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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 13th May 2014
in the Minlaton Council Chamber,
57 Main Street, Minlaton commencing at 2pm

David Harding
DIRECTOR CORPORATE AND
COMMUNITY SERVICES

A G E N D A

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

1.1 Welcome by Chairperson

1.2 Present

1.3 Apologies/Leave of Absence

1.4 Minutes of previous meeting – for confirmation:
Audit Committee meeting held on Tuesday 11th March 2014 at 3.00pm.

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 revised (D. Harding) | Page 3-6 |
| 2. March 2014 Budget Review (D Harding) | Page 7-23 |
| 3. 2014/2015 Annual Business Plan (D Harding) | Page 24-56 |
| 4. Long Term Financial Plan Review (D. Harding) | Page 57-61 |
| 5. External Audit Letter re Application of AASB 13 (D Harding) | Page 62-63 |
| 6. Internal Audit Activity Report Feb 14 - Apr 14 (A. Parkes) | Page 64-95 |
| 7. Asset Management Update (M. McCauley) | Page 96-97 |
| 8. Update from Independent Project Manager – Road Condition Assessment Project (Steve Walker, in attendance - verbal) | |
| 9. Risk Management Update (B. Wood – verbal) | |
| 10. Control Track Application Demonstration (Pascal Marrot–Castellat, in attendance – verbal)) | |

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 revised 2014 Audit Committee Work Plan.

RECOMMENDATION

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

COMMENT

The Audit Committee Work Plan Draft endorsed by the Audit Committee at its last meeting held 11th March 2014 has been updated to reflect agreed meeting dates as discussed.

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

<p>Tuesday 26th August 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • LTFFP Update. • Internal Audit Activity Report. • Internal Controls Project Update. • Approve FY15 Internal Audit Plan. • Review 2013-2014 Financial Statements • Review Transportation Infrastructure Revaluations. • EDRMS System Update. • Asset Management Update. • Risk Management Update. 	
<p>Tuesday 21st October 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Recommendation to Council regarding 2014/2015 Financial Statements. • Recommendation to Council regarding First Quarter 14/15 Budget Review. • Asset Management Update. • Risk Management Update. • Internal Audit Activity Report. • Internal Controls Project Update. 	
<p>Tuesday 2nd December 2014</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Receive Final Financial Statements and Auditors Report to Council • Endorse June 2014 Budget Review • Review 2014 Audit Committee Work Plan • Consider 2015 Audit Committee Work Plan Draft • LTFFP Update. • Asset Management Update. • Risk Management Update. • Internal Audit Activity Report. • Internal Controls Project Update. 	

As required:

Policy Reviews

Asset Management Plan Endorsements

DIRECTOR CORPORATE & COMMUNITY SERVICES

2. MARCH 2014 BUDGET REVIEW (File Ref: 9.14.1.6)

INTRODUCTION

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

RECOMMENDATION

That the Audit Committee recommend that Council adopt the March 2014 Budget Review changes as presented in the March 2014 Budget Review – Summary of Changes and the attached financial reports. (Uniform Presentation of Finances, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Financial Ratios Report)

COMMENT

As required under Local Government (Financial Management) Regulations 2011 Council staff in all Directorates have completed a review of the adopted budget and made adjustments incorporating approved rollovers, approved Council amendments and reviewed changes based on the financial results to 31st March 2014.

As a result of the March 2014 review the Net Borrowing for the financial year has decreased by \$166,647 to a total of \$73,889 in the proposed Revised Budget for the 2013/2014 financial year.

The major variations for the quarter are summarised below:

1. Increase in Black Point Boat Ramp Project expenditure of \$111k offset by an increase in grant funds received of \$65k.
2. Workcover and Mutual Liability Scheme rebates received increasing general revenue by approximately \$60k.
3. Anticipated increase in water supply charges resulting in an increase in revenue of approximately \$33k.
4. Additional effluent augmentation fees received resulting in an increase in revenue of \$51k.
5. Minlaton Airstrip Project cost of \$46k offset by grant funding of \$31k.
6. Acceleration of fleet vehicle replacement (due to vehicles reaching trade-in mileage markers earlier than anticipated) of \$21k (net after trade ins).
7. Increased water costs of approximately \$85k.
8. Increased electricity costs of \$34k.
9. Reduced telephone costs of \$15k.
10. Increase in grants and contributions income of \$110K, (\$21k for Roadside Vegetation Survey, \$56k for Edithburgh jetty repairs, \$39k Pt Vincent Foreshore Development/Walk The Yorke).
11. Increase in Proceeds of Sales (major plant) of \$73k

12. Reduction in Capital expenditure (A&IS) of \$66k.
13. Increase in other operating expenditure (A&IS) of \$153K.
14. Increase in other revenue (A&IS) of \$67k.
15. Overall decrease in operating deficit (Development Services) of \$19k.
16. Overall increase in General Administration expenses (C&CS) of \$40K

Other minor reallocations of income and expenditure have also been made during the review which when netted off do not materially change the revised Net Borrowings. A summarised list of 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
March 2014 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>	Reason for Change
Executive Services				
Income				
Wages Adjustment Reimbursement		(28,881)		Wages reimbursement (workcover) into general revenue
	Exec Services Net Change - Income	0	(28,881)	
Operating Expenses				
Governance Other		(500)		Adjustment to Youth Allowance
Youth - Contractual		500		Adjustment to Youth Allowance
Executive Services - telephone		(2,741)		Reduce telephone expenses
	Exec Services Net Change - Operating Expenses	500	(2,741)	
Capital Expenditure				
Black Point - New		(106,000)		Reallocate Black Point Boat Ramp Project Exp (new/renewal)
Black Point Boat Ramp Capital		111,000		Increase to Black Point Boat Ramp Project Exp
Black Point - Renewal		106,000		Reallocate Black Point Boat Ramp Project Exp (new/renewal)
	Exec Services Net Change - Capital Expenditure	217,000	111,000	
Total increase/(decrease) - Executive Services			79,378	

Yorke Peninsula Council March 2014 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>	Reason for Change
Assets and Infrastructure Services			
<u>Income</u>			
Income		(5,500)	Income from DPTI for additional work Edithburgh Jetty
Gross Proceeds, Major Plant		(56,000)	Additional income from Trades Plant & Machinery on Skid Steer
Foreshore Protection Income		(26,070)	Grant funding - Ardrossan Clifftop Fencing project
Black Point Boat Ramp Income		(65,000)	Increase to Black Point Boat Ramp Project Income
Foreshore Protection Income		(6,876)	Grant funding - Fencing at Burners Beach
Sealed Roads Construction Income - Reimbursements	16000		General budget adjustment
DRT Special Projects - Grants from Govt Departments - Grants & Subsidies		(20,768)	General budget adjustment
Footpath/Kerbing Income - Private Works - Reimbursements	100		General budget adjustment
Traffic Control - Reimbursements - Reimbursements		(635)	General budget adjustment
ATO Fuel Rebate - Reimbursements		(12,000)	General budget adjustment
Machinery Income - Other Income - Other Revenue		(2,325)	General budget adjustment
Gross Proceeds - Major Plant Sales - Gross Proceeds from Sale of Equipment - Sale of Assets		(17,000)	General budget adjustment
Sanitation & Garbage - Income		(53,348)	General budget adjustment
Foreshore Protection - Contributions/Donations - Donations		(89,210)	General budget adjustment
Progress Assoc/Community Groups Reimbursements - Contributions/Donations - Donations		(32)	General budget adjustment
Parks & Reserves Other Income		(7,490)	General budget adjustment
Animal & Plant Pest Reimbursement - Grants from Govt Depts - Grants & Subsidies		(500)	General budget adjustment
Assets & Infrastructure Net Change - Income	16,100	(362,754)	(346,654)
<u>Operating Expense</u>			
Refuse/Street Bins		(17,400)	Over estimated cost
Street Cleaning		(13,000)	Over estimate on original works/wages
CWMS - Adjustments		(4,000)	General budget adjustment
Stormwater General Maintenance Contractual		(9,000)	General budget adjustment
Foreshore Jetties General Contractual	5,500		DPTI grant - additional works Edithburgh Jetty
Boat Ramp Maintenance Contractual		(17,500)	Extra cleaning contractor hours required
Foreshore Protection	6,876		Grant funding for fencing at Burners Beach
Cleaning Contracts - Halls - Cleaning Contractual	24,500		Extra cleaning contractor hours required
Balgowan Water Supply Scheme - General Maintenance - Wages	2,500		General budget adjustment
Hardwicke Bay Water Supply Scheme - General Maintenance - Plant Hire	500		General budget adjustment
Parks & Gardens		(36,000)	Underestimation use of account
NRM		(2,000)	Funds run out/more weeds than we thought
Unallocated Works - General Maintenance - Contractual		(5,000)	Additional contractor hours required for tree trimming
Unallocated works - Contractual		(1,000)	Due to Slasher break down needed contractor to slash airport.
Crown Land Weeds	15000		Over estimate on original works/wages
Sealed Roads Maintenance	10,916		Balance project costs
Unsealed Roads Maintenance	239,904		Balance project costs

Yorke Peninsula Council March 2014 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
Assets and Infrastructure Services (Cont'd)			
Footpath Maintenance		(6,670)	Council contribution for Ardrossan Clifftop fencing
CYP Airstrip Maintenance - General Maintenance - Contractual		(5,000)	Additional contractor hours required for tree trimming
Minlaton Airstrip	46,795		Grant project - 2/3 funding - Minlaton Airstrip
Yorkestown Airstrip - Contractual	1000		Due to Slasher break down needed contractor to slash airport.
Private Work - Private Works - Contractual		(1,000)	Additional contractor hours required for tree trimming
Plant & Machinery Expenditure		(86,778)	Balance project costs
Plant Hire Income - Plant Hire - Plant Hire		(141,392)	Review Plant Hire recovery
Depot Expenditure	85,255		Balance project costs
Minor Plant - Repairs & Maintenance - Minor Plant Expenditure - Wages	17,000		Balance project costs
Works Supervision & Manager - Employee Expenses - Wages	42,618		Balance project costs
Water	81,596		Review water expenses
Telephone		(14,362)	Review telephone expenses
Electricity	42,229		Review Electricity expenses
Assets & Infrastructure Net Change - Operating Expenses	622,189	(360,102)	262,087
Capital Expenditure			
Equipment Minor Plant - Capital (Renewal of Existing Assets) - Materials	2859		Balance project costs
Depot Capital		(4,761)	Balance project costs
Landfill Sites Closure & Rehab - Capital (Renewal of Existing Assets) - Contractual		(13,000)	Capital adjustment to balance budget
Ardrossan CWMS		(554)	General Account adjustment to Yorkestown Capital - Project complete.
Yorkestown CWMS	554		General Account adjustment to Yorkestown Capital - Project complete.
Stansbury CWMS	9920		Transfer unused capital funds from Bluff Beach CWMS to Stansbury CWMS
Bluff Beach CWMS		(11,000)	Transfer unused capital funds from Bluff Beach CWMS to Stansbury CWMS
Port Vincent CWMS	1500		Pt Vincent CWMS Capital rollover charge not budgeted for
Hardwicke Bay CWMS	1080		Project completed - transfer to secondary project
Sultana Pt CWMS		(1,500)	Pt Vincent CWMS Capital rollover charge not budgeted for
Recreational Facilities - Capital	13000		Capital adjustment to balance budget
Ardrossan Clifftop Fencing Contractual	52140		DPTI Grant Ardrossan Clifftop Fencing project
Reseal Allocation - Capital (Renewal of Existing Assets) - Contractual		(19,750)	Balance project costs
Rubble Raising		(47,921)	Actual physical work attributed to Road Network not stockpile
South Coast Road	20060		Balance out wages/contractual & Materials within Construction Projects
Daly Head Road	4739		Balance project costs
Tiddy Widdy Road	6311		Balance wages, contractual, materials & plant within Construction Projects
Nalyappa Road		(2,439)	Balance project costs
Willings Road		(7,678)	Balance wages, contractual, materials & plant within Construction Projects
Waylands Road		(4,992)	Balance wages, contractual, materials & plant within Construction Projects
Gap Road		(2,815)	Balance wages, contractual, materials & plant within Construction Projects
Unsealed Falie Drive		(27)	Balance project costs

Yorke Peninsula Council
March 2014 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>
Assets and Infrastructure Services (Cont'd)			
Koch Road		(13,797)	Balance wages, contractual, materials & plant within Construction Projects
Sunnyvale Road		(6,250)	Balance out wages/contractual & Materials within Construction Projects
Beacon / Jones Road		(8,781)	Balance project costs
Gunbarrel Road		(5,546)	Balance out wages/contractual & Materials within Construction Projects
Heel Road		(58,720)	Balance project costs
Old Coast Road		(80)	Balance project costs
Clinton Road	51194		Balance wages, contractual, materials & plant within Construction Projects
Shore Street - Port Clinton	216		Balance project costs
Main St Balgowan		(9,785)	Balance wages, contractual, materials & plant within Construction Projects
Schwartz Road		(5,229)	Balance wages, contractual, materials & plant within Construction Projects
Sealed Melville Street Yorketown	17307		Balance project costs
Yorke Terrace		(6,173)	Balance project costs
Sealed McFarlane Street Yorketown		(16,331)	Balance project costs
Works Vehicles	31000		For purchase of vehicle as approvevd by CEO for WHS Depot Coordinator
Plant & Machinery Purchases		(31,000)	For purchase of vehicle as approved by CEO for WHS Depot Coordinator
Assets & Infrastructure Net Change - Capital Expenditure	180,880	(247,129)	(66,249)
Total increase/(decrease) - Assets & Infrastructure		(150,816)	

Yorke Peninsula Council March 2014 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>
Development Services			
<u>Income</u>			
Property Search Fees		(1,500)	Budget adjustments based on variations during March review
Animal & Fire Control	12971		Budget adjustments based on variations during March review
Septic Tank Application Fees	5800		Budget adjustments based on variations during March review
Inspection Fees/Health Reimbursements		(3,050)	Budget adjustments based on variations during March review
Port Vincent House	1700		Budget adjustments based on variations during March review
Anderson Terrace Doctors House	2300		Budget adjustments based on variations during March review
Building & Planning Fees	12610		Budget adjustments based on variations during March review
Legal costs recovered		(113)	Budget adjustments based on variations during March review
Training Levy Contribution	11,640		Budget adjustments based on variations during March review
Land Division Fees	4,400		Budget adjustments based on variations during March review
Town Planning Fees	25322		Budget adjustments based on variations during March review
Boat Ramps		(61,513)	Budget adjustments based on variations during March review
Halls	2500		Budget adjustments based on variations during March review
Yorke town Hall	360		Budget adjustments based on variations during March review
Minlaton Hall Reimbursements		(2,080)	Budget adjustments based on variations during March review
Maitland Hall Tenants Rental	7560		Budget adjustments based on variations during March review
Hall/Council Buildings		(2,955)	Budget adjustments based on variations during March review
Development Services Net Change - Income	87,163	(71,211)	15,952
<u>Operating Expenses</u>			
Animal & Fire Control		(5,550)	Budget adjustments based on variations during March review
Levies to Government		(7,061)	Budget adjustments based on variations during March review
Animal & Fire Control - materials		(4,700)	Budget adjustments based on variations during March review
Health Inspection Expenditure Contractual		(3,840)	Budget adjustments based on variations during March review
Immunisation		(200)	Budget adjustments based on variations during March review
Council House Port Vincent		(1,590)	Budget adjustments based on variations during March review
Council House Yorketown	2010		Budget adjustments based on variations during March review
Development & Planning Department	12266		Budget adjustments based on variations during March review
Building & Planning		(36,000)	Budget adjustments based on variations during March review
Bush Camping - contractual	23200		Budget adjustments based on variations during March review
Museum Maintenance		(1,200)	Budget adjustments based on variations during March review
Maitland Hall	267		Budget adjustments based on variations during March review
Unallocated Major Halls Maintenance		(10,000)	Budget adjustments based on variations during March review

Yorke Peninsula Council
March 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Development Services (Cont'd)				
Minlaton Hall	3,704			Budget adjustments based on variations during March review
Pt Vincent Hall		(500)		Budget adjustments based on variations during March review
Coobowie Hall		(700)		Budget adjustments based on variations during March review
Yorketown Hall	1847			Budget adjustments based on variations during March review
Building & Planning		(2,930)		Budget adjustments based on variations during March review
Impounding Expenditure - contractual		(3,690)		Budget adjustments based on variations during March review
Water	4237			Review water expenses
Telephone		(1,975)		Review telephone expenses
Electricity		(2,807)		Review Electricity expenses
Development Services Net Change - Operating Expenses	47,531	(82,743)	(35,212)	
Capital Expenditure				
Stansbury Museum		(500)		Budget adjustments based on variations during March review
Development Services Net Change - Capital Expenditure	0	(500)	(500)	
Total increase/(decrease) - Development Services			(19,760)	

Yorke Peninsula Council **March 2014 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>
Corporate and Community Services			
Income			
General Reimbursements	17343		Review of C&CS Administration
Fines Reimbursements	2500		Review of C&CS Administration
Pt Pearce Aboriginal Corp Centrelink/Aust Post - Reimbursements - Reimbursements		(1,423)	Review of finance (admin/NEC) income
Proceeds on Sale of Assets		(38,379)	Balance capital budget - admin vehicles
Rates levied	11783		Review of finance (admin/NEC) income
CWMS Levies/Augmentation		(51,280)	Review of finance (admin/NEC) income
Water Supply User Charges		(32,820)	Review of finance (admin/NEC) income
Sporting Club/Community Group Reimbursements	7084		Review of finance (admin/NEC) income
Gross Proceeds Other Assets - Gross Proceeds from Sales of Equipment - Sale of Assets		(291)	Review of finance (admin/NEC) income
YP Parks Promotion	5000		\$5,000 entered as expense rather than income in an income account.
Investment Income - Cheque A/C Interest Received Bank SA - Investment Income	4000		Review of finance (admin/NEC) income
Investment Income - Bonus Received LGFA - Investment Income	3172		Review of finance (admin/NEC) income
Investment Income - Interest Received Other Bank Accounts - Investment Income		(17,000)	Review of finance (admin/NEC) income
Investment Income - Bonus Received Mutual Liability Scheme - Investment Income		(32,000)	Review of finance (admin/NEC) income
Sundry Sales		(1,850)	Review of finance (admin/NEC) income
Other Miscellaneous Income - Other Income		(27,996)	Review of finance (admin/NEC) income
Freedom of Information Applications - Other Income		(70)	Review of finance (admin/NEC) income
Corp & Comm Services Net Change - Income	50,882	(203,109)	(152,227)
Operating Expenses			
PPAC - offset	2,666		Review 3rd Quarter expenditure
Information Technology Administration	10,000		Transfer of funds for Graham Douglas
Council Offices Expenses - General Admin - Contractual	46,900		Review 3rd Quarter expenditure
Accounting & Finance - General Admin - Materials		(3,450)	Review 3rd Quarter expenditure
Audit Committee - Professional Services - Consultants		(10,000)	Review 3rd Quarter expenditure
Rates Administration - General Admin - Materials	11,695		Review 3rd Quarter expenditure
Council contributions to tourism	1,825		Overspending, account paid was larger than budget set.
Pt Vincent C/Park General Maintenance		(1,260)	Re-allocate to capital projects
Pt Turton C/Park General Maintenance		(1,419)	Re-allocate to capital projects
Donations NEC/donations	2,150		Transfer of funds left over from s41/Progress donations
S41 Income/Insurance/Donations		(2,150)	Transfer of funds left over from s41/Progress donations
Insurance Claims Settlements - General Admin - Other		(19,250)	Review 3rd Quarter expenditure
Water		(853)	Review water expenses
Telephone	3840		Review telephone expenses
Electricity		(4,974)	Review Electricity expenses
Corp & Comm Services Net Change - Operating Expenses	79,076	(43,356)	35,720

Yorke Peninsula Council
March 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Corporate & Community Services (Cont'd)				
Capital Expenditure				
Equipment Office		(794)		Review of C&CS Administration
C/Parks Capital - Other		(40,000)		To enable Point Turton Caravan Park to replace flooring in 10 cabins.
Pt Vincent C/Park Capital	22679			Re-allocate funds to capital projects
Administration Fleet Vehicles	59173			Balance capital budget - admin vehicles
Corp & Comm Services Net Change - Capital Expenditure	81,852	(40,794)	41,058	
Total increase/(decrease) - Corporate & Community Services			(75,449)	
Overall increase/(decrease) for March Budget Review			(166,647)	

Yorke Peninsula Council
March 2014 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Summary				
Decrease /(Increase) in Operating Income		(379,372)		
Increase/(Decrease) in Operating Expenses		259,854		
Net Increase/(Decrease) in Operating Deficit			(119,518)	
Net Decrease/(Increase) in Capital Amounts Received		(132,438)		
Net Increase/(Decrease) in Deficit after Capital Receipts			(132,438)	
Increase/(Decrease) in Spending on New Capital Items		(39,912)		
Increase/(Decrease) in Spending on Renew of Capital Items		125,221		
Net Increase/(Decrease) in Capital Expenditure			85,309	
Overall increase/(decrease) for March Budget Review			(166,647)	
Adjust reduction in Depreciation (Non-Cash)			0	
Net Increase/(Decrease) in Borrowings			(166,647)	

Yorke Peninsula Council

Budgeted Uniform Presentation of Finances March Budget Review 2013/14

	2013/2014 Adopted Budget	September Budget Revisions	December Budget Revisions	March Budget Revisions	13/14 Full Year Revised Budget
Income	-\$25,980,053	\$250,859	-\$51,541	-\$379,372	-\$26,160,107
Less Expenses	\$28,791,516	-\$408,804	\$41,547	\$259,854	\$28,684,113
Operating Deficit before Capital Amounts	\$2,811,463	-\$157,945	-\$9,994	-\$119,518	\$2,524,006
Less Net Outlays on Existing Assets					
Capital Expenditure on renewal and replacement of Existing Assets	\$5,015,359	\$51,466	-\$9,377	\$125,221	\$5,182,669
Less Depreciation, Amortisation and Impairment	-\$9,546,425	\$479,483	\$0	\$0	-\$9,066,942
Less Proceeds on Sale of Assets	-\$240,000	-\$80,864	\$0	-\$111,670	-\$432,534
	-\$4,771,066	\$450,085	-\$9,377	\$13,551	-\$4,316,807
Less Net Outlays on New and Upgraded Assets					
Capital Expenditure on New and Upgraded Assets	\$2,533,572	\$383,651	\$4,000	-\$39,912	\$2,881,311
Less Amounts received specifically for New and Upgraded Assets	-\$593,853	-\$400,000	\$0	-\$20,768	-\$1,014,621
Less Proceeds for Sale of Surplus Assets					
	\$1,939,719	-\$16,349	\$4,000	-\$60,680	\$1,866,690
NET(LENDING) / BORROWING FOR FINANCIAL YEAR	-\$19,884	\$275,791	-\$15,371	-\$166,647	\$73,889



Yorke Peninsula Council

Budgeted Statement of Comprehensive Income

March Budget Review 2013/14

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 \$'000	13/14 Full Year Budget Revisions \$'000	13/14 Full Year Revised Budget \$'000
-\$17,927	-\$28	-\$17,955
-\$419	\$41	-\$378
-\$2,893	-\$63	-\$2,956
-\$4,065	\$115	-\$3,950
-\$111	-\$42	-\$153
-\$384	-\$110	-\$494
-\$181	-\$94	-\$275
-\$25,980	-\$181	-\$26,161
\$7,287	\$73	\$7,360
\$11,699	\$299	\$11,998
\$9,546	-\$479	\$9,067
\$259	\$1	\$260
\$28,791	-\$106	\$28,685
\$2,811	-\$287	\$2,524
-\$50	-\$192	-\$242
-\$594	-\$421	-\$1,015
\$2,167	-\$900	\$1,267

Yorke Peninsula Council



Budgeted Balance Sheet March Budget Review 2013/14

Current Assets

Cash and Cash Equivalents	\$2,529	-\$74	-\$283	\$2,172
Trade and Other Receivables	\$1,006	\$148	\$10	\$1,164
Investments & Other Financial Assets	\$0	\$0	\$20	\$20
Inventories	\$828	\$59	\$0	\$887

TOTAL CURRENT ASSETS

\$4,363 \$133 -\$253 \$4,243

Non-Current Assets

Financial Assets	\$650	-\$163	-\$54	\$433
Infrastructure, Property, Plant and Equipment	\$249,739	\$24,115	\$971	\$274,825
Other Non-Current Assets	\$467	-\$450	-\$17	\$0

TOTAL NON-CURRENT ASSETS

\$250,856 \$23,502 \$900 \$275,258

TOTAL ASSETS

\$255,219 \$23,635 \$647 \$279,501

Current Liabilities

Trade and Other Payables	\$2,191	-\$196	-\$79	\$1,916
Borrowings	\$651	\$20	\$6	\$677
Provisions	\$913	-\$12	\$16	\$917

TOTAL CURRENT LIABILITIES

\$3,755 -\$188 -\$57 \$3,510

Non-Current Liabilities

Borrowings	\$2,256	-\$570	-\$127	\$1,559
Provisions	\$392	-\$69	-\$46	\$277

TOTAL NON-CURRENT LIABILITIES

\$2,648 -\$639 -\$173 \$1,836

TOTAL LIABILITIES

\$6,403 -\$827 -\$230 \$5,346

NET ASSETS

\$248,816 \$24,462 \$877 \$274,155

Equity

Accumulated Surplus	-\$18,371	\$15,150	\$877	-\$2,344
Asset Revaluation Reserve	\$265,866	\$9,839	\$0	\$275,705
Other Reserves	\$1,321	-\$527	\$0	\$794

TOTAL EQUITY

\$248,816 \$24,462 \$877 \$274,155



Yorke Peninsula Council

Budgeted Statement of Changes in Equity

March Budget Review 2013/14

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
-\$1,077	\$275,705	\$794	\$275,422
-\$1,267	\$0	\$0	-\$1,267
\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0
-\$2,344	\$275,705	\$794	\$274,155

Yorke Peninsula Council

Budgeted Cash Flow Statement March Budget Review 2013/14

Cash Flows from Operating Activities

Receipts

Operating Receipts

Investment Receipts

Payments

Operating Payments to Suppliers and Employees

Finance Payments

NET CASH USED PROVIDED BY OPERATING ACTIVITIES

Cash Flows from Investing Activities

Receipts

Amounts Specifically for New or Upgraded Assets

Sale of Replaced Assets

Payments

Expenditure on Renewal/Replacement of Assets

Expenditure on New/Upgraded Assets

NET CASH USED IN INVESTING ACTIVITIES

Cash Flows from Financing Activities

Receipts

Proceeds from Borrowings

Payments

Repayment of Borrowings

NET CASH USED IN FINANCING ACTIVITIES

NET INCREASE/(DECREASE) IN CASH HELD

CASH AT BEGINNING OF REPORTING PERIOD

CASH AT END OF REPORTING PERIOD

2013/2014 Adopted Budget	Full Year To Date Budget Revisions	13/14 Full Year Revised Budget
\$'000	\$'000	\$'000
\$25,880	\$124	\$26,004
\$101	\$52	\$153
-\$18,879	-\$443	-\$19,322
-\$259	-\$1	-\$260
\$6,843	-\$268	\$6,575
\$593	\$422	\$1,015
\$240	\$192	\$432
-\$5,015	-\$168	-\$5,183
-\$2,539	-\$342	-\$2,881
-\$6,721	\$104	-\$6,617
\$100	-\$100	\$0
-\$728	-\$20	-\$748
-\$628	-\$120	-\$748
-\$506	-\$284	-\$790
\$3,035	-\$73	\$2,962
\$2,529	-\$357	\$2,172

Yorke Peninsula Council

Budgeted Financial Indicators March Budget Review 2013/14

Operating Surplus/(Deficit) \$'000

Operating Surplus Ratio

Net Financial Liabilities \$'000

Net Financial Liabilities Ratio

Interest Cover Ratio

Asset Sustainability Ratio

Asset Consumption Ratio

2013/2014 Adopted Budget	2013/2014 Full Year Revised Budget
-\$2,810	-\$2,524
-16.0%	-14.0%
\$2,421	\$1,523
9.3%	5.8%
0.5%	0.4%
50.0%	52.0%
57.0%	62.0%

DIRECTOR CORPORATE & COMMUNITY SERVICES

3. DRAFT 2014/2015 ANNUAL BUSINESS PLAN

(File Ref: 9.14.1.6)

INTRODUCTION

Each year an Annual Business Plan (ABP) is developed. This document explains the context in which the budget has been developed, provides information on what Council plans to achieve in the coming financial year and describes how this will be funded.

RECOMMENDATION

That the Audit Committee recommend to Council that the draft Annual Business Plan, including the draft budget for the financial year ending 30th June 2015, be endorsed for public consultation.

COMMENT

The Draft Annual Business Plan (ABP) is attached.

The draft ABP has been developed taking into account legislative requirements, the Strategic Plan, the draft 2014-2015 budget and using the revised Long Term Financial Plan as a guide.

The ABP sets out all capital projects and the budgeted statutory financial statements for the 2014/2015 financial year. In addition, the ABP details actions from the Strategic Plan which will be achieved during the coming financial year.

The key assumptions made in the development of the draft operational budget were:

- Inflation assumed to be 3.2%:
- No change in service levels other than acceleration of renewals of Council's unsealed road network.

The draft capital budget is detailed in the ABP. It includes a total of \$6.733m invested on renewal of assets and \$4.865m for the purchase of new assets. Major capital expenditure includes:

- \$1.0m to upgrade current Maitland office facilities;
- \$2.0m to extend the Maitland office to provide suitable accommodation for current Council staff and provide future expansion capabilities;
- \$1.1m to establish walking trails and facilities for the Walk The Yorke project (50% grant funded)
- \$325,000 for resealing of local roads;
- \$3.592m for renewal of unsealed local roads including acceleration of \$1m above the Long Term Financial Plan with a further \$2m acceleration to be undertaken in 2015/16;

- \$620,000 in sealing of current unsealed roads, including \$327,000 for the Clinton Road development project;
- \$986,000 (\$874,000 net after trade in allowances) for Plant & Machinery renewals and \$205,000 for the purchase of new plant and equipment;
- \$358,000 (\$191,000 net after trade in allowances) for the replacement of Council administration vehicles;
- \$270,000 for the continued upgrade and development of CWMS systems;
- \$195,000 for the continued improvement of storm water management;
- \$92,000 for the restoration and development of Town halls throughout the district;
- \$78,000 on essential IT infrastructure;
- \$71,000 on essential system updates including town planning, disaster recovery and GPS software
- \$80,000 on development of cemeteries including funds to evaluate options in Port Vincent which has no further burial vacancies;
- \$57,000 for the purchase of software required to ensure Council is compliant with electronic records management requirements

The Operating Budget has been prepared taking in to account falls in discretionary grants available with the following notable attributes:

- Operating income of \$26.332m, up 1.36% from the 13/14 Adopted Budget (\$25.980m)
- Operating expenses (excluding depreciation) of \$20.383m, up 5.91% from the 13/14 adopted budget (\$19.245m)
- Depreciation of assets of \$9.153m down 4.12% from the 13/14 Adopted Budget (\$9.546m)

Should the draft Annual Business Plan be adopted, it is anticipated that loan borrowings of \$6.0m, at a fixed interest rate over 15 years, will be primarily used to fund both the road renewal program acceleration and the office upgrade and expansion project. Council's very low current debt levels, (forecast at \$1.587m at 30 June 2014 excluding community loans) together with very low current fixed interest rates available facilitates this initiative whilst ensuring risks to the Community are minimised.

Elected Members will be provided with detailed budget documents under separate cover.

Advertisements have been placed in the YP Country Times and on Council's website informing the public that copies of the draft ABP are available from Thursday 15th May 2014 for public comment. Written submissions will close on Wednesday 4th June 2014 and in conjunction with the June meeting of Council, the opportunity will be provided for public presentations to Council.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999.

Local Government (Financial Management) Regulations 2011.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The 2014/2015 budget is consistent with the revised Long Term Financial Plan and Councils key financial direction of reducing the operating deficit and dedicating funds to the renewal of assets, consistent with Council's Infrastructure and Asset Management Plan.



Port Victoria Sunset

2014–2015 ANNUAL BUSINESS PLAN



Minlaton

Integrity, Innovation, Sustainable, Engaged



Pondalowie Bay

Our Vision

To be a thriving peninsula, proud of our heritage,
lifestyle and diverse, vibrant communities.
A great place to live, work and play.



Agriculturally rich~Naturally beautiful

Message from the Mayor



The Annual Business Plan has been prepared to provide the community with a picture of the proposed projects the Yorke Peninsula Council aims to achieve in 2014/2015. This planning process provides an opportunity for community involvement in identifying priorities for Council projects and services for the forthcoming financial year.

The Annual Business Plan for 2014/2015 has been prepared in accordance with the adopted Long Term Financial Plan (LTFP) and a key focus is to inject an additional \$3 million over the next two financial years to accelerate renewal of road infrastructure along with an additional \$3 million on the proposed expansion of the Maitland Principal Office, via low interest loan borrowings of \$6 million. The Council's current debt levels are below that required in the LTFP and with interest rates at the current level it is timely to take this action.

Some key projects that have been included in the Annual Business Plan for 2014/2015 are:

- Capital expenditure on renewal of unsealed (open surface) Council roads estimated at \$3.592 million;
- Capital expenditure in sealing of current unsealed (open surface) roads \$620,000, including \$327,000 for the Clinton Road development project;
- Continuation of the "Walk the Yorke" Project \$1.1 million with 50% grant funding from Australian Government ;
- Continued upgrade and development of Community Wastewater Management Systems (CWMS) \$270,000;
- Caravan Parks upgrade and renewal of facilities \$159,000;
- Capital expenditure on Halls \$92,000;
- Stormwater Management \$195,000;
- Development of cemeteries including funds to evaluate options in Port Vincent which has no further burial vacancies \$80,000.

Council has finalised the Elector Representation Review and as a result there will a slight alteration to the southern boundary of Kalkabury Ward and the locality of Hardwicke Bay to better distribute electors evenly.

2014 also is a year where Council Elections will be held with nominations closing in early September for the new Council term from November 2014 to November 2018.

Council is always mindful of the balance required to deliver community expectations whilst ensuring financial sustainability.

Council encourages community engagement in the Annual Business Planning Process and looks forward to receiving your feedback.

I commend the Annual Business Plan 2014/2015 to you.

Ray Agnew OAM
MAYOR

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Introduction

The development of Council's Annual Business Plan is an important part of our planning process. It links the Strategic Plan 2012 - 2015 with the budget planning process. This assists Council to achieve its goals while ensuring the best possible mix of services, infrastructure and facilities for its communities.

This year's budget development has been measured against the adopted Long Term Financial Plan (LTFP) whilst recognising the requirement for increased road infrastructure renewals and the expansion and renewal of the Principal office at Maitland.

The 2014/2015 budget looks to ensure Council's spend on renewal of existing assets is the primary focus in provision of service levels to the community.

In the 2014/2015 budget, over \$3.9m is allocated to renewal of transportation infrastructure and over \$1.3m on the renewal of plant and machinery. In addition, \$150k has been allocated for renewal of storm water and CWMS systems.

Expenditure on new assets, other than the planned office expansion, has been kept to a manageable level at \$2.865m.

The exciting Walk the Yorke project expenditure, totals \$1.1m (of which \$550k is secured from grant funding), which makes up a significant portion of the budget allocated to new assets.

Council has considered its current Transportation Infrastructure renewal program and has taken the view that acceleration of that program is needed. A total of \$3.918m (\$2.414m in 2013/14) is to be invested in the renewal program with accelerations of \$2.0m above current program forecasts planned for the 2015/16 financial year.

In addition Council has recently undertaken a review of its current office accommodation and has agreed that improvements are necessary to provide quality, cost-effective, modern and

accessible facilities to meet the growing needs of its community and staff.

Based on a number of opportunities and limitations, Council has considered its Principal Office at Maitland as the preferred location for a proposed office expansion to ensure that it can continue to operate efficiently, and effectively serve our community, now and into the future whilst allowing for future growth of office space for the next 15 years.

Further detail in regard to this project is supplied in the "Principal Office Proposed Expansion Project" brochure as an addendum to the Draft Annual Business Plan.

Should the draft Annual Business Plan be adopted, it is anticipated that loan borrowings of \$6.0m, at a fixed interest rate over 15 years, will be primarily used to fund both the road renewal program acceleration and the office expansion project. Council's very low current debt levels (forecast at \$1.587m at 30 June 2014 excluding community loans) together with very low current fixed interest rates available facilitates this initiative whilst ensuring risks to the Community are minimised.

The Long Term Financial Plan has been revisited to ensure that Council's long term financial aspirational targets are achieved.

Council will also consider in the future the sale of vacant land at Maitland, Balgowan and Yorketown, which could realise in excess of \$2million over the coming years. This will be undertaken as a separate process over the following financial years.

Further information on projects is detailed in later sections of the Plan.

Introduction

Council has overall committed a total of \$11.598m in capital expenditure, the highlights of which include:

- \$3.592m for renewal of unsealed local roads;
- \$620,000 in sealing of current unsealed roads. Including \$327,000 for the Clinton Road development project;
- \$325,453 for resealing of Council roads;
- \$1.1m to establish walking trails and facilities for the Walk The Yorke project (50% grant funded)
- \$1.0m to upgrade current Maitland office facilities;
- \$2.0m to extend the Maitland office to provide suitable accommodation for current Council staff and provide future expansion capabilities;
- \$986,000 (\$874,000 net after trade in allowances) for Plant & Machinery renewals and \$205,000 for the purchase of new plant and equipment;
- \$358,000 (\$191,000 net after trade in allowances) for the replacement of Council administration vehicles;
- \$270,000 for the continued upgrade and development of CWMS systems;
- \$195,000 for the continued improvement of storm water management;
- \$92,000 for the restoration and development of Town halls throughout the district;
- \$78,000 on essential IT infrastructure;
- \$71,000 on essential system updates including town planning, disaster recovery and GPS software
- \$80,000 on development of cemeteries including funds to evaluate options in Port Vincent which has no further burial vacancies;
- \$57,000 for the purchase of software required to ensure Council is compliant with electronic records management requirements



Our Vision and Strategic Goals

Our Vision

To be a thriving peninsula, proud of our heritage, lifestyle and diverse, vibrant communities. A great place to live, work and play.

Our Strategic Plan – Key Themes

Sustainable Communities

Sustainable Infrastructure—delivering and facilitating the provision of Infrastructure that is sustainable and supports our growth.

Progressive and Sustainable Development—providing a Development Plan that facilitates growth while safeguarding our environmental assets and community lifestyle.

Our Economy—encouraging and supporting a strong diverse economy that will provide employment opportunities for our community, including our youth.

Economic Growth through Sustainable Industrial Development—managing the impact of mining and other major industry growth on Council assets and resources whilst at the same time enabling maximum benefit to our community.

Corporate Governance and Leadership

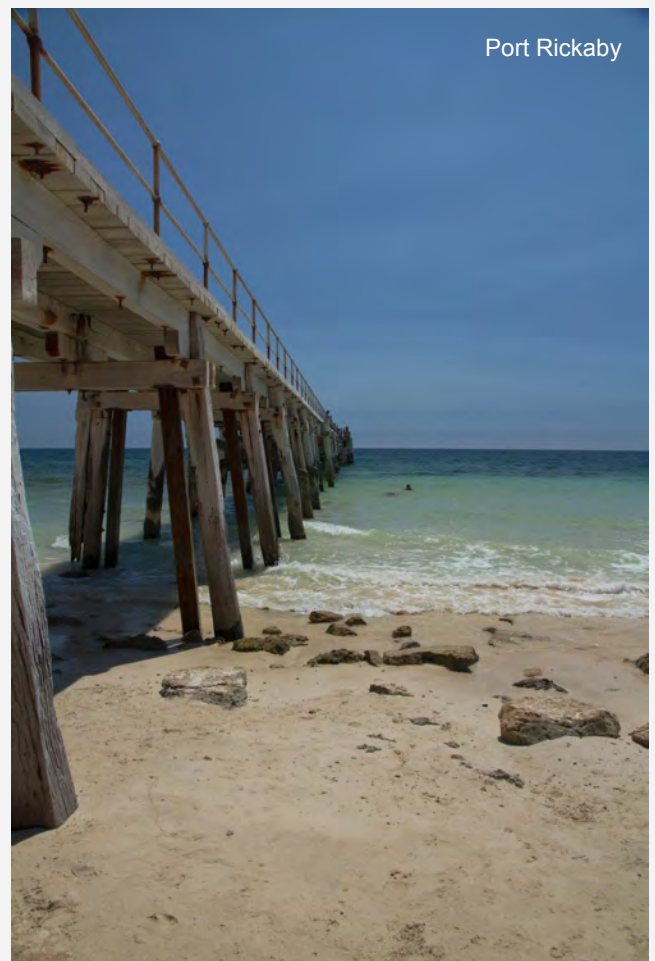
Progressive Communities through Strategic Planning—informed decision making; setting the direction to meet the current and future needs of our communities.

Organisation Efficiency & Resource Management—delivering efficient and effective services through strategic leadership of our people.

Community Engagement

Vitality and Connection—encouraging optimistic and thriving communities through positive participation in community life.

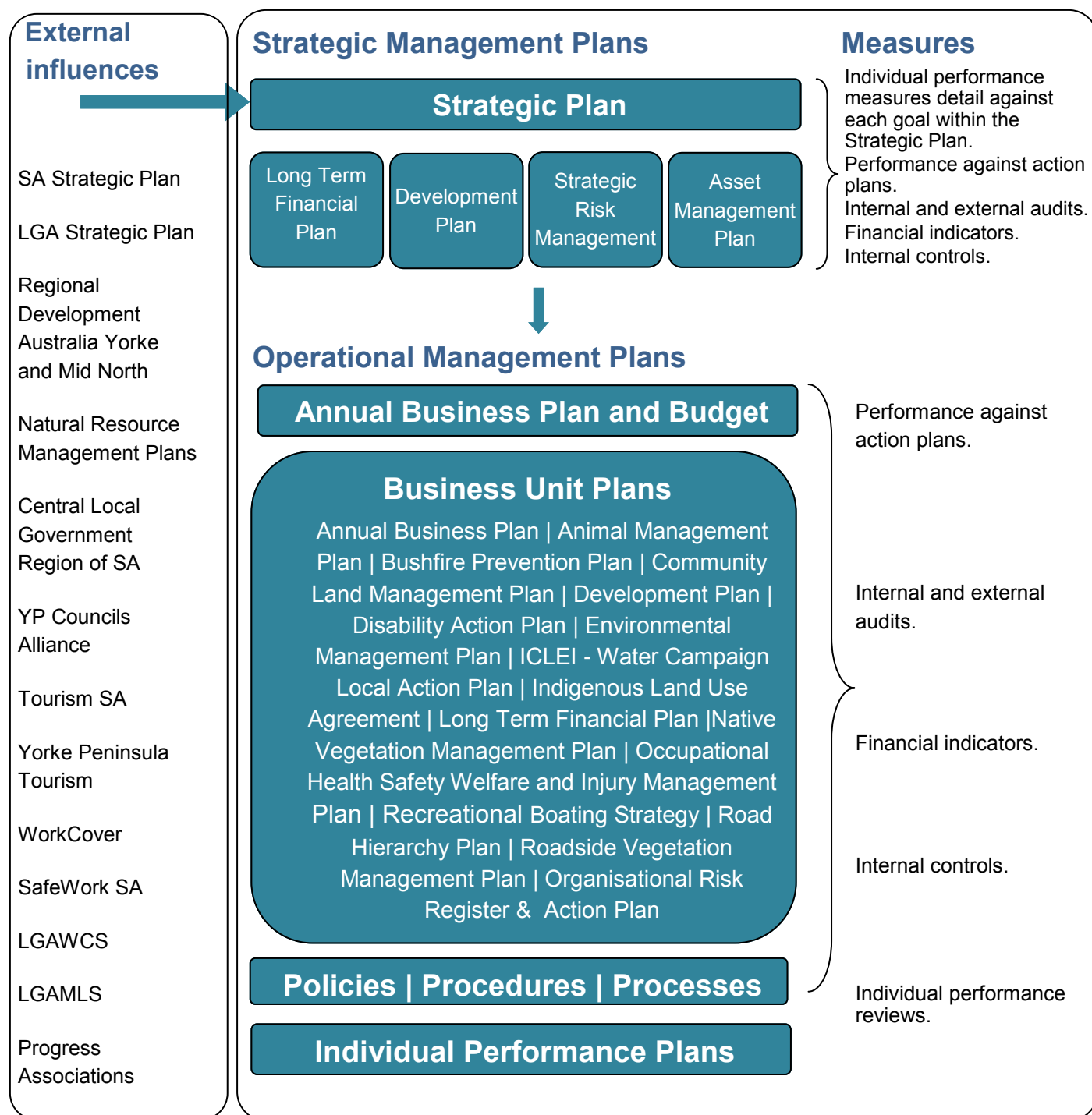
Sense of Ownership—facilitate a sense of community ownership through public participation and authentic communication with our community.



Port Rickaby

Corry Point

Strategic Planning Framework



The Strategic Plan has been developed in consultation with our communities and stakeholders. It guides Council activities at the highest level, outlining our priorities and what Council need to do over the next four years, to achieve its goals.

The Annual Business Plan has been developed based on the goals and activities outlined in the Strategic Plan. This process ensures that the Strategic Plan goals will be achieved over the period of the plan.

Influences and Priorities

Current Economic Environment

In developing the Annual Business Plan, Council has identified pressures and potential impacts on its financial performance and budgeting.

Funding levels from both State and Federal Governments continue to decrease; the exception being the grant funding for the Walk the Yorke project.

Similar to 2013/2014 Local Government cost increases continue to be above the general consumer inflation rate.

The economy continues to be negatively affected by continuing uncertainty and instability of global financial markets. The decrease in the local economy has not seen a corresponding reduction in costs. Some services, for example cleaning and waste transfer stations are expected to increase. Costs incurred for water and power continue to increase proportionally higher than CPI with Council investigating strategies to control these.

Costs pressures for requirements relating to legislation, industry and accounting standards also continue to increase. These include:

- Fire prevention in Council owned caravan parks valuation of building assets;
- Condition assessments of CWMS systems;
- Road infrastructure evaluations.

Budget Strategy

The Long Term Financial Plan (LTP) will continue to direct future Annual Business Plans. The key goal of the LTFP is to ensure that Council is in a position to continue to provide services, without dramatically increasing the cost of those services.

It assumes:

- No change in the level or number of services provided;
- A “Financial Sustainability” increase in general rates to existing ratepayers of 3% above CPI from 2014/2015 to align Council’s rating levels with the Local Government average;
- Increased spending on asset renewals to ensure Council maintains current service levels to the community;
- Spending on new assets in line with the “limited new services” strategy of the LTFP.

Setting the Rates

Rates of all types continue to be the major source of operating income for Council making up approximately 72% (69% in 2013/2014) of operating income.

Each year the impact of rates increases is reviewed in line with Council’s strategic plan. In 2014-15 the income from general rates from existing ratepayers will increase by 6.2%.

The structure of the rating system will remain the same as 2013-2014:

- Continued use of a fixed charge;
- Differential rates for various land use categories have been maintained, retaining a similar percentage of total revenue for each category whilst allowing for any growth;
- A comprehensive set of rebates.

A detailed explanation of the rates structure is described later in this Plan.

Delivering the Strategic Plan

SUSTAINABLE COMMUNITIES

1. SUSTAINABLE INFRASTRUCTURE

1.1 Provide infrastructure assets that are sustainable & safe

Key Actions to achieve our goal	Our Performance measures
Advocate and work with the State Government to improve the quality of arterial roads on Yorke Peninsula.	Ongoing - Number of initiatives collaboratively established, planned and managed.
Develop and implement a rationalisation program for identified roads.	Rationalisation program developed and implemented for identified roads by 2015.

1.2 Effective expansion of water and power supplies

Advocate service providers and other authorities to maintain and improve water and power infrastructure and service delivery.	Ongoing - Number of initiatives to improve water and power infrastructure delivery.
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Ardrossan

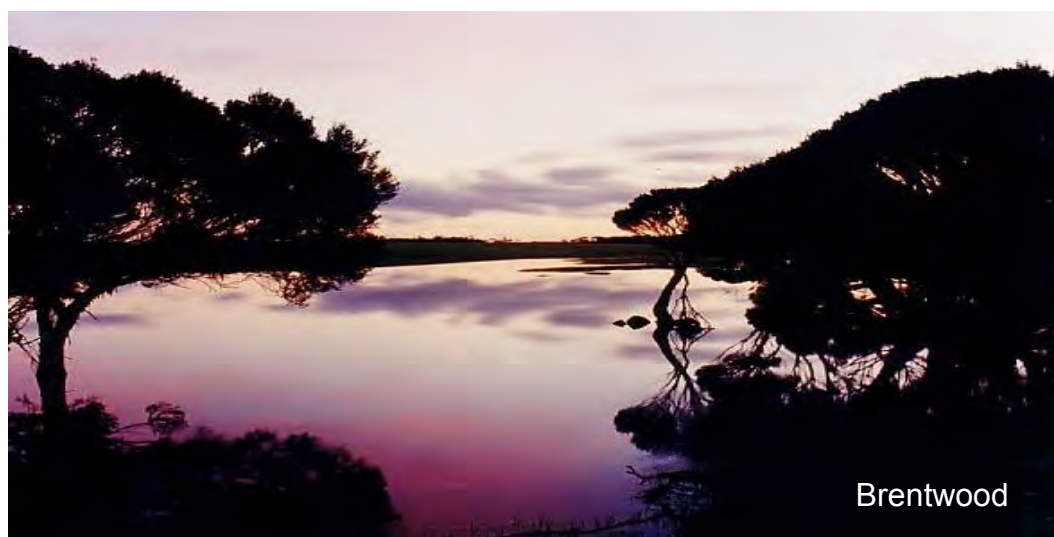
3. OUR ECONOMY

3.1 Sustainable economic growth

Key Actions to achieve our goals	Our Performance measures
Work in partnership with Yorke Peninsula Tourism and the Regional Development Australia Yorke and Mid North to identify ways Council can support tourism and business growth.	Ongoing - Number of joint initiatives that support tourism and business growth.
Identify and support initiatives for tourism related development including indigenous communities.	Ongoing - Number of joint initiatives that support the development of indigenous tourism.
Partner and build positive relationships with YP Tourism, Regional Development Australia Yorke and Mid North, government agencies and other key stakeholders.	Ongoing - Increase in the number of joint initiatives for economic development.

3.2 Increase access to employment opportunities for our communities

Work with Regional Development Australia Yorke and Mid North and major industries to undertake a study to identify skills required to support business needs.	Ongoing - Number of joint initiatives opportunities identified.
Support training and skills initiatives of the Yorke Region Employment and Skills Formation Network that will enhance skills required in tourism, agriculture and business.	Ongoing - Number of joint initiatives developed that will enhance skills, development in tourism, agriculture and business.



Brentwood

4. ECONOMIC GROWTH THROUGH SUSTAINABLE INDUSTRIAL DEVELOPMENT

4.1 Manage the impact of mining and other major industry growth on Council assets and Infrastructure

Key Actions to achieve our goals	Our Performance measures
Work with mining and other major industries in developing strategies to facilitate improvement to roads, drainage and other Council infrastructure required to support major industry.	Ongoing - Number of strategies collaboratively developed through regular meetings with Rex Community Consultative Group.
Identify the financial resources required to manage the increased costs associated with the establishment of mining and other major industry within the district.	Ongoing - additional financial resources required identified based on market pressures and development time frames.

4.2 Encourage and advocate for infrastructure to support mining and other major industry growth on the Yorke Peninsula

Work with mining and other major industries in advocating and lobbying State and Federal Governments for transport infrastructure, including roads and ports to support major industry.	Ongoing - Number of initiatives collaboratively established, planned and managed.
Work with mining and other major industries and State and Federal Governments to identify transport corridors that will facilitate freight movements and provide ready access to Ports.	Ongoing - Number of transport corridors collaboratively identified, planned, established and managed.



SUSTAINABLE COMMUNITIES	4. ECONOMIC GROWTH THROUGH SUSTAINABLE INDUSTRIAL DEVELOPMENT	
	4.3 Realise the benefits for our Community created through mining	
	Key Actions to achieve our goals	Our Performance measures
	Work with Regional Development Australia Yorke and Mid North to support and encourage existing and new industries that support major industry to establish in the DC of Yorke Peninsula.	Ongoing - Number of new industries established on the Yorke Peninsula.
	Work with Regional Development Australia Yorke and Mid North to increase access to employment opportunities for our communities through supporting and advocating for training and skills initiatives focused on the mining industry and other major industries.	Ongoing - Number of training and skill initiatives provided that focus on the mining industry.
	Work with Rex Community Consultative Group to encourage mining companies and other major industry employers to employ local people.	Ongoing - Number of local people employed by major industries.
	Work with Rex Community Consultative Group to lobby on behalf of the community for mining companies to provide support for community groups/programs.	Ongoing - Number of programs provided by mining companies to support community groups/programs.

CORPORATE GOVERNANCE & LEADERSHIP	1. PROGRESSIVE COMMUNITIES THROUGH STRATEGIC PLANNING	
	1.1 Strong, proactive leadership	
	Key Actions to achieve our goals	Our Performance measures
	We will continue to develop relevant, dynamic and sustainable strategic plans and policies based on informed decision making through authentic communication with our community and key stakeholders.	Current and relevant strategic plans and policies in place. 2012-2015 Strategic Plan reviewed by June 2015.
	1.2 Knowledgeable and skilled decision makers	
	We will continue to provide Elected Members and staff with opportunities to develop knowledge and skills to support them in their decision making.	Fully developed Training Needs Analysis and integrated Training Plan in place through up to date induction documentation and performance reviews.

2. ORGANISATIONAL EFFICIENCY AND RESOURCE MANAGEMENT

2.1 Financially sustainable organisation

Key Actions to achieve our goals	Our Performance measures
Identify alternative income streams within acceptable levels of risk in order to diversify Council's income base.	Ongoing - Alternative income streams identified and incorporate into Council's Long Term Financial Plan.
Review Council's Long Term Financial Plan to ensure long term financial sustainability	Long term financial plan reviewed by April 2015.

2.2 Efficient, effective and professional organisation

Work with neighbouring councils and the YP Alliance through regular, ongoing meetings to identify opportunities to work together to improve our effectiveness.	Ongoing - Number of joint initiatives identified.
Finalise office accommodation solution options in order determine the most effective way to improve Council operations while at the same time meeting the needs of the community.	Preferred office accommodation model endorsed by Council December 2013. Inclusion within the 2014/2015 Annual Business Plan.

2.3 Meet all legislative and compliance responsibilities

2.4 Effective Risk Management

Maintain a current Organisation Risk Management Plan, incorporating OHSW&IM and internal controls.	Review of the 2012-2015 Organisation Risk Management Plan in place by October 2014.
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1. VITALITY & CONNECTON

1.1 Develop and facilitate ongoing partnerships and relationships with Progress Associations, Tidy Towns and other key community groups

Key Actions to achieve our goals	Our Performance measures
Develop and implement a public participation plan to facilitate authentic communication with our community and provide the opportunity for the public to have input into the decisions that affect them.	Communication strategy developed, including a process for regular, credible reporting to the community and implemented by December 2014.
Support and encourage Country Health SA in developing, implementing and maintaining a youth program. Participate in YP Youth Workers Network and annual youth event.	Successful annual youth event.

1.2 Offer a range of accessible community facilities, programs, events and activities.

Review Council services and programs to ensure they best meet the needs of our community.	Current policies, procedures and processes in place that meet the needs of the community.
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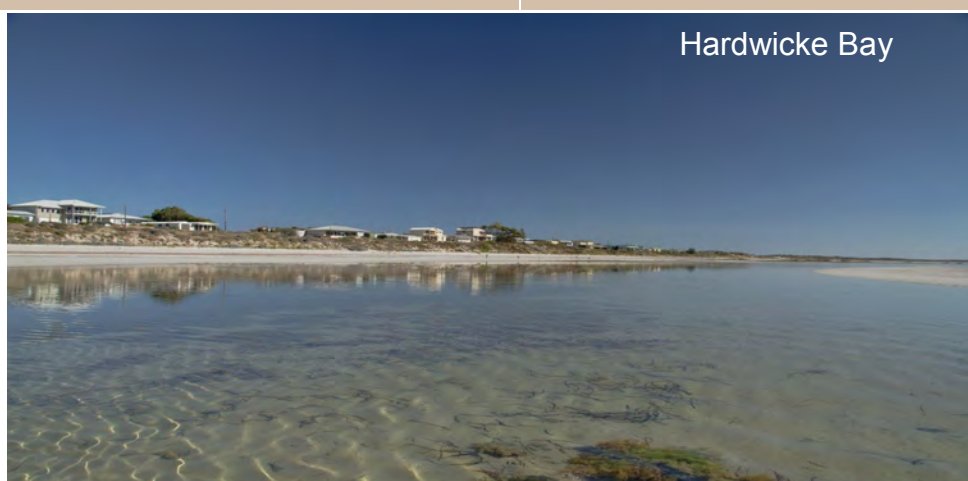
1.3 Encourage and support our community in artistic, cultural and creative pursuit.

Develop a strategy to advance arts and culture in our district.	Strategy to advance arts and culture in our district by September 2014.
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2. SENSE OF OWNERSHIP

2.2 Our communities are well informed

Key Actions to achieve our goals	Our Performance measures
We will provide easily accessible information to our community on key issues, strategic plans, programs and initiatives.	Results of the annual Community Satisfaction Survey.



Hardwicke Bay

Operating Budget

Operating Income

The 2014-2015 Budget provides for operating revenue to increase from \$25,980,000 (2013/2014 Adopted Budget) to \$26,321,000, an increase of 1.31%. Recurrent revenue streams of Council are demonstrated in the following table.

\$M	%	Type	Description
18.99m	72.1%	General Rates and Service Charges	General rates on properties as well as service charges (i.e. sewerage and refuse/recycling charges).
0.45m	1.7%	Statutory charges set by State Government	Fees and charges set by State Government regulation and received by the Council for regulatory functions undertaken such as assessment of development and building applications and dog control management.
2.94m	11.2%	User Pay Charges set by Council	Charges for the Council's fee based facilities and services such as caravan parks, community halls, cemeteries.
3.32m	12.6%	Grants and Subsidies	Council seeks to attract as much grant funding from other tiers of government as possible, thereby reducing the reliance on other revenue streams.
0.62m	2.4%	Investment, Reimbursements & Other Income	Interest received on Council's internal cash reserves and deposits. Reimbursements for work undertaken and Other Income.

Operating Expenditure

The 2014-2015 Budget provides for operating expenditure to increase from \$28,791,000 (2013/2014 Adopted Budget) to \$29,355,000, an increase of 1.96%. Recurrent expenditures incurred by Council are demonstrated in the following table

\$M	%	Type	Description
7.67m	26.0%	Employee Costs	All labour related expenses such as wages and salaries, and on-costs such as allowances, leave entitlements and employer superannuation.
5.62m	19.0%	Contractual	Payments for external provision of services.
6.71m	22.7%	Materials & Others	Payments for physical goods such as water, fuel, energy, road materials, office consumables, stationery, insurances, postage, telephone, government levies, contributions and donations.
9.15m	31.0%	Depreciation	Annual consumption of Council's fixed assets (e.g. infrastructure, equipment, buildings etc) over their useful lives.
0.20m	1.3%	Finance Costs	Costs of financing Council's activities through borrowings or other types of financial accommodation.

Operating Budget

Breakdown of Expenditure by Function (excluding Depreciation)

The following table provides a detailed breakdown of Council's major expenditure for 2014/2015.

%	Function	Description
10.6%	Road Maintenance	Expenses relating to the cost of maintaining Council's road network, including materials and labour related expenses.
12.2%	Renewal of Roads	Expenses relating to the cost of redeveloping Council's road network, including materials and labour related expenses.
2.2%	Sealing of Formed Roads	Expenses relating to the cost of resealing Council's unsealed road network, including materials and labour related expenses.
6.8%	Community Asset Maintenance	General maintenance costs, including materials and labour related expenses.
8.6%	Refuse Collection & Disposal	Contractual and local expenses, including materials and labour related expenses.
8.8%	Capital expenditure on existing assets	Capital expenses relating to existing community assets, including materials and labour related expenses (excluding roads).
4.3%	Caravan Park Operation	Expenses relating to the cost of running Council owned caravan parks, including labour related expenses.
6.5%	New Assets	Capital expenses relating to the cost of providing new assets, including materials and labour related expenses (excluding roads & Walk the Yorke).
3.3%	Development Services	Expenses relating to the cost of planning and development, including labour related expenses.
2.2%	Community Support	Expenses relating to libraries, tourism and other community support programs, including materials and labour related expenses.
4.4%	Finance and Corporate Service	Expenses relating to finance and corporate service administration, including labour related expenses.
2.5%	CWMS and Water Schemes	Expenses relating to the cost of running water and waste-water management schemes, including materials and labour related expenses.
3.9%	Governance	Expenses relating to governing the organisation, including organisational compliance, public liability insurance and Elected Member related expenses.
2.3%	NRM Levy	A compulsory levy payable to the Northern and Yorke Natural Resources Management Board.
2.5%	Information Services	Expenses incurred in providing information technology, including labour related expenses.
3.3%	Executive Services	Expenses relating to Human Resources, Staff Training, Workplace Health & Safety, Risk Management and Internal Audit.
0.9%	Asset Management	Asset Management Systems, Asset Management Plans & Asset Condition Assessments
3.4%	Special Projects	Walk the Yorke Project - 50% Grant Funded.

Continuing Services

All Councils have mandatory legislative responsibilities which include requirements pursuant to:

- Local Government Act;
- Development Act;
- Public Environmental Health Act;
- Work, Health & Safety Act; and the
- Natural Resources Management Act.

Responsibilities include:

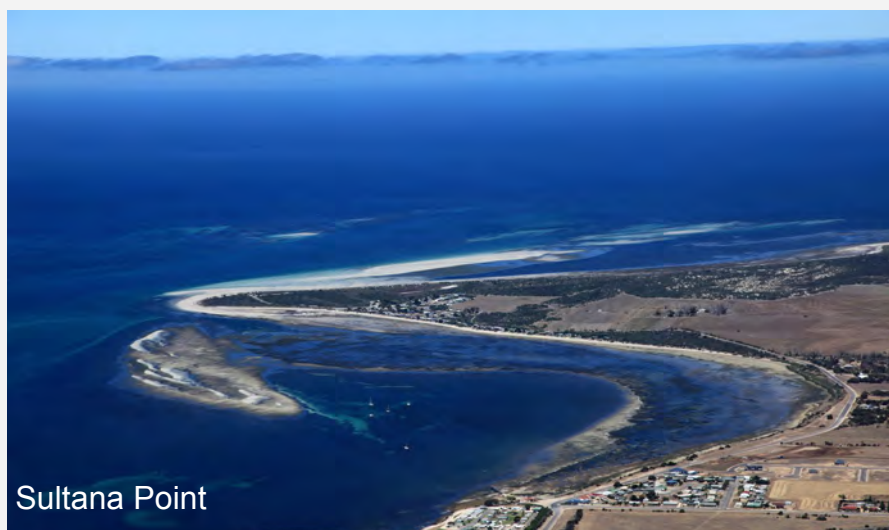
- Regulatory activities, such as maintaining voters' rolls and supporting the elected members of Council
- Setting rates, preparing an annual budget and determining longer term strategic management plans for the area
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm water drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Various environmental health services
- Protection of natural resources
- Animal management

The Yorke Peninsula Council also provides further, important services and programs to support the needs of the community, including:

- Library services
- Leisure Options
- Community Transport
- Recreational reserves
- Playgrounds
- Community events
- Camping reserves
- Boat ramps
- Beach access facilities
- Walking trails
- Cemeteries
- Civic and community halls
- Recycling facilities
- Tourist facilities
- Sporting facilities
- Fire prevention
- Support for youth services

Council will continue to re-evaluate all service areas to achieve service excellence.

Further information on Council's services can be found on the website www.yorke.sa.gov.au



Sultana Point

Project & Capital Works Budget

Over the past four years Council has been developing Infrastructure and Asset Management plans. These plans identify costs required to ensure that assets will be able to be maintained in a sustainable condition over the

long term. There will always be a community desire for the provision of new and upgraded assets, however it is important that priority is given to the replacement and renewal of existing assets.

Capital Works Program 2014-15	New/Upgrade	Renewal/ Replacement
Council Capital Works Program	\$4,865,285	\$6,732,846
Community Wastewater Management Systems		
Various Schemes	145,000	125,000
Water Schemes		
Black Point	12,000	
Marion Bay	15,000	
Road Infrastructure		
Reseal Allocation		325,453
Rubble Raising		285,000
Unsealed - Gap Road		97,045
Unsealed - Willing Road		63,046
Unsealed - Coleman Road		96,046
Unsealed - Nalyappa Road		152,040
Unsealed - Barnes Road		57,045
Unsealed - James Well Road		102,045
Unsealed - South Coast Road		209,052
Unsealed - Gun Club Road		124,043
Unsealed - Sparrow Road		129,044
Unsealed - Old Coast Road		171,044
Unsealed - Bittner Road		170,056
Unsealed - Coringle Road		123,047
Unsealed - Brutus Road		99,046
Unsealed - Daly Head Road		278,775
Unsealed - Pookawarowie Road		87,046
Unsealed - Honner Road		85,044
Unsealed - Clasholm Road		101,045
Unsealed - Cutline Road		162,541
Accelerated Road Renewal (additional injection)		1,000,000
Sealed - Clinton Road	327,000	
Sealed - Grainstack Road, Stansbury	140,802	
Sealed - Gulfview Road, Stansbury	119,002	
Sealed - Mills Gully Road, Stansbury	33,360	
Kerbing - Gulfview Road, Stansbury	70,306	
Council Buildings		
Maitland Office Project	2,000,000	1,000,000
Cemeteries Management Capital		
Various	50,000	30,000

Project & Capital Works Budget

Capital Works Program 2014-15	New/Upgrade	Renewal/ Replacement
Stormwater		
Maitland	12,000	5,000
Minlaton	5,000	
Arthurton	23,000	
Wool Bay	150,000	
Foreshore		
Walk the Yorke (Grant Funding \$550,000)	1,100,000	
Public Infrastructure		
Minlaton Skate Park Security Lighting	16,000	
Federation Park Signage Renewal		3,200
Library Equipment	1,500	9,000
Landfill Rehabilitation		28,743
Disability Access	20,000	
Boardwalk and Viewing Platform Par-lake Yorketown (Grant Funding \$48,000)	95,000	
Halls		
Maitland Town Hall - Concrete Cancer		50,000
Yorketown Town Hall - Floor Resurfacing		16,600
Minlaton Town Hall - Floor Resurfacing		11,400
Ardrossan Town Hall - Floor Resurfacing		13,750
Machinery		
Equipment - Minor Plant		30,000
Plant and Machinery Purchases	205,000	956,500
Indirect		
Dump Points x 2	22,000	
Maitland Depot - New CWMS Shed	40,000	
Administration		
Equipment - Office	10,000	20,000
Computer Equipment & Software	163,815	47,900
Admin Vehicle Replacements		358,500
Business Improvement Infrastructure	40,000	
Caravan Parks		
Marion Bay Caravan Park - Various	9,500	51,500
Port Vincent Caravan Park		33,250
Other Caravan Parks - Various	40,000	25,000

Rating

Property 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.

Property value is the major determinant of how much each individual ratepayer contributes to general rates. Rates paid do not directly relate to the services used by each ratepayer. In general, the higher the value of the property the higher the rates paid.

Like most other Councils, Yorke Peninsula Council uses capital value provided by the State Valuer-General to value all properties.

In applying the principles of taxation, it is important that the five principles of taxation (equity, benefit, ability to pay, efficiency and simplicity) are balanced against the policy objectives of taxation - that is the need to raise revenue and the effects of the tax upon the community.

In determining how rates are applied, Council uses a differential rating system with a fixed charge. Differential rates are applied depending on the use to which the land is put - whether it be residential, commercial, primary production, etc. The fixed charge is a declared amount all ratepayers contribute in addition to differential rates which are applied directly against property capital value.

The rate-in-the-dollar to be applied each year is determined during the annual budget process. Put simply the differential rate is calculated by dividing the required rates income by the total rateable capital value for the Council area after accounting for the total fixed charge contribution from all properties. During this process the impact on all sections of the community is carefully considered and adjustments are made to correct obvious inequities.

Based on the principal use of each property, Council rates properties in seven different categories.

For the financial year 2014/2015 the rates determination looks like this:

Category	Revenue
Residential	\$TBA m
Commercial	\$TBA m
Industrial	\$TBA m
Primary Production	\$TBA m
Vacant Land	\$TBA m
Marina Berths	\$TBA m
Other	\$TBA m

(TBA—to be updated when final valuations are received from State Valuer-General)

In 2014/2015 general rates will increase by an average of approximately 6.2%. The rates payable for individual properties will vary from the average according to individual property valuations. For example, for a ratepayer with a residential property with a value of \$250,000, the increase is approximately \$TBA and for a primary producer with a property valuation of \$750,000, the increase will be approximately \$TBA.

Fixed Charge

Council has set a fixed charge rather than a minimum rate for the 2014/2015 year. The fixed charge will be set at \$xxx and will be levied uniformly on all non-contiguous assessments. The fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if these are owned by the same owner. The reasons for imposing a fixed charge are:

- It is appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;
- It is appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property; and
- A fixed charge system generally creates a lesser burden on lower valued properties than a minimum rate system would.

Rating

Waste Collection and Recycling

In May 2012 the State Government introduced regulations that determine how Council charges for its Waste Collection service based on distance from collection points. These regulations impact only on the rural 2 bin service offered by Council.

The regulations state that:

- A property which has a collection point within 500m of their primary access point will be charged the full service charge;
- Properties whose collection point is between 500m and 2km from their primary access point will pay 75% of the full service charge;
- Properties whose collection point is between 2km and 5km from their primary access point will pay 50% of their full service charge;
- Properties whose collection point is more than 5km to their primary access point will not pay a service charge unless a service is requested, and an appropriate service charge is negotiated with Council.

For the purpose of the regulations a collection point is defined as the point on a waste collection route closest to the property's primary access point. The primary access point is defined as the same point as the rural property address for a property.

The service charge is set to recover the full cost of providing the Waste & Recycling Service.

The 3 Bin service is not offered to rural ratepayers.

The annual charges for 2014/2015 will be:

Service	Distance from rural collection point	Charges \$
3 Bins	(Not offered to rural properties)	\$255.00
2 Bins	Within 500m	\$235.00
2 Bins	500m to 2km	\$176.25
2 Bins	2km to 5km	\$117.50

Natural Resource Management Levy

The Yorke Peninsula Council falls within the Northern & Yorke Natural Resources Management Board area and as such Council is required, pursuant to the Natural Resources Management Act 2004, to raise funds by way of a levy to assist in funding the operations of the Board. The levy is imposed as a

separate rate upon all properties within the area of the Board.

Council remits all revenue collected under this Act to the Board.

The amount to be raised in 2014/2015 is to be \$738,463, increasing from \$723,524 in 2013/2014.

Any queries regarding the NRM Levy should be directed to:

Northern & Yorke NRM Board

Board Offices 41-49 Eyre Road

PO Box 175 CRYSTAL BROOK SA 5523

Phone: (08) 8636 2361 Fax: (08) 8636 2371

Email: board@nynrm.sa.gov.au

Website: www.nynrm.sa.gov.au

Community Wastewater Management Schemes

Council operates 16 Community Wastewater Management Schemes (CWMS) that are situated in townships and holiday settlements throughout the district.

The income and costs of the schemes are regularly reviewed and there is a policy of ensuring that all schemes are financially sustainable.

The CWMS annual fees for 2014/2015 are \$450 for occupied properties and \$340 for unoccupied properties.

Water Charges

To enable communities to have access to a secondary water supply, Council maintains water supply schemes to three communities.

Service charges are raised each year to cover the cost of operating the schemes. In addition, charges for water usage are made.

For each water scheme, Council maintains a separate financial reserve to ensure that money received from the property owners, is only used for the water scheme for which they contributed.

Fees for the Water Schemes operated by Council for 2014/2015 are:

Location	2014-2015 fees
Black Point	\$180
Hardwicke Bay	\$180
Balgowan	\$140

Rating

Rate Capping

This opportunity provides relief when a ratepayer is levied an increase in rates greater than 17.5% (after considering other rebates) and ensures no ratepayer pays any more than a 17.5% increase on the previous year in rates. This rebate does not apply where:

- The increase is due to an increase in valuation as a result of improvements valued at greater than \$15,000 or due to a rectification of an “error of fact”;
- The increase is a result of a change in land use;
- Ownership of the property has changed since 30 June 2013;
- The increase is applicable to land use categories of commercial, industrial, vacant land and other.

Postponement of rates

In accordance with provisions of the Local Government Act 1999 (the Act), persons who hold a current Seniors Card will be eligible to postpone any amount in excess of \$500 (\$125 per quarter), less any concession entitlement. Interest will accrue on postponed balances as per Section 182A (12) of the Act (i.e. with a premium of 1% over the cash advance debenture rate).

Hardship

Any ratepayer experiencing difficulties in meeting rates payments, or experiencing financial hardship, will be able to access payment plans tailored to meet the particular circumstances. All arrangements are strictly confidential.



Port Clinton

Appendices

Statutory Financial Statements

Budgeted Comprehensive Income Statement

Budgeted Balance Sheet

Budgeted Statement of Changes in Equity

Budgeted Cash Flow Statement

A Budgeted Uniform Presentation of Finances

Budgeted Financial Ratios

Full Cost Attribution Statements



Corny Point Lighthouse

Budgeted Comprehensive Income Statement

	2014/2015 Budget \$'000	2013/2014 Revised Budget (2nd Q) \$,000
Rates	\$18,992	\$17,955
Statutory Charges	\$450	\$378
User Charges	\$2,941	\$2,956
Grants Subsidies Contributions	\$3,318	\$3,950
Investment Income	\$121	\$153
Reimbursements	\$344	\$494
Other Income	\$156	\$275
TOTAL REVENUES	\$26,322	\$26,161
Employee Costs	\$7,670	\$7,360
Materials Contracts & Other Expenses	\$12,335	\$11,998
Depreciation	\$9,153	\$9,067
Finance Costs	\$378	\$260
TOTAL EXPENSES	\$29,536	\$28,685
OPERATING DEFICIT BEFORE CAPITAL AMOUNTS	\$3,214	\$2,524
Gain/(Loss) on Asset Disposals	\$40	\$242
Amounts Received Specifically for New Assets	\$1,156	\$1,015
NET DEFICIT	\$2,018	\$1,267

Budgeted Balance Sheet

	2014/2015 Budget \$'000	2013/20134 Revised Budget 2nd Q) \$'000
Current Assets		
Cash and Cash Equivalents	\$3,250	\$2,172
Trade and Other Receivables	\$1,168	\$1,164
Investments and Other Financial Assets	\$20	\$20
Inventories	\$887	\$887
TOTAL CURRENT ASSETS	\$5,325	\$4,243
Non-Current Assets		
Financial Assets	\$447	\$433
Infrastructure, Property, Plant and Equipment	\$279,395	\$274,825
Other Non-Current Assets	\$0	\$0
TOTAL NON-CURRENT ASSETS	\$279,842	\$275,258
TOTAL ASSETS	\$285,167	\$279,501
Current Liabilities		
Trade and Other Payables	\$1,984	\$1,916
Borrowings	\$510	\$805
Provisions	\$936	\$917
Other Current Liabilities	\$0	\$0
TOTAL CURRENT LIABILITIES	\$3,430	\$3,638
Non-Current Liabilities		
Borrowings	\$6,921	\$1,431
Provisions	\$315	\$277
TOTAL NON-CURRENT LIABILITIES	\$7,236	\$1,708
TOTAL LIABILITIES	\$10,666	\$5,346
NET ASSETS	\$274,501	\$274,155
Equity		
Accumulated Surplus	-\$4,362	-\$2,344
Asset Revaluation Reserve	\$278,069	\$275,705
Other Reserves	\$794	\$794
TOTAL EQUITY	\$274,501	\$274,155

Budgeted Statement of Changes in Equity

	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
2014/2015 Budget				
Accumulated Surplus brought forward	-\$2,344	\$275,705	\$794	\$274,155
Net Surplus/(Deficit) for Year	-\$2,018			-\$2,018
Gain on Revaluation of Infrastructure, Property, Plant and Equipment		\$2,364		\$2,364
Transfers between Reserves	\$0	\$0		\$0
Total Equity at end of Budget Year	-\$4,362	\$278,069,	\$794	\$274,501

Budgeted Cash Flow Statement

	2014/2015 Budget \$'000	2013/2014 Revised Budget 2nd Qtr \$'000
Cash Flows from Operating Activities		
Receipts		
Operating Receipts	\$26,201	\$26,004
Investment Receipts	\$121	\$153
Payments		
Operating Payments to Suppliers and Employees	-\$19,898	-\$19,322
Finance Payments	-\$378	-\$260
NET CASH USED PROVIDED BY OPERATING ACTIVITIES	\$6,046	\$6,575
Cash Flows from Investing Activities		
Receipts		
Amounts Specifically for New or Upgraded Assets	\$1,156	\$1,015
Sale of Replaced Assets	\$280	\$432
Repayments of Loans by Community Groups	\$0	\$0
Payments		
Expenditure on Renewal/Replacement of Assets	-\$6,733	-\$5,183
Expenditure on New/Upgraded Assets	-\$4,866	-\$2,881
Loans to Community Groups	-\$0	-\$0
NET CASH USED IN INVESTING ACTIVITIES	-\$10,163	-\$6,617
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	\$6,000	\$0
Payments		
Repayment of Borrowings	-\$805	-\$748
NET CASH USED IN FINANCING ACTIVITIES	\$5,195	-\$748
NET INCREASE/(DECREASE) IN CASH HELD	\$1,078	-\$790
CASH AT BEGINNING OF REPORTING PERIOD	\$2,172	\$2,962
CASH AT END OF REPORTING PERIOD	\$3,250	\$2,172

Budgeted Uniform Presentation of Finances

	2014/2015 Draft Budget	2013/2014 (2nd Q) Revised Budget
Income	-\$26,322	-\$26,161
Less Expenses	\$29,536	\$28,685
Operating Deficit before Capital Amounts	\$3,214	\$2,524
Less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	\$6,733	\$5,183
Less Depreciation, Amortisation and Impairment	-\$9,153	-\$9,067
Less Proceeds on Sale of Assets	-\$280	-\$432
	-\$2,700	-\$4,316
Less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	\$4,866	\$2,881
Less Amounts received specifically for New and Upgraded Assets	-\$1,156	-\$1,015
	\$3,710	\$1,866
NET(LENDING) / BORROWING FOR FINANCIAL YEAR	\$4,224	\$74

Budgeted Financial Ratios

	2014/2015 Adopted Budget	2013/2014 Revised Budget 2nd Qtr
Operating Surplus/(Deficit) \$'000	-\$3,214	-\$2,524
Operating Surplus Ratio	-17.0%	-14.0%
Net Financial Liabilities \$'000	\$5,743	\$1,523
Net Financial Liabilities Ratio	21.8%	5.8%
Interest Cover Ratio	1.0%	0.4%
Asset Sustainability Ratio	68.0%	52.0%
Asset Consumption Ratio	61.0%	62.0%

Full Cost Attribution Statement

	Income	Expenses	Net (Surplus)/Deficit
Executive Services			
Risk Administration	0	275	275
Elected Members	0	479	479
Governance	0	555	555
Human Resources	(28)	112	84
	(28)	1,421	1,393
Assets & Infrastructure Services			
Asset Co-Ordinator	0	370	370
Administration	0	105	105
Works	(1,969)	8,279	6,310
Operations	(3,088)	8,954	5,866
Infrastructure	0	1,448	1,448
	(5,057)	19,156	14,099
Development Services			
Administration	0	1,090	1,090
Building & Development	(303)	472	169
Environmental Health	(70)	268	198
General Inspectors	(245)	421	176
Council Building Assets	(73)	1,410	1,337
	(691)	3,661	2,970
Corporate & Community Services			
Administration	(67)	174	107
Finance	(18,667)	1,004	(17,663)
Corporate Services	(2,614)	3,057	443
Information Services	(19)	59	40
YP Community Transport	(448)	764	316
YP Leisure Options	(166)	233	67
	(21,981)	5,291	(16,690)
Total	(27,757)	29,529	1,772

DIRECTOR CORPORATE AND COMMUNITY SERVICES

4. LONG TERM FINANCIAL PLAN

(File Ref: 9.14.1.6)

INTRODUCTION

To provide an update on recent Council Decisions and the likely impact on Council's Long Term Financial Plan.

RECOMMENDATION

The Audit Committee receive the reviewed Long Term Financial Plan for discussion.

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.

Recent directions indicated by Council may see the Annual Business Plan include \$6m in borrowings to finance improvements to the current Maitland office (\$1m), extensions to that office (\$2m) and an acceleration of the Road Network Renewal Program (\$1m in 2014/15 and \$2m in 2015/16.

The attached reports outline the likely impact of these initiatives through to 2021/22 (the original year 10 of Council's LTFP adopted in 2012/13) however the LTFP will not be formally reviewed until after the adoption of the Annual Business Plan by Council.

In the LTFP adopted in 2012/13 Council's aims were to achieve an Operating Surplus by year 10 of the LTFP and increase its Asset Sustainability Ratio to nearer the local government average of 80%.

Pending Council's adoption of the Annual Business Plan several other changes may be recommended with asset sales a likely initiative to offset some impacts of strategies over the next 10 years or so.

The Annual Business Plan is subject to public consultation for 21 days from Thursday 15th May 2014 and results of that consultation will be presented to Council at its June meeting prior to adoption of the Annual Business Plan at Council's July meeting.

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

LTFP - Office and Transport Renewal Acceleration 01/05/2014

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2014 Plan Year 2 \$('000)	2015 Plan Year 3 \$('000)	2016 Plan Year 4 \$('000)	2017 Plan Year 5 \$('000)	2018 Plan Year 6 \$('000)	2019 Plan Year 7 \$('000)	2020 Plan Year 8 \$('000)	2021 Plan Year 9 \$('000)	2022 Plan Year 10 \$('000)
INCOME									
Rates	17,955	18,992	20,129	21,339	22,623	23,989	25,442	26,986	28,627
Statutory Charges	378	450	465	481	499	517	535	554	573
User Charges	2,956	2,941	3,036	3,133	3,233	3,336	3,442	3,553	3,668
Grants, subsidies, contributions	3,950	3,318	3,424	3,534	3,647	3,763	3,883	4,007	4,136
Investment Income	153	121	186	69	94	36	0	0	0
Reimbursements	494	344	355	366	378	390	402	415	428
Other Income	275	156	161	166	171	176	182	188	194
Total Revenues	26,161	26,322	27,756	29,088	30,645	32,207	33,886	35,703	37,626
EXPENSES									
Employee costs	7,360	7,670	7,852	8,087	8,331	8,581	8,838	9,104	9,377
Materials, contracts & other expenses	11,998	12,335	12,594	13,034	13,489	14,003	14,449	14,954	15,477
Depreciation	9,067	9,153	9,566	9,939	11,243	11,617	12,005	12,406	12,767
Finance Costs	260	378	551	472	445	417	389	363	332
Total Expenses	28,685	29,536	30,563	31,532	33,508	34,618	35,681	36,827	37,953
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(2,524)	(3,214)	(2,807)	(2,444)	(2,863)	(2,411)	(1,795)	(1,124)	(327)
Net gain/(loss) on disposal or revaluations	242	40	10	10	10	10	10	10	10
Amounts specifically for new assets	1,015	1,156	1,077	699	721	744	768	793	818
Physical resources free of charge	0	0	500	0	600	0	600	0	650
NET SURPLUS/(DEFICIT)	(1,267)	(2,018)	(1,220)	(1,735)	(1,532)	(1,657)	(417)	(321)	1,151

Other Comprehensive Income

Changes in revaluation surplus - IPP&E	0	2,364	0	20,120	0	0	10,183	0	29,191
Total Other Comprehensive Income	0	2,364	0	20,120	0	0	10,183	0	29,191
TOTAL COMPREHENSIVE INCOME	(1,267)	346	(1,220)	18,385	(1,532)	(1,657)	9,766	(321)	30,342

Yorke Peninsula Council

LTFP - Office and Transport Renewal Acceleration 01/05/2014

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2014 Year 2 \$('000)	2015 Year 3 \$('000)	2016 Year 4 \$('000)	2017 Year 5 \$('000)	2018 Year 6 \$('000)	2019 Year 7 \$('000)	2020 Year 8 \$('000)	2021 Year 9 \$('000)	2022 Year 10 \$('000)
<u>Receipts from Operating</u>									
Rates	17,955	18,992	20,129	21,339	22,623	23,989	25,442	26,986	28,627
Statutory Charges	378	450	465	481	499	517	535	554	573
User Charges	2,952	2,941	3,036	3,133	3,231	3,336	3,442	3,553	3,668
Grants, subsidies, contributions	3,950	3,318	3,424	3,534	3,647	3,763	3,883	4,007	4,136
Investment Income	153	121	186	69	94	36	0	0	0
Reimbursements	494	344	355	366	378	390	402	415	428
Other Income	275	156	161	166	171	176	182	188	194
<u>Payments from operating</u>									
Employee costs	(7,311)	(7,647)	(7,825)	(8,064)	(8,302)	(8,554)	(8,808)	(9,075)	(9,346)
Materials, contracts & other expenses	(12,011)	(12,251)	(12,597)	(13,000)	(13,459)	(13,969)	(14,414)	(14,925)	(15,441)
Finance Costs	(260)	(378)	(551)	(472)	(445)	(417)	(389)	(363)	(332)
Net Cash provided by (or used in) Operating Activities	6,575	6,046	6,783	7,552	8,437	9,267	10,275	11,340	12,507
<u>Receipts from Investing</u>									
Amounts Specifically for New/Upgraded Assets	1,015	1,156	1,077	699	721	744	768	793	818
Sale of Renewed/Replaced Assets	432	280	160	160	160	160	170	170	170
Sale of Surplus Assets	0	0	0	0	0	0	0	0	0
<u>Payments for Investing</u>									
Expenditure on Renewal/Replacement of Assets	(5,183)	(6,733)	(7,301)	(5,528)	(7,586)	(8,273)	(8,925)	(9,476)	(9,325)
Expenditure on New/Upgraded Assets	(2,881)	(4,866)	(2,275)	(1,959)	(2,269)	(2,443)	(2,577)	(2,722)	(2,875)
Net Cash Provided by (or used in) Investing Activities	(6,617)	(10,163)	(8,339)	(6,628)	(8,973)	(9,812)	(10,564)	(11,235)	(11,212)
<u>Receipts from Financing</u>									
Proceeds from Borrowings	0	6,000	0	0	0	0	0	0	0
<u>Payments for Financing</u>									
Repayments of Borrowings	(748)	(805)	(510)	(484)	(473)	(499)	(524)	(536)	(528)
Net Cash provided by (or used in) Financing Activities	(748)	5,195	(510)	(484)	(473)	(499)	(524)	(536)	(528)
Net Increase/(Decrease) in cash held	(790)	1,078	(2,066)	440	(1,009)	(1,044)	(813)	(431)	767
Opening cash, cash equivalents or (bank overdraft)	2,962	2,172	3,250	1,184	1,624	614	(429)	(1,243)	(1,674)
Closing cash, cash equivalents or (bank overdraft)	2,172	3,250	1,184	1,624	614	(429)	(1,243)	(1,674)	(907)

Yorke Peninsula Council

LTFP - Office and Transport Renewal Acceleration 01/05/2014

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2014 Plan Year 2 \$('000)	2015 Plan Year 3 \$('000)	2016 Plan Year 4 \$('000)	2017 Plan Year 5 \$('000)	2018 Plan Year 6 \$('000)	2019 Plan Year 7 \$('000)	2020 Plan Year 8 \$('000)	2021 Plan Year 9 \$('000)	2022 Plan Year 10 \$('000)
Operating Revenues	26,161	26,322	27,756	29,088	30,645	32,207	33,886	35,703	37,626
<i>less Operating Expenses</i>	28,685	29,536	30,563	31,532	33,508	34,618	35,681	36,827	37,953
Operating Surplus/(Deficit) before Capital Amounts	(2,524)	(3,214)	(2,807)	(2,444)	(2,863)	(2,411)	(1,795)	(1,124)	(327)
Less: Net Outlays on Existing Assets									
Capital Expenditure on Renewal/Replacement of Existing Assets	5,183	6,733	7,301	5,528	7,586	8,273	8,925	9,476	9,325
<i>less Depreciation, Amortisation & Impairment</i>	9,067	9,153	9,566	9,939	11,243	11,617	12,005	12,406	12,767
<i>less Proceeds from Sale of Replaced Assets</i>	432	280	160	160	160	160	170	170	170
	(4,316)	(2,700)	(2,425)	(4,571)	(3,817)	(3,504)	(3,250)	(3,100)	(3,612)
Less: Net Outlays on New and Upgraded Assets									
Capital Expenditure on New/Upgraded Assets	2,881	4,866	2,275	1,959	2,269	2,443	2,577	2,722	2,875
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,015	1,156	1,077	699	721	744	768	793	818
<i>less Proceeds from Sale of Surplus Assets</i>	0	0	0	0	0	0	0	0	0
	1,866	3,710	1,198	1,260	1,548	1,699	1,809	1,929	2,057
Net Lending / (Borrowing) for Financial Year	(74)	(4,224)	(1,580)	867	(593)	(606)	(354)	47	1,228

KEY FINANCIAL INDICATORS	2014 Plan Year 2	2015 Plan Year 3	2016 Plan Year 4	2017 Plan Year 5	2018 Plan Year 6	2019 Plan Year 7	2020 Plan Year 8	2021 Plan Year 9	2022 Plan Year 10
Operating Surplus / (Deficit) - \$'000	(2,524)	(3,214)	(2,807)	(2,444)	(2,863)	(2,411)	(1,795)	(1,124)	(327)
Operating Surplus Ratio - %	(14)%	(17)%	(14)%	(11)%	(13)%	(10)%	(7)%	(4)%	(1)%
Net Financial Liabilities - \$'000	1,523	5,743	7,323	6,456	7,051	7,653	8,008	7,960	6,731
Net Financial Liabilities Ratio - %	5.8%	21.8%	26.4%	22.2%	23.0%	23.8%	23.6%	22.3%	17.9%
Interest Cover Ratio - %	0.4%	1.0%	1.3%	1.4%	1.1%	1.2%	1.1%	1.0%	0.9%
Asset Sustainability Ratio - %	52%	68%	73%	53%	64%	68%	71%	73%	70%
Asset Consumption Ratio - %	62%	61%	60%	58%	57%	55%	55%	53%	52%

DIRECTOR CORPORATE AND COMMUNITY SERVICES

5. EXTERNAL AUDITORS LETTER

(File Ref: 9.14.1.6)

INTRODUCTION

A letter from Council's external auditors, Dean Newberry & Partners, regarding Council's obligations in relation to Australian Accounting Standards AASB 13 Fair Value Management, AASB 116 Property, Plant and Equipment and AASB 136 Impairment of Assets was received on 15 April 2014 and is attached.

RECOMMENDATION

That the external auditor's letter be received.

COMMENT

The external auditors have written to Council to outline Council's obligations and responsibilities in relation to accounting standards relating to the valuation of assets and the impact of these statements in relation to financial reporting at year end.

Council staff will discuss the contents of the letter with the external auditors and construct a work plan to ensure compliance.

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 and valuation of Council's assets.



Mr Andrew Cameron
Yorke Peninsula
PO Box 88
MINLATON SA 5575



Dear Andrew,

Re: Application of Australian Accounting Standard (AASB) 13 *Fair Value Measurement*

During our 2012/13 financial year, we communicated to all of our Local Government Council clients the need to ensure the appropriate review and planning for the introduction of the new requirements under AASB 13 as from the commencement of the 2013/14 financial year (i.e. applicable as from 1 July 2013).

Given AASB 13 is applicable from the commencement of the financial year, it is important that any and all valuations that are required to be completed (to ensure conformity with the new requirements under the new Standard) are undertaken with a valuation date effective as from 1 July 2013.

We also recommend that a review of all asset carrying values is undertaken as at the end of the financial year (i.e. 30 June 2014) to ensure that there is no material movement in the value of the asset as recorded in the Council's asset register that may require an adjustment as required by AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*. An adjustment to the carrying value of some assets at the end of the financial year may be necessary depending on the valuation method applied (i.e. Market Value, Depreciated Replacement Cost, etc.) and whether there has been any material capital works undertaken on the asset or movement in market value indicators.

Should you or any of your staff require any further information in relation to this matter, we would be pleased to discuss them.

Please provide a copy of this letter to your Council's Chief Financial Officer and a copy of this letter for your information has also been forwarded to your Council's Audit Committee for their information.

Yours sincerely

DEAN NEWBERY & PARTNERS


JIM KEOGH
Partner

P.8267 4777

E. jimkeogh@deannewbery.com.au

C. Council's Audit Committee

BUSINESS IMPROVEMENT OFFICER

6. 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 February 2014 – April 2014, key points are:

- Caravan Park Review has been completed;
- Fuel Management Review has been completed;
- Payroll review scoping has commenced.

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.

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 a demonstration will be provided to the Audit Committee.

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 (February 14 – April 14)

1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	Library & Caravan Parks Revenue	This audit will review the processes undertaken by Council to verify the revenue received from caravan park and library leases and charges.	Project Completed Final report included in Attachment A
2	Attractive Asset Review	Attractive assets to the Council include items such as mobile phones, laptops and artwork. This audit will focus on the processes to manage and secure attractive assets (particularly artworks) acquired by the Council.	Not Started Planned to commence in June 2014
3	Cash Management	This audit will assess compliance with relevant policies and procedures and assess key controls over the receipting and banking of cash at various locations.	Project Completed
4	Procurement Part 1 - Purchasing	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.	Project Completed
5	Financial Management - Payroll	Audit of the procedures and internal controls relating to the fortnightly processing of the payroll. Processes include new payroll additions, terminations, pay rate changes, payroll changes and deductions.	Project In Progress Fieldwork performed. Report will be presented at next Audit Committee
6	ICAC Preparedness (Accountability & Disclosure Audit)	A legal compliance review to assess whether all statutory reporting and disclosure requirements are being met.	Project Completed
7	Petty Cash and Till Floats	Regular spot check of petty cash and till floats. The objective is to ensure that staff with custodian of till floats and petty cash floats are aware of their responsibilities and are discharging those responsibilities efficiently and effectively.	Project Completed

2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
Fuel Management	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>	Project Completed Final report included in Attachment B

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 C:

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

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

**For Distribution:**

David Harding – Director, Corporate & Community Services
Bronwyn Scholes – Corporate Services Officer
Karen Schulz – Manager Financial Services

For Information:

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

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Executive Summary

Background

There are 19 caravan parks located in the Yorke Peninsula Council ("Council") area. Of these 19, there are three privately owned parks, five Council owned and managed parks (being Port Vincent Foreshore, Point Turton, Marion Bay, Yorketown and Black Point Caravan Park) and the remaining (11) are leased caravan parks. The majority of the leased parks are leased to local township Progress Associations, however there are a small number that are leased to businesses.

The approved 2014 Council Internal Audit Plan included a project relating to caravan park revenues. After discussions with Management, this project will focus on the leased caravan parks and the accuracy of associated revenue and costs.

Objectives & Scope

The objectives and scope of the review were to undertake the following:

1. Assess and test a sample of revenue received from leased caravan parks to ensure that revenue is in accordance with the relevant agreements for the past two financial years
2. Assess the controls in place to ensure that invoices for leased caravan parks are accurate and complete (in accordance with lease agreements)
3. Verify the controls in place to ensure that lease agreements are up to date and completed
4. Identify and document any variances in responsibility for costs across each the lease agreements (e.g. responsibility for water, electricity and insurance costs)
5. For a sample, ensure that Council has been appropriately reimbursed for relevant costs.

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 finding that rated as a Moderate risk against the Council's Risk Matrix (PR098 Risk Management Procedure).

1. Minlaton Caravan Park Lease Agreement

Internal audit identified two issues relating to the Minlaton Caravan Park lease agreement:

1. The original lease agreement states that the caravan park is responsible for water costs, however Council are currently incurring this expense (please refer to Appendix 1 for further calculations).
2. The caravan park is responsible for the calculation and payment of their own lease rent based on camping fees for the month (income from cabins and onsite vans income is not included in Minlaton's rent calculation). Council do not raise a debtor, rather the rent amount is receipted directly to the general ledger account when the lessee makes payment.

If Council is unable to verify the rent amount independently, there is a risk that the rent received from Minlaton Caravan Park is inaccurate or not received in a timely manner.

Consequence	Likelihood	Risk Level
Minor	Likely	Moderate

General Observations

The following observations were noted from testing:

1. A spreadsheet is maintained by the Property Tenure Officer includes current information of all lease agreements held by Council. Key information such as lease rent amounts and timeframes for rent reviews and rent increases.

This spreadsheet is used by Accounts Receivable to ensure that caravan park invoicing is accurate. An audit trail of rent increases is maintained within the Authority finance system.

2. All lease agreements reviewed were current; although some were in the format of an 'Agreement Letter' or 'Right of Renewal Letter'. This is due to Council waiting on Crown approval before lease documentation can be finalised.
3. Other than the issues identified within the Minlaton Caravan Park lease, all other lease agreements appear to be accurately invoiced according to the lease documentation. Refer to Appendix 2 for a matrix documented by Internal Audit identifying the responsibilities for cost.
4. Generally the leased Caravan Parks are providing an operating profit to Council, a detailed analysis of the income vs expenditure for the past five years for relevant Caravan Parks has been provided at Appendix 3 for information.

Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that the processes and controls relating to leased Caravan Park revenues are adequate. The recommendations included in Appendix 1 should be considered to strengthen the processes further.

I would like to thank Karen Schulz, Chloe Brown, Marilyn Mensforth, Bronwyn Scholes and Jill Anderson for their assistance and co-operation during the review.

Amanda Parkes

Business Improvement Officer

Email: amanda.parkes@yorke.sa.gov.au

Phone: 8832 0000

Appendix 1 – Detailed Findings

1.1 Minlaton Caravan Park Lease Agreement

Internal audit identified two issues relating to the Minlaton Caravan Park lease agreement:

1. The original lease agreement states that the Caravan Park is responsible for water costs, however Council are currently incurring this expense.
2. The Caravan Park is responsible for the calculation and payment of their own lease rent based on camping fees for the month (income from cabins and onsite vans income is not included in Minlaton's rent calculation). Council do not raise a debtor, rather the rent amount is receipted directly to the general ledger account when the lessee makes payment.

The original lease agreement was signed in 2002 and then a Deed of Assignment to new lessees was agreed to in 2009.

It is understood that the two arrangements noted above were made by a previous Director of Corporate and Community Services, although no documentation to reconcile these arrangements could be located. The current lease agreement is due to expire in June 2015.

The table below outlines the income vs expenditure for the Minlaton Caravan Park over the past 5 years (excluding depreciation):

	FY09	FY10	FY11	FY12	FY13
Income	5,543	5,580	7,160	8,288	6,652
Expenditure	7,615	13,960	8,289	20,270	25,690
Profit/(Loss)	(2,072)	(8,380)	(1,129)	(11,982)	(19,037)

In FY13, the water cost borne by Council was over \$16k, contributing significantly to the loss to Council for last financial year.

If Council is unable to verify the rent amount independently, there is a risk that the rent received from Minlaton Caravan Park is inaccurate or not received in a timely manner.

Consequence	Likelihood	Risk Level
Minor	Likely	Moderate

1.2 Recommendation

Management is aware of the issues surrounding the Minlaton Caravan Park lease agreement and in particular the need to renegotiate the current arrangements regarding water and rent calculations.

This should be addressed as part of the lease renegotiations to take place before June 2015.

1.3 Management Response

Management Response and Agreed Action: Agreed

Responsibility: Director Corporate & Community Services – David Harding

Due Date: 30 June 2015

2.1 Lack of consistency across Caravan Park lease agreements

There is no standardised agreement or contract for the leased caravan parks.

There are varying clauses relating to the way rental calculations are performed, expiry dates and responsibilities for costs.

In addition to the financial clauses, each of the agreement specifies things like fire regulations, plate insurance and the level of maintenance required by the Caravan Parks differently.

With numerous agreement clauses, rental calculation and various expiry dates, the process to manage lease agreements is more difficult and increases the risk of oversight.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

1.2 Recommendation

Where possible, it is recommended that Management considers standardising the lease agreements or majority of the clauses for leased caravan parks, to assist in the ongoing management.

Furthermore, the current lease spreadsheet should be imported into the new SharePoint application (when available) to ensure that key persons (i.e. Property and Accounts Receivable) are automatically notified when expiry date, rent reviews and rent increases are upcoming.

1.3 Management Response

Management Response and Agreed Action: The current lease spreadsheet will be incorporated into the SharePoint application to ensure automation of key dates; however it is not realistic to implement a standardised lease agreement across all parks. There are a number of lease agreements (Ardrossan, Price, Port Clinton, Coobowie, Edithburgh and Stansbury) that all have new or lease right of renewals in place which take the leases into the 2020 - 2030's.

If changes to theses leases are wanted so they are consistent, mutual negotiations can be conducted with the lessees at the time of each lease right of renewal.

Responsibility: Property Tenure Officer – Marilyn Mensforth

Due Date: 30 September 2014

Appendix 2 – Cost Responsibilities Matrix

Appendix 3 – Caravan Park Income vs Expenditure FY09 – FY13

The tables below provide information on income vs expenditure (excluding depreciation) comparison of the leased Caravan Parks for the past five years. Please note: Minlaton Caravan Park discussed in Finding 1.1 and Balgowan camping ground only commenced lease agreement in October 2013 therefore no comparison can be made.

ARDROSSAN	FY09	FY10	FY11	FY12	FY13
Income	25,673	29,476	31,355	32,267	34,308
Expenditure	14,980	22,485	10,031	15,839	15,663
Profit/(Loss)	10,694	6,991	21,325	16,428	18,645

PINE POINT	FY09	FY10	FY11	FY12	FY13
Income	2,077	2,077	2,245	2,369	3,915
Expenditure	3,589	2,845	2,049	5,578	2,108
Profit/(Loss)	(1,512)	(769)	197	(3,209)	1,807

PORT RICKABY	FY09	FY10	FY11	FY12	FY13
Income	26,000	31,862	53,929	42,729	60,330
Expenditure	11,210	10,824	31,231	26,508	34,290
Profit/(Loss)	14,790	21,038	22,699	16,221	26,041

PORT VICTORIA	FY09	FY10	FY11	FY12	FY13
Income	15,917	20,000	20,000	21,363	20,800
Expenditure	3,509	3,740	1,641	2,933	2,266
Profit/(Loss)	12,408	16,261	18,359	18,429	18,535

PRICE	FY09	FY10	FY11	FY12	FY13
Income	764	1,096	1,299	1,082	1,299
Expenditure	0	0	0	0	0
Profit/(Loss)	764	1,096	1,299	1,082	1,299

PORT CLINTON	FY09	FY10	FY11	FY12	FY13
Income	6,367	6,382	6,572	4,929	6,572
Expenditure	4,181	6,514	6,843	1,387	1,051
Profit/(Loss)	2,186	(132)	(270)	3,542	5,522

STANSBURY	FY09	FY10	FY11	FY12	FY13
Income				64,026	70,152
Expenditure				8,254	4,921
Profit/(Loss)	0	0	0	55,772	65,231

COOBOWIE	FY09	FY10	FY11	FY12	FY13
Income				23,660	23,953
Expenditure				9,385	7,442
Profit/(Loss)	0	0	0	14,275	16,511

EDITHBURGH	FY09	FY10	FY11	FY12	FY13
Income				31,763	34,594
Expenditure				7,875	5,128
Profit/(Loss)	0	0	0	23,888	29,466

Appendix 4 – 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.

**For Distribution:**

Andrew Cameron – Chief Executive Officer
David Harding – Director, Corporate & Community Services
Karen Schulz – Manager Financial Services

For Information:

Corporate Management Team (CMT)

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Executive Summary

Background

For the 2012/13 financial period ('FY13'), Yorke Peninsula Council ('Council') operated 166 major items of plant, equipment and fleet vehicles. For the same period, Council spent a total of \$869k on diesel and unleaded fuel to power these items of plant.

Council has six diesel bowzers at various locations across the Council area; one at each of the depots (Maitland, Minlaton, Warkooa and Yorketown), one at Balgowan Pitt and one at Stansbury for the patrol grader. In addition, there are unleaded bowzers at the Minlaton and Warooka depots.

In addition to the bowzers, Council has eight mobile tankers that travel with crews to work sites; three are allocated to the Warooka depot and five to Maitland.

For FY13, the cost associated with the supply of diesel and unleaded fuel to the bowzers and mobile tankers equated to approximately \$650k.

Over the past five years Council have had to process significant fuel loss write offs to account for differences between the:

- year-end depot inventory balance and
- the accounting year-end balance (which is calculated using the supplier purchase amounts and reported fuel usage throughout the year).

The total dollar value of fuel write off from FY09 to FY13 was \$176k (\$17k relating to FY13). In addition, after a preliminary analysis, Finance has estimated approximately \$10k of fuel will be written off for FY14.

Objectives & Scope

Due to a fuel loss adjustment required in FY13, the Chief Executive Officer requested that Internal Audit undertake a review of the fuel management processes.

The scope of the review included the processes associated with Council's depot fuel bowzers and mobile tankers. Specifically, the following areas:

- Process for recording fuel usage
- System for recording the supplier fuel purchases
- Fuel reconciliation procedures
- Physically observing the depot and tanker fuel dip process.

The scope period was limited to October 2013 to February 2014 as a new system for recording and reconciling the fuel data was implemented by the Financial Accountant in October 2013.

This review *did not* cover fuel cards which are generally attached to Council fleet vehicles.

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). In addition, a workflow diagram depicting the process and the potential risks and controls is included at Appendix 3.

1. Fuel sheets	<p>Testing identified a number of issues with the fuel sheet process:</p> <ul style="list-style-type: none">▪ Council relies on employees manually ensuring that the fuel sheets are completed, usage is recorded accurately and the sheets are sent to finance in a timely manner.▪ There is no standard fuel sheet template. Over the years, each location has altered the fuel sheet to suit their needs; however the differing recording methods make it difficult to interpret by Finance.▪ There is no sign off on fuel sheets for those recording usage or evidence of review / approval of the summation each fortnight. <p>Ongoing discrepancies (as highlighted in the background section) and continual follow up required to investigate issues verified that the manual process is not</p>
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operating effectively.

With the high reliance on manual controls, there is a risk that fuel usage and fuel sheets are not being recorded accurately.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

2. Fuel reconciliation spreadsheet

Testing identified a number of issues relating to the fuel reconciliation spreadsheet:

- To update the spreadsheet, information is required from a number of sources and is then manually updated. The spreadsheet contains numerous formulas, data links and important usage and dip reading information.
- The spreadsheet is not independently reviewed by Management and the update and follow up process is time intensive on the Financial Accountant.

With the high reliance on manual input and no independent review of the integrity of the spreadsheet, there is an increased risk of error associated with the fuel reconciliation process.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

3. Fuel readings dip

Testing identified that the validity and accuracy of dip readings can be impacted due to a number of factors such as:

- The depot staff and operators are generally the personnel undertaking the fuel dip readings; therefore this is not an independent stocktake.
- The fuel dip measure used at the Council depot bowzers is on a 100 litre scale, therefore quantities in between 100 litres requires an estimate.
- Some of the mobile tankers and bowzers located outside of the depots are in poor condition and is not capable of providing accurate readings.
- Fuel expansion and contraction can occur due to temperature changes; with manual dip readings this cannot be accounted for.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that the fuel management process for bowzers and mobile tankers, needs significant improvement and the recommendations included in Appendix 1 should be considered.

I would like to thank Karen Schulz, Chloe Brown, Ian Mordaunt and Guido Varricchio for their assistance and co-operation during the review.

Amanda Parkes

Business Improvement Officer

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Appendix 1 – Detailed Findings

1.1 Fuel sheets

Each time fuel is taken from a depot bowser or mobile tanker, a fuel sheet should be completed to record the litre quantity taken against the specific plant number. On a fortnightly basis, the fuel sheets are tallied, the fuel dip reading is recorded and the information sent to the Financial Accountant.

Testing identified a number of issues with the fuel sheet process, as outlined below:

- Council relies on employees to ensure that the sheets are completed, usage is recorded accurately and the fuel sheets are sent to finance in a timely manner.
- There is no standard fuel sheet template. Over the years, each location has altered the fuel sheet to suit their needs and vehicles; however the differing recording methods make difficult to interpret by Finance.
- There is no sign off on fuel sheets for those recording usage or evidence of review / approval of the summation each fortnight.

Ongoing discrepancies (as highlighted in the background section) and continual follow up required to investigate issues verified that the manual process is not operating effectively.

With the high reliance on manual controls, there is a risk that fuel usage and fuel sheets are not being recorded accurately.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

1.2 Recommendation

1. Finance develops a standard fuel sheet template that is to be used by all location, with all the information that is required including the plant numbers. A requirement for approval / initial each time fuel is taken and overall approval by Supervisor / Manager for the end of each fortnight. In addition, a memo or training process is included to ensure that operators are aware of the importance of accurate recording processes.

2. Council should consider automating the current fuel management process. This would require an overhaul of the current equipment and processes in place.

There are automated swipe card or i-button systems now available that would assist in addressing all of the findings raised as part of this report.

The key benefits of an automated system include:

- Bowsers cannot be used unless authorised by a swipe card or i-button issued for each vehicle or item of plant
- System automatically records all issuance of fuel and what vehicle it was dispensed to
- An automated tank gauge located within each of the tanks also records all issuance of fuel
- The tank gauge also measures and records all supplier drops
- The gauge also maintains a constant dip measure for up to date inventory levels, with compensating adjustments for possible fuel expansion and contraction due to ambient temperature changes
- The combination of all aspects ensures full reconciliation of all fuel transactions and fuel inventory
- Access to all information is available real time and can be accessed remotely by Finance and Assets & Infrastructure at any time
- The system has in built alerts and checks that will identify any fuel that has not gone through the bowser, which would highlight potential leaks or fuel pilfering

A cost / benefit analysis and business case of implementing an automated system for fuel issuance should be considered by the Corporate Management Team.

1.3 Management Response

Management Response and Agreed Action:

1. Agreed, a standard fuel sheet template will be developed (if it is considered that the current system will not be overhauled with an automated system).
2. Information and costs associated with Fuel Management Systems will be sourced by CMT and considered against the needs for accurate fuel records and risks of fuel leakage and pilfering.

Responsibility:

1. Financial Accountant – Chloe Brown
2. Director Corporate & Community Services – David Harding

Due Date:

1. 31 December 2014
2. 30 September 2014

2.1 Fuel reconciliation spreadsheet

The fuel reconciliation spreadsheet is maintained by the Financial Accountant on a monthly basis. The reconciliation spreadsheet for each location attempts to:

1. Calculate fuel usage for each month from the bowzers and mobile tankers (i.e. final dip reading from previous month + supplier purchases (drops) – usage recorded on fuel sheets for the month)
2. Compare this litre amount to the end of month dip reading taken at each location.
3. These two figures should equal, however the process will identify discrepancies that require investigation and follow up

Testing identified a number of issues relating to the update of the fuel reconciliation spreadsheet:

- The spreadsheet update process relies on a number of information sources and is then updated manually with this information. The spreadsheet contains numerous formulas, data links and important usage and dip reading information.
- The spreadsheet is not independently reviewed and the update and follow up process is time intensive on the Financial Accountant.

With the high reliance on manual input and no independent review of the integrity of the spreadsheets, there is an increased risk of error associated with the fuel reconciliation process.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

2.2 Recommendation

1. It is recommended that the fuel reconciliation spreadsheet is saved in a secure location on the network with limited access. Furthermore, formulas and linkages (where possible) are locked with a password.
2. The Finance Manager should formally review the fuel reconciliation spreadsheet each month and results (where major discrepancies are found) should be reported to the Corporate Management Team.
3. Refer to recommendation Number 2 in Finding 1.1. Where fuel data is extracted from an automated system, the need for the fuel reconciliation spreadsheet and the manual data entry will not be necessary, significantly decreasing the risk of error.

2.3 Management Response

Management Response and Agreed Action:

1. Agreed
2. Agreed

Responsibility:

1. Financial Accountant – Chloe Brown
2. Manager, Financial Services - Karen Schulz

Due Date:

1. 30 September 2014
2. 30 September 2014

3.1 Fuel dip reading

On a fortnightly basis, operators at the depots or mobile tankers are required to perform a physical dip stick reading and record this on the fuel sheet for reconciliation purposes. Testing identified that the validity and accuracy of dip readings can be impacted due to a number of factors being:

- The depot staff and operators are generally the personnel undertaking the fuel dip readings; therefore this is not an independent stocktake.
- The fuel dip measure used at the Council depot bowzers is on a 100 litre scale, therefore quantities in between 100 litres requires an estimate.
- Fuel expansion and contraction can occur due to temperature changes; with manual dip readings this cannot be accounted for.
- Some of the mobile tankers and bowzers located outside of the depots are in poor condition and not capable of providing accurate readings (refer to photo of the bowser located at Stansbury below, which shows the current state of the bowzers and the fuel measurement tool).



Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

2.2 Recommendation

It is recommended that:

1. An independent fuel dip reading is performed on a six monthly basis by the Financial Accountant to verify the inventory.
2. Refer to recommendation Number 2 in Finding 1.1

3.3 Management Response

Management Response and Agreed Action:

1. Agreed

Responsibility:

1. Financial Accountant – Chloe Brown

Due Date:

1. 30 September 2014

4.1 Fuel supplier purchases

The Fuel Supplier makes regular fuel drops to the Council's bowzers and mobile tankers. Council is unable to confirm the exact litres supplied by the Fuel Supplier as the current bowser and tank equipment are not able to record this. There is a risk that potential inaccurate fuel drops are inflating Council costs, as Council is unable to independently verify fuel amounts dropped.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

4.2 Recommendation

The only way for Council to confirm the amount supplied from the Fuel Supplier is to implement new equipment that is capable of recording the amounts dropped (as referred to in recommendation Number 2 in Finding 1.1).

4.3 Management Response

Management Response and Agreed Action: Refer above

Responsibility: Refer above

Due Date: Refer above

5.1 Fuel supplier documentation

After depositing fuel at each location, the Fuel Supplier provides a copy of the delivery docket to a Council employee and emails an invoice to the Accounts Payable Officer.

The Accounts Payable Officer uses the individual invoices to reconcile to a monthly Supplier statement for payment.

It was noted that although the documentation is received by various Council employees the information is not provided in a timely manner or not provided at all to the Financial Accountant. The delivery docket and the Supplier invoices are crucial to the accuracy and timeliness of the fuel reconciliation and should all be forwarded to the Financial Accountant as soon as possible.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

5.2 Recommendation

The following is recommended:

1. That Records send any information received from the Fuel Supplier directly to the Financial Accountant
2. An email and memo is sent to depot employees to request that any delivery docket received is forwarded onto the Financial Accountant immediately for processing.

5.3 Management Response

Management Response and Agreed Action:

1 & 2. Agreed

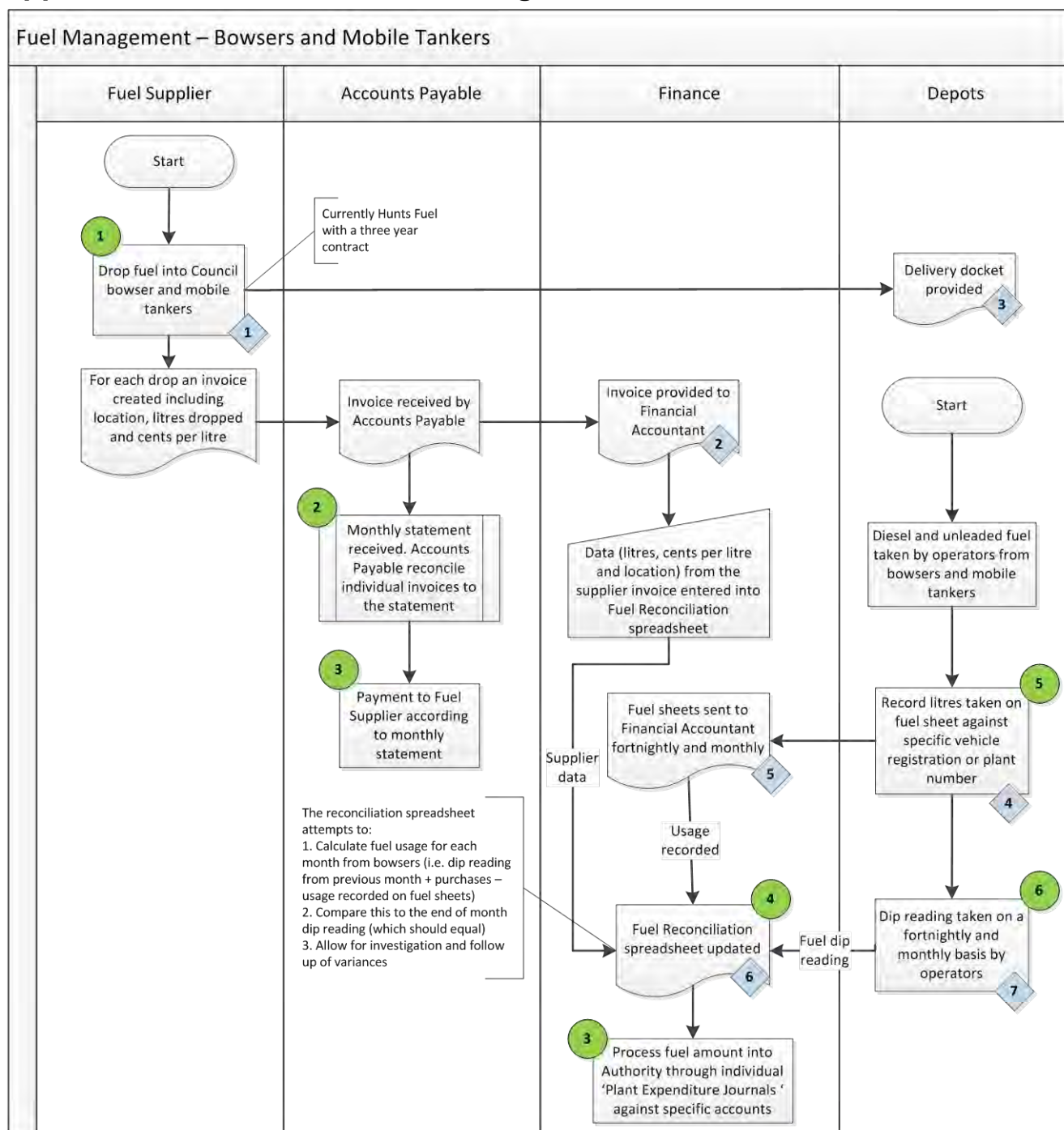
Responsibility:

1 & 2. Financial Accountant – Chloe Brown

Due Date:

1& 2. Completed

Appendix 2 – Workflow Process Diagram



Risks / Potential Issues

1. Council can not confirm the amounts dropped by the supplier as current equipment can not record this.
2. Supplier invoices are not always supplied in a timely manner to the Financial Accountant, affecting the accuracy of the monthly reconciliation.
3. The Financial Accountant does not receive a copy of the delivery docket (there are situations where delivery is to a mobile tanker and the supplier is unable to provide a delivery docket).
4. A manual process that relies on employees to ensure that the fuel sheets are completed, usage is recorded accurately and the fuel sheets are sent to finance in a timely manner
5. There is no standard fuel sheet used, each location has altered the fuel sheet to suit their needs, however the differing recording methods can make it harder to interpret by Finance. Furthermore, there is no sign off on fuel sheets for those recording usage or overall approval.
6. The fuel reconciliation spreadsheet is updated manually and contains numerous formulas, data links and important usage and dip reading information. The spreadsheet is not independently reviewed and the update and follow up process is time intensive on the Financial Accountant.
7. The accuracy of dip readings can be impacted due to a number of factors being: A) The dip measurement is not independent of those issuing and recording usage. B) The dip stick measure is to scale of 100L, therefore quantities in between that scale requires an estimate. C) Fuel expansion and contraction can occur due to temperature; with manual dip readings this can not be accounted for. D) The poor state of some of the fuel equipment does not allow for an accurate reading.

Controls

1. A three year contract for fuel supply was tendered and a standing purchase order is approved in OLR for the fuel purchases
2. Monthly supplier statements are reconciled before payment is made
3. Fuel expenditure is reviewed as part of the monthly budget review process.
4. The fuel reconciliation spreadsheet is a key control that attempts to reconcile the fuel usage (including purchases and operators records) to the actual inventory on hand (dip readings).
5. Fuel sheets are completed by operators recording the quantity of fuel taken.
6. Dip reading are performed fortnightly and monthly to identify current stocks levels.

Appendix 3 – 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.



Implementation of Agreed Actions

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

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

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

1. Internal Audit Activities

Water Recovery Charges Review – June 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Usage Invoicing Spreadsheet	An independent review of the Water Supply Invoicing spreadsheets will be performed by Internal Audit after each roll over to ensure completeness and accuracy of the process.	Business Improvement Officer and DCCS	1/03/14	N/A	Future Dated	This will be incorporated with the new Accounts Receivable Officer and redeveloping the AR processes, commencing in May

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: <ul style="list-style-type: none"> 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.

Accountability and Disclosure Audit – October 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Development Assessment Panel Members receive "refresher" conflict of interest training	CEO and the Governance Officer will present an information session at an Development Assessment Panel meeting to remind Members: <ul style="list-style-type: none"> Of their responsibilities relating to conflict of interest On details required to be completed within the Ordinary Returns forms. 	Governance Officer	31/03/14		Completed	This was incorporated into the ICAC training on the 22/4/14.
2. 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		Completed	Report to May Council meeting for endorsement of updated Gifts and Benefits policy.
3. Council ensures that the Gifts and Benefits policy is consistent with the Codes of Conduct for Council members and Council staff	Current staff Code of Conduct to be reviewed once gazetted policy is released.	Governance Officer	31/03/14		Completed	Report to May Council meeting for endorsement of updated Gifts and Benefits policy.
4. 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		Completed	Report to May Council meeting for endorsement of Fraud and Corruption policy.
5. 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"> general purchasing tendering and suppliers contract management. 	Governance Officer	30/06/15		In Progress	Refer to comments under the Purchasing Review performed in February 2014 below.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
6. 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.	DC&CS	30/06/14	30/12/14	In Progress	DC&CS prepared a report to Council in March 2013 to recommend the restructuring of the Section 41 Yorketown Caravan Park Committee. Actions are now in place to hand over the Caravan Park to the Progress Association.
7. Give consideration of a central records management system that will also capturing emails to and from Elected Members	A centralised electronic records management system will be considered as part of the FY15 budget.	CEO	30/06/15		In Progress	The IT Manager has started investigations of potential records management systems. The IT Manager has visited a number of other Councils to review and assess their electronic records management systems.

Procurement, Part 1 Purchasing – February 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Purchase of Goods and Services Policy Risk Level High	A Project Team to address procurement issues has been established and the project will commence in March 2014. Draft procurement policies have been sought from the LGA and will be implemented as necessary.	Governance Officer	30/06/15	30/09/14	In Progress	Revised due date as this action will focus on the development and implementation of the policy. The Project Team has been identified to review procurement processes across Council. A project meeting was held in March and draft Procurement Policy has been developed for review by CMT.
2. Budget allocation Risk Level Moderate	Investigation with Civica will be undertaken to assess: <ul style="list-style-type: none"> 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 Risk Level 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		Completed	A process has been implemented whereby the Manager Financial Services receives an audit trial report once a month and performs a review back to supporting documentation.
4. Timing of raising of requisitions Risk Level 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		Completed	This will be incorporated into the procurement project.
5. Outstanding Purchase Orders Risk Level Low	A review process will be initiated at least twice a year and those orders no longer required are followed up and cancelled.	Manager Financial Services	30/06/14		Future Dated	N/A

Leased Caravan Parks Review – March 2014

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

Fuel Management Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Fuel Sheets Risk Level High	1. Agreed, a standard fuel sheet template will be developed (if it is considered that the current system will not be overhauled with an automated system). 2. Agreed the Director Corporate & Community Services will source system information and costs to be considered by CMT	1. Financial Accountant 2. DC&CS	31/12/14 30/09/14		Future Dated Future Dated	N/A
2. Fuel reconciliation spreadsheet Risk Level Moderate	1. The fuel reconciliation spreadsheet will be saved in a secure location on the network with limited access. Where possible formulas and linkages will be locked with a password. 2. The Finance Manager should formally review the fuel reconciliation spreadsheet each month and results (where major discrepancies are found) should be reported to the Corporate Management Team.	1. Financial Accountant 2. DC&CS	31/12/14 30/06/14		Future Dated Future Dated	N/A

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
3. Fuel dip reading Risk Level Moderate	An independent fuel dip reading is performed on a six monthly basis by the Financial Accountant to verify the inventory.	Financial Accountant	30/09/14		Future Dated	N/A
4. Fuel supplier purchases Risk Level Low	Refer fuel sheets agreed action above (automated system)	Refer above	Refer above		Refer above	Refer above
5. Fuel supplier documentation Risk Level Low	1. That Records send any information received from the Fuel Supplier directly to the Financial Accountant 2. An email and memo is sent to depot employees to request that any delivery docket received is forwarded onto the Financial Accountant immediately for processing.	Financial Accountant	30/04/14		Completed	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"> - Reviewing other Councils using the Authority application and their accounting and finance procedures - Collating the manual
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
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.	Governance Officer	30/06/15		Future Dated	Refer to finding comments within the recent Part 1 – Purchasing review.

3. External Audit Activities

March 2013 Half Year Management Letter

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Asset Management Plans	Council's Transport Asset Management Plan will be updated to reflect the results of the condition inspection and revaluation of assets. Once the Asset Management Plan has been updated, recommend Council updates the Long Term Financial Plan (LTFP) with updated capital works and depreciation forecasts.	Manager Assets	31/12/13	30/06/14	In progress	Please refer to 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.

ASSET MANAGER

7. ASSET MANAGEMENT UPDATE

(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

Installation and Implementation of an Asset Management Software system.

Conquest, with support from Tonkin Consulting, has been selected as the software system to manage Council's assets.

A staging plan has been developed in conjunction with Tonkin Consulting to populate the system, with the transport asset group being the first priority.

The following is currently being undertaken to develop the Transport Register in Conquest:

- Road lengths are being confirmed and cross checked against Grants Commission data
- All roads are being segmented;
 - High Use unsealed – approximately 1km
 - Medium Use unsealed – approximately 2km
 - Low Use unsealed – approximately 3km
 - Rural sealed – approximately 1km
 - Township – various lengths depending on township
- Footpath and Kerbing lengths are being reviewed
- Footpath and Kerbing are being segmented to match township segments
- Data Collection procedure is being developed
- Wear rates are being developed for Low Use unsealed roads
- Review of Useful Lives and Unit Rates
- A Spatial Register is being developed

A revaluation of Transport Infrastructure will be undertaken in early June.

Development of the Building and CWMS/Water Registers has also commenced with discussions being held between Council staff and Tonkin Consulting.

Transport Infrastructure Condition Assessment Survey

ARRB have undertaken the data collection of Council's Transport infrastructure as per the Scope of Works for this project. The data is currently being assessed and will be applied to each segment that has been created.

Council staff are currently in the process of undertaking coring of High and Medium unsealed roads to determine an approximate sheeting depth for each segment. Coring is undertaken in three locations per segment to determine an average depth. This data will be added to the ARRB data to assist with the condition assessment of each segment of road.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN
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Local Government Act 1999, Chapter 8

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Not applicable.