of \$25,000 offset by matching expenditure on funded projects
- Increase in Yorketown Depot establishment costs of \$12,000 reallocated from Plant and Machinery budget

- Increase in IT administration licenses and contractual fees of \$18,000 reallocated from professional services and IT equipment budgets within Information Services.

Other minor reallocations of income and expenditure have also been made (both within Directorates and between Directorates) during the review which when netted off do not materially change the revised Net Borrowings. A list of all changes proposed has also been included for Elected Members information.

#### **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**  
**December 2013 Budget Review - Summary of Changes**

Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$
---	---

Net Change  Increase/ (Decrease) \$
--

Reason for Change
-------------------

**Executive Services**

Income

Exec Services Net Change - Income

0	0
---	---

0

Operating Expenses

Governance - workers compensation

(15,280)

Human resources - workers compensation

(1,626)

HR Reclassifications

(6,000)

Election Expenses

15,280

Governance salaries

6,000

Exec Services Net Change - Operating Expenses

21,280	(22,906)
--------	----------

(1,626)

workers compensation - decrease - allocated to departments  
workers compensation - decrease - allocated to departments  
reallocation of reclassification allowance  
increase to account for supplementary election  
increase salaries - reclassifications

Capital Expenditure

Exec Services Net Change - Capital Expenditure

0	0
---	---

0

**Total increase/(decrease) - Executive Services**

**(1,626)**

# Yorke Peninsula Council

## December 2013 Budget Review - Summary of Changes

### Assets and Infrastructure Services

#### Income

Sanitation & Garbage	(10,000)
Foreshore Protection	(5,000)
Foreshore Protection	(10,000)

#### Assets & Infrastructure Net Change - Income

#### Operating Expense

Plant & Machinery - insurance	3,701
Parks & Gardens - insurance	181
CYP airstrip - insurance	1,213
Minlaton airstrip - insurance	1,213
Yorke town airstrip - insurance	1,213
Plant Expenditure - contractual	(15,000)
Plant Expenditure - Plant Assessor	15,000
Transfer Stations	10,000
Foreshore Protection	15,000
Public Conveniences - Amenities maintenance	(52,300)
Public Conveniences - Amenities maintenance	(10,000)
Public Conveniences - Amenities maintenance	(5,000)
Public Conveniences - General maintenance	52,300
Public Conveniences - General maintenance	10,000
Public Conveniences - General maintenance	5,000
Asset Manager - contractual	(1,000)
Asset Manager - materials	1,000
Refuse collection	(5,172)
Stormwater drainage	5,172
Plant & Machinery - materials	(7,000)
Minor Plant - repairs and maintenance	(5,000)
Plant & Machinery - wages	(18,000)
Minor Plant - wages	18,000
Sultana Pt CWMS - water	(400)
Sultana Pt CWMS - telephone	400

#### Assets & Infrastructure Net Change - Operating Expenses

Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$
---	---

Net Change  Increase/ (Decrease) \$
--

Reason for Change
-------------------

(25,000)

Grant funding received - Zero Waste SA  
Grant funding received - CLGR Coast Care  
Grant funding received - CAP's funding

Increase motor vehicle insurance allocations  
Increase asset insurance allocations  
Increase asset insurance allocations  
Increase asset insurance allocations  
Increase asset insurance allocations  
Decrease - transfer of budget to correct line  
Increase - budget allocated incorrectly  
Increase - grant funding received to enclose e-waste bays  
Increase - grant funding CLGR/CAP's  
Decrease - transfer of budget to correct line  
Decrease - transfer of budget to correct line  
Decrease - transfer of budget to correct line  
Increase - budget allocated incorrectly  
Increase - budget allocated incorrectly  
Increase - budget allocated incorrectly  
Transfer budget to materials  
Increase to purchase IPWEA publications  
Reallocate wages to Stormwater (not required)  
Increase wages for Stormwater Drainage maintenance  
Decrease - transfer to capital budget (yorketown Depot)  
Decrease - transfer to capital budget (yorketown Depot)  
Decrease - reallocate to minor plant wages  
Increase wages for Minor plant repairs  
Decrease - transfer of budget to correct line  
Increase - budget allocated incorrectly

20,521

**Yorke Peninsula Council**  
**December 2013 Budget Review - Summary of Changes**

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change</div> <div>Increase/ (Decrease) \$</div> </div>	Reason for Change
<b><u>Assets and Infrastructure Services (Cont'd)</u></b>			
<b><u>Capital Expenditure</u></b>			
Depot Capital	12,000		Increase to accommodate additional expenditure on Yorketown Depot complex
Assets & Infrastructure Net Change - Capital Expenditure	<b>12,000</b> <b>0</b>	<b>12,000</b>	
<b>Total increase/(decrease) - Assets &amp; Infrastructure</b>		<b>7,521</b>	

# Yorke Peninsula Council

## December 2013 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change  Increase/ (Decrease) \$	Reason for Change
<b>Development Services</b>				
<b>Income</b>				
Animal Expiations		(3,000)		Increase revenue
Septic Tank Application Fees		(4,600)		Increase revenue
Septic Tank Inspection Fees		(14,760)		Increase revenue
Inspection Fees - Council Employees		(280)		Increase revenue
Property Search Fees		(1,000)		Increase revenue
Lodgement Fees		(3,800)		Increase revenue
Planning Assessment Fees		(10,000)		Increase revenue
Non-complying Fees	1050			Decrease revenue
Consultation Fees		(3,810)		Increase revenue
Staged Consents Fees		(2,980)		Increase revenue
Building Rules Only Fees		(140)		Increase revenue
Minimum Building Fees		(3,570)		Increase revenue
Statutory Charges		(100)		Increase revenue
Land Division - Assessment Fees		(700)		Increase revenue
Land Division - Statements of Requirements Fees		(740)		Increase revenue
Town Planning Fees	25000			Decrease revenue Land Divisions open space
Pt Vincent House		(2,900)		Increase revenue
Yorke town House	3240			Decrease revenue
<b>Development Services Net Change - Income</b>	<b>29,290</b>	<b>(52,380)</b>	<b>(23,090)</b>	
<b>Operating Expenses</b>				
Dog Control	1096			Increase in levy to Government
Environmental Health - Telephone		(1,460)		Over estimated in Budget
Development Admin - Employee allowances	2000			Increased cost
Development Admin - Milaeage allowances	1000			Increased cost
Development Admin - materials	800			Increased cost
Development Admin - Other expenditure	500			Revision required
Development Admin - telephone	3000			Revision required
Development Admin - mobile phone charges		(3,000)		Revision required
Contributions pursuant to Schedule 7 - levies paid to government	1130			Revision required
Unallocated Halls maintenance	1072			Revision required
Yorke town House - building materials	700			Revision required
Museums - electricity		(500)		Decrease in cost
Ardrossan Hall - water	1260			Increased Cost
Artherton Hall - water	290			Increased Cost

# Yorke Peninsula Council

## December 2013 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change  Increase/ (Decrease) \$	Reason for Change
Maitland Hall - water	670			Increased cost
Maitland RSL Hall - water	360			No budget allocated
Pine Point Hall - water	1665			Increased Cost
Pt Victoria Hall - water	580			Increased Cost
Minlaton Hall - water	800			Increased Cost
Yorke town Hall - building contractual	2390			Increased Cost
Yorke town Senior Citizens Hall - water	430			Increased Cost
<b>Development Services Net Change - Operating Expenses</b>	<b>19,743</b>	<b>(4,960)</b>	<b>14,783</b>	
<b>Capital Expenditure</b>				
Maitland Band Hall re-roofing		(27)		Completed
Corny Point Hall re-roofing		(8,709)		Completed
Port Victoria Hall Boundary Fence	7168			Additional work required (Completed)
Yorke town Telecentre Salt Damp		(1,945)		Completed
Stansbury Museum Salt Damp		(5,864)		Completed
<b>Development Services Net Change - Capital Expenditure</b>	<b>7,168</b>	<b>(16,545)</b>	<b>(9,377)</b>	
<b>Total increase/(decrease) - Development Services</b>			<b>(17,684)</b>	

**Yorke Peninsula Council**  
**December 2013 Budget Review - Summary of Changes**

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change  Increase/ (Decrease) \$</div> </div>	<div>Reason for Change</div>
<b>Corporate and Community Services</b>			
<b>Income</b>			
Reimbursements			Increase in revenue (National Referendum Campaign refund)
<b>Corp &amp; Comm Services Net Change - Income</b>	<b>0</b>	<b>(3,451)</b>	
<b>Operating Expenses</b>			
Maitland Library - insurance	267		increase allocation to DCYP for admin support
Ardrossan Library - insurance	267		Increase asset insurance allocations
Minlaton Library - Insurance	267		Increase asset insurance allocations
Yorke town Library - Insurance	268		Increase asset insurance allocations
Leisure Options - Motor Vehicle Insurance		(1,200)	Decrease motor vehicle insurance allocations
Sponsorships	1,500		Increase allocations for sponsorship of community groups
Donations	1,175		Increase allocations for donations to community groups
Section 41		(2,675)	Decrease allocations for Section 41 donations
IT admin - Professional services		(5,000)	Decrease allocation - transfer to cover network costs
Office expenditure - office equipment leases		(5,000)	Decrease allocation - transfer to cover licensing fees
IT admin - license fees	13,000		Increase to cover licensing fees
IT admin - contractual	5,000		Increase to cover network costs
<b>Corp &amp; Comm Services Net Change - Operating Expenses</b>	<b>21,744</b>	<b>(13,875)</b>	<b>7,869</b>
<b>Capital Expenditure</b>			
Pt Vincent CP - general capital		(15,200)	Reallocate underspend on general capital
Pt Vincent CP - Cabin Rejuvenation	15200		Increase for artworks and miscellaneous items - cabins
IT Equipment		(8,000)	Reallocate budget to operating to cover licensing fees
<b>Corp &amp; Comm Services Net Change - Capital Expenditure</b>	<b>15,200</b>	<b>(23,200)</b>	<b>(8,000)</b>
<b>Total increase/(decrease) - Corporate &amp; Community Services</b>		<b>(3,582)</b>	
<b>Overall increase/(decrease) for September Budget Review</b>		<b>(15,371)</b>	

**Yorke Peninsula Council**  
**December 2013 Budget Review - Summary of Changes**

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change  Increase/ (Decrease) \$	Reason for Change
<b>Summary</b>				
Decrease /(Increase) in Operating Income		(51,541)		
Increase/(Decrease) in Operating Expenses		41,547		
<b>Net Increase/(Decrease) in Operating Deficit</b>			(9,994)	
Net Decrease/(Increase) in Capital Amounts Received		0		
<b>Net Increase/(Decrease) in Deficit after Capital Receipts</b>			(9,994)	
Increase/(Decrease) in Spending on New Capital Items		4,000		
Increase/(Decrease) in Spending on Renew of Capital Items		(9,377)		
<b>Net Increase/(Decrease) in Capital Expenditure</b>			(5,377)	
Overall increase/(decrease) for December Budget Review			(15,371)	
Adjust reduction in Depreciation (Non-Cash)			0	
<b>Net Increase/(Decrease) in Borrowings</b>			\$15,371	



## Yorke Peninsula Council

### Budgeted Uniform Presentation of Finances Second Quarter Revised Budget 2013/2014

Income	-	\$25,980,053
Less Expenses		\$28,791,516
<b>Operating Deficit before Capital Amounts</b>		<b>\$2,811,463</b>
<b>Less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets		\$5,015,359
Less Depreciation, Amortisation and Impairment		-\$9,546,425
Less Proceeds on Sale of Assets		-\$240,000
		<b>-\$4,771,066</b>
<b>Less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets		\$2,533,572
Less Amounts received specifically for New and Upgraded Assets		-\$593,853
Less Proceeds for Sale of Surplus Assets		\$0
		<b>\$1,939,719</b>

**NET(LENDING) / BORROWING FOR FINANCIAL YEAR**

2013/2014 Adopted Budget	Sept 13 Quarter Budget Adjustments	Dec 13 Quarter Budget Adjustments	2013/2014 Revised Budget
	\$250,859	-\$51,541	<b>-\$25,780,735</b>
	-\$408,804	\$41,547	<b>\$28,424,259</b>
	-\$157,945	-\$9,994	<b>\$2,643,524</b>
	\$51,466	-\$9,377	<b>\$5,057,448</b>
	\$479,489	\$0	<b>-\$9,066,936</b>
	-\$80,864	\$0	<b>-\$320,864</b>
	\$450,091	-\$9,377	<b>-\$4,330,352</b>
	\$383,651	\$4,000	<b>\$2,921,223</b>
	-\$400,000	\$0	<b>-\$993,853</b>
	\$0	\$0	<b>\$0</b>
	-\$16,349	\$4,000	<b>\$1,927,370</b>
	\$275,797	-\$15,371	<b>\$240,542</b>





## Yorke Peninsula Council

### Budgeted Statement of Comprehensive Income Second Quarter Revised Budget 2013/2014

Rates  
Statutory Charges  
User Charges  
Grants Subsidies Contributions  
Investment Income  
Reimbursements  
Other Income

#### TOTAL REVENUES

Employee Costs  
Materials Contracts & Other Expenses  
Depreciation  
Finance Costs

#### TOTAL EXPENSES

#### OPERATING DEFICIT BEFORE CAPITAL AMOUNTS

Asset Disposals  
Amounts Specifically for New Assets

#### NET DEFICIT

2013/2014 Adopted Budget	Sept 13 Quarter Budget Adjustments	Dec 13 Quarter Budget Adjustments	2013/2014 Revised Budget
-\$17,927,423	\$0	\$0	-\$17,927,423
-\$418,930	\$0	-\$23,430	-\$442,360
-\$2,893,095	\$0	\$340	-\$2,892,755
-\$4,065,083	\$362,848	-\$25,000	-\$3,727,235
-\$110,500	\$0	\$0	-\$110,500
-\$384,151	-\$96,449	-\$3,451	-\$484,051
-\$180,871	-\$15,540	\$0	-\$196,411
-\$25,980,053	\$250,859	-\$51,541	-\$25,780,735
\$7,287,198	\$10,118	-\$13,906	\$7,283,410
\$11,698,812	\$60,561	\$54,453	\$11,813,826
\$9,546,425	-\$479,483	\$0	\$9,066,942
\$259,081	\$0	\$1,000	\$260,081
\$28,791,516	-\$408,804	\$41,547	\$28,424,259
\$2,811,463	-\$157,945	-\$9,994	\$2,643,524
-\$50,000	-\$80,864	\$0	-\$130,864
-\$593,853	-\$400,000	\$0	-\$993,853
\$2,167,610	-\$638,809	-\$9,994	\$1,518,807

## Yorke Peninsula Council



### Budgeted Balance Sheet

Second Quarter Revised Budget 2013/2014

#### Current Assets

Cash and Cash Equivalents  
Trade and Other Receivables  
Inventories

#### TOTAL CURRENT ASSETS

#### Non-Current Assets

Financial Assets  
Infrastructure, Property, Plant and Equipment  
Other Non-Current Assets

#### TOTAL NON-CURRENT ASSETS

#### TOTAL ASSETS

#### Current Liabilities

Trade and Other Payables  
Borrowings  
Provisions

#### TOTAL CURRENT LIABILITIES

#### Non-Current Liabilities

Borrowings  
Provisions

#### TOTAL NON-CURRENT LIABILITIES

#### TOTAL LIABILITIES

#### NET ASSETS

#### Equity

Accumulated Surplus  
Asset Revaluation Reserve  
Other Reserves

#### TOTAL EQUITY

Full Year Adopted Budget \$'000	Full Year To Date Adjustments \$'000	Full Year Revised Budget \$'000
\$2,529	-\$534	\$1,995
\$1,006	\$158	\$1,164
\$828	\$59	\$887
<b>\$4,363</b>	<b>-\$317</b>	<b>\$4,046</b>
\$650	-\$217	\$433
\$249,739	\$25,045	\$274,784
\$467	-\$467	\$0
<b>\$250,856</b>	<b>\$24,361</b>	<b>\$275,217</b>
<b>\$255,219</b>	<b>\$24,044</b>	<b>\$279,263</b>
\$2,191	-\$275	\$1,916
\$651	\$26	\$677
\$913	-\$5	\$908
<b>\$3,755</b>	<b>-\$254</b>	<b>\$3,501</b>
\$2,256	-\$697	\$1,559
\$392	-\$118	\$274
<b>\$2,648</b>	<b>-\$815</b>	<b>\$1,833</b>
<b>\$6,403</b>	<b>-\$1,069</b>	<b>\$5,334</b>
<b>\$248,816</b>	<b>\$25,113</b>	<b>\$273,929</b>
-\$18,371	\$15,801	-\$2,570
\$265,866	\$9,839	\$275,705
\$1,321	-\$527	\$794
<b>\$248,816</b>	<b>\$25,113</b>	<b>\$273,929</b>

**Second Quarter Revised Budget 2013/2014**

## Receipts

## Operating Receipts

Investment Receipts

## Payments

### Operating Payments to Suppliers and Employees

## Finance Payments

### Cash Flows from Investing Activities

## Receipts

### Amounts Specifically for New or Upgraded Assets

### Sale of Replaced Assets

### Repayments of Loans by Community Groups

## Payments

### Expenditure on Renewal/Replacement of Assets

### Expenditure on New/Upgraded Assets

### Loans to Community Groups

### Cash Flows from Financing Activities

## Receipts

### Proceeds from Borrowings

## Payments

### Repayment of Borrowings

**NET INCREASE/(DECREASE) IN CASH HELD**

**CASH AT BEGINNING OF REPORTING PERIOD****CASH AT END OF REPORTING PERIOD**83



## Yorke Peninsula Council

### Budgeted Statement of Changes in Equity

Second Quarter Revised Budget 2013/2014

Accumulated Surplus brought forward

Net Surplus/(Deficit) for Year

Gain on Revaluation of Infrastructure, Property, Plant and Equipment

Transfers between Reserves

**Total Equity at end of 2013/2014 Budget Year**

Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
(1,055)	\$275,705	\$794	<b>\$275,444</b>
-\$1,515			<b>-\$1,515</b>
	\$0		<b>\$0</b>
\$0	\$0	\$0	<b>\$0</b>
<b>-\$2,570</b>	<b>\$275,705</b>	<b>\$794</b>	<b>\$273,929</b>

## District Council of Yorke Peninsula



### Budgeted Financial Indicators Second Quarter Revised Budget 2013/2014

	2013/2014 Adopted Budget	2013/2014 Revised Budget
Operating Surplus/(Deficit) \$'000	-\$2,810	<b>-\$2,643</b>
Operating Surplus Ratio	-16.0%	<b>-15.0%</b>
Net Financial Liabilities \$'000	\$2,421	<b>\$1,708</b>
Net Financial Liabilities Ratio	9.3%	<b>6.6%</b>
Interest Cover Ratio	0.5%	<b>0.4%</b>
Asset Sustainability Ratio	50.0%	<b>52.0%</b>
Asset Consumption Ratio	57.0%	<b>62.0%</b>

## **ASSET MANAGER**

### **11. 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**

The following is a summary of activities within the Asset Management sector.

#### **Installation and implementation of an Asset Management Software system.**

##### Background

- Yorke Peninsula Council's (YPC) assets are currently managed on an adhoc basis within each directorate.
- Documentation and records relating to the maintenance history are inconsistent and future planning of asset replacement is limited.
- As a result, there are multiple asset schedules maintained on excel spreadsheets by various stakeholders.

##### Objective

To successfully implement an Asset Management system that meets the needs of the operational and financial users with YPC.

##### Target Outcomes

- Improved accuracy of asset schedules.
- Enhanced visibility of asset management and maintenance.
- An asset register that stores primary asset attributes (type, material, dimensions, quantity, construction date) in one central location.
- Provision for accounting requirements (for example financial reporting and valuation standards) that satisfies external auditor requirements (for both financial statements and signoff on internal control environment).
- Ability to report on key measures of condition and performance.

##### Asset Management Team (AMT)

- Business Improvement Officer
- Manager Financial Services
- IT Manager
- Director Development Services
- Manager Development Services
- Asset Manager (Project Manager)
- Works Manager
- Operations Manager
- Infrastructure Manager

### Project

- AMT developed a Project Brief with definitions and requirements.
- Investigated companies that supply Asset Management software and services.
- Two (2) companies, Assetic Australia Pty Ltd and Tonkin Consulting, were selected to provide a demonstration on software and services.
- Request for Quote with detailed specifications forwarded to both companies.
- AMT is currently evaluating the proposals from both companies.

### Scope of Work to undertaken once a Company is selected

Development of Asset Registers for all Council asset classes, including (but not limited to):

- Transport
- Buildings
- Parks & Gardens
- CWMS
- Stormwater
- Water
- Coastal
- Plant & Equipment

All data will be validated prior to being installed in the asset management software.

Capital Works and Maintenance plans will be developed from the data collected and installed in the asset management software.

Financial reporting such as annual depreciation will be undertaken through the asset management software.

### Other Information

The Asset Management software will be selected in late February and that the project will commence in early March.

## **Transport Infrastructure Condition Assessment Survey**

### Objective of the Survey

To collect information and condition data on Yorke Peninsula's transport infrastructure for asset and financial management of the network.

### Target Outcomes

- Transport Condition Assessment Manual/Index
- Condition assessment of transport assets
- Video imaging of transport assets
- Improved accuracy of asset register

### Project

- Contacted other Councils to determine which companies had been enlisted to undertake data collection and condition assessment surveys.
- Contacted five (5) companies to present their data collection and condition assessment methodology.
- Request for Quote with detailed specifications forwarded to two (2) companies.
- ARRB engaged to undertake survey.
- Survey expected to commence in February 2014.
- Data to be provided by May 2014.

### Information on ARRB

ARRB Group is the leading provider of value-added research, consulting and technology addressing current transport issues. Over the last twenty five (25) years, ARRB has built a reputation as a leading provider of automated road data collection services within Australia.

### Scope of Work to be undertaken by ARRB

Condition assessment survey of approximately:

- 500km of sealed road network
  - 302km rural roads
  - 192km township roads
- 670km of unsealed road network.
  - 226km high use roads
  - 160km medium use roads
  - 244km low use roads
  - 40km township roads
- 250km of kerb and gutter.
- 205km of footpath.

A Road Condition Assessment Manual/Index will be developed in conjunction with Council, which details the methodology used in the condition survey.

Survey to provide data on pavement profile and roughness, rutting and surface texture, pavement strength characteristics, road geometry (length, width), GPS location details, etc.

Digital imaging of the network surveyed will also be provided.

A corporate software video viewer will be supplied to enable Council staff to view the files, which can be linked to GIS applications.

A summary report of the works and findings of data collected, including the methodologies used, will be provided upon project completion.

### Other Information

The survey of the unsealed road network commenced on Thursday 20<sup>th</sup> February 2014.

The survey of the sealed road network will be undertaken in conjunction with the Department of Planning, Transport and Infrastructures' Yorke Peninsula road network in March 2014.

All data collected will be provided in a format that will allow it to be uploaded to Council's Asset Management Software, once purchased, and will also be able to be viewed through Council's Mapping Software.

### **Asset Management Plans (AMP)**

A final draft of the Transport AMP is currently being reviewed by Gayler Professional Services.

Current data is being reviewed and additional information is being collected in relation to coastal, stormwater, water and airstrip infrastructure so that AMP can be developed for these areas.



### **Organisational Asset Management**

Jeff Roorda & Associates have been engaged to undertake a maturity audit of Councils asset management systems to assist in the development of an improvement plan. The maturity assessment audit will benchmark Council's strategic planning documents to core level under the national asset management framework and SA planning requirements, this will include a review of Council's performance against the 11 elements of the National framework. An Asset Management Improvement Program based on improvement tasks identified in the audit will be provided.

### **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

Local Government Act 1999, Chapter 8

Strategic Plan

Key Theme: Sustainable Communities

1. Sustainable Infrastructure

Strategic Goal: 1.1 Provide infrastructure assets that are sustainable and safe

### **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Nil – within budget allocation

## **MANAGER INFORMATION SERVICES**

### **12. EDRMS SYSTEM UPDATE**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To update Audit Committee members on the proposed Electronic Data Records Management System (EDRMS) project

#### **RECOMMENDATION**

That the report be received.

#### **COMMENT**

The following is the project definition for the proposed implementation of an EDRMS

##### Background

The existing state of records process has a significant number of issues - cumbersome distribution of correspondence, an ineffective workflow system, security and audit problems and no electronic access to registered correspondence are some of the challenges with the current records system. These issues have a direct impact on the efficiency of Council's administration and decision making while exposing Council to risk and to non-compliance with state and federal legislation.

The implementation of an EDRMS will increase administrative efficiency and improve risk management in line with the Council's strategic goal of Organisation Efficiency and Resource Management and have a positive impact on decision making and governance assisting in the goal of Progressive Communities through Strategic Planning.

##### Objective

To successfully implement an EDRMS system that meets the operational needs of YPC and ensures compliance with:

- The Local Government Act 1999.
- The Freedom of Information Act 1991
- The State Records Act 1997 including the State Records Adequate Records Management Standard and numerous other Government Acts and Regulations

##### Target Outcomes

- Compliance with State Records Adequate Records Management Standard by:
  - A planned approach to the management of records within council
  - Appropriate resourcing levels are obtained
  - Monitoring and review of records management
- Manage electronic records including email
- Improved administrative efficiency and effectiveness
- Increased evidence-based and informed decision-making
- Improved customer service

- Reduction in the loss of electronic records
- Integration of EDRMS with Council's business systems Authority and MapInfo
- Improved information sharing
- Secure and systematic management of records, including management of sensitive and personal information
- Improved quality and consistency of business processes
- Improve Council recordkeeping procedures and practices
- Compliance with the State Records Act, 1997
- Aids Council compliance with meeting requirements of the Freedom of Information Act, 1991 and the provision of information to the public
- Improved accountability and transparency of government administration
- Metadata providing evidence of the authenticity

#### Internal EDRMS Implementation Team

- Manager Information Services – Ben Cowley
- Records Officer – Julie Darling
- Records Officer – Beth Wain
- IT Coordinator – Matthew Luke

#### Project

The EDRMS Project will take approximately 12 months for the initial system install and implementation followed by a program of training and awareness across all departments, with consolidation of work processes and cultural change expected to take an additional 12 months.

The cost of software and consulting will be approximately \$140,000 in the first year with a recurrent cost of approximately \$15,000 for software and support.

It is envisaged that an increase in records staffing from 1.5 FTE to 2.0 FTE will be required. Analysis of 10 other council's staffing levels show an average of 1 FTE per 6300 rateable properties in line with this.

#### Project Milestones:

- Review of state and federal requirements - complete
- Consulting with other councils - complete
- Scope definition and exceptions - ongoing
- Providers approached for indicative costing and advice -complete
- Budget Approval - ongoing
- Implementation of software
- Process creation
- Training of key staff
- Council wide implementation
- Project review
- Process review and gap analysis
- Reiteration of training
- Process improvement

## **LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN**

The Local Government Act 1999.

The Freedom of Information Act 1991

The State Records Act 1997 including the State Records Adequate Records Management Standard and numerous other Government Acts and Regulations

Strategic Plan

Key Theme: Organisation Efficiency and Resource Management

Strategic Goal: 2.3 Meet all legislative and compliance responsibilities  
2.4 Effective Risk Management

Key Theme: Progressive Communities through Strategic Planning

Strategic Goal: 1.3

- We will be accessible and professional
- Our decisions will be in the best interests of our community
- We will continue to monitor trends and influences
- We will lead our community using best practice and continuous improvement principles
- Our Governance and decision making practices will be open, transparent, accountable and comply with legislation

## **FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS**

Proposed in draft 14/15 Budget