



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 24th February 2016
in the Minlaton Council Chamber,
57 Main Street, Minlaton commencing at 3:00pm

David Harding
DIRECTOR CORPORATE AND
COMMUNITY SERVICES

A G E N D A

ITEM 1 YORKE PENINSULA COUNCIL – AUDIT COMMITTEE

- 1.1 Welcome by Chairperson
- 1.2 Present
- 1.3 Apologies/Leave of Absence
- 1.4 Minutes of previous meeting – for confirmation:
Audit Committee meeting held on 9th December 2015.
- 1.5 Questions without Notice

1.6 Conflict of Interest

CONFLICT OF INTEREST

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

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

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

ITEM 2 REPORTS

- | | |
|--------------------------------------------------------------------------|-----------------|
| 1. 2016 Audit Committee Work Plan | pages 3 - 5 |
| 2. Interim External Audit Date (verbal update) | |
| 3. Internal Audit Activity Report | pages 7 - 54 |
| 4. Internal Controls Project Update (verbal update) | |
| 5. Review Final Audit Letter | pages 55 - 59 |
| 6. Risk Management Update | pages 60 - 76 |
| 7. Long Term Financial Plan Update | pages 77 - 101 |
| 8. 2016/2017 Budget Timetable | pages 102 - 104 |
| 9. Second Quarter 15/16 Budget Review | pages 105 - 120 |
| 10. Asset Management Update | pages 121 - 122 |
| 11. EDRMS System Update | pages 123 - 124 |

ITEM 3 GENERAL BUSINESS

ITEM 4 NEXT MEETING

Wednesday 27th April 2016, 3.00pm
Minlaton Council Chamber

ITEM 5 CLOSURE

DIRECTOR CORPORATE AND COMMUNITY SERVICES

1. AUDIT COMMITTEE 2016 WORK PLAN

(File Ref: 9.14.1.6)

INTRODUCTION

To consider the proposed 2016 Audit Committee Work Plan.

RECOMMENDATION

That the Audit Committee endorse the updated 2016 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:

- The annual “in camera” session with the external auditors to be held at the meeting on Wednesday 26th October 2016.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

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

- Director Corporate and Community Services
- Acting 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: 2016 Work Plan

**YORKE PENINSULA COUNCIL AUDIT COMMITTEE
2016 WORK PLAN**

Meeting	Item	Comments
<p>Wednesday 24th February</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Review 2016 Audit Committee Work Plan • Interim External Audit Date • Internal Audit Activity Report • Internal Controls Project Update • Review Final Audit Letter • Risk Management Update • Long Term Financial Plan Update • 2016/2017 Budget Timetable • Second Quarter 15/16 Budget Review • Asset Management Update • EDRMS System Update 	
<p>Wednesday 27th April</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Review draft Annual Business Plan • 2016/2017 Budget Update • Third Quarter 15/16 Budget Review Update • LTFP Update • 2016/2017 Capital Budget Update • Asset Revaluation Requirements update • Asset Management Update • Risk Management Update 	
<p>Wednesday 22nd June</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Endorse Annual Business Plan & 2016/2017 Budget • Review Council Draft Strategic Plan • Interim External Audit Visit Update • LTFP Update • Rates Options 2016-2017 Update • Internal Audit Activity Report • Internal Controls Project Update • Assessment Project • Asset Management Update • Risk Management Update 	
<p>Wednesday 28th September</p> <p>Minlaton Council Chamber at 3pm (Subject to Balance Date Audit dates)</p>	<ul style="list-style-type: none"> • LTFP Update • Approve FY17 Internal Audit Plan • External Audit Activity Update • Review 2015-2016 Financial Statements • Review Required Asset Revaluations • EDRMS System Update • Asset Management Update • Risk Management Update 	

<p>Wednesday 26th October</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Recommendation to Council regarding 2015/2016 Financial Statements • Recommendation to Council regarding First Quarter 16/17 Budget Review • Asset Management Update • Risk Management Update • Internal Audit Activity Report • Annual “In-Camera” meeting with External Auditors 	
<p>Wednesday 14th December</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Receive Final Financial Statements and Auditors Report to Council • Receive June 2016 Budget Review • Receive First Quarter 15/16 Budget Review • Review 2016 Audit Committee Work Plan • Consider 2017 Audit Committee Work Plan Draft • LTFP Update • Asset Management Update • Risk Management Update 	

As required:

- Policy Reviews
- Asset Management Plan Endorsements

BUSINESS IMPROVEMENT OFFICER

3. 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 December 2015 – February 2016. Key points are:-

- Caravan Park Internal Audit Report has been completed;,
- Customer Service Request Internal Audit Report has been completed; and
- Credit Card Internal Audit Report 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.

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: Caravan Park Internal Audit Report

Attachment 3: CSR Internal Audit Report

Attachment 4: Corporate Purchase Card Internal Audit Report

Attachment 5: Implementation of Agreed Actions

Internal Audit Activity Report (Dec 2015 – Jan 2016)

1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	Financial Management – Account Receivable	A review of key accounts receivable controls including receipting, banking, debtor follow up processes and general ledger reconciliations.	Project Completed
2	Independent verification of control self-assessment	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (ControlTrack)	Project Completed
3	CSR Operational Review <i>Risk 7, 11 & 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.	Project Completed Report circulated to stakeholders.
4	WHS – Hazard Management <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.	WHS Audit will be focussed on Incident Reporting and Hazard Management. Delayed until Nov 2016 when Registers are more complete & new staff settled in. WHS have already undergone KPI Audit and a Risk Review is scheduled May/June 2016.
5	Post Implementation Review - Asset System Road Infrastructure Only) <i>Risk 6 & 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.	Delayed until further notice.
6	Procurement Part 2 – Tendering & Contracts (Post Implementation review of Procurement Processes) <i>Risk 9</i>	The second stage of the procurement project will address tendering and contract processes and assess compliance with newly developed policies and procedures. Specifically relating to tender specifications; probity; evaluation; selection; approval; documentation, transparency and fraud management particularly policies and procedures	Scoping has commenced. Five tenders will be audited in March 2016 selected from all departments.

No.	Project	Scope Overview	Project Status
		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.	
7	Volunteer Management <i>Risk 17</i>	This review will assess the management of volunteers and compliance with the Volunteer Management Handbook.	Scoping commenced, fieldwork beginning May 2016.
8	Fees and Charges <i>Risk 11 & 12</i>	Review to determine anomalies from the adopted fee schedule.	Scoping commenced, fieldwork beginning March 2016.
9	Independent verification of control self-assessment	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (ControlTrack)	Not started Due to commence June 2016
10	Ongoing compliance audits (petty cash, till float & caravan parks)	Undertake regular spot checks of key compliance areas.	Ongoing. Caravan Parks audited in Nov/Dec 2015. Petty Cash & Till Float Audits being conducted Feb 2016.

2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
Timesheet Review	CEO	To identify internal controls, evaluate systems and/or processes, and monitoring/approval practices that relate to the timekeeping of Council's payroll	Project Completed CEO will now undertake further investigations into these findings. Staff memos and letters have been sent out and research on fleet monitoring has commenced. GPS Fleet Monitoring investigated broadly with memo given to CEO on costs. Appears costly at first glance.
Credit Card Review	CEO	To assess the adequacy of policies and procedures, internal controls, systems and approvals that relate to the use of Council Credit Cards.	Project Completed Several recommendations have been put forward that will tighten the use and monitoring of Credit Cards.
Elected Member Workshop Surveys	CEO	To assess the suitability of content & format of Workshops to ensure they are effective.	First survey completed; second survey to be conducted May 2016.
GPS Data/Fleet Tracking Research	CEO	Determine the costs of expanding GPS/Fleet Tracking in all Council's fleet.	Project Completed. Memo with CEO. No further action from BIO.

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 5**:

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

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

For Distribution:

Andrew Cameron
Trevor Graham
Anne Hammond
Bobbi Pertini
Kira Tapps

Chief Executive Officer
Director Assets and Infrastructure
Manager Business & Public Relations
Manager People & Culture
Executive Assistant Assets and Infrastructure

For Information:

Corporate Management Team (CMT)
Stephen Goldsworthy
Nick Hoskin
Roy Dick
Stuart Heinrich-Smith
Dwayne Werfel
Guido Varricchio
Jason Coe
Mal Wuttke
Ben Cowley / Matthew Luke

Operations Manager
Acting Operations Manager
Manager Works
Leading Worker South
Works Supervisor North
Works Supervisor South
Leading Worker Central
Leading Worker North
IT Representatives

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Executive Summary

Background

Council delivers an extensive range of services and infrastructure to communities. There are a number of ways that a person can make a request for service e.g. completion of form on Council's website, in person at a council office, letter, email, phone or a petition. All requests are captured in Council's record management system, many within the Authority Customer Service Request ("CSR") system.

The CSR system is an integral part of Council's operations to meet community needs; therefore a review of the system was included in the FY16 Internal Audit Plan.

Objectives & Scope

The objective of the review was to assess the processes relating to the CSR system, including allocation of jobs, follow up, completion of requests, service level and reporting to Council.

Key Findings

Both findings from this investigation were ranked as Moderate risks and as such they are documented in the Detailed Findings section within Appendix 1.

General Observations

There were a number of controls tested that indicate a sound process in relation to CSRs, including:

- A Customer Service Request administrative procedure is in place that outlines the data and information that is to be collected by staff when taking a request;
- The Authority application has categories which, when selected, automatically allocates the CSR to the appropriate officer i.e. roads, tree trimming; however the staff member entering the CSR must enter the correct category;
- CSRs are generally scheduled and prioritised in accordance with depot work schedules (i.e. when a crew is working in a particular area, relevant CSRs will be completed);
- Action Officers are responsible for closing off CSRs in the system; and
- Significant effort has been placed on ensuring that CSRs are closed off within the Authority system, Internal Audit noted that outstanding CSRs had decreased significantly in 2015:
 - March 2015 - 505 outstanding CSRs (441 of those were greater than 28 days)
 - June 2015 - 297 outstanding CSRs (291 of those were greater than 28 days).

Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that the controls relating to CSRs are effective, there are some minor issues that should be addressed and recommendations within Appendix 1 should be considered.

I would like to take the opportunity to thank Trevor Graham, Nick Hoskin, Jason Coe, Stuart Heinrich Smith, Guido Varricchio, Dwayne Werfel, Reception Staff, Matthew Luke and Kira Tapps for their assistance and co-operation during the review.

Amanda Pitt
Business Improvement Officer
Email: amanda.pitt@yorke.sa.gov.au
Phone: 8832 0000

Appendix 1 – Detailed Findings

1.1 CSR Reporting

A CSR Quarterly Statistic Sheet report is sent out by the Executive Assistant to the Director of Assets and Infrastructure (A&I) to all action officers and Corporate Management Team, identifying outstanding customer requests and the number of days the request has been outstanding.

The Chief Executive Officer and Director of A&I will generally request further details and explanations on those long outstanding requests. Supervisors and Managers will use the CSR Quarterly Statistic Sheet report to identify and schedule outstanding work.

Internal Audit found the 2015 September CSR Quarterly Statistic Sheet was not sent out until 1 November 2015, a month overdue. Through discussions, it was found that data for the Statistics Sheet is manually extracted from Chameleon. This information is originally collated by Chameleon from Authority and an extensive process is required to reformat the data into a readable document.

This is the extent of reporting that department level Supervisors and Managers receive. Managers and Supervisors do not receive any further information in regards to completed actions. There is also no detailed reporting to Elected Members.

There are a number of risks and improvement areas with this process:

- Due to the manual nature of current reporting, there is a risk that outstanding requests are not made available to relevant staff and actioned in a timely manner;
- Given the data is extracted from Authority, a significant amount of time could be saved by automating the reports in Authority; and
- Elected Members currently receive limited information regarding CSR statistics and as such are not aware of Council's efficiency and workload in this area.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

1.2 Recommendations

1. IT investigates the capability in Authority to generate automated monthly CSR reports that are sent to all appropriate Action Officers and CMT. Reports should contain information on:
 - the number of CSR's received on a monthly basis that quarter;
 - how many CSR's were completed;
 - the time it took to complete those CSR's;
 - how many CSR's are outstanding (in number and duration) in total; and
 - who the Action Officers are/were.
2. Elected Members receive an update at a high level of the number of CSR's received, actioned and outstanding each quarter.

1.3 Management Responses

Management Response and Agreed Action:

1. Agreed, automation opportunities through Authority will be investigated.
2. Agreed, will implement once new reports are finalised.

Responsibility:

1. Ben Cowley, Leader Systems & Technology & Matthew Luke, Information Technology Coordinator
2. Director Assets and Infrastructure

Due Date:

1. 30 June 2016
2. 30 June 2016

2.1 Policy and Procedure

A CSR administrative procedure is in place that outlines the data and information to be collected by staff when taking a request. Issues identified via an email survey of a number of receptionists:

- One (1) respondent unaware of procedure;
- One (1) respondent unaware to email a copy to Action Officer;
- There is no procedure/process documented to escalate safety concerns;
- Some respondents were unaware of categories and where to allocate (which causes a number of issues for depot staff when incorrect CSRs are allocated to them) as this part of the process is not covered by the current procedure;
- Respondents had inconsistent responses with regard to data collected from customers, most importantly:
 - Contact details; and
 - Timeframes for job completed should never been indicated to customers.

The procedure needs to be updated to reflect what details need to be collected and how to allocate categories.

Without an up-to-date administrative procedure there are risks that CSRs:

- Are not completed in a consistent manner;
- Action Officers are unaware they have been assigned a CSR;
- Jobs with safety concerns may not be treated with the urgency they require due to the category they have been assigned;
- Staff are not properly trained in how to complete CSR's due to insufficient procedure detail; and
- CSR's are not properly completed with all the details required to complete a job.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

2.2 Recommendations

It is recommended that the CSR Administrative Procedure be reviewed and updated -by A&I and Reception representatives to include the following:

1. Ensure it accurately reflects all the steps required to complete a CSR;
2. The workflow for all categories to ensure the action officers and urgency is accurate and examples of the type of job to be highlighted to assist Receptionists better understand which category to allocate;
3. Investigate whether a safety concern can be highlighted in the CSR and if a separate field cannot be created, ensure staff understand to highlight the safety concern in the commentary.
4. Training to be held for all affected staff, including reception and depot staff, to go through the updated Procedure; and
5. Updated CSR Procedure to be included in Receptionist Induction processes going forward.

2.3 Management Responses

Management Response and Agreed Action:

1. Agreed, Working Party to be established to review current process and update. Training and Induction Updates will follow after the review is completed.

Responsibility:

1. Director A&I, Reception and IT representatives and Business Improvement Officer

Due Date:

1. 30 June 2016

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:

David Harding – Director, Corporate & Community Services
Anne Hammond – Manager Business & Public Relations
Bronwyn Scholes – Corporate Services Officer
Karen Schulz – Manager Financial Services
Brianna Wood – Risk Management Officer

For Information:

Andrew Cameron – Chief Executive Officer
Corporate Management Team

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Executive Summary

Background

There are 19 caravan parks located in the Yorke Peninsula Council ("Council") area. Of these there are five Council-owned Caravan Parks:

- Port Vincent Foreshore
- Point Turton
- Marion Bay
- Yorketown and
- Black Point (Camping Ground)

The approved 2015 Council Internal Audit Plan includes an allowance for an ongoing review of Council-owned Caravan Parks.

Objectives & Scope

The objectives and scope of the ongoing reviews were to undertake the following:

1. Ensure a current Management Agreement is in place
2. Verify the controls to ensure that management fees paid to caravan parks are in accordance with their respective Management Agreement. Confirm that the management fees paid match income stated in the Reservation Management System ("RMS") online booking system.
3. During an unannounced visit to the park, confirm that:
 - a. Utilised sites are recorded in RMS for that particular day;
 - b. General maintenance and cleanliness of the park is appropriate; and
 - c. Work, Health and Safety ("WHS") matters are addressed, specifically evacuation diagrams in place, fire and electrical equipment has been tested and tagged appropriately.

Key Findings

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

1. Management Agreements	<p>Management Agreements are in place for four of the five Caravan Parks and Camping Ground. Yorketown Caravan Park does not have a current agreement in place. The Park is temporarily being managed by the Manager, uncontracted. Internal Audit was advised that an advertisement for new managers will go live in February 2016 and the successful applicants will sign a new Management Agreement, however without a formal Agreement in place for the current arrangement, the Manager cannot be held to account.</p> <p>Internal Audit also identified an issue with the monthly invoices submitted by the Yorketown Manager. The invoice includes GST for gross takings in the Management Fee (all other Agreements define gross takings exclusive of GST). The Manager is not registered for GST and does not charge GST separately to Council. Essentially, the Manager is earning an income off the GST without paying any of it to the Australian Taxation Office.</p> <p>There is a risk that Council cannot claim the GST as an expense and because of this the General Ledger accounts do not reconcile.</p>
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Consequence	Likelihood	Risk Level
Moderate	Likely	High

2. Black Point Camping Ground Booking/Receipt System	<p>Black Point Camping Ground’s booking and receipt system is paper and pencil-based. Council is reliant on the Manager of the Camping Ground to report all stays.</p> <p>During an unannounced spot check, six (6) sites were occupied, however only five (5) receipts were able to be produced by the Manager. The sixth customer had paid in cash for a five (5) day stay yet no corresponding receipt matched that transaction.</p> <p>There is a risk that transactions are not reported to Council with income understated by the Manager. Council has no mechanism for checking such events unless frequent spot checks were performed.</p> <table><tr><td>Consequence</td><td>Likelihood</td><td>Risk Level</td></tr><tr><td>Moderate</td><td>Likely</td><td>High</td></tr></table>	Consequence	Likelihood	Risk Level	Moderate	Likely	High
Consequence	Likelihood	Risk Level					
Moderate	Likely	High					
3. WHS Matters	<p>There were two main WHS matters identified during the spot checks (a third minor issue has been detailed in Appendix 1): Evacuation Diagrams & Instruction and Electrical and Fire Equipment Testing & Tagging.</p> <p>a) Spot checks performed on the Caravan Parks confirmed Evacuation Diagrams were displayed in most common areas around the Parks. Evacuation Procedures with written instructions explaining to customers what to do during an emergency or how to know when one has been declared were not evident at any Park.</p> <p>Without clearly defined written instructions, there is a risk that in the event of emergency, customers are unaware of their responsibility and procedures.</p> <p>b) It was noted that electrical tagging and testing was due at all Caravan Parks in July 2015 and this had not been completed. It is Council’s responsibility to ensure that electrical tagging and testing is performed on an annual basis in accordance with WHS legislation. Tape Electrical have since been awarded the formal contract for tagging and testing of all Council-owned Caravan Parks and will commence the program in November 2015.</p> <table><tr><td>Consequence</td><td>Likelihood</td><td>Risk Level</td></tr><tr><td>Moderate</td><td>Likely</td><td>High</td></tr></table>	Consequence	Likelihood	Risk Level	Moderate	Likely	High
Consequence	Likelihood	Risk Level					
Moderate	Likely	High					

Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that the Caravan Park controls are, for the most part, effective, however there are some issues that should be actioned immediately and recommendations within Appendix 1 considered.

We would like to take the opportunity to thank the Caravan Park and Camping Ground Managers, Bronwyn Scholes, Ashlee Chadwick, Sophie Glazbrook, Phil Herrmann and Chloe Brown for their assistance and co-operation during the review.

Chelly Litster

Business Improvement Officer

Email: chelly.litster@yorke.sa.gov.au

Phone: 8832 0000

Appendix 1 – Detailed Findings

1.1 Management Agreements

Management Agreements are in place for four of the five Caravan Parks and Camping Ground. Yorketown Caravan Park does not have a current agreement in place. The Park is temporarily being managed by the Manager, uncontracted.

Internal Audit was advised that an advertisement for new managers will go live in February 2016 and the successful applicants will sign a new Management Agreement; however without a formal Agreement in place for the current arrangement, the Manager cannot be held to account.

There is a risk the Caravan Park will be operated in an inconsistent manner to the other Parks with no accountability accepted by the Manager.

The current informal financial arrangement (based on the monthly invoice) is as follows:

- The management fee is 20% of gross takings
- A retainer of \$1,000 per month.

Internal Audit also identified an issue with the monthly invoices submitted by the Yorketown Manager. The invoice includes GST for gross takings in the Management Fee (all other Agreements define gross takings exclusive of GST). The Manager is not registered for GST and does not charge GST separately to Council. Essentially, the Manager is earning an income off the GST without paying any of it to the Australian Taxation Office. Council is paying for the GST as 'income received' from the Park and also paying the Manager's GST inclusive fee without being able to legally claim back this GST as an expense.

There is a risk that Council cannot claim the GST as an expense and because of this the General Ledger accounts do not reconcile.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

1.2 Recommendations

1. Advertisements should be placed for new Managers as soon as possible and a formal Management Agreement is entered into to mitigate the risk of mismanagement;
2. The Yorketown Park Manager should be immediately informed that invoices are to be calculated on gross profit exclusive of GST and that GST cannot be charged or claimed by the Manager unless they become registered for GST.

1.3 Management Responses

Management Response and Agreed Action:

1. Advertisements to be placed in December for new Managers.
2. Written notice will be sent to Yorketown Park Manager advising the removal of GST on invoices.

Responsibility:

1. Anne Hammond, Manager Business & Public Relations
2. Anne Hammond, Manager Business & Public Relations

Due Date:

1. 10 December 2015 - Completed
2. 18 December 2015 - Completed

2.1 Black Point Camping Ground Booking and Receipt System

Black Point Camping Ground's booking and receipt system is paper and pencil-based. Receipts recorded from sales during the month are received into Council at the end of the month. Council is reliant on the Manager of the Camping Ground to report all sales as there is no formal, auditable report provided on bookings and sales for the month, such as RMS.

During an unannounced spot check, six (6) sites were occupied, however only five (5) receipts were able to be produced by the Manager. The sixth customer had paid in cash for a five (5) day stay yet no corresponding receipt matched that transaction.

There is a risk that transactions are not reported to Council with income understated by the Manager. Council has no mechanism for checking such events unless frequent spot checks were performed.

Furthermore, during the visit Internal Audit observed the Park Manager carrying a large amount of cash in an unlocked container in his vehicle (many of the sale transactions from the Camping Ground are paid in cash). The Park Manager explained there are difficulties in banking on a regular basis. There is a security risk associated with carrying large amount of unsecured cash.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

2.2 Recommendations

It is recommended that Council consider installing a computer workstation with the RMS booking system and Council EFT hardware into Pine Point Caravan Park (where the Manager of Black Point Camping Ground is based), to be used solely for the Black Point Camping Ground. This will allow Council to receive a Cash Report with auditable transaction records attached to the monthly invoice and potentially reduce the amount of cash handling required by the Park Managers.

If this is not possible, more frequent spot checks should be undertaken by Council staff.

2.3 Management Responses

Management Response and Agreed Action:

Feasibility of implementing the recommendation will be determined & presented to CMT & Council for a decision.

Responsibility:

Anne Hammond, Manager Business & Public Relations

Due Date:

30 March 2016

3.1 WHS Matters

There were three WHS matters that were identified during the spot checks: Evacuation Diagrams & Instructions, Electrical and Fire Equipment Testing and Tagging, and Drink Machine Testing and Tagging.

- a) Spot checks performed on the four Caravan Parks confirmed Evacuation Diagrams were displayed in most common areas around the Parks. Marion Bay, Port Vincent and Yorketown displayed Evacuation Diagrams in their common areas (including laundries, kitchens and dining rooms). Only Yorketown displayed the Diagram in the reception area also.

Three of the four Caravan Parks outlined Evacuation Meeting Points on the Caravan Park map given to customers upon arrival. Port Vincent are using old maps until they run out and will then get them refreshed to include the Meeting Point(s) and other additions made to the Park in the last few years. Evacuation Procedures with written instructions explaining to customers what to do during an emergency or how to know when an emergency has been declared were not evident at any Park. Without clearly defined written instructions, there is a risk that in the event of emergency, customers are unaware of their responsibility and procedures.

- b) It was noted during the spot checks that electrical tagging and testing was due at all Caravan Parks in July 2015 and this had not been completed (5 months overdue). During subsequent discussions, the Risk Management Officer advised a Request for Quote was advertised in early 2015 as a formal contract was not in place with the existing contractor. Due to a communication breakdown, the existing contractor did not continue with the testing and tagging program once this advertising went out.

It is Council's responsibility to ensure that electrical tagging and testing is performed on an annual basis in accordance with WHS legislation. Tape Electrical have been awarded the formal contract for Tagging and Testing of all Council-owned Caravan Parks and will commence the program in November 2015.

- c) It was also noted during the spot checks that drink machines were overdue for testing and tagging at Point Turton and Port Vincent. These tests are performed at both sites by Coca Cola Amatil (the supplier). Point Turton was due to be tested on 12/09/2013 and Port Vincent was due 03/06/2013. Given this is outside of Council's responsibility, it is to be noted there is a risk associated with outdated testing and tagging programs.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

3.2 Recommendations

It is recommended that Council:

1. Assist each Caravan Park to update their Evacuation Diagrams to include written instructions in the event of an emergency (based on Council's own Evacuation Diagrams and ensure that a clearly marked Evacuation Meeting Point on all Caravan Park Maps;
2. In conjunction with the approved contractor, circulate a Work Plan with timeframes of when the Electrical and Fire Equipment Testing and Tagging Program will take place at each Caravan Park and ensure that Work Plan form a part of the contract conditions awarded to the successful contractors;
3. Request all affected Caravan Park Managers contact their drink machine supplier to arrange for a representative to conduct tagging and testing on all drink machines as soon as possible.

3.3 Management Responses

Management Response and Agreed Action:

1. Agree, will be completed as part of new park branding.
2. Agree, underway
3. Agree, will be completed as part of Council's testing and tagging

Responsibility:

1. Bronwyn Scholes, Corporate Services Officer
2. Brianna Wood, Risk Management Officer
3. Bronwyn Scholes, Corporate Services Officer

Due Date:

1. 30 June 2016
2. 30 March 2016
3. 30 March 2016

4.1 Washing Machine / Dryer income

Upon inspection of invoices, it was noted that some Caravan Parks had a separate line item for washing machines/dryers and some did not, making it difficult to understand how this income was accounted for. Caravan Parks offer a laundry room service, whereby customers pay gold coins to use washing machines and dryers. It would be cost prohibitive to install a more technologically advanced software system that accounts for all monies received and enables a checkable process.

The risk with the current arrangement is that monies earned by laundry operations are currently only reportable on an honesty basis by Caravan Park Managers, which offers the opportunity for fraud to occur through inaccurate submission of monies. It is also noted that not all Caravan Park Managers submit Cash Reports that include laundry operations every month, i.e. they may only reconcile every two months or more.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

4.2 Recommendations

In the absence of a more advanced IT solution, all Caravan Park Managers submit a line item titled 'Washing Machines and Dryers' every month, even in a nil month. This way, there will be data built up over time to reflect a pattern of usage able to be audited and if amounts are comparatively different, questions can be asked to explain anomalies.

4.3 Management Responses

Management Response and Agreed Action:

Agree, all Park Managers have been contacted and asked to include a separate line for washing machine money on their monthly RMS reports

Responsibility:

Bronwyn Scholes, Corporate Services Officer

Due Date:

22 December 2015 - Completed

5.1 Management Agreements - Fees

Following the last Internal Audit Report on Caravan Parks, Management Agreements were overhauled to consolidate all the terms, conditions and fees associated with operating the Caravan Parks. These new Management Agreements were an improvement on the previous ones. However, it was noted when attempting to reconcile invoices to these Agreements during this review, that some fees are still not included in the Management Agreement, specifically: cleaning fees, cleaning product purchase allowance and boat ramp fees.

The cleaning fees and cleaning product purchase allowance were contained in a separate Agreement. It was noted that Point Turton and Port Vincent Caravan Parks had a separate line item for boat ramp fees and 10% income on the total fees collected was charged per month – there is no Agreement at all formalised for this arrangement. After discussions with Council's Senior Compliance Officer and members of the Finance Team, it appears there has never been a formal agreement in place for this income and this extends beyond Caravan Parks.

There is a risk there is no central agreement with Caravan Park Managers that reflects an accurate depiction of all the terms, conditions and fees paid for running the Caravan Park. There should be an auditable trail, particularly when it comes to the finances.

There is also a risk that a Caravan Park Manager could charge a different percentage or wish to change the arrangement and do so verbally again with no documentation to support the change.

Consequence	Likelihood	Risk Level
Insignificant	Possible	Low

5.2 Recommendations

Any additional fees added after a Management Agreement has been signed should be summarised in a signed, approved addendum to the current Management Agreement – this should include the fees above not currently documented in the current Management Agreements.

5.3 Management Responses

Management Response and Agreed Action:

1. Agree, addendums for Point Turton & Port Vincent contracts will be developed.
2. Cleaning fees and purchase allowance will be standardised as part of new Marion Bay contract

Responsibility:

1. Anne Hammond, Manager Business & Public Relations
2. Anne Hammond, Manager Business & Public Relations

Due Date:

1. 28 February 2016
2. 31 January 2016

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
Trevor Graham – Director, Assets and Infrastructure
Roger Brooks – Director, Development Services
David Harding – Director, Corporate and Community Services

For Information:

Chloe Brown – Financial Accountant
Jackie Reddaway – Executive Assistant to CEO and Mayor
Bobbi Pertini – Manager, People and Culture
Anne Hammond – Manager, Business and Public Relations
Mary Herrmann – Governance Officer

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Executive Summary

Background

With the recent introduction of the ICAC Legislation, the processes associated with procurement and purchasing is a high risk for many Councils. In addition, the procurement of goods and services represents a significant proportion of Council's overall annual expenditure; for the previous 12 month period, expenditure on the ten (10) Yorke Peninsula Council (YPC) credit cards was \$163,000.

An appropriate control framework around the use of Council credit cards is important to mitigate the risks of inappropriate expenditure, misappropriation of funds and misuse of Council credit cards.

A credit card review is not scheduled in the FY16 Internal Audit Plan, but is considered appropriate to cover in conjunction with the Procurement area.

Objectives & Scope

The objectives and scope of the review is to:

- Assess the adequacy of policies and procedures relating to credit cards (PO084 Credit Card Policy);
- Assess the controls over issuing and reclaiming of Council's credit cards;
- Gain an understanding of the level and type of expenses that Council credit cards are used for, and the appropriateness of this strategy (e.g. use of supplier accounts);
- Perform testing on a sample basis of credit card transactions to assess compliance with the YPC credit card policy; and
- Assess the approval process for credit card reconciliations.

The review will examine a sample of credit card reconciliations from the past six (6) months from each Staff and Elected Member who holds an approved Council credit card.

Key Findings

Details of *all* findings and recommendations identified during the review are included in Appendix 1; however a summary of the five (5) high risk findings are highlighted below:

1. Personal Expenses

It was identified that some personal expenses were charged to a Council credit card outside of the Credit Card Policy. The current Credit Card Policy currently states that Personal Expenses should not be charged to credit cards; however it is a brief mention, which needs to be expanded.

The risks with not having a detailed Credit Card Policy are:

- It provides the opportunity for credit card holders to potentially exploit the system and misuse Council funds;
- Undesirable patterns of behaviour continue to be reinforced instead of discouraged;
- External audits would reflect deficiencies in the system;
- The negative community reaction if it became public that Council's Credit Card Policy was relaxed; and
- There is no disciplinary action outlined for continued instances of personal expenses charged to Council Credit Cards.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

2. General Ledger Allocation	<p>On a number of occasions it was identified that the General Ledger (GL) codes recorded on the Credit Card Reconciliation Form were not accurate or not allocated to the most appropriate code.</p> <p>The risk is budget lines are not accurately being maintained with appropriate spend as individuals are allocating costs to budget lines that are not relevant/most appropriate.</p> <table><tr><td>Consequence</td><td>Likelihood</td><td>Risk Level</td></tr><tr><td>Minor</td><td>Almost Certain</td><td>High</td></tr></table>	Consequence	Likelihood	Risk Level	Minor	Almost Certain	High
Consequence	Likelihood	Risk Level					
Minor	Almost Certain	High					
3. Travel Policy	<p>Part of the audit reviewed related Council policies to ensure spend was in line with guidelines. It was quickly identified that Council does not have a Travel and Accommodation Policy to guide employees on what is and isn't appropriate to claim when travelling for business.</p> <p>There are a number of risks here:</p> <ol style="list-style-type: none">1. Employees have no limits imposed for meals, travel and accommodation when travelling and therefore Council could inadvertently fund excessive expenses;2. Council's ability to capitalise on savings achieved through bulk/frequent purchases is compromised as currently any employee with access to a credit card could book arrangements individually rather than through select travel delegates;3. There are no guidelines on what can and cannot be claimed and as such charges that are deemed to be personal expenses may appear on credit cards. <table><tr><td>Consequence</td><td>Likelihood</td><td>Risk Level</td></tr><tr><td>Minor</td><td>Almost Certain</td><td>High</td></tr></table>	Consequence	Likelihood	Risk Level	Minor	Almost Certain	High
Consequence	Likelihood	Risk Level					
Minor	Almost Certain	High					
4. Credit Card Policy	<p>Upon review of the Credit Card Policy, it was found to be deficient in the following areas:</p> <ul style="list-style-type: none">• No credit card approval process outlined in Policy;• There is no guidance on managing disputed or unverified transactions;• There is no guidance on what to do if the reconciliation is incomplete, receipts are missing or transactions appear inappropriate;• There is no guidance on managing lost or stolen credit cards;• There is no guidance on managing replacement credit cards;• There are no guidance on what is appropriate for credit card purchase versus using supplier accounts and/or petty cash;• There is no timeframe outlined for the timely return of credit card Reconciliation Forms;• There is no guidance on the process to follow when a receipt is missing;• There is no guidance on managing a credit card holder exiting Council;• There is no guidance on the process to follow when the Policy has been breached; and• The Policy warrants having a Procedure attached, but currently none exists. <p>The question also needs to asked whether individual credit card holders and their credit limits be published in the Credit Card Policy or are more appropriate in a Finance policy.</p> <p>There is a risk that without a more robust Credit Card Policy, there is extensive confusion on what is and isn't appropriate when using a Council credit card,</p>						

creating opportunity for potential misuse & mismanagement within the system.

Consequence	Likelihood	Risk Level
Minor	Likely	High

5. Receipts

On a number of occasions it was identified that receipts were frequently not in an acceptable format for the reconciliation. To enable Council to claim GST on goods and services (as per *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*, an ATO approved Tax Invoice or Receipt must be attached to the Reconciliation. There were eighteen (18) instances identified whereby the receipt was not acceptable due to the following reasons:

- Receipts attached are not acceptable Tax Invoices (either summary pages or EFTPOS copies);
- No receipt whatsoever was attached; and
- Commentary on the receipt did not match the amount charged.

The risk is that these unacceptable receipts do not enable Finance to claim the tax input for GST expended. Each amount is relatively minor individually, however cumulatively these GST 'losses' add up year-on-year.

Consequence	Likelihood	Risk Level
Insignificant	Almost Certain	High

Internal Audit Opinion

Based on the work and testing performed, Internal Audit is of the opinion that Credit Card controls are currently ineffective. This report should be actioned immediately with the recommendations within Appendix 1 seriously considered.

We would like to take the opportunity to thank Chloe Brown in particular for her assistance and co-operation during the review.

Chelly Litster

Business Improvement Officer

Email: chelly.litster@yorke.sa.gov.au

Phone: 8832 0000

Appendix 1 – Detailed Findings

1.1 Personal Expenses

It was identified that some personal expenses were charged to a Council credit card outside of the Credit Card Policy. The current Credit Card Policy currently states that Personal Expenses should not be charged to credit cards; however it is a brief mention, which needs to be expanded.

The risks of not having a detailed Credit Card Policy are:

- It provides the opportunity for credit card holders to potentially exploit the system and misuse Council funds;
- Undesirable patterns of behaviour continue to be reinforced instead of discouraged;
- External audits would reflect deficiencies in the system;
- The negative community reaction if it became public that Council's Credit Card Policy was relaxed; and
- There is no disciplinary action outlined for continued instances of personal expenses charged to Council Credit Cards.

Consequence	Likelihood	Risk Level
Moderate	Likely	High

1.2 Recommendations

1. The Credit Card Policy should be revised with the clause covering Personal Expenses expanded to remove any misinterpretation of the meaning;
2. Training should be held explaining that personal expenses are, under no circumstances, to be charged to a Council Credit Card and the process identified of what to do in the event of a personal expense being inadvertently charged to a Council Card;
3. A Declaration Form created for credit card holders to complete each and every time a personal expense is charged to a Credit Card – should a pattern of behaviour be established, disciplinary action should be pursued.

1.3 Management Responses

Management Response and Agreed Action:

1. Agreed, Business Improvement Officer to expand the Personal Expenses clause of the Policy.
2. Agreed, Training to be scheduled in February covering all Credit Card Holders and their Executive Assistants/Team Members who incur Credit Card expense.
3. Agreed, Business Improvement Officer to create a new Declaration Form to be signed by all existing and new card holders.

Responsibility:

1. Business Improvement Officer / Manager Financial Services
2. Business Improvement Officer
3. Business Improvement Officer

Due Date:

1. 31 January 2016
2. 28 February 2016
3. 31 January 2016

2.1 General Ledger Allocation

On a number of occasions it was identified that the General Ledger (GL) codes recorded on the Credit Card Reconciliation Form were not accurate or not allocated to the most appropriate code.

The risk is budget lines are not accurately being maintained with appropriate spend as individuals are allocating costs to budget lines that are not relevant/most appropriate.

Consequence	Likelihood	Risk Level
Minor	Almost Certain	High

2.2 Recommendations

1. Training is provided as soon as practicable to credit card holders regarding GL code allocation;
2. Credit card holders and their approving manager both review the GL codes every time to ensure spend is being allocated appropriately.

2.3 Management Responses

Management Response and Agreed Action:

1. Agreed, training to be scheduled in February covering all Credit Card Holders and their Executive Assistants/Team Members who incur Credit Card expense.
2. Agreed.

Responsibility:

1. Business Improvement Officer/Manager Financial Services
2. Credit card holders/Approval Manager

Due Date:

1. 28 February 2016
2. 28 February 2016

3.1 Travel Policy

Part of the audit reviewed related Council policies to ensure spend was in line with guidelines. It was quickly identified that Council does not have a Travel and Accommodation Policy to guide employees on what is and isn't appropriate to claim when travelling for business.

There are a number of risks here:

1. Employees have no limits imposed for meals, travel and accommodation when travelling and therefore Council could inadvertently fund excessive expenses;
2. Council's ability to capitalise on savings achieved through bulk/frequent purchases is compromised as currently any employee with access to a credit card could book arrangements individually rather than through select travel delegates;
3. There are no guidelines on what can and cannot be claimed and as such charges that are deemed to be personal expenses may appear on credit cards.

Consequence	Likelihood	Risk Level
Minor	Almost Certain	High

3.2 Recommendations

1. A Travel & Accommodation Policy be immediately created and endorsed that outlines in detail what is and isn't acceptable for employees who are travelling on Council business.

3.3 Management Responses

Management Response and Agreed Action:

1. Agreed, Business Improvement Officer to draft new Policy and get approval from CMT.

Responsibility:

1. Business Improvement Officer

Due Date:

1. 31 January 2016

4.1 Credit Card Policy

Upon review of the Credit Card Policy, it was found to be deficient in the following areas:

- No credit card approval process outlined in Policy;
- There is no guidance on managing disputed or unverified transactions;
- There is no guidance on what to do if the reconciliation is incomplete, receipts are missing or transactions appear inappropriate;
- There is no guidance on managing lost or stolen credit cards;
- There is no guidance on managing replacement credit cards;
- There are no guidance on what is appropriate for credit card purchase versus using supplier accounts and/or petty cash;
- There is no timeframe outlined for the timely return of credit card Reconciliation Forms;
- There is no guidance on the process to follow when a receipt is missing;
- There is no guidance on managing a credit card holder exiting Council;
- There is no guidance on the process to follow when the Policy has been breached; and
- The Policy warrants having a Procedure attached, but currently none exists.

The question also needs to be asked whether individual credit card holders and their credit limits be published in the Credit Card Policy or are more appropriate in a Finance policy.

There is a risk that without a more robust Credit Card Policy, there is extensive confusion on what is and isn't appropriate when using a Council credit card, creating opportunity for potential misuse & mismanagement within the system.

Consequence	Likelihood	Risk Level
Minor	Likely	High

4.2 Recommendations

1. The Credit Card Policy should be updated to reflect a more robust and detailed Policy which removes the deficiencies identified in 4.1;
2. A Credit Card Procedure should be created to accurately reflect the proper process for using a Credit Card (in conjunction with the Policy); and
3. Gain Council Approval to remove cardholders and their delegations from the Credit Card Policy and incorporate them into the most appropriate Finance Policy.

4.3 Management Responses

Management Response and Agreed Action:

1. Agreed, will be incorporated into the new Policy and associated documents.
2. Agreed, to be created asap.
3. Agreed, under current delegation, CEO is able to downgrade Policy from a Council Policy to an

Administrative one.

Responsibility:

1. Business Improvement Officer/Manager Financial Services;
2. Business Improvement Officer/Financial Accountant;
3. Chief Executive Officer

Due Date:

1. 31 January 2016
2. 31 January 2016
3. 31 January 2016

5.1 Receipts

On a number of occasions it was identified that receipts were frequently not in an acceptable format for the reconciliation. To enable Council to claim GST on goods and services (as per *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*, an ATO approved Tax Invoice or Receipt must be attached to the Reconciliation. There were eighteen (18) instances identified whereby the receipt was not acceptable due to the following reasons:

- Receipts attached are not acceptable Tax Invoices (either summary pages or EFTPOS copies);
- No receipt whatsoever was attached; and
- Commentary on the receipt did not match the amount charged.

The risk is that these unacceptable receipts do not enable Finance to claim the tax input for GST expended. Each amount is relatively minor individually, however cumulatively these GST 'losses' add up year-on-year.

Consequence	Likelihood	Risk Level
Minor	Almost Certain	High

5.2 Recommendations

1. Training be held for all staff to ensure staff are aware of the requirements of the Credit Card Policy;
2. A Form that is filled in by the credit card holder each time a receipt is either missing or insufficient for tax purposes is created. This will also assist with addressing patterns of behaviour.

5.3 Management Responses

Management Response and Agreed Action:

1. Agreed, training to be held as agreed in previous actions.
2. Agreed, to be created asap.

Responsibility:

1. Business Improvement Officer/Manager Financial Services
2. Business Improvement Officer

Due Date:

1. 28 February 2016
2. 31 January 2016

6.1 Terminated Employees/Elected Members with a Credit Card

It was identified that one credit card was still active despite the employee leaving Council's employ five months earlier. The credit card itself had been destroyed; however the account was still active with the banking organization. After some questioning, it became evident there was no Termination Checklist circulated to appropriate departments outlining what needs to be closed and/or cancelled when an individual leaves Council. Human Resources have advised there was one created in 2014 but it has not yet been implemented widely and it does not contain a section for Finance Actions.

There is a risk that accounts are left open with potential for misuse given there is no sign off on the expenditure anymore.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

6.2 Recommendations

1. The Termination Checklist be updated to reflect Finance Actions then implemented. This Checklist would identify all stakeholder departments and their actions during the Termination process. The onus should be on the exiting employee to get the Termination Checklist signed by each department before their final termination payment is made.

6.3 Management Responses

Management Response and Agreed Action:

1. Agreed, Business Improvement Officer to seek feedback from all departments and update before handing over to People & Culture for implementation.

Responsibility:

1. Business Improvement Officer/Manager People and Culture

Due Date:

1. 31 January 2016

7.1 Transaction Limits

Upon review of the current credit card holder's financial delegation, it was discovered that two of the ten cardholder's transaction limits exceeded their authorized financial delegation.

The risk is that a cardholder could spend more than they are authorized resulting in a breach of their financial delegation, the Code of Conduct and the Purchasing-Procurement Policy.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

7.2 Recommendations

1. All credit card holders with transaction limits that exceed their financial delegation have their limits immediately reduced;
2. The Credit Card Policy should reflect that the transaction limit is set in line with the cardholder's financial delegation.

7.3 Management Responses

Management Response and Agreed Action:

1. Agreed, limits to be reduced effective immediately.

2. Agreed, Policy to be updated as part of overhaul.

Responsibility:

1. Financial Accountant
2. Business Improvement Officer

Due Date:

1. 31 December 2015
2. 31 January 2016

8.1 Identification of Recipient/Attendees

It was identified on numerous occasions that credit card holders were not identifying all attendees/ recipients of goods and/or service. All attendees should be identified to ensure the right GL code is allocated costs are accounted for correctly and a clear audit trail is present. There were several instances found during this audit where the recipient/attendee(s) were not identified.

Consequence	Likelihood	Risk Level
Minor	Possible	Moderate

8.2 Recommendations

1. Credit card holders are not to submit their Reconciliation Form until all parties and purposes are identified;
2. Approving managers are not to approve the Reconciliation Form until all parties and purposes have been identified;
3. Finance are not to accept the Reconciliation Form until all parties and purposes have been identified.

8.3 Management Responses

Management Response and Agreed Action:

1. Agreed, Card holders to abide by this. Form to be reviewed to ensure fields are clear.
2. Agreed.
3. Agreed, Finance to return incomplete Reconciliation Forms to CMT.

Responsibility:

1. All Card Holders
2. Corporate Management Team/Chief Executive Officer
3. Financial Accountant

Due Date:

1. 31 January 2016
2. 31 January 2016
3. 31 January 2016

9.1 Incomplete Credit Card Reconciliation Forms

There were several instances of incomplete credit card Reconciliation Forms, including Forms that were unsigned, undated or reflected the incorrect credit card number.

There is a risk that without a proper audit trail, there is limited capacity to enforce accountability. External auditors would most likely mark this area deficient should an audit take place.

Consequence	Likelihood	Risk Level
Insignificant	Likely	Moderate

9.2 Recommendations

1. Training should be held refreshing all employees on how to complete credit card Reconciliation Forms;
2. Approving managers should not sign off on the Reconciliation Forms unless the holder has signed and dated the Form;
3. Finance should not accept the credit card Reconciliation Form until they have been signed and dated by the approving manager.

9.3 Management Responses

Management Response and Agreed Action:

1. Agreed, training will provided to incorporate this.
2. Agreed, training will provided to incorporate this.
3. Agreed, Finance to return incomplete Reconciliation Forms to CMT.

Responsibility:

1. Business Improvement Officer/Financial Accountant
2. Corporate Management Team/Chief Executive Officer
3. Financial Accountant

Due Date:

1. 28 February 2016
2. 28 February 2016
3. 28 February 2016

10.1 Timeliness of Reconciliations

It was noticed that credit card Reconciliation Forms can take up to six (6) weeks to be received by Finance. There is currently no established timeframe for these Reconciliations to be completed by.

This delay impacts Finance's ability to input credit card data in a timely manner in line with the BAS schedule and FBT reporting timeframes. It also negatively impacts the card holder's ability to remember the event and/or track down the receipt from the supplier in the event of a dispute/query.

Consequence	Likelihood	Risk Level
Insignificant	Likely	Low

10.2 Recommendations

1. Credit card reconciliations should be completed within two weeks of receiving the credit card statement from Finance.

10.3 Management Responses

Management Response and Agreed Action:

1. Agreed.

Responsibility:

1. All Card Holders

Due Date:

1. 31 January 2016

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.

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"> Develop a set of basic internal IT procedures Review and update the Internet and Email Policy and Guidelines for Computer Network Use to ensure they reflect current practices and the new procedures to be developed. 	Leader Systems and Technology	30/08/13	28/02/16	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 IT Strategy and subsequent policy, procedure and guideline development has been initiated.</p> <p>Policies now to be endorsed by CMT in February and rolled out shortly after.</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.	Manager Business & Public Relations	30/06/15	30/06/16	In Progress	<p>Expenditure for project was requested in FY15 budget, however due to competing priorities project didn't gain approval at time. Funding of \$175,000 for project has been included in FY16.</p> <p>System Requirements document that identified all system requirements has been completed & using this information, Council issued a Request for Tender for a fully compliant system. Key tender dates provided to Oct 2015 Audit Committee in separate report.</p> <p>Contract has been awarded to Civica for implementation of the TRIM system. Go live will be 30/6/16.</p>

Leased Caravan Parks Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Lack of consistency across Caravan Park lease agreements Risk Level Low	The current lease spreadsheet will be incorporated into the SharePoint application to ensure automation of key dates etc.	Property Tenure Officer	30/09/14	31/01/16	In Progress	The creation of online registers is part of a larger project and software design. This register can be created and implemented by end of January 2016. Currently discussing revising this action.

Bush Camping Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Timing of obtaining permits Risk Level High	<ol style="list-style-type: none"> Agreed, a policy that incorporates key points from the audit findings will be developed, including a communication plan to inform staff and the community. Signage to be reviewed, costs identified and a budget submission is prepared for 2015/16 Annual Business Plan and budget. Agreed, Council to contact local businesses in the known 'gap areas' (e.g. Pt Wakefield, Ardrossan, Stansbury, Pt Vincent, Pt Victoria etc.). Further investigation to be undertaken to identify the costs, risks and benefits of alternate methods and a report prepared for Council's consideration. Once new processes are implemented ensure that the Ranger educates and makes the bush camping public aware of new processes and change to culture. 	Manager Development Services	31/03/15 28/02/15 30/09/14 31/12/14 31/03/15		In Progress	<p>Elected Members were briefed at 25/3/15 Council workshop regarding recommendations of Bush Camping review; subsequently endorsed by Council 8/4/15. After recent 28/10/15 workshop with Elected Members it was agreed a Working Party would be formed to discuss plans forward for Bush Camping. Bush Camping Working Party will convene early in 2016. Internal Audit will liaise with Working Party to ensure risks and agreed actions are discussed and implemented (where appropriate).</p> <p>Project commencing February. Funding request being put to Council. Dates will be updated once known.</p>

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
2. Charging, receipt, banking and reconciliation of permit fees Risk Level High	1. Bush Camping Permit procedure to be developed to reflect current expectations and communicated to staff, Rangers, and local business who are issuing permits on behalf of Council. At a minimum the document should outline the: <ul style="list-style-type: none"> ▪ Timeliness of collection and banking processes ▪ Standard receipting procedures, including reconciliation ▪ Security considerations when collecting and counting money ▪ Supporting documentation requirements ▪ Process for notifying Council when the identified businesses change ownership. 2. If it is considered too onerous for businesses to deposit fees in a timely manner, it should be added to the Ranger's responsibilities to collect shop permit fees, including reconciliation and issuing receipts at the premises. 3. Bush camping fees are considered as part of the 2016 annual review of fees and charges	Manager Development Services	31/12/14		In Progress	Refer comments above
3. Signage (relating to camping locations, permit requirements & site spaces) Risk Level Moderate	Consider reviewing the camp site space allocations, with the aim to clearly delineate all camp sites with permanent markings.	Operations Manager	28/02/15		In Progress	Refer comments above

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Information collected on permits Risk Level Moderate	Consider suitable technology (e.g. hand held palm pilot, tablets) for the Rangers to document and issue bush camping permits. Investigate to identify the costs, risks and benefits and prepare a report for Council's consideration.	Manager Development Services	31/12/14		In Progress	Refer comments above
5. Review of Ranger responsibilities Risk Level Low	Review the role of the Rangers so that standardised duties are undertaken and work is allocated by geographic area. Also consider resource requirements of Rangers, particularly for weekend and peak times	Manager Development Services	31/03/15		In Progress	Refer comments above
6. Further opportunities for improvement Risk Level Low	1. Review the requirement of nominating a specific site and consider changing to a permit being applicable for any of the bush camping sites. 2. Review the rationale of non-fee and fee payable sites and if appropriate, set fees for all fifteen sites as part of the FY16 annual review of fees and charges	Manager Development Services	28/02/15		In Progress	Refer comments above

Payroll Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Payroll Procedures Risk Level Low	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.

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	Ensure future plans indicate likely service level and risk trends resulting from adopted LTFP.	DC&CS	30/09/15	31/12/15	Completed	LTFP has been considered with information and data from the AM system
Risk Level Low	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.	Manager Business & Public Relations	31/12/15	30/06/16	In Progress	The review of Strategic Plan has commenced. The new Plan will consider wording in relation to Asset Management. Strategic Plan to be endorsed by 30/6/16.
2. Annual Report	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.	Manager Business & Public Relations	30/11/15	30/11/16	In Progress	This will be included in the Annual Report for the FY16 financial period, once the Asset Management System (AMS) has all data available.
Risk Level Low						

Attractive Assets Review – August 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Recording of attractive assets	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	Completed	This is an ongoing process with data being incrementally added into the Conquest system.
Risk Level						

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
<div>Moderate</div>	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	31/12/15	Completed	
	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 / Business Improvement Officer	31/12/15	31/12/2016	In Progress	Currently under review. Discussions need to occur with CMT to implement twice yearly stocktakes and determine which system will hold the register – Conquest or Authority.

WHS Legislation Review – January 2015

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Workplace Inspections <div>Risk Level</div> <div>Low</div>	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	R.White to work on getting this completed by deadline.
	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	Completed	Not applicable, it is confirmed an external training consultant is utilised for new HSR training.

Accounts Receivable Review – June 2015

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Invoice Creation Risk Level Moderate	<p>A project should be resourced to investigate if :-</p> <p>a. Standing (regular) invoice automation via Authority can be programmed.</p> <p>b. Registers (i.e. Leases, Water, and Cemeteries etc.) can exist within Authority.</p> <p>c. An automated process (e.g. email alerts) can be developed when lease conditions change (annual increase or new leases).</p>	Manager Financial Services	31/12/16		Future Dated	<p>An external consultant is currently reviewing availability of modules and if there are efficiencies and available resources in these areas. This project is expected to be ongoing into 2016.</p> <p>In regards to standing invoices, initial testing identified dating errors. Work will continue. Auto-invoice has been looking into but trying to resolve inconsistencies. EDRMS should assist with this. Other elements of investigation are looking unlikely.</p>
	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.	Financial Accountant, Daniel Griffin	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	
3. Debtor Management Notes and Categorisation Risk Level 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.	Financial Accountant, Chloe Brown	31/12/16		In Progress	Investigating how to lock down memos so that only Finance and Rates can review them for Payment Plans.
4. Debtor Master file Risk Level Low	The Accounts Receivable Officer investigates whether debtor master file can be 'cleaned up' (i.e. either delete or inactivate debtors no longer required without losing any transaction history). Will require significant administrative work and liaison with Civica to understand how debtor master file links to name & address register (NAR) including the multiple storage of addresses	Accounts Receivable Officer	31/12/16		Future Dated	<p>Initial testing performed & inactivating debtors appears achievable, though testing identified some issues. Work will continue.</p> <p>It's been determined this File can be inactivated without losing data, however this is an intensive piece of</p>

	for a single debtor.					work that will take time to achieve.
	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.	Financial Accountant, Daniel Griffin	30/09/15	30/03/16	Future Dated	Procedures not yet reviewed, Daniel Griffin to review and update.

Caravan Park Audit – December 2015

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Management Agreements Risk Level High	Advertisements to be placed for new Managers as soon as possible and a formal Management Agreement is entered into to mitigate the risk of mismanagement.	Manager, Business & Public Relations	10/12/15		Completed	Advertisements placed immediately, new Managers will have to sign a formal Management Agreement.
	Written notice to be sent to Yorketown Caravan Park Manager advising removal of GST from invoices.	Manager, Business & Public Relations	18/12/15		Completed	Done. GST removed from invoices.
2. Black Point Camping Ground Booking & Receipt System Risk Level High	Council consider installing RMS system and EFT hardware into Pine Point CP (where Black Point Manager's are based) to allow Council a Cash Report with auditable transactions.	Manager, Business & Public Relations	30/03/16		Completed	Feasibility of solution underway.
3. WHS Matters Risk Level High	CP's to update Evacuation Diagrams to include written instructions in event of an emergency.	Corporate Services Officer	30/06/16		In Progress	
	Circulate a Work Plan for Tagging & Testing program so CP Managers & WHS are aware of timing.	Risk Management Officer	30/03/16		In Progress	RMO working with contractor to produce schedule.
	Request all CP Managers contact their drink machine suppliers to arrange for tagging and testing as most machines are years out of date.		30/03/16		In Progress	To be rolled into Council's testing and tagging program so they are checked every 6 months.

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Washing Machine/Dryer Income Risk Level Low	Without more advanced technology available, CP Managers are to include a line item for this income every month in the Cash Report.	Corporate Services Manager	22/12/15		Completed	Email sent by CSM to all Managers to include this line.
5. Management Agreement Fees Risk Level Low	Any additional fees added after a Management Agreement should be added as an approved addendum.	Manager Business & Public Relations	28/02/16		In Progress	Addendums being created for Point Turton & Port Vincent (only ones affected by this).
	Cleaning fees and purchase allowances to be rolled into Marion Bay's contract with appointment of new Managers.	Manager Business & Public Relations	31/01/16		In Progress	

Credit Card Audit – December 2015

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Personal Expenses Risk Level High	Credit Card Policy to be revised to expand Personal Expenses clause.	Business Improvement Officer	31/01/16		Completed	Policy revised & renamed Corporate Purchase Card Policy, complete with Procedure and several new forms.
	Training to be held that personal expenses are not to be charged to Council with process documentation supporting this.	Business Improvement Officer	28/02/16		In Progress	Mandatory training sessions to be completed by end of February.
	Declaration Form to be created for personal expenses charged to Council.	Business Improvement Officer	31/01/16		Completed	Non-Compliance Form created – to be completed if personal expenses are inadvertently charged.
2. General Ledger Accounts Risk Level High	Training to be provided regarding GL code allocation.	Business Improvement Officer	28/02/16		In Progress	Mandatory training sessions to be completed by end of February.
	Card holders and their approving manager to both review GL codes every month.	Card holders/ Approving managers	28/02/16		In Progress	Mandatory training sessions to be completed by end of February.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
3. Travel Policy Risk Level High	Travel & Accommodation Policy to be created immediately.	Business Improvement Officer	31/01/16		Completed	New Policy created.
4. Credit Card Policy Risk Level High	Policy to be updated to reflect a more robust and detailed process.	Business Improvement Officer	31/01/16		Completed	Policy revised & renamed Corporate Purchase Card Policy, complete with Procedure and several new forms.
	Procedure to be created to reflect proper process.	Business Improvement Officer	31/01/16		Completed	Policy revised & renamed Corporate Purchase Card Policy, complete with Procedure and several new forms.
	Remove card holders and their delegations from Credit Card Policy and incorporate them into a more appropriate Policy.	Chief Executive Officer	31/01/16		Completed	Policy changed from Council to Administrative Policy under CEO's delegation authority. This is to remove the burden on Council having to review the Policy every time a limit or person is changed.
5. Receipts Risk Level High	Training to be held to ensure card holders are aware of the requirements.	Business Improvement Officer	28/02/16		In Progress	Mandatory training sessions to be completed by end of February.
	Form created for card holder to complete if a receipt is missing or insufficient.	Business Improvement Officer	31/01/16		Completed	Missing Documentation Form created.
6. Terminated Employees with Cards Risk Level Moderate	Termination Checklist to be updated and implemented to ensure Cards are closed when a person leaves Council.	Business Improvement Officer	31/01/16		Completed	Form updated with consultation from affected teams. Sent to HR to implement.
7. Transaction Limits Risk Level Moderate	Card holders with transaction limits that exceed their financial delegation to have their limits decreased.	Financial Accountant, Chloe Brown	31/12/15		Completed	Two cards were identified with limits exceeded reduced immediately.
	Policy to be updated to ensure transaction limits do not exceed financial delegation.	Business Improvement Officer	31/01/16		Completed	Policy revised to include this.
8. Identification	Card holders not to submit their Reconciliation	Card holders	28/02/16		In Progress	To be covered in training sessions.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
of Recipient/ Attendees	Form until all parties identified.					
Risk Level Moderate	Approving managers not to approve Reconciliation Form until all parties identified.	Approving managers	28/02/16		In Progress	To be covered in training sessions.
	Finance are not to accept Reconciliation Form until all parties have been identified.	Financial Accountant, Chloe Brown	31/01/16		Completed	Will be monitored after training sessions have completed. All Forms to be returned to CMT if not completed properly.
9. Incomplete Reconciliation Forms	Training to be held for card holders on how to properly complete the Reconciliation Form.	Business Improvement Officer	28/02/16		In Progress	Mandatory training sessions to be completed by end of February.
Risk Level Low	Approving managers not to approve Reconciliation Form until all parties identified.	Approving managers	28/02/16		In Progress	To be covered in training sessions.
	Finance are not to accept Reconciliation Form until all parties have been identified.	Financial Accountant, Chloe Brown	31/01/16		Completed	Will be monitored after training sessions have completed. All Forms to be returned to CMT if not completed properly.
10. Timeliness of Reconciliation	Reconciliations must be completed within two weeks of receiving card statement from Finance.	Card holders	28/02/16		In Progress	Mandatory training sessions to be completed by end of February.
Risk Level Low						

Customer Service Request Review – February 2016

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. CSR Reporting	IT to investigate Authority's capability to generate automated CSR reports that are sent out to each Action Officer. Reports to include number of CSRs, completed CSRs, outstanding CSRs, timeframes and action officers.	Leader Systems & Technology & IT Coordinator	30/06/16		In Progress	Investigations have commenced. Authority currently can report on these separately but need to determine if we can combine the reports.
Risk Level Moderate						
2. Policy & Procedure	A&I and Reception representatives to review the current policy and ensure it is accurate,	A&I, Receptionists,	30/06/16		Future Dated	Not yet commenced.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
<div>Risk Level</div> <div>Moderate</div>	workflows are correct and training held. IT investigating whether jobs can be escalated if there is a safety concern regardless of category's predetermined priority status.	IT Coordinator				

DIRECTOR CORPORATE AND COMMUNITY SERVICES

5. EXTERNAL AUDITORS FINAL MANAGEMENT LETTER

(File Ref: 9.14.1.6)

PURPOSE

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

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

RECOMMENDATION

That the Management Letter be received.

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

BACKGROUND

The external auditors have provided their report on Council's 2012/20132 annual financial statements following their balance day audit carried out on the 21st and 22nd September 2015.

DISCUSSION

The main areas highlighted by the External Auditors Include: (numbers correspond to points raised in the body of the letter)

3. The External Auditors have pointed out that Council must be prepared for an additional audit process around internal controls for the 2015/2016 financial year. They have noted and acknowledged that Council has already commenced undertaking testing of internal controls in preparation for this audit.
4. Comments relating to the loss on disposal of Council Infrastructure, Property, Plant and Equipment assets of \$693,000 for the 2014/2015 financial year. As the loss is larger than anticipated, the estimates and assumptions applied to asset depreciation and residual value calculations have been questioned. Whilst staff agree with the general comments made it should be noted that a loss of approximately \$100,000 was recorded in regard to the disposal of the roof from the "old" Maitland office building which was not anticipated but unavoidable during the construction of the "new" Maitland office building. Most of the remaining loss was recorded as a consequence of the adoption of the amendments to AASB 116 Property, Plant and Equipment in May 2015 in relation to Transportation Infrastructure residual values.

5. Concern has been expressed in relation to the identification of stormwater and CWMS assets for the first time following the 1 July 2014 valuation of this class of assets. The External Auditors have called for Asset Management Plans (AMP's) to be updated to reflect the most recent data collected to ensure future projections are reliable for strategic decision making processes.
A schedule has been developed for the entry of all asset classes to Conquest and all AMP's are to be duly updated.
6. Council's Rehabilitation Management Plans for landfill sites are due for review during the 2015/2016 financial year. This has been duly noted and a schedule to address these plans is under development.
7. It has been identified that Council does not maintain a formal Asset Revaluation Schedule. This information has been added to Council Policy PO124 Asset Accounting Policy.

COMMUNITY ENGAGEMENT PLAN

Not Applicable

CONSULTATION PROCESS

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

- Director Assets and Infrastructure
- Asset Manager
- Acting Manager Financial Services

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

- Dean Newbery & Partners, External Auditors

POLICY IMPLICATIONS

Nil

BUDGET AND RESOURCE IMPLICATIONS

Nil

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Audit Committee Terms of Reference

ATTACHMENTS

Attachment 1: Completion of Balance Day Audit Letter

18 December 2015

Mayor Ray Agnew
Yorke Peninsula Council
PO Box 8
MINLATON SA 5575

Dear Mayor Agnew

RE: Completion of Balance Date Audit – Financial Year Ended 30 June 2015

As a result of the work recently completed in connection with our final Balance Date audit of your Council for the financial year ended 30 June 2015, we provide a summary of the audit matters we wish to bring to your attention.

We met with your Council's Audit Committee on 28 October 2015 where the below matters were raised and discussed with the members present. Since our meeting with Council's Audit Committee we have issued an unqualified Auditor's Report on the annual Financial Statements for the financial year ended 30 June 2015.

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

1. We have received appropriate explanations for all material variations as between 2013/14 actual and 2014/15 actual (operating and capital).
2. We are confident that all audit matters raised in our Management Letters issued during the 2014/15 financial year audit have, or are in the process of being attended to by the Administration.
3. As from 1 July 2015, your Council will require an additional audit opinion to be provided on internal controls relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities as in accordance with Section 129 (1)(b) of the *Local Government Act 1999* for the 2015/16 financial year.

We are pleased to note that Council's Administration has been undertaking the testing of internal controls in preparation for the additional audit opinion against those included as 'core controls' in the *Better Practice Model* to identify and address any assessed weaknesses in the internal control environment.

4. We have observed that during the 2014/15 financial year Council has recorded a loss on disposal of its Infrastructure, Property, Plant and Equipment assets of \$693,000. This demonstrates that either the estimates and assumptions applied in calculating asset depreciation and/or residual values are not reflecting actual practices or that Council is replacing assets before they have been scheduled to be replaced in the Asset Management Plans.

To ensure the ongoing reliability of the estimates and assumptions applied in asset depreciation and residual value calculations, we recommend that continual review and analysis of asset management practices be undertaken and changes appropriately reflected in the asset database system used to calculate financial reporting data (i.e. asset valuation and depreciation).

5. Given the significant assets identified by Council, for the first time, due to the 1 July 2014 valuation and the introduction of GIS mapping (\$5.1M for Stormwater Drainage and \$3.9M for Community Wastewater Management Schemes (CWMS)), we recommend that Asset Management Plans for each asset class be reviewed and updated with the most recent data collected to ensure all future projections of required capital maintenance and upgrades are reliable for strategic decision making purposes.

Updated projections from the Asset Management Plans should be factored into Council's Long Term Financial Plan estimates to ensure appropriate planning for future funding requirements are appropriately planned for and known.

6. As disclosed in Note 1.10.1 in the Financial Statements, the key assumptions and estimates contained within Council's Rehabilitation Management Plans for its landfill sites is scheduled to be reviewed during the 2015/16 financial year. This review will ensure that the recorded liability in Note 8 (disclosed as a Provision) for future capping and restoration of waste processing and disposal facilities owned and operated by Council are up-to-date and reflect current obligations under the Environmental Protection Agency (EPA) licence held for each site.

Further audit review of the work undertaken by the Council's Administration will be conducted during the 2015/16 financial year.

7. It was identified that Council's Administration does not maintain a formal 'Asset Revaluation Schedule' which details the timing and required allocation of resources of future asset valuation and condition assessments to be undertaken.

We recommend that a formal Asset Revaluation Schedule be developed in consultation with Council's Audit Committee to ensure appropriate planning and allocation of resources for future funding needs are considered and planned by the Council. Maintaining an asset database with up-to-date condition and valuation data will ensure that information used for financial reporting and strategic decision making purposes will remain at a high standard.

8. Council has recently updated the Transport Asset Management Plan which is scheduled to be formally adopted by Council in October 2015. In our discussions with Council's engineers, it was identified that service standards have been updated in the revised Asset Management Plan which has identified an estimated \$7.6m 'backlog' of capital renewal/replacement of Transport infrastructure that is anticipated to be addressed in the 10 year asset maintenance and replacement works scheduled to be undertaken.

We note that at the time of our audit, the revised service standards had not been reflected in Council's Conquest asset database. Should Council adopt the new service standards recorded in the revised Transport Asset Management Plan, the Conquest asset database will need to be updated to reflect the revised service standards and remaining useful lives.

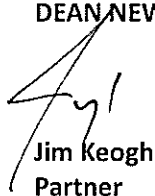
Summary

The comments made above are as a result of our impartial review and this report is prepared under the terms of our engagement, solely for the information of the Council and Administration of the Council.

Should you require any further information, please contact me on 8267 4777 or jimkeogh@deannewbery.com.au

Yours sincerely

DEAN NEWBERY & PARTNERS



Jim Keogh
Partner

C. Council's Audit Committee

C. Council's Chief Executive Officer

RISK MANAGEMENT OFFICER

6. RISK MANAGEMENT REPORT

(File Ref: 9.24.1.6)

PURPOSE

The Risk Management Officer presents an update on the progress of Council's Risk Management Framework.

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: 2.4 Effective Risk Management

BACKGROUND

The objective of the Yorke Peninsula Council's ("Council") risk management framework is to provide an essential and coherent link between our strategic goals, our risk management policies, procedures and processes and our day to day activities.

DISCUSSION

This report provides a status update on risk management activity performed from January – February 2016, including:

- Business continuity planning,
- Risk Management LGAMLS Review Action Plan

This report provides a schedule of activities planned for 2016, including:

- 2015-2020 Strategic Risk Management Plan review,
- Business Continuity Plan,
- Risk Maturity Assessment, and
- Risk Review Action Plan.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

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

- Manager People and Culture.
- Risk Management Officer

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

- Nil

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: Risk Management Framework 2016 Report

Attachment 2: 2015 Risk Profile Review Action Plan

Risk Management Framework 2016

1. Risk Management Activity Report – January – February 2016

No.	Project	Scope Overview	Project Status
1	Business Continuity Planning Manual	<p>Development of a Business Continuity Planning Manual.</p> <p>Consultant has named this manual “Integrated Management System (IMS) Manual”.</p> <p>Incorporating:</p> <ul style="list-style-type: none"> • ISO 9001:2015 - Quality Management Systems • AS/NZS 4801:2001 – Occupation Health and Safety Management • ISO 22301:2012 - A Specification for Business Continuity Management. <p>A review has been undertaken of the draft IMS and feedback provided to the consultant for further development.</p>	Complete
2	Business Continuity Plan (BCP)	<p>Consultant engaged to develop BCP.</p> <p>Internal stakeholders are in the process of providing Business Impact Analysis (BIA) information for inclusion into the BCP.</p>	In Progress
3	Local Government Association Mutual Liability Scheme (LGAMLS) Risk Profile	<p>2015 Risk Profile – Annual Review Action Plan.</p> <p>Updates on the progress of actions assigned to responsible person as per attached report.</p>	In Progress

2. RISK MANAGEMENT 2016 ACTIVITY REPORT

No.	Project	Scope Overview	Project Status
1	2015-2020 Strategic Risk Management Plan	<p>Draft 2015-2020 Strategic Risk Management Plan (Plan) was completed but the strategic risk in the Plan will need to be reviewed and aligned with the 2016-2020 Strategic Management Plan (once it has been endorsed and adopted). Endorsed and adopted is scheduled for approximately April 2016.</p> <p>Final draft of the Plan will be reviewed by the Corporate Management Team (CMT).</p>	On Hold
2	Business Continuity Planning Manual	Development of a Business Continuity Planning Manual.	In Progress
3	5-year Risk Maturity Plan	<p>Development of a 5-year risk maturity plan to map Council's approach to all elements of its risk management framework.</p> <p>Due to Hand over of Risk Management Officers role (incumbent - outgoing Brianna Wood, incoming Roxanne White) the development of the 5-year Risk Maturity Plan has been put on hold until the Risk Maturity Assessment (RMA) has been completed.</p> <p>The RMA will identify any gaps in the Risk Management system of which may need to be address prior to undertaking the development of the 5-year Risk Maturity Plan.</p>	On Hold
4	Risk Maturity Assessment (RMA)	<p>A Risk Maturity Assessment being undertaken to determine the Risk Maturity level of Council with a specific focus on our approach to the management of individual risk within the Council.</p> <p>The RMA will evaluate the organisational risk maturity on the following six criteria:</p> <ul style="list-style-type: none"> • Risk Management Plan • Establish the Context • Risk Identification • Risk Analysis and Evaluation • Risk Treatment • Monitoring and Review <p>The RMA will include a desk top analysis of the:</p> <ul style="list-style-type: none"> • PO091 – Risk Management Policy • PR098 Risk Management Procedure <p>Final outcome and recommendations will be reviewed by the Corporate Management Team (CMT).</p>	In Progress
5	Risk Portfolios	<p>Review Council's Departmental risk portfolios. Findings to be reported back to the Audit Committee.</p> <p>Due to Hand over of Risk Management Officers role</p>	On Hold

No.	Project	Scope Overview	Project Status
		<p>(incumbent - outgoing Brianna Wood, incoming Roxanne White) the review of departmental risk portfolios has been put on hold until the RMA has been completed.</p> <p>The RMA will identify any gaps in the Risk Management system of which may need to be address prior to undertaking the review of risk portfolios.</p>	
6	Business Continuity Plan (BCP)	<p>Consultant engaged to develop BCP.</p> <p>Internal stakeholders are in the process of providing Business Impact Analysis (BIA) information for inclusion into the BCP with comments due back by 18 February 2016.</p>	In Progress
7	Local Government Association Mutual Liability Scheme (LGAMLS) Risk Profile	<p>2015 Risk Profile – Annual Review Action Plan.</p> <p>Updates on the progress of actions assigned to responsible persons as per attached report.</p>	In Progress



Local Government Association
Mutual Liability Scheme

RISK MANAGEMENT REVIEW

DATA AND ACTION REPORT 2015

District Council of Yorke Peninsula

July 2015

RISK MANAGEMENT REVIEW 2015

INTRODUCTION

This Risk Management Review (“the Review”) 2015 is an important annual appraisal of LGAMLS Council Members and again forms a Risk Management component to the Performance Bonus System for the **(2015/16)** Contribution period. The Review gives Council the opportunity to be rewarded back (as a “discount”) a certain percentage of the Gross Contribution via the Bonus System.

BENEFITS OF LGAMLS MEMBERSHIP

The establishment of the LGAMLS in 1989 provided Local Government in South Australia with an effective and efficient means of managing public liability and professional indemnity (civil liability) claims. Through the LGAMLS, Councils in South Australia have been afforded unlimited civil liability cover, access to experienced civil liability claims management, liability risk management services and legal advice.

RISK MANAGEMENT REVIEW - SCOPE

The Risk Management Review covers most areas of Council operations and specifically areas that have a level of civil liability exposure according to LGAMLS experience, or areas that require a formal risk management approach to prevent potential civil liability claims.

As the main pieces of legislation that are administrated by Local Government, focus is given to compliance with legislation such as the Local Government Act 1999 and the Development Act 1993.

It should be noted that the Review process is dynamic, and questions/scoring are reviewed and updated each year to reflect the evolving nature of liability and sophistication of a growing Council. Accordingly, Councils may not be able to accurately compare their performance in the Review on a year by year basis.

RISK MANAGEMENT REVIEW OBJECTIVES

The Objectives of the Risk Management Review continue to:

- Provide an incentive for Council to embrace risk management through the provision of a risk management component within the Performance Bonus System
- Understand the level of liability management being practised across the Local Government sector
- Identify failures in the communication of LGAMLS risk management requirements
- Identify areas requiring further risk management application
- Analyse the risk management benchmarks being achieved and able to be translated across the sector
- Focus on deficiencies via an Action Plan

METHODOLOGY - 2015

The Risk Management Review questions are divided into the following Parts and Categories:

Part I – Governance/Finance/People

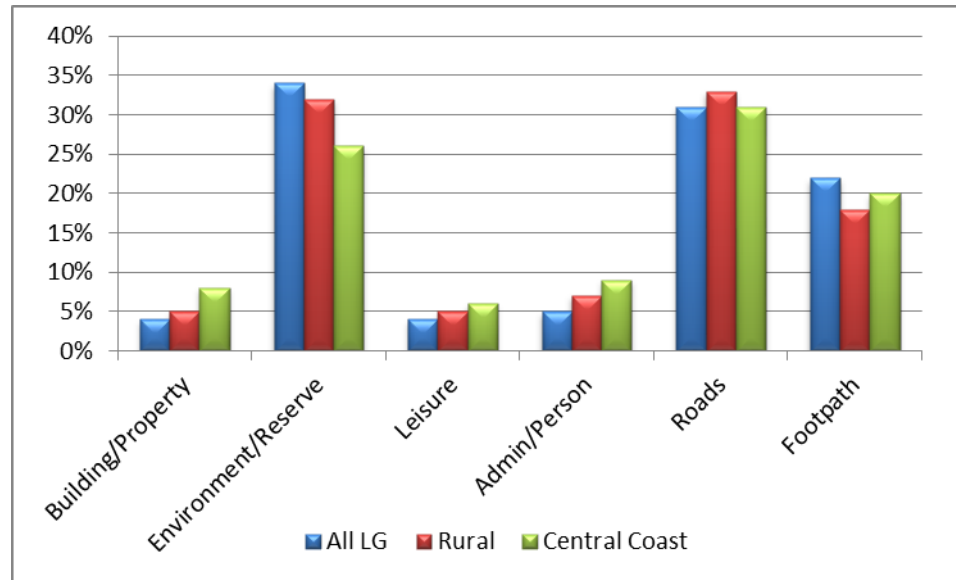
- Risk & Governance
- Statutory Responsibilities / Provision of information
- Procurement and Contract Management Systems
- Volunteers/Vulnerable Groups / Committees

Part II – Operations/Services/Functions

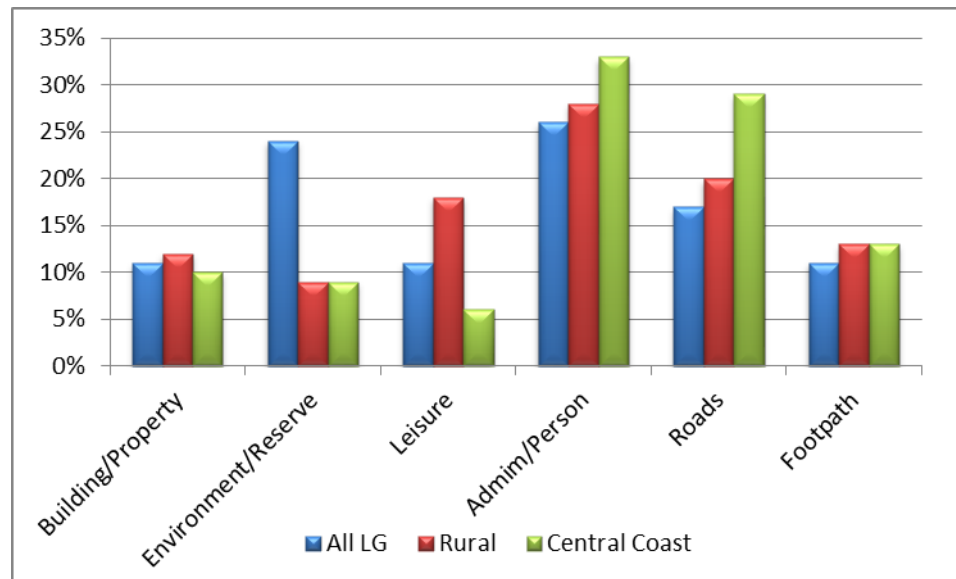
- Environment/Vegetation/Trees
- Recreational/Leisure Services – Community Land
- Road Management
- Third party use of facilities/land

Claims Profile – {Central Coast} Region against Local Government (Volume & Costs)

Graph 1 – Claims by Cause (Volume)



Graph 2 – Claims by Cause (Costs)



RISK MANAGEMENT REVIEW RESULTS – 2015

Section	Local Government	Metropolitan	Regional	Yorke Peninsula
Risk & Governance	77.6%	84.0%	75.4%	62.7%
Statutory & Info Provisions	87.7%	94.4%	85.5%	100%
Procurement & CMS	89.8%	96.6%	87.5%	83.5%
Volunteers & Committees	84.0%	97.0%	79.6%	63.3%
Environment / Trees	80.2%	95.6%	75.1%	74.2%
Community Land - Recreational Services	85.7%	95.2%	82.5%	86.9%
Road Management	92.0%	96.1%	90.6%	100%
Event & Facility Management	82.2%	94.1%	78.2%	73.7%
Average Overall Result :	84.5%	93.6%	81.5%	79.6%

OVERALL RESULT 2013 – 60%

Risk Management Improvement Action Plan – 2015

After reviewing the RM Review results it is agreed that the following Action Plan will be implemented with the Council:

Category	Liability/Risk concerns– considering current Controls	Action Required	Responsible Person	Timeframe
Risk and Governance				
Question & Risk 1.1: Please provide elements/details of Council's Risk Management framework and/or general procedure to assess & manage core/strategic risks	<i>Partial- as limited information on Risk Register status/population and linked controls.</i>	Draft 2015-2020 Strategic Risk Management Plan (Plan) was completed but the strategic risk in the Plan will need to be reviewed and aligned with the 2016-2020 Strategic Management Plan (once it has been endorsed and adopted). Endorsement and adoption is scheduled for approximately April 2016. Final draft of the Plan will be reviewed by the Corporate Management Team (CMT).	Risk Management Officer/Risk Officer	June 2016
Question and Risk 1.4: : Provide details of Council's Business Continuity Plan, in the event of business interruption to critical functions or services.	<i>Partially provided. Draft BCP. Training & Testing BCP across business units etc. not in place at this stage..</i>	The Business Principal (TBP) consultant engaged. Awareness training completed. Manual under development with internal stakeholders are in the process of providing Business Impact Analysis (BIA) information for inclusion into the BCP with comments due back by 18 February 2016.	Risk Management Officer	June 2016

Category	Liability/Risk concerns– considering current Controls	Action Required	Responsible Person	Timeframe
Question & Risk 1.6: Has Council developed and implemented a process to manage requests from Emergency Control Agents (SAPol, CFS, SES, etc) for use of defined Council plant/staff in the event of an emergency.	<i>Documented but not implemented. Is requirement to have adopted and signed off Policy, if decided on by Council additionally to have in place a Plant and Staff list signed off/endorsed by CEO and training to have been undertaken by Council stakeholders?</i>	<p>Emergency Response Procedure is under review.</p> <p>I-Responda framework from the LGA is under review and was tabled at the WHS Committee meeting (09/02/2016). This framework looks at council employees role in the event of an emergency</p>	Risk Management Officer	Sept 2016
3. Procurement and Contract Management Systems				
Question and Risk 3.12: : Council has a process to ensure compliance with Section 48 of the Local Government Act – Prudential Requirements for defined / certain activities.	<i>Partial system. This is a requirement of LG Act Legislation-must be formalised system</i>	Under review.	Risk Management Officer	TBA
Question and Risk 3.15: Provide Council's documentation when considering its tendering requirements pursuant to S49 of the Local Government Act.	<i>Partially provided. Information supplied makes it difficult to evaluate if it meets all the legislative requirements of Section 49 of LG Act. Action- Refer to Act requirements to map procedure.</i>	<p>PO058 Purchasing and Procurement Policy issued and current.</p> <p>PO006 Contractor Management Policy (endorsed Nov 2015)</p> <p>PR114 Contractor Management Procedure (endorsed Nov 2015)</p> <p>Governance Officer has reviewed Section S49 of the Local Government Act and cannot find a reference to process mapping the procedure/s</p>	<p>Governance Officer</p> <p>Risk Management Officer</p>	<p>Completed</p> <p>09/02/2016</p>

Category	Liability/Risk concerns– considering current Controls	Action Required	Responsible Person	Timeframe
Question and Risk 3.16: Provide a Superintendent's/Council representative's work site inspection report example provided within a (Council) contractual arrangement.	<i>Partially provided. Difficult to discern if this is part of regular documented and retrievable system.</i>	Contractor Management Procedure (endorsed Nov 2015) Contractor inspection/review process to be reviewed and streamlined Training for contractor managers to be undertaken	Risk Management Officer	Due Date 31/12/2016
4. Volunteers/Vulnerable Groups / Committees				
Question and Risk 4.17: Provide Council's formal management structure and/or system to manage volunteer programmes.	<i>Partially provided. From information supplied it is understood that the revised draft Policy and associated documents will fulfil requirements but by inference existing Policy does not fully contain all requirements.</i>	Policy and associated Volunteer documents endorsed. PO137 Volunteer Policy Yorke Peninsula Leisure Options (YPLO) Volunteer Handbook Yorke Peninsula Visitors Information Centre (YPVIC) Volunteer Handbook YPC Volunteer Agreement YPC Volunteer Charter YPC Volunteer Confidentiality Agreement YPC Volunteer Position Descriptions YPC Volunteer Registration Form YPC Volunteer Training Needs Analysis YPLO Induction Checklist YPLO Operations Manual YPLO Operations Manual YPVIC Induction Checklist YPVIC Operations Manual YPVIC Operations Manual	Manager People & Culture	Completed December 2015

Category	Liability/Risk concerns— considering current Controls	Action Required	Responsible Person	Timeframe
Question and Risk 4.18: Provide a component of Council's (central) Volunteer Registration process for all volunteer programmes.	<i>Partially provided. It is understood that a centralised system is being developed i.e. all requirements not yet currently in place</i>	Hazards in role - group assessment undertaken.	Manager People & Culture	Completed 04/02/2016
		WHS Competency mapping to be undertaken.		Completed 04/02/2016
		Centralised Volunteer Register to be established with Volunteer Coordinators having access – should include: <ul style="list-style-type: none"> - Personal information - Emergency contact information - Screenings - Volunteer program details. 		<i>Due Date</i> 17/02/2016
		Volunteer Personnel files and Volunteer Personnel files to be created.		<i>Due Date</i> 15/02/2016
		Current position descriptions to include screening details.		<i>Due Date</i> 15/02/2016
		Consultation and Volunteer Survey to be undertaken.		<i>Due Date</i> 26/02/2016
		Gap Analysis		<i>Due Date</i> 31/03/2016
Question and Risk 4.19: : Does Council have a process for dealing with enquiries relevant to vulnerable groups?	<i>Partially provided. Information supplied indicates a significant cross section of Policies but does not appear to cover all the specific requirements for 'vulnerable persons'.</i>	PO136 – FM015 - Managing Critical Client Incidents Policy awaiting CMT approval. This Policy deals with Yorke Peninsula Leisure Options (YPLO) and their clients being from various vulnerable groups. Due to the nature of the services provided, YPLO has a heightened responsibility and duty of care to ensure efficient and effective service delivery and specific reporting requirements are	Manager People & Culture	<i>Due Date</i> 04/03/2016

Category	Liability/Risk concerns– considering current Controls	Action Required	Responsible Person	Timeframe
		outlined in the policy.		
		Reviewing other requirements including Children and Vulnerable Persons Policy.		Due Date 30/03/2016
5. Operations / Services / Functions				
Question and Risk 5.21: Provide Council's general tree management policy/procedure (or strategy) for trees on roads and / or Community land. (Including significant & regulated trees where relevant).	<i>Partially provided. Information supplied indicates although there are associated documents and systems in place it appears that there is not a specific Policy/Procedure for tree management.</i>	<p>Create a Tree Management Policy/Procedure.</p> <p>Currently Council staff members are trained in tree care, pruning and maintenance and garden staff undertake the majority of tree pruning requests.</p> <p>Tree Management Policy to be drafted for review an endorsement by Councils Elected Members. Policy will address tree management based on the following principles:</p> <ul style="list-style-type: none"> Value of trees Enhancing Biodiversity Risk Management and Resources Availability Tree Planting Tree Maintenance Tree Removal Tree Replacement Tree Vandalism Tree on Private Land Seed and Fruit Collection Roadside Timber Climate Change 	Natural Environment & Sustainability Officer	Due Date December 2016

Category	Liability/Risk concerns—considering current Controls	Action Required	Responsible Person	Timeframe
Question and Risk 5.24: Council has reviewed its tree management strategy in line with climate variation & extreme weather patterns/climate impacts. Provide details in relation to the Council's assessment.	<i>No. Noted that this has been identified and will be considered in future planning requirements.</i>	<i>Under review. This will be undertaken as part of the development of a Climate Change Adaptation Plan.</i>		
6. Recreational / Leisure Centres				
Question and Risk 6.29: Council incorporates risk management principles into planning proposals for design/construction of other recreational assets, such as BMX Tracks, Skate Parks or recreational trails. Please provide an example of the approach.	<i>Partially. Not clear of risk assessment process undertaken for projects.</i>	Training conducted with Council managers in PR098 Risk Management Procedure 2014 Walk the Yorke undertook a comprehensive risk assessment Evidence located 14.65.2.19 – 2013-2015 WTY Ag Funding – Risk Management).	Risk Management Officer	Completed 31/12/2015
8. Third Party users of facilities / land				
Question and Risk 8.39: Provide the assessment / checklist process to ensure a 'one-off' hire of facility is left in a condition for the next use.	<i>Partially provided. Development of process and checklist advised to ensure integrity of asset and to reduce potential of adverse liability. Pre and post inspections that are documented recommended.</i>	Special Events Process Improvement working group established to review and update Council's process. Responsibility for check of facilities post hire and issuing expiation notices is under review. The development of a check list which could be used by the cleaning service may be an option and will be discussed at the next Special Events Process Improvement meeting.	HR Officer	Due Date June 2016

Category	Liability/Risk concerns– considering current Controls	Action Required	Responsible Person	Timeframe
Question and Risk: 8.40: Provide Council’s Risk Assessment Process to assess a third party (lessee / licensee) activity is suitable / appropriate for a piece of land.	<i>Partially provided. It Is recommended that a formal documented system is incorporated into existing arrangements to ensure integrity of assets retained and to protect Council liabilities.</i>	Under review. Land use can be documented on the “R014 – Agreements, Leases, Licences for Land and Property” for each third party occupier of Council Land.	Property Tenure Officer	Due Date March 2016

DIRECTOR CORPORATE AND COMMUNITY SERVICES

7. DRAFT LONG TERM FINANCIAL PLAN

(File Ref: 9.24.1.1)

PURPOSE

A draft Long Term Financial Plan is being developed to provide a guide to the Council in its future decision making.

RECOMMENDATION

That the Audit Committee receives Council's Draft Long Term Financial Plan as endorsed by Council for Public Consultation.

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

BACKGROUND

As required by the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011, Council must regularly review its Long Term Financial Plan (LTFP) in accordance with actual and budgeted financial results to be used as a tool in the decision making process. As part of this process Council consults with the community and considers all feedback prior to adoption of the revised LTFP.

DISCUSSION

The draft LTFP has been revised to take into account the results of the Audited Financial Statements for 2014/2015 and the Revised Budget for 2015/2016 following the December 2015 budget review. Revision of the LTFP ensures that the plan remains relevant and reflects the impact of the most recent decisions made by Council.

The draft LTFP also references Council's Asset Management Plans (AMP's) with the prime aim to "balance" resources available with renewal programmes calculated by these AMP's.

To comply with legislative requirements, the draft LTFP will be the subject of public consultation over a period of 4 weeks via Council's website and a public notice placed in the local newspaper.

Feedback from the public consultation will be presented to the April 2016 meeting of Council, for consideration and an update will be presented to the Audit Committee meeting on 27th April 2016.

A final draft of the LTFP will then be presented to Council at its May 2016 meeting for adoption.

The revised draft LTFP as endorsed by Council at its meeting held on 10th February 2016 is attached.

COMMUNITY ENGAGEMENT PLAN

Level 2 – Consult

CONSULTATION PROCESS

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

- Corporate Management Team
- Council Budget Managers
- Acting Manager Financial Services
- Elected Members

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

- Local Government Association SA
- Australian Bureau of Statistics

POLICY IMPLICATIONS

Nil

BUDGET AND RESOURCE 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.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Council's Strategic Plan includes clear plans to ensure better and timely reporting and improved formal control of Council's long term financial sustainability.

ATTACHMENTS

Attachment 1: Draft Long Term Financial Plan

Attachment 2: Community Engagement Plan



YORKE PENINSULA COUNCIL

Long Term Financial Plan

2016/17 to 2025/26

DOCUMENT INFORMATION

Document Details

Document Title:	Long Term Financial Plan – 2016-17 to 2025-26
Document Version:	0.1
Document Date:	05/02/2016
File Name:	LTFP 2016-2017 First Draft 0.1

Document Authorisation

Prepared by:	David Harding – Director Corporate & Community Services
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Executive Summary

Section 122 of the Local Government Act 1999 requires Councils to develop a Long Term Financial Plan (LTFP) as a key part of their Strategic Management reports.

Under the Act:

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

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

To this end the Yorke Peninsula Council (YPC) reviews its LTFP on a regular basis using the latest available budget data as a base and incorporating all known future projects and variations to ensure a realistic forecast is presented to the Elected Body and the community alike.

The key elements adopted for the LTFP were developed in 2012/13 and remain as the key targets in this review of Council's LTFP:

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

Research and independent opinion is that Council should look to achieve results consistent with Local Government industry averages primarily in the areas of Operating Deficit and Asset Sustainability Ratio within that 10 year period to ensure financial sustainability in the longer term.

The decision by the Federal Government to cease Supplementary Local Road funding to local government in South Australia and to freeze General Purpose Grants until 2017/2018 has impacted on Council's aim to return to an operating surplus by 2021/2022 with this goal now likely to take a few more years to achieve but hopefully still within the 10 year forecast of this reviewed LTFP.

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

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

The LTFP is derived from a sub set of strategic financial policies, including Infrastructure Asset Management Plans (IAMP) for all classes of assets, and a set of assumptions necessary given the high level of the LTFP itself and the long term nature of all forecasts made.

Resources Referenced

Resources referenced for the construction of the DCYP LTFP include:

- 2014-15 Audited Financial Statements;
- 2015-16 Revised Budget (December Quarter review);
- Endorsed Asset Management Plans;
- Previous Long Term Financial Plans;
- 2015-16 Draft Annual Business Plan;
- Input from the CEO, Council Directors and key Council staff;
- Input from the community via the public consultation process;
- Specific considered requests from Elected Members;
- Specific considered requests from the community.

Key Assumptions

The key assumptions in reviewing Council’s LTFP are:

- Expected CPI movement of 1.95% per annum;
- Enterprise Bargaining Agreement (EBA) Movements of 2% in anticipation of negotiations prior to 30 June 2016;
- Allowances in salary and wages reclassifications of 0.65% every 2 years;
- Rate increases for residents at 3% above CPI until the end of 2022/23 to achieve long term financial sustainability goals in the areas of Operating Deficit and Asset Sustainability;
- Power and Water charges increasing at a rate equal to CPI movement in anticipation that recent steep cost increases will not recur;
- Spending on asset renewal in line with existing IAMP’s or at about estimated need subject to funding availability;
- Spending on new assets in line with current trends;
- No new additional services or increase in existing service levels.

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

Key Assumptions (contd)

Long Term Financial Plan - Assumptions										
	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Y10
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Expected CPI Movement	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Expected District Growth	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
EB Movements	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Allowance for Step/Reclass/Reorg etc	0.65%	0.00%	0.65%	0.00%	0.65%	0.00%	0.65%	0.00%	0.65%	0.00%
TOTAL EB	2.65%	2.00%	2.65%	2.00%	2.65%	2.00%	2.65%	2.00%	2.65%	2.00%
Rates Income										
General Movement	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
"Sustainability" Rate Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	2.35%	2.35%	2.35%	2.35%
CWMS & Water Income										
General Movement	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	2.35%	2.35%	2.35%	2.35%	2.35%	2.35%	2.35%	2.35%	2.35%	2.35%
Statutory Income										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Commercial Income (incl Caravan Parks)										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Finance Rates										
Overdraft Rates	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
New Loan Interest Rate	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Investment Rate	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%

Key Assumptions (contd)

[illegible]

Operating Income

Rates

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

The Rate Revenue increase shown in the tables is the average increase and actual changes to rates may vary dependant on valuations and other criteria. The Revenue line in the LTFP also includes an allowance for growth currently estimated at 0.4% p.a. based on past trends.

Statutory Charges

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

Statutory charges are to be reviewed during 2016/17 with increases expected to be in line with CPI and influenced by expected growth with the exception of Dog Registration Fees which are expected to rise by approximately 0.65% p.a. with responsible dog owners ensuring dogs are de-sexed and therefore attracting lower registration fees.

User Charges

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

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

Grants & Subsidies

The primary components of this category constitute Local Government Grants Commission grants and grants for projects such as Foreshore Protection and Tourism projects.

Roads to Recovery Grants (RTR) are not included in this category but are shown as Grants Received Specifically for New/Upgraded Assets. RTR Income has been included for the 10 years of the LTFP and has been assumed to increase approximately in line with CPI after a "one off" special allocation of \$1.3m in 2016/17 funded by the federal Government from diesel levies.

Since the last LTFP review the Federal Government made the decision to cease the Supplementary Local Roads funding to local government in South Australia and has frozen General Purpose grants at current levels until the 2017/2018 financial year

after which they are expected to rise approximately in line with local government CPI levels.

Whilst a number of generous “one off” capital grants have been made available via Roads to Recovery in 2016/2017 and Council has been successful in applying for grants to complete Clinton Road by 2016/2017, the impact on Council’s LTFP of these cuts is significant in the long term. The revenue cut to Yorke Peninsula Council as a result of these Federal Government decisions is estimated at \$450,000 p.a. from year 1 of the 10 year plan indexed for CPI thereafter.

Operating Grants in the LTFP are expected to increase in line with CPI. Special funding of \$1.5m has been included in 2016/17 and \$2.2m in 2017/18 in anticipation of the completion of the Clinton Road project following Council’s successful application for Special Road Funding in 2016/2017.

Investment Income

Investment Income included in the LTFP is reflective of projections of cash available for investment and investment rates are in line with current trends experienced in the past 2 years. Council’s Treasury Management Policy ensures available funds are managed on a regular basis to maximise returns.

Reimbursements

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

Increases in the LTFP are expected to be in line with CPI.

Other Revenue

Includes income from minor sundry activities.

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

Operating Expenses

Employee Costs

Includes all labour costs relating to maintenance and is inclusive of salaries, wages, superannuation, leave entitlements and workers compensation insurance. Wage costs (including allocation of staff overheads) relating to capital projects are included in the total capital expenditure for both renewal of existing assets and projects to build new assets. The split between operating and capital can vary from year to year depending on assigned maintenance programmes however overall the LTFP assumes the trend on this split remains consistent across the 10 years in the plan.

The LTFP provides for legislated increases in the superannuation guarantee moving from 9.5% in 2020/2021 to 12.0% by 2025/2026.

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

Increases are projected in line with expected Enterprise Bargaining Agreements (EBA) at 2.0% with an allowance of 0.65% every 2 years for reclassifications and “annual” award service increases.

The EBA is to be renegotiated at the end of 2015/16 and increases have been based on industry trends.

Materials, Contracts and Other Expenses

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

Over the 10 years of the LTFP:

- Water charges and energy charges are predicted to increase by CPI following particularly volatile price increases over the past 2 -3 years;
- Materials and Contract costs, including Waste Management costs, have been estimated to increase at CPI across the full term of the LTFP;
- Professional services charges are also expected to rise in line with CPI over the course of the 10 year plan.

Finance Costs

Finance Costs include interest on borrowings and bank charges.

Finance costs are based on forecast rates and are reflective of the current applicable rates for existing loans.

Depreciation

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

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

Treasury Management Strategy

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

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

- identified community need and benefit relative to other expenditure options;*
- cost effectiveness of the proposed means of service delivery; and,*
- affordability of proposals having regard to Council's long term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest cover ratios¹.)*

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

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

Strategic Rating Policy

General Rates

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

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

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

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

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

Waste Collection & Recycling Service Charge

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

This service charge is subject to a specific provision of the Local Government Act 1999 and Council is required to reduce the amount payable to residents depending on the distance of their property access point to the nearest collection point. Therefore the two bin service charge maybe reduced depending a properties distance to the nearest collection point.

Natural Resource Management Levy

Council is required to collect an amount each year which is paid to the local Natural Resource Management Board. Council are informed each year of the amount to be collected.

Council then uses the capital value of properties to determine a rate-in-the-dollar to collect the NRM Levy on behalf of the Board.

The Board have advised of a change in its service agreements with the State Government and subsequently flagged a 30% increase in this levy commencing in the 2016/2017 financial year. From 2017/2018 it is assumed the levy will increase in line with CPI.

Community Waste Management Scheme (CWMS) Service Charge

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

Water Scheme Service Charge

Council operates a number of Water schemes throughout the district. A service charge is calculated each year to cover the cost of operating and maintaining and replacing equipment for all the schemes. In addition to a service charge properties are charged for their water use with rates set in accordance with those advised by SA Water.

Rate relief

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

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

Financial Statements

– Uniform Presentation of Finances

Yorke Peninsula Council

LTFP - Projection

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Operating Revenues	27,739	26,865	28,162	29,526	30,645	31,814	33,040	34,329	35,716	36,520	37,350	38,202
<i>less Operating Expenses</i>	29,415	29,697	30,789	31,512	32,228	32,836	34,158	34,891	35,751	36,471	37,323	38,821
Operating Surplus/(Deficit) before Capital Amounts	(1,676)	(2,832)	(2,627)	(1,986)	(1,583)	(1,022)	(1,118)	(562)	(35)	49	27	(619)
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	5,215	8,210	5,191	6,781	7,464	8,208	8,867	9,040	9,317	9,397	9,581	9,770
<i>less Depreciation, Amortisation & Impairment</i>	10,552	8,700	9,075	9,327	9,547	9,789	10,639	10,897	11,161	11,436	11,717	12,688
<i>less Proceeds from Sale of Replaced Assets</i>	387	377	380	380	385	385	390	390	400	400	410	410
	(5,724)	(867)	(4,265)	(2,926)	(2,468)	(1,966)	(2,162)	(2,247)	(2,244)	(2,439)	(2,546)	(3,328)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	4,054	5,605	5,428	1,482	1,511	1,541	1,572	1,603	1,636	1,669	1,703	1,737
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,204	3,615	3,854	581	581	581	581	581	581	581	581	581
<i>less Proceeds from Sale of Surplus Assets</i>	0	0	0	0	0	0	0	0	0	0	0	0
	2,850	1,990	1,574	901	930	960	991	1,022	1,055	1,088	1,122	1,156
Net Lending / (Borrowing) for Financial Year	1,198	(3,955)	63	39	(45)	(16)	52	662	1,154	1,399	1,451	1,553

– Comprehensive Presentation of Income

Yorke Peninsula Council

LTFP - Projection

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
INCOME												
Rates	19,110	20,039	21,183	22,153	23,172	24,242	25,366	26,547	27,798	28,439	29,094	29,765
Statutory Charges	391	398	411	420	428	437	445	454	462	472	481	491
User Charges	2,866	2,967	3,101	3,452	3,519	3,587	3,657	3,728	3,801	3,875	3,951	4,029
Grants, subsidies, contributions	4,227	2,720	2,709	2,748	2,787	2,826	2,867	2,908	2,950	2,992	3,034	3,078
Investment Income	184	175	201	185	160	132	103	78	79	104	140	177
Reimbursements	610	472	461	470	479	488	498	508	518	528	538	548
Other Income	351	94	96	98	100	102	104	106	108	110	112	114
Total Revenues	27,739	26,865	28,162	29,526	30,645	31,814	33,040	34,329	35,716	36,520	37,350	38,202
EXPENSES												
Employee costs	8,006	8,004	8,216	8,380	8,601	8,774	9,003	9,227	9,513	9,748	10,048	10,297
Materials, contracts & other expenses	12,599	12,522	13,012	13,342	13,649	13,875	14,150	14,431	14,768	15,007	15,305	15,609
Depreciation	8,510	8,700	9,075	9,327	9,547	9,789	10,639	10,897	11,161	11,436	11,717	12,688
Finance Costs	300	471	486	463	431	398	366	336	309	280	253	227
Total Expenses	29,415	29,697	30,789	31,512	32,228	32,836	34,158	34,891	35,751	36,471	37,323	38,821
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(1,676)	(2,832)	(2,627)	(1,986)	(1,583)	(1,022)	(1,118)	(562)	(35)	49	27	(619)
Net gain/(loss) on disposal or revaluations	(693)	15	10	10	10	10	10	10	10	10	10	10
Amounts specifically for new assets	1,204	3,615	3,854	581	581	581	581	581	581	581	581	581
NET SURPLUS/(DEFICIT)	(1,165)	798	1,237	(1,395)	(992)	(431)	(527)	29	556	640	618	(28)
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	12,389	0	0	0	6,833	19,397	0	0	0	6,800	20,473	0
Impairment (expense) / recoupments offset to asset revaluation reserve	(2,042)	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	10,347	0	0	0	6,833	19,397	0	0	0	6,800	20,473	0
TOTAL COMPREHENSIVE INCOME	9,182	798	1,237	(1,395)	5,841	18,966	(527)	29	556	7,440	21,091	(28)

- Balance Sheet

Yorke Peninsula Council
LTFP - Projection
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	7,394	3,828	3,447	2,971	2,420	1,847	1,338	1,451	2,087	2,960	3,861	4,951
Trade & Other Receivables	1,315	1,354	1,346	1,337	1,332	1,331	1,331	1,313	1,312	1,312	1,297	1,265
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	777	777	777	777	777	777	777	777	777	777	777	777
Sub-total	9,486	5,959	5,570	5,085	4,529	3,955	3,446	3,541	4,176	5,049	5,935	6,993
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	9,486	5,959	5,570	5,085	4,529	3,955	3,446	3,541	4,176	5,049	5,935	6,993
Non-Current Assets												
Receivables	331	457	389	331	274	216	155	109	60	8	(32)	(43)
Financial Assets	485	503	521	541	562	585	607	631	656	681	708	734
Equity Accounted Investments in Council Businesses	0	0	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	333,889	338,642	339,816	338,383	344,268	363,249	362,668	362,035	361,434	367,474	387,115	385,534
Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	334,705	339,602	340,726	339,255	345,104	364,050	363,430	362,775	362,150	368,163	387,791	386,225
Total Assets	344,191	345,561	346,296	344,340	349,633	368,005	366,876	366,316	366,326	373,212	393,726	393,218
LIABILITIES												
Current Liabilities												
Trade & Other Payables	2,497	2,275	2,379	2,372	2,405	2,416	2,430	2,447	2,462	2,483	2,492	2,512
Borrowings	631	648	629	648	675	692	687	654	658	688	588	496
Provisions	1,622	1,585	1,644	1,667	1,714	1,746	1,791	1,835	1,890	1,936	1,994	2,043
Sub-total	4,750	4,508	4,652	4,687	4,794	4,854	4,908	4,936	5,010	5,107	5,074	5,051
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	4,750	4,508	4,652	4,687	4,794	4,854	4,908	4,936	5,010	5,107	5,074	5,051
Non-Current Liabilities												
Borrowings	7,244	7,946	7,317	6,669	5,994	5,302	4,615	3,961	3,303	2,615	2,027	1,531
Provisions	496	608	591	643	663	699	731	767	807	844	887	927
Other Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	7,740	8,554	7,908	7,312	6,657	6,001	5,346	4,728	4,110	3,459	2,914	2,458
Total Liabilities	12,490	13,062	12,560	11,999	11,451	10,855	10,254	9,664	9,120	8,566	7,988	7,509
NET ASSETS	331,701	332,499	333,736	332,341	338,182	357,150	356,622	356,652	357,206	364,646	385,738	385,709
EQUITY												
Accumulated Surplus	(4,511)	(3,713)	(2,476)	(3,871)	(4,863)	(5,294)	(5,821)	(5,792)	(5,236)	(4,596)	(3,978)	(4,006)
Asset Revaluation Reserve	335,455	335,455	335,455	335,455	342,288	361,685	361,685	361,685	361,685	368,485	388,958	388,958
Other Reserves	757	757	757	757	757	757	757	757	757	757	757	757
TOTAL EQUITY	331,701	332,499	333,736	332,341	338,182	357,148	356,621	356,650	357,206	364,646	385,737	385,709

- Changes in Equity

Yorke Peninsula Council

LTFP - Projection

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	(3,306)	(4,511)	(3,713)	(2,476)	(3,871)	(4,863)	(5,294)	(5,821)	(5,792)	(5,236)	(4,596)	(3,978)
Net Result for Year	(1,165)	798	1,237	(1,395)	(992)	(431)	(527)	29	556	640	618	(28)
Transfers to Other Reserves	(40)	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	(4,511)	(3,713)	(2,476)	(3,871)	(4,863)	(5,294)	(5,821)	(5,792)	(5,236)	(4,596)	(3,978)	(4,006)
ASSET REVALUATION RESERVE												
Land	73,286	73,286	73,286	73,286	79,727	79,727	79,727	79,727	79,727	86,177	86,177	86,177
Buildings and Other Structures	48,995	48,995	48,995	48,995	48,995	52,178	52,178	52,178	52,178	52,178	54,817	54,817
Transportation Infrastructure	186,712	186,712	186,712	186,712	186,712	200,791	200,791	200,791	200,791	200,791	216,462	216,462
CWMS Infrastructure	14,481	14,481	14,481	14,481	14,481	15,758	15,758	15,758	15,758	15,758	17,006	17,006
Water Scheme Infrastructure	1,374	1,374	1,374	1,374	1,576	1,576	1,576	1,576	1,576	1,767	1,767	1,767
Office Building	0	0	0	0	190	190	190	190	190	349	349	349
Stormwater Drainage	10,607	10,607	10,607	10,607	10,607	11,465	11,465	11,465	11,465	11,465	12,380	12,380
Balance at end of period	335,455	335,455	335,455	335,455	342,288	361,685	361,685	361,685	361,685	368,485	388,958	388,958
OTHER RESERVES												
Balance at end of previous reporting period	717	757	757	757	757	757	757	757	757	757	757	757
Transfers from Accumulated Surplus	40	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	757	757	757	757	757	757	757	757	757	757	757	757
TOTAL EQUITY AT END OF REPORTING PERIOD	331,701	332,499	333,736	332,341	338,182	357,148	356,621	356,650	357,206	364,646	385,737	385,709

- Cash Flow Statement

Yorke Peninsula Council
LTFP - Projection
ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2015	2016		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
CASH FLOWS FROM OPERATING ACTIVITIES													
<u>Receipts</u>													
Rates	19,110	20,039		21,183	22,153	23,172	24,242	25,366	26,547	27,798	28,439	29,094	29,765
Statutory Charges	391	398		411	420	428	437	445	454	462	472	481	491
User Charges	2,852	2,967		3,101	3,450	3,519	3,587	3,657	3,728	3,801	3,875	3,951	4,029
Grants, subsidies, contributions	4,227	2,720		2,709	2,748	2,787	2,826	2,867	2,908	2,950	2,992	3,034	3,078
Investment Income	156	175		170	153	132	108	82	60	65	93	132	172
Reimbursements	610	472		461	470	479	488	498	508	518	528	538	548
Other Income	351	94		96	98	100	102	104	106	108	110	112	114
<u>Payments</u>													
Employee costs	(7,818)	(8,043)		(8,156)	(8,358)	(8,554)	(8,743)	(8,958)	(9,184)	(9,458)	(9,703)	(9,990)	(10,249)
Materials, contracts & other expenses	(12,255)	(12,648)		(12,944)	(13,315)	(13,616)	(13,848)	(14,126)	(14,400)	(14,737)	(14,973)	(15,279)	(15,575)
Finance Costs	(300)	(471)		(486)	(463)	(431)	(398)	(366)	(336)	(309)	(280)	(253)	(227)
Net Cash provided by (or used in) Operating Activities	7,324	5,703		6,545	7,356	8,016	8,801	9,569	10,391	11,198	11,553	11,820	12,146
CASH FLOWS FROM INVESTING ACTIVITIES													
<u>Receipts</u>													
Amounts Specifically for New/Upgraded Assets	1,204	3,615		3,854	581	581	581	581	581	581	581	581	581
Sale of Renewed/Replaced Assets	387	377		380	380	385	385	390	390	400	400	410	410
Repayments of Loans by Community Groups	48	75		107	99	90	83	82	82	64	63	63	48
<u>Payments</u>													
Expenditure on Renewal/Replacement of Assets	(5,215)	(8,210)		(5,191)	(6,781)	(7,464)	(8,208)	(8,867)	(9,040)	(9,317)	(9,397)	(9,581)	(9,770)
Expenditure on New/Upgraded Assets	(4,054)	(5,605)		(5,428)	(1,482)	(1,511)	(1,541)	(1,572)	(1,603)	(1,636)	(1,669)	(1,703)	(1,737)
Loans Made to Community Groups	0	(240)		0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities	(7,630)	(9,988)		(6,278)	(7,203)	(7,919)	(8,700)	(9,386)	(9,591)	(9,908)	(10,022)	(10,231)	(10,468)
CASH FLOWS FROM FINANCING ACTIVITIES													
<u>Receipts</u>													
Proceeds from Borrowings	6,000	1,350		0	0	0	0	0	0	0	0	0	0
<u>Payments</u>													
Repayments of Borrowings	(669)	(631)		(648)	(629)	(648)	(675)	(692)	(687)	(654)	(658)	(688)	(588)
Repayment of Finance Lease Liabilities	0	0		0	0	0	0	0	0	0	0	0	0
Repayment of Aged Care Facility Deposits	0	0		0	0	0	0	0	0	0	0	0	0
Net Cash provided by (or used in) Financing Activities	5,331	719		(648)	(629)	(648)	(675)	(692)	(687)	(654)	(658)	(688)	(588)
Net Increase/(Decrease) in cash held	5,025	(3,566)		(381)	(476)	(551)	(574)	(509)	113	636	873	901	1,090
Opening cash, cash equivalents or (bank overdraft)	2,369	7,394		3,828	3,447	2,971	2,420	1,847	1,338	1,451	2,087	2,960	3,861
Closing cash, cash equivalents or (bank overdraft)	7,394	3,828		3,447	2,971	2,420	1,847	1,338	1,451	2,087	2,960	3,861	4,951

– Key Financial Ratios

Yorke Peninsula Council

LTFP - Projection

KEY FINANCIAL INDICATORS

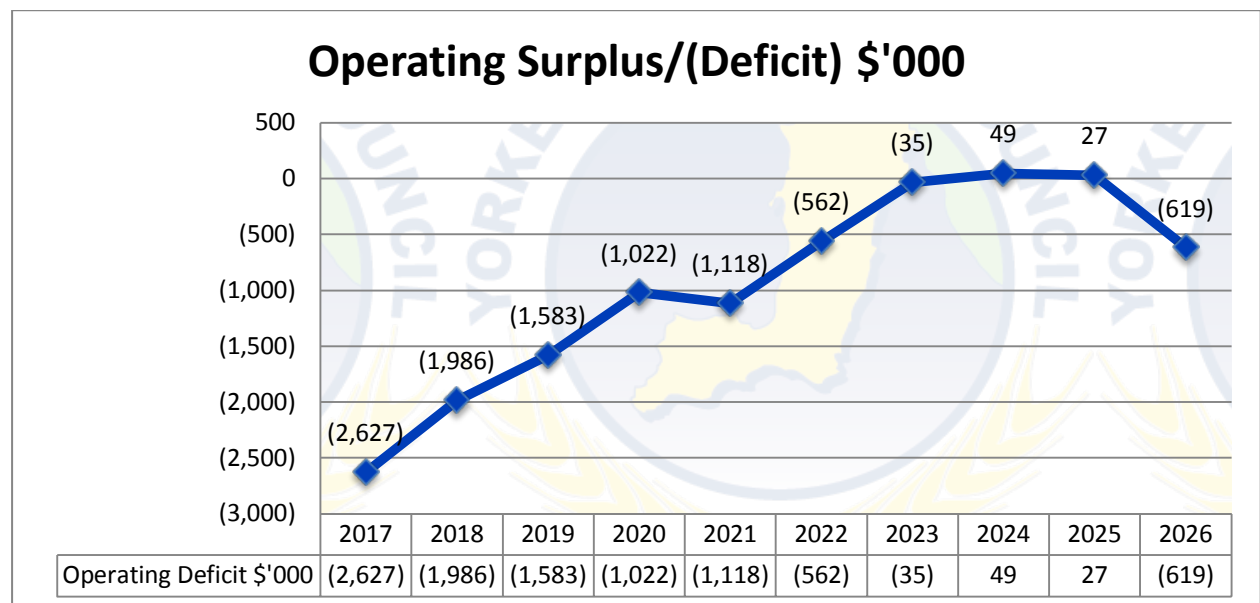
Year Ended 30 June:	2015	2016		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(1,676)	(2,832)		(2,627)	(1,986)	(1,583)	(1,022)	(1,118)	(562)	(35)	49	27	(619)
Operating Surplus Ratio - %	(9)%	(14)%		(12)%	(9)%	(7)%	(4)%	(4)%	(2)%	(0)%	0%	0%	(2)%
Net Financial Liabilities - \$'000	3,296	7,377		7,246	7,150	7,137	7,092	6,978	6,269	5,065	3,613	2,122	559
Net Financial Liabilities Ratio - %	11.9%	27.5%		25.7%	24.2%	23.3%	22.3%	21.1%	18.3%	14.2%	9.9%	5.7%	1.5%
Interest Cover Ratio - %	0.4%	1.1%		1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.6%	0.5%	0.3%	0.1%
Asset Sustainability Ratio - %	46%	90%		53%	69%	74%	80%	80%	79%	80%	79%	78%	74%
Asset Consumption Ratio - %	64%	63%		62%	61%	60%	59%	58%	57%	56%	55%	54%	53%

Financial Indicator Graphs

Operating Surplus Chart

The Operating Surplus chart below shows the impact of the key elements of Councils LTFP strategy over the 10 years of the plan, resulting in an Operating Surplus in years 8 and 9 of \$49,000 and \$27,000 respectively.

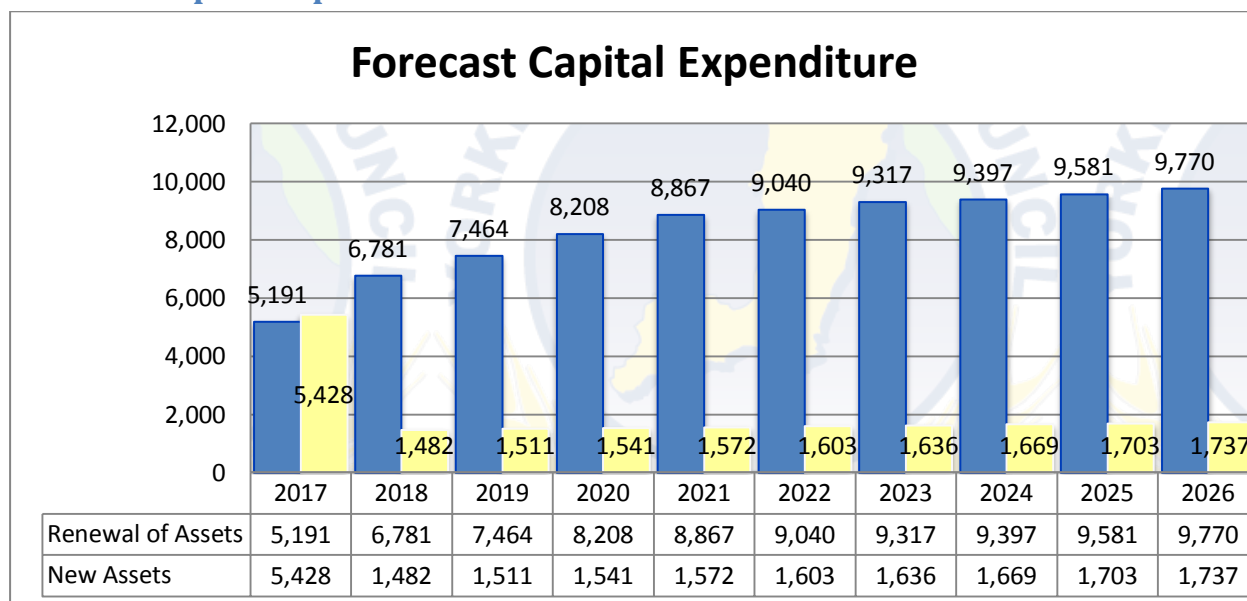
The Operating Surplus/ (Deficit) target is Local Government industry average of approximately break-even.



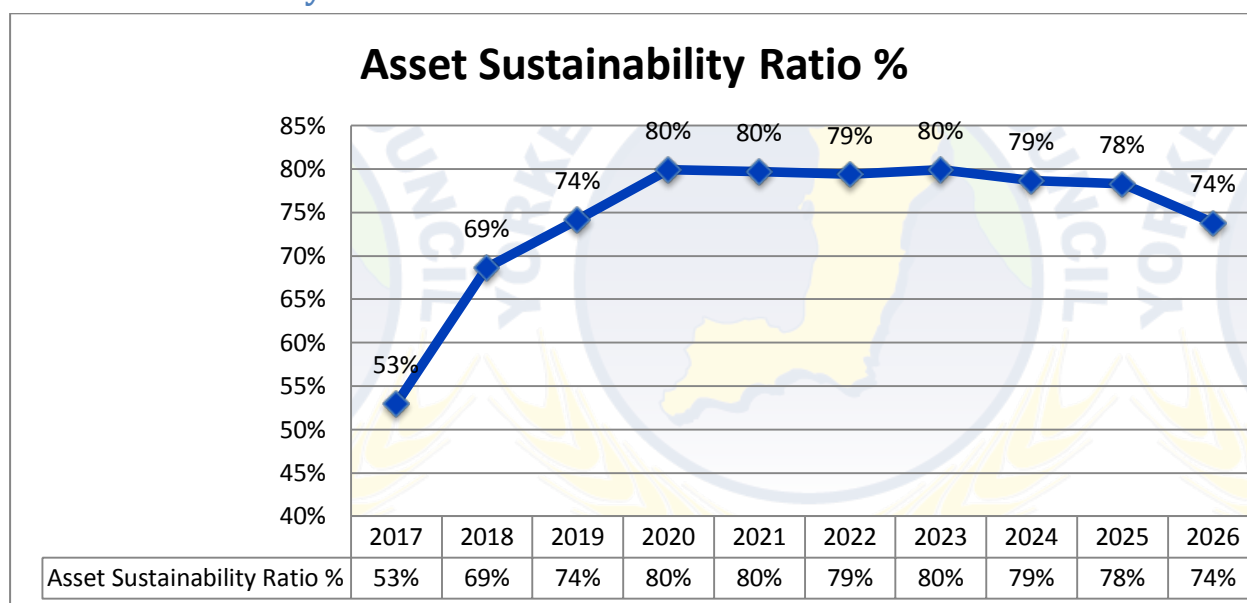
The following charts show the increase in spending on renewal of assets relative to spending on new assets and the resultant impact on Council's Asset Sustainability Ratio over the 10 year period. Expenditure on renewal is based on endorsed Asset Management Plans and forecasts to sustain assets at required service levels. Expenditure on new assets is largely driven by available funds after meeting existing operating and asset service levels.

The Asset Sustainability Ratio target is also Local Government industry average of around 80%.

Forecast Capital Expenditure Chart



Asset Sustainability Chart



Significant Long Term Financial Plan Risks

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

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

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

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

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

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

A further risk is presented with the replacement of some or all Elected Members at elections every 4 years. Council's next election will take place in November 2018.

Council is confident that continuity in regard can be achieved through close monitoring and regular financial reporting together with the proposed quarterly reviews of the LTFP.



COMMUNITY ENGAGEMENT PLAN

SF215

Responsible Officer: Business Improvement Officer

Issue Date: 10th June 2015

Next Review Date: June 2019

Long Term Financial Plan

Stakeholders	Level 2 CONSULT	Responsibility	Start Date	End Date	Status	Evaluation Method
Entire community	Public Notice Website	Director CCS	11/02/2016	16/03/2016	NS	Feedback presented to April 2016 Council meeting.

DIRECTOR CORPORATE AND COMMUNITY SERVICES

8. 2016/2017 ANNUAL BUSINESS PLAN AND BUDGET PREPARATION TIMETABLE

(File Ref: 9.14.1.6)

PURPOSE

The development of Council's Annual Business Plan and Budget requires co-ordination of the efforts of Council and Council staff to ensure compliance with legislative requirements.

RECOMMENDATION

That the Audit Committee receive the 2016/2017 Budget Preparation Program as endorsed by Council.

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

BACKGROUND

Each year Council prepares a budget to be adopted for the following financial year in conjunction with the Annual Business Plan following appropriate public consultation.

DISCUSSION

The attached document outlines the tasks and timelines for development of the 2016/2017 Annual Business Plan and Budget.

Key elements of the timetable are:

- A Council workshop to discuss the major elements of the budget and a second Council workshop to review the overall draft budget.
- Coordination of timelines to coincide with major 2015/2016 budget reviews.
- Coordination of reviews with the Audit Committee prior to Council workshops.
- Provision of adequate time for public consultation.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

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

- Corporate Management Team
- Acting Manager Financial Services
- Manager People and Culture

- Manager Business and Public Relations

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

- Nil

POLICY IMPLICATIONS

PO 142 Budget Reporting and Amendment Policy

BUDGET AND RESOURCE IMPLICATIONS

The attached timetable enables Council to meet all of its legislative requirements in regard to the 2016/2017 Annual Business Plan and Budget.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Section 123 Local Government 1999 – Annual Business Plans and Budgets

Sections 6 & 7 Local Government (Finance Management) Regulations 2011

ATTACHMENTS

Attachment 1: Budget Preparation task list for 2016/2017

2016/2017 Budget Preparation Task list

Item no.	Description	Completion Date 2016	Responsible Officer
	Make Powerbudget 16/17 screen available and attach all accounts	15-Jan	Chloe
	Advise operating budget screens ready for data entry	15-Jan	Chloe
	EM Budget Requests presented for costing	16-Jan	David
	Confirm wages and salaries calculations	29-Jan	Directors
	Advise Capital budget (in line with LTFP) to budget managers	1-Feb	David
	Advise Libraries/Caravan Parks of upcoming Budget discussions	5-Feb	Anne/Bronwyn
	Enter salaries into Power budget	5-Feb	David/Bobbi
	EM budget submissions close off (Directors to confirm details)	15-Feb	CEO
	Capital works budget draft items sent to Finance	18-Feb	Directors
	Capital works budget draft prepared for workshop	19-Feb	David/Chloe/Daniel
	LTFP Update to Audit Committee	24-Feb	David
	Present draft Caravan Park budget for "in principle" approval	24-Feb	Anne/Bronwyn
	Presentation to February Council workshop (Draft Capital Budget, EM Requests, CP Budgets Timetable and progress)	24-Feb	CEO/David
	Update Draft LTFP	26-Feb	David
**	Finalise operating budget figures	8-Mar	All staff
	Calculate FBT	8-Mar	Chloe
	Review plant hire recovery	8-Mar	Daniel/Roy
	Calculate Debenture Loan Repayments for next Financial Year	8-Mar	Chloe
	Estimate and input Insurance	8-Mar	Chloe
	Estimate and input Depreciation	8-Mar	David
	Calculate Long Service Leave Liability	8-Mar	Chloe/Bobbi
	Identify any changes to Council rating policy for consideration by Council	8-Mar	Mark/Kerry
	Estimate overhead recovery rate for use during budget input	11-Mar	David/Chloe
	Enter wages into Power budget	11-Mar	Daniel
	Finance staff to review and provide feedback on operating budget figures	11-Mar	David/Chloe/Daniel
	Estimate Water and CWMS levies required (report on pricing to be considered by Council)	11-Mar	Daniel
	Calculate Waste Management levy	11-Mar	Mark/Kerry
	Identify projects to be carried forward into 2016/17, input remaining budget items (capital) and produce first draft 15/16 budget	14-Mar	David
	Present first draft budget to CMT for discussion	15-Mar	David
	Prepare Final EM Request List for Workshop - Compare to Budget	15-Mar	CMT
	Rating Review	15-Mar	David/Mark/Kerry
	Council fees reviewed for presentation to workshop	15-Mar	Chloe
	Present final draft budget to CMT for discussion (Special CMT Meeting)	17-Mar	David
	Identify activities for inclusion in Draft Annual Business Plan	17-Mar	Directors
	Presentation to March Council workshop (Draft Budget, Rating Review, Fees & Charges, Draft revised LTFP)	23-Mar	David/Chloe/Daniel
	Consideration of EM Requests at Workshop	23-Mar	CEO
	CMT review draft ABP (including budget & LTFP)	5-Apr	CMT
	Directors sign off budget	5-Apr	Directors
	Make final checks on calculations within the budget to ensure it balances	7-Apr	David
	CEO sign off Budget	12-Apr	CEO
	Prepare March 2014 Budget Review	18-Apr	David/Chloe/Daniel
	Audit Committee (review draft ABP & LTFP)	27-Apr	David
	March 2014 Budget Review to Council Workshop	27-Apr	David
	Council consider draft ABP, adopt March Budget Review	11-May	CEO/David
	Present final Waste Management Options to Council	11-May	Mark/Kerry
	Formally consider rating options	11-May	Mark/Kerry
	Place advertisement for public consultation on ABP	12-May	David/Rachel
	Present draft Rating Options to June Council meeting	8-Jun	Mark
	Present Public Feedback on draft ABP to June Council meeting	8-Jun	David
	Audit Committee (endorse draft ABP and 15/16 Budget for adoption by Council, review 15/16 rating options)	22-Jun	David
	Update Statutory fees in register	1-Jul	Development/Chloe
	Present Budget, ABP and Rates to July Council meeting for Adoption	13-Jul	CEO/David

DIRECTOR CORPORATE AND COMMUNITY SERVICES

9. DECEMBER 2015 BUDGET REVIEW

(File Ref: 9.24.1.1)

PURPOSE

To consider a review of Council's 2015/16 Adopted Budget.

RECOMMENDATION

That the Audit Committee receives the December 2015 Budget Review changes as endorsed by Council and presented in the attached Summary of Changes, Uniform Presentation of Finances and Statement of Comprehensive Income and receive the updated Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Financial Ratios reports.

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

BACKGROUND

As required by the Local Government (Financial Management) Regulations 2011, Council staff in all Directorates have completed a review of the 2015/16 budget and made adjustments incorporating approved Council amendments and review changes based on the financial results to 31st December 2015.

DISCUSSION

Budget managers in all directorates have completed the second quarter review of the 2015/16 Budget following on from the September 2015 review adopted by Council.

Further adjustments have been made incorporating approved Council amendments, review changes based on financial results to date, and known changes in circumstances at 31st December 2015.

As a result of the December 2015 review the proposed Revised Budget for the 2015/2016 financial year shows a Net Borrowing of \$3.969m (previously Net Borrowing of \$3.955m in the 2015/2016 September Budget review endorsed by Council) resulting in a net increase in borrowings of \$14k. The major items reviewed are as follows:

- An application for a Capital Grant for the Blue Bay Stairs of \$25k was successful thereby increasing Capital Income and resulting in \$25k of additional capital works to be undertaken.
- Movement of \$98k from capital to operating for Roadside Vegetation and tree trimming as per council decision on 9th December 2015 (CA/AIS/R1 9/12/2015).
- Black Point Camping Ground Upgrade to amenities of \$22k as per council decision on 9th December 2015 (DA/ CCS/ R4 301/2015).

- Purchase of land at Parsons Beach (for beach access) \$13k (purchase price \$10k plus costs).
- Remitted rates increase by \$48k following shortfalls after sale of properties with outstanding rates (DA CCS/R3 196/2015 12/8/2015).
- Decrease in expected LGFA interest income by \$30k due to falling investment interest rates.
- Increases in reimbursements of \$40k due to insurance scheme bonus payments achieved.
- Increase in Risk Management income following a risk award of \$10k won by Council for the successful whale retrieval project at Ardrossan.
- Decrease in debt collection fees paid to collection agencies of \$35k with debt collection now managed largely in-house.
- Increase in bank charges for rates payments of \$20k as the community make greater use of Bpay and AusPost facilities to pay rates.
- Savings in printing costs of \$35k as a consequence of a review of printer contracts and the introduction of the "Follow You" printing process.
- Increase in interest charges due to loan funds approved for Caravan Park business cases (to be covered by caravan parks - increased profits are expected once works are completed).
- Net increase in grants and brokerage income for Leisure Options programmes of \$17k.

The second quarter review adjustments result in an anticipated net surplus (after capital income items) of \$796k in 2015-16 (previously a net surplus of \$868k in the 2015/2016 adjusted September revised Budget. Capital expenditure overall has reduced by \$59k following the review.

All changes are incorporated in the attached Summary of Changes, Uniform Presentation of Finances and Statement of Comprehensive Income for Council's endorsement.

Updated Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Financial Ratios reports are also attached and incorporate all budget review changes in September and December 2015 and end of financial year adjustments resulting from the finalisation of the audited 2015/2016 Financial Statements.

All changes were endorsed by Council at its meeting held on 10th February 2016.

COMMUNITY ENGAGEMENT PLAN

Level 1 - Inform

CONSULTATION PROCESS

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

- Chief Executive officer
- Director Corporate & Community Services
- Director Development Services
- Director Assets & Infrastructure Services
- Acting Manager Financial Services
- All Council Budget managers

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

- Nil

POLICY IMPLICATIONS

PO142 Budget Reporting and Amendment Policy

BUDGET AND RESOURCE IMPLICATIONS

In accordance with the adoption and enforcement of the Budget Reporting and Amendment Policy the Second Quarter Revised Budget Report presented to Council will assist in formal assessment of Council's financial position and contribute significantly to both Financial and Risk Management procedures.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Council's Strategic Plan includes clear plans to ensure better and timely reporting and improved formal control of Council's Adopted Budget and the Budget Review process.

ATTACHMENTS

Attachment 1: Summary of Changes – December 2015 Budget Review

Attachment 2: Uniform Presentation of Finances Second Quarter Revised Budget 2015/2016

Attachment 3: Statement of Comprehensive Income Second Quarter Revised Budget 2015/2016

Attachment 4: Balance Sheet Second Quarter Revised Budget 2015/2016

Attachment 5: Cash Flow Statement Second Quarter Revised Budget 2015/2016

Attachment 6: Statement of Changes in Equity Second Quarter Revised Budget 2015/2016

Attachment 7: Financial Ratios Second Quarter Revised Budget 2015/2016

Yorke Peninsula Council
 December 2015 Budget Review - Summary of Changes

		Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Executive Services					
Income					
Executive Services Reimbursements			(481)		Review of expected income
	Exec Services Net Change - Income	0	(481)	(481)	
Operating Expenses					
Regional Development Expense			(508)		Adjust to actual expenditure
	Exec Services Net Change - Operating Expenses	0	(508)	(508)	
Capital Expenditure					
Office Expansion Project			(35,000)		Furniture for office expansion costed against 02/40031/570/300
	Exec Services Net Change - Capital Expenditure	0	(35,000)	(35,000)	
Total increase/(decrease) - Executive Services				(35,989)	

Yorke Peninsula Council
December 2015 Budget Review - Summary of Changes

	<div> <div>Increase</div> <div>Deficit/</div> <div>Capital Exp</div> <div>\$</div> </div>	<div> <div>Decrease</div> <div>Deficit/</div> <div>Capital Exp</div> <div>\$</div> </div>	<div> <div>Net Change</div> <div>Increase/</div> <div>(Decrease) \$</div> </div>	<div>Reason for Change</div>
Assets and Infrastructure Services				
Operating Expense				
Foreshore Protection		(18,500)		Grant for Port Vincent groyne incorrectly allocated to Operating in 1st Quarter Review
Marion Bay Desal Plant	9,000			Re-allocate budget in response to maintenance requirements
Maitland CWMS		(15,000)		Re-allocate budget in response to maintenance requirements
Port Vincent CWMS	11,500			Re-allocate budget in response to maintenance requirements
Pt Pearce CWMS		(2,000)		Re-allocate budget in response to maintenance requirements
Port Victoria CWMS		(1,000)		Re-allocate budget in response to maintenance requirements
Foul Bay CWMS		(4,500)		Re-allocate budget in response to maintenance requirements
Maitland Stormwater Reuse	3,300			Re-allocate budget in response to maintenance requirements
Ardrossan CWMS		(5,200)		Re-allocate budget in response to maintenance requirements
Ardrossan Stormwater reuse		(796)		Re-allocate budget in response to maintenance requirements
Minalton CWMS	619			Re-allocate budget in response to maintenance requirements
Pt Julia CWMS	177			Re-allocate budget in response to maintenance requirements
Pt Turton CWMS	3,000			Re-allocate budget in response to maintenance requirements
Standpipe Materials	900			Re-allocate budget in response to maintenance requirements
Yorke town CWMS	39,140			Yorke town Pump Out, endorsed by council 11/11/15 DA/AIS/R2
Roadside Vegetation / Tree Trimming	98,240			Council motion CA/AIS/R1 9/12/2015 - tfr from Reseal Allocation
Unallocated Works	1,350			Re-allocate budgets in response to maintenance requirements
Roadside Vegetation		(1,350)		Re-allocate budgets in response to maintenance requirements
Parks and Gardens/ Weed Control	18,950			Re-allocate budgets in response to maintenance requirements
Footpaths		(5,000)		Re-allocate budgets in response to maintenance requirements
Crownlands		(5,000)		Re-allocate budgets in response to maintenance requirements
Parks and Gardens		(8,950)		Re-allocate budgets in response to maintenance requirements
Unsealed Roads Maitenance - Plant hire		(24,000)		Re-allocate budgets in response to maintenance requirements
Storm Water - Plant Hire	5,000			Re-allocate budgets in response to maintenance requirements
Footpaths Plant Hire	15,000			Re-allocate budgets in response to maintenance requirements
Cemetery's Plant Hire	3,000			Re-allocate budgets in response to maintenance requirements
War Memorials Plant Hire	1,000			Re-allocate budgets in response to maintenance requirements
Public Conveniences		(12,000)		Re-allocate budgets in response to maintenance requirements
Refuse Collection (street Bins)	6,000			Re-allocate budgets in response to maintenance requirements
Transfer Stations	6,000			Re-allocate budgets in response to maintenance requirements
Roadside Vegetaion - Wages		(10,000)		Re-allocate budgets in response to maintenance requirements
Roadside Clean ups - Wages	4,000			Re-allocate budgets in response to maintenance requirements
Cemetery's - Wages	6,000			Re-allocate budgets in response to maintenance requirements
Foreshore Protection - Contractual		(5,000)		Re-allocate budgets in response to maintenance requirements
Foreshore Protection - Materials	5,000			Re-allocate budgets in response to maintenance requirements
Boat Ramp - Maitenance : Contractual		(20,000)		Re-allocate budgets in response to maintenance requirements
Boat Ramp - Maitenance : Materials	20,000			Re-allocate budgets in response to maintenance requirements
Unsealed Roads - Patrol Grading (materials)		(10,000)		Re-allocate budgets in response to maintenance requirements
Unsealed Roads - Patrol Grading (External Rubble)	10,000			Re-allocate budgets in response to maintenance requirements
Unsealed Roads		(18,415)		Tfr from Unsealed to Sealed Roads.
Sealed Roads	18,415			Tfr from Unsealed to Sealed Roads.
Assets & Infrastructure Net Change - Operating Expenses	285,591	(166,711)	118,880	

Yorke Peninsula Council
December 2015 Budget Review - Summary of Changes

	<div> <div>Increase</div> <div>Deficit/</div> <div>Capital Exp</div> <div>\$</div> </div>	<div> <div>Decrease</div> <div>Deficit/</div> <div>Capital Exp</div> <div>\$</div> </div>	<div> <div>Net Change</div> <div>Increase/</div> <div>(Decrease) \$</div> </div>	<div>Reason for Change</div>
Assets and Infrastructure Services				
Capital Expenditure				
Recluse Road		(10,000)		Tfr to South Coast Rd
Daly Head Road		(11,500)		Tfr to South Coast Rd
Brutus Head Road		(5,808)		Tfr to South Coast Rd
Waterloo Bay Road		(4,060)		Tfr to South Coast Rd
Old Vincent Road		(8,000)		Tfr to South Coast Rd
Wattle Point Road		(4,000)		Tfr to South Coast Rd
Dump Road		(2,580)		Tfr to South Coast Rd
Nalyappa Road	8,000	(3,970)		\$8,000 to internal rubble, tfr \$3,970 Plant Hire to South Coast Rd
Old Coast Road		(4,000)		Tfr to South Coast Rd
South Coast Road	53,918			Increase budget for South Coast Rd
Marion Bay Desal Plant	596			Re-allocate budgets in response to capital spend to date
Hardwicke Bay Water		(596)		Re-allocate budgets in response to capital spend to date
Maitland CWMS		(29,140)		Move to Yorketown Pump Out, endorsed by council 11/11/15 DA/AIS/R2
Yorke town CWMS		(10,000)		Move to Yorketown Pump Out, endorsed by council 11/11/15 DA/AIS/R2
Reseal Allocation (Incl. Acceleration)		(106,240)		98,240 move to vegetation from acceleration, CA/AIS/R1 9/12/2015 , and 8k adjustment for Nalyappa Road
Daly head road		(1,600)		Re-allocate budgets in response to maintenance requirements
Nalyappa Road	1,600			Re-allocate budgets in response to maintenance requirements
Port Vincent Groyne	18,500			Grant for Port Vincent groyne incorrectly allocated to Operating in 1st Quarter Review
Blue Bay Stairs - Wages	9,000			Successful grant application
Blue Bay Stairs - Plant Hire	3,000			Successful grant application
Blue Bay Stairs - Materials	13,000			Successful grant application
Assets & Infrastructure Net Change - Capital Expenditure	107,614	(201,494)	(93,880)	
Total increase/(decrease) - Assets & Infrastructure			25,000	

Yorke Peninsula Council
December 2015 Budget Review - Summary of Changes

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change</div> <div>Increase/ (Decrease) \$</div> </div>	Reason for Change
Development Services			
Income			
Building and Development - Public Consultation	2,000		Review of expected Development Income
Advertising Fees	2,000		Review of expected Development Income
Non-complying Fees	1,000		Review of expected Development Income
Consulation Fees		(2,000)	Review of expected Development Income
Building Assesment		(4,000)	Review of expected Development Income
Extend Consent		(900)	Review of expected Development Income
Stage Consent		(3,000)	Review of expected Development Income
Legal Costs		(3,000)	Review of expected Development Income
Land Divison Fees		(995)	Review of expected Development Income
Statement of Required Fees		(1,000)	Review of expected Development Income
Minlaton Hall Hire income		(500)	Review of expected Development Income
General Inspectors - Parking Expiations		(1,000)	Review of expected Development Income
Development Services Net Change - Income	5,000	(16,395)	(11,395)
Operating Expenses			
Environmental Health	1,200		Budget shortfall
Development Services - Millage Allowance	3,600		Reallocation
Planning Consultants		(3,600)	Reallocation
Ardrossan Hall	2,000		Reallocation
Edithburgh Hall		(2,000)	Reallocation
Stansbury Hall	2,000		Budget shortfall
Contract Ranger	54,905		Consolidation of budget to 1 account for Contract ranger
Fire Prevention - Contractual		(11,390)	Consolidation of budget to 1 account for Contract ranger
Dog Control Exp - Contractual		(43,000)	Consolidation of budget to 1 account for Contract ranger
Impounding Exp - Contractual		(515)	Consolidation of budget to 1 account for Contract ranger
Development Services Net Change - Operating Expenses	63,705	(60,505)	3,200
Capital Expenditure			
Development Services Net Change - Capital Expenditure	0	0	0
Total increase/(decrease) - Development Services		(8,195)	

Yorke Peninsula Council
December 2015 Budget Review - Summary of Changes

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change</div> <div>Increase/ (Decrease) \$</div> </div>	Reason for Change
Corporate and Community Services			
Income			
NRM - Capital Grant Blue Bay Stairs		(25,000)	Successful grant application
HR Reimbursements income		(1,105)	Increase in Income
Uniform Reimbursements		(3,739)	Reimbursement of uniform purchases
Interest income - LGFA	30,000		Lower than expected interest rates
Sporting Club/ Community Group Excess Water Reimbursment		(15,000)	Water reimbursments from sporting clubs has increased
Sporting Club Reimbursements - Debenture Loan interest		(645)	New Community loans - Arthurton Bowling Club and Port Vincent Bowling Club
Legal and Bank Fee Charges	10,000		Expectation of Less Legal fees to be recouped this financial year due to internal debt collection
Rates Remitted - Rebates Granted (NRM)	4,276		NRM remmitted rates not allowed for in initial budget
Rates Remitted - Other Reductions	45,713		Unpaid rates written off on sold properties : Council motion CCS/R3 196/2015 12/8/2015
Admin Reimbursments		(40,112)	Insurance Scheme - Bonus payment
Risk Admin - Reimbursements		(10,000)	Whale Retrieval Award
Leisure Options - Grants		(11,083)	Additional Grant Income
Leisure Options - other Revenue		(26,363)	Additional brokerage for LO client (Living Skills Program)
Leisure options - donations	700		Review of Leisure Options income
Leisure Options - tree prop reimbursements		(3,701)	Reallocation of budget from reimbursements to user charges
Leisure options tree prog - user charges	3,701		Reallocation of budget from reimbursements to user charges
Leisure options - tree Prop other revenue		(950)	Reallocation of budget from reimbursements to user charges
Leisure Options - Living Skills user charges		(1,800)	Reallocation of budget from reimbursements to user charges
Leisure options - Living Skills reimbursements	2,750		Reallocation of budget from reimbursements to user charges
Leisure Options: Other Revenue		(1,100)	Review of Leisure Options income
Corp & Comm Services Net Change - Income	97,140	(140,598)	(43,458)
Operating Expenses			
HR Employee : Reclassification Provision		(11,279)	Reallocation of salaries and wages due to reclass
HR employee expenses (Salaries)	2,612		Reallocation of salaries and wages due to reclass
Corporate and Community Services	6,459		Reallocation of salaries and wages due to reclass
Information Technology Salaries	544		Reallocation of salaries and wages due to reclass
HR Allowances	3,000		Reallocation of salaries and wages due to reclass
HR Staff Reimbursments		(3,000)	Reallocation of salaries and wages due to reclass
Outside staff training	1,105		Expense increase to match income increase
HR Casual Pool		(31,747)	Risk Management transition (maternity leave) - tfr to Risk
Risk Salaries	56,220		WHS officer originally entered as Wages, and provision for Risk Management Transition period (maternity leave)
Risk Wages		(30,234)	WHS officer originally entered as Wages, and provision for Risk Management Transition period (maternity leave)
Risk Superannuation	5,761		WHS officer originally entered as Wages, and provision for Risk Management Transition period (maternity leave)
Risk Gernal Admin - Food		(800)	Expense budget adjustment
Risk General Admin - Materials	800		Expense budget adjustment
HR Uniform	3,739		Employee Uniform Purchases - Reimbursements
Erichsen Heritage Trust Exp	905		Erichsen Trust award
YPCTS Vehicle Replacement		(40,000)	Re-allocation of Community Transport Contribution to correct budget line
YPCTS - Council Contribution	50,000		Re-allocation of Community Transport Contribution to correct budget line
YPCTS - Plant Registration		(5,000)	Re-allocation of Community Transport Contribution to correct budget line
YPCTS - Plant Service and Repairs		(5,000)	Re-allocation of Community Transport Contribution to correct budget line
Interest payments on Sport/ recreational Loans	645		New Community loans - Arthurton Bowling Club and Port Vincent Bowling Club
Communtiy Grants - Donations	2,000		13/14 Maitland Progress Community Grant as per council decision on the 20/1/2016
Rates : Debt Collection Services		(35,000)	Savings in Debt collection due to now being processed in house
Rates Bank Charges	20,000		Increased use of Bpay and AusPost payment methods have resulted in higher commisions being paid

Yorke Peninsula Council
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	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change</div> <div>Increase/ (Decrease) \$</div> </div>	Reason for Change
Corporate and Community Services			
Operating Expenses (cont)			
Council office Exp - Postage		(6,000)	RE-allocation to correct expenditure accounts
Rates : postage	4,000		RE-allocation to correct expenditure accounts
Rates : Materials		(7,000)	RE-allocation to correct expenditure accounts
Council office Exp - building Maitenance		(3,500)	RE-allocation to correct expenditure accounts
Council Exp - Printing		(35,000)	RE-allocation to correct expenditure accounts
Council Exp - Courier '		(8,000)	re-allocation to freight as have not ne utilising Courier services this year
Council Exp - Freight	8,000		re-allocation to freight as have not ne utilising Courier services this year
Council Exp Food and Misc costs		(4,000)	Re-allocation in response to current expenditure
Council Office - Materials	4,000		Re-allocation in response to current expenditure
OHS & W contractual	10,000		Risk award : Whale Retrieval project
Leisure Options - Living Skills Food & Misc	500		Leisure Options budget adjustments
Leisure Options - MAG Materials	500		Leisure Options budget adjustments
Leisure options - Tree Prop - materials	5,500		Leisure Options budget adjustments
Leisure options - Fun and Game Materials	1,000		Leisure Options budget adjustments
Leisure options - Art and Craft Materials	500		Leisure Options budget adjustments
Leisure options - Plant Hire		(2,000)	Leisure Options budget adjustments
Leisure options - unleaded Fuel		(523)	Leisure Options budget adjustments
Leisure options - computer leasing		(800)	Leisure Options budget adjustments
Leisure options - stationary	800		Leisure Options budget adjustments
Leisure options - Salaries (Living Skills Program)	12,413		Expenditure in response to additional brokerage (Living Skills Program)
Leisure options - Superannuation	1,179		Expenditure in response to additional brokerage (Living Skills Program)
Leisure options - Workers Compensation	611		Expenditure in response to additional brokerage (Living Skills Program)
Leisure Options - Tree Propogation - material	300		Leisure Options budget adjustments
Leisure Options - Tree Propogation - Food		(200)	Leisure Options budget adjustments
PVCP - Interest on loan for Capital Works	7,740		Interest on loans approved by Council for capital works - CP to meet expense
MBCP - Interest on loan for Capital Works	7,525		Interest on loans approved by Council for capital works - CP to meet expense
PTCP - Interest on loan for Capital Works	8,600		Interest on loans approved by Council for capital works - CP to meet expense
Workers Comp Premiums	8,303		Increase in WC charges -14/15 wages and salaries underestimated
Corp & Comm Services Net Change - Operating Expenses	235,261	(229,183)	6,078
Capital Expenditure			
Black Point Camping Ground	21,910		As per council motion 9/12/2015 DA/ CCS/ R4 301/2015
Equipment Office	35,000		Tfd from office expansion project
Parsons Beach Land Acquisition	13,240		Parsons Beach beach access road - land acquisition
MBCP - Cabin Rejuvenation		(10,000)	Reallocation of Capital Budget - Marion Bay CP
MBCP - Playgroud upgrade (new and Upgraded)	8,604		Reallocation of Capital Budget - Marion Bay CP
MBCP - Playgroud upgrade (Renewal)	1,396		Reallocation of Capital Budget - Marion Bay CP
PVFCP - capital renewal		(7,160)	Reallocation of Capital Budget - Port Vincent CP
PVFCP - Capital new and upgraded		(4,189)	Reallocation of Capital Budget - Port Vincent CP
PVFCP -playground rejuvenation	11,349		Reallocation of Capital Budget - Port Vincent CP
Corp & Comm Services Net Change - Capital Expenditure	91,499	(21,349)	70,150
Total increase/(decrease) - Corporate & Community Services		32,770	

Yorke Peninsula Council
 December 2015 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Overall increase/(decrease) for December Budget Review			13,586	
Summary				
Decrease /(Increase) in Operating Income		(30,334)		
Increase/(Decrease) in Operating Expenses		127,650		
Net Increase/(Decrease) in Operating Deficit			97,316	
Net Decrease/(Increase) in Capital Amounts Received		(25,000)		
Net Increase/(Decrease) in Deficit after Capital Receipts			72,316	
Increase/(Decrease) in Spending - New Capital Items		59,864		
Increase/(Decrease) in Spending - Renewal of Capital Items		(118,594)		
Net Increase/(Decrease) in Capital Expenditure			(58,730)	
Net Increase/(Decrease) in Borrowings			\$13,586	

Yorke Peninsula Council

Budgeted Uniform Presentation of Finances 2015/2016 Revised Budget - December 2015

Income	-\$26,699
Less Expenses	\$29,450
Operating Deficit before Capital Amounts	\$2,751
Less Net Outlays on Existing Assets	
Capital Expenditure on renewal and replacement of Existing Assets	\$7,707
Less Depreciation, Amortisation and Impairment	-\$8,700
Less Proceeds on Sale of Assets	-\$377
	-\$1,370
Less Net Outlays on New and Upgraded Assets	
Capital Expenditure on New and Upgraded Assets	\$3,479
Less Amounts received specifically for New and Upgraded Assets	-\$2,310
Less Proceeds for Sale of Surplus Assets	\$0
	\$1,169
NET(LENDING) / BORROWING FOR FINANCIAL YEAR	\$2,550

2015/2016 Adopted Budget	September 2015 Review	December 2015 Review	2015/2016 Revised Budget
Income	-\$135	-\$30	-\$26,864
Less Expenses	\$130	\$128	\$29,708
Operating Deficit before Capital Amounts	-\$5	\$98	\$2,844
Less Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	\$623	-\$119	\$8,211
Less Depreciation, Amortisation and Impairment	\$0	\$0	-\$8,700
Less Proceeds on Sale of Assets	\$0	\$0	-\$377
	\$623	-\$119	-\$866
Less Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	\$2,067	\$60	\$5,606
Less Amounts received specifically for New and Upgraded Assets	-\$1,280	-\$25	-\$3,615
Less Proceeds for Sale of Surplus Assets	\$0	\$0	
	\$787	\$35	\$1,991
NET(LENDING) / BORROWING FOR FINANCIAL YEAR	\$1,405	\$14	\$3,969

Yorke Peninsula Council

Budgeted Statement of Comprehensive Income 2015/2016 Revised Budget - December 2015

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

TOTAL REVENUES

Employee Costs
Materials Contracts & Other Expenses
Depreciation
Finance Costs

TOTAL EXPENSES

OPERATING DEFICIT BEFORE CAPITAL AMOUNTS

(Gain)/Loss on Asset Disposals
Amounts Specifically for New Assets

NET DEFICIT

2015/2016 Adopted Budget	September 2015 Review	December 2015 Review	2015/2016 Revised Budget
-\$20,084	-\$15	\$60	-\$20,039
-\$387	\$0	-\$11	-\$398
-\$2,969	\$0	\$2	-\$2,967
-\$2,635	-\$74	-\$11	-\$2,720
-\$205	\$0	\$30	-\$175
-\$353	-\$46	-\$73	-\$472
-\$66	\$0	-\$27	-\$93
-\$26,699	-\$135	-\$30	-\$26,864
\$7,915	\$61	\$28	\$8,004
\$12,399	\$69	\$55	\$12,523
\$8,700	\$0	\$0	\$8,700
\$427	\$0	\$44	\$471
\$29,441	\$130	\$127	\$29,698
\$2,742	-\$5	\$97	\$2,834
-\$15	\$0	\$0	-\$15
-\$2,310	-\$1,280	-\$25	-\$3,615
\$417	-\$1,285	\$72	-\$796

Yorke Peninsula Council



Budgeted Balance Sheet

2015/2016 Revised Budget - December 2015

Current Assets

Cash and Cash Equivalents
Trade and Other Receivables
Inventories

TOTAL CURRENT ASSETS

Non-Current Assets

Financial Assets
Infrastructure, Property, Plant and Equipment

TOTAL NON-CURRENT ASSETS**TOTAL ASSETS**

Current Liabilities

Trade and Other Payables
Borrowings
Provisions

TOTAL CURRENT LIABILITIES

Non-Current Liabilities

Borrowings
Provisions

TOTAL NON-CURRENT LIABILITIES**TOTAL LIABILITIES**

NET ASSETS

Equity

Accumulated Surplus
Asset Revaluation Reserve
Other Reserves

TOTAL EQUITY

2015/2016 Adopted Budget	Full Year To Date Adjustments *	2015/2016 Revised Budget
\$'000	\$'000	\$'000
\$1,827	\$1,963	\$3,790
\$1,280	\$60	\$1,340
\$923	-\$146	\$777
\$4,030	\$1,877	\$5,907
\$866	-\$363	\$503
\$327,698	\$10,944	\$338,642
\$328,564	\$10,581	\$339,145
\$332,594	\$12,458	\$345,052
\$2,094	\$180	\$2,274
\$533	\$92	\$625
\$1,392	\$194	\$1,586
\$4,019	\$466	\$4,485
\$6,583	\$873	\$7,456
\$646	-\$38	\$608
\$7,229	\$835	\$8,064
\$11,248	\$1,301	\$12,549
\$321,346	\$11,157	\$332,503
-\$5,171	\$1,462	-\$3,709
\$325,196	\$10,259	\$335,455
\$1,321	-\$564	\$757
\$321,346	\$11,157	\$332,503

* Includes 14/15
year-end
adjustments



Yorke Peninsula Council

Budgeted Cash Flow Statement

2015/2016 Revised Budget - December 2015

Budgeted Cash Flow Statement 2015/2016 Revised Budget - December 2015	2015/2016 Adopted Budget	Full Year To Date Adjustments *	2015/2016 Revised Budget
	\$'000	\$'000	\$'000
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	\$26,485	\$205	\$26,690
Investment Receipts	\$180	-\$30	\$150
Payments			
Operating Payments to Suppliers and Employees	-\$20,134	-\$548	-\$20,682
Finance Payments	-\$427	-\$45	-\$472
NET CASH USED PROVIDED BY OPERATING ACTIVITIES	\$6,104	-\$418	\$5,686
Cash Flows from Investing Activities			
Receipts			
Amounts Specifically for New or Upgraded Assets	\$2,319	\$1,296	\$3,615
Sale of Replaced Assets	\$377	\$0	\$377
Repayments of Loans by Community Groups	\$54	-\$54	\$0
Payments			
Expenditure on Renewal/Replacement of Assets	-\$7,707	-\$503	-\$8,210
Expenditure on New/Upgraded Assets	-\$3,279	-\$2,326	-\$5,605
Loans to Community Groups	\$0	\$0	\$0
NET CASH USED IN INVESTING ACTIVITIES	-\$8,236	-\$1,587	-\$9,823
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings	\$0	\$1,110	\$1,110
Payments			
Repayment of Borrowings	-\$575	-\$45	-\$620
NET CASH USED IN FINANCING ACTIVITIES	-\$575	\$1,065	\$490
NET INCREASE/(DECREASE) IN CASH HELD	-\$2,707	-\$940	-\$3,647
CASH AT BEGINNING OF REPORTING PERIOD	\$4,534	\$2,903	\$7,437
CASH AT END OF REPORTING PERIOD	\$1,827	\$1,963	\$3,790

* Includes 14/15
year-end
adjustments

Yorke Peninsula Council

Budgeted Statement of Changes in Equity

2015/2016 Revised Budget - December 2015

Accumulated Surplus brought forward

Net Surplus/(Deficit) for Year

Gain on Revaluation of Infrastructure, Property, Plant and Equipment

Transfers between Reserves

Total Equity at end of 2015/2016 Budget Year

Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
(\$4,507)	\$335,455	\$757	\$331,705
\$798			\$798
	\$0		\$0
\$0	\$0	\$0	\$0
(\$3,709)	\$335,455	\$757	\$332,503



Yorke Peninsula Council

Budgeted Financial Indicators 2015/2016 Revised Budget - December 2015

Operating Surplus/(Deficit) \$'000

Operating Surplus Ratio

Net Financial Liabilities \$'000

Net Financial Liabilities Ratio

Interest Cover Ratio

Asset Sustainability Ratio

Asset Consumption Ratio

2015/2016 Adopted Budget	2015/2016 Revised Budget
-\$2,760	-\$2,832
-13.7%	-14.1%
\$7,637	\$7,433
28.6%	27.7%
0.8%	1.1%
84.3%	90.0%
61.9%	62.9%

ASSET MANAGER

10. ASSET MANAGEMENT REPORT

(File Ref: 9.24.1.1)

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 the works/activities undertaken within Asset Management.

DISCUSSION

Implementation of Conquest

Council staff have now completed a review of Water Infrastructure data for Council's four water schemes located at Balgowan, Black Point, Hardwicke Bay and Marion Bay. A spreadsheet register has been compiled so that the data can be populated into Conquest. The schemes have been broken down into various groups and types which include information such as pipe type, diameter, length, construction date, etc.

The water schemes have now all been digitally mapped and this information will be added to Council's GIS mapping system.

Transport Infrastructure

Council staff have commenced the process of formalising the Condition Data Collection procedure for unsealed roads as per the Improvement Program in the Transport Asset Management Plan.

COMMUNITY ENGAGEMENT PLAN

Not Applicable

CONSULTATION PROCESS

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

- Director Assets & Infrastructure

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

Not Applicable

DIRECTOR CORPORATE AND COMMUNITY SERVICES

11. ELECTRONIC DOCUMENT AND RECORDS MANAGEMENT SYSTEM

(File Ref: 7.1.4.5)

PURPOSE

To provide the Audit Committee with an update regarding Council's implementation of an Electronic Document and Records Management System (EDRMS).

RECOMMENDATION

That the report be received and noted.

LINK TO STRATEGIC PLAN

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

BACKGROUND

Previously an Accountability and Disclosure Audit identified that Council should give consideration to a central records management system that will also be used for capturing emails to and from Elected Members.

Expenditure for the project was requested in the FY15 budget, however due to competing priorities the project did not gain approval at that time. Funding of \$175,000 for this project has now been included in the FY16 Adopted Budget endorsed by Council at its July 2015 meeting.

DISCUSSION

Council developed a detail list of specifications for the implementation of an Electronic Document Records Management System (EDRMS), including compliance with State legislation.

Council went out to open tender on 15 October with the tender documentation being available from both the Tenders SA website and Council's website during this period. The tender period closed on 6 November 2015 with five companies responding.

Due to the complex nature of selecting a new Electronic Document Records Management System (EDRMS) including, Council engaged the services of an independent qualified South Australian State Records Management expert (Info-Osmosis) to evaluate all tender submissions for compliance against the tender specifications.

On this basis, it was agreed by the tender evaluation panel that two tender submissions would be shortlisted – Civica and Magiq.

Council staff completed reference checks with a number of Councils for the two shortlisted tenderers and received good reports on both systems.

On Friday 18th December, onsite demonstrations were presented to the tender evaluation panel and other interested parties by Civica, and Magiq. Each company was provided with the same demonstration script designed to highlight compliance, basic functionality and to clarify technical

detail. Civica demonstrated their integrated solution, HP's Records Manager system, while Magiq demonstrated their offering based on InfoExpert and renamed as Magiq Documents.

Based on the demonstrations and the opinion of the independent expert the panel unanimously agreed that they would recommend Civica as the preferred supplier, for reasons including:

- Civica's offering was the only system that was considered by the panel as compliant with the State Records Act in all areas.
- Civica is the sole provider for integration to Council's enterprise resource planning (ERP) system, Authority - a significant advantage in any implementation of HP's Records Manager.
- Multiple vendors are able to support HP Records Manager thereby reducing risk in regard to the life span of the system.
- Civica's implementation of HP Records Manager would present the least risk and greatest ability to comply with the State Records Act for the lowest cost over time.

Council endorsed this recommendation at their meeting held on 20 January 2016.

Staff are now in the process of finalising the detailed project plan with Civica and the project implementation will soon commence.

COMMUNITY ENGAGEMENT PLAN

Not Applicable

CONSULTATION PROCESS

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

- Director Corporate and Community Services
- Leader Systems & Technology
- Senior Records Officer

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

- Nil

POLICY IMPLICATIONS

Records Management Policy PO63

BUDGET AND RESOURCE IMPLICATIONS

Funding for this project has been included in the adopted 2015/16 Annual Budget.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Local Government Act 1999 – Sections 132 and 132A

Freedom of Information Act 1991

State Records Act 1997

ATTACHMENTS

Not Applicable