



## Yorke Peninsula Council

### NOTICE OF MEETING

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

#### **AUDIT COMMITTEE**

will be held on Wednesday 23<sup>rd</sup> September 2015

in the Minlaton Council Chamber,

57 Main Street, Minlaton commencing at 3pm

David Harding  
DIRECTOR CORPORATE AND  
COMMUNITY SERVICES

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## A G E N D A

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

- 1.1    Welcome by Chairperson
- 1.2    Present
- 1.3    Apologies/Leave of Absence
- 1.4    Minutes of previous meeting – for confirmation:  
Audit Committee meeting held on 24<sup>th</sup> June 2015.
- 1.5    Questions without Notice

## 1.1 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 2015 Work Plan                                | pages 3-6     |
| 2. External Audit Management Letter June 2015                    | pages 7-18    |
| 3. External Audit update September 2015 <i>Verbal update</i>     |               |
| 4. Internal Audit Activity Report                                | pages 19-62   |
| 5. Internal Controls Project Update                              | pages 63-70   |
| 6. Internal Controls Proposed Schedule                           | pages 71-80   |
| 7. Proposed Implementation Review of the Asset Management System | pages 81-82   |
| 8. Asset Management Update                                       | pages 83-84   |
| 9. Asset Revaluations Review                                     | pages 85-155  |
| 10. Risk Management Report                                       | pages 156-171 |
| 11. Long Term Financial Plan Update                              | pages 172-174 |
| 12. Policy Reviews   | pages 175-205 |

## **ITEM 3      GENERAL BUSINESS**

## **ITEM 4      NEXT MEETING**

Minlaton Council Chamber - Date and Time to be determined.

## **ITEM 5      CLOSURE**

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **1. AUDIT COMMITTEE 2015 WORK PLAN**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To consider the proposed 2015 Audit Committee Work Plan.

#### **RECOMMENDATION**

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

#### **LINK TO STRATEGIC PLAN**

Key Theme/s:	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management
Strategic Goal/s:	2.1 Financially sustainable organisation 2.3 Meet all legislative and compliance responsibilities 2.4 Effective Risk Management

#### **BACKGROUND**

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 the Chief Executive Officer in relation to these matters.

#### **DISCUSSION**

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 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.

Changes to be endorsed include:

- Internal Controls Proposed Schedule added to September meeting.
- Proposed Implementation Review of the Asset Management System added to September meeting.
- EDRMS update moved to October Meeting.

- Review 2014-2015 Financial Statements moved to October meeting.

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Corporate and Community Services
- Manager Financial Services
- Business Improvement Officer
- Asset Manager
- Risk Manager

In preparing this report, the following External Parties were consulted:

- Independent Members of Audit Committee

#### **POLICY IMPLICATIONS**

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8.

#### **BUDGET AND RESOURCE IMPLICATIONS**

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 risk to Council.

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

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

#### **ATTACHMENTS**

**Attachment 1:** 2015 Work Plan

**YORKE PENINSULA COUNCIL AUDIT COMMITTEE  
2015 WORK PLAN**

Meeting	Item	Comments
<p>Wednesday 11<sup>th</sup> February</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Approve new Audit Committee Work Plan</li> <li>• Interim External Audit Date</li> <li>• Internal Audit Activity Report</li> <li>• Internal Controls Project Update</li> <li>• Review Final Audit Letter</li> <li>• Risk Management Update</li> <li>• Long Term Financial Plan update</li> <li>• 2015/2016 Budget Timetable</li> <li>• Second Quarter 14/15 Budget Review</li> <li>• Asset Management Update</li> <li>• EDRMS System Update</li> <li>• Audit Committee Self-Assessment Draft</li> </ul>	<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>Completed</p>
<p>Wednesday 27<sup>th</sup> May</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Review draft Annual Business Plan</li> <li>• 2015/2016 Budget Update</li> <li>• Third Quarter 14/15 Budget Review Update</li> <li>• LTFP Update</li> <li>• 2015/2016 Capital Budget Update</li> <li>• Internal Audit Activity Report</li> <li>• Internal Controls Project Update</li> <li>• Asset Revaluation Requirements update</li> <li>• Asset Management Update</li> <li>• Risk Management Update</li> <li>• Interim External Audit Update - Verbal</li> </ul>	<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>Wednesday 24<sup>th</sup> June</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Endorse Annual Business Plan &amp; 2015/2016 Budget</li> <li>• Verbal Interim External Audit Visit Update</li> <li>• LTFP Update</li> <li>• Rates Options 2015-2016 Update</li> <li>• Internal Audit Activity Report</li> <li>• Asset Management Update</li> <li>• Risk Management Update</li> <li>• Approve FY16 Internal Audit Plan</li> </ul>	<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>Wednesday 23<sup>rd</sup> September</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• External Audit Letter June 2015</li> <li>• External Audit update September 2015 visit</li> <li>• LTFP Update</li> <li>• Internal Audit Activity Report</li> <li>• Internal Controls Project Update</li> <li>• Internal Controls Proposed Schedule</li> <li>• Proposed Implementation Review of the Asset Management System</li> <li>• Asset Management Update</li> <li>• Review Required Asset Revaluations</li> </ul>	

	<ul style="list-style-type: none"> <li>• Risk Management Update</li> </ul>	
<p>Wednesday 28th October</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Review 2014-2015 Financial Statements</li> <li>• Recommendation to Council regarding 2014/2015 Financial Statements</li> <li>• Recommendation to Council regarding First Quarter 15/16 Budget Review</li> <li>• Asset Management Update</li> <li>• Risk Management Update</li> <li>• Internal Audit Activity Report</li> <li>• EDRMS System Update</li> </ul>	
<p>Wednesday 9<sup>th</sup> December</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Receive Final Financial Statements and Auditors Report to Council</li> <li>• Receive June 2015 Budget Review</li> <li>• Receive First Quarter 14/15 Budget Review</li> <li>• Review 2015 Audit Committee Work Plan</li> <li>• Consider 2016 Audit Committee Work Plan Draft</li> <li>• LTFP Update</li> <li>• Asset Management Update</li> <li>• Risk Management Update</li> <li>• Internal Audit Activity Report</li> <li>• Internal Controls Project Update</li> </ul>	

**As required:**

- Policy Reviews
- Asset Management Plan Endorsements

## **MANAGER FINANCIAL SERVICES**

### **2. EXTERNAL AUDIT MANAGEMENT LETTER AND DRAFT RESPONSE**

(File Ref: 9.14.1.6)

#### **PURPOSE**

For the Audit Committee to review the interim audit management letter and response by management.

#### **RECOMMENDATION**

That the External Audit Management letter from Dean Newbery and Partners be received and the Audit Committee endorse the draft response.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management

Strategic Goal/s: 2.1 Financially sustainable organisation  
2.3 Meet all legislative and compliance responsibilities  
2.4 Effective Risk Management

#### **BACKGROUND**

Every year, as part of the annual audit program, Council's external auditors visit Council's offices ahead of the production of the Annual Financial Statements. This visit forms an integral part of the annual audit program and also serves to identify any likely issues prior to the preparation of the Annual Financial Statements and their end of year final audit visit.

#### **DISCUSSION**

Dean Newbery and Partners audit team visited Council on the 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> May 2015.

As part of their 2014/2015 Audit Program the audit team undertook reviews in several areas including:

- Revaluation of Community Wastewater Management System Assets
- Revaluation of Stormwater Assets
- Review of Transportation Infrastructure Assets
- 2014/2015 Rates Generation
- Property Database Master File
- Payroll sample transaction testing
- Employee leave accruals
- Electronic Funds Transfer processes and controls
- Accounts Payable sample transaction testing

- Council tender processes
- Procurement policies
- General Ledger account reconciliations
- Internal Controls
- Asset Management procedures

A copy of the correspondence received is attached.

Council staff have prepared draft responses to all issues and comments made in the draft External Audit Management letter – these responses are included in the attachment.

## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Manager Financial Services
- Director Corporate and Community Services

In preparing this report, the following External Parties were consulted:

- Nil

## **POLICY IMPLICATIONS**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Audit Committee Terms of Reference

Division 4. Local Government Act 1999 – Audit.

## **BUDGET AND RESOURCE IMPLICATIONS**

External audit contract costs are included in the 2015-16 adopted budget.

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

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

## **ATTACHMENTS**

**Attachment 1:** External Audit Management Letter from Dean Newbery and Partners including Council response



## External Audit Management Report

Financial Year Ended 30 June 2015

June 2015



26 June 2015

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

Dear Mayor Agnew

**RE: External Audit Management Letter - Financial Year Ending 30 June 2015**

Our audit team recently attended Council's offices to undertake the first audit attendance in relation to the 2014/15 financial year audit of your Council.

Our commentary and audit recommendations arising from our audit attendance are outlined in the attached report for your consideration.

Please note that all matters raised in the attached report have been discussed with the Administration prior to being issued and responses provided by the Administration to audit matters raised have been included.

Please contact me on 8267 4777 or [jimkeogh@deannewbery.com.au](mailto:jimkeogh@deannewbery.com.au) if you require any additional information on matters raised above.

Yours sincerely

**DEAN NEWBERY & PARTNERS**

**Jim Keogh**  
**Partner**

C. Chief Executive Officer  
C. Audit Committee

## Detailed Findings

Item	Area	Comment and Audit Recommendations	Management's Response
1.	Council Rates – Non-rateable Properties	<p>There was no evidence of the Council non-rateable property listing being reviewed by an employee independent of the Rates Department for the 2014/15 financial.</p> <p>This is an important control to over raising of annual rates and we recommend that a formal review of the Council non-rateable properties listing is undertaken by an employee independent of the Rates Department staff and that evidence of this review is retained by way of a signature.</p> <p>We also recommend that a formal reconciliation of Council properties appearing in the non-ratable property listing to the Council's Land and Buildings asset registers is prepared. We requested to be informed of any discrepancies identified by the Administration during this reconciliation process.</p>	<p>A Non Rateable Property Listing is printed out as part of the annual rates raising process. An internal procedure will be defined which details:</p> <ul style="list-style-type: none"> <li>a) A register of all non-rateable properties will be maintained, which will include all the property details and the reason it is non-rateable (i.e. what section of the LG Act it falls under to make it non-rateable)</li> <li>b) Any inclusions or exclusions from this register will be processed by the Senior Rates Officer (as the person responsible for maintaining the register) and be authorised and signed by the relevant Manager/Director</li> <li>c) The annual non-rateable listing to be provided to the Manager Financial Services as part of the annual rates raising process, for authorisation and signing.</li> <li>d) Manager Financial Services will arrange for reconciliation of Council properties appearing in the non-rateable property listing to Council's Land Buildings and Structures Asset Register and any discrepancies will be noted.</li> </ul>

Item	Area	Comment and Audit Recommendations	Management's Response
2.	Council Rates – Fines and Interest	<p>It was noted that a fines and interest exception report is not being produced and reviewed/authorised by an employee independent of the Rates Department on a regular basis.</p> <p>Recommend that investigation into the ability for the Authority software to produce a system generated report that shows all property assessments that have the fines and interest turned-off. This report should be produced just prior to the generation of interest and fines and formally reviewed by an employee independent of the Rates Department staff on a regular basis (e.g. quarterly review basis).</p>	<p>Whilst we do not presently have any assessments that are exempt from fines and interest, we will include this as an internal control that any assessments that are proposed to be exempt from fines and interest are to be approved and authorised by the Manager Financial Services. A register within Authority will be maintained of any assessments that are exempt and the reason they are exempt.</p> <p>Furthermore, the Senior Rates Officer will print out an exception report each month prior to the fines and interest being run to provide to the Manager Financial Services for checking and signing as part of the rates fine and interest raising process.</p>
3.	Council Rates – No Evidence of Rates Debtors Review	<p>Whilst it was discussed with the Manager Financial Services that the Rates Debtors Outstanding Reports are reviewed by both Manager Financial Services and Director Corporate &amp; Community Services on a semi-annual basis, there was no evidence of this review to demonstrate the existence of this internal control.</p> <p>We recommend that evidence of this review is retained (e.g. both officers signing and dating the report to acknowledge the review has been completed) to demonstrate that the review has been completed.</p>	<p>The Senior Rates Officer will undertake a trial balance on a monthly basis detailing the level of rates debtors outstanding and will provide the trial balance as well as a report from authority detailing the status of any rates debtors that are presently subject to debt recovery action. This report will be provided on a monthly basis for perusal and signing by the Manager Financial Services.</p>

Item	Area	Comment and Audit Recommendations	Management's Response
4.	Council Rates – Rates Journals	<p>It was noted that the authorisation of the rates journals is undertaken via a manual rates journal book. The rates journal numbers are assigned manually and are not a system generated number assigned by the Authority software.</p> <p>This presents an internal control weakness over the collection of rate revenue as rates journals could be processed, by the Rates Department staff, and if a journal is not manually recorded in the rates journal book, there are no controls in place to identify this. There is a risk that a journal could be processed in the Authority system however not recorded in the journal book which current internal controls would not detect.</p> <p>Recommend that Council investigates whether system controls can be implemented that ensures all rates journals are pre-numbered by the software system and all journals processed are sequentially recorded. This will eliminate the risks associated with manual processes whereby there is a risk that journals are not allocated the correct journal number in the rates book and Authority system or that journals are potentially missed from being recorded in the rates book.</p>	The IT Department are currently investigating whether it is possible to implement system issued automatic journal numbers for both rates and general journals. We are awaiting advice from Civica in relation to this.
5.	Security Over Blank Cheques	<p>Discussions with the Accounts Payable Officer revealed that the current location of Council's blank cheques is located in an unsecured box inside the strong room held at the Minlaton office.</p> <p>The Council's strong room is kept unlocked during the day and therefore the blank cheque stationary is accessible by all staff. These conditions were observed by DNP audit staff at the time of our attendance.</p> <p>Recommend that the security surrounding the blank cheque stationary is improved to reduce the risk of improper use.</p>	A locked cupboard has been provided for in the move to the new office at Maitland. From July 13 all blank cheques have been stored in this locked cupboard within the Accounts Payable Officer's area.

Item	Area	Comment and Audit Recommendations	Management's Response
6.	Creditor Master File Amendments	<p>Investigations revealed that amendments to the Supplier Master File can be processed with no requirement of an independent authorisation or review. System generated exception reports are not being prepared to highlight any changes made.</p> <p>Discussions held with Council's IT Department revealed that the Authority software system has the ability to produce a Maintenance Audit Report that could be used to highlight changes made to Accounts Payable master file details, e.g. bank BSB and account numbers.</p> <p>This presents a weakness in the internal control over expenditure, and it is recommended that a Maintenance Audit Report is produced and reviewed by an employee independent of the Account Payable staff on a regular basis. The frequency of this review should be determined by the Council Administration based upon Council's risk assessment.</p> <p>Please note that in highlighting this matter, our testing conducted to date has not identified any situation where any supplier master file details have been inappropriately amended.</p>	<p>The Accounts Payable Officer will produce a monthly Maintenance Audit Report and present this with associated documentation to support any changes to the Financial Accountant for review. The Financial Accountant will sign and date to indicate the review has been undertaken and any changes have been supported.</p>

Item	Area	Comment and Audit Recommendations	Management's Response
7.	Electronic Purchase Orders and Obtaining Supplier Quotes	<p>Audit testing identified a control weakness within the Council's electronic Purchase Order system in the form of the ability to circumvent the requirement of obtaining written quotes from suppliers, for purchases exceeding \$5,000.00 in accordance with the Council Purchasing and Procurement Policy.</p> <p>In order to complete an electronic Purchase Order, if the amount entered for the Goods or Service exceeded \$5,000.00, the Authority software system will automatically generate fields that require written quote information to be entered for supplier name and amount.</p> <p>Audit testing identified instances in which this control was circumvented as the information contained in the quote information fields were from a single supplier and variations in the supplier name had been input, e.g. including Pty Ltd at the end of the supplier name.</p> <p>In identifying this internal control weakness, we recommend further education is provided to staff as to the expected requirements of purchasing officers regarding the obtaining and documentation of quotes.</p> <p>Additional independent review of a sample of Purchase Orders processed by Council's Internal Auditor is recommended to further monitor this key control activity to ensure that appropriate procurement practises are being undertaken by Council staff.</p>	<p>Council will provide additional training and reminders to OLR authorised officers with regard to the expected requirements of obtaining quotations and the supply of the relevant documentation. Council's Internal Auditor has implemented an audit plan that includes review of Purchase Orders samples on a regular basis.</p>

Item	Area	Comment and Audit Recommendations	Management's Response
8.	Bank Reconciliation - Stale Cheques	<p>A review of the bank reconciliation for the Council's Trading Account as at 18 May 2015 revealed seven stale cheques (cheques that have been un-presented for over 15 months) listed in the un-presented items.</p> <p>The total value of the seven stale cheques was \$1,141.75 and this was brought to the attention of Finance staff during our attendance.</p> <p>Recommend that appropriate action be taken to cancel these cheques, and reissue new cheques to the recipients if required.</p>	All stale cheques were cancelled and re-issued where appropriate prior to 30.6.15. The Financial Accountant will implement a quarterly review of stale cheques.
9.	Council Cemetery Fees	<p>It was identified that upon reviewing for 'Cemeteries Register' on the Council's website, inaccurate information was presented in regards to Cemetery prices/fees.</p> <p>We acknowledge that the Council Fees and Charges Register accurately reports Cemetery fees, as a matter of best practice, we recommend that the Cemetery prices appearing on the Cemeteries Register on the Council website are updated to reflect the current cemetery prices/fees per the Council's Fees and Charges Register.</p>	The dollar value reference has been removed "Cemeteries Register" and a referral to Council's current Fees and Charge Register has been included.
10.	Non-Computer Generated Receipts	<p>It was identified that the Council receipts used by the Council front counter staff, in the event that the computer system is not operating, and also the receipts provided to customers at the Victor Information Centre (VIC), are of a generic nature, i.e. do not identify as Council receipts.</p> <p>This presents a weakness over cash collection and we recommend that the information presented on the Council's and VIC receipts are extended to include the Council logo and Australian Business Number.</p>	New receipt books incorporating Council's logo, ABN and contact details were ordered on July 1, 2015 and now in use.



Item	Area	Comment and Audit Recommendations	Management's Response
11.	Front Counter – End-of-day Reconciliation Process	<p>Our review of the end-of-day reconciliation procedures performed by the front counter staff, revealed that the cash collected during the day is counted by one front counter staff employee.</p> <p>To improve the internal control in this area it is recommended that two employees are present at the time in which the daily cash received is counted and reconciled to the point of sale terminal reports prepared.</p>	Due to resourcing constraints in satellite offices, this cannot always be achieved. Internal controls procedures around cash and reconciliations have been implemented to mitigate any risk, including daily bank reconciliations to point of sale terminal reports, and spot checks by the Internal Auditor.
12.	Elected Member Allowance and Benefits Register	<p>At the time of our audit attendance, Council did not have a documented Elected Member Allowance and Benefits Register that was up-to-date and specific to the Yorke Peninsula Council Elected Members as required under s.79 of the <i>Local Government Act 1999</i>.</p> <p>Recommend that the Administration develop an Elected Member Allowance and Benefits Register and that this document is made available to the public upon request.</p>	Register will be developed and will be live on council's website, updated quarterly.
13.	Gifts and Benefits Register	<p>It was identified that the Council's Gifts and Benefits Register appearing on the Council website contained outdated information.</p> <p>It is recommended that processes be implemented to ensure that Council's Gifts and Benefits Register is kept up-to-date on the Council website.</p>	Register has been updated and is live on Council's website, to be updated quarterly.
14.	Council Contracts Register	We note that a Contracts Register template has been developed by the Administration as at the time of our attendance. To further enhance internal controls, we recommend a comprehensive contracts register be developed which details all critical contract information (e.g. contractor name, ABN details, financial value of contract, expiry date, responsible council officer for contract, etc.) to enable better ability to monitor and record the contracts held between Council and external suppliers.	Project is underway updating this register.

## Risk Matrix

The risk ratings provided in this report are based on the assessed risk assessment undertaken on the potential financial consequences and likelihood of occurrence of an internal control breakdown or event based on the matters raised above.

<b>Likelihood</b>	5. (Almost Certain)					
	4. (Highly Likely)					
	3. (Possible)	8, 9, 12	2, 10, 11	1, 4, 5, 7	6	
	2. (Unlikely)	13	3, 14			
	1. (Rare)					
		1. (Insignificant)	2. (Minor)	3. (Moderate)	4. (Major)	5. (Critical)
<b>Consequence</b>						

## Legend

	Extreme Risk
	High Risk
	Moderate Risk
	Low Risk

## **BUSINESS IMPROVEMENT OFFICER**

### **4. INTERNAL AUDIT ACTIVITY REPORT**

(File Ref: 9.14.1.6)

#### **PURPOSE**

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

#### **RECOMMENDATION**

That the report be received.

#### **LINK TO STRATEGIC PLAN**

Key Theme:	Corporate Governance and Leadership
	2. Organisational Efficiency and Resource Management
Strategic Goal/s:	2.2 Efficient, effective and professional organisation
	2.4 Effective risk management

#### **BACKGROUND**

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.

#### **DISCUSSION**

This report provides a status update on the Internal Audit activity performed from June – September 2015, key points are:-

- Accounts Receivable Review has been completed;
- Timesheet Review has been completed; and
- Independent verification of control self-assessments has been completed.

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

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

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

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team

- Manager Financial Services
- Manager Information Technology

In preparing this report, the following External Parties were consulted:

- Nil

#### **POLICY IMPLICATIONS**

Local Government Act 1999 – Section 125 – Internal Control Policies

#### **BUDGET AND RESOURCE IMPLICATIONS**

Nil

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

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

#### **ATTACHMENTS**

**Attachment 1:** Internal Audit Activity Report

**Attachment 2:** Accounts Receivable Report

**Attachment 3:** Timesheet Review Report

**Attachment 4:** Independent Verification of Control Self-Assessment

**Attachment 5:** Implementation of Agreed Actions

# Internal Audit Activity Report (Jul 15 – Sept 15)

## 1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	<b>Financial Management – Account Receivable</b>	A review of key accounts receivable controls including receipting, banking, debtor follow up processes and general ledger reconciliations.	Carry forward from 14/15 <b>Project Completed</b>
2	<b>Independent verification of control self-assessment</b>	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (ControlTrack)	Carry forward from 14/15 <b>Project Completed</b>
3	<b>CSR Operational Review</b> <i>Risk 7, 11 &amp; 15</i>	A review to assess the processes relating to the customer service request ("CSR") system, including allocation of jobs, follow up, completion / service levels and reporting to Council.	In Progress
4	<b>WHS – Hazard Management</b> <i>Risk 4</i>	To meet requirements of the Work, Health and Safety (WHS) Act 2012, a WHS project will be undertaken each year.  A review to assess performance against the Strategic Risk Management Plan and WHS program objectives and compliance with policies, procedures and processes.  Specific scope will be developed in consultation with the Risk Management Officer at a later stage.	Not started Due to commence September 2015
5	<b>Post Implementation Review - Asset System Road Infrastructure Only)</b> <i>Risk 6 &amp; 7</i>	A new asset management system was implemented in 2014. This review will be an assessment of the effectiveness of the implementation of the new system against the outlined objectives of the project. – Road Infrastructure only.	Project scope pending Audit Committee approval Due to commence November 2015
6	<b>Procurement Part 2 – Tendering &amp; Contracts (Post Implementation review of Procurement Processes)</b>	The second stage of the procurement project will address tendering and contract processes and assess compliance with newly developed policies and procedures.  Specifically relating to tender specifications; probity; evaluation; selection; approval; documentation, transparency and fraud management	Not started Due to commence April 2016

No.	Project	Scope Overview	Project Status
	<i>Risk 9</i>	particularly policies and procedures relating to gifts from suppliers, contract approval processes; recording, storage and tracking contract specifications (i.e. contract register); ongoing contract performance and variation and monitoring of expiry and contract renewals.	
<b>7</b>	<b>Volunteer Management</b> <i>Risk 17</i>	This review will assess the management of volunteers and compliance with the Volunteer Management Handbook.	Not started Due to commence May 2016
<b>8</b>	<b>Fees and Charges</b> <i>Risk 11 &amp; 12</i>	Review to determine anomalies from the adopted fee schedule.	Not started Due to commence October 2015
<b>9</b>	<b>Independent verification of control self-assessment</b>	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (ControlTrack)	Not started Due to commence June 2016
<b>10</b>	<b>Ongoing compliance audits (petty cash, till float and caravan parks)</b>	Undertake regular spot checks of key compliance areas.	Ongoing

## 2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
<b>Timesheet Review</b>	CEO	To identify internal controls, evaluate systems and/or processes, and monitoring/approval practices that relate to the timekeeping of Council's payroll	<b>Project Completed</b> CEO will now undertake further investigations into these findings.

## 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

Karen Schulz – Manager Financial Services

Daniel Griffin – Accounts Receivable Officer

Chloe Brown – Financial Accountant

**For Information:**

Andrew Cameron – Chief Executive Officer

Corporate Management Team (CMT)

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## Executive Summary

### Background

The approved FY15 Yorke Peninsula Council ("Council") Internal Audit Plan included a project relating to account receivable processes.

Council uses the Civica Authority application which is an integrated system comprising accounting and financial modules including payroll, rates revenue, accounts payable and receipting. Accounts receivable processes can present a high level of risk to Council if revenue is not invoiced appropriately and / or debts not appropriately managed.

### Objectives & Scope

This audit reviewed the key accounts receivable processes, relating to general debtors, including:

- Accounts receivable policies and procedures
- Invoice creation
- Debtor management
- Credit notes and adjustments
- Doubtful debts and bad debt write off.

Rates revenue and debtor management and general receipting processes have not been included within the scope of this review.

### Key Findings

Details of *all* findings and recommendations identified during the review are included in Appendix 1; however a summary of the two moderate findings are highlighted below:

#### 1. Invoice Creation

Issuing of invoices is largely manual and reliant on the Accounts Receivable (AR) Officer identifying invoices that require creation, based on the Debtor Invoicing Index spreadsheet listing known invoices by month. Authority is not programmed to automatically raise standing or regular invoices.

The audit found some instances of incorrect invoicing amounts (including an invoice amount not increased when new lease entered into, an external department having an incorrect formula on the provided template, not all leases picked up per the lease register).

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

#### 2. Payment Plan Documentation

As at May 2015, Council had 32 debtors in the 90 day plus range. All were at various stages of the debt collection process, with six debtors currently working to a payment plan. Through discussions with the AR Officer it was noted that the payments plans are generally discussed and agreed over the phone; there is no formal documentation or schedule signed off on by both parties as evidence of the agreement.

There is a risk that without documented evidence, Council has no power to enforce payments, if a debtor defaults on a payment plan.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

## **General Observations**

There were a number of controls tested that indicate a sound accounts receivable controls environment, including:

- Extensive documented policies and procedures that are included within the finance manual.
- Considerable work has been completed over the past 12 months to identify all recurrent invoicing and the nature and timing of all invoices.
- Management of debt collection is well managed and followed up. Per Council's PO048 Management and Recovery of Outstanding Debts Policy, an external debt collection agency is utilised when appropriate.
- A robust process is in place to independently review all credit notes and approve debtor write offs.

## **Internal Audit Opinion**

Based on the work and testing performed, Internal Audit is of the opinion that the accounts receivable controls are effective, there are some minor issues that can be improved and recommendations within Appendix 1 should be considered.

We would like to take the opportunity to thank Karen Schulz, Ashley Chadwick, Daniel Griffin, Chloe Brown and Marilyn Mensforth for their assistance and co-operation during the review.

### **Anne Hammond**

Acting Business Improvement Officer

Email: [anne.hammond@yorke.sa.gov.au](mailto:anne.hammond@yorke.sa.gov.au)

Phone: 8832 0000

## Appendix 1 – Detailed Findings

### 1.1 Invoice Creation

Issuing of invoices is largely manual and reliant on the AR Officer identifying invoices that require creation, based on the Debtor Invoicing Index spreadsheet listing known invoices by month. Authority is not used to automatically raise standing or regular invoices.

Audit testing identified some issues with invoicing due to the manual nature of the process:-

- An invoice amount not increased when new lease entered into,
- An external department having an incorrect formula on the provided template,
- A lease identified on the lease register was not invoiced for 2014.

It was also identified that some further improvements could be made to the manual process of issuing invoices for 'search fees'. When staff request ad-hoc invoices to be raised, these are generally via email, the AR Officer usually requires verbal confirmation to ascertain all relevant details (e.g. GST status)

Audit testing found inconsistencies in the invoicing for caravan park leases. Each lease agreement details specific inclusions and exclusions for Council's lease payment calculation. The process for calculating each Caravan park lease invoice is manual and open to individual interpretation and possible miscalculation.

With the high level of manual intervention when raising invoice, there is a risk of inaccuracy and completeness of Council revenue.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

### 1.2 Recommendations

1. A project should be resourced to investigate if :-
  - a. Standing (regular) invoice automation via Authority can be programmed.
  - b. Registers (i.e. Leases, Water, and Cemeteries etc.) can exist within Authority.
  - c. An automated process (e.g. email alerts) can be developed when lease conditions change (annual increase or new leases).
2. In the interim, a further independent review (e.g. new AR Officer or Financial Accountant) is completed to ensure all regular invoices have been identified (e.g. lease register & other registers) to confirm both accuracy and completeness of the Debtor Invoicing Index spreadsheet.
3. That a standard form is created for raising invoices. The form should include all details required by the Accounts Receivable Officer.

### 1.3 Management Responses

#### Management Response and Agreed Action:

1. Agreed, automation opportunities through Authority will be investigated.
2. Agreed, a further stocktake of all regular invoices will be completed.
3. Agreed, a standard form for raising ad-hoc invoices will be created.

#### Responsibility:

1. Karen Schulz, Manager Financial Services
2. Daniel Griffin, Accounts Receivable Officer
3. Daniel Griffin, Accounts Receivable Officer

#### Due Date:

1. 31 December 2016
2. 31 December 2016
3. 31 December 2016

## 2.1 Payment Plan Documentation

As at May 2015, Council had 32 debtors in the 90 day plus range. All were at various stages of the debt collection process, with six debtors currently working to a payment plan. Through discussions with the AR Officer it was noted that the payments plans are generally discussed and agreed over the phone; there is no formal documentation or schedule signed off on by both parties as evidence of the agreement.

There is a risk that without documented evidence, Council has no power to enforce payments, if a debtor defaults on a payment plan.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

## 2.2 Recommendations

It is recommended that a simple payment plan agreement template is developed and used for future negotiated payment plans. The payment plan document should be agreed to and signed by both Council and the debtor.

## 2.3 Management Responses

**Management Response and Agreed Action:** Agreed

**Responsibility:** Daniel Griffin, Accounts Receivable Officer

**Due Date:** 31 December 2015

## 3.1 Debtor Management Notes and Categorisation

Currently the AR Officer records limited memos within the Authority system of actions undertaken to recoup debts. Other notes are kept by the AR Officer in hard copy form.

This is due to Authority's lack of security of memos (i.e. all staff can access memos and potential confidential information). Similar to the restrictions in place for rates debt collection, investigate possibility of locking down memos and categorizing debtors on where they are in the recovery process.

The memo functionality could also be utilised to record the calculation methodology used for invoices (i.e. recording lease indexations, exact ABS reports used for calculating CPI increases etc.).

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

## 3.2 Recommendations

As part of an overall project of the AR process, an investigation as to whether Authority can lock down memos and categorizing debtors should be investigated. If changes can be implemented, change processes accordingly.

## 3.3 Management Responses

**Management Response and Agreed Action:** Agreed

**Responsibility:** Karen Schulz, Manager Financial Services

**Due Date:** 31 December 2016

#### 4.1 Evidence of Aged Debtors Review

Whilst it was discussed with the Financial Accountant that the 90 day plus debtors are reviewed by the AR Officer and the Financial Accountant on a monthly basis, there is no evidence of this review to demonstrate the existence of this internal control.

Without evidence of this review, there is a low risk that debtors are not managed and followed up in a timely manner.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

#### 4.2 Recommendations

It is recommended that the Financial Accountant prints and signs the 90 day plus debtors report to acknowledge and demonstrate that the review has been undertaken.

#### 4.3 Management Responses

**Management Response and Agreed Action:** Agreed

**Responsibility:** Chloe Brown, Financial Accountant

**Due Date:** 30 September 2015

#### 5.1 Evidence CEO Authorisation for Write Offs

The audit identified that correct procedure (PO008 Bad Debts – Delegation of Authority) was being followed for write-offs <\$1,000, however the written evidence of the CEO's approval was not attached to the hard copy credit note.

Consequence	Likelihood	Risk Level
Minor	Unlikely	Low

#### 5.2 Recommendations

Ensure credit note process includes attaching a copy of the CEO's written authorisation to the write off/credit note.

#### 5.3 Management Responses

**Management Response and Agreed Action:** Agreed

**Responsibility:** Karen Schulz, Manager Financial Services

**Due Date:** 31 July 2015

## 6.1 Debtor Master file

Audit testing identified a housekeeping issue relating to the debtor master file, a large list of debtors within the master file that had not been invoiced for over 12 months, with some debtors last being invoiced in 1997. A review of the master file should be undertaken to ensure that the file remains pertinent.

As part of this review, it should also be tested whether Authority can store multiple addresses for a single debtor (e.g. various individual departments within a Government entity). This would reduce the number of individual debtors within the system.

Consequence	Likelihood	Risk Level
Insignificant	Unlikely	Low

## 7.2 Recommendations

1. The Accounts Receivable Officer investigates whether the debtor master file can be 'cleaned up' (i.e. either delete or inactivate debtors that are no longer required without losing any transaction history). This will require significant administrative work and liaison with Civica to understand how the debtor master file links to the name and address register (NAR) including the multiple storage of addresses for a single debtor.
2. To strengthen current controls, consider listing the specific authorized officers (position titles) into the approved procedures (e.g. PR005, 072 & 073) when these procedures are due for review.

## 7.3 Management Responses

### Management Response and Agreed Action:

1. Agreed
2. Agreed

### Responsibility:

1. Daniel Griffin, Accounts Receivable Officer
2. Daniel Griffin, Accounts Receivable Officer

### Due Date:

1. 31 December 2016
2. 30 September 2015

## Appendix 2 – Responsibility Statement

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

- Procedures were designed to provide limited assurance as defined by the Australian 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 the 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 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

**For Information:**

Corporate Management Team (CMT)



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## Executive Summary

### Background

Internal Audit has conducted a review of the process of recording time and approving timesheets including testing the validity and accuracy of time recorded. This report details a high risk finding which was identified in the initial stages of testing and required Management attention.

### Objectives & Scope

The purpose of this audit was to identify internal controls, evaluate systems and/or processes, and monitoring/approval practices that relate to the timekeeping of Council's payroll.

In particular the review assessed the following:

- Time and attendance records are properly completed, reviewed, approved, and processed in a timely manner.
- If adequate separation of duties, security controls, and monitoring procedures are in place over the time recording and reporting process.

Initially, Internal Audit performed sample testing of timesheets of grader drivers. In order to test the accuracy and validity of time recorded, Internal Audit reconciled timesheets to grader plant log books.

### Key Findings

Details of finding requiring management attention are detailed below:

1. Variances between timesheets and plant log book hours recorded  

Internal audit reviewed timesheets and plant log books from June, July and August 2015 for all grader equipment.

Grader plant log books record the number of hours a grader has run daily and the total number of kilometers completed for the fortnightly period.

Graders drivers are allocated to a specific grader plant number on a roster; therefore time on the employee's timesheets should generally match the hours recorded on the plant log books. Variations may occur for activities such as maintenance, scheduled outages, inclement weather, employee training or meetings and other tasks that need to be undertaken.

Internal audit noted the following *significant* variations in hours recorded:

Employee	Dates Applicable	Issue identified		Management Comment
		Timesheet hours	Hours per plant log	
Employee 1	1, 3 & 4 August 21 & 25 July 6, 8 & 9 June	12 hours	0 hours	Please refer to next table in the report; in March 2015 employee 1 has requested to take leave; however it was not taken at the time.
	11 July	6 hours	0 hours	These transactions in June – August are where employee 1 is now taking the leave that has previously been paid for. The Manager Works confirmed that the leave and hours worked have been accounted for. Justification from Management has explained that a misunderstanding has meant employee 1 mistakenly thought that annual leave could be taken in a similar process to toil (i.e. he could accrue leave and take it at a later date).
	2 June	12 hours	1 hour	
Employee 2	22 July	12 hours	7 hours	Further follow up will occur with CEO in regards to these instances.
	17 July	12 hours	6 hours	

	8 & 10 July 3 & 18 June	12 hours	8 hours	
Employee 3	15 & 27 June	12 hours	8 hours	
Employee 4	26 June	12 hours	3 hours	Grader required 500 hour service - operator was dispatched to other duties for remainder of the day.

Internal audit performed further investigation into employee 1 timesheets, it was noted that the employee submitted a leave request from 18 March till 3 April 2015, timesheets were accurately recorded to reflect the leave request, however plant log books show that the grader was operational during the leave period.

The following variations were also noted at this time:

Employee Name	Dates Applicable	Issue identified		Internal Audit Comment
		Timesheet 'at work' hours	Hours per plant log	
Employee 1	18,19,20 March	0 hours (on annual leave)	11, 12, 11 hours respectively	Plant Log Book signed by employee 1, when timesheet records show employee 1 is on leave.
	25, 26, 31 March 2 April	0 hours (on annual leave)	11 hours each particular day	

As noted, the employee 1 has actually signed off the plant log book, indicating that the employee was at work although timesheets do not reflect this, confirming the Management comment that leave was requested but not actually taken.

It is apparent that time worked and leave has not been accurately recorded on timesheets, there are a number of breaches and risks associated with this:

- Breach by the Employee of the Code of Conduct
- In the event of injury a work cover or income protection claim may not be accepted as there is no evidence the employee is at work
- In the event of damage to equipment, insurance claim may not be accepted
- Legal ramifications including falsifying legal documents (timesheets).

Consequence	Likelihood	Risk Level
Minor	Likely	High

### Recommendations

It is recommended that the following is considered to ensure timesheets are accurately completed:

- Grader timesheets are approved by Manager Works, not the Works Supervisors. Grader drivers report to the Manager Works on the Organisational Structure and the Manager Works has responsibility for approving leave requests and visibility over the drivers leave balances.
- Before approval of timesheets the plant sheet and potentially the satellite navigation data is reviewed to ensure timesheets are accurate.
- On a sample basis, Payroll Officer performs a reconciliation of plant log hours to timesheet hours.

## 2. Satellite Navigation

Satellite navigation and monitoring systems have been implemented on a number of Council's machinery and equipment, including the graders. It was noted through discussion:

1. At times there are issues with the reliability of data collection
2. One of the Graders (recently purchased) has not had the software installed
3. Drivers are not identifiable, although the system has the ability to record individual drivers
4. Due to lack of training the software may not be used to its fullest advantage (i.e. email alerts).

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

### Recommendation:

It is recommended that Supervisors are provided with training on the use of the navigation software so they can utilize the system effectively.

## Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that the process to review and approve grader driver timesheets is not effective. Management attention to the above matters is required.

## Overall Management Comment

The CEO will perform further investigations with individual employees in regards to the findings. Further actions and recommendations will be instructed by the CEO and followed up in the normal processes by Internal Audit. Finalised actions will be reported back to the Audit Committee.

### Amanda Pitt

Business Improvement Officer

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Phone: 8832 0000

## Appendix 1 – 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 Australian 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 the 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 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:**

David Harding – Director, Corporate & Community Services

Karen Schulz – Manager Financial Services

Ben Cowley – Manager Information Technology

**For Information:**

Andrew Cameron – Chief Executive Officer

Corporate Management Team (CMT)

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## Executive Summary

### Background

The approved FY15 Yorke Peninsula Council ("Council") Internal Audit Plan included a project relating to the independent verification of the control self-assessments.

Section 125 of the Local Government Act 1999 provides: "A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."

Following staff's first full round of assessing and reviewing the controls, out of the 208 controls:

- 77 were rated as a "5" (i.e. fully implemented and has in all cases been consistently and effectively applied)
- Of these 77, 16 were mitigating 'extreme' inherent risks
- Of these 16, eight had a residual risk rating of "low" based on the strength of the control.

Therefore, the first independent verification of controls by Internal Audit focused on these eight controls.

### Objectives & Scope

This audit reviewed the effectiveness of the following controls:

- Civica (Authority Consultants) provide nightly backup services of the Authority system
- A warning is generated if a journal is unbalanced however journal is still able to be processed if agreed by operator
- Access to EFT banking system restricted to appropriately designated personnel\*
- Administration of the EFT users is restricted and the ANZ EFT system requires two administrators to be involved in the setting up of new users on the system\*
- Dual authorisation for EFT payments is required using a FOB key\*.

*\*These controls are mitigating risks against two areas Liabilities (Accounts Payable) and Assets (Banking).*

### Key Findings

Details of *all* findings and recommendations identified during the review are included in Appendix 1; however a summary of the one finding is highlighted below:

1. Nightly backup of the Authority system  
Nightly back up is an automated service conducted by Civica. If there is an issue with the nightly backup, the Manager Information Technology is notified and required to rectify the issue.  
  
Currently, knowledge regarding how to rectify back up issues resides with the Manager Information Technology and this knowledge should be documented.  
  
The audit also found that the offsite location to store the weekly backup tapes could be improved. Better practice would be to ensure they are kept in a secured location (e.g. Minlaton safe).

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 sampled controls are effective, with one minor issue that can be improved and recommendations within Appendix 1 should be considered.

We would like to take the opportunity to thank Karen Schulz, Chloe Brown and Ben Cowley for their assistance and co-operation during the review.

### **Anne Hammond**

Acting Business Improvement Officer

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Phone: 8832 0000

## Appendix 1 – Detailed Findings

### 1.1 General Ledger – Nightly backup of the Authority System

Nightly back up is an automated service conducted by Civica. If there is an issue with the nightly backup, the Manager Information Technology is notified and required to rectify the issue.

Currently, knowledge regarding how to rectify back up issues resides with the Manager Information Technology and this knowledge should be documented.

The audit also found that the offsite location to store the weekly backup tapes could be improved. Better practice would be to ensure they are kept in a secured location (e.g. Minlaton safe).

In this instance, a control rating of “5” was not appropriate. Internal audit suggests a rating of “3” should have been applied, being a “Control implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied”.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

### 1.2 Recommendations

1. A ‘trouble shooting’ checklist or guide to be developed to identify how to investigate and resolve issues with the nightly backup.
2. An alternate, more secure location is identified for the storage of the weekly back-up tapes.

### 1.3 Management Responses

#### Management Response and Agreed Action:

1. Agreed, a simple guide or checklist will be documented outlining the types of areas to investigate if an issue does arise with the nightly back up.
2. Agreed, an alternate location for storing the weekly tapes will be implemented.

#### Responsibility:

1. Ben Cowley, Manager Information Technology
2. Ben Cowley, Manager Information Technology

#### Due Date:

1. 30 October 2015
2. 30 October 2015

## 2.1 General Ledger – Warning messages on unbalanced journals

The audit physically tested the process to witness the warning message. A clear message is automatically generated to advise that the journal was unbalanced. Staff who are responsible for processing journals were questioned and all understood the meaning of the message and actions to be undertaken to rectify the issue. In addition, an incorrect account number was also tested. Satisfactory warning messages are also generated in this instance.

*Nil issues identified and the control rating of “5” was appropriate.*

## 3.1 Banking – Access to EFT banking system restricted to appropriate personnel

Audit sighted the number of users and the access permissions (view or administration) within the EFT banking system. This access matches PO095 Signatories to Council's Cheque Account Policy.

*Nil issues identified and the control rating of “5” was appropriate.*

## 4.1 Banking – Administration of the EFT users is restricted

Of the staff with access to EFT banking system, only three staff have administration access (Director Corporate and Community Services, Manager Financial Services and Manager Information Technology).

Audit sighted the process of setting up a new user and confirmed that this process requires two administrators; one to set up the user and another to approve the user.

*Nil issues identified and the control rating of “5” was appropriate.*

## 5.1 Banking – Dual authorisation for EFT payment using a FOB key

Audit sighted the process for EFT payments and confirmed that two administrators of the system are required to use the FOB keys to enter in unique codes (generated by the FOB).

*Nil issues identified and the control rating of “5” was appropriate.*

## Appendix 2 – Responsibility Statement

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

- Procedures were designed to provide limited assurance as defined by the Australian 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 the 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.
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- Any reliance placed on internal audit reports and associated working papers, by a third party, are that party's sole responsibility.



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## Implementation of Agreed Actions

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

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

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

## 1. Internal Audit Activities

### 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"> <li>Develop a set of basic internal IT procedures</li> <li>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.</li> </ul>	Manager Information Services	30/08/13	31/12/15	In Progress	<p>These requirements are part of the set of current projects to review and overhaul the IT policies and procedures. A draft IT policy was developed, however an alternate, more rigorous, long term approach for policy, procedure and guideline development has been initiated.</p> <p>An overarching framework has been identified and a suite of ISO and State Govt. compliant policies have been delivered.</p> <p>Policies now to be endorsed by CMT and communicated to staff.</p>

### Accountability and Disclosure Audit – October 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Give consideration of a central records management system that will also capturing emails to and from Elected Members	A centralised electronic records management system will be considered as part of the FY15 budget.	CEO	30/06/15	31/12/15	In Progress	<p>Expenditure for the project was requested in the FY15 budget, however due to competing priorities the project did not proceed. The project has now been included in the FY16 budget.</p> <p>Tender documentation is underway and expected to be in the marketplace by end September 2015.</p>

### 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 <b>Risk Level</b> 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	30/11/15	In Progress	Market rental evaluation completed. Draft currently with Council's solicitors for review.
2. Lack of consistency across Caravan Park lease agreements <b>Risk Level</b> 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	30/06/15	On Hold	Pending creation of appropriate register.

### Fuel Management Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Fuel Sheets <b>Risk Level</b> 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  1. DC&CS	31/12/14  30/09/14	  30/09/15	1. Completed  2. On Hold	1. Outdoor workers are now using electronic fuel sheets.  2. On hold until alternate options can be sourced.

## Bush Camping Review – July 2014

Please note: Elected Members were briefed at a Council workshop held on 25 March 2015 regarding all recommendations, all subsequently endorsed by Council on 8 April 2015.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Timing of obtaining permits <b>Risk Level</b> <b>High</b>	1. Agreed, a policy that incorporates key points from the audit findings will be developed, including a communication plan to inform staff and the community.	1. Manager Developmt Services	31/03/15	<b>31/12/15</b>	<b>In Progress</b>	1. Underway
	2. Signage to be reviewed, costs identified and a budget submission is prepared for 2015/16 Annual Business Plan and budget.	2. Operations Manager	28/02/15	30/06/16	<b>In Progress</b>	2. \$5,000 has been allocated for bush camping signage in the 2015/2016 budget.
	3. Agreed, Council to contact local businesses in the known 'gap areas' (e.g. Pt Wakefield, Ardrossan, Stansbury, Pt Vincent, Pt Victoria etc.).	3. Manager Developmt Services	30/09/14	<b>31/12/15</b>	<b>In Progress</b>	3. Underway
	4. Further investigation to be undertaken to identify the costs, risks and benefits of alternate methods and a report prepared for Council's consideration.	4. Manager Developmt Services	31/12/14	<b>31/12/15</b>	<b>In Progress</b>	4. Investigation underway
	5. Once new processes are implemented ensure that the Ranger educates and makes the bush camping public aware of new processes and change to culture.	5. Manager Developmt Services	31/03/15	01/01/16	Future Dated	





Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Information collected on permits <b>Risk Level</b> Moderate	Consider suitable technology (e.g. hand held palm pilot, tablets) for the Rangers to document and issue bush camping permits. Investigate to identify the costs, risks and benefits and prepare a report for Council's consideration.	Manager Development Services	31/12/14	31/12/15	In Progress	Underway. VIC looking at including "do's and don't's", environmental details and issues plus on-line booking forms.
5. Obtaining permits – inconsistent information <b>Risk Level</b> Low	Review information on the Council and Visitor Information Websites and update appropriately to reflect the correct locations where permits can be obtained.	Corporate Services Officer	30/09/14	31/12/15	In Progress	Visitor Information Centre review and update their website on a regular basis. Work still to be completed on Council's website.
6. Review of Ranger responsibilities <b>Risk Level</b> Low	Review the role of the Rangers so that standardised duties are undertaken and work is allocated by geographic area. Also consider resource requirements of Rangers, particularly for weekend and peak times	Manager Development Services	31/03/15	31/12/15	In Progress	Currently being reviewed
7. Further opportunities for improvement <b>Risk Level</b> Low	1. Review the requirement of nominating a specific site and consider changing to a permit being applicable for any of the bush camping sites. 2. Review the rationale of non-fee and fee payable sites and if appropriate, set fees for all fifteen sites as part of the FY16 annual review of fees and charges	1. Manager Development Services 2. Corporate Services Officer	28/02/15 31/03/15	31/12/15 31/12/15	In Progress In Progress	1. Investigation underway. 2. Investigation underway.

## Payroll Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Payroll Procedures <div>Risk Level</div> <div>Low</div>	Payroll procedures reviewed and updated to reflect current practices.	Payroll Officer	30/06/15	31/03/16	In Progress	In the new year an additional project will commence to review current practices, identify process improvements and then updated within the Finance Manual.
2. Electronic Timesheets and Leave Requests <div>Risk Level</div> <div>Low</div>	Consideration or research into the Authority capabilities to automate / streamline the timesheet and leave request process.	Manager Org Development	30/06/15	30/09/15	In Progress	<p>The timesheet project has been given to a consultant to develop suitable options for both indoor and outdoor staff. The on-line leave process has been set-up will be rolled-out to indoor staff in conjunction with the changes to the timesheet process.</p> <p>Close to completion with acceptance testing scheduled for 18/09/15.</p>

## Asset Management Maturity Audit – March 2014

*Undertaken by Jeff Rodda & Associates (External Consulting Firm)*

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

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Strategic Longer Term Planning <b>Risk Level</b> Low	Ensure future plans indicate likely service level and risk trends resulting from adopted LTFP	DC&CS	30/09/15	31/12/15	Future Dated	Currently completed as best as possible, however with limited data. New AM system and the data available will improve LTFP.
	Consider including in the next update of the Strategic Plan commentary on the future outlook for infrastructure including any challenges/risks & ensure that Strategic Plan performance measures are aligned with the AMP service levels utilising state of the assets reporting.	Business Improvement Officer	31/12/15	<b>28/02/16</b>	<b>In Progress</b>	The review of Strategic Plan has commenced. The new Plan will consider wording in relation to the Asset Management.
2. Annual Budget <b>Risk Level</b> Low	Develop ongoing councillor and community engagement strategy on affordable service levels based on current LTFP	DA&I	TBA			
3. Annual Report <b>Risk Level</b> Low	Include "state of the assets" reporting in annual report (& AMPs) to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends.	Business Improvement Officer	30/11/15		<b>In Progress</b>	This will be included in the Annual Report for the FY15 financial period, once the Asset Management System (AMS) has been in production for a full year.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. AM Policy <b>Risk Level</b> High	<p>Implement an Asset Management Policy. When policy has been developed, ensure it is communicated to all key stakeholders including a briefing to Council regarding their roles and responsibilities. The policy should include (but not limited to) the following:</p> <ul style="list-style-type: none"> <li>- Document methodology for determining asset lives, useful lives, conditions and financial reporting in an asset accounting policy as per Australian Infrastructure Management Guidelines</li> <li>- Develop business processes and documentation to ensure audit trail for financial transactions, asset register updates and annual reporting. This should be done as part of the CRV and new Asset Management System implementation process</li> <li>- Document an Asset Management Improvement Program. Annually review asset management maturity &amp; conduct annual review of policy implementation by the Asset Management Team and Audit Committee</li> <li>- Training requirements for staff</li> <li>- Responsibilities for staff (i.e. Finance and Asset Management staff)</li> <li>- Reporting mechanisms and timeframes</li> <li>- Linkages to risk</li> <li>- Continuous improvement</li> </ul>	Asset Manager	30/06/15	31/07/15	Completed	Draft Policy (Asset Management) was adopted by Council on 11 June 2015 and the Draft Asset Accounting Policy was adopted at the July Council meeting.
5. AM Strategy <b>Risk Level</b> Extreme	Implement an Asset Management Strategy (using templates provided). Strategy must identify 'critical' assets and includes risk management strategies for these assets. Strategy should also include specific actions to improve asset management capabilities, projected resource requirements & timeframes.	Asset Manager	30/06/15	30/06/16	In Progress	An AM strategy will be developed as all data collection is finalised and draft AMPs for each asset category are completed.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
6. AM Plans <b>Risk Level</b> High	Update the Asset Management Plans (Optimal Scenario) and what will be done with available funding (Balanced Scenario) & complete risk management plans for the Balanced Scenario.	Asset Manager	30/06/15	30/11/15	In Progress	Draft Transport AMP endorsed by Council for the purpose of community consultation. Consultation period ended 11/09/15. Final AMP scheduled for Oct or Nov15 Council meeting. Data for buildings category has been collected (albeit with some 'tidying' up). Data collection for CWMS & Stormwater has been completed.
	Complete service levels for AMPs using state of the assets reporting (condition / function / capacity) as per example provided by the consultants & ensure that service level targets for the next 10 years for each AMP are achievable and it is clear what Council can and cannot do within the budget constraints of the LTFP.	Asset Manager	30/06/15	30/11/15	In Progress	Draft Transport AMP endorsed by Council for the purpose of community consultation. Consultation period ended 11/09/15. Final AMP scheduled for Oct or Nov 15 Council meeting.
7. Governance and Management <b>Risk Level</b> High	Ensure whole of life costing is used for all capital upgrade/expansion projects with a feedback loop into the LTFP.	Asset Manager	30/06/15	30/06/16	Future Dated	
8. Levels of Service <b>Risk Level</b> High	Develop additional AMP scenarios as required to align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the SP and annual reporting	Asset Manager	30/06/15	31/03/16	In Progress	Draft Transport AMP endorsed by Council for the purpose of community consultation. Consultation period ended 11/09/15. Final AMP scheduled for Oct or Nov 15 Council meeting. Will be linked to the Strategic Risk Management Plan at the next review.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
9. Data and Systems <b>Risk Level</b> High	Provide a data improvement program as part of the asset management improvement program based on benefit/cost/risk. This should be done in conjunction with the development of the Asset Accounting Policy and Implementation of both the Authority CRV module and new Asset Management System. This process should determine the level of data required to meet both financial and asset management requirements	Asset Manager	30/06/15	31/03/16	Completed	Draft Asset Accounting Policy endorsed by Council in July 2015. Data collection procedures are documented within the AMPs. This will continue to proceed in conjunction with the development of the AMPs.
	Ensure that the current register is kept up to date and asset condition is monitored & annually updated with 'useful lives' and reported as part of the annual review of the works program. Includes annual update of unit rates (replacement and renewal cost rates) based on the completed works program	Asset Manager	30/06/15	30/06/16	Completed	Aligned to the data collection and development of the AMPs for each asset category. Data RE: road and buildings, CWMS and Stormwater categories are completed.

#### Attractive Assets Review – August 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Acquisition and disposal processes of attractive assets <b>Risk Level</b> High	A standard process for the acquisition and disposal of assets is developed and deployed internally with training for staff	Manager Financial Services	30/06/15		In Progress	Is included in the Finance Manual, awaiting Audit Committee endorsement.
2. Recording of attractive assets <b>Risk Level</b>	Incorporate all registers into a centrally managed register with plans to move this into the new Asset Management Software (Conquest) in the future. Focus on just those asset classes that are not already (or soon to be) loaded into Conquest.	Manager Financial Services	30/06/15	30/06/16	In Progress	This is an ongoing process with data being incrementally added into the Conquest system.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
<b>Moderate</b>	All artworks are immediately recorded into the F&F asset register and also transferred into the Attractive Asset Register if they meet the threshold requirements.	Manager Financial Services	31/12/14	<b>31/12/15</b>	<b>In Progress</b>	All artworks have been captured in a separate document, in the process of being transferred to the Asset Register.
	Regular stocktakes of all categories of assets are planned and undertaken at least once every two years (some such as plant and machinery should be completed annually)	Manager Financial Services	31/12/15		<b>In Progress</b>	Currently underway
3. Methodologies for tagging and monitoring the location of attractive assets	It is recommended that Council consider some marking or stamp to identify Council artworks.	Executive Assistant Director Corporate & Community Services	30/06/15		<b>Superseded</b>	Will be incorporated into the 'asset tagging' project below.
<b>Risk Level</b> <b>Moderate</b>	Council investigates purchasing equipment required to 'tag' assets (e.g. bar code creation and readers) and if deemed appropriate, plan for resources to undertake tagging of all assets throughout Council.	IT Manager	31/12/15		<b>In Progress</b>	Ahead of schedule with approx. 80% of all assets tagged.



## WHS Legislation Review – January 2015

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Incident Reporting and Investigation <b>Risk Level</b> <b>Moderate</b>	Update the Incident Register to show risk ratings.	Risk Management Officer	30/06/15		Completed	
	Determine who should be responsible for undertaking the risk assessments following an incident and then update procedures, booklets and forms accordingly.	Risk Management Officer	30/06/15		Completed	
2. Identification of Corrective and Preventative Actions <b>Risk Level</b> <b>Moderate</b>	Develop a process to identify and report on systemic/repeated non-conformances thereby allowing the CMT to take appropriate action when required.	Risk Management Officer	30/06/15		Completed	
	Guidelines are developed, endorsed and incorporated into existing procedures regarding appropriate timeframes for the implementation of corrective/ preventative actions based on risk ratings.	Risk Management Officer	30/06/15		Completed	WHS Committee meets 4 times a year & timeframes discussed to ensure actions are completed within specified timeframes.
	Resolve all items on the CAR that are greater than 12 months old.	CEO	28/02/15		Completed	All Outstanding actions have now been resolved.
	Implement a process to document decisions by the WHS Committee to permit continued exposures to any identified risks and forward to the CEO for formal ratification to retain the risk until it can be addressed.	Risk Management Officer	31/03/15	31/12/15	In Progress	Discussed at June WHS Committee meeting and now included as a regular agenda item for WHS Committee meetings. Implementation of a process has commenced.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Occurred at March and June WHS Committee meetings.
3. Assessing Effectiveness of Corrective and Preventative Actions <b>Risk Level</b> High	Provide advice to staff regarding how to correctly verify and report on the effectiveness of corrective / preventative actions via Tool Box meetings, Departmental meetings etc.	Risk Management Officer	30/06/15	31/03/16	In Progress	
	Determine the best method (e.g. re-training key staff, updating relevant procedures and/or standard forms) to ensure that appropriate staff are assessing the effectiveness of controls and that the WHS Committee will report to CMT every six months on the effectiveness of controls.	Risk Management Officer	30/09/15	31/03/16	In Progress	
4. Compliance with OHS&W Procedure Responsibility Booklets <b>Risk Level</b> Low	Ensure that all SDS folders in all locations are reviewed and brought up to date where necessary.	Risk Management Officer	30/09/15		Completed	
	Finalise the Risk Assessment, Confined Space and Substance Registers and communicate with staff regarding the use and location of these registers.	Risk Management Officer	30/09/15		Completed	
5. Workplace Inspections <b>Risk Level</b> Low	Conduct refresher training for HSR's on the procedures for accurately conducting workplace inspections.	Risk Management Officer	30/06/15	31/03/16	In Progress	
	Specific in-house training for conducting workplace inspections is developed, included in the training and development calendar and run for all new HSRs (including hazard identification, risk assessments and controls).	Risk Management Officer	30/09/15	31/12/15	In Progress	
6. Other Issues <b>Risk Level</b> Moderate	Ensure that the staff 'WHS Survey' is conducted and results reported to CMT and the WHS Committee. Also determine if an annual survey is an appropriate frequency (i.e. every 2 years may be more appropriate) and update references to frequency in all relevant procedures, forms etc.	Risk Management Officer	31/03/15		Completed	WHS Survey included as part of overall staff (Insync) survey. Survey closed 20 March 2015. Results disseminated to Council and staff.
	Consider utilising the Promapp software for future development of Standard Operating Procedures and determine the best method to facilitate direct involvement of key staff.	Risk Management Officer	31/12/15		In Progress	

## Accounts Receivable Review – June 2015

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Invoice Creation <b>Risk Level</b> Moderate	A project should be resourced to investigate if :- a. Standing (regular) invoice automation via Authority can be programmed. b. Registers (i.e. Leases, Water, and Cemeteries etc.) can exist within Authority. c. An automated process (e.g. email alerts) can be developed when lease conditions change (annual increase or new leases).	Manager Financial Services	31/12/16		Future Dated	
	In the interim, a further independent review (by the new AR Officer or Financial Accountant) is completed to ensure all regular invoices have been identified (e.g. lease register & other registers) to confirm both accuracy and completeness of the Debtor Invoicing	Manager Financial Services	31/12/16		Future Dated	
	That a standard form is created for raising invoices. The form should include all details required by the Accounts Receivable Officer.	Accounts Receivable Officer	31/12/16		Future Dated	
2. Payment Plan Documentation <b>Risk Level</b> Moderate	A simple payment plan agreement template is developed and used for future negotiated payment plans. The payment plan document should be agreed to and signed by both Council and the debtor.	Accounts Receivable Officer	31/12/15		Future Dated	
3. Debtor Management Notes and Categorisation <b>Risk Level</b> Low	As part of an overall project of the AR process, an investigation as to whether Authority can lock down memos and categorizing debtors should be investigated. If changes can be implemented, change processes accordingly.	Manager Financial Services	31/12/16		Future Dated	
4. Evidence of Aged Debtors Review <b>Risk Level</b> Low	The Financial Accountant to print and sign the 90 day plus debtors report to acknowledge and demonstrate that the review has been undertaken	Financial Accountant	30/09/15		Future Dated	This new process will begin this month (Sept 15).

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
5. Evidence CEO Authorisation for Write Offs <b>Risk Level</b> Low	Ensure credit note process includes attaching a copy of the CEO's written authorisation to the write off/credit note.	Manager Financial Services	31/07/15		Completed	
6. Debtor Master file <b>Risk Level</b> Low	The Accounts Receivable Officer investigates whether the debtor master file can be 'cleaned up' (i.e. either delete or inactivate debtors that are no longer required without losing any transaction history). This will require significant administrative work and liaison with Civica to understand how the debtor master file links to the name and address register (NAR) including the multiple storage of addresses for a single debtor.	Accounts Receivable Officer	31/12/16		Future Dated	
	To strengthen current controls, consider listing the specific authorized officers (position titles) into the approved procedures (e.g. PR005, 072 & 073) when these procedures are due for review.	Accounts Receivable Officer	30/09/15		Future Dated	

## 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	30/06/15	In Progress	The Accounting and Finance Manual is pending endorsement by the Audit Committee.

### 3. External Audit Activities

#### March 2013 Half Year Management Letter

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

### 4. LGA Mutual Liability and Workers Compensation Schemes - KPI Action Plan Audit

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Procedures and processes in place to identify, evaluate and control hazards	Provide training to carry out tasks, duties and responsibilities relating to hazard management system procedures with a focus on hazard reporting, plant, substance, pre purchase processes, the use of the hierarchy of control and the Corrective Action Register. (In line with the Implementation Schedule/ Training Program)	Risk Management Officer	31/10/15		In progress	Responsibility Booklets distributed to all staff and employee signature required once understood. Online procedural training through E3 Learning to be undertaken this year. Practical training sessions to be conducted with workgroups.
	Coordinate the review of existing Safe Operating Procedures and completion of additional ones resulting from risk assessments in consultation with relevant workers.	Risk Management Officer	31/12/15		In progress	Prioritised high risk SOPS have been endorsed. Work continuing on medium and low risk SOPS.
Legislative requirements are identified,	CMT to review the monitoring of inspections, testing and activities relating to legislation (specifically CMT's ability to demonstrate that	Risk Management Officer	30/06/15		Ongoing	Reports submitted to CMT every 2 months. Workplace Monitoring Calendar reported at

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
documented, addressed and tested.	corrective actions are being undertaken where scheduled events have not occurred).					WHS Committee meetings Also refer to Internal Audit - WHS Legislation - Identification of Corrective & Preventative Actions, Action 1 and Workplace Inspections, Action 4.

## **BUSINESS IMPROVEMENT OFFICER**

### **5. INTERNAL CONTROLS PROJECT UPDATE**

(File Ref: 9.14.1.6)

#### **PURPOSE**

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

#### **RECOMMENDATION**

That the Audit Committee receives this report.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management  
Strategic Goal/s: 2.3 Meet all legislative and compliance responsibilities

#### **BACKGROUND**

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

To ensure we are adequately prepared for future auditing, a full round of assessments and reviews was completed in both December 2014 and June 2015.

#### **DISCUSSION**

Following on from both rounds of control self-assessments, 27 controls required an Action Plan due to genuine gaps within internal procedures.

Of these, 8 had previously been completed (as reported at last Audit Committee), a further 9 have now been completed, 1 cannot be started until the new year, with the remaining 9 currently in progress.

Attachment 1 provides an overview of these action plans with priorities, due dates and commentary on the current status of these action plans.

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer
- Manager Financial Services
- Financial Accountant
- Manager Information Technology

- Manager People and Culture

In preparing this report, the following External Parties were consulted:

- Nil

#### **POLICY IMPLICATIONS**

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

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

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

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

Institute of Internal Audit Standards

#### **BUDGET AND RESOURCE IMPLICATIONS**

Nil

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

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

#### **ATTACHMENTS**

**Attachment 1:** Action Plans Status Report



## STRATEGIC FINANCIAL PLANNING

General Ledger	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
General Ledger policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department. BPM Control Type: Core	3	Finance manual to be completed by 30/6/15	Financial Accountant	Dec 2014	Medium	30/06/15	Completed	Awaiting Audit Committee sign off
Formal disaster recovery plan adopted by Council or Senior Executive. BPM Control Type: Core	2	Business Continuity Plans currently being reviewed prior to adoption.	Risk Management Officer	Dec 2014	High	<del>30/06/15</del> 31/12/15	In Progress	Consultant engaged. Site visits conducted. Draft BCP completed. Held session with CMT on 17/09/15.
All updates and changes to General Ledger programmes are authorised, tested and documented. BPM Control Type: Core	2	Review methodology of notifications and implement a structured flowchart to ensure specific procedure is followed when changes are implemented, including Manager Financial Services to sign of a report detailing all patch update processes.	Information Technology Coordinator	Dec 2014	Medium	<del>31/08/15</del> 30/09/15	In Progress	
Statutory Reporting	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Finance policies and manual is documented and regularly updated. BPM Control Type: Additional	3	Finance manual to be completed by 30/6/15	Financial Accountant	Dec 2014	Medium	30/06/15	Completed	Awaiting Audit Committee sign off
Management Reporting	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Accounting Policies and Procedures are appropriately created, updated & communicated to appropriate personnel in the financial reporting department. Knowledgeable personnel monitor changes in guidance & regulations that affect the entity & make the appropriate changes to the entity's corporate accounting policies & procedures on a timely basis. BPM Control Type: Core	3	Finance Manual to be completed by 30/6/15	Financial Accountant	Dec 2014	Medium	30/06/15	Completed	Awaiting Audit Committee sign off

## ASSETS

Petty Cash	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Access (i.e. passwords or keys) to the cash floats and petty cash safes/registers is limited to authorised officers. BPM Control Type: Core	2	Investigate a method of safe/secure access for authorised officers only. Internal Audit currently conducts regular spot checks.	Manager Information Technology	Dec 2014	High	<del>31/08/15</del> 31/10/15	In Progress	Control has strengthened in the Maitland office. However cash registers will still be investigated.
Banking	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
All cash held securely in safe/registers with access restricted to appropriately designated personnel. BPM Control Type: Core	2	See above.	Manager Information Technology	Dec 2014	High	<del>31/08/15</del> 31/10/15	In Progress	See above.
Debtors	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
A listing of bad debt write-offs should be maintained. BPM Control Type: Additional	3	Procedure as to the correct recording and listing of bad debts will be incorporated into the Finance Manual.	Manager Financial Services	Dec 2014	Low	30/06/15	Completed	Awaiting Audit Committee sign off
Inventory	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
The usability of inventory and level of inventory is assessed regularly including a review during physical inventory counts. BPM Control Type: Core	2	Include annual stocktakes of all inventories into normal work processes	Director Assets and Infrastructure	Dec 2014	High	30/06/15	Completed	PO124 Asset Accounting Policy (adopted July 2015) states "A stocktake of all inventories shall be conducted independently every year".
Prepayments	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Procedures document providing clear and comprehensive guidance as to the recognition, treatment and recording of prepayments	2	Finance manual to be completed by 30/6/15	Financial Accountant	June 2015	Medium	30/06/15	Completed	Awaiting Audit Committee sign off

## LIABILITIES

Taxation	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Accounting policies and procedures specify correct treatment for preparing the fringe benefit tax and goods & services taxation returns within any given financial year. BPM Control Type: Core	3	Finance Manual to be completed by 30/6/15	Financial Accountant	Dec 2014	Medium	<del>30/06/15</del> 31/12/15	In Progress	GST procedure completed.  A new process RE: FBT is about to be implemented with a new sub-account in Authority.

## REVENUE

Grants	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Council has a clear policy on Grant funding detailing assessment process, recognition, treatment, claim collection, community expectations and funding period and, disclosure of any conflicts of interest. BPM Control Type: Core	3	Policy to be developed and endorsed.	Manager Financial Services	Dec 2014	Low	31/12/15	In Progress	
Grants	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Management and/or Council to approve all grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant, and that the grant is in line with the Council's Strategic Objectives. BPM Control Type: Core	3	CEO signs and approves all grants, Council is made aware through formal meeting processes. Documented process required	Financial Accountant	Dec 2014	Low	30/06/15	Completed	Awaiting Audit Committee sign off
Management performs regular review of all grant income and to monitor compliance with both the terms of grants and Council's Grant policy (including claiming and collecting funds on a timely basis). BPM Control Type: Core	3	Process to be developed. Currently CMT reviews large grants and Directors are responsible for reviewing minor applications.	Financial Accountant	Dec 2014	Low	30/06/15	Completed	Awaiting Audit Committee sign off
User Pay Income - Fee for Service	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Amounts charged are in accordance with the Council's Fees and Charges register. BPM Control Type: Core	3	To be added to the 2015/16 Internal Audit Plan to determine and review any instances overriding the adopted fees	Business Improvement Officer	Dec 2014	Low	31/01/16	In Progress	Added to the endorsed Internal Audit Plan (scheduled for Oct 2015).

Receipting	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Cash is stored securely at all times including the duration of the cash management process. BPM Control Type: Core	3	Investigate a method of safe/secure access for authorised officers only. Internal Audit currently conducts regular spot checks.	Manager Information Technology	Dec 2014	High	31/08/15	In Progress	Control has strengthened in the Maitland office. However cash registers will still be investigated.
<b>EXPENSES</b>								
Credit Cards	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
All credit cards limits are set in accordance with Delegations of Authority and reviewed by management for operational efficiency. BPM Control Type: Core	2	Credit Card Policy and Issue of Council Orders Procedure to be reviewed and amended to ensure levels of authority are aligned.	Manager Financial Services	June 2015	High	31/10/15	In Progress	
<b>EXTERNAL SERVICES</b>								
Contracting	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Commitments are not being made without funding being approved in the budget, this is managed through the OLR system. BPM Control Type: Core	2	System needs to be locked down so users cannot continue unless there are available funds (currently disabled).	Manager Information Technology	Dec 2014	Medium	31/01/16	Not Started	To be completed as part of the next upgrade to the Authority system (scheduled for Jan 2016).
Within records, a contract register is maintained for all contracts. BPM Control Type: Core	1	Contract Register to be developed and requirement reiterated with staff.	Director Corporate & Community Services	Dec 2014	Medium	31/07/15	Completed	Register has been created and data has been inputted.

## STRATEGIC FINANCIAL PLANNING

Management Reporting	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Management to confirm the accuracy of the information contained within their respective report. BPM Control Type: Core	3	Monthly reports are provided to Managers. Review PO142 Budget Reporting and Amendment Policy and include further details regarding responsibilities for ensuring accuracy of the budget information.	Manager Financial Services	Dec 2014	Low	30/06/15	Completed	Scheduled to be presented to Council at the July 2015 meeting.
Management review the exception reports on a regular basis and investigate all significant variances; evidence of review demonstrated must be provided. BPM Control Type: Core	3	Review PO142 Budget Reporting and Amendment Policy and include further details staff responsibility for investigating and explaining any significant variances. To be led by CEO - clear ramifications of non-compliance to be evident	Manager Financial Services	Dec 2014	Medium	30/06/15	Completed	Scheduled to be presented to Council at the July 2015 meeting.

## ASSETS

Inventory	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Subject to the relevant Council Procurement policy, a purchase order must be raised prior to ordering the goods from a supplier (within OLR system). BPM Control Type: Core	3	Training and reiteration of the appropriate policies and procedures will be undertaken with relevant staff as part of the rollout of the newly adopted Procurement Policy.	Director Corporate & Community Services	Dec 2014	High	30/06/15	Completed	Managers trained in new policy and procedures
Goods and services are approved for order within the Delegations of Authority and in line with formal Tender and Procurement policy. BPM Control Type: Core	3	As above	Director Corporate & Community Services	Dec 2014	High	30/06/15	Completed	

## LIABILITIES

Accounts Payable	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Purchase Orders must be raised for the purchase of goods and services in line with the Council's Procurement policy or over a predetermined amount where applicable. BPM Control Type: Core	3	Training and reiteration of the appropriate policies and procedures to be undertaken with relevant staff.	Governance Officer	Dec 2014	High	30/06/15	Completed	

Accounts Payable	Rating	Action plan	Responsible Officer	Period Raised	Priority	Due Date	Status	Comments
Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated. BPM Control Type: Core	1	Process required to show reconciliation of statements, to be completed by end of March 2015	Accounts Payable Officer	Dec 2014	Low	31/03/15	Completed	
Separation of accounts payable and procurement duties i.e. the Accounts Payable Officer has no delegation for raising purchase orders. BPM Control Type: Core	1	AP Officer access will be removed and delegation for orders to be arranged by responsible officers.	Accounts Payable Officer	Dec 2014	High	31/03/15	Completed	
A supplier master file audit trail report is reviewed on fortnightly basis by an independent officer. The review includes reviewing changes back to the source documentation. BPM Control Type: Core	2	AP Officer to be shown how to produce maintenance audit report with Financial Accountant to check report against supporting documentation on a monthly basis.	Manager Financial Services	Dec 2014	High	31/03/15	Completed	

## **BUSINESS IMPROVEMENT OFFICER**

### **6. INTERNAL CONTROLS – PROPOSED SCHEDULE**

(File Ref: 9.14.1.6)

#### **PURPOSE**

The Business Improvement Officer presents a proposed schedule for the future assessments of internal controls.

#### **RECOMMENDATION**

That the Audit Committee endorse the proposed schedule for the assessment of internal controls (refer Attachment 1).

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management

Strategic Goal/s: 2.1 Financially sustainable organisation  
2.3 Meet all legislative and compliance responsibilities  
2.4 Effective Risk Management

#### **BACKGROUND**

For the Yorke Peninsula Council (YPC), the requirement to have an auditor provide an opinion on internal financial controls is mandatory for the FY16 audit. Following initial workshops with key staff, 208 individual controls were identified as key controls for assessment. To ensure Council was prepared for the FY16 requirement, two full rounds of assessments were completed in December 2014 and June 2015.

After consultation with key staff and Council's external auditors it is considered that assessing and reviewing all 208 controls twice a year is an onerous task for staff (particularly the Finance team). Council's external auditors have verbally confirmed that a reduced schedule of assessments based on a risk management approach is appropriate.

#### **DISCUSSION**

Initially, the likelihood and consequence of all financial risks were assessed to determine the inherent and residual risk ratings. These risk rating will be used to ascertain the review frequency.

It is recommended that all controls are assessed at least every two years based on a risk management approach and rules for testing.

In summary, the following have been applied to the proposed testing schedule in accordance with the residual risk:

Residual Risk	Review Frequency
Extreme or High	6 monthly
Moderate	Annually
Low	Biennially

As an exception to the residual risk above, we have also applied the following rules:

Control Type	Review Frequency
An access or system control	Annually
Heavily transactional based (i.e. reconciliations)	6 monthly
Policy	Biennially
Petty cash or cash related	Annually

## COMMUNITY ENGAGEMENT PLAN

Not applicable

## CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Manager Financial Services

In preparing this report, the following External Parties were consulted:

- Nil

## POLICY IMPLICATIONS

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

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

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

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

Institute of Internal Audit Standards

## BUDGET AND RESOURCE IMPLICATIONS

Implementing a cyclical assessment of controls will reduce the internal resource effort required, particularly by the Finance team.

## RISK/LEGAL/LEGISLATIVE IMPLICATIONS

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

## ATTACHMENTS

**Attachment 1:** Proposed Control Schedule



STRATEGIC FINANCIAL PLANNING									
Budgets	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Process to establish the annual budget and ensure that it is consistent with the Annual Business Plan and Strategic Management plans. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
On-going review by management of actual performance against budget and ensure consistency of budget in relation to initiatives/objectives of Annual Business Plan and Strategic Management Plans. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
Establishment of clear links and relationship between budgets and Strategic Management Plans. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
Council has a long term financial plan which underpins the development of the annual budget and aligns with council's strategic management plans. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
End of year actual budget compared to original budget; significant variances explained. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
Access to Budget information and master file is restricted/limited to appropriately authorised personnel. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
Formal quarterly reviews of the annual budget are undertaken by Management and reported to Council. This process is coordinated and managed by the Finance team so that any budget changes are in accordance with the Budget Reporting and Amendment policy (PO142). BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
A budget framework and timetable is formulated and managed by the Finance team. The timeframes includes the Council Adoption of Annual Budget, quarterly budget review process and adoption of the LTFF. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
Directors are required to approve all finalised Departmental budgets, which are submitted to the Andrew Cameron for review and approval, before adoption by Council. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
System security is in place to ensure that any updates to the adopted budget is shown as a revision. BPM Control Type: <b>Additional</b>	High	Low	Annually	Yes		Yes		Yes	
Only appropriate staff have access to modify the adopted budget after it is locked. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
General Ledger	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
General Ledger policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially	Yes				Yes	
General Ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations independently reviewed and sent to the external auditors as part of the monthly workpapers. The following monthly reconciliations are reviewed by the Financial Accountant: • Bank Reconciliations • Debtors • LGFA Reserves • Payroll Clearing Accounts • GST Clearing Accounts • Accounts Payable • Rates BPM Control Type: <b>Core</b>	Extreme	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Manual journal entries recorded in the register are authorised by the officer preparing the journal and an independent reviewer. BPM Control Type: <b>Core</b>	Extreme	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Access to General Ledger maintenance is restricted to authorised personnel. BPM Control Type: <b>Core</b>	Extreme	High	Annually	Yes		Yes		Yes	
Formal disaster recovery plan adopted by Council or Senior Executive. BPM Control Type: <b>Core</b>	Extreme	High	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Civica (Authority Consultants) provide nightly backup services of the Authority system. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially	Yes				Yes	
All updates and changes to General Ledger programmes are authorised, tested and documented. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially	Yes				Yes	
A warning is generated if a journal is unbalanced however journal is still able to be processed if agreed by operator. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially	Yes				Yes	
Statutory Reporting	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Statutory financial reports prepared by suitably qualified staff; reviewed by senior management and/or Audit Committee. BPM Control Type: <b>Core</b>	High	Moderate	Biennially		Yes				Yes
Council has adopted all of the prescribed financial reporting requirements, such as:- LTFF, AMP, Budgets, Annual Financial Statements, Annual Business Plan, Strategic Plans and Annual Reports to ensure compliance with the Local Government Act and relevant regulations. BPM Control Type: <b>Core</b>	High	Moderate	Biennially		Yes				Yes
Schedules are followed for key statutory reporting deadlines (Grants Commission, Roads to Recovery return, annual financials, budget reviews). These are documented within outlook calendars and part of the Finance Manual. BPM Control Type: <b>Core</b>	High	Moderate	Biennially		Yes				Yes
When required, regular liaison with external auditors, legal and tax advisors to ensure that statutory reports include accurate information and are in accordance with statutory reporting requirements. BPM Control Type: <b>Additional</b>	High	Low	Biennially		Yes				Yes
Formal quarterly reviews of the annual budget are undertaken by Management and reported to Council. This process is coordinated and managed by the Finance team so that any budget changes are in accordance with the Budget Reporting and Amendment policy (PO142). BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Financial reports prepared by suitably qualified staff and reviewed by senior management or Audit Committee. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Finance policies and manual is documented and regularly updated. BPM Control Type: <b>Additional</b>	High	Low	Biennially	Yes			Yes		
General Ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations independently reviewed and sent to the external auditors as part of the monthly workpapers. The following monthly reconciliations are reviewed by the Financial Accountant: • Bank Reconciliations • Debtors • LGFA Reserves • Payroll Clearing Accounts • GST Clearing Accounts • Accounts Payable • Rates BPM Control Type: <b>Core</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes

Management Reporting	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
KPIs are established that are consistent with the Corporate Objectives (as part of the Annual Business Plan). BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
Formal quarterly reviews of the annual budget are undertaken by Management and reported to Council. This process is coordinated and managed by the Finance team so that any budget changes are in accordance with the Budget Reporting and Amendment policy (PO142). BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Accounting Policies and Procedures are appropriately created, updated & communicated to appropriate personnel in the financial reporting department. Knowledgeable personnel monitor changes in guidance & regulations that affect the entity & make the appropriate changes to the entity's corporate accounting policies & procedures on a timely basis. BPM Control Type: <b>Core</b>	Extreme	Moderate	Biennially	Yes			Yes		
The long term financial plan is reviewed regularly and the performance of KPI's monitored. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually		Yes		Yes		Yes
Ensure that roles and responsibilities are documented and within Delegations of Authority register and is maintained and updated. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Data accuracy reviews are completed monthly, with the use of comparison between the Council used and completed Spreadsheet for plant hire expenditure and recovery. This information is corresponded to an associated Authority generated report. The consequential balances are compared for variances and dealt with immediately. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Council reviews its financial performance in accordance with relevant legislative requirements. In particular, monthly and quarterly budget reviews performed and Financial statements prepared and endorsed in accordance with Local Government Act. BPM Control Type: <b>Core</b>	High	Low	Biennially	Yes				Yes	
Management to confirm the accuracy of the information contained within their respective report. BPM Control Type: <b>Core</b>	High	Low	Biennially	Yes				Yes	
Management regularly reports on actual performance against budget. BPM Control Type: <b>Core</b>	Not	Moderate	Annually	Yes		Yes		Yes	
Management review the exception reports on a regular basis and investigate all significant variances; evidence of review demonstrated must be provided. BPM Control Type: <b>Core</b>	Not	Moderate	Annually	Yes		Yes		Yes	

ASSETS									
Petty Cash	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Spot cash float and petty cash counts conducted periodically at Council Office and remote sites. BPM Control Type: <b>Additional</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Cash floats and petty cash are reconciled on a regular basis (daily for cash floats and at least fortnightly for petty cash). These are indepently reviewed by Internal Audit on an adhoc basis. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Cash floats and petty cash are stored in secured facilities (e.g. safes, registers) when not in use. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Access (i.e. passwords or keys) to the cash floats and petty cash safes/registers is limited to authorised officers. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Cash floats and petty cash are reconciled on a regular basis and these reconciliations are reviewed by an independent person. BPM Control Type: <b>Additional</b>	Extreme	Low	Annually	Yes		Yes		Yes	
All petty cash disbursements are independently approved and supported by receipts. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Petty Cash amounts to be authorised Officers having regard to both the amount and guidance provided in the relevant Council policy. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Banking	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
All incoming mail is received and recorded by Records staff at the main Council Office. BPM Control Type: <b>Additional</b>	Extreme	Low	Biennially	Yes				Yes	
All cash held securely in safe/registers with access restricted to appropriately designated personnel. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Cash flow forecasting is undertaken to ensure minimum cash requirements can be met. BPM Control Type: <b>Additional</b>	Extreme	Low	Biennially			Yes			
Blank cheques and/or cheque-signing machine are adequately safeguarded. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially	Yes				Yes	
Access to EFT Banking system restricted to appropriately designated personnel. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Bank reconciliations are performed on a predetermined basis and are reviewed by an authorised officer. Any identified discrepancies are investigated immediately. BPM Control Type: <b>Core</b>	Extreme	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Manager Financial Services (or authorised delegate) requests cash transfers to LGFA investment account, the LGFA effects the transaction. The LGFA is an external review point and is aware of the delegations within YPC. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
Administration of the EFT users is restricted and the ANZ EFT system requires two administrators to be invovled in the setting up of new users on the system. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Dual authorisation for EFT payments is required using a FOB key. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Investments	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Management have a simple cash & anticipated future cash flows process. Surplus funds invested in accordance with Council policy. Investment & transfer of funds approved by any two authorised officers. BPM Control Type: <b>Additional</b>	Moderate	Low	Biennially			Yes			
Manager Finanical Services requests cash transfers to LGFA investment account, the LGFA effects the transaction. The LGFA is an external review point and is aware of the delegations within YPC. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
All investments are to be held in the name of the Council or associated entities in accordance with the source of funds. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Register of investments is kept detailing amounts and maturity dates. BPM Control Type: <b>Additional</b>	Low	Low	Biennially		Yes				Yes
A Treasury Management Policy (PO139) is in place and outlines delegations and conflict of interest disclosures. This assists YPC when making any decisions to invest funds. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Delegations are in place for approving and making investment decisions. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
All conflicts of interest to be disclosed as part of investment decision process, which is doucmented as part of the Treasury Management Policy. BPM Control Type: <b>Additional</b>	Moderate	Low	Biennially		Yes				Yes
Council reviews investment performance at least annually. BPM Control Type: <b>Core</b>	Low	Low	Biennially		Yes				Yes
Investment transactions are reconciled/compared to third-party statements documents and discrepancies are investigated. BPM Control Type: <b>Core</b>	Low	Low	Biennially		Yes				Yes
Investment transactions at the end of an accounting period are scrutinised and/or reconciled to ensure complete and consistent recording. BPM Control Type: <b>Core</b>	Low	Low	Biennially		Yes				Yes
PO014 Employee Code of Conduct document has a section outlining Conflict of Interests (including conflict of interest in relation to investment decisions) BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Debtors	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
A listing of bad debt write-offs should be maintained. BPM Control Type: <b>Additional</b>	High	Low	Biennially		Yes				Yes
Statements for debts are provided regularly to customers. BPM Control Type: <b>Additional</b>	High	Moderate	Annually	Yes		Yes		Yes	
Rates notices are automatically generated based on the rate master file details. These are checked by the Senior Rates and Assessment Officer before being sent to the printers. Fines and the interest associated with the fine are automatically applied as part of the quarterly roll process. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
Management reviews provision for doubtful debts on a regular basis. BPM Control Type: <b>Additional</b>	High	Low	Biennially			Yes			
An independent review of aged debtors is performed. Evidence of the review is signed and retained. BPM Control Type: <b>Core</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Debtors reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person. BPM Control Type: <b>Core</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
A monthly report is run of changes to the Name and Address register (NAR) and reviewed by the Rates Office. Any update to NAR is registered and retained through records management. BPM Control Type: <b>Core</b>	Moderate	Moderate	Annually	Yes		Yes		Yes	
Access to update the NAR is limited to the Rates Officers and Accounts Payable and Receivable Officers. BPM Control Type: <b>Core</b>	Moderate	Moderate	Annually	Yes		Yes		Yes	
The aged trial balance is actively monitored, and a monthly status report is reviewed by management detailing debtors balances > 90 days with explanations as to the anticipated recovery of those debts. BPM Control Type: <b>Additional</b>	High	Moderate	Annually	Yes		Yes		Yes	
Council maintains a Debt Collection Policy. BPM Control Type: <b>Core</b>	High	Low	Biennially	Yes				Yes	
Accounts Recievable Officer maintains a register of Credit Notes processed an manually allocates a credit note number from spreadsheet. BPM Control Type: <b>Additional</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Credit Notes raised are independently rewieved to ensure accuracy and validity. BPM Control Type: <b>Additional</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Inventory	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Subject to the relevant Council Procurement policy, a purchase order must be raised prior to ordering the goods from a supplier (within OLR system). BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
Goods and services are approved for order within the Delegations of Authority and in line with formal Tender and Procurement policy. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
All inventory write-offs and provisions for obsolescence to be approved by management in accordance with delegations of authority. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
The usability of inventory and level of inventory is assessed regularly including a review during physical inventory counts. BPM Control Type: <b>Core</b>	Not	Low	Biennially		Yes				Yes
Yorke Peninsula Council holds limited inventory, counts are performed at year end and reconciled to the general ledger. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes

Prepayments	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Procedures document providing clear and comprehensive guidance as to the recognition, treatment and recording of prepayments. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Prepayments are authorised and accounted for by Authorised Officer only. Periodic checks of prepayments to occur frequently as end-of-year approaches. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Fixed Assets	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Insurance coverage of relevant capital items is regularly reviewed. BPM Control Type: <b>Additional</b>	High	Moderate	Annually		Yes		Yes		Yes
Depreciation charges are calculated in accordance with the accounting policy, including the useful life, depreciation method and calculation formulas. BPM Control Type: <b>Core</b>	High	Moderate	Biennially			Yes			
Asset revaluations and depreciation reviews are performed in accordance with Australian Accounting Standards. BPM Control Type: <b>Core</b>	High	Moderate	Annually		Yes		Yes		Yes
Reconciliation of fixed assets to the General Ledger is performed annually. BPM Control Type: <b>Core</b>	Extreme	High	Annually		Yes		Yes		Yes
Recorded changes to the FAR and/or masterfile are approved by management, compared to authorised source documents and General Ledger to ensure accurate input. BPM Control Type: <b>Core</b>	Extreme	High	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies. BPM Control Type: <b>Core</b>	Extreme	High	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Where appropriate, fixed assets such as plant and machinery are located in an appropriately secured areas, where access is restricted to authorised personnel. BPM Control Type: <b>Core</b>	High	Moderate	Annually		Yes		Yes		Yes
Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence. BPM Control Type: <b>Core</b>	Extreme	High	Biennially		Yes				Yes
Access and on-going maintenance of the fixed asset register is performed by authorised officers only. BPM Control Type: <b>Core</b>	Extreme	High	Annually		Yes		Yes		Yes
Project Costing	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Actual project costs are regularly compared to budgets; significant variances are investigated by management. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Rigorous process for establishing budgets for projects. Project budgets must be approved in accordance with Delegations of Authority. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Loans/Grants to Clubs and Community Groups	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
A policy has been established that includes parameters such as: - eligible / non eligible conditions of funding - acknowledge YPC - delivered outcomes / objectives - risk assessments are required - appropriate assessment panel in place - conflict of interest covered off The policy and related documentation is regularly reviewed (including feedback from the Community). BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Management monitors the compliance and issuing of money to Clubs / Community Groups in accordance with funding arrangements on a regular basis. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Debenture loans are checked and reconciled against the register on a regular basis. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
All loans must be approved by Council in accordance with Delegations of Authority and Policy (PO122). BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Bad-debt write-offs for loans receivable are approved by Management and/or Council in line with relevant delegations. Furthermore contingencies for inability to pay are included in loan policy. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Receivers of grants are required to acquit the funds spent in line with funding agreement. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes

LIABILITIES									
Accounts Payable	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Purchase Orders must be raised for the purchase of goods and services in line with the Council's Procurement policy or over a predetermined amount where applicable. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Blank cheques stored in secure room and a reconciliation of cheque numbers run on a quarterly basis and checked back to physical stock of blank cheques. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
Invoices and supporting documentation for all payments is retained and filed. BPM Control Type: <b>Additional</b>	High	Low	Biennially		Yes				Yes
Employee expense claims must be approved by authorised officer and independently verified and include relevant substantiation. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Accounts Payable Officer reviews the due date of invoices to ensure timely payment. Due dates are changed manually if required for urgent payment. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Invoices received are authorised and accompanied by appropriate supporting documentation. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Access to update supplier master file is restricted to appropriate personnel. BPM Control Type: <b>Core</b>	Moderate	Low	Annually	Yes		Yes		Yes	
All disbursements must be approved by an authorised officer in accordance with cheque signing authority policy. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Individuals who authorise payment of suppliers are authorised officers who are independent of the processing of invoices. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
Bank statements are reconciled to the general ledger regularly. BPM Control Type: <b>Additional</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Payments (Cheques and EFT's) are endorsed by authorised officers separate to the preparer who ensure that they are paid to the specified payee. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
A supplier master file audit trail report is reviewed on fortnightly basis by an independent officer. The review includes reviewing changes back to the source documentation. BPM Control Type: <b>Core</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Access to the supplier master file is restricted to authorised officers. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
Separation of accounts payable and procurement duties i.e. the Accounts Payable Officer has no delegation for raising purchase orders. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially	Yes				Yes	
Administration of the EFT users is restricted and the ANZ EFT system requires two administrators to be involved in the setting up of new users on the system. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
Dual authorisation for EFT payments is required using a FOB key. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
Access to EFT Banking system restricted to appropriately designated personnel. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		Yes		Yes	
Accrued Expenses	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Accrued expenses reconciliations are prepared on a regular basis and are reviewed by an independent person. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Borrowings	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
A loan register is maintained containing a copy of Council resolution approving the loan and a schedule of the loan liability and the loan repayment from the lender. This also includes details of any Cash Advanced Debenture. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially	Yes				Yes	
All loans are approved by Council resolution with copy of the Council resolution held in the loan register. All funding approvals are minuted by Council. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Statements received from lenders are reconciled to the loan register on an annual basis, however a monthly repayment schudeled is received and reconciled monthly. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially	Yes				Yes	
Manager Financial Services and Director Corporate and Community Services are involved with management Loan Borrowings, including the ongoing review of the loan register and statements received from lenders. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially	Yes				Yes	
Management undertake a review to identify unrecorded loan liabilities at key reporting dates. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially	Yes				Yes	
Debt repayment transactions are scrutinised and/or reconciled to ensure complete and consistent recording in the appropriate accounting period. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially	Yes				Yes	
Employee Provisions	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Management must approve all staff requests for leave and leave taken is recorded by somebody independent from the approval. BPM Control Type: <b>Additional</b>	Moderate	Moderate	Annually	Yes		Yes		Yes	
Reconciliation of employee provisions performed annually and these are independently reviewed and signed off. BPM Control Type: <b>Additional</b>	Moderate	Moderate	Annually		Yes		Yes		Yes
Access to payroll/provision master file is restricted to authorised officers only. BPM Control Type: <b>Core</b>	High	Low	Annually		Yes		Yes		Yes
Annually spreadsheet calculates the estimated provision per employee based on standard formula which is compared to payroll report generated from Authority by Management. BPM Control Type: <b>Core</b>	Moderate	Moderate	Annually		Yes		Yes		Yes
For each payrun, a report of all new employees or changes to employees master file is run and indepdently rewieved. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Taxation	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
All lodgement statements and returns are reviewed and approved by authorised officer prior to being released. BPM Control Type: <b>Core</b>	High	Moderate	Annually		Yes		Yes		Yes
Accounting policies and procedures specify correct treatment for preparing the fringe benefit tax and goods & services taxation returns within any given financial year. BPM Control Type: <b>Core</b>	High	Moderate	Biennially			Yes			

REVENUE									
Rates/Rate Rebates	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Rates are automatically generated by the rate system, including the calculation of rate rebates, if applicable. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
(14a) Rates Generation: Rates Management undertake a final dry run of the rates modelling to ensure that the end result is the dollar value expected. This is saved to excel as a source of evidence that the calculation is correct prior to running the rate in live environment. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes				Yes
Policy provides clear guidance to relevant employees as to the correct method for calculating rate income. BPM Control Type: <b>Additional</b>	Extreme	Low	Biennially		Yes				Yes
Rate debtors reconciliation performed on a regular basis; reviewed by management. BPM Control Type: <b>Additional</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Recorded changes to property master file data are compared to authorised source documents or confirmed with ratepayers to ensure that they were input accurately. An audit trail is maintained for all changes. BPM Control Type: <b>Core</b>	High	Moderate	Annually	Yes		Yes		Yes	
General Ledger reconciliations are completed. BPM Control Type: <b>Additional</b>	Extreme	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Access to the Property master file is restricted to appropriately designated personnel, with significant changes to the Property master file approved by management. BPM Control Type: <b>Core</b>	High	Moderate	Annually	Yes		Yes		Yes	
Regular review of exempt properties to ensure still valid, interest flag switched off and rate rebates. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes			Yes	
Policy provides clear guidance to relevant employees as to the correct method for the collections protocol. BPM Control Type: <b>Additional</b>	Extreme	Low	Biennially		Yes			Yes	
(20a) Overdue rates notice reports are produced from Authority from Sept – July. This is extracted to excel and followed up by the Senior Rates Officer. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes			Yes	
Rates calculations are checked for a sample of ratepayers before rates are raised to confirm that calculations are correct. The reviews on these sample assessments are retained. BPM Control Type: <b>Core</b>	Extreme	Low	Biennially		Yes			Yes	
(10e&k) Rates Officer reviews the Pension file from Department of Communities and Social Inclusion and reconciles to Authority. BPM Control Type: <b>Core</b>	High	Moderate	Annually	Yes		Yes		Yes	
(10o) A listing of self-funded retirees is received from Revenue SA, Rates Officer reviews the lists and reconciles to Authority to ensure data is accurate. BPM Control Type: <b>Core</b>	High	Moderate	Annually	Yes		Yes		Yes	
(10t) List of Low income concessions are sent from Department of Community and Social Inclusion, which are applied to properties in Authority by the Rates Officer. BPM Control Type: <b>Core</b>	High	Moderate	Annually	Yes		Yes		Yes	
(9a&b) Discretionary rebates are assessed by the Director of Corporate and Community Services and they determine whether the application will be granted or if it will go to Council for decision. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes			Yes	
Employees responsible for processing rate notices can process payment of their own rates, however an independent review of the Rates Office accounts is performed on a quarterly basis. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		Yes		Yes	
Grants	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Council has a clear policy on Grant funding detailing assessment process, recognition, treatment, claim collection, community expectations and funding period and, disclosure of any conflicts of interest. BPM Control Type: <b>Core</b>	Not	Rated	Biennially	Yes				Yes	
Management and/or Council to approve all grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant, and that the grant is in line with the Council's Strategic Objectives. BPM Control Type: <b>Core</b>	Not	Rated	Biennially	Yes				Yes	
Management performs regular review of all grant income and to monitor compliance with both the terms of grants and Council's Grant policy (including claiming and collecting funds on a timely basis). BPM Control Type: <b>Core</b>	Not	Rated	Biennially	Yes				Yes	
Where possible, Grant funding is identified and estimated at the budget formulation stage. BPM Control Type: <b>Additional</b>	Not	Rated	Biennially	Yes				Yes	
User Pay Income - Fee for Service	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Formal documentation for the occupation by a third party of Council property and/or land , e.g. sporting grounds, caravan park. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Fees and charges are reviewed annually and adopted by Council. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Fees and Charges register is made available to public. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Amounts charged are in accordance with the Council's Fees and Charges register. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Users are provided with a sequentially pre-numbered form acknowledging receipt of any cash payments and cash receipts forms are balanced to cash deposited to the bank. The numerical sequence of these forms is accounted for. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Formal leases and agreements are regularly reviewed to ensure conditions are being met and payments made on time. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Investment/Interest Income	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Investment income is reconciled to third-party statements regularly and differences are acted upon. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Investment transactions at, before, or after the end of an accounting period are scrutinised and/or reconciled to ensure complete and consistent recording in the appropriate accounting period. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Receipting	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Cash is stored securely at all times including the duration of the cash management process. BPM Control Type: <b>Core</b>	Moderate	Low	Annually	Yes		Yes		Yes	
Customers are provided with pre-sequentially numbered receipt generated from the Authority system and banking performed daily. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Bank statements are reconciled to the general ledger and banking reports where relevant, on a regular basis and are reviewed authorised person. BPM Control Type: <b>Core</b>	Moderate	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
All monies are receipted (and hence recorded) in Authority system immediately. Where monies collected outside of Council offices (i.e. boat ramps) monies are banked as soon as possible by groups. BPM Control Type: <b>Core</b>	Moderate	Low	Annually		Yes		Yes		Yes
Other Revenue	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Processes in place to provide an audit trail for cash received outside Council receipting areas. BPM Control Type: <b>Core</b>	High	Moderate	Annually		Yes		Yes		Yes

EXPENSES									
Purchasing and Procurement	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
The Contracts, Tenders and Procurement Policy and Procedures are current under review by a Project Team. This includes implementing checklists and templates for each stage of the procurement process. This will ensure robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct and Conflict of Interest policies. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		yes		Yes	
Purchase orders are issued in accordance with the Council's Purchasing and Procurement Policy. BPM Control Type: <b>Core</b>	High	Low	Biennially	Yes				Yes	
Employees must ensure all purchase orders are approved in accordance with the Delegations of Authority and relevant policies. OLR has purchasing rules in built to ensure that purchase orders are inline with delegations. BPM Control Type: <b>Core</b>	Extreme	Low	Annually	Yes		yes		Yes	
Unmatched purchase orders are actioned and followed up by the Accounts Payable Officer. An outstanding purchase order report is reviewed on a regular basis. BPM Control Type: <b>Additional</b>	High	Low	Biennially	Yes				Yes	
Purchase orders are sequentially pre-numbered. Sequence of purchase orders processed is accounted for. BPM Control Type: <b>Core</b>	High	Low	Biennially	Yes				yes	
Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately. BPM Control Type: <b>Additional</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Access to the supplier master file is restricted to appropriately designated personnel. BPM Control Type: <b>Core</b>	High	Low	Annually	Yes		yes		Yes	
Payroll	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Employees are not added to the payroll records or paid without receipt of the appropriate forms duly authorised by responsible Council Officers. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
All employee deductions must be substantiated with documented approval provided by employee. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Independent review of proposed payments by an authorised officer prior to the payment being released. BPM Control Type: <b>Additional</b>	Moderate	Low	Biennially		Yes				Yes
Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Officers responsible for originating/preparing payroll disbursements do not perform the EFT authorisation and transfers. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Payees identified on pay slips by employee number and name. All employees paid by EFT (manual cheque when necessary) into authorised a/c. EFT listing must be reconciled to: Net pay total of payroll Journal; No. of employees paid; Listing received from Council's bank. BPM Control Type: <b>Additional</b>	Moderate	Low	Biennially		Yes				Yes
The Payroll Officer will forward any non – routine payroll queries to Manager Financial Services for review, including termination payments. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
All time sheets are checked and verified by the payroll officer with evidence of processing. BPM Control Type: <b>Additional</b>	High	Low	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Total of payment summaries for the year is reconciled to general ledger and payroll. BPM Control Type: <b>Core</b>	High	Low	Biennially		Yes				Yes
The listing of payroll deductions is periodically reviewed by management for accuracy, compliance with statutory requirement and ongoing pertinence with changes compared to authorised source documents to ensure that they were input accurately. BPM Control Type: <b>Core</b>	Low	Low	Biennially			Yes			
Timesheets are manually entered and Authority calculates based on parameters set in the system once timesheet information is entered. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Managers required to approve all timesheets, which includes overtime and additional duties etc hours. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Amounts paid to employees are regularly reconciled to the General Ledger accounts. BPM Control Type: <b>Additional</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
The transfer of the bank file should be restricted to authorised officers who are not be involved in the preparation of the pay run. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
For each payrun, a report of all new employees or changes to employees master file is run and independently reviewed. BPM Control Type: <b>Additional</b>	Moderate	Low	Biennially			Yes			
The Payroll Officer individually compares previous pay with current pay and variances found are investigated, reviewed and approved by management. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
All payroll deductions must be approved by the relevant employee. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Access to the payroll deduction listing is restricted to authorised officers. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
All original salary sacrifice transactions must be approved by the relevant employee. Payroll staff must ensure that such approval has been obtained prior to processing transactions into the payroll system. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
A Disciplinary Performance Policy exists in draft form waiting to be approved by the Corporate Management Team (CMT) which addresses statutory and enterprise agreements requirements. BPM Control Type: <b>Core</b>	Not	Rated	Biennially		Yes				Yes
Elected Members Expenses	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
All Elected Members allowances are in accordance with the remuneration tribunal with delegations of authority and all claims are agreed to supporting documentary evidence (i.e. receipts). BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Elected Members must complete and sign a standard expenses reimbursement form when claiming expenses. The signing of the form confirms that the Elected Members are claiming valid expenses and have excluded all items of a personal nature. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Register of Allowances and Benefits maintained by designated person and should be publicly available. Register details level and nature of expenses reimbursed to Council by Elected Members, and is reviewed by management on a regular basis. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially		Yes				Yes
Policy (PO089) clearly outlines what council members can claim for council related expenses and is clearly communicated and adherence monitored. BPM Control Type: <b>Additional</b>	Not	Rated	Biennially		Yes				Yes
Credit Cards	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Council, CEO or other authorised officer approves all issues of Credit Cards and limits, to employees prior to release. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
Employees sign a declaration confirming compliance with Council policy and procedures (as part of induction and Code of Conduct training) which includes that an understanding of the credit card policy (PO084). BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
All credit card statements sent directly to person independent from the credit card holder. Independent officer matches all transactions from the statement to valid tax invoices prior to approval. BPM Control Type: <b>Additional</b>	High	Low	Biennially			Yes			
All credit card limits are set in accordance with Delegations of Authority and reviewed by management for operational efficiency. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Employee Reimbursements	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
All claims for Employee Reimbursements are submitted for approval along with supporting documentary evidence (i.e. receipts) and confirmation of valid expenses. This is approved by management in accordance with Delegations of Authority. Management focus on the nature (i.e. type of expense) as well as the amount of the claim. BPM Control Type: <b>Core</b>	High	Low	Biennially			Yes			
As part of the EFT disbursement process, Management select a sample of employee reimbursements and check them for mathematical accuracy and ensures that they have been recorded correctly in the ledger. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			
Other Expenses	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
Management approves all Other Expenses in accordance with Delegations of Authority. When approving Other Expenses, management reviews both the nature and amount of the expense for reasonableness. BPM Control Type: <b>Core</b>	Moderate	Low	Biennially			Yes			

EXTERNAL SERVICES									
Contracting	Inherent Risk Rating	Residual Risk Rating	Proposed Assessment Cycle	Timing - Nov 15	Timing - May 16	Timing - Nov 16	Timing - May 17	Timing - Nov 17	Timing - May 18
The Contracts, Tenders and Procurement Policy and Procedures are current under review by a Project Team. This includes implementing checklists and templates for each stage of the procurement process. This will ensure robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct and Conflict of Interest policies. BPM Control Type: <b>Core</b>	Extreme	Moderate	Annually	Yes		Yes		Yes	
Commitments are not being made without funding being approved in the budget, this is managed through the OLR system. BPM Control Type: <b>Core</b>	Extreme	High	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Tender Documents are kept locked up when they are not being viewed for evaluation purposes. BPM Control Type: <b>Core</b>	High	High	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
Within records, a contract register is maintained for all contracts. BPM Control Type: <b>Core</b>	Extreme	High	6 monthly	Yes	Yes	Yes	Yes	Yes	Yes
				92	107	98	44	95	102



## **BUSINESS IMPROVEMENT OFFICER**

### **7. ASSET MANAGEMENT SYSTEM - POST IMPLEMENTATION REVIEW PROPOSAL**

(File Ref: 9.14.1.6)

#### **PURPOSE**

Audit Committee to consider the expenditure associated with the Asset Management System Post Implementation Review.

#### **RECOMMENDATION A**

That the Audit Committee approves the expenditure to proceed with the proposed Asset Management System Post Implementation Review,

or

#### **RECOMMENDATION B**

That the Audit Committee does not proceed with the proposed Asset Management System Post Implementation Review

#### **LINK TO STRATEGIC PLAN**

Key Theme/s:                Sustainable Communities  
                                    1. Sustainable Infrastructure  
                                    Corporate Governance and Leadership  
                                    2. Organisational Efficiency and Resource Management

Strategic Goal/s:        1.1 Provide infrastructure assets that are sustainable and safe  
                                    2.1 Financially sustainable organisation  
                                    2.3 Meet all legislative and compliance responsibilities  
                                    2.4 Effective Risk Management

#### **BACKGROUND**

YPC allocated funds within the FY14 and FY15 budget to implement an asset management system. The priority of the system was increased due to an audit qualification in FY13 on our road infrastructure financial data.

The new system, Conquest, was implemented in 2014, with asset categories being gradually uploaded (as data is being cleansed and verified). The road infrastructure (sealed and unsealed network) and buildings, land and structures data were loaded in early 2015.

As part of the FY16 Internal Audit Plan, a post implementation review of this system was planned to be undertaken by an external consultant.

## **DISCUSSION**

The Business Improvement Officer was a member of the selection panel for this system. In order to ensure independence and transparency it is essential to utilise an external consultant to undertake this post implementation review.

As per Council's PO058 Purchasing and Procurement Policy, the expected cost of the consultancy was expected to be greater than \$5,000; therefore two quotes were sourced from known experts in this particular field of work (Bentleys and Deloitte).

A short evaluation matrix was completed by the Business Improvement Officer and it was noted that both firms have the same professional capabilities, resources and experience. Based on the quotes received, the only deciding factor was the quoted price of the consultancy.

Internal Audit requests final approval for the expenditure from the Audit Committee.

## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer

In preparing this report, the following External Parties were consulted:

- Deloitte
- Bentleys

## **POLICY IMPLICATIONS**

PO058 Purchasing – Procurement Policy

## **BUDGET AND RESOURCE IMPLICATIONS**

The cost for the proposed review is \$9k (ex GST), which is also exclusive of disbursements for travel and accommodation. This can be funded through the Audit Committee's approved budget.

An annual budget of \$25k has been allocated to the Audit Committee. This is primarily to fund continuous improvement projects that reduce Council's risk exposure.

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Without undertaking this review there is a risk that deficiencies of the Asset Management system implementation are not identified and documented.

## **ATTACHMENTS**

Not applicable

## **ASSET MANAGER**

### **R8. ASSET MANAGEMENT REPORT**

(File Ref: 9.14.1.6)

#### **PURPOSE**

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

#### **RECOMMENDATION**

That the report be received.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Sustainable Communities  
1. Sustainable Infrastructure  
Strategic Goal/s: Provide infrastructure assets that are sustainable and safe.

#### **BACKGROUND**

The report provides the Audit Committee with a summary of work undertaken in Asset Management activities.

#### **DISCUSSION**

##### **Transport Infrastructure**

The draft Transport Asset Management Plan was presented to the August meeting of Council, where it was endorsed for public consultation. The consultation period closes on Friday 11<sup>th</sup> September, 2015.

The draft plan provides Council with a way forward in managing transport assets and includes the following:

- Road categorisation for all roads within the Council area;
- Levels of Service (construction, renewal and maintenance standards) for all road categories;
- Proposed funding for upgrade, renewal and maintenance of transport infrastructure;
- A proposed 10 year Capital Works program.

##### **Implementation of Conquest**

Conquest has now been populated with the following asset categories:

- Transport Infrastructure
- Land and Buildings
- CWMS
- Stormwater

Council staff are currently in the process of reviewing and validating Water Infrastructure data prior to it being populated into Conquest.

## **Impairment and disposal of assets created within Conquest**

With the purchase of the Conquest system, “partial” disposal of capital assets during upgrade and renewal has been recorded for the first time in Council’s Statement of Comprehensive Income report, as required by legislation.

Whilst disposal of complete assets, such as Plant & Equipment traded or sold, has previously been accounted for in this manner, “partial losses” on upgrade and renewal of assets had previously been recorded directly against accumulated depreciation within the Balance Sheet only.

The total loss recorded for the year over the four asset classes added to Conquest was \$790,000 (Transportation Infrastructure - \$639,000, Buildings (“old” Maitland office roof during expansion) - \$90,000, CWMS - \$47,000 and Stormwater - \$14,000).

Due to the timing of the road transport revaluation at the end of 2013-14, the capital assets from that year were not uploaded to Conquest until March 2015, at which time they created a disposal and depreciation adjustment that was not recorded in the 2013-14 year. This consequently altered the opening balances of the 2014-15 reports.

After discussions with Council’s auditors, this adjustment has been treated as impairment during the 2014-15 financial year and recorded accordingly within the 14-15 financial statements. A copy of the report from Rod Ellis (Tonkin Consulting) detailing these adjustments is available on request.

## **COMMUNITY ENGAGEMENT PLAN**

Not Applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Assets & Infrastructure
- Director Corporate & Community Services

In preparing this report, the following External Parties were consulted:

- Dean Newbery & Partners
- Tonkin Consulting

## **POLICY IMPLICATIONS**

PO128 Asset Management Policy

## **BUDGET AND RESOURCE IMPLICATIONS**

Nil

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act 1999

## **ATTACHMENTS**

Nil

## **ASSET MANAGER**

### **R9. REVIEW ASSET REVALUATIONS**

(File Ref: 9.24.1.1)

#### **PURPOSE**

The purpose of this report is to update Audit Committee members on revaluations of CWMS and Stormwater infrastructure assets.

#### **RECOMMENDATION**

That the report be received.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Sustainable Communities  
1. Sustainable Infrastructure  
Strategic Goal/s: Provide infrastructure assets that are sustainable and safe.

#### **BACKGROUND**

The report provides the Audit Committee with a summary of the revaluations of CWMS and Stormwater infrastructure assets.

#### **DISCUSSION**

##### **Revaluation of Assets**

A revaluation of CWMS and Stormwater infrastructure assets has been undertaken by Tonkin Consulting during 2014/2015. The revaluations, digital mapping of the systems and implementation of the asset data into Conquest has identified assets that have not been previously valued.

CWMS infrastructure assets not previously valued were identified in Point Turton, Port Victoria, Stansbury, Black Point and Edithburgh, these were all from land divisions projects undertaken by developers. Council also agreed during the 2014/2015 to manage the systems in Balgowan and Port Julia.

Stormwater infrastructure assets not previously valued were located in various townships and locations across the district and include assets installed by developers in land divisions.

#### **COMMUNITY ENGAGEMENT PLAN**

Not Applicable

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Assets & Infrastructure
- Director Corporate & Community Services

- Works Manager
- Operations Manager
- Infrastructure Manager
- Manager Financial Services

In preparing this report, the following External Parties were consulted:

- Tonkin Consulting

#### **POLICY IMPLICATIONS**

PO128 Asset Management Policy

#### **BUDGET AND RESOURCE IMPLICATIONS**

Nil

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act 1999

#### **ATTACHMENTS**

- Attachment 1: CWMS Infrastructure Asset Valuation & Methodology**
- Attachment 2: Stormwater Infrastructure Asset Valuation & Methodology**

# CWMS Infrastructure Asset Valuation & Methodology

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1 July 2014

Yorke Peninsula Council

August 2015

Ref No. 20140062FR6C



**a better approach**

## Document History and Status

Rev	Description	Author	Reviewed	Approved	Date
A	Draft for Client Comment	KJS	RKE	RKE	21 July 2015
B	Revised Draft for Client Review	KJS	RKE		17 August 2015
C	Final	KJS	RKE	RKE	24 August 2015

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Appendix C	Conquest Fully Expired Asset Report
Appendix D	Conquest Due to Expire Asset Report

# 1 Introduction

Yorke Peninsula Council (Council) manage 17 community wastewater management schemes (CWMS) across the 16 townships of Ardrossan, Balgowan, Black Point, Bluff Beach, Chinamans Wells, Foul Bay, Hardwicke Bay, Maitland, Point Turton, Port Julia, Port Victoria, Port Vincent, Rogues Point, Stansbury, Sultana Point and Yorketown. As part of the comprehensive service to support Yorke Peninsula Council develop and maintain its corporate asset management solution (Conquest), we are pleased to present the CWMS infrastructure asset valuation and depreciation report as of 1 July 2014.

This report has been developed as the first CWMS asset valuation undertaken by Tonkin Consulting for Yorke Peninsula Council. Asset registers of the 17 wastewater collection networks, the 39 pumping stations and the 17 wastewater treatment plants (WWTP) and associated storage lagoons have been developed as part of this valuation process.

Council have completed digitised plans and assigned attribute data to the pipes and nodes within the collection networks in MapInfo during early 2015. The data extracted from the digitised MapInfo plans is the basis for the collection pipe and node asset registers. Council and Tonkin Consulting have worked in conjunction to identify and define pumping station, wastewater treatment plant and storage lagoon assets. Tonkin Consulting provided a data dictionary to Council to identify assets and assign attributes to the assets. Council completed the asset lists and Tonkin Consulting assigned asset types to each of the assets. A total of 450 assets were identified at the 39 pumping stations and 755 assets were identified at the 17 wastewater treatment plants. Tonkin Consulting did not undertake any site inspections during development of the asset registers.

This 2014 valuation has been developed from the CWMS asset registers that have been developed for pipes, nodes, pumping stations and wastewater treatment plants and incorporated into Conquest. While it is likely that not every pit/pipe has been site verified, the database still provides a reasonable basis for valuation purposes. A continued commitment by Council and Tonkin Consulting to correct any observed inconsistencies is encouraged.

Previous valuations completed by Council did not include any CWMS assets within the townships of Balgowan, Edithburgh or Port Julia. Previous valuations also did not include additions to the CWMS systems associated with the following land divisions:

- Point Turton - Captain Hutchinson Drive - which includes an additional WWTP
- Port Victoria - Caravan Park (Davies Terrace)
- Port Victoria - Bowsprit Way
- Port Victoria - Songvaar Road
- Port Victoria - Davies Terrace/Bray Road
- Stansbury - Seaview Court (in part)
- Black Point - Outlook Road.

This current register is considered to be at a good standard of reliability to be used by Council for managing the assets. Any inconsistencies identified can be improved through ongoing development of the CWMS register within the Conquest/MapInfo environment that has been created and managed by Tonkin Consulting in conjunction with Council.

The asset valuation of Council's CWMS assets was completed with a combination of rates from Rawlinsons Australian Handbook – Edition 32 (2014) and prices from suppliers.

This report provides a summary of the method used to value CWMS infrastructure assets and provides a summary of the results for:

- Nodes
- Pipes
- Pumping Stations
- Wastewater Treatment Plants and Storage.

To assist with budgeting for the 2014/2015 financial year, a depreciation forecast is also provided.

## 2 Accounting Standards & Valuation Methodology

### 2.1 Valuation Methodology Statement

The Australian Accounting Standard AASB 116 and Local Government (financial management) Regulations 1999 require assets be recorded at fair value. Paragraph 16 of AASB 116 defines fair value as *“The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction”*. As there is no active liquid market for infrastructure assets, AASB 116 allows fair value to be estimated using a depreciated replacement cost basis. The basis of this valuation is fair value expressed as Current Replacement Cost (CRC) of an asset minus any accumulated depreciation and impairment losses.

The CRC for infrastructure assets has been calculated based on the expected costs that will be incurred at the end of an asset’s useful life by Council in order to maintain the service provided by that asset. For Community Wastewater Management System (CWMS) infrastructure this current replacement cost has been calculated based on the assumptions outlined below.

Yorke Peninsula Council has a variety of CWMS assets that have been loaded into Conquest Asset Register in the following asset categories:

- CWMS Nodes
- CWMS Pipes
- CWMS Pump Stations
- CWMS WWTPs and Storage.

These asset groups have been broken down further into their constituent parts for the purposes of valuation and to enable different useful lives to be assigned to different components.

Brownfield construction rates have been assumed for the replacement of all CWMS assets. As such, where applicable, allowances have been made for:

- Materials
- Plant/Equipment
- Contractors fees and labour.

Assumptions made to calculate the current replacement cost (CRC) for the CWMS asset groups are outlined below:

### 2.2 CWMS Node Assets

The following collection node types have been included in the asset register:

- house connection
- flushing point
- inspection point
- maintenance hole
- isolation valve
- oblique junction
- air valve.

The rates for nodes include the cost of construction and installing the asset together with the material costs and have been obtained from Rawlinsons and/or component suppliers.

The current replacement costs and useful lives for the CWMS node asset types are provided in Table 2.1.

**Table 2.1 CWMS Node Asset Valuation Parameters**

<b>CWMS Node Assets</b>	<b>Current Replacement Cost (CRC)</b>	<b>Valuation Unit</b>	<b>Useful Life of Service Standard</b>
House Connection	\$408.00	item	70
Flushing Point	\$408.00	item	70
Inspection Point	\$408.00	item	70
Maintenance Hole	\$5,521.00	item	70
Isolation Valve	\$3,788.00	item	20
Oblique Junction	\$100.00	item	70
Air Valve	\$3,317.00	item	20

## 2.3 CWMS Pipe Assets

The CWMS pipe assets have been divided into the following components:

- House connection pipes
- Gravity mains
- Overflow pipes
- Rising mains.

The unit rates developed for pipes include allowances for materials, excavation, bedding and backfilling. Rates for excavation and pipe supply were sourced from Rawlinsons and the following assumptions were adopted:

- 0.8m average cover for wastewater property connection pipes
- 1.6m average cover for wastewater gravity mains
- 0.6m average cover for wastewater pressure rising mains
- 0.25m average cover for reuse/irrigation pipe
- no saw cutting of the road surface is required for the house connection pipes as most of these pipes are within the road verges
- no saw cutting of the road surface is required for gravity mains <100mm diameter, 25% saw cutting of road surface required for gravity mains >100mm diameter
- 25% saw cutting of the road surface is required for pressure pipe
- no saw cutting of the road surface is required for reuse/irrigation pipe
- pipes are bedded on 50mm depth of sand
- trenches are backfilled with select fill.

No allowance is made for pavement or road seal reinstatement as these elements are valued separately with road assets.

It has also been assumed that gravity vitrified clay (VC) and earthenware pipes would be replaced with PVC pipe and the replacement unit rates for these pipes assume replacement with PVC pipe.

The current replacement costs and useful lives for the CWMS pipe asset types are provided in Table 2.1.

**Table 2.2 CWMS Pipe Asset Valuation Parameters**

<b>CWMS Pipe Assets</b>	<b>Current Replacement Cost (CRC)</b>	<b>Valuation Unit</b>	<b>Useful Life of Service Standard</b>
House Connection 32 UPVC	\$79.46	m	70
House Connection 63 UPVC	\$92.30	m	70
House Connection 80 UPVC	\$93.61	m	70
House Connection 100 UPVC	\$103.95	m	70
House Connection 150 UPVC	\$116.60	m	70
House Connection 100 PVC	\$103.95	m	70
House Connection 100 VC	\$103.95	m	70
House Connection 40 PE	\$83.38	m	70
House Connection 50 PE	\$88.00	m	70
House Connection 63 PE	\$97.25	m	70
Gravity Main 63 UPVC	\$153.90	m	70
Gravity Main 100 UPVC	\$168.44	m	70
Gravity Main 150 UPVC	\$181.09	m	70
Gravity Main 225 UPVC	\$226.46	m	70
Gravity Main 150 PVC	\$181.09	m	70
Gravity Main 100 VC	\$168.44	m	70
Gravity Main 150 VC	\$181.09	m	70
Gravity Main 250 MSCL	\$237.19	m	70
Overflow Pipe 150 UPVC	\$181.09	m	70
Rising Main 50 UPVC	\$83.19	m	70
Rising Main 65 UPVC	\$95.34	m	70
Rising Main 80 UPVC	\$98.70	m	70
Rising Main 100 UPVC	\$112.34	m	70
Rising Main 150 UPVC	\$156.89	m	70
Rising Main 65 PVC	\$95.34	m	70
Rising Main 50 VC	\$83.19	m	70
Rising Main 40 PE	\$70.87	m	70
Rising Main 50 PE	\$75.49	m	70
Rising Main 63 PE	\$84.74	m	70
Rising Main 75 PE	\$91.71	m	70
Rising Main 80 PE	\$92.10	m	70
Rising Main 90 PE	\$100.57	m	70
Rising Main 110 PE	\$115.31	m	70
Rising Main 160 PE	\$143.66	m	70

## 2.4 Pumping Station Assets

There are a total of 39 pumping stations across Council's CWMS collection systems. Assets at these pumping stations have been divided into the following components:

- Civil
  - Miscellaneous Civil
  - Sumps & Lids
- Electrical
- Mechanical
  - Pumps
  - Valves

The replacement rates for pumps have been obtained from equivalent sized pumps within Rawlinsons together with an allowance for labour costs associated with installation and removal of old pumps.

The replacement rates for sumps are based on equivalent sized (diameter and depth) packaged pump stations within Rawlinsons together with an allowance for excavation and labour allowance to install the new asset and remove the old asset.

The replacement rates for sump lids include an allowance for constructing formed concrete for concrete lids and an area of steel or aluminium metallic lids. A labour and plant hire allowance is also included to remove the old asset and install the new asset.

The replacement rates for vent pipes include an allowance for the appropriate length of pipe material and type, and a labour allowance for removal of the old and installation of the new asset.

The replacement rates for concrete valve chambers include an allowance for constructing formed concrete walls and a base slab, a concrete lid and an allowance for excavation and installation.

The replacement rates for plastic valve chambers are based on estimated rates provided by Council.

The replacement rates for switchboard and meter boxes and control cabinets are based on equivalent sized electrical assets within Rawlinsons and assume a small office switchboard, 10m of electrical cabling and a dual pump control cabinet. A labour allowance to remove the old asset and install the new asset is also included.

The replacement rates for valves and level controls are based on equivalent sized assets within Rawlinsons together with an allowance for labour costs for the removal of the old and installation of the new asset.

The replacement rates for flowmeters are based on supplier prices for equivalent sized flowmeters together with an allowance for labour costs for the removal of the old and installation of the new asset.

The current replacement costs and useful lives for the miscellaneous civil asset types are provided in Table 2.3.



**Table 2.3 PS Miscellaneous Civil Asset Valuation Parameters**

PS Miscellaneous Civil Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Vent Pipe <3.5m	\$478.50	item	50
Vent Pipe 9m	\$1,652.50	item	50
Vent Pipe 12m	\$3,572.50	item	50
Vent Pipe (Height Unknown)	\$1,652.50	item	50
Bollards and Chains	\$1,020.00	item	50
Plastic Valve Chamber	\$400.00	item	50
Concrete Valve Chamber Small	\$2,177.18	item	50
Concrete Valve Chamber Large	\$4,556.40	item	50

The current replacement costs and useful lives for the sumps and lids asset types are provided in Table 2.4.

**Table 2.4 PS Sumps and Lids Asset Valuation Parameters**

PS Sumps and Lids Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
PS Fibreglass Sump 1.1m dia 2.5m deep	\$14,380.28	item	50
PS Sump 1.4-1.7m dia <3m deep	\$31,629.47	item	50
PS Sump 1.8m-2.2m dia <2m deep	\$36,662.29	item	50
PS Sump 1.8m-2.2m dia 2-3m deep	\$41,776.01	item	50
PS Sump 1.8m-2.2m dia 3-4m deep	\$51,389.73	item	50
PS Sump 1.8m-2.2m dia 4-5m deep	\$61,003.45	item	50
PS Sump 1.8m-2.2m dia 5-6.5m deep	\$72,801.28	item	50
PS Sump 2.5m dia 3m deep	\$51,017.59	item	50
PS Sump 2.5m dia 4m deep	\$62,801.37	item	50
PS Sump 3.5m dia 3m deep	\$71,889.23	item	50
PS Sump (size unknown)	\$41,776.01	item	50
PS Concrete Sump Lid 1.4-1.7m dia	\$647.02	item	50
PS Concrete Sump Lid 1.8-2.2m dia	\$889.03	item	50
PS Concrete Sump Lid 2.5m dia	\$1,219.49	item	50
PS Concrete Sump Lid 3.5m dia	\$2,278.29	item	50
PS Concrete Sump Lid (size unknown)	\$889.03	item	50
PS Steel Sump Lid 1.1m dia	\$460.58	item	25
PS Aluminium Sump Lid 1.5m dia	\$661.54	item	25
PS Aluminium Sump Lid 1.8-2.2m dia	\$951.36	item	25

The current replacement costs and useful lives for the electrical asset types are provided in Table 2.5.

**Table 2.5 PS Electrical Asset Valuation Parameters**

PS Electrical Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
PS Switchboard & Meter Box Type	\$8,325.00	item	25
PS Alarm System Type	\$892.50	item	25
PS Control Cabinet Type	\$5,734.00	item	25

The current replacement costs and useful lives for the pump asset types are provided in Table 2.6.

**Table 2.6 PS Pump Asset Valuation Parameters**

PS Pump Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Submersible pump 0.9-1.2kW	\$2,528.50	item	15
Submersible pump 1.3-1.9kW	\$3,478.50	item	15
Submersible pump 2.0-2.4kW	\$4,178.50	item	15
Submersible pump 3.0-4.0kW	\$5,278.50	item	15
Submersible pump 4.4kW	\$5,435.50	item	15
Submersible pump 6.0-7.4kW	\$7,314.00	item	15
Submersible pump 9kW	\$10,071.00	item	15
Submersible pump 11kW	\$11,871.00	item	15
Submersible pump 15kW	\$12,971.00	item	15
Submersible pump (unknown size)	\$4,178.50	item	15

The current replacement costs and useful lives for the mechanical valve types are provided in Table 2.7.

**Table 2.7 PS Valves Asset Valuation Parameters**

PS Valve Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
50mm Check Valve	\$447.75	item	20
80mm Check Valve	\$897.75	item	20
100mm Check Valve	\$1,276.25	item	20
50mm Gate Valve	\$447.75	item	20
80mm Gate Valve	\$897.75	item	20
100mm Gate Valve	\$1,276.25	item	20
PS Basic Level Control	\$501.25	item	20
PS Advanced Level Control	\$2,196.25	item	20
50mm Flowmeter	\$2,367.75	item	20
100mm Flowmeter	\$2,517.75	item	20

## 2.5 Wastewater Treatment Plant Assets

Council own and maintain the following 17 wastewater treatment plants:

- Ardrossan WWTP
- Balgowan WWTP
- Black Point WWTP
- Bluff Beach WWTP
- Chinamans Wells WWTP
- Foul Bay WWTP
- Hardwicke Bay WWTP
- Maitland WWTP
- Point Turton WWTP 1
- Point Turton WWTP 2
- Port Julia WWTP
- Port Victoria WWTP
- Port Vincent WWTP
- Rogues Point WWTP
- Stansbury WWTP
- Sultana Point WWTP
- Yorketown WWTP.

Assets at these wastewater treatment plants have been divided into the following component groups:

- WWTP Building & Facilities
- WWTP Civil
- WWTP Electrical
- WWTP Mechanical
- WWTP Pipework.

The current replacement costs and useful lives for the WWTP Buildings & Facilities asset types are provided in Table 2.8. The replacement rates for buildings are based on equivalent sized buildings in Rawlinsons. The replacement rates for other building facilities are based on a combination of rates from Rawlinsons and suppliers with a labour allowance for removal of the old and installation of the new asset.

**Table 2.8 WWTP Buildings and Facilities Asset Valuation Parameters**

WWTP Building & Facilities Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Air Conditioner Type	\$1,185.50	item	25
Electrical Fittings Type	\$677.50	item	25
Shed 2m x 2m Type	\$2,120.00	item	50
Shed 2.5m x 3.5m Type	\$4,637.50	item	50
Shed 3m x 4m Type	\$6,360.00	item	50
Shed 3m x 5m Type	\$7,950.00	item	50
Shed 4m x 6m Type	\$12,720.00	item	50
Shed 3m x 9m Type	\$14,310.00	item	50
Emergency Shower & Eye Wash Type	\$2,435.50	item	25
Fall Prevention Facilities	\$5,471.00	item	25

The current replacement costs and useful lives for the WWTP Tanks & Covers asset types are provided in Table 2.9. The replacement rates for concrete tanks are based on rates for formed concrete walls, a concrete base slab, an allowance for excavation and a labour and plant hire allowance to construct the new tank and remove the old tank. The replacement rates for concrete tank covers are based on rates for formed concrete. The replacement rates for corrugated iron tank covers and aluminium access hatches are based on rates from Rawlinsons for materials supply and a labour allowance to remove the old cover and install the new cover. The replacement rates for poly tanks, steel tanks and industrial poly tanks with bunding are based on supplier purchase prices and Rawlinsons tank rates with an allowance for transport from Adelaide and a labour allowance to install the new asset.

**Table 2.9 WWTP Tanks & Covers Asset Valuation Parameters**

WWTP Tanks & Covers Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Concrete Tank 9kL	\$6,736.01	item	50
Concrete Tank 12kL	\$7,928.18	item	50
Concrete Tank 14kL	\$9,050.26	item	50
Concrete Tank 18kL	\$10,418.74	item	50
Concrete Tank 22kL	\$13,634.34	item	50
Concrete Tank 38kL	\$16,672.22	item	50
Concrete Tank 45kL	\$18,382.82	item	50
Concrete Tank 48kL	\$21,479.90	item	50
Concrete Tank 50kL	\$22,167.90	item	50
Concrete Tank 90kL	\$31,107.04	item	50
Concrete Tank 95kL	\$31,733.89	item	50
Concrete Tank 100kL	\$31,613.63	item	50
Concrete Tank 120kL	\$33,595.18	item	50
Concrete Tank 132kL	\$38,358.09	item	50
Concrete Tank 160kL	\$41,867.00	item	50

WWTP Tanks & Covers Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Concrete Tank 180kL	\$46,013.90	item	50
Concrete Tank 220kL	\$55,573.86	item	50
Poly Tank 1.2kL	\$1,514.00	item	50
Poly Tank 1.5kL	\$1,584.00	item	50
Poly Tank 2.5kL	\$1,664.00	item	50
Poly Tank 4.5kL	\$1,914.00	item	50
Poly Tank 8kL	\$2,664.00	item	50
Poly Tank 27kL	\$4,814.00	item	50
Poly Tank 36kL	\$7,614.00	item	50
Galvanised Steel Tank 500L	\$1,514.00	item	50
Industrial Poly Tank 100L & Bunding	\$1,254.00	item	50
Industrial Poly Tank 200L & Bunding	\$1,454.00	item	50
Industrial Poly Tank 1kL & Bunding	\$2,334.00	item	50
Industrial Poly Tank 1.5kL & Bunding	\$2,614.00	item	50
Industrial Poly Tank 3kL & Bunding	\$4,014.00	item	50
Tank Cover 2 - 3m dia 150mm Concrete Type	\$1,448.32	item	50
Tank Cover 3 - 3.5m dia 150mm Concrete Type	\$1,869.49	item	50
Tank Cover 5.5m dia 150mm Concrete Type	\$4,202.12	item	50
Tank Cover 6.7m dia 200mm Concrete Type	\$8,038.44	item	50
Tank Cover 7.5m dia 250mm Concrete Type	\$12,713.13	item	50
Tank Cover 7.5m dia 300mm Concrete Type	\$15,142.95	item	50
Tank Cover 8m dia 300mm Concrete Type	\$17,151.61	item	50
Tank Cover 9.2m dia 300mm Concrete Type	\$22,501.11	item	50
Access Hatch 4mm Aluminium Checker Plate Type	\$1,447.00	item	25
Tank cover 5.5m dia Corrugated Iron Type	\$5,095.64	item	25
Tank cover 7.5m - 8.5m dia Corrugated Iron Type	\$9,522.34	item	25
Tank cover 10m dia Corrugated Iron Type	\$14,244.15	item	25

The current replacement costs and useful lives for the Storage Lagoon asset types are provided in Table 2.10. The replacement rates for the storage lagoons are based on excavation rates from Rawlinsons to construct the lagoon bund and to excavate additional material to the specified depth. A residual value of 75% at end of useful life for earthworks for non-lined lagoons is estimated. This allows for rework of the bund and bund surface whilst recognising that full excavation of the lagoon is not required to reinstate a lagoon.

**Table 2.10 Storage Lagoon Asset Valuation Parameters**

Storage Lagoon Assets	Current Replacement Cost (CRC)	Valuation Unit	Residual Value at End of Useful Life	Useful Life of Service Standard
Storage Dam Earthworks 30m x 25m x 6m	\$26,257.00	item	75%	100
Storage Dam Earthworks 70m x 35m x 6m	\$84,630.00	item	75%	100
Storage Dam Earthworks 70m x 100m x 4m	\$133,997.50	item	75%	100

The current replacement costs and useful lives for the WWTP Miscellaneous Civil asset types are provided in Table 2.11. The replacement rates for the miscellaneous civil assets are based on supply rates from Rawlinsons with a labour allowance to install the new asset and remove the old asset where appropriate. As Council manage the hardstand areas as a maintenance issue the Hardstand assets are not depreciated.

**Table 2.11 WWTP Miscellaneous Civil Asset Valuation Parameters**

WWTP Miscellaneous Civil Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Fence 2m high with barbed wire type	\$64.00	m	50
Hardstand 25mm Blue Metal Type	\$3.95	m <sup>2</sup>	100
Hardstand 75mm Dolomite Type	\$5.93	m <sup>2</sup>	100
Hardstand 150mm Dolomite Type	\$11.85	m <sup>2</sup>	100
Vent Pipe 100mm dia x 2m high PVC Type	\$211.75	item	50
Vent Pipe 100mm dia x 3m high PVC Type	\$258.75	item	50
Vent Pipe 200mm dia x 12m high Galvanised Metal Type	\$3,297.75	item	50
Double Access Gate	\$1,317.75	item	50
Single Access Gate	\$578.50	item	50
Tank Stand	\$1,777.00	item	50
WWTP Sump 1.8m-2.2m dia 3-4m deep	\$51,389.73	item	50

The current replacement costs and useful lives for the WWTP Electrical asset types are provided in Table 2.12. The replacement rates for switchboards and cabinets are based on supply rates from Rawlinsons with a labour allowance to install new electrical equipment and remove the old asset. The replacement rates for alarm systems and PLC controls is based on estimated supply rates with a labour allowance for installation and removal of the old asset. Additional information regarding these assets will provide improvement to the unit rate development in the future.

**Table 2.12 WWTP Electrical Asset Valuation Parameters**

WWTP Electrical Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
WWTP Alarm System Landline Type	\$3,884.00	item	25
WWTP Alarm System Wireless Type	\$3,884.00	item	25
WWTP PLC Controls Type	\$8,198.00	item	25
WWTP Small Switchboard & Cabinet Type	\$18,024.00	item	25
WWTP Medium Switchboard & Cabinet Type	\$27,024.00	item	25
WWTP Large Switchboard & Cabinet Type	\$34,024.00	item	25
WWTP Electrical Cabling	\$7,112.00	item	25

The current replacement costs and useful lives for the WWTP Miscellaneous Mechanical asset types are provided in Table 2.13. The replacement rates for chlorine analysers, filters and variable frequency drives are based on estimated supply rates with a labour allowance for installation of the new and removal of the old asset. Additional information regarding these assets will provide improvement to the unit rate development in the future. The replacement rates for the filter controller and the flow switch are based on supply rates from Rawlinsons with a labour allowance for installation of new and removal of the old asset.

**Table 2.13 WWTP Miscellaneous Mechanical Asset Valuation Parameters**

WWTP Miscellaneous Mechanical Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
WWTP Basic Level Regulator	\$501.25	item	20
WWTP Advanced Level Regulator	\$2,196.25	item	20
Chlorine Analyser Type	\$5,657.00	item	25
WWTP 40mm-80mm Filter	\$2,657.00	item	25
Filter Controller Type	\$1,757.00	item	25
Irrigation Flow Switch Type	\$1,157.00	item	25
Variable Frequency Drive Type	\$5,157.00	item	25

The current replacement costs and useful lives for the WWTP Pumps asset types are provided in Table 2.14. The replacement rates for the WWTP pumps are based on supply rates from Rawlinsons for equivalent sized pumps with a labour allowance for installation of new and removal of the old asset.

**Table 2.14 WWTP Pumps Asset Valuation Parameters**

WWTP Pumps Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Aerator 2.2kW Type	\$4,571.00	Item	20
Aerator 4kW Type	\$5,671.00	Item	20
Aerator 7.5kW Type	\$7,471.00	Item	20
Chlorine Circulation Pump Type	\$4,257.00	Item	15
Chlorine Dosing Pump and Meter Type	\$5,157.00	item	15

WWTP Pumps Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Air Compressor Medium Type	\$1,135.50	item	15
Decant Pump 0.6-0.8kW Type	\$2,278.50	item	15
Decant Pump 0.9-1.2kW Type	\$2,528.50	item	15
Decant Pump 2.2kW Type	\$4,178.50	item	15
Decant Pump 3.1-3.5kW Type	\$5,278.50	item	15
Decant Pump 5.3kW Type	\$6,635.50	item	15
Decant Pump 22kW Type	\$16,721.00	item	15
Irrigation Pump 2.2kW Type	\$3,528.50	item	15
Irrigation Pump 4kW Type	\$4,735.50	item	15
Irrigation Pump 5.5kW Type	\$5,485.50	item	15
Irrigation Pump 11kW Type	\$6,271.00	item	15
Rainwater Tank Pressure Pump Type	\$3,528.50	item	15
RAS Pump 3.0-4.4kW Type	\$6,271.00	item	15
Submersible Pump 7.4kW	\$7,471.00	item	15
Tank Mixer Type	\$4,571.00	item	15
Ventilation Fan	\$814.00	item	15
WAS Pump 1.2-1.9kW Type	\$4,471.00	item	15
WAS Pump 2.0-2.6kW Type	\$4,871.00	item	15
WAS Pump 3.0-4.4kW Type	\$6,271.00	item	15

The current replacement costs and useful lives for the WWTP Valve & Flowmeters asset types are provided in Table 2.15. The replacement rates for valves are based on rates from Rawlinsons with a labour allowance for installation and removal of old. The replacement rates for flowmeters are based on rates from Rawlinsons with a labour allowance for installation and removal of old.

**Table 2.15 WWTP Valves & Flowmeters Asset Valuation Parameters**

WWTP Valves & Flowmeters Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
WWTP 50mm Ball Valve	\$447.75	item	20
WWTP 50mm Gate Valve	\$447.75	item	20
WWTP 50mm Non-Return Valve	\$457.75	item	20
WWTP 100mm Gate Valve	\$1,276.25	item	20
WWTP 80mm Gate Valve	\$897.75	item	20
WWTP 100mm Non-Return Valve	\$1,796.25	item	20
WWTP 100mm Flow Control Valve	\$1,796.25	item	20
WWTP 100mm Solenoid Valve	\$1,796.25	item	20
WWTP 50mm Gate Valve Electrical Operation Type	\$626.25	item	20
WWTP 100mm Gate Valve Electrical Operation Type	\$1,796.25	item	20
WWTP 225mm Gate Valve Electrical Operation Type	\$3,796.25	item	20



<b>WWTP Valves &amp; Flowmeters Assets</b>	<b>Current Replacement Cost (CRC)</b>	<b>Valuation Unit</b>	<b>Useful Life of Service Standard</b>
WWTP 50mm Flowmeter	\$2,367.75	item	20
WWTP 80mm Flowmeter	\$2,467.75	item	20
WWTP 100mm Flowmeter	\$2,517.75	item	20
WWTP 150mm Flowmeter	\$2,717.75	item	20

The current replacement costs and useful lives for the WWTP Pipework asset types are provided in Table 2.16. The replacement rates for pipework at the wastewater treatment plants is based on supply rates from Rawlinsons with a labour allowance to install and remove the old asset.

**Table 2.16 WWTP Pipework Asset Valuation Parameters**

<b>WWTP Pipework Assets</b>	<b>Current Replacement Cost (CRC)</b>	<b>Valuation Unit</b>	<b>Useful Life of Service Standard</b>
Pipework 50mm PVC Type	\$47.78	m	50
Pipework 100mm PVC Type	\$82.28	m	50
Pipework 150mm PVC Type	\$137.78	m	50
Pipework 225mm PVC Type	\$212.78	m	50
Pipework 50mm HDPE Type	\$37.28	m	50
Pipework 63mm HDPE Type	\$48.53	m	50
Pipework 80mm HDPE Type	\$56.78	m	50
Pipework 110mm HDPE Type	\$85.28	m	50
Pipework 150mm HDPE Type	\$118.68	m	50
Pipework 50mm Copper Type	\$101.78	m	50
Filter Decant Pipe 1.2m x 150mm Stainless Steel Screen Type	\$468.00	item	50

## 2.6 Establishing Useful Life

Yorke Peninsula Council value their assets at a component level which enables assets to be assigned an average useful life for each component to determine depreciation rates.

The useful life of a CWMS asset is assumed to be the time that an asset is expected to last before total replacement is required. It is likely that during their useful life, some assets will require maintenance.

The useful life of CWMS assets is governed by two factors:

- Structural deterioration – i.e. when a pipe or pit or any asset fails due to age/physical deterioration and renewal is required.
- Suitability - when despite being in physically good condition an asset is no longer suitable for purpose, e.g. when a pipe's capacity is exceeded

The useful lives that are assigned to different CWMS asset types are based on industry standards and have been provided in the tables above and are summarised in Table 2.17 below.

**Table 2.17 Standard Life of Assets**

Asset Class	Asset Types	Standard Life
Collection Nodes	House connections, flushing points, inspection points, maintenance holes, isolation valves	70 years
Collection Nodes - Valves	Air valves and isolation valves	20 years
Collection Pipes	Gravity mains and rising mains	70 years
PS Electrical Assets	Switchboards, control cabinets, alarm systems	25 years
PS Pumps	Submersible pumps	20 years
PS Valves	Check valves, gate valves, level controls, flowmeters	25 years
PS Sumps and Lids	Fibreglass sumps, concrete sumps, concrete sump lids, valve chambers	50 years
PS Sump Lids	Steel and aluminium sump lids	25 years
PS Civil Assets	Vent pipes, bollards and chains	50 years
WWTP Tanks & Covers	Concrete tanks, Poly tanks, Steel tanks, Industrial poly tanks and bunding, concrete tank covers	50 years
WWTP Tank Covers	Corrugated iron covers, aluminium access hatches	25 years
WWTP Hardstand	Blue metal and dolomite hardstand gravel	100 years
WWTP Civil Assets	Pipework, fencing, vent pipes, access gates, tank stands, sheds,	50 years
WWTP Pumps	Submersible pumps, aerators, irrigation pumps, dosing pumps, pressure pumps	20 years
WWTP Electrical Assets	Switchboards, control cabinets, alarm systems, PLC Controls	25 years
WWTP Valves, Flowmeters, & VFDs	Ball, gate and non-return valves, flowmeters, level regulators, variable frequency drives	25 years
WWTP Safety Facilities	Fall prevention facilities, emergency shower and eye wash facilities	25 years

## 2.7 Measuring Consumption

It is not practical to condition rate assets such as rising mains or gravity drains therefore construction dates (age) are used to estimate asset consumption.

For assets such as pumping stations and wastewater treatment plants, condition rating can be used to measure consumption. At this stage all assets are being valued based on their age (determined from construction dates).

In the future, Council may determine that certain assets at pumping stations and wastewater treatment plants can be changed to a condition based depreciation. Condition ratings can be undertaken at pumping stations and wastewater treatment plants as part of routine maintenance.

## 2.8 Service Level

The service level of CWMS is measured by the ability of the assets to effectively transfer and treat wastewater. The level of service of CWMS assets will need to be maintained at a high level as there are public health implications associated with failure of the system. For this reason CWMS assets may be replaced before total physical deterioration occurs. When assessing the service level of CWMS assets the following factors have been considered:

- Safety – Risk of untreated effluent escaping from the system
- Cost Effectiveness – As assets age their ongoing maintenance costs increase and there will come a stage when it is more cost effective to replace rather than maintain
- Customer Satisfaction
- Capacity – Do specific components of the system have the capacity to carry/treat current and predicted future loads?

## 2.9 Carrying Value of an Asset

It is assumed that the consumption of the economic benefit of an asset will be proportional to its age, determined from its construction date. Therefore the asset's value will be depreciated based on its age.

When an asset is new it will have a carrying value of 100% of its Current Replacement Cost (CRC). As it ages, the carrying value of the asset will be depreciated linearly until it reaches an age (useful life) where the Council establishes that the asset has no further use and the Carrying Value will be nil. (This age will vary for the various CWMS assets).

Using this method the carrying value will be calculated by:

$$\text{CarryingValue} = \text{CRC} \times \left( 1 - \frac{\text{Age}}{\text{UsefulLife}} \right)$$

The carrying value is depreciated annually as follows:

$$\text{CarryingValue} = \text{PreviousCarryingValue} - \text{CRC} \times \left( \frac{1}{\text{UsefulLife}} \right)$$

It is assumed that the consumption of the economic benefits of an asset is appropriately modelled through a straight line depreciation based on age. It is important that the useful lives assigned for assets are periodically compared to the lives being obtained in the field to ensure that this method continues to accurately model consumption.

## 2.10 Asset Residual Value

It is assumed that for most CWMS assets, once the economic benefits of the asset are consumed (to the condition rating determined by Council), they have no residual (remaining) value. There may be some circumstances when assets, such as pipes, reach the end of their useful life due to capacity being exceeded and there may be some potential for reuse (hence some residual value) however this circumstance is considered to be too rare to make a material difference to the average material value and hence no residual value is assigned.

The exceptions to this are the earthworks for non-lined lagoons and hardstand areas at wastewater treatment plants (WWTPs). A residual value of 75% has been assigned to earthworks for non-lined lagoons. This allows for rework of the earthworks at the end of a lagoon's useful life. Complete reconstruction of the lagoon would not be required to renew the asset. A residual value of 100% has been assigned to hardstand areas at WWTPs as Council would generally maintain hardstand gravel as maintenance rather than capital renewal.

## 2.11 Disposal of an Asset

When an asset is to be replaced with a new asset, the carrying amount of the asset will be written-off and the new asset will be added in as a new asset. It is assumed, with the exception of lagoons and hardstand areas at WWTPs, that the residual value of the existing asset is 0 (i.e. Council will get no proceeds from salvage) and cannot be capitalised (or re-used) into the new asset, and is therefore written off.

### 3 Valuation Summary

A summary of the valuation as of 1 July 2014 for Yorke Peninsula Council CWMS Infrastructure is shown below in Table 3.1.

**Table 3.1 CWMS Infrastructure Asset Valuation Summary**

Asset Type	Current Replacement Cost	Depreciable Amount	Accumulated Depreciation	Written Down Value	Remaining %
CWMS Pipes	\$15,097,437	\$15,097,437	\$4,898,400	\$10,199,037	68%
CWMS Nodes	\$2,562,736	\$2,562,736	\$822,930	\$1,739,806	68%
CWMS Pump Stations	\$3,129,514	\$3,129,514	\$1,083,996	\$2,045,518	65%
CWMS WWTP & Storage Assets	\$4,566,632	\$4,382,969	\$1,224,902	\$3,341,730	73%
<b>Total</b>	<b>\$25,356,319</b>	<b>\$25,172,656</b>	<b>\$8,030,228</b>	<b>\$17,326,091</b>	<b>68%</b>

The Written Down Value (WDV) is the depreciated replacement cost and is the “carrying amount” of the assets as of 1 July 2014 as per AASB 116. The total fair value of the asset (current replacement cost (CRC)), the amount consumed (accumulated depreciation) and the amount remaining (written down value (WDV)) for each asset are presented in Table 3.1.

Asset ages and construction dates have been used to determine accumulated depreciation and WDV.

Council have previously valued their CWMS assets as at 30 June 2013 with a current replacement cost of \$18,091,253. As this valuation has been based on a newly developed asset register for the 39 pumping stations and 17 wastewater treatment plant, digitised plans of the collection networks and unit rates developed for the replacement of each asset type, it is considered that this valuation more closely reflects the true value of Council's CWMS assets.

## 4 Depreciation Forecast

The annual depreciation forecast calculated for the 2014/2015 financial year for Council's CWMS infrastructure assets is summarised in Table 4.1. This table provides a predicted depreciation expense for each asset type for the 2014/2015 financial year and provides an indication of the rate at which the various asset types are being consumed annually in relation to the CRC.

**Table 4.1 Depreciation Forecast 2014/2015**

Asset Type	Annual Depreciation Forecast	Annual Consumption Forecast
CWMS Collection Pipes	\$215,530	1.4%
CWMS Collection Nodes	\$36,998	1.4%
CWMS Pumping Station Assets	\$89,020	2.8%
CWMS Wastewater Treatment Plant & Storage Assets	\$139,992	3.2%
<b>Total</b>	<b>\$481,540</b>	<b>1.9%</b>

To predict the forecast depreciation the Conquest system considers assets that have reached their end of life to have been entirely consumed and hence does not calculate depreciation against the asset. As at 1 July 2014 there is \$138,911 (CRC) worth of fully expired assets. A list of expired assets is provided in Appendix C.

In addition to the expired assets being excluded in the forecast Conquest, assets which are due to expire between the forecast period will be included in the report however the depreciation charge reported will only be based on the remaining depreciable amount. As at 1 July 2014 there is \$197,065 (CRC) worth of fully expired assets. A list of expired assets is provided in Appendix D.

Whilst the depreciation forecast will provide an estimate of the depreciation that would be expected for 2014/2015, the actual depreciation will need to include any additions and disposals of assets that occur during the period.

## Appendix A

# Conquest Asset Valuation Summary Report

## Valuation Summary On A Specific Date



Current Filter: CWMS Assets

Grouping: Asset Type

As At Date: 1/07/2014

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 3 CWMS Asset Types						
<b>Asset Type Code</b> 03						
<b>Asset Type</b> CWMS Pipe Types						
<b>Asset Type Code</b> 03.01						
<b>Asset Type</b> CWMS House Connection Types						
<b>Asset Type Code</b> 03.01.01						
<b>Totals for CWMS House Connection Types</b>		\$1,169,367	\$1,169,367	\$0	\$324,544	\$844,824
<b>Asset Type</b> CWMS Gravity Main Types						
<b>Asset Type Code</b> 03.01.02						
<b>Totals for CWMS Gravity Main Types</b>		\$10,850,729	\$10,850,729	\$0	\$3,929,760	\$6,920,969
<b>Asset Type</b> CWMS Rising Main Types						
<b>Asset Type Code</b> 03.01.03						
<b>Totals for CWMS Rising Main Types</b>		\$3,069,771	\$3,069,771	\$0	\$640,636	\$2,429,135
<b>Asset Type</b> CWMS Overflow Pipe Types						
<b>Asset Type Code</b> 03.01.04						
<b>Totals for CWMS Overflow Pipe Types</b>		\$7,570	\$7,570	\$0	\$3,461	\$4,109
<b>Totals for CWMS Pipe Types</b>		\$15,097,437	\$15,097,437	\$0	\$4,898,400	\$10,199,037

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b> CWMS Node Types						
<b>Asset Type Code</b> 03.02						
<b>Asset Type</b> House Connection						
<b>Asset Type Code</b> 03.02.01						
<b>Totals for House Connection</b>		\$1,078,752	\$1,078,752	\$0	\$351,131	\$727,621
<b>Asset Type</b> Flushing Point						
<b>Asset Type Code</b> 03.02.02						
<b>Totals for Flushing Point</b>		\$374,136	\$374,136	\$0	\$113,173	\$260,963
<b>Asset Type</b> Inspection Point						
<b>Asset Type Code</b> 03.02.03						
<b>Totals for Inspection Point</b>		\$4,488	\$4,488	\$0	\$1,521	\$2,967
<b>Asset Type</b> Maintenance Hole						
<b>Asset Type Code</b> 03.02.04						
<b>Totals for Maintenance Hole</b>		\$1,082,116	\$1,082,116	\$0	\$346,837	\$735,279
<b>Asset Type</b> Isolation Valve						
<b>Asset Type Code</b> 03.02.05						
<b>Totals for Isolation Valve</b>		\$7,576	\$7,576	\$0	\$380	\$7,196
<b>Asset Type</b> Oblique Junction						
<b>Asset Type Code</b> 03.02.06						
<b>Totals for Oblique Junction</b>		\$2,400	\$2,400	\$0	\$1,097	\$1,303
<b>Asset Type</b> Air Valve						
<b>Asset Type Code</b> 03.02.07						



<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Totals for Air Valve</b>		\$13,268	\$13,268	\$0	\$8,791	\$4,477
<b>Totals for CWMS Node Types</b>		\$2,562,736	\$2,562,736	\$0	\$822,930	\$1,739,806
<b>Asset Type</b> CWMS Pump Station Types						
<b>Asset Type Code</b> 03.03						
<b>Asset Type</b> CWMS Pump Station Civil Types						
<b>Asset Type Code</b> 03.03.01						
<b>Totals for CWMS Pump Station Civil Types</b>		\$2,114,437	\$2,114,437	\$0	\$628,544	\$1,485,893
<b>Asset Type</b> CWMS Pump Station Mechanical Types						
<b>Asset Type Code</b> 03.03.02						
<b>Totals for CWMS Pump Station Mechanical Types</b>		\$457,030	\$457,030	\$0	\$261,033	\$195,996
<b>Asset Type</b> CWMS Pump Station Electrical Types						
<b>Asset Type Code</b> 03.03.03						
<b>Totals for CWMS Pump Station Electrical Types</b>		\$558,047	\$558,047	\$0	\$194,419	\$363,628
<b>Totals for CWMS Pump Station Types</b>		\$3,129,514	\$3,129,514	\$0	\$1,083,996	\$2,045,518
<b>Asset Type</b> CWMS WWTP & Storage Types						
<b>Asset Type Code</b> 03.04						
<b>Asset Type</b> CWMS WWTP Civil Types						
<b>Asset Type Code</b> 03.04.01						
<b>Totals for CWMS WWTP Civil Types</b>		\$2,366,168	\$2,366,168	\$0	\$494,026	\$1,872,142
<b>Asset Type</b> CWMS WWTP Mechanical Types						
<b>Asset Type Code</b> 03.04.02						
<b>Totals for CWMS WWTP Mechanical Types</b>		\$1,057,635	\$1,057,635	\$0	\$435,721	\$621,914

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b> CWMS WWTP Electrical Types						
<b>Asset Type Code</b> 03.04.03						
<b>Totals for CWMS WWTP Electrical Types</b>		\$822,744	\$822,744	\$0	\$233,311	\$589,433
<b>Asset Type</b> CWMS WWTP Pipework Types						
<b>Asset Type Code</b> 03.04.04						
<b>Totals for CWMS WWTP Pipework Types</b>		\$126,532	\$126,532	\$0	\$29,697	\$96,835
<b>Asset Type</b> CWMS WWTP Building & Facilities						
<b>Asset Type Code</b> 03.04.05						
<b>Totals for CWMS WWTP Building &amp; Facilities</b>		\$193,553	\$193,553	\$0	\$32,147	\$161,406
<b>Totals for CWMS WWTP &amp; Storage Types</b>		\$4,566,632	\$4,566,632	\$0	\$1,224,902	\$3,341,730
<b>Totals for 3 CWMS Asset Types</b>		\$25,356,319	\$25,356,319	\$0	\$8,030,228	\$17,326,091

## Appendix B

# Conquest Asset Depreciation Forecast Summary Report

# Depreciation Forecast

Current Filter: CWMS Assets

Grouping: Asset Type

Period: Between 01/07/2014 and 01/07/2015

Asset ID	Asset Description	Replacement Cost	Opening ACD	Closing ACD	Depreciation Charge
<b>Asset Type</b> 3 CWMS Asset Types					
<b>Asset Type Code</b> 03					
<b>Asset Type</b> CWMS Pipe Types					
<b>Asset Type Code</b> 03.01					
<b>Asset Type</b> CWMS House Connection Types					
<b>Asset Type Code</b> 03.01.01					
<b>Totals for CWMS House Connection Types</b>		\$1,169,367	\$324,544	\$341,237	\$16,694
<b>Asset Type</b> CWMS Gravity Main Types					
<b>Asset Type Code</b> 03.01.02					
<b>Totals for CWMS Gravity Main Types</b>		\$10,850,729	\$3,929,760	\$4,084,665	\$154,904
<b>Asset Type</b> CWMS Rising Main Types					
<b>Asset Type Code</b> 03.01.03					
<b>Totals for CWMS Rising Main Types</b>		\$3,069,771	\$640,636	\$684,459	\$43,824
<b>Asset Type</b> CWMS Overflow Pipe Types					
<b>Asset Type Code</b> 03.01.04					
<b>Totals for CWMS Overflow Pipe Types</b>		\$7,570	\$3,461	\$3,569	\$108
<b>Totals for CWMS Pipe Types</b>		\$15,097,437	\$4,898,400	\$5,113,930	\$215,530

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Opening ACD</i>	<i>Closing ACD</i>	<i>Depreciation Charge</i>
<b>Asset Type</b> CWMS Node Types					
<b>Asset Type Code</b> 03.02					
<b>Asset Type</b> House Connection					
<b>Asset Type Code</b> 03.02.01					
	<b>Totals for House Connection</b>	\$1,078,752	\$351,131	\$366,531	\$15,400
<b>Asset Type</b> Flushing Point					
<b>Asset Type Code</b> 03.02.02					
	<b>Totals for Flushing Point</b>	\$374,136	\$113,173	\$118,514	\$5,341
<b>Asset Type</b> Inspection Point					
<b>Asset Type Code</b> 03.02.03					
	<b>Totals for Inspection Point</b>	\$4,488	\$1,521	\$1,585	\$64
<b>Asset Type</b> Maintenance Hole					
<b>Asset Type Code</b> 03.02.04					
	<b>Totals for Maintenance Hole</b>	\$1,082,116	\$346,837	\$362,285	\$15,448
<b>Asset Type</b> Isolation Valve					
<b>Asset Type Code</b> 03.02.05					
	<b>Totals for Isolation Valve</b>	\$7,576	\$380	\$758	\$379
<b>Asset Type</b> Oblique Junction					
<b>Asset Type Code</b> 03.02.06					
	<b>Totals for Oblique Junction</b>	\$2,400	\$1,097	\$1,131	\$34
<b>Asset Type</b> Air Valve					
<b>Asset Type Code</b> 03.02.07					
	<b>Totals for Air Valve</b>	\$6,634	\$2,157	\$2,488	\$331
	<b>Totals for CWMS Node Types</b>	\$2,556,102	\$816,296	\$853,294	\$36,998

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Opening ACD</i>	<i>Closing ACD</i>	<i>Depreciation Charge</i>
<b>Asset Type</b> CWMS Pump Station Types					
<b>Asset Type Code</b> 03.03					
<b>Asset Type</b> CWMS Pump Station Civil Types					
<b>Asset Type Code</b> 03.03.01					
	<b>Totals for CWMS Pump Station Civil Types</b>	\$2,113,486	\$627,592	\$670,055	\$42,463
<b>Asset Type</b> CWMS Pump Station Mechanical Types					
<b>Asset Type Code</b> 03.03.02					
	<b>Totals for CWMS Pump Station Mechanical Types</b>	\$386,049	\$190,053	\$214,304	\$24,251
<b>Asset Type</b> CWMS Pump Station Electrical Types					
<b>Asset Type Code</b> 03.03.03					
	<b>Totals for CWMS Pump Station Electrical Types</b>	\$558,047	\$194,419	\$216,725	\$22,307
	<b>Totals for CWMS Pump Station Types</b>	\$3,057,582	\$1,012,064	\$1,101,084	\$89,020
<b>Asset Type</b> CWMS WWTP & Storage Types					
<b>Asset Type Code</b> 03.04					
<b>Asset Type</b> CWMS WWTP Civil Types					
<b>Asset Type Code</b> 03.04.01					
	<b>Totals for CWMS WWTP Civil Types</b>	\$2,286,959	\$494,026	\$537,703	\$43,677
<b>Asset Type</b> CWMS WWTP Mechanical Types					
<b>Asset Type Code</b> 03.04.02					
	<b>Totals for CWMS WWTP Mechanical Types</b>	\$997,290	\$375,376	\$430,863	\$55,487
<b>Asset Type</b> CWMS WWTP Electrical Types					
<b>Asset Type Code</b> 03.04.03					
	<b>Totals for CWMS WWTP Electrical Types</b>	\$822,744	\$233,311	\$266,198	\$32,888

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Opening ACD</i>	<i>Closing ACD</i>	<i>Depreciation Charge</i>
<b>Asset Type</b> CWMS WWTP Pipework Types					
<b>Asset Type Code</b> 03.04.04					
	<b>Totals for CWMS WWTP Pipework Types</b>	\$126,532	\$29,697	\$32,226	\$2,529
<b>Asset Type</b> CWMS WWTP Building & Facilities					
<b>Asset Type Code</b> 03.04.05					
	<b>Totals for CWMS WWTP Building &amp; Facilities</b>	\$193,553	\$32,147	\$37,559	\$5,412
	<b>Totals for CWMS WWTP &amp; Storage Types</b>	\$4,427,078	\$1,164,557	\$1,304,549	\$139,992
	<b>Totals for 3 CWMS Asset Types</b>	\$25,138,199	\$7,891,318	\$8,372,858	\$481,540

## Appendix C

### Conquest Fully Expired Asset Report



## Valuation Summary On A Specific Date



Current Filter: Fully Expired Assets

Grouping: Asset Type

As At Date: 1/07/2014

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 3 CWMS Asset Types						
<b>Asset Type Code</b> 03						
<b>Asset Type</b> CWMS Node Types						
<b>Asset Type Code</b> 03.02						
<b>Asset Type</b> Air Valve						
<b>Asset Type Code</b> 03.02.07						
17850	Air Valve (Yorke-CWMS-N00053) in Yorke Highway	\$3,317	\$3,317	\$0	\$3,317	\$0
17849	Air Valve (Yorke-CWMS-N00054) in Yorke Highway	\$3,317	\$3,317	\$0	\$3,317	\$0
<b>Totals for Air Valve</b>		\$6,634	\$6,634	\$0	\$6,634	\$0
<b>Totals for CWMS Node Types</b>		\$6,634	\$6,634	\$0	\$6,634	\$0
<b>Asset Type</b> CWMS Pump Station Types						
<b>Asset Type Code</b> 03.03						
<b>Asset Type</b> CWMS Pump Station Civil Types						
<b>Asset Type Code</b> 03.03.01						
<b>Asset Type</b> Pump Station Sumps & Lid Types						
<b>Asset Type Code</b> 03.03.01.01						
20274	Hogarth Street Pump Station Lid	\$951	\$951	\$0	\$951	\$0
<b>Totals for Pump Station Sumps &amp; Lid Types</b>		\$951	\$951	\$0	\$951	\$0
<b>Totals for CWMS Pump Station Civil Types</b>		\$951	\$951	\$0	\$951	\$0

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
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**Asset Type** CWMS Pump Station Mechanical Types

**Asset Type Code** 03.03.02

**Asset Type** Pump Station Pump Types

**Asset Type Code** 03.03.02.01

20251	Ardrossan Jetty Carpark Pump Station Pump 1	\$12,971	\$12,971	\$0	\$12,971	\$0
20252	Ardrossan Jetty Carpark Pump Station Pump 2	\$12,971	\$12,971	\$0	\$12,971	\$0
20253	Ardrossan Jetty Carpark Pump Station Pump 3	\$12,971	\$12,971	\$0	\$12,971	\$0
20314	Black Point Pump Station 1 Pump 1	\$2,529	\$2,529	\$0	\$2,529	\$0
20315	Black Point Pump Station 1 Pump 2	\$3,479	\$3,479	\$0	\$3,479	\$0
20326	Black Point Pump Station 2 Pump 1	\$5,436	\$5,436	\$0	\$5,436	\$0
20327	Black Point Pump Station 2 Pump 2	\$5,436	\$5,436	\$0	\$5,436	\$0
20328	Black Point Pump Station 2 Pump 3	\$5,436	\$5,436	\$0	\$5,436	\$0
20301	Tiddy Widdy Beach Pump Station Pump 1	\$4,179	\$4,179	\$0	\$4,179	\$0
20302	Tiddy Widdy Beach Pump Station Pump 2	\$4,179	\$4,179	\$0	\$4,179	\$0
<b>Totals for Pump Station Pump Types</b>		\$69,584	\$69,584	\$0	\$69,584	\$0

**Asset Type** Pump Station Valve Types

**Asset Type Code** 03.03.02.02

20304	Tiddy Widdy Beach Pump Station Check Valve	\$448	\$448	\$0	\$448	\$0
20303	Tiddy Widdy Beach Pump Station Gate Valve	\$448	\$448	\$0	\$448	\$0
20308	Tiddy Widdy Beach Pump Station Level Control	\$501	\$501	\$0	\$501	\$0
<b>Totals for Pump Station Valve Types</b>		\$1,397	\$1,397	\$0	\$1,397	\$0
<b>Totals for CWMS Pump Station Mechanical Types</b>		\$70,980	\$70,980	\$0	\$70,980	\$0
<b>Totals for CWMS Pump Station Types</b>		\$71,932	\$71,932	\$0	\$71,932	\$0

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b> CWMS WWTP & Storage Types						
<b>Asset Type Code</b> 03.04						
<b>Asset Type</b> CWMS WWTP Mechanical Types						
<b>Asset Type Code</b> 03.04.02						
<b>Asset Type</b> WWTP Pump Types						
<b>Asset Type Code</b> 03.04.02.01						
20847	Ardrossan Wastewater Treatment Plant RAS Pump	\$6,271	\$6,271	\$0	\$6,271	\$0
20920	Black Point Wastewater Treatment Plant Decant Tank Bypass Pump	\$2,279	\$2,279	\$0	\$2,279	\$0
20924	Black Point Wastewater Treatment Plant RAS Pump	\$6,271	\$6,271	\$0	\$6,271	\$0
20917	Black Point Wastewater Treatment Plant WAS Pump	\$4,871	\$4,871	\$0	\$4,871	\$0
21309	Hardwicke Bay Wastewater Treatment Plant Irrigation Pump 1	\$3,529	\$3,529	\$0	\$3,529	\$0
21310	Hardwicke Bay Wastewater Treatment Plant Irrigation Pump 2	\$3,529	\$3,529	\$0	\$3,529	\$0
20884	Maitland Wastewater Treatment Plant Aerator 1	\$7,471	\$7,471	\$0	\$7,471	\$0
20885	Maitland Wastewater Treatment Plant Aerator 2	\$7,471	\$7,471	\$0	\$7,471	\$0
20886	Maitland Wastewater Treatment Plant RAS Pump	\$6,271	\$6,271	\$0	\$6,271	\$0
21189	Rogues Point Wastewater Treatment Plant Irrigation Pump 1	\$3,529	\$3,529	\$0	\$3,529	\$0
21190	Rogues Point Wastewater Treatment Plant Irrigation Pump 2	\$3,529	\$3,529	\$0	\$3,529	\$0
<b>Totals for WWTP Pump Types</b>		\$55,019	\$55,019	\$0	\$55,019	\$0
<b>Asset Type</b> WWTP Valve & Flowmeter Types						
<b>Asset Type Code</b> 03.04.02.02						
20892	Maitland Wastewater Treatment Plant Gate Valve	\$1,276	\$1,276	\$0	\$1,276	\$0
20887	Maitland Wastewater Treatment Plant Non-Return Valve	\$458	\$458	\$0	\$458	\$0
20889	Maitland Wastewater Treatment Plant Non-Return Valves 100mm Cast Iron	\$3,593	\$3,593	\$0	\$3,593	\$0
<b>Totals for WWTP Valve &amp; Flowmeter Types</b>		\$5,327	\$5,327	\$0	\$5,327	\$0
<b>Totals for CWMS WWTP Mechanical Types</b>		\$60,345	\$60,345	\$0	\$60,345	\$0
<b>Totals for CWMS WWTP &amp; Storage Types</b>		\$60,345	\$60,345	\$0	\$60,345	\$0
<b>Totals for 3 CWMS Asset Types</b>		\$138,911	\$138,911	\$0	\$138,911	\$0

## Appendix D

### Conquest Due to Expire Asset Report

## Valuation Summary On A Specific Date



Current Filter: Due to Expire Assets

Grouping: Asset Type

As At Date: 1/07/2014

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type 3 CWMS Asset Types</b>						
<b>Asset Type Code 03</b>						
<b>Asset Type CWMS Pump Station Types</b>						
<b>Asset Type Code 03.03</b>						
<b>Asset Type CWMS Pump Station Civil Types</b>						
<b>Asset Type Code 03.03.01</b>						
<b>Asset Type Pump Station Sumps &amp; Lid Types</b>						
<b>Asset Type Code 03.03.01.01</b>						
20723	Maitland Pump Station 1 Sump	\$31,629	\$31,629	\$0	\$30,999	\$630
20698	Maitland Pump Station 2 Sump	\$31,629	\$31,629	\$0	\$30,999	\$630
<b>Totals for Pump Station Sumps &amp; Lid Types</b>		<b>\$63,259</b>	<b>\$63,259</b>	<b>\$0</b>	<b>\$61,998</b>	<b>\$1,261</b>
<b>Totals for CWMS Pump Station Civil Types</b>		<b>\$63,259</b>	<b>\$63,259</b>	<b>\$0</b>	<b>\$61,998</b>	<b>\$1,261</b>
<b>Asset Type CWMS Pump Station Mechanical Types</b>						
<b>Asset Type Code 03.03.02</b>						
<b>Asset Type Pump Station Pump Types</b>						
<b>Asset Type Code 03.03.02.01</b>						
20262	Ardrossan Jetty Carpark Pump Station Overflow Chamber 1 Pump 1	\$3,479	\$3,479	\$0	\$3,247	\$231
20277	Hogarth Street Pump Station Pump 1	\$2,529	\$2,529	\$0	\$2,360	\$168
20278	Hogarth Street Pump Station Pump 2	\$2,529	\$2,529	\$0	\$2,360	\$168
20354	Port Vincent Caravan Park Pump Station 1 Pump 1	\$7,314	\$7,314	\$0	\$6,828	\$486
20355	Port Vincent Caravan Park Pump Station 1 Pump 2	\$7,314	\$7,314	\$0	\$6,828	\$486

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
20356	Port Vincent Caravan Park Pump Station 1 Pump 3	\$7,314	\$7,314	\$0	\$6,828	\$486
20522	Yorke town Pump Station 2 Pump 1	\$5,279	\$5,279	\$0	\$4,928	\$351
20523	Yorke town Pump Station 2 Pump 2	\$5,279	\$5,279	\$0	\$4,928	\$351
20474	Yorke town Pump Station 3 Pump 1	\$4,179	\$4,179	\$0	\$3,901	\$278
20475	Yorke town Pump Station 3 Pump 2	\$4,179	\$4,179	\$0	\$3,901	\$278
20547	Yorke town Pump Station 6 Pump 1	\$7,314	\$7,314	\$0	\$6,828	\$486
20548	Yorke town Pump Station 6 Pump 2	\$7,314	\$7,314	\$0	\$6,828	\$486
20549	Yorke town Pump Station 6 Pump 3	\$7,314	\$7,314	\$0	\$6,828	\$486

<b>Totals for Pump Station Pump Types</b>	\$71,334	\$71,334	\$0	\$66,594	\$4,740
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### **Asset Type** Pump Station Valve Types

**Asset Type Code** 03.03.02.02

20317	Black Point Pump Station 1 Check Valve	\$448	\$448	\$0	\$425	\$22
20316	Black Point Pump Station 1 Gate Valve	\$448	\$448	\$0	\$425	\$22
20320	Black Point Pump Station 1 Level Control	\$2,196	\$2,196	\$0	\$2,087	\$109
20330	Black Point Pump Station 2 Check Valve	\$448	\$448	\$0	\$425	\$22
20329	Black Point Pump Station 2 Gate Valve	\$448	\$448	\$0	\$425	\$22
20333	Black Point Pump Station 2 Level Control	\$2,196	\$2,196	\$0	\$2,087	\$109

<b>Totals for Pump Station Valve Types</b>	\$6,184	\$6,184	\$0	\$5,875	\$308
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<b>Totals for CWMS Pump Station Mechanical Types</b>	\$77,517	\$77,517	\$0	\$72,469	\$5,048
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<b>Totals for CWMS Pump Station Types</b>	\$140,776	\$140,776	\$0	\$134,467	\$6,309
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### **Asset Type** CWMS WWTP & Storage Types

**Asset Type Code** 03.04

### **Asset Type** CWMS WWTP Mechanical Types

**Asset Type Code** 03.04.02

### **Asset Type** WWTP Pump Types

**Asset Type Code** 03.04.02.01

20922	Black Point Wastewater Treatment Plant Aerator 1	\$5,671	\$5,671	\$0	\$5,388	\$283
20923	Black Point Wastewater Treatment Plant Aerator 2	\$5,671	\$5,671	\$0	\$5,388	\$283
20966	Port Vincent Wastewater Treatment Plant Irrigation Pump 1	\$4,736	\$4,736	\$0	\$4,421	\$315
20967	Port Vincent Wastewater Treatment Plant Irrigation Pump 2	\$4,736	\$4,736	\$0	\$4,421	\$315

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
20968	Port Vincent Wastewater Treatment Plant Irrigation Pump 3	\$4,736	\$4,736	\$0	\$4,421	\$315
21001	Stansbury Wastewater Treatment Plant Irrigation Pump 1	\$3,529	\$3,529	\$0	\$3,294	\$234
21002	Stansbury Wastewater Treatment Plant Irrigation Pump 2	\$3,529	\$3,529	\$0	\$3,294	\$234
21042	Yorke town Wastewater Treatment Plant Irrigation Pump 1	\$6,271	\$6,271	\$0	\$5,854	\$417
21043	Yorke town Wastewater Treatment Plant Irrigation Pump 2	\$6,271	\$6,271	\$0	\$5,854	\$417
21031	Yorke town Wastewater Treatment Plant RAS Pump	\$6,271	\$6,271	\$0	\$5,854	\$417
21027	Yorke town Wastewater Treatment Plant WAS Pump	\$4,871	\$4,871	\$0	\$4,547	\$324
<b>Totals for WWTP Pump Types</b>		\$56,290	\$56,290	\$0	\$52,738	\$3,552
<b>Totals for CWMS WWTP Mechanical Types</b>		\$56,290	\$56,290	\$0	\$52,738	\$3,552
<b>Totals for CWMS WWTP &amp; Storage Types</b>		\$56,290	\$56,290	\$0	\$52,738	\$3,552
<b>Totals for 3 CWMS Asset Types</b>		\$197,065	\$197,065	\$0	\$187,205	\$9,861

# Stormwater Infrastructure Asset Valuation & Methodology

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1 July 2014

Yorke Peninsula Council

September 2015

Ref No. 20140062FR7B



**a better approach**



# Document History and Status

Rev	Description	Author	Reviewed	Approved	Date
A	For Client Comment	KJS/SR			31 August 2015
B	Final	KJS/TJF	RKE	RKE	3 September 2015

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# 1 Introduction

Yorke Peninsula Council (Council) own and manage stormwater assets within 22 towns and communities across the Yorke Peninsula. Assets include stormwater pipes, box culverts and nodes including pits and headwalls. In the towns of Maitland, Ardrossan and Minlaton there are also stormwater reuse facilities including pumping and storage assets. As part of the comprehensive service to support Yorke Peninsula Council develop and maintain its corporate asset management solution (Conquest), we are pleased to present this Stormwater Infrastructure Asset Valuation and Depreciation Report as of 1 July 2014.

This report has been developed as the first Stormwater asset valuation undertaken by Tonkin Consulting for Yorke Peninsula Council. Asset registers of the stormwater networks have been developed as part of this valuation process by Yorke Peninsula Council in consultation with Tonkin Consulting.

Council have completed digitised plans and assigned attribute data to the stormwater drains and nodes within the networks in MapInfo during early 2015. The data extracted from the digitised MapInfo plans is the basis for the stormwater asset register. Council has also provided asset lists and details for assets at reuse pumping sheds and stormwater storage facilities. These asset lists were based on a data dictionary originally provided by Tonkin Consulting. Council provided sufficient asset details to enable asset types and attributes to be defined in order to develop unit rates for current replacement costs of assets. A total of 121 assets were identified at the three stormwater reuse facilities. Tonkin Consulting did not undertake any site inspections during development of the asset registers.

This 2014 valuation has been developed from the stormwater asset registers that have been developed for drains and nodes and has been incorporated into Conquest. While it is likely that not every pit/pipe has been site verified, the database still provides a reasonable basis for valuation purposes. A continued commitment by Council and Tonkin Consulting to correct any observed inconsistencies is encouraged.

This register is considered to be at a good standard of reliability to be used by Council for managing the assets. Any inconsistencies identified can be improved through ongoing development of the Stormwater register within the Conquest/MapInfo environment that has been created and managed by Tonkin Consulting in conjunction with Council.

The asset valuation of Council's Stormwater assets was completed with a combination of rates from Rawlinsons Australian Handbook – Edition 32 (2014) and prices from suppliers.

This report provides a summary of the method used to value Stormwater infrastructure assets and provides a summary of the results for:

- Stormwater Drains
- Stormwater Nodes
- Stormwater Reuse and Storage

To assist with budgeting for the 2014/2015 financial year, a depreciation forecast is also provided.

## 2 Accounting Standards & Valuation Methodology

### 2.1 Valuation Methodology Statement

The Australian Accounting Standard AASB 116 and Local Government (financial management) Regulations 1999 require assets be recorded at fair value. Paragraph 16 of AASB 116 defines fair value as *“The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction”*. As there is no active liquid market for infrastructure assets, AASB 116 allows fair value to be estimated using a depreciated replacement cost basis. The basis of this valuation is fair value expressed as Current Replacement Cost (CRC) of an asset minus any accumulated depreciation and impairment losses.

The CRC for infrastructure assets has been calculated based on the expected costs that will be incurred at the end of an asset’s useful life by Council in order to maintain the service provided by that asset. For Stormwater infrastructure this current replacement cost has been calculated based on the assumptions outlined below.

Yorke Peninsula Council has a variety of Stormwater assets that have been loaded into the Conquest Asset Register in the following asset categories:

- Stormwater Drains
- Stormwater Nodes
- Stormwater Reuse and Storage

These asset groups have been broken down further into their constituent parts for the purposes of valuation and to enable different useful lives to be assigned to different components.

Brownfield construction rates have been assumed for the replacement of all Stormwater assets. As such, where applicable, allowances have been made for:

- Materials
- Plant/Equipment
- Contractors fees and labour.

Assumptions made to calculate the current replacement cost (CRC) for the Stormwater asset groups are outlined below:

### 2.2 Stormwater Node Assets

#### 2.2.1 Side Entry Pits, Junction Boxes, Grated Inlet Pits and Gross Pollutant Traps

The replacement rates for side entry pits, junction boxes, grated inlet pits and gross pollutant traps have been calculated using Rawlinsons rates and standard industry rates and include allowances for:

- Removal and disposal of existing concrete structure
- Supply and installation of the new concrete asset including lid
- Backfilling using excavated material and reinstatement

For non standard pit sizes, the rates of standard sizes have been interpolated to provide an appropriate replacement rate.

The current replacement costs and useful lives for the stormwater pit types are provided in Table 2.1.

**Table 2.1 Stormwater Node Asset Valuation Parameters**

Stormwater Node Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Side Entry Pit - Single	\$2,217.01	item	75
Side Entry Pit - Double	\$3,734.47	item	75
Side Entry Pit - Triple	\$4,709.01	item	75
Side Entry Pit (with Deflectors) - Single	\$2,217.01	item	75
Side Entry Pit (with Deflectors) - Double	\$3,734.47	item	75
Side Entry Pit (with Deflectors) - Triple	\$4,709.01	item	75
Grated Inlet Pit	\$2,054.75	item	75
Grated Outlet Pit	\$2,054.75	item	75
Grated Inlet Pit - Single	\$2,054.75	item	75
Grated Inlet Pit - Quadruple	\$5,030.07	item	75
Brick Junction Box	\$2,605.28	item	75
Concrete Junction Box	\$2,605.28	item	75
Inlet Pit	\$2,054.75	item	75
Junction Box	\$2,605.28	item	75
Outlet Pit	\$2,054.75	item	75
PVC Junction Box	\$2,433.16	item	75

The current replacement costs and useful lives for the miscellaneous stormwater nodes are provided in Table 2.2.

**Table 2.2 Miscellaneous Stormwater Nodes Valuation Parameters**

Stormwater Node Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Air Valve	\$2,760.00	item	25
Allotment Connection	\$405.00	item	75
Concrete Inspection Point	\$408.00	item	75
Gross Pollutant Trap - RSF 4450	\$21,450.00	item	75
Gross Pollutant Trap (unspecified)	\$21,450.00	item	75
PVC Inspection Point	\$408.00	item	75
Stormwater Dissipator	\$50,000.00	item	75
Stormwater Outfall Structure	\$21,450.00	item	75

## 2.3 Stormwater Drain Assets

### 2.3.1 Reinforced Concrete Pipes (225mm to 3000mm dia)

It is assumed that all concrete pipes 225mm to 600mm diameter are class 2 Reinforced Concrete Pipes (RCP) with Rubber Ring Joints (RRJ) and that all concrete pipes 675mm to 3000mm are class 2 Reinforced Concrete Pipes (RCP) with External Bands (EB). The replacement rates make allowance for:

- Trench excavation
- Removal and disposal of recyclable material, road base and existing pipe
- Supply and laying of new pipe
- Bedding to new pipe and trench backfill
- 10% allowance for service adjustment.

The cost of road pavement and road seal reinstatement has not been included as it is assumed that stormwater pipe renewal would generally coincide with road renewal and that pavement and seal reinstatement is covered under roadwork replacement/renewal cost estimation. For asset planning purposes Council may need to add in those costs if work is undertaken independent of road renewal.

The current replacement costs and useful lives for concrete stormwater pipe assets are provided in Table 2.3.

**Table 2.3 Concrete Stormwater Pipe Asset Valuation Parameters**

Concrete Stormwater Pipe Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
<225mm RC SW Pipe	\$134.96	m	100
225mm RC SW Pipe	\$134.96	m	100
250mm RC SW Pipe	\$149.96	m	100
300mm RC SW Pipe	\$179.95	m	100
350mm RC SW Pipe	\$208.54	m	100
375mm RC SW Pipe	\$212.63	m	100
380mm RC SW Pipe	\$213.45	m	100
400mm RC SW Pipe	\$256.03	m	100
450mm RC SW Pipe	\$271.23	m	100
475mm RC SW Pipe	\$305.35	m	100
500mm RC SW Pipe	\$313.47	m	100
525mm RC SW Pipe	\$321.80	m	100
600mm RC SW Pipe	\$377.53	m	100
675mm RC SW Pipe	\$415.48	m	100
700mm RC SW Pipe	\$461.30	m	100
750mm RC SW Pipe	\$481.52	m	100
800mm RC SW Pipe	\$540.23	m	100
825mm RC SW Pipe	\$551.07	m	100
900mm RC SW Pipe	\$630.71	m	100

Concrete Stormwater Pipe Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
1050mm RC SW Pipe	\$793.97	m	100
1200mm RC SW Pipe	\$982.77	m	100

### 2.3.2 UPVC and HDPE Stormwater Pipes

The replacement rates for PVC and polyethylene pipes were calculated using Rawlinsons rates. For non-standard PVC or HDPE pipe sizes, the rates of standard sizes have been interpolated or extrapolated to provide a replacement rate. The replacement rates make allowance for:

- Trench excavation
- Removal and disposal of recyclable material, road base and existing pipe
- Supply and laying of new pipe
- Bedding to new pipe and trench backfill
- 10% allowance for service adjustment.

No allowance has been made for road pavement or road seal reinstatement as this is assumed to be allowed for in the road renewal valuations as discussed above.

The current replacement costs and useful lives for the plastic stormwater pipe asset types are provided in Table 2.4.

**Table 2.4 Plastic Stormwater Pipes Asset Valuation Parameters**

Plastic Stormwater Pipe Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
100mm PVC SW Pipe	\$135.00	m	70
150mm PVC SW Pipe	\$153.87	m	70
225mm PVC SW Pipe	\$215.29	m	70
300mm PVC SW Pipe	\$282.36	m	70
375mm PVC SW Pipe	\$349.58	m	70
400mm PVC SW Pipe	\$367.62	m	70
100mm PVC SW Rising Main Pipe	\$135.00	m	70
32mm HDPE SW Pipe	\$100.35	m	70
50mm HDPE SW Pipe	\$112.08	m	70
63mm HDPE SW Pipe	\$124.41	m	70
110mm HDPE SW Pipe	\$165.44	m	70
125mm HDPE SW Rising Main Pipe	\$141.68	m	70
300mm PE SW Pipe	\$235.61	m	70
400mm PE SW Pipe	\$306.02	m	70
300mm RIBLOC SW Pipe	\$282.36	m	70



### 2.3.3 Box Culverts

The replacement rates for box culverts were also calculated using manufacturers' prices and Rawlinsons rates. For non standard culvert sizes, rates for standard size box culverts have been used or rates have been extrapolated to provide a replacement rate. The rates calculated for culverts include:

- Excavation
- Removal and disposal of recyclable material, road base
- Removal and disposal of existing culvert
- Supply and laying of new culvert
- Backfilling using excavated material
- 10% allowance for service adjustment.

No allowance has been made for road pavement or road seal reinstatement as this is assumed to be allowed for in the road renewal valuations as discussed above for pipes.

The current replacement costs and useful lives for the stormwater box culvert asset types are provided in Table 2.5 below.

**Table 2.5 Stormwater Box Culvert Asset Valuation Parameters**

Stormwater Box Culvert Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
<300mm SW Box Culvert	\$388.93	m	80
300mmx150mm SW Box Culvert	\$444.04	m	80
300mmx225mm SW Box Culvert	\$527.32	m	80
450mmx150mm SW Box Culvert	\$651.81	m	80
450mmx225mm SW Box Culvert	\$711.27	m	80
450mmx300mm SW Box Culvert	\$766.89	m	80
600mmx150mm SW Box Culvert	\$671.43	m	80
600mmx225mm SW Box Culvert	\$896.64	m	80
600mmx300mm SW Box Culvert	\$955.98	m	80
600mmx450mm SW Box Culvert	\$1,069.85	m	80
750mmx150mm SW Box Culvert	\$750.18	m	80
750mmx225mm SW Box Culvert	\$1,061.51	m	80
900mmx225mm SW Box Culvert	\$1,004.70	m	80
900mmx300mm SW Box Culvert	\$1,344.10	m	80
1200mmx300mm SW Box Culvert	\$1,636.08	m	80
1200mmx450mm SW Box Culvert	\$1,759.87	m	80
1200mmx600mm SW Box Culvert	\$1,881.16	m	80

## 2.4 Stormwater Headwalls

The replacement rates for headwalls were calculated using manufacturers' prices and Rawlinsons rates. The rates calculated for headwalls include allowances for:

- Removal and disposal of existing concrete structure
- Supply and installation of the new concrete asset.

For the larger headwall sizes the rates for smaller headwalls have been extrapolated based on pipe diameters to provide replacement rates for the new headwall. The rates for headwalls for box culverts have been based on the rates for headwalls for pipes based on the larger dimension of each box culvert type.

The current replacement costs and useful lives for the stormwater headwall asset types are provided in Table 2.6.

**Table 2.6 Stormwater Headwalls Asset Valuation Parameters**

Stormwater Headwall Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
<300mm Pipe SW Headwall	\$706.96	item	70
300-450mm Pipe SW Headwall	\$706.96	item	70
525-600mm Pipe SW Headwall	\$816.96	item	70
675-800mm Pipe SW Headwall	\$1,015.41	item	70
825-1200mm Pipe SW Headwall	\$1,437.36	item	70
450mm x 225mm Box Culvert SW Headwall	\$706.96	item	70
600mm x 150mm Box Culvert SW Headwall	\$816.96	item	70
600mm x 225mm Box Culvert SW Headwall	\$816.96	item	70
600mm x 300mm Box Culvert SW Headwall	\$816.96	item	70
750mm x 150mm Box Culvert SW Headwall	\$1,015.41	item	70
900mm x 150mm Box Culvert SW Headwall	\$1,375.41	item	70
900mm x 300mm Box Culvert SW Headwall	\$1,375.41	item	70
1200mm x 300mm Box Culvert SW Headwall	\$1,623.19	item	70
1200mm x 450mm Box Culvert SW Headwall	\$1,623.19	item	70
1200mm x 600mm Box Culvert SW Headwall	\$1,623.19	item	70
Unspecified SW Headwall	\$1,015.41	item	70

## 2.5 Stormwater Drainage Channels

### 2.5.1 Spoon Drains

The replacement rates for concrete spoon drains were calculated using Rawlinsons rates. The replacement rates make allowance for:

- Removal and disposal of recyclable material including road base and concrete
- Removal and disposal of existing spoon drain
- Supply and laying of new spoon drain.

The current replacement costs and useful lives for the stormwater spoon drain asset types are provided in Table 2.7.

**Table 2.7 Stormwater Spoon Drain Asset Valuation Parameters**

Stormwater Spoon Drain Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
400mm Concrete Spoon Drain	\$79.64	m	50
500mm Concrete Spoon Drain	\$99.55	m	50
600mm Concrete Spoon Drain	\$119.45	m	50
700mm Concrete Spoon Drain	\$139.36	m	50
800mm Concrete Spoon Drain	\$192.13	m	50
900mm Concrete Spoon Drain	\$216.15	m	50
1000mm Concrete Spoon Drain	\$240.16	m	50
1100mm Concrete Spoon Drain	\$264.18	m	50
1200mm Concrete Spoon Drain	\$337.48	m	50
1300mm Concrete Spoon Drain	\$365.61	m	50
1400mm Concrete Spoon Drain	\$393.73	m	50
1500mm Concrete Spoon Drain	\$421.85	m	50
1600mm Concrete Spoon Drain	\$449.98	m	50
1800mm Concrete Spoon Drain	\$506.23	m	50
2000mm Concrete Spoon Drain	\$562.47	m	50
2500mm Concrete Spoon Drain	\$703.09	m	50
4200mm Concrete Spoon Drain	\$1,181.19	m	50
5000mm Concrete Spoon Drain	\$1,406.18	m	50

## 2.5.2 Open Drains

Stormwater open drain infrastructure consists of open drains and swale drains. These drainage channels include concrete lined, bitumen lined, jetpatched and earth drains. For the purposes of valuation separate assets have been created for the drain earthworks and the drain surface in each case to enable different useful lives and replacement costs to be assigned to each asset type.

### Open Drain Surfaces

The replacement rates for drainage channel concrete, bitumen and jetpatched surfaces were calculated using Rawlinsons rates. The replacement rates make allowance for:

- Removal and disposal of recyclable material
- Removal and disposal of existing drain surface
- Supply and laying of new drain surface.

The current replacement costs and useful lives for the stormwater open drain surface types are provided in Table 2.8.

**Table 2.8 Stormwater Open Drain Surface Asset Valuation Parameters**

Stormwater Open Drain Surface Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Concrete Lining for Open Drain 2.5m wide	\$614.77	m	50
Concrete Lining for Swale Drain 2.8m wide	\$662.28	m	50
Jetpatch Surface for Swale Drain 1m wide	\$25.83	m	30
Bitumen Surface for Swale Drain 2.5m wide	\$36.98	m	30

### Open Drain Earthworks

The replacement rates for earthworks associated with open drains and swale drains were calculated using Rawlinsons rates based on an allowance for excavation. Earthworks associated with open drains and swale drains are considered non-depreciable. Once constructed, the earthworks for open drainage channels would be managed as maintenance.

The current replacement costs for the stormwater open drain earthwork assets are provided in Table 2.9 below.

**Table 2.9 Stormwater Open Drain Earthwork Assets Valuation Parameters**

Stormwater Drainage Channel Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Earth Swale Drain 2m wide	\$78.00	m	Not depreciable
Earth Swale Drain 2.5m wide	\$97.50	m	Not depreciable
Earthworks for Concrete Drain 2.5m wide	\$97.50	m	Not depreciable
Earthworks for Concrete Swale Drain 2.8m wide	\$109.20	m	Not depreciable
Earthworks for Jetpatched Swale Drain 1m wide	\$39.00	m	Not depreciable
Earthworks for Bitumen Swale Drain 2.5m wide	\$97.50	m	Not depreciable

## 2.6 Stormwater Pumping, Reuse and Storage Assets

The Stormwater Pumping, Reuse and Storage assets have been divided into the following component groups:

- Civil Assets
- Storage Assets
- Electrical Assets
- Mechanical Assets.

### 2.6.1 Civil Assets

The replacement rates for civil assets at the stormwater pumping and reuse sites were calculated using rates from Rawlinsons and supplier prices and include allowances for materials supply, installation of new and removal of the old asset and labour allowances. The replacement rates for storage tanks also include an allowance for transport from Adelaide.

Hardstand areas are managed under maintenance so hardstand assets are not depreciated.

The current replacement costs and useful lives for the civil assets at stormwater pumping and reuse sites are provided in Table 2.10.

**Table 2.10 Stormwater Pumping, Reuse and Storage – Civil Assets Valuation Parameters**

Stormwater Civil Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Industrial Poly Tank 200L & Bunding	\$1,454.00	item	50
Poly Tank 1kL	\$1,514.00	item	50
Poly Tank 1.5kL	\$1,584.00	item	50
Poly Tank 27kL	\$4,814.00	item	50
Steel Lined Tank 12kL	\$5,814.00	item	50
Lined Tank 215kL	\$70,175.50	item	50
Shed 3m x 2m Type	\$3,180.00	item	50
Shed 3m x 3m Type	\$4,770.00	item	50
Shed 4m x 3m Type	\$6,360.00	item	50
Shed 6.2m x 3.1m Type	\$10,186.60	item	50
Fence 2m High with Barbed Wire Type	\$64.00	item	50
Cyclone Fence Type	\$58.00	item	50
Double Access Gate	\$1,317.75	item	50
Single Access Gate	\$578.50	item	50
Hardstand 25mm Gravel Type	\$3.95	item	Not depreciable
Hardstand 75mm Dolomite Type	\$5.93	item	Not depreciable
Pipework 50mm PVC Type	\$47.78	m	50
Pipework 50mm HDPE Type	\$37.28	m	50
Pipework 63mm HDPE Type	\$48.53	m	50
Pipework 80mm HDPE Type	\$56.78	m	50
Pipework 100mm HDPE Type	\$85.28	m	50
Pipework 150mm HDPE Type	\$118.68	m	50
Overflow Pipe 300mm Concrete	\$138.71	m	50
Emergency Shower & Eye Wash Type	\$2,435.50	item	25
Emergency Eye Wash Type	\$1,257.00	item	25
10m Tyre & Chain Ladder Type	\$778.50	item	50
Concrete spillway 20m x 2m wide	\$3,512.00	item	50
Concrete spillway 16m x 2m wide	\$3,135.20	item	50
1m x 2m Concrete Sump	\$4,114.00	item	50
Elevated Concrete Walkway 1.2m x 5m	\$6,158.00	item	50
Elevated Concrete Platform 2m x 2m	\$4,648.00	item	50

## 2.6.2 Storage Assets

The replacement rates for the storage lagoons are based on excavation rates from Rawlinsons to construct the lagoon bund and to excavate additional material to the specified depth. A residual value of 75% at end of useful life is assigned to non-lined lagoons. This allows for rework of the bund and bund surface whilst recognising that full excavation of the lagoon is not required to reinstate a lagoon. The earthworks associated with lined lagoons are not depreciated as the liner protects the bund.

The current replacement costs and useful lives for the stormwater storage assets are provided in Table 2.11 below.

**Table 2.11 Stormwater Pumping, Reuse and Storage – Storage Assets Valuation Parameters**

Stormwater Storage Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Storage Dam HDPE Liner	\$33.00	m <sup>2</sup>	50
Storage Dam Earthworks 50m x 10m x 4m	\$23,436.00	item	100
Storage Dam Earthworks 110m x 70m x 6m (lined)	\$296,205.00	item	Not depreciable
Storage Dam Earthworks 110m x 75m x 6m (lined)	\$318,990.00	item	Not depreciable
Storage Dam Earthworks 120m x 30m x 8m	\$187,162.50	item	100
Storage Dam Earthworks 280m x 150m x 8m	\$1,130,169.00	item	100

## 2.6.3 Electrical Assets

The replacement rates for electrical assets at the stormwater pumping and reuse sites are based on supply rates from Rawlinsons and estimated rates with a labour allowance for installation of new and removal of the old asset.

The current replacement costs and useful lives for the stormwater reuse pump station and storage electrical asset types are provided in Table 2.12 below.

**Table 2.12 Stormwater Pumping, Reuse and Storage – Electrical Assets Valuation Parameters**

Stormwater Electrical Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
Electrical Fittings Type	\$677.50	m	25
Reuse Flow Switch	\$1,157.00	m	25
Isolation Switch	\$1,157.00	m	25
Small Switchboard & Cabinet with Touch Screen	\$18,024.00	m	25
PLC Controls Type	\$8,198.00	m	25
Alarm System Wireless Type	\$3,884.00	m	25

## 2.6.4 Mechanical Assets

The replacement rates for the mechanical assets at the pumping and reuse sites are based on supply rates for equivalent sized assets with a labour allowance for installation of the new asset and removal of the old asset.

The current replacement costs and useful lives for the stormwater reuse pump station and storage mechanical asset types are provided in Table 2.13 below.

**Table 2.13 Stormwater Pumping, Reuse and Storage – Mechanical Assets Valuation Parameters**

Stormwater Mechanical Assets	Current Replacement Cost (CRC)	Valuation Unit	Useful Life of Service Standard
50mm Air Valve	\$801.00	item	20
50mm Gate Valve	\$447.75	item	20
100mm Gate Valve	\$1,276.25	item	20
150mm Gate Valve	\$1,996.25	item	20
50mm Non-Return Valve	\$457.75	item	20
100mm Non-Return Valve	\$1,796.25	item	20
50mm Flowmeter	\$2,367.75	item	20
80mm Flowmeter	\$2,467.75	item	20
100mm Flowmeter	\$2,517.75	item	20
150mm Flowmeter	\$2,717.75	item	20
Basic Level Regulator	\$501.25	item	20
Advanced Level Regulator	\$2,196.25	item	20
Foot Valve & Screen 100mm	\$914.00	item	20
Screen Filtration	\$9,256.00	item	25
Chlorine Dosing Unit	\$5,157.00	item	25
Irrigation Filter System	\$9,256.00	item	15
Fresh Water Pump 0.3kW	\$2,078.50	item	15
Transfer Pump 2.2kW	\$3,528.50	item	15
Irrigation Pump 2.2kW	\$3,528.50	item	15
Stock Pump 3.0kW	\$4,335.50	item	15
Transfer Pump 5.5kW	\$5,485.50	item	15
Transfer Pump 10kW	\$6,271.00	item	15
Transfer Pump 30kW	\$10,871.00	item	15

## 2.7 Establishing Useful Life

Yorke Peninsula Council value their assets at a component level which enables assets to be assigned an average useful life for each component to determine depreciation rates.

The useful life of a stormwater asset is assumed to be the time that an asset is expected to last before total replacement is required. It is likely that during their useful life, some assets will require maintenance.

The useful life of stormwater assets is governed by two factors:

- Structural deterioration – i.e. when a pipe or pit or any asset fails due to age/physical deterioration and renewal is required.
- Suitability - when despite being in physically good condition an asset is no longer suitable for purpose, e.g. when a pipe's capacity is exceeded.

The useful lives that are assigned to different stormwater asset types are based on industry standards and have been provided in the tables above and are summarised in Table 2.14 below

**Table 2.14 Standard Life of Stormwater Assets**

<b>Asset Class</b>	<b>Standard Life</b>
Concrete Stormwater Pipes	100 years
Plastic Stormwater Pipes	70 years
Stormwater Box Culverts	80 years
Stormwater Spoon Drains	50 years
Stormwater Open Drain Surfaces (concrete, bitumen, jetpatched)	30 – 50 years
Stormwater Nodes (Side Entry Pits, Grated Inlet Pits, Junction Boxes, Gross Pollutant Traps)	75 years
Headwalls	70 years
Civil Assets at Pump Stations and Storage Sites	50 years
Safety Equipment at Pump Stations	25 years
Electrical Assets at Pump Stations	25 years
Mechanical Assets at Pump Stations	20 – 25 years
Pumps at Pumping and Reuse Sites	15 years
Hardstand areas at pump station sites	Non-depreciable
Earthworks for non-lined storage lagoons	100 years
Earthworks for open drains and lined storage lagoons	Non-depreciable

## 2.8 Measuring Consumption

It is not practical to condition rate assets such as pipes therefore construction dates (age) are used to estimate asset consumption.

For assets such as headwalls and nodes including side entry pits and maintenance holes condition ratings can be used to measure consumption. At this stage all assets are being valued based on their age (determined from construction dates).

In the future, Council may determine that certain stormwater assets can be changed to a condition based depreciation. Condition ratings of certain assets can be undertaken if Council determine to change to condition based depreciation.

## 2.9 Service Level

The service level of Stormwater Infrastructure is measured by the ability of the assets to collect and channel stormwater runoff effectively in rainfall events of its design ARI. The level of service of the asset will be determined by the structural condition and also by capacity. It may be necessary to replace assets in good physical condition in order to upgrade capacity.

It is assumed for this valuation that existing stormwater assets will maintain their existing service and if upgrading is required this will be undertaken by duplication of the pipe system. No allowance has been made for shorter useful lives that would result due to replacement being driven by improvement in asset capacity.

## 2.10 Carrying Value of an Asset

It is assumed that the consumption of the economic benefit of an asset will be proportional to its age, determined from its construction date. Therefore the asset's value will be depreciated based on its age.



When an asset is new it will have a carrying value of 100% of its Current Replacement Cost (CRC). As it ages, the carrying value of the asset will be depreciated linearly until it reaches an age (useful life) where the Council establishes that the asset has no further use and the Carrying Value will be nil.

Using this method the carrying value will be calculated by:

$$\text{Carrying Value} = \text{CRC} \times \left( 1 - \frac{\text{Age}}{\text{Useful Life}} \right)$$

The carrying value is depreciated annually as follows:

$$\text{Carrying Value} = \text{Previous Carrying Value} - \text{CRC} \times \left( \frac{1}{\text{Useful Life}} \right)$$

It is assumed that the consumption of the economic benefits of an asset is appropriately modelled through a straight line depreciation based on age. It is important that the useful lives assigned for assets are periodically compared to the lives being obtained in the field to ensure that this method continues to accurately model consumption.

## 2.11 Asset Residual Value

It is assumed that for most Stormwater assets, once the economic benefits of the asset are consumed (to the condition rating determined by Council), they have no residual (remaining) value. There may be some circumstances when assets, such as pipes, reach the end of their useful life due to capacity being exceeded and there may be some potential for reuse (hence some residual value) however this circumstance is considered to be too rare to make a material difference to the average material value and hence no residual value is assigned to any of the stormwater collection pipe and node assets.

Residual values have however been assigned to the earthworks for non-lined storage lagoons. A residual value of 75% has been assigned to the earthworks for non-lined lagoons. This allows for some rework of the lagoon bunding at the end of the lagoon's useful life whilst recognising that full reconstruction of the bunding and excavation of the lagoon is not required to restore the lagoon.

The earthworks for lined lagoons and open drains have been assigned as non-depreciable assets as the lining protects the lagoon earthworks, lining of open drains protects the earthworks. Non-lined open drains are maintained under maintenance.

Hardstand areas at pumping stations have also been assigned as non-depreciable as these assets are maintained under maintenance.

## 2.12 Disposal of an Asset

When an asset is to be replaced with a new asset, the carrying amount of the asset will be written-off and the new asset will be added in as a new asset. It is assumed, with the exception of earthworks for storage lagoons, that the residual value of the existing asset is 0 (i.e. Council will get no proceeds from salvage) and cannot be capitalised (or re-used) into the new asset, and is therefore written off.

### 3 Valuation Summary

A summary of the valuation as of 1 July 2014 for Yorke Peninsula Council Stormwater Infrastructure is shown below in Tables 3.1 and 3.2. Depreciable and Non-Depreciable Assets are presented separately in the tables below.

**Table 3.1 Stormwater Infrastructure Asset Valuation Summary – Depreciable Assets**

Asset Type	Current Replacement Cost	Depreciable Amount	Accumulated Depreciation	Written Down Value	Remaining %
Stormwater Drains	\$8,938,803	\$8,938,803	\$2,466,686	\$6,472,117	72.4%
Stormwater Nodes	\$2,347,253	\$2,347,253	\$557,650	\$1,789,603	76.2%
Stormwater Pumping, Reuse and Storage	\$2,034,530	\$1,028,955	\$140,910	\$1,893,620	93.1%
<b>Total</b>	<b>\$13,320,586</b>	<b>\$12,315,011</b>	<b>\$3,165,246</b>	<b>\$10,155,340</b>	<b>76.2%</b>

**Table 3.2 Stormwater Infrastructure Asset Valuation Summary – Non Depreciable Assets**

Asset Type	Current Replacement Cost	Written Down Value
Stormwater Drains	\$85,275	\$85,275
Stormwater Nodes	\$0	\$0
Stormwater Pumping, Reuse and Storage	\$618,080	\$618,080
<b>Total</b>	<b>\$703,355</b>	<b>\$703,355</b>

The Written Down Value (WDV) is the depreciated replacement cost and is the “carrying amount” of the assets as of 1 July 2014 as per AASB 116. The total fair value of the asset (current replacement cost (CRC)), the amount consumed (accumulated depreciation) and the amount remaining (written down value (WDV)) for the depreciable assets are presented in Table 3.1. In the case of Non-Depreciable assets the WDV remains the same as the CRC as shown in Table 3.2.

Asset ages and construction dates have been used to determine accumulated depreciation and WDV.

## 4 Depreciation Forecast

The annual depreciation forecast calculated for the 2014/2015 financial year for Council's Stormwater infrastructure assets is summarised in Table 4.1. This table provides a predicted depreciation expense for each asset type for the 2014/2015 financial year and provides an indication of the rate at which the various asset types are being consumed annually in relation to the CRC.

**Table 4.1 Depreciation Forecast 2014/2015**

Asset Type	Annual Depreciation Forecast	Annual Consumption Forecast
Stormwater Drains	\$110,170	1.2%
Stormwater Nodes	\$31,506	1.3%
Stormwater Pumping, Reuse and Storage	\$24,614	2.4%
<b>Total</b>	<b>\$166,290</b>	<b>1.4%</b>

To predict the forecast depreciation the Conquest system considers assets that have reached their condition at end of life to have been entirely consumed and hence does not calculate depreciation against the asset. As at 1 July 2014 there is \$46,474 (CRC) worth of fully expired assets. A list of expired assets is provided in Appendix C. A list of assets due to expire in 2014/2015 is provided in Appendix D.

Whilst the depreciation forecast will provide an estimate of the depreciation that would be expected for 2014/2015, the actual depreciation will need to include any additions and disposals of assets that occur during the period.

## Appendix A

# Conquest Asset Valuation Summary Report

## Valuation Summary On A Specific Date



Current Filter: Stormwater Asset

Grouping: Asset Type

As At Date: 1/07/2014

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 4 Stormwater Asset Types						
<b>Asset Type Code</b> 04						
<b>Asset Type</b> Stormwater Drain Types						
<b>Asset Type Code</b> 04.01						
<b>Totals for Stormwater Drain Types</b>		\$9,024,078	\$9,024,078	\$0	\$2,466,686	\$6,557,392
<b>Asset Type</b> Stormwater Node Types						
<b>Asset Type Code</b> 04.02						
<b>Totals for Stormwater Node Types</b>		\$2,347,253	\$2,347,253	\$0	\$557,650	\$1,789,603
<b>Asset Type</b> SW Reuse & Storage Types						
<b>Asset Type Code</b> 04.04						
<b>Totals for SW Reuse &amp; Storage Types</b>		\$2,652,610	\$2,652,610	\$0	\$140,910	\$2,511,700
<b>Totals for 4 Stormwater Asset Types</b>		\$14,023,942	\$14,023,942	\$0	\$3,165,246	\$10,858,695

## Appendix B

# Conquest Asset Depreciation Forecast Summary Report

## Depreciation Forecast

Current Filter: Stormwater Assets

Grouping: Asset Type

Period: Between 01/07/2014 and 01/07/2015

Asset ID	Asset Description	Replacement Cost	Opening ACD	Closing ACD	Depreciation Charge
<b>Asset Type</b> 4 Stormwater Asset Types					
<b>Asset Type Code</b> 04					
<b>Asset Type</b> Stormwater Drain Types					
<b>Asset Type Code</b> 04.01					
	<b>Totals for Stormwater Drain Types</b>	\$8,899,514	\$2,427,397	\$2,537,568	\$110,170
<b>Asset Type</b> Stormwater Node Types					
<b>Asset Type Code</b> 04.02					
	<b>Totals for Stormwater Node Types</b>	\$2,347,253	\$557,650	\$589,157	\$31,506
<b>Asset Type</b> SW Reuse & Storage Types					
<b>Asset Type Code</b> 04.04					
	<b>Totals for SW Reuse &amp; Storage Types</b>	\$2,027,345	\$133,725	\$158,339	\$24,614
	<b>Totals for 4 Stormwater Asset Types</b>	\$13,274,113	\$3,118,773	\$3,285,063	\$166,290

## Appendix C

### Conquest Expired Asset Report



# Valuation Summary On A Specific Date

Current Filter: Fully Expired Assets

Grouping: Asset Type

As At Date: 1/07/2014

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type 4 Stormwater Asset Types</b>						
<b>Asset Type Code 04</b>						
<b>Asset Type Stormwater Drain Types</b>						
<b>Asset Type Code 04.01</b>						
<b>Asset Type SW Spoon Drain Types</b>						
<b>Asset Type Code 04.01.05</b>						
23734	Spoon Drain (Yorke-SW-SP00041) in Second Street	\$10,884	\$10,884	\$0	\$10,884	\$0
23728	Spoon Drain (Yorke-SW-SP00043) in East Terrace	\$14,680	\$14,680	\$0	\$14,680	\$0
23729	Spoon Drain (Yorke-SW-SP00044) in East Terrace	\$13,724	\$13,724	\$0	\$13,724	\$0
<b>Totals for SW Spoon Drain Types</b>		\$39,289	\$39,289	\$0	\$39,289	\$0
<b>Totals for Stormwater Drain Types</b>		\$39,289	\$39,289	\$0	\$39,289	\$0
<b>Asset Type SW Reuse &amp; Storage Types</b>						
<b>Asset Type Code 04.04</b>						
<b>Asset Type SW Mechanical Types</b>						
<b>Asset Type Code 04.04.05</b>						
24943	Maitland SW Reuse Pump Shed 2 Foot Valve & Screen 100mm SS	\$914	\$914	\$0	\$914	\$0
<b>Totals for SW Mechanical Types</b>		\$914	\$914	\$0	\$914	\$0
<b>Asset Type SW Pump Types</b>						
<b>Asset Type Code 04.04.06</b>						
24937	Maitland SW Reuse Pump Shed 2 Main Transfer Pump	\$6,271	\$6,271	\$0	\$6,271	\$0
<b>Totals for SW Pump Types</b>		\$6,271	\$6,271	\$0	\$6,271	\$0
<b>Totals for SW Reuse &amp; Storage Types</b>		\$7,185	\$7,185	\$0	\$7,185	\$0
<b>Totals for 4 Stormwater Asset Types</b>		\$46,474	\$46,474	\$0	\$46,474	\$0

## Appendix D

### Conquest Due to Expire Asset Report

## Valuation Summary On A Specific Date



Current Filter: Due to Expire Assets

Grouping: Asset Type

As At Date: 1/07/2014

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 4 Stormwater Asset Types						
<b>Asset Type Code</b> 04						
<b>Asset Type</b> Stormwater Drain Types						
<b>Asset Type Code</b> 04.01						
<b>Asset Type</b> SW Spoon Drain Types						
<b>Asset Type Code</b> 04.01.05						
23733	Spoon Drain (Yorke-SW-SP00042) in North Terrace	\$28,686	\$28,686	\$0	\$28,114	\$572
23780	Spoon Drain (Yorke-SW-SP00056) in Alice Street	\$7,824	\$7,824	\$0	\$7,668	\$156
<b>Totals for SW Spoon Drain Types</b>		\$36,510	\$36,510	\$0	\$35,782	\$728
<b>Totals for Stormwater Drain Types</b>		\$36,510	\$36,510	\$0	\$35,782	\$728
<b>Totals for 4 Stormwater Asset Types</b>		\$36,510	\$36,510	\$0	\$35,782	\$728

## **RISK MANAGEMENT OFFICER**

### **10. RISK MANAGEMENT**

(File Ref: 9.14.1.6)

#### **PURPOSE**

To seek endorsement of the updated Council Strategic Risk Management Plan (SRMP) including Action Plan.

#### **RECOMMENDATION**

That Audit Committee endorse the updated Strategic Risk Management Plan to support the risk management process.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management  
Strategic Goal/s: 2.4 Effective Risk Management

#### **BACKGROUND**

The updated SRMP has been developed to provide an essential and coherent link between our strategic goals, our risk management policy, procedure and processes and our day to day activities.

#### **DISCUSSION**

The updated SRMP (please refer to Attachment 1) provides direction for an integrated and consistent approach to risk management at Council. The SRMP demonstrates Council's commitment, by detailing the risk management framework to be employed by all workers, contractors, committees, Elected Members and volunteers engaged in Council business.

The SRMP indicates that Council will identify, evaluate and prioritise risk-associated opportunities and threats as well as highlighting the accountability and responsibility framework.

Council's Corporate Management Team undertook a planning session in which they identified the organisational risks, a risk owner and current controls implemented.

The SRMP will be supported by a working Strategic Risk Management Action Plan (please refer to Attachment 2) including treatments and performance measures and regular summary reports to the Audit Committee.

The next annual review of the SRMP will be in line with Council's revision of the Strategic Plan in February 2016.

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable.

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- The Corporate Management Team; and
- All Council employees.

In preparing this report, the following External Parties were consulted:

- The Audit Committee

## **POLICY IMPLICATIONS**

PO091 Risk Management Policy  
PR098 Risk Management Procedure

## **BUDGET AND RESOURCE IMPLICATIONS**

Not applicable.

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act (SA) 1999

Work Health and Safety Act (SA) 2012

Work Health and Safety Regulations (SA) 2012

## **ATTACHMENTS**

**Attachment 1:** draft Strategic Risk Management Plan 2015-2020

**Attachment 2:** draft Strategic Risk Management Action Plan 2015-2020

## Attachment A

No	The Risk:	Risk Owner	Inh. Risk Rating	Current Controls	Res. Risk Rating	Further Treatment	Time Frame	Status
1	Systems and processes are not in place to manage contractors	CEO	Ex	<ul style="list-style-type: none"> <li>Policies &amp; procedures (tender &amp; quotation, goods &amp; services, contractor management) in place;</li> <li>Preferred Contractor Register (Contractor Insurance &amp; WorkCover Assessment required);</li> <li>Procurement Project Team;</li> <li>Internal and external audits; and</li> <li>Superintending processes.</li> </ul>	Hi			
2	Lack of funding or change in grants from external sources significantly reduces income (external funding only).	CEO	Ex	<ul style="list-style-type: none"> <li>Building, improved relationships with key State and Federal politicians (greater emphasis and knowing the politicians to engage with. Planned approach to lobbying);</li> <li>Engage consultants with grant proposal development (WTY); and</li> <li>Improvement on grant application processes (cross departmental assistance).</li> </ul>	Hi	Develop Internal Grant Procedures Develop External Grant Funding Policy	30.06.15 30.11.15	Completed. In Progress
3	Council does not comply with Records Management legislation	DCCS	Ex	<ul style="list-style-type: none"> <li>Records Management Policy &amp; Procedure in place;</li> <li>Induction for employee and elected members;</li> <li>State Records audit – annual;</li> <li>Training workshops; and</li> <li>Continuous improvement process with records staff (training).</li> </ul>	Hi	Implement an Electronic Document Records Management System (EDRMS)	30.06.16	In Progress
4	Inability to maintain an effective and compliant WHS management system that meets organisational requirements on an ongoing basis. (failure to comply with WHS Act & PSSl).	CEO	Ex	<ul style="list-style-type: none"> <li>WHS policies &amp; procedures in place;</li> <li>WHS &amp; IM Plan in place;</li> <li>WHS &amp; IM Committee;</li> <li>Training Needs Analysis (TNA);</li> <li>Gap Analysis and Improvement Plan;</li> <li>External audits (LGAWCS); and</li> <li>Pre-placement Medical Assessment and National Police Clearances (where applicable).</li> </ul>	Hi			
5	Inability to maintain an effective and complaint risk management system that meets organisational requirements on an ongoing basis.	CEO	Ex	<ul style="list-style-type: none"> <li>Risk management policy &amp; procedure in place;</li> <li>Strategic Risk Management Plan in place;</li> <li>Audit Committee reporting includes regular update to Council's risk profile;</li> <li>External audits (LGAMLS); and</li> <li>CMT Annual Risk Management workshop to review organisational risks.</li> </ul>	Hi			

No	The Risk:	Risk Owner	Inh. Risk Rating	Current Controls	Res. Risk Rating	Further Treatment	Time Frame	Status
6	Lack of integration between financial and operational assets registers.	CEO	Ex	<ul style="list-style-type: none"> <li>External audit processes;</li> <li>Long term financial plan;</li> <li>Asset management program (condition assessments, software, consultants, AMP development etc.);</li> <li>CMT / Audit Committee overview and collaboration; and</li> <li>Internal audit.</li> </ul>	Hi			
7	Failure to deliver, maintain and monitor infrastructure and a road network that is safe, appropriate and fit for purpose.	DAIS	Ex	<ul style="list-style-type: none"> <li>Machinery;</li> <li>Current AMP for transport;</li> <li>Level of service, road hierarchy study (condition assessments);</li> <li>CSR process;</li> <li>Skilled staff (experience); and</li> <li>AM system (i.e. reporting available from system).</li> </ul>	Hi			
8	Corporate Management Team is not aligned with the strategic vision or direction of Council. Advice or direction from the CEO is not sought, accepted or followed.	CEO	Ex	<ul style="list-style-type: none"> <li>Strategic Plan is in place;</li> <li>Regular CMT meetings held;</li> <li>Employee Code of Conduct;</li> <li>Performance Appraisal Process; and</li> <li>Team building workshops and strategic planning sessions held with CMT on a regular basis.</li> </ul>	Hi			
9	Procurement is not adequately managed.	CEO	Ex	<ul style="list-style-type: none"> <li>Policies &amp; procedures (tender &amp; quotation, goods &amp; services, contractor management) in place;</li> <li>Preferred Contractor Register (Contractor Insurance &amp; WorkCover Assessment required);</li> <li>Procurement Project Team;</li> <li>Internal and external audits; and</li> <li>Gifts and benefits register.</li> </ul>	Hi			
10	Elected Members are not aware of their responsibilities or do not fulfil those responsibilities when acting in Office	CEO	Ex	<ul style="list-style-type: none"> <li>Regular and open communication is available with CEO, Directors and Managers;</li> <li>Community Engagement Policy;</li> <li>Training available to Elected Members, including induction and ongoing governance type training;</li> <li>Workshops with Elected Members are held on a monthly basis;</li> <li>Elected Member Code of Conduct in place; and</li> <li>Professional and social interaction.</li> </ul>	Mo	Mandatory training for Elected Members	30.09.15	Completed.

No	The Risk:	Risk Owner	Inh. Risk Rating	Current Controls	Res. Risk Rating	Further Treatment	Time Frame	Status
11	Inability to sustain long term financial performance and unable to meet forecast budgets.	DCCS	Ex	<ul style="list-style-type: none"> <li>• Legislation requires financial processes;</li> <li>• LTFP documented;</li> <li>• LTFP regularly updated in accordance with budget updates / variances;</li> <li>• Intensive budget setting and review processes (quarterly review processes);</li> <li>• Appropriate level of approval required for budget variations;</li> <li>• Budget and LTFP setting requires approval by Elected Body;</li> <li>• External auditors;</li> <li>• Internal Audit;</li> <li>• Training Elected Members; and</li> <li>• Workshops / Regular communication with Elected Members.</li> </ul>	Mo			
12	Breach of legislation, failure to comply with key regulations (ICAC, Development Act, LG Act).	CEO	Ex	<ul style="list-style-type: none"> <li>• Governance Officer role responsibility;</li> <li>• Policies &amp; Procedures (reference list). Specific process for monitoring and evaluating new legislation and compliance requirements;</li> <li>• Good governance audit (LGA) undertaken and addressed gaps for YPC;</li> <li>• Accountability audit (Kelliedy Jones) and issues addressed;</li> <li>• Development assessment checklists (ext audits on p olicies and procedures);</li> <li>• Audit Committee;</li> <li>• State Records Audit – annually;</li> <li>• Mutual Liability Scheme Audit;</li> <li>• Dog &amp; Cat Management Board;</li> <li>• External auditors;</li> <li>• Training Needs Analysis (TNA);</li> <li>• Onboarding and Induction process;</li> <li>• Gap Analysis and Improvement Plan (specific to legislation) &amp; Elected Members; and</li> <li>• Internal audit.</li> </ul>	Mo			



No	The Risk:	Risk Owner	Inh. Risk Rating	Current Controls	Res. Risk Rating	Further Treatment	Time Frame	Status
13	Inability to attract and retain appropriate and talented staff to Council.	CEO	Ex	<ul style="list-style-type: none"> <li>• People and Culture staff;</li> <li>• Regular staff satisfaction surveys held. Actions resulting from surveys are incorporated into CMT performance appraisal processes;</li> <li>• Organisational training sessions held where appropriate (culture session);</li> <li>• Enterprise Bargaining with Employee Representatives;</li> <li>• Employee Code of Conduct;</li> <li>• Performance Appraisal Process;</li> <li>• Training Needs Analysis (TNA);</li> <li>• Gap Analysis and Improvement Plan;</li> <li>• Internal opportunities and support for staff to progress in career;</li> <li>• Constant review of org structure;</li> <li>• Internal communication staff briefings / meetings etc.; and</li> <li>• Staff functions.</li> </ul>	Mo			
14	Significant business interruption to core operations	DCCS	Hi	<ul style="list-style-type: none"> <li>• Business Continuity Plan (draft format);</li> <li>• IT backup for Authority and network directories, including offsite storage;</li> <li>• IT disaster recovery processes underway;</li> <li>• Emergency Management Policy &amp; Procedures in place;</li> <li>• Zone Emergency Management Committee;</li> <li>• Generator and backup power source; and</li> <li>• Training.</li> </ul>	Mo			
15	Failure to engage in meaningful two-way consultation with the Community	CEO	Hi	<ul style="list-style-type: none"> <li>• Community Engagement Policy;</li> <li>• Elected Members are allocated to Progress Association groups across the Council area;</li> <li>• Elected Members sit on various community and Statutory committees (Audit, Public Building Fire Safety, DAP);</li> <li>• Staff interactions and relationships with Progress Associations;</li> <li>• Staff representatives attending community group events (where required);</li> <li>• Legislation;</li> <li>• Email minutes / agendas; and</li> <li>• Website (electronic communication).</li> </ul>	Hi	Social Media Policy and platforms	30.06.15	Completed.

No	The Risk:	Risk Owner	Inh. Risk Rating	Current Controls	Res. Risk Rating	Further Treatment	Time Frame	Status
16	Lack of awareness and inability to adapt to changing climate conditions	DDS	Hi	<ul style="list-style-type: none"> <li>Climate Change Adaptation Report 2009;</li> <li>Natural Environment &amp; Sustainability Officer role in place;</li> <li>Consultants engaged to prepare Greenhouse Gas Inventory &amp; Report;</li> <li>Natural Disaster Resilience Grant - seawater flooding project;</li> <li>Council development plan; and</li> <li>Staff identifying and reporting issues of erosion and environmental disruption.</li> </ul>	Hi			
17	Inadequate management of volunteer workforce	CEO	Hi	<ul style="list-style-type: none"> <li>Volunteer Management Handbook &amp; Policies in place;</li> <li>Volunteers are inducted (both Council and individual areas);</li> <li>Volunteer Working Party;</li> <li>Volunteer recognition; and</li> <li>Strategic management of various volunteer groups.</li> </ul>	Mo			

This plan is designed to meet:

## **Strategic Risk Management Plan - STRATEGIC OBJECTIVES**

STRATEGIC REFERENCE AS FOLLOWS:

***The Strategic Risk Management Plan is referenced in the Yorke Peninsula Council – Strategic Plan 2012-2015***

### **Strategy No. 2 – Organisational Efficiency and Resource Management**

**2.4 – Effective Risk Management:** Develop, implement and maintain an organisation risk management plan incorporating Work Health Safety (WHS) & Injury Management (IM) and internal controls.

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

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

## **Continuous Improvement of Performance Standards for Self Insurers (PSSI)**

### **1. Commitment and Policy**

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

### **2. Planning**

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

### **3. Implementation**

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

### **4. Measurement & Evaluation**

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

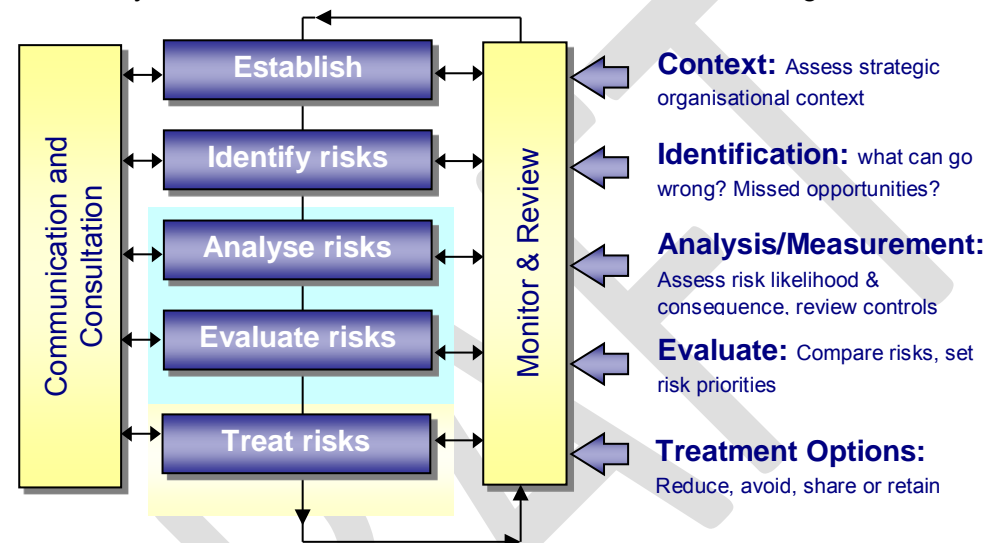
### **5. Management Systems, Review & Improvement**

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

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

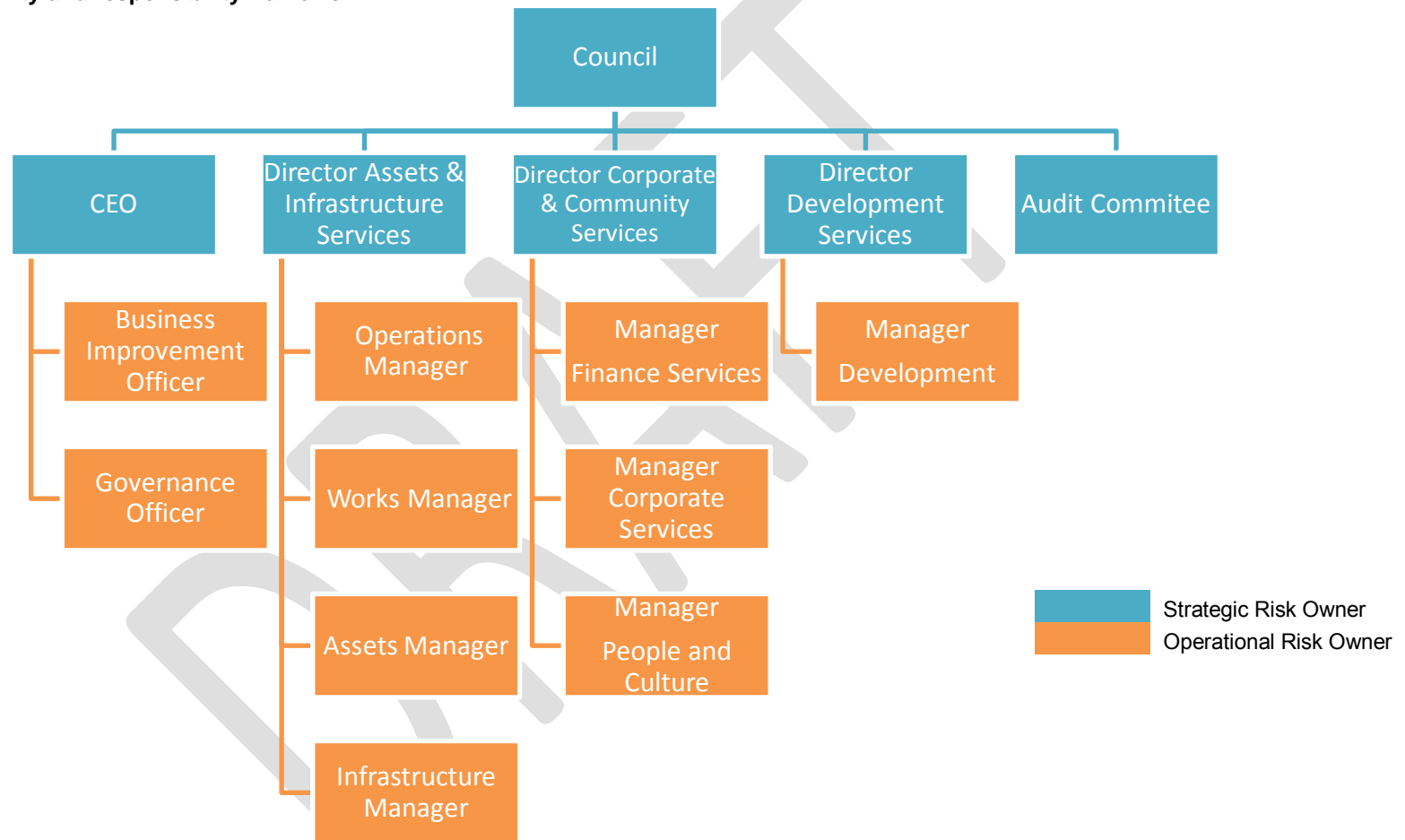
To ensure that the risk profile remains relevant, ongoing monitoring and review is required. The Audit Committee will meet a minimum of four (4) times a year and the Corporate Management Team (CMT) will monitor and review the system at their meetings as well as conduct an annual review.

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



Key Element	Council Summary	Responsibility	Completion
<b>Establish Context</b>	<b>Assess strategic organisational context</b> Workshop with Deloitte	CMT	June 2013 November 2013
<b>Identify Risks</b>	<b>Risk management workshop and review</b>	CMT	June 2014
<b>Analyse Risks</b>	<b>Risk management workshop and review</b>	CMT	June 2014
<b>Evaluate Risks</b>	<b>Compare risks, set risk priorities</b> Make decisions based on outcomes of risk analysis, about which risks need treatment and treatment priorities (risk appetite)	Strategic Risk Owners Operational Risk Owners	<b>Proposed timing:</b> December 2015
<b>Treat Risks</b>	<b>Reduce, avoid, share or retain</b> Identifying the range of options available to treat the risks, assessing the options, the developing, and implementing risk treatment plans	Strategic Risk Owners Operational Risk Owners	<b>Proposed timing:</b> 2016 / ongoing

**Council's accountability and responsibility framework:**



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

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

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

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

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

The Strategic Risk Management Plan 2015-2020 has been developed following a planning session completed with CMT. Using the Performance Standards for Self Insurers (PSSI) and in particular, the Yorke Peninsula Council Risk Management Policy and Procedure as a guide to identifying actions and tasks, the following information and material was analysed as part of the planning process:

- Strategic Plan 2012-2015;
- PO091 Risk Management Policy;
- PR098 Risk Management Procedure;
- Risk Management Review 2013 (LGAMLS); and
- Risk Management Profile 2014 (LGAMLS).

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

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

**Attachment A** 'Strategic Risk Management Action Plan 2015-2020' reflects the appropriate monitoring and reporting of both the treatment strategy and action plan.



## Strategic Organisational Risks

No.	Risk Name	Risk Description	Risk Owner
1.	Contractor management	Systems and processes are not in place to manage contractors	CEO
2.	Government funding	Lack of funding or change in grants from external sources significantly reduces income (external funding only).	CEO
3.	Records management	Council does not comply with records management legislation	DCCS
4.	Compliance with Work Health Safety (WHS)	Inability to maintain an effective and compliant WHS management system that meets organisational requirements on an ongoing basis (failure to comply with WHS Act & Performance Standards for Self Insurers, PSSI).	CEO
5.	Compliance with risk management	Inability to maintain an effective and complaint risk management system that meets organisational requirements on an ongoing basis.	CEO
6.	Register integration	Lack of integration between financial and operational assets registers.	CEO
7.	Infrastructure and roads	Failure to deliver, maintain and monitor infrastructure and a road network that is safe, appropriate and fit for purpose.	DAIS
8.	Corporate Management Team (CMT)	CMT is not aligned with the strategic vision or direction of Council. CEO advice or direction is not sought, accepted or followed.	CEO
9.	Procurement	Procurement is not adequately managed.	CEO
10.	Elected members	Elected Members are not aware of their responsibilities or do not fulfil those responsibilities when acting in Office	CEO
11.	Long term financial performance	Inability to sustain long term financial performance and unable to meet forecast budgets.	DCCS
12.	Legislation breach	Breach of legislation, failure to comply with key regulations (ICAC, Development Act, LG Act).	CEO
13.	Recruitment and retention	Inability to attract and retain appropriate and talented staff to Council.	CEO
14.	Business Continuity	Significant business interruption to core operations	DCCS
15.	Consultation	Failure to engage in meaningful two-way consultation with the Community	CEO
16.	Climate	Lack of awareness and inability to adapt to changing climate conditions	DDS
17.	Volunteers	Inadequate management of volunteer workforce	CEO

## Appendix A – Council Risk Management Matrix

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

Likelihood Rating		
<b>Almost Certain</b>	Is expected to occur in most circumstances	<b>Not applicable Work Health &amp; Safety (WHS)</b>
		Has occurred at least once a month in the past year
<b>Likely</b>	Will probably occur in most circumstances	Has occurred at least once in the past 1-2 years
<b>Possible</b>	Might occur at some time	Has occurred at least once in the past 2-5 years
<b>Unlikely</b>	Could occur at some time	Has occurred at least once in the past 5-10 years
<b>Rare</b>	May only occur in exceptional circumstances	May occur every 10+ years

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

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

#### Appendix B – Reporting responsibilities based on residual risk appetite.

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

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **11. LONG TERM FINANCIAL PLAN UPDATE**

(File Ref: 9.14.1.6)

#### **PURPOSE**

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

#### **RECOMMENDATION**

That the report be received.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s:	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management
Strategic Goal/s:	2.1 Financially sustainable organisation 2.3 Meet all legislative and compliance responsibilities 2.4 Effective Risk Management

#### **BACKGROUND**

The Long Term Financial Plan (LTFP) has been used by Council to guide the development of the 2015/2016 draft budget and to assess major projects prior to formal consideration by Council. It is a requirement of the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2011 (the Regulations) that the LTFP is updated as soon as practicable after the adoption of Council's Annual Business Plan.

#### **DISCUSSION**

In the LTFP adopted in 2012/2013 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%. These aims remain at the forefront of Council's strategy to achieve long term financial sustainability however some major factors and drivers do require review in the revised plan. These include significant cuts to Financial Assistance Grants, the decline of general grant funding available from both State and federal governments, the continued spiralling costs of utilities (electricity and water) and a lower Local Government Cost Price Index (anticipated at 2.6% in 2015/2016; 3.2% forecast in 2014/2015)

Council has adopted the 2015/2016 Annual Business Plan and these figures, along with the soon to be adopted Annual Financial Statements for 2014/2015 will form the base for the formulation of a new ten year plan. The first quarter budget review is also to be completed in October and adopted by Council and will also significantly influence the forecasts on which the LTFP is based.

Alignment and reconciliation with revised Asset management Plans (AMP's) to be produced from the new asset system (Conquest) will also be a priority in the review. Currently the Transportation Infrastructure AMP, which is expected to have the single biggest impact on the LTFP, is out to public consultation and will be reviewed in the coming months. Council is also currently considering its ongoing Transportation Infrastructure acceleration program and decisions in this critical plan will influence both the AMP and LTFP significantly.

For the reasons outlined above work on a revised LTFP will not commence until October 2015 and will likely be updated during November as these impacts become evident. The LTFP will go to public consultation for at least 4 weeks to ensure compliance with the Local Government Act.

With the timing of these initiatives it is considered prudent to withhold the adoption of the LTFP to incorporate the information conveyed upon completion or at least further refinement of these initiatives. In my view this constitutes a "practicable" approach to this critical task.

As such it is unlikely that a draft LTFP will be presented to Council until November 2015 for public consultation and a further update will then be required early in the 2016/2017 financial year.

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable until draft is completed. The draft will then be subject to public consultation in accordance with the requirements of the Act and the Regulations.

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Manager Financial Services
- Director Corporate and Community Services
- Director Development Services
- Director Assets and Infrastructure
- Asset Manager

In preparing this report, the following External Parties were consulted:

- Nil

#### **POLICY IMPLICATIONS**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

#### **BUDGET AND RESOURCE IMPLICATIONS**

No impact outside the current Adopted Budget.

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

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.

#### **ATTACHMENTS**

Nil

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **12. POLICY REVIEWS**

(File Ref: 9.14.1.6)

#### **INTRODUCTION**

To update the Audit Committee following Council's adoption of the Policies listed in the discussion.

#### **RECOMMENDATION**

That the Audit Committee receives the Policies attached as endorsed by Council at its meetings held on 8 July, 12 August and 9 September 2015.

#### **LINK TO STRATEGIC PLAN**

Key Theme/s: Corporate Governance and Leadership  
2. Organisational Efficiency and Resource Management

Strategic Goal/s: 2.1 Financially sustainable organisation  
2.3 Meet all legislative and compliance responsibilities  
2.4 Effective Risk Management

#### **BACKGROUND**

The following Policies have been reviewed and changes made as a result of current Policies being expired and due for updating.

#### **DISCUSSION**

Relevant Policies that have undergone review since the last Audit Committee meeting are listed as follows:-

- PO018 Hardship Policy for residential Customers of Minor and Intermediate Water Retailers
- PO0122 Loans to Community Groups Policy
- PO124 Asset Accounting Policy
- PO142 Budget Reporting and Amendment Policy
- PO048 Management Recovery of Outstanding Debts Policy

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Corporate and Community Services
- Manager Financial Services
- Financial Accountant
- Senior Rates Officer

In preparing this report, the following External Parties were consulted:

- Nil

## POLICY IMPLICATIONS

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8.

## BUDGET AND RESOURCE IMPLICATIONS

Not applicable.

## RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Local Government Act, 1999

## ATTACHMENTS

**Attachment 1:** ESCOSA Requirements and Policies - Hardship Policy for residential Customers of Minor and Intermediate Water Retailers

**Attachment 2:** PO0122 Loans to Community Groups Policy

**Attachment 3:** PO124 Asset Accounting Policy

**Attachment 4:** PO142 Budget Reporting and Amendment Policy

**Attachment 5:** PO048 Management Recovery of Outstanding Debts Policy





# COUNCIL POLICY

## Hardship Policy for Residential Customers of Minor and Intermediate Water Retailers

<b>Policy Number:</b>	PO018		
<b>Strategic Plan Objective</b>	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management 2.1 Financially Sustainable Organisation		
<b>Policy Owner:</b>	Director Corporate & Community Services	<b>File Number:</b>	7.63.1
<b>Responsible Officer:</b>	Manager Financial Services	<b>Minute Reference:</b>	224/2015 (09/09/2015)
<b>Date Adopted:</b>	9 <sup>th</sup> September 2015	<b>Next Review Date:</b>	September 2020

### 1. POLICY OBJECTIVES

- 1.1 Yorke Peninsula Council is committed to assisting **residential customers** of **water** and **sewerage services**, who are experiencing **financial hardship**, to manage their payments in a manner that best suits the **customer**, and ensuring they remain connected to a **retail service**.
- 1.2 The purpose of this **policy** is to identify **residential customers** who are experiencing payment difficulties due to **hardship**, and assist those **customers** to better manage their bills on an ongoing basis.
- 1.3 This **policy** sets out:
  - processes to identify **residential customers** experiencing payment difficulties due to **hardship**, including identification by us, self-identification by a **residential customer**, identification by an **accredited financial counsellor**, or welfare agency, and
  - an outline of a range of processes or programs that **we** will use, or apply, to assist **our customers** who have been identified as experiencing payment difficulties.
- 1.4 This policy is based on the customer hardship policy for minor and intermediate retailers, made by the Minister for Communities and Social Inclusion, pursuant to section 37 of the Water Industry Act 2012, under a delegation by the Minister for Water and the River Murray, without modification.

### 2. SCOPE

This Policy applies to all residential customers of water and sewerage services seeking deferment of payment for reasons of hardship.

### 3. DEFINITIONS

<b>Accredited Financial Counsellor</b>	in South Australia, <b>accredited financial counsellor</b> means a person who holds a Diploma of Community Services (Financial Counselling), and who has worked at least 12 months as a financial counsellor under the supervision of the South Australian Financial Counsellors Association
<b>Connection</b>	means an agreed point of supply at which a <b>customer</b> receives a <b>retail service</b> from a supplier
<b>Consumer</b>	means a person supplied with <b>retail services</b> as a <b>consumer</b> or user of those services (as defined in the <i>Water Industry Act 2012</i> ) (Note: you may be a consumer by virtue of being a council ratepayer)
<b>Customer</b>	<p>means a person who owns land in relation to which a <b>retail service</b> is provided and includes:</p> <ul style="list-style-type: none"> <li>– where the context requires, a person seeking the provision of a <b>retail service</b>, and</li> <li>– in prescribed circumstances, a person supplied with <b>retail services</b> as a <b>consumer</b> or user of those services (without limiting the application of this definition to owners of land), and</li> <li>– a person of a class declared by the <b>regulations</b> to be <b>customers</b></li> </ul> <p>(as defined in the <i>Water Industry Act 2012</i>) (Note: you may be a <b>customer</b> by virtue of being a council ratepayer)</p>
<b>Customer Hardship Policy</b>	means this <b>policy</b> for <b>minor</b> and <b>intermediate retailers</b> , that has been adopted by Yorke Peninsula Council, in accordance with section 37 of the <i>Water Industry Act 2012</i>
<b>Financial Counsellor</b>	means <b>accredited financial counsellor</b>

<b>Financial Hardship</b>	means a circumstance of experiencing a lack of financial means, that may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt
<b>Hardship</b>	means <b>financial hardship</b>
<b>Hardship Customer</b>	means a <b>residential customer</b> who has been identified under, accepted into, or is eligible for assistance under <b>our hardship program</b>
<b>Hardship Program</b>	means an agreement between <b>us</b> and a <b>hardship customer</b> for payment of outstanding sums due for <b>retail services</b>
<b>Intermediate Retailer</b>	means a <b>retailer</b> that provides <b>retail services</b> to more than 500 but less than 50000 <b>connections</b>
<b>Minor Retailer</b>	means a <b>retailer</b> that provides <b>retail services</b> to less than 500 <b>connections</b>
<b>Our, Us, We</b>	means Yorke Peninsula Council
<b>Regulations</b>	means regulations under the <i>Water Industry Act 2012</i>
<b>Residential Customer</b>	means a <b>customer</b> or <b>consumer</b> who is supplied with <b>retail services</b> for use at residential premises (as defined in the <i>Water Industry Act 2012</i> ) ( <i>Note: you may be a <b>residential customer</b> by virtue of being a council ratepayer</i> )

<b>Retail Service</b>	<p>means a service constituted by:</p> <p>the sale and supply of <b>water</b> to a person for use (and not for resale other than in prescribed circumstances (if any)) where the <b>water</b> is to be conveyed by a reticulated system, or</p> <p>the sale and supply of <b>sewerage services</b> for the removal of <b>sewage</b> (<i>including but not limited to community wastewater management systems</i>)</p> <p>(even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the <b>regulations</b> (as defined in the <i>Water Industry Act 2012</i>).</p>
<b>Retailer</b>	<p>means the holder of a licence issued by the Essential Services Commission of South Australia under the <i>Water Industry Act 2012</i></p>
<b>Sewage</b>	<p>includes any form of waste that may be appropriately removed or dealt with through the use of a <b>sewerage service</b> (as defined in the <i>Water Industry Act 2012</i>)</p>
<b>Sewerage service</b>	<p>means:</p> <p>a service constituted by the collection, storage, treatment or conveyance of <b>sewage</b> through the use of a reticulated system, or</p> <p>any other service, or any service of a class, brought within the ambit of this definition by the <b>regulations</b></p> <p>(as defined in the <i>Water Industry Act 2012</i>)  <i>(Note: sewerage service includes but not limited to community wastewater management systems)</i></p>
<b>Water</b>	<p>includes rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include <b>sewage</b> (as defined in the <i>Water Industry Act 2012</i>)</p>

<b>Water Service</b>	<p>means:</p> <p>a service constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of <b>water</b>, or</p> <p>any other service, or any service of a class, brought within the ambit of this definition by the <b>regulations</b>.</p> <p>(as defined in the <i>Water Industry Act 2012</i>)</p>
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## 4. POLICY STATEMENT

### 4.1 Identifying residential customers experiencing financial hardship

- 4.1.1 A **residential customer** experiencing **financial hardship** is someone who is identified by themselves, by **us**, by an **accredited financial counsellor**, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with **our** payment terms.
- 4.1.2 There are two types of **financial hardship**: ongoing and temporary. Depending on the type of **hardship** being experienced, **hardship customers** will have different needs and will require different solutions.
- 4.1.3 **Residential customers** who are identified as experiencing ongoing **hardship** are generally those on low or fixed incomes. These **customers** may require ongoing assistance.
- 4.1.4 **Residential customers** who may be identified as experiencing temporary **hardship** are those who have experienced a short-term change in circumstances, such as serious illness, disability or death in the family, loss or change in income, separation, divorce or other family crisis, a loss arising from an accident, or some other temporary financial difficulty. These **customers** generally require flexibility and temporary assistance, such as an extension of time to pay or an alternative payment arrangement.
- 4.1.5 The extent of **hardship** will be determined by either **our** assessment process or by an external body, such as an **accredited financial counsellor**.
- 4.1.6 Where we assess a **residential customer's** eligibility for **hardship** assistance, we **will** consider indicators including (but not limited to) whether:
- the **customer** is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card
  - the **customer** is eligible for a South Australian Government concession
  - the **customer** has been referred by an **accredited financial counsellor** or welfare agency
  - the **customer** advises they have previously applied for emergency relief (irrespective of whether or not their application was successful)
  - the **customer's** payment history indicates that they have had difficulty meeting their **retail services** bills in the past
  - the **customer**, through self assessment, has identified their position regarding their ability to pay.

## 4.2 Assisting residential customers who are experiencing financial hardship

### 4.2.1 We will inform a **residential customer** of this **customer hardship policy** where:

- it appears to **us** that non-payment of a bill for **retail services** is due to the **customer** experiencing payment difficulties due to **hardship**, or
- **we** are proposing to install a flow restriction device.

### 4.2.2 Where a **residential customer** has been identified as experiencing **financial hardship**, **we** will offer the **customer**, as soon as is reasonably practicable, flexible and frequent payment options that have regard to the **hardship customer's** usage, capacity to pay and current financial situation. These options will include the following:

- an interest and fee free payment plan that complies with clauses 28 to 32,
- Centrelink's Centrepay service (only where available), or
- other arrangement, under which the **customer** is given more time to pay a bill or to pay in arrears (including any disconnection or restriction charges),

recognising that some **residential customers** have a short-term **financial hardship** issue that may be resolved in the near to medium-term, where others may require a different type of assistance for ongoing financial issues.

### 4.2.3 We will not charge a **residential customer** a reconnection charge where that **customer** is experiencing **financial hardship** and should have been identified as eligible for this **customer hardship policy**, so long as the **customer** agrees to participate in **our hardship program**, upon reconnection.

### 4.2.4 We will engage in discussion with the **hardship customer** to determine a realistic payment option in line with the **customer's** capacity to pay.

### 4.2.5 We will work with a **hardship customer's financial counsellor** to determine the payment arrangement and instalment amount that best suits the **customer** and their individual circumstances.

### 4.2.6 Where a **hardship customer's** circumstances change, **we** will work with the **customer**, and their **financial counsellor**, to re-negotiate their payment arrangement.

### 4.2.7 We will not require a **hardship customer** to provide a security deposit.

### 4.2.8 We will not restrict a **hardship customer's retail services** if:

- the **customer** has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
- **we** have failed to comply with the requirements of this **customer hardship policy**, or
- the **customer's retail service** is a community wastewater management system or other sewerage service.

### 4.2.9 We will also offer the **hardship customer**:

- where appropriate, information about the right to have a bill redirected to a third person, as long as that third person consents in writing to that redirection
- information about, and referral to, Commonwealth and South Australian Government concessions, rebates, grants and assistance programs

- information about, and referral to, accredited financial and other relevant counselling and support services, particularly where a **customer** is experiencing ongoing **financial hardship**.
- 4.2.10 Where a **hardship customer** requests information or a redirection of their bills, **we** will provide that information or redirection free of charge.
- 4.2.11 **We** will provide information to the **hardship customer** on how to reduce usage and improve **water** efficiency, which may include referral to relevant government **water** efficiency programs. This will be provided at no charge to the **customer**.
- 4.2.12 **We** will explain to the **hardship customer** how and when the **customer** will be returned to regular billing cycles (and collection), after they have successfully completed the **hardship program**.
- 4.2.13 **We** will also explain to the **hardship customer** that they will be removed from **our hardship program**, and be returned to **our** standard collection cycles, including debt recovery, should they cease to make payments according to the agreed payment arrangement or fail to contact **us** for a period of greater than 90 days.
- 4.2.14 **We** will not take any action to remove a **customer** from our **hardship program** until **we** have sent the **customer** a written notice, allowing them 10 working days from the date of the notice to contact **us** to re-negotiate their re-entry into the program.

### 4.3 Retail services provided by Councils

- 4.3.1 Council rates are made up of **retail services** (as defined in this policy) and non-retail services, for example refuse collection.
- 4.3.2 If you are a **residential customer** in receipt of a **retail service** provided by a council and you are experiencing **financial hardship**, then only the **retail service** element of the council rates will be subject to the terms of this **hardship** policy. All or any other sums that are due to the council for non-retail services may be dealt with under the council's existing **hardship** policies. The council may exercise its discretion to apply this hardship policy to other sums due.

### 4.4 Payment plans

- 4.4.1 Our payment plan for a **hardship customer** will be established having regard to:
- the **customer's** capacity to pay and current financial situation
  - any arrears owing by the **customer**, and
  - the **customer's** expected usage needs over the following 12 month period.
- 4.4.2 The payment plan will also include an offer for the **hardship customer** to pay for their **retail services** in advance or in arrears by instalment payments at a frequency agreed with the **customer** (e.g. weekly, fortnightly, monthly or as otherwise agreed with the **customer**).
- 4.4.3 Where a payment plan is offered to a **hardship customer**, **we** will inform the **customer** in writing, within 10 business days of an agreement being reached, of:
- the duration of the plan
  - the amount of each instalment payable under the plan, the frequency of instalments and the date by which each instalment must be paid
  - if the **customer** is in arrears – the number of instalments to pay the arrears, and
  - if the **customer** is to pay in advance – the basis on which instalments are calculated.

4.4.4 **We** will waive any fees for late payment of a bill for a **hardship customer**.

4.4.5 Where a **hardship customer** is seeking assistance in accordance with this **policy**, but has failed to fulfil their obligations under an existing hardship arrangement, **we** will require them to sign up for direct debit deductions or Centrepay (where available).

#### 4.5 Debt recovery

4.5.1 **We** will suspend debt recovery processes while negotiating a suitable payment arrangement with a **hardship customer**.

4.5.2 **We** will not engage in legal action or commence proceedings for the recovery of a debt relating to a **retail service** for a **hardship customer** if:

- the **customer** has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
- **we** have failed to comply with the requirements of this **customer hardship policy**.

#### 4.6 Rights of residential customers experiencing financial hardship

4.6.1 Every **residential customer** experiencing **financial hardship** has the right to:

- Be treated respectfully on a case-by-case basis, and have their circumstances kept confidential.
- Receive information about alternative payment arrangements, this **customer hardship policy**, and government concessions, rebates, grants and assistance programs.
- Negotiate an amount they can afford to pay on a payment plan or other payment arrangement.
- Consider various payment methods, and receive written confirmation of the agreed payment arrangement within 10 business days.
- Renegotiate their payment arrangement if there is a change in their circumstances.
- Receive information about free and independent, **accredited financial counselling services**.
- Receive a language interpreter service at no cost to the customer.
- Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed payment arrangement.
- Not have **retail services** restricted or disconnected as long as they have agreed to a payment arrangement and continue to make payments according to an agreed plan.

#### 4.7 General provisions

4.7.1 **We** will ensure **residential customers** have equitable access to this **customer hardship policy**, and that this **policy** is applied consistently.



- 4.7.2 **We** will ensure appropriate training of staff dealing with **residential customers** in **hardship** to enable them to treat **customers** with respect and without making value judgements. Training will also assist staff in the early identification of **hardship customers**, with establishing payment plans based on a **hardship customer's** capacity to pay, and include processes for referral to an **accredited financial counsellor** or welfare agency for assistance.
- 4.7.3 This **customer hardship policy** is available on **our** website: [www.yorke.sa.gov.au](http://www.yorke.sa.gov.au).
- 4.7.4 **We** will also make a copy of this **policy** available to a **customer**, upon request, and at no charge to the **customer**, as soon as practicable following a request to do so.
- 4.7.5 This **customer hardship policy** does not limit or prevent **us** from waiving any fee, charge or amount of arrears for the provision of **retail services** to **customers** who are experiencing **financial hardship**.

## 4.8 Confidentiality

- 4.8.1 Any information disclosed by a **customer** is confidential and will not be used for any purpose other than the assessment of an application for assistance.

## 5. COMPLAINTS

Details of **our** customer complaints and dispute resolution process are available at **our** website: [www.yorke.sa.gov.au](http://www.yorke.sa.gov.au). **We** will also make a copy of this process available to a **residential customer**, upon request, and at no charge to the **customer**.

A **residential customer** experiencing **hardship** has a right to have any complaint heard and addressed by **us**, and in the event that their complaint cannot be resolved, the right to escalate their complaint to the external dispute resolution body approved by the Essential Services Commission of South Australia.

## 6. REVIEW

This policy will be reviewed every five (5) years or as required by the Essential Services Commission of South Australia under the Water Regulations Act 2012.

## 7. TRAINING

Relevant employees with delegated authority to consider requests will be trained to manage requests efficiently and effectively.

Training needs will be identified through performance review and audit processes. Training will also occur as necessary in response to changes to legislation and relevant standards, codes and guidelines.

## 8. RELATED COUNCIL POLICIES AND DOCUMENTS

Water Services Customer Charter IS126  
Water Services Customer Contract  
PO147 Complaints Policy

## 9. REFERENCES AND LEGISLATION

Local Government Act 1999  
Water Industry Act 2012

Water Industry Regulations 2012  
Water Retail Code – Minor and Intermediate Retailers  
Water Industry Guideline No. 2 (WG2/01)

## 10. COUNCIL DELEGATION

<b>Details of Delegation:</b>	Chief Executive Officer
<b>Delegate:</b>	Director Corporate & Community Services

## 11. VERSION HISTORY

<b>Archived Policy Name</b>	<b>Policy Number</b>	<b>Date Adopted</b>	<b>Last Reviewed</b>
New policy			



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## COUNCIL POLICY

### Loans To Community Groups

<b>Policy Number:</b>	PO122		
<b>Strategic Plan Objective</b>	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management 2.1 Financially Sustainable Organisation		
<b>Policy Owner:</b>	Director Corporate and Community Services	<b>File Number:</b>	7.63.1
<b>Responsible Officer:</b>	Manager Financial Services	<b>Minute Reference:</b>	174/2015 (08/07/2015)
<b>Date Adopted:</b>	08/07/2015	<b>Next Review Date:</b>	July 2020

#### 1. POLICY OBJECTIVES

Council is aware of the benefit local organisations provide to the local community and the desire of many of these organisations to improve their facilities and to improve or extend the level of service they provide. Due to their nature and the fact that they lease land from council, many organisations can find it difficult to obtain funds for large capital works.

The aim of this policy is to set out guidelines for the consideration of loans to Community Groups to assist them with larger projects.

The provision of loan funds to Community Groups is not without risk and Council has a responsibility to ensure that the risks associated with such loans are appropriately managed.

#### 2. SCOPE

This policy applies where Council receives an application for consideration of loan funds to a Community Group.

#### 3. POLICY STATEMENT

##### **Maximum Loan Amount:**

Total outstanding community loan borrowings of up to \$1,500,000 will be allowed under this policy. Individual loans to Community Groups will be allowed between \$20,000 and \$200,000.

##### **Eligible Organisations:**

Organisations eligible for loans under this policy:

- Must be based within the Yorke Peninsula Council
- Must be incorporated or be sponsored by an incorporated body
- Must be community based and not for profit organisations

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Updated 3/08/15

- Must not have a commercial or political purpose or be part of a larger organisation which would be expected to be able to provide loan funds
- Must not have gaming machines

### **Eligible Projects:**

Projects considered eligible for a loan under this policy must be for the purchase or construction of capital equipment or buildings, where the borrower has contributed 25% or more towards the project.

### **Ineligible Projects:**

The following projects will not be eligible for funding under this policy:

- Projects which have commenced prior to the loan being approved by Council
- Projects where the applicant has not sourced funds from the agency primarily responsible for the project, for example Commonwealth or State Government
- Projects which use the funds for gaming machines
- Projects where the expenditure is of a recurrent or ongoing nature

### **Loan Conditions:**

Loans to community groups will have the following conditions:

- Funds must be used for the purpose for which the loan was obtained.
- The loan recipient will obtain all necessary permits / approvals and insurance relating to the project.
- Any costs associated with default of the loan are the responsibility of the organisation.
- Organisations are to publicly acknowledge Council's contribution.
- Funds must be drawn down within 12 months of the loan being approved by Council.
- Interest rates for the loan will be at the current rate for a fixed term loan available through the Local Government Finance Authority at the time the loan is taken out by Council.
- Only fixed term, fixed rate loans, with six monthly repayments in arrears are available.
- Loans are available for a maximum of 10 years, but shorter periods are preferred.
- For the period of the loan, annual financial statements for the organisation, and if applicable the sponsoring organisation, are to be made available to Council on request.
- Organisations must notify Council of any change of Executive during the period of the loan.
- Council is to be advised as soon as possible when circumstances change which may reduce the capacity or ability of the group to repay the debt as agreed.
- No additional borrowing will be undertaken during the life of the loan except with the approval of Council.
- Where the loan is for a project on Council owned or Council controlled land there must be a current lease over the land and the period of the loan is not to be greater than the balance of the lease period.
- Any current lease agreement with the borrower will be altered to include a condition that in the event of default the Council may terminate the lease.
- Where the project being funded is not on Council property, the organisation will provide sufficient security to enable the Council to satisfactorily recover any outstanding amounts.

- Council may set other conditions as appropriate.

**Overdue Repayments:**

Where organisations apply for deferment of payment the following will apply:

- A grace period of up to one week from the due date for repayment be allowed for deferment of payment, based upon consideration of the particular circumstance by the Director of Corporate and Community Services.
- In the event of a request to defer scheduled repayments, or of default, greater than one week from the scheduled repayment date, Council recover an administration cost of \$50, plus interest calculated at the 24 hour call investment rate with the Local Government Finance Authority of South Australia, from the first day following the scheduled date for repayment, until the periodic payment is received in full.

**4. COMPLAINTS**

Complaints in relation to this policy can be directed to the Director Corporate and Community Services and will be managed in accordance with Council's PO147 Complaints Policy.

**5. REVIEW**

This policy will be reviewed every five years, and will also be reviewed as deemed necessary in consideration of any changes to legislation, relevant standards, codes and guidelines.

**6. TRAINING**

Council is committed to supporting employees in complying with this policy.

Training needs will be reviewed annually, during individual performance reviews and as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

**7. RELATED COUNCIL POLICIES AND DOCUMENTS**

PO139 Treasury Management Policy

PO048 Outstanding Debts Policy

SF206 Application form – Loans to Community Groups

**8. REFERENCES AND LEGISLATION**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

**10. COUNCIL DELEGATION**

<b>Delegate:</b>	Chief Executive Officer
<b>Sub Delegate:</b>	Director Corporate and Community Services

## **PO122 – Loans To Community Groups**

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### **11. VERSION HISTORY**

<b>Archived Policy Name</b>	<b>Policy Number</b>	<b>Date Adopted</b>	<b>Last Reviewed</b>
Reimbursement of Debenture Loans to Council	PO067	7/4/2003	8/6/2010
Loans To Community Groups	PO122	11/9/2007	8/6/2010



# COUNCIL POLICY

## Asset Accounting Policy

<b>Policy Number:</b>	PO124		
<b>Strategic Plan Objective</b>	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management 2.1 Financially Sustainable Organisation		
<b>Policy Owner:</b>	Director Corporate and Community Services	<b>File Number:</b>	7.63.1
<b>Responsible Officer:</b>	Manager Financial Services	<b>Minute Reference:</b>	175/2015 (08/07/2015)
<b>Date Adopted:</b>	08/07/2015	<b>Next Review Date:</b>	July 2018

### 1. POLICY OBJECTIVES

To document the financial management of Council's assets which are recognised, capitalised and re-valued in accordance with Australian Accounting Standards and this policy.

Council has an obligation to ensure that all assets are managed efficiently and that decisions regarding the acquisition of new assets and the sale and maintenance of current assets are undertaken in an open and transparent fashion.

### 2. SCOPE

This Policy includes the accounting treatment of all Council's non-current assets.

### 3. DEFINITIONS

In this Policy, unless the contrary intention appears, these words have the following meaning:

Capital Renewal	Renewing the existing asset to extend its serviceability but not providing a higher level of service e.g. Resealing, re-sheeting and unsealed road (not widening).
Capital Upgrade	Renewing the asset, thereby providing a higher level of service – e.g. Sealing an unsealed road, upgrading a stormwater pipe with larger size.
Capital Expansion	Providing a new asset – e.g. extending a footpath to an area where the footpath did not exist or was classified as "natural earth".
Maintenance	Does not upgrade or renew the asset, but enables the asset to attain its planned lifespan – e.g. pothole repair, crack sealing and bitumen patching.
Recoverable Amount	Is the higher of its fair value less costs to sell; and its value in use.



Fair Value	the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction
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#### **4. POLICY STATEMENT**

##### **RECOGNITION OF AN ASSET:**

An asset is recognised in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost that can be measured reliably.

##### **MEASUREMENT AT RECOGNITION:**

An asset that qualifies for recognition as an asset shall be measured at its cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition and all other costs incurred in getting the asset ready for use. Where an asset is acquired at no cost or for a nominal cost, the cost is its fair value as at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

##### **CLASSIFICATION OF ASSETS**

Assets will be classified as follows:

- Land
- Buildings and Other Structures
- Transport Infrastructure
- Stormwater Drainage
- Plant and Equipment
- Furniture and Fittings
- CWMS Infrastructure
- Water Scheme Infrastructure
- Other Assets

##### **CAPITALISATION OF ASSETS:**

Assets should have a useful life of greater than one year in order for the expenditure to be capitalised and have a value above the materiality test. Materiality levels are set so as not to misstate Financial Statements and to provide a guide as to whether it is practical from an administrative perspective that expenditure is capitalised.

Materiality levels for capitalisation are:-

- |   |          |
|---|----------|
| • Office Furniture & Equipment                | \$1,000  |
| • Other Plant and Equipment                   | \$1,000  |
| • Building – new construction / extensions    | \$5,000  |
| • Park and Playground Furniture and Equipment | \$2,000  |
| • Paving, footpaths, kerb and gutter          | \$2,000  |
| • Drains and Culverts                         | \$5,000  |
| • Road construction and reconstruction        | \$10,000 |
| • All other assets                            | \$1,000  |

No capitalisation threshold is applied to the acquisition of land or interests in land. Land under roads is not capitalised.

Buildings leased to community groups - these buildings will not be capitalised since Council has no effective care and control over these structures and does not expect to achieve a future economic benefit from them.

Networked assets – Expenditure can still be capitalised on items that fall below the materiality thresholds individually, but operate together as a cohesive whole to form a significant total value - for example the computer network.

#### **DEPRECIATION OF NON-CURRENT ASSETS:**

All non-current assets have a limited useful life. All non-current assets, excluding freehold land, are systematically depreciated over their useful lives, which reflects the consumption of the service potential embodied in those assets. In calculating depreciation expense the residual value of an asset will be taken into consideration.

Depreciation periods for infrastructure assets have been estimated based on the best information available to Council. Depreciation is recognised on a straight-line basis using the following standard estimates for useful lives although the actual useful life and therefore depreciation rates may be varied from this for specific assets where asset quality and environmental and/or operational conditions so warrant:-

##### **Infrastructure**

• Sealed Roads – Surface	15 to 30 years
• Sealed Roads – Structure	25 to 80 years
• Unsealed Roads	10 to 20 years
• Paving and Footpaths	10 to 70 years
• Drains, Kerb and Gutter	90 to 100 years
• Culverts	50 to 75 years
• Reticulation Pipes – PVC	50 to 60 years
• Reticulation Pipes – other	25 to 65 years
• Pumps and Telemetry	15 to 25 years

##### **Building and Other Structures**

• Buildings – masonry	50 to 100 years
• Buildings – other construction	20 to 40 years
• Park Structures – masonry	50 to 100 years
• Park Structures – other construction	20 to 40 years

##### **Plant and Equipment**

• Office Equipment	5 to 10 years
• Vehicles and Road-making Equipment	3 to 8 years
• Other Plant and Equipment	5 to 15 years

##### **Furniture & Fittings**

• Furniture & Fittings	5 to 20 years
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##### **Other Assets**

• Playground equipment	5 to 15 years
• Benches, seats, BBQ's etc	10 to 20 years
• Reserve Furniture	5 to 15 years
• Artworks	indefinite

**REVALUATION OF NON-CURRENT ASSETS:**

Where this policy requires the revaluation of assets they are to occur with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at reporting date in accordance with Australian Accounting Standards and Regulations under the Local Government Act.

For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

The following classes of assets will be independently re-valued every five years:

<b>Class</b>	<b>Next Valuation date</b>
•Land	30 June 2019
•Buildings and Other Structures	30 June 2019
•Road Infrastructure	30 June 2018
•Stormwater Infrastructure	30 June 2020
•Community Water and Effluent Infrastructure	30 June 2020

To maintain the accuracy of asset valuations, where appropriate, Road Infrastructure asset values will be adjusted annually in line with changes in the cost of replacing those assets.

The following classes of will be valued at cost and not re-valued:

- Major Plant and Equipment
- Minor Plant and Equipment
- Furniture and Fittings
- Other Assets

**ASSETS REGISTER:**

A register of all assets shall be maintained in an appropriate Asset Management System and shall record individual assets in sufficient detail as to permit their identification and control. The assets registers shall be updated at least annually. The assets registers shall be used for the purpose of revaluing and depreciating assets and for stocktaking. A stocktake of all inventories shall be conducted independently every year.

**REGISTER OF ATTRACTIVE PORTABLE ITEMS**

A register of items which are attractive and portable shall be maintained for the purpose of controlling and safeguarding items which by their nature are at risk of loss.

A stock take of such items shall be conducted at least every two years.

Attractive portable items are items which are more likely to be subject to loss due to theft or misplacement and shall include items such as cameras, portable TV's, videos and communication equipment. This register will not only include assets which are capitalised but also those that fall below the threshold for capitalisation.

The justification for inclusion and separate identification in the register pertains to the assets qualities of portability and potential high risk of loss given their attractiveness.

## **IMPAIRMENT OF ASSETS**

In accordance with AASB 136 – Impairment of Assets, an annual assessment will be made at 30th June each year, as to whether there is any indication that an asset (or a class of assets) is 'impaired'. This assessment can also be informed by any indications of impairment highlighted during the process of revaluing a class of Council assets. An asset is impaired when its carrying amount exceeds its recoverable amount.

This assessment will be documented and recorded as part of the annual financial statements working papers, for review by our external auditor.

Where an asset is determined to be impaired, the entity shall estimate the recoverable amount of the asset. If the assets carrying amount exceeds the amount to be recovered through the use or sale of the asset, it will be written down and an impairment loss recorded in the Financial Accounts, unless the asset is carried at a revalued amount. Where an asset has been revalued, the impairment loss will be offset against the asset revaluation reserve to the extent available. An impairment loss can be reversed for physical non-current assets in subsequent years.

## **5. COMPLAINTS**

Complaints about this Policy can be made in writing to the Director Corporate and Community Services. Complaints will be managed in accordance with Council's complaints policy PO147.

## **6. REVIEW**

This Policy will be reviewed every three (3) years or as deemed necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

## **7. TRAINING**

Council is committed to supporting relevant authorised officers (through appropriate delegations) in complying with this Policy. Training needs will be identified and reviewed as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines

## **8. RELATED COUNCIL POLICIES AND DOCUMENTS**

PO128 Asset Management Policy  
PO147 Complaints Policy

## **8. REFERENCES AND LEGISLATION**

Local Government Act 1999 (SA)  
Local Government (Financial Management) Regulations 2011  
Australian Accounting Standards Board AASB116

**10. COUNCIL DELEGATION**

<b>Details of Delegation:</b>	Chief Executive Officer
<b>Delegate:</b>	Director Corporate and Community Services

**11. VERSION HISTORY**

<b>Archived Policy Name</b>	<b>Policy Number</b>	<b>Date Adopted</b>	<b>Last Reviewed</b>
Asset Management and Accounting Policy	PO128	10/6/2008	10/8/2010



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# COUNCIL POLICY

## Budget Reporting & Amendment Policy

<b>Policy Number:</b>	PO142		
<b>Strategic Plan Objective</b>	Corporate Governance and Leadership 2. Organisational Efficiency and Resource Management 2.1 Financially Sustainable Organisation		
<b>Policy Owner:</b>	Corporate & Community Services	<b>File Number:</b>	7.63.1
<b>Responsible Officer:</b>	Director Corporate & Community Services	<b>Minute Reference:</b>	176/2015 (08/07/2015)
<b>Date Adopted:</b>	08/07/2015	<b>Next Review Date:</b>	July 2019

### 1. POLICY OBJECTIVES

This policy looks to provides clear direction to management and staff in relation to reporting performance against Council's Adopted Budget and amending Council's Adopted Budget where required.

The intention of the Budget Reporting and Amendment Policy is to provide management with a framework within which to operate in regard to the following:

- The Process to be allowed and general guidelines in relation to confirming the accuracy of budget information and the investigation of significant variances;
- The content, timing and process to be followed for reporting to Council on its performance against budget;
- The scope and conditions associated with the Chief Executive Officer approving any increases in budget expenditure or new budget items without obtaining Council approval;
- The process required to be followed as well as general guidelines in relation to the carrying forward of expenditure authority associated with projects included in the budget for the previous year;
- Set delegations for budget "transfers" where reallocation of budget amounts does not change the Council approved budget surplus/deficit or approved capital budget.

### 2. SCOPE

This policy provides guidance and outlines procedure for all budget managers within Council and highlights reporting requirements for performance against, and periodic amendments to, Council's adopted Budget.

**3. DEFINITIONS**

Adopted Budget	The Budget position adopted by Council at its July Council meeting each year in accordance with Council's Annual Business Plan.
Revised Budget	Consists of the Adopted Budget adjusted for all approved amendments under this policy.
Budget Review Form	SF189 - Budget Adjustment Request Form
Significant Variance	Variances to budget exceeding 10%

**4. POLICY STATEMENT****4.1 Timing and Content of Budget Reporting to Managers**

Monthly Budget vs Actual Financial Reports will be prepared and forwarded to Budget Managers immediately following end of month. The reports will highlight, at activity level, budget activity for the year to date, original and revised budget information, and outstanding committed expenditures. Budget managers will be responsible for analysing reports and identifying any variances or discrepancies for adjustment at quarterly reviews.

**4.2 Timing and Content of Budget Reporting to Council**

A monthly Budget Update (Financial Report) is to be prepared and included in the agenda of the Ordinary Meeting of Council. The report will include details as at the end of the month immediately preceding the date of the meeting. The report will highlight, at summary level, budget activity for the year to date, original and revised budget information, and include the latest revised forecast of expected budget results for the year. Reports for June will not be submitted to the July meeting of Council but will be prepared following completion of the year-end Financial Statements.

**4.3 Approval of Variations outside the scope of the Adopted Budget**

Council approval must be sought and obtained before commitments are made or events occur that would result in activity outside of the budget limits.

In considering a request for a revision to its budget, Council will consider the impact the approval would have on the achievement of the targets for financial indicators established in Council's original budget. It will also consider the capacity to increase other revenue or reduce other expenditure (either of a corresponding operating or capital nature as appropriate) to offset the variation and the merit of so doing.

**4.4 Approval of variations within the scope of the Adopted Budget**

Where circumstances so warrant (e.g. for reasons of urgent necessity) the CEO may in consultation with the Principal Member authorise budget variations that are within the scope of approved limits for budget items, providing that variations made do not:

- a) In aggregate exceed threshold value limits for that function/activity outlined in the Budget;
- b) Materially impact on the quality, quantity, frequency, range or level of service previously provided for or implicitly intended in the original allocation; and

- c) Impact on any explicit proposals Council has included in its Annual Business Plan or has otherwise publicly committed to and accommodated in its Budget.

Whenever such changes are made, the following Budget Update must include information from the CEO explaining the rationale for the decision.

**4.5 Guidelines in relation to the carry forward of expenditure authority associated with projects included in the Adopted or Revised Budget for the previous financial year.**

Funding approval for budgeted activities not completed at the end of any budget year is forfeited unless approval to carry-over the activity and associated budget allocation is granted by Council (including by the CEO under delegated authority as per conditions outlined in 4.3 above).

While there may be one-off exceptions, operating activity budgeted for but not expended in a year generally should not be carried forward to the following year. Identifiable projects that will not commence in the year that they have been budgeted for should be re-evaluated and where warranted included in the budget for the following year at the time of its adoption. Similarly capital projects that have not commenced in one year should be considered against other competing priorities in determining the content of the budget for the following year rather than treated separately as 'carried forwards'.

The scope and funding requirements of capital projects and major operating-type activities that are committed or underway but not completed at the end of one- financial year needs to be reviewed and the projects/activities considered for carrying forward at the August Council meeting in the following financial year.

Any request for carrying forward activity needs to clearly highlight whether the scope of each activity item and its associated funding quantum is proposed to be varied from that previously approved and if so the reasons for same. Any impact on the achievement of the targets for a financial indicator established in Council's original budget for the current year also should be identified.

**4.6 Approval of the re-allocation of budget amounts which do not impact the Council Adopted Budget operating surplus/deficit or Adopted capital budget.**

During the budget year it will be necessary to re-allocate budget allocations to facilitate dynamic changes to Council's operations. Any changes required should consider the conditions of 4.3 above and should be made only if they do not contravene the requirements of that clause. Such changes then made will be incorporated in the next available Budget Review Report and reflected in the current forecast for the remainder of the financial year.

All such reallocations should be enacted according to delegations (see below) and advised promptly to the Manager Financial Services via an appropriately completed and approved Budget Review Form (attached as Appendix A) for inclusion in the budget review process. No commitments are to be made or events occur in relation to reallocations of budget prior to the relevant approval being obtained.

The following delegations are to be observed for all reallocations meeting the requirements of this clause:



- a) Reallocations of budget not exceeding \$20,000 can be approved by the relevant Director without referral to the CEO or Council.
- b) Reallocations of budget exceeding \$20,000, but not exceeding \$50,000, can be approved by the CEO without referral to Council.
- c) For reallocations exceeding \$50,000 Council approval must be sought and obtained before commitments are made or events occur that would result in activity outside of the above budget limits wherever practical.

Should reallocations result in any change outside the scope of the Budget (i.e. result in changes to the Council Adopted Budget operating surplus/deficit or Adopted capital budget) please revert to procedure 4.2 above.

#### **4.7 Quarterly Budget Review Reporting**

Budget Review Reports for quarters ending in September, December and March will be prepared for Council as soon as practical after the end of each quarter and will detail all budget adjustments made under delegation and budget adjustments requiring Council approval. The report will include data presented in the format similar to Figure 1.1 in the LGA's Information Paper 25 – Monitoring Council Budget Performance.

Budget Review reports for the quarter ending in June will be presented to Council as soon as practical after the completion of End of Year Financial Statements.

Significant variances identified in the June Budget Review report will be analysed, and a report explaining these variations will be prepared and forwarded to Council's auditors to accompany the balance date audit Management Representation Letter.

### **5. COMPLAINTS**

Complaints about this policy can be made in writing to the Director Corporate & Community Services. Complaints will be managed in accordance with Council's Complaints Policy PO147.

### **6. REVIEW**

This policy will be reviewed every four (4) years or as deemed necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

### **7. TRAINING**

Council is committed to supporting employees in complying with this policy. Training needs will be reviewed annually, during individual performance reviews and as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

### **8. RELATED COUNCIL POLICIES AND DOCUMENTS**

SF189 Budget Adjustment Request Form  
PO147 Complaints Policy

**9. REFERENCES AND LEGISLATION**

Local Government Act 1999  
Local Government (Financial Management) Regulations 2011  
LGA Information Paper 25 – Monitoring Council Budget Performance

**10. COUNCIL DELEGATION**

<b>Details of Delegation:</b>	Chief Executive Officer
<b>Delegate:</b>	Director Corporate & Community Services

**11. VERSION HISTORY**

<b>Archived Policy Name</b>	<b>Policy Number</b>	<b>Date Adopted</b>	<b>Last Reviewed</b>
Budget Reporting and Amendment Policy	PO142	12/10/2011	12/10/2011



# COUNCIL POLICY

## Management & Recovery of Outstanding Debts Policy

<b>Policy Number:</b>	PO048		
<b>Strategic Plan Objective</b>	Financially Sustainable Organisation		
<b>Policy Owner:</b>	Director Corporate & Community Services	<b>File Number:</b>	9.63.1
<b>Responsible Officer:</b>	Manager Financial Services	<b>Minute Reference:</b>	223/2015(09/09/2015)
<b>Date Adopted:</b>	09/09/2015	<b>Next Review Date:</b>	September 2020

### 1. POLICY OBJECTIVES

This Policy addresses both rates and general debts, and is designed to provide a consistent approach to debt management and recovery. The policy allows for “natural justice” for the person owing the debt, in that there are adequate steps in both processes for persons to approach Council and arrange for time payment plans and/or make payment prior to appropriate legal proceedings to recover overdue debts being taken.

The objective of this Policy is to:

- Ensure a fair, consistent and accountable approach to Council’s debt management and collection decisions and practices.
- Assist in the efficient management of Council assets through the timely collection of outstanding monies.
- Ensure compliance with relevant legislation and guidelines.

### 2. SCOPE

This policy applies to all ratepayers of the Yorke Peninsula Council and debts recorded in Council’s Accounts Receivable (Debtors) system.

### 3. DEFINITIONS

Council	Yorke Peninsula Council
Debt	The amount of money owed by a debtor as a result of being levied rates and/or charges or undertaking a transaction with Council
Debtor	An individual, company, organisation or other party that owes a debt to Council
Financial Hardship	Means a circumstance of experiencing a lack of financial means, that may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.
Rates & Charges	Rates, Services Charges and other charges as levied by Council.

## 4. POLICY STATEMENT

### 4.1 Debt management and recovery principles

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. The principles that will apply in the management and recovery of debt are as follows:

- Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management;
- Council will operate effective billing and debt collection processes;
- Council aims to minimise the amount of outstanding monies that it is owed;
- Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required;
- If a debtor cannot meet their obligations on the due dates, it is in the interest of the debtor, and Council, for the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt;
- Council will explain the debtor's rights and obligations in relation to any action that Council might take to recover debt, prior to the commencement of formal debt collection action, including that all costs associated with the collection process shall be borne by the debtor;
- Council will not issue a letter of demand to a debtor without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt;
- Once a letter of demand has been issued legal action will proceed and any settlement negotiations will be made on a 'without prejudice' basis so that the legal right to collect the debt is not compromised.

### 4.2 Hardship Customers

- Council will suspend debt recovery processes while negotiating a suitable payment arrangement with customers identified through the hardship provisions of Councils Hardship Policy for Residential Customers of Minor and Intermediate Water Retailers.
- Council will not engage in legal action or commence proceedings for the recovery of a debt relating to a **retail service** for a **hardship customer** if the customer has agreed to an acceptable payment arrangement and continues to adhere to the terms of that arrangement.

### 4.3 Debt Management

The following debt collection practices will be applied to all debts (rates and sundry debtors) over \$50 that are not subject to dispute which have been outstanding for 30 days past the due date for payment;

- First reminder letter will be forwarded, requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response is received to the first reminder letter, a second reminder letter will be forwarded requesting payment within 14 days or to contact Council to enter into an arrangement.
- Where no response has been received to the second reminder letter a letter of demand for payment within 7 days will be forwarded. The letter will state that failure to make payment in full or to enter into an arrangement will result in the commencement of legal action.
- Where no response has been received to the letter of demand, Council will proceed to recover the debt(s) through debt recovery processes, including legal proceedings.
- In the event that a default on a payment arrangement occurs, a first and final reminder letter will be forwarded for all amounts over \$200. The letter will

state that failure to recommence the agreed arrangement within 7 days can result in the commencement of legal proceedings.

#### **4.4 Rates Outstanding – three (3) years or greater**

In accordance with Section 184 of the Local Government Act 1999, Council may sell land for the non-payment of rates.

The Director Corporate & Community Services will report to Council in regard to any rate debtors that have remained unpaid following implementation of recovery action as detailed above, and are in arrears for three years or more. Council will give the Director Corporate & Community Services direction on recovery action pursuant to Section 184 of the Local Government Act 1999 on presentation of such a report.

### **5. COMPLAINTS**

Refer to PO147 Complaints

### **6. REVIEW**

This policy will be reviewed every 5 years and as deemed necessary in consideration of any changes to legislation, relevant standards, codes and guidelines.

### **7. TRAINING**

Training needs will be identified through performance review and audit processes. Training will also occur as necessary in response to changes to legislation, relevant standards, codes and guidelines.

### **8. RELATED COUNCIL POLICIES AND DOCUMENTS**

Delegations Register  
PO018 Hardship Policy of Residential Customers of Minor and Intermediate Water Retailers

### **9. REFERENCES AND LEGISLATION**

Local Government Act 1999

### **10. COUNCIL DELEGATION**

<b>Delegate:</b>	Chief Executive Officer
<b>Sub Delegate:</b>	Director Corporate & Community Services

### **11. VERSION HISTORY**

<b>Archived Policy Name</b>	<b>Policy Number</b>	<b>Date Adopted</b>	<b>Last Reviewed</b>
Management & Recovery of Outstanding Debts Policy	PO048	8/5/2013	8/5/2013