



City of
Mount Gambier

Civic Centre, 10 Watson Terrace
Mount Gambier SA 5290

PO Box 56
Mount Gambier SA 5290

Telephone 08 87212555
Facsimile 08 87249791
city@mountgambier.sa.gov.au

mountgambier.sa.gov.au

I hereby give notice that an Audit Committee Meeting will be held on:

Date: Monday, 25 May 2020
Time: 5.00 p.m.
Location: Civic Centre – Virtual Meeting
10 Watson Terrace
Mount Gambier
[link for public to view](#)

<https://www.youtube.com/user/CityOfMountGambier/live>

AGENDA

Audit Committee Meeting **25 May 2020**

Andrew Meddle
Chief Executive Officer

21/05/2020

Order Of Business

1	Acknowledgement of Country	3
2	Apology(ies).....	3
3	Confirmation of Minutes.....	3
4	Questions without Notice.....	3
5	Reports.....	4
5.1	Audit Committee works program annual review – Report No. AR20/28019	4
5.2	COVID-19 and Council's response to date – Report No. AR20/28045.....	18
5.3	Long Term Financial Plan and Asset Management Plan - considerations for 2020-21 Annual Business Plan & Budget – Report No. AR20/28047	23
5.4	Cumulative Spend 2019-20 – Report No. AR20/28907	29
5.5	Financial Internal Control Procedure document – Report No. AR20/30212	32
5.6	Annual Business Plan & Budget FY2020 – Report No. AR20/30226	76
5.7	2020/21 Interim audit update – Report No. AR20/30280	105
6	Urgent Motions without Notice	107
7	Meeting Close	107
	Attachments Item 3 Audit Committee Meeting - 25 March 2020	108



1 ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Boandik peoples as the traditional custodians of the land where we meet today. We respect their spiritual relationship with the land and recognise the deep feelings of attachment our indigenous peoples have with this land.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

[Audit Committee Meeting - 25 March 2020](#)

RECOMMENDATION

That the minutes of the Audit Committee meeting held on 25 March 2020 be confirmed as an accurate record of the proceedings of the meeting.

4 QUESTIONS WITHOUT NOTICE



5 REPORTS

5.1 AUDIT COMMITTEE WORKS PROGRAM ANNUAL REVIEW – REPORT NO. AR20/28019

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/28019
CM9 Reference:	AF11/863
Author:	Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	The Annual Work Program for 2019-20 as well as for 2020-21 is included in the agenda of the Audit Committee for noting, respectively endorsement.
Community Plan Reference:	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

1. That Audit Committee Report No. AR20/28019 titled 'Audit Committee works program annual review' as presented on 25 May 2020 be noted.
2. That the Audit Committee endorses the Audit Committee 'Annual works program – FY2021'.



BACKGROUND

At the Audit Committee of 20 January 2020 the Audit Committee recommended to have as a standard report item for each meeting the Audit Committee works program and an overview of the progress of work performed year to date (Item 5.5 Recommendation 4).

This information will subsequently become part of the 'Annual report to Council by the presiding member of the Audit Committee'.

It will also provide the Audit Committee the option to review its performance year to date and assist in the annual review of the works program.

At the last Audit Committee for the financial year the Audit Committee determines the works program for the upcoming year, which is applicable for the current meeting.

DISCUSSION

The attached table provides the Audit Committee works program for the 2020 financial year as well as the proposed works program for the 2021 financial year and an overview of the work performed year to date, with the inclusion of the current meeting's agenda items. The colouring of the cells indicates the anticipated Audit Committee meeting where it is normally anticipated the relevant topic will be addressed.

At the 25 March 2020 meeting the Audit Committee considered the replication of the FY2020 Annual Work program for FY2021. The provisional dates for the Audit Committee for FY2021 are reflected in the annual works program.

CONCLUSION

The standard report on the Audit Committee's status and plan for the Annual Work Program is included in the agenda of the Audit Committee for noting.

The annual work program - FY2021 is presented for the Audit Committee's endorsement.

Attachment: Pdf version of AR20/28033: Audit Committee Annual Work Program Tables - Meeting 25 05 2020

ATTACHMENTS

1. Audit Committee Annual Work Program Tables - Meeting 25 05 2020 [↓](#)





Audit Committee

**Annual Work Program
Reviewed March 2020**

AUDIT COMMITTEE – ANNUAL WORK PROGRAM – FY2021 – version MAY 2020

Report	Frequency	Timing				Requirement	Reference
		Quarter 1 (14 Sept '20 5 pm)	Quarter 2 (14 Dec '20 5 pm)	Quarter 3 (15 March '21 5 pm)	Quarter 4 (7 June '21 5 pm)		
Review Annual work program	Annually					TOR	7.5.5 and 9.5
Annual work program update							
Review Terms of reference	Annually					TOR	9.5
Internal Controls, Risks and Improvement plans (including cumulative spend and procedure)	Quarterly					Regulations TOR	S 41(b) 7.2.1
Infrastructure and Asset Management Plans and Asset Management Strategy	Annually					TOR	7.1.4
Long Term Financial Plan	Annually					Regulations	S 126(4)(ab)
Annual Business Plan and Budget (including assumptions)	Annually					LG Act	S 126(4)(ab)
External Audit - Interim Review and Management Letter	Annually					TOR	7.5
Confidential meeting with External Auditors	Annually					LG Act TOR	S 126(4)(b) 7.5
External Auditor – Statutory External Audit and Report on Financial Results	Annually					Regulations TOR	Reg. 10 7.5
Annual Financial Results / Statements including authorisation by Presiding Member	Annually					LG Act TOR	S 126(4)(a) 7.1
Quarterly Budget Review	3 times pa					LG Act and TOR	S126 7.1.3
Crisis Management Arrangements including: Emergency Management	Biennially					TOR	7.2.1
Annual Report	Annually					TOR	7.1.1 and 7.2.2
Policy Reviews • Budget Framework Policy B300 • Fraud and Corruption Prevention Policy • Treasury Management Policy T150 • Whistleblowing Protection Policy W150	Refer Policies					TOR TOR TOR TOR	7.1.2.1 7.2 and 7.3 7.1.2.1 7.3
Audit Committee Self-Assessment	Annually					TOR	9.5

Reference: AR20/4352
Last update: 2/3/2020

Page 1 of 12





Audit Committee

**Annual Work Program
Reviewed March 2020**

Review of External Auditors' performance and overall effectiveness	Annually					TOR	7.5.3 and 7.5.6
Review of Audit Committee member appointments	Annually if required					TOR	1.5
Annual Report to Council by the Presiding Member of the Audit Committee	Annually					TOR	8
Presentations will be scheduled at the request of the Audit Committee and/or to accompany reports / agenda items where relevant							





Audit Committee

**Annual Work Program
Reviewed March 2020**

AUDIT COMMITTEE – ANNUAL WORK PROGRAM – FY2020 – version MAY 2020

Report	Frequency	Timing				Requirement LG Act 1999, LG (Fin Mngt) Regulations 2011 / Audit Committee TOR	Reference
		September	November	February	April/May		
Review Annual work program	Annually					TOR	7.5.5 and 9.5
Review Terms of reference	Annually					TOR	9.5
Internal controls, risks and improvement plans (including cumulative spend and procedure)	Quarterly					Regulations TOR	S 41(b) 7.2.1
Infrastructure and Asset Management Plans and Asset Management Strategy	Annually					TOR	7.1.4
Long Term Financial Plan	Annually					Regulations	S 126(4)(ab)
Annual Business Plan and Budget (including assumptions)	Annually					LG Act	S 126(4)(ab)
External audit - Interim review and management Letter	Annually					TOR	7.5
Confidential meeting with External Auditors	Annually					LG Act TOR	S 126(4)(b) 7.5
External auditor – statutory external audit and report on financial results	Annually					Regulations TOR	Reg. 10 7.5
Annual financial results / statements including authorisation by presiding member	Annually					LG Act TOR	S 126(4)(a) 7.1
Quarterly Budget Review	3 times pa					LG Act and TOR	S126 7.1.3
Crisis management arrangements including: emergency management	Biennially					TOR	7.2.1
Annual report	Annually					TOR	7.1.1 and 7.2.2
Policy reviews • Budget Framework Policy B300 • Fraud and Corruption Prevention Policy • Treasury Management Policy T150 • Whistleblowing Protection Policy W150	Refer Policies					TOR TOR TOR TOR	7.1.2.1 7.2 and 7.3 7.1.2.1 7.3
Audit Committee self-assessment	Annually					TOR	9.5
Review of External Auditors' performance and overall effectiveness	Annually					TOR	7.5.3 and 7.5.6

Reference: AR20/4352
Last update: 2/3/2020

Page 3 of 12





Audit Committee

**Annual Work Program
Reviewed March 2020**

Review of Audit Committee member appointments	Annually if required					TOR	1.5
Annual report to Council by the presiding member of the Audit Committee	Annually					TOR	8
Presentations will be scheduled at the request of the Audit Committee and/or to accompany reports / agenda items where relevant							





Audit Committee

Annual Work Program
Reviewed March 2020

ANNUAL REPORT BY THE PRESIDING MEMBER OF THE AUDIT COMMITTEE – FY2020 – YTD May 2020 - for information

	Topics (per 15 May 2020 established Work program)	Frequency	Dates				Requirement LG Act 1999, / LG (Fin Mngt) Regulations 2011 / Audit Committee TOR	Reference
			2 September 2019	20 January 2020	23 March 2020	25 May 2020		
1	Review Annual Work Program	Annually			(5.1)	Work program annual review ()	TOR	7.5.5 and 9.5
2	Review Terms of Reference	Annually			Terms of Reference (5.4)		TOR	9.5
3	Internal Controls, Risks and Improvement plans (including cumulative spend and procedure (May/June))	Quarterly	Non-quarantining of cemetery funds (5.2)	Internal Financial Controls – Improvement Task Update (5.1)	FY2021 Budget process and parameters (5.3)	IFCPD ()	Regulations TOR;	S 41(b) 7.2.1
4	Infrastructure and Asset Management Plans and Asset Management Strategy	Annually				AMP ()	TOR	7.1.4
5	Long Term Financial Plan	Annually				LTFP ()	Regulations	S 126(4)(ab)
6	Annual Business Plan and Budget (including assumptions)	Annually				ABP&B ()	LG Act	S 126(4)(ab)
7	External Audit - Interim Review and Management Letter	Annually				Interim Audit update ()	TOR	7.5
8	Confidential meeting with External Auditors (when considered necessary)	Annually	FY2019 Annual Financial Statements (5.1)				LG Act TOR	S 126(4)(b) 7.5
9	External Auditor – Statutory External Audit and Report on Financial Results	Annually	FY2019 Annual Financial Statements (5.1)				Regulations TOR	Reg. 10 7.5
10	Annual Financial Results / Statements including authorisation by Presiding Member	Annually	FY2019 Annual Financial				LG Act TOR	S 126(4)(a) 7.1

Reference: AR20/4352
Last update: 2/3/2020

Page 5 of 12





Audit Committee

**Annual Work Program
Reviewed March 2020**

			Statements (5.1)					
11	Quarterly Budget Review	3 times pa		BR1 / BR2 Update (5.2)	BR2 Update (5.2)	COVID-19 ()	LG Act and TOR	S126 7.1.3
12	Crisis Management Arrangements including: Emergency Management	Biennially		Crisis management arrangements update (5.3)			TOR	7.2.1
13	Annual Report	Annually		Annual Report (5.4)			TOR	7.1.1 and 7.2.2
14	Policy Reviews • Budget Framework Policy B300 • Fraud and Corruption Prevention Policy • Treasury Management Policy T150 • Whistleblowing Protection Policy W150	Refer Policies		Audit related policy review (5.7)			TOR TOR TOR TOR	7.1.2.1 7.2 and 7.3 7.1.2.1 7.3
15	Audit Committee Self-Assessment	Annually		Self-assessment (5.5)			TOR	9.5
16	Review of External Auditors' performance and overall effectiveness	Annually		(5.6)			TOR	7.5.3 and 7.5.6
17	Review of Audit Committee member appointments	Annually if required		Not required			TOR	1.5
18	Annual Report to Council by the Presiding Member of the Audit Committee	Annually	Initiated in Jan 2020				TOR	8
19	Presentations will be scheduled at the request of the Audit Committee and/or to accompany reports / agenda items where relevant				COVID-19 and Council's response to date (5.5)	COVID-19 and Council's response to date (5.5)		
	Other topical items			Reforming Local Government in SA (5.8)				

Reference: AR20/4352
Last update: 2/3/2020

Page 6 of 12





Audit Committee

**Annual Work Program
Reviewed March 2020**

Audit Committee members' and external auditor presence at meetings:

2019/20 Financial Year		2 September 2019	20 January 2020	23 March 2020	25 May 2020	Total
Audit Committee Members	Cr Mrs. Sonya Mezinec	Yes – Presiding member	Yes – Presiding member	Yes – Presiding member		
	Ms. Angela Kain – appointed	-	Yes	-		
	Mr. Paul Duka – appointed May 2019	Yes	Yes	Yes		
	Mayor – Mrs. Lynette Martin	Yes	Yes	-		
TOTAL attendance		3				
External Auditor	Mr. Tim Muhlhausler	-	-	-		
	Mr. Kristofer Bergamaschi		-	-		
Council Staff	Mr. Colin McGregor	-	-	Yes		
	Mr. Jeroen Zwijnenburg	Yes	Yes	Yes		
	Dr. Judy Nagy	Yes	Yes	Yes		
	Ms. Kahli Rolton	Yes	-	-		





Audit Committee

Annual Work Program
Reviewed March 2020

ANNUAL REPORT BY THE PRESIDING MEMBER OF THE AUDIT COMMITTEE – FY2019 – for information

	Topics	Frequency	Dates				Requirement LG Act 1999, / LG (Fin Mngt) Regulations 2011 / Audit Committee TOR	Reference
			26 September 2018	17 December 2018	15 May 2019	4 June 2019		
1	Review Annual Work Program	Annually			V		TOR	7.5.5 and 9.5
2	Review Terms of Reference	Annually		V			TOR	9.5
3	Internal Controls, Risks and Improvement plans (including cumulative spend and procedure)	Quarterly	ControlTrack continuous improvements	ControlTrack residual risk ratings; Property searches process improvement; Procurement Framework and Admin Procedure; Internal Financial Controls Procedure Manual	Internal Financial Controls – Cumulative spend review (1/7/18-14/3/19); AusCERT Cyber Security Survey; Customer Experience Team improvement	CQR Cyber Security assessment – update; Registers of Process Improvement, Service reviews and projects	Regulations TOR;	S 41(b) 7.2.1
4	Infrastructure and Asset Management Plans and Asset Management Strategy	Annually					TOR	7.1.4
5	Long Term Financial Plan	Annually					Regulations	S 126(4)(ab)
6	Annual Business Plan and Budget (including assumptions)	Annually	Capital Work in Progress Budget Carry Overs	Integrated Planning and Budget Framework (IP&BF)		Draft FY2020 Annual Business Plan and Budget	LG Act	S 126(4)(ab)
7	External Audit - Interim Review and Management Letter	Annually			Interim Management letter	Final Interim Audit Management letter	TOR	7.5
8	Confidential meeting with External Auditors (when considered necessary)	Annually					LG Act TOR	S 126(4)(b) 7.5
9	External Auditor – Statutory External Audit and Report on Financial Results	Annually	V			Audit Engagement Plan FY2019	Regulations TOR	Reg. 10 7.5

Reference: AR20/4352
Last update: 2/3/2020

Page 8 of 12





Audit Committee

**Annual Work Program
Reviewed March 2020**

10	Annual Financial Results / Statements including authorisation by Presiding Member	Annually	V		Accounting Standards Update (AASB 15 / 16)		LG Act TOR	S 126(4)(a) 7.1
11	Quarterly Budget Review	3 times pa		BR1 FY2019			LG Act and TOR	S126 7.1.3
12	Crisis Management Arrangements including: Emergency Management	Biennially					TOR	7.2.1
13	Annual Report	Annually					TOR	7.1.1 and 7.2.2
14	Policy Reviews <ul style="list-style-type: none"> Budget Framework Policy B300 Fraud and Corruption Prevention Policy Treasury Management Policy T150 Whistleblowing Protection Policy W150 	Refer Policies	T150				TOR TOR TOR TOR	7.1.2.1 7.2 and 7.3 7.1.2.1 7.3
15	Audit Committee Self-Assessment	Annually					TOR	9.5
16	Review of External Auditors' performance and overall effectiveness	Annually					TOR	7.5.3 and 7.5.6
18	Presentations will be scheduled at the request of the Audit Committee and/or to accompany reports / agenda items where relevant							





Audit Committee

**Annual Work Program
Reviewed March 2020**

Audit Committee members' and external auditor presence at meetings:

2018/19 Financial Year		26 September 2018	17 December 2018	15 May 2019	4 June 2019	Total
Audit Committee Members	Cr Mrs. Sonya Mezinac	Yes – Presiding member	Yes – Presiding member	Yes – Presiding member	Yes – Presiding member	4 / 4
	Ms. Angela Kain (appointed January 2018)	Yes	Yes	Yes	-	3 / 4
	Mr. Paul Duka – appointed May 2019	NA	NA	Yes	Yes	2 / 2
	Mrs. Vanessa McDonald – resigned September 2019	Yes	NA	NA	NA	1 / 1
	Mayor – Mrs. Lynette Martin			-		
TOTAL attendance		3	2	3	2	
External Auditor	Mr. Tim Muhlhauser	Yes	-	-	Yes (phone)	2 / 4
	Mr. Kristofer Bergamaschi	-	-	-	Yes (phone)	
Council Staff	Ms. Pamela Lee	Yes	Yes	Yes	Yes	
	Mr. Jeroen Zwijnenburg	Yes	Yes	Yes	Yes	
	Ms. Kahli Rolton	Yes	Yes	Yes	-	





Audit Committee

**Annual Work Program
Reviewed March 2020**

Below the version to report on 2019-20. Note: per request of the audit committee this has now become a work program aligned with the financial year rather than the calendar year.

	Topic per 15 May 2020 established Work program	Frequency	Dates				Requirement LG Act 1999, / LG (Financial Management) Regulations 2011 / Audit Committee TOR	Reference
			2 September 2019	20 January 2020	23 March 2020	25 May 2020		
1	Review Annual Work Program	Annually					TOR	7.5.5 and 9.5
2	Review Terms of Reference	Annually					TOR	9.5
3	Internal Controls, Risks and Improvement plans (including cumulative spend and procedure)	Quarterly	Non-quarantining of cemetery funds (5.2)	Internal Financial Controls – Improvement Task Update (5.1)			Regulations TOR;	S 41(b) 7.2.1
4	Infrastructure and Asset Management Plans and Asset Management Strategy	Annually					TOR	7.1.4
5	Long Term Financial Plan	Annually					Regulations	S 126(4)(ab)
6	Annual Business Plan and Budget (including assumptions)	Annually					LG Act	S 126(4)(ab)
7	External Audit - Interim Review and Management Letter	Annually					TOR	7.5
8	Confidential meeting with External Auditors (when considered necessary)	Annually	FY2019 Annual Financial Statements (5.1)				LG Act TOR	S 126(4)(b) 7.5
9	External Auditor – Statutory External Audit and Report on Financial Results	Annually	FY2019 Annual Financial Statements (5.1)				Regulations TOR	Reg. 10 7.5
10	Annual Financial Results / Statements including authorisation by Presiding Member	Annually	FY2019 Annual Financial Statements (5.1)				LG Act TOR	S 126(4)(a) 7.1
11	Quarterly Budget Review	3 times pa		BR1 / BR2 Update (5.2)			LG Act and TOR	S126 7.1.3
12	Crisis Management Arrangements including: Emergency Management	Biennially		Crisis management arrangements update (5.3)			TOR	7.2.1

Reference: AR20/4352
Last update: 2/3/2020

Page 11 of 12





Audit Committee

**Annual Work Program
Reviewed March 2020**

13	Annual Report	Annually		Annual Report (5.4)			TOR	7.1.1 and 7.2.2
14	Policy Reviews <ul style="list-style-type: none"> Budget Framework Policy B300 Fraud and Corruption Prevention Policy Treasury Management Policy T150 Whistleblowing Protection Policy W150 	Refer Policies		Audit related policy review (5.7)			TOR TOR TOR TOR	7.1.2.1 7.2 and 7.3 7.1.2.1 7.3
15	Audit Committee Self-Assessment	Annually		Self-assessment (5.5)			TOR	9.5
16	Review of External Auditors' performance and overall effectiveness	Annually		(5.6)			TOR	7.5.3 and 7.5.6
18	Presentations will be scheduled at the request of the Audit Committee and/or to accompany reports / agenda items where relevant							
	Other topical items			Reforming Local Government in SA (5.8)				

2019-20 Financial Year		2 September 2019	20 January 2020	23 March 2020	25 May 2020	Total
Audit Committee Members	Cr Mrs Sonya Mezinac	Yes – Presiding member	Yes – Presiding member			
	Ms Angela Kain – appointed	-	Yes			
	Mr Paul Duka – appointed May 2019	Yes	Yes			
	Mayor - Mrs Lynette Martin	Yes	Yes			
TOTAL attendance		3				
External Auditor	Mr Tim Muhlhauser	-	-			
	Mr Kristofer Bergamaschi		-			
Council Staff	Mr Jeroen Zwijnenburg	Yes	Yes			
	Ms Kahli Rolton	Yes	-			
	Dr Judy Nagy	Yes	Yes			

Reference: AR20/4352
Last update: 2/3/2020

Page 12 of 12



5.2 COVID-19 AND COUNCIL'S RESPONSE TO DATE – REPORT NO. AR20/28045

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/28045
CM9 Reference:	AF11/863
Author:	Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	The Audit Committee is interested in the risk and financial management aspects of Council's response to the COVID-19 pandemic. This report addresses some of these responses, with a focus on the financial impact on Council for 2019/20 and 2020/21.
Community Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

REPORT RECOMMENDATION

1. That Audit Committee Report No. AR20/28045 titled 'COVID-19 and Council's response to date' as presented on 25 May 2020 be noted.



BACKGROUND

The outbreak of the Coronavirus – COVID-19 – has had a significant impact across the world.

As a Council we have responsibilities to support and protect our staff and communities. It is important that we take steps to plan for the possibility that the outbreak worsens and directly affects the City of Mount Gambier.

Many of these responses have repercussions to Council's financials for 2019/20 and 2020/21.

DISCUSSION

Since March many COVID-19 related decisions have been made or are being anticipated. From a financial perspective the following measures have been taken which either have impacted on the 2020-21 ABP&B or will have an impact on the current year's financials (where this can be estimated an approximate financial impact is noted):

Council meeting 31 March 2020

'COVID-19 - Urgent Tenancy Matters': Council waived

- a) the equivalent of one year's rent for all community tenancies for the 2019/20 or 2020/21 financial years.
- b) the equivalent of one year's rent and maintenance reimbursement (where applicable) for all sporting tenancies for the 2019/20 or 2020/21 years.
- c) any outstanding tourism tenancy rent for the remainder of the 2019/20 year on a pro-rata basis and will review any future tourism tenancy rent on a monthly basis from 1 July 2020.
- d) (based on the CEO's delegated authority) rent for tourism tenancies until the end of the current public health emergency and to provide Council with a quarterly update in the next financial year as to the impact of this on the Council's budget.

Financial impact estimated approximately \$90,000 for 2020/21 and \$30,000 for 2019/20.

Additionally, Council waived (based on the CEO's delegated authority) rent for commercial tenancies on a case by case basis upon application up to a maximum cumulative total \$60,000. *Financial impact up to \$60,000.* This has not been included in the 2020/21 ABP&B.

'COVID-19 - Council Rate Considerations': Council approved:

- a) The deferral of rate payment by three months with the due date for the fourth instalment deferred to 13 September and/or for any earlier rate payment arrears for any rate payer who request this deferral quoting meeting the requirements under the hardship clause.
- b) The remission of new fines and interest charges on outstanding rate payments between now and 'the determined date'.
- c) The remission of the infringement administration fee between now and 'the determined date', and confirming that this infringement administration fee will only be charged 30 days following 'the determined date' in case the infringement is still outstanding at that time.
- d) That 'the determined date' be set to 30 June 2020.

Financial impact undefined and will move revenue from 2019/20 to 2020/21.

Unique changes to the Fees and charges, including reduction to the fee charged for the use of the chapel at Carinya from \$290 to \$55 (inclusive of GST) until the lifting of the restrictions on the number of attendees at a funeral – *financial impact undefined.*

Council meeting 21 April 2020

- Schedule of fees and charges. From a pre-COVID-19 anticipated growth of between 1.5% to 2.5% this was adjusted to a 0% growth – *financial impact estimate \$100,000* reduced user charges revenue (assumed 2% on 2019 Financial Statements – user charges: \$5,021k).



- Rate increases reduced from 4.5% as per the LTFF to 0% for FY2021 – *financial impact estimate \$950,000 reduced rates revenue.*
- 'Events and Sponsorship - the Impact of COVID19': Council does not seek reimbursement of funds already provided for events in the 2019/20 financial year, irrespective of whether they occurred or not, if they were impacted by COVID-19. Council endorses the payment of part or all sponsorship funding for individual events (excluding the Mount Gambier Fringe) where a commitment was made in advance of the Public Health Emergency. Such payment will be for events:
 - a. That have been cancelled as a result of COVID-19 restrictions or risk; and
 - b. That have incurred expenditure which can be acquitted, not including in-kind commitments.

Financial impact undefined.

Council Meeting 5 May 2020:

- 'COVID-19 Community Development Fund': Council endorsed the establishment of a COVID-19 Community Development Fund and allocates \$200,000 to this fund.
- 'COVID-19 Public Buildings And Structures Works Acceleration Program': Council endorsed the following projects as part of the Public Buildings and Structures Works Acceleration Program, for an anticipated \$650,000.
 - a) Dimjalla Skate Park – Shade shelter and seating
 - b) Vansittart Park Oval – Public amenities refurbishment
 - c) Carinya Gardens Cemetery - Public amenities refurbishment
 - d) Frew Park – Demolition and replacement of public amenities
 - e) Umpherston Sinkhole – Lighting upgrade
 - f) Botanic Park – Crater lakes entrance markers feature lighting
- 'COVID-19 Public Buildings and Structures Works Acceleration Program': Council review other potential projects to the value of \$650,000 under the Public Buildings and Structures Acceleration Program.
- 'COVID-19 Employment Program': Council endorsed the approach to an employment program, noting that a further report detailing activities and costs will be brought back before Council three months after the commencement of works. Council required that a budget review be undertaken to reflect the cost of the activities at the three and six month stages – *financial impact undefined.*
- '2020 Fringe Mount Gambier 2020': Council, as the auspicing body of Fringe in Mount Gambier, endorsed full payment of the of \$50,000 budget allocation to cover the costs incurred by the Fringe in Mount Gambier planning committee and support artists and local suppliers consistent with the other Government funding bodies. Also, Council acknowledge the cash position of the local business sponsors of the 2020 Fringe in Mount Gambier event in this current climate and endorse a cash reduction of 50% to the local business sponsorship contribution – *financial impact undefined.*
- 'Waiving of Fees and Charges Associated with Outdoor Dining until 30 June 2021': Council agree that the Chief Executive Officer waive on request any fees and charges which are associated with outdoor dining, until 30 June 2021 – *financial impact around \$6,000 to \$10,000 for 2020/21.*

Council Meeting 7 May 2020:

- Council agreed to a refund or waiver equivalent to one quarter of the rates and Regional Landscape Levy for the property 2019/20, on application, for all Mount Gambier Commercial Properties subject to:
 - i. Being a business specified in the Direction; or



- ii. Being in receipt of JobKeeper payments; or
- iii. Being able to demonstrate a 30% or greater loss of trade for one month or more as a result of COVID-19. – *financial impact undefined*
- Allocation of \$2,000 to supporting a 'COVID PREPARED' project to build confidence for a return to our region.
- Engagement of around 50 people through a recruitment agency – *financial impact undefined*

Other measures incorporated into the draft ABP&B:

- The capital work programs and well as operational works programs continue to be rolled out and parts of this are being expedited to support the local economy and help keep people employed – *financial impact FY2021 around \$1,000,000 (above a 'normal' works program).*

Other COVID-19 related measures that Council has taken include (but not comprehensively):

General

A key action undertaken to assist the community to keep connected and able to digest the volumes of information was to establish an online portal to support local coordination of community need, services and organisations. The Covid-19 **Our City. Our Response** portal includes:

- The current operating status of 27 local agencies/support providers;
- A listing of Council services;
- Latest updates, information and resources;
- An avenue to directly advise Council of emerging local issues;
- Active question & answer; and
- Opportunity to 'Add your idea' to support our community now and through to recovery.

Direct support to community services includes:

- Distribution of meal packs to vulnerable families;
- Delivery of activity packs to vulnerable children;
- SpareYaChange4Kids / City Hall Commercial Kitchen access to support increased meal production for vulnerable children and families throughout Covid-19; and
- Managing the resourcing and deployment of staff to support the operation of Foodbank and Meals on Wheels.

Officers have also reviewed the services and programs within their respective areas and have commenced the implementation of alternate delivery models that provide ongoing services to the community.

Survey for local businesses

Whilst the focus remains on our people, additional steps are underway to engage with local businesses to gain a clearer understanding of their immediate challenges. A survey seeking input from our local business community was conducted and closed on Friday, 24 April 2020.

Office hours

Per 31 March 2020: the Council's principal office hours were reduced to 1000-1400hrs and that visitors be by appointment only.

Website

Council's website include additional detail in relation to the following:

- Commercial rate relief – financial impact undetermined:
<https://www.mountgambier.sa.gov.au/council/rates/commercial-rate-relief>
- Rate – financial hardship: <https://www.mountgambier.sa.gov.au/council/rates/rates-enquiry-form>
- General: <https://www.haveyoursaymountgambier.com.au/covid-19>



As the impact of the Coronavirus outbreak as well as Council's response to this outbreak are continually updated the Audit Committee will receive additional verbal update on the above at the meeting.

CONCLUSION

Council's response to the COVID-19 pandemic has touched many aspects of Council's works program. Future changes to roll back or to increase the program will be considered, as officers are cognisant of the cumulative amount of such measures and the impact this may have on long-term financial sustainability.

ATTACHMENTS

Nil



**5.3 LONG TERM FINANCIAL PLAN AND ASSET MANAGEMENT PLAN -
CONSIDERATIONS FOR 2020-21 ANNUAL BUSINESS PLAN & BUDGET – REPORT
NO. AR20/28047**

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/28047
CM9 Reference:	AF11/863
Author:	Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	Council has considered the AMPs and LTFP as part of the 2020/21 APB&B preparations
Community Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

REPORT RECOMMENDATION

1. That Audit Committee Report No. AR20/28047 titled 'Long Term Financial Plan and Asset Management Plan - considerations for 2020-21 Annual Business Plan & Budget' as presented on 25 May 2020 be noted.



BACKGROUND

The Local Government Act 1999 (the Act) and its Regulations require each Council to develop and adopt a suite of Strategic Management Plans (the Plans), including preparation of Asset Management Plans (AMPs) and the Long Term Financial Plan (LTFP).

The Strategic Management Plans may be reviewed at any time but Council must undertake a comprehensive review of the Plans within two (2) years after each general election of the Council. This comprehensive review of the Plans occurred in 2019.

DISCUSSION

The City of Mount Gambier has issued the 2020/21 Draft Annual Business Plan and Budget to the community for their input.

In its preparation Council considered the AMPs as well as the LTFP as the basis for the 2020/21 budget.

Council's intention is to review the AMPs and LTFP in detail every second year. This year's review was limited to a high level confirmation that the AMPs and the LTFP continue to be robust enough to inform and form the basis for the Annual Business Plan & Budget process for the 2020/21 financial year. Report AR20/23466 attached provides Council's considerations in this matter.

CONCLUSION

Council has considered the AMPs and LTFP as part of the 2020/21 APB&B preparations.

ATTACHMENTS

1. Council Report - LTFP and AMP Update FY2021 Council 21/04/2020 [↓](#)



City of Mount Gambier
Ordinary Council Meeting Agenda

21 April 2020

23.3 LTFP AND AMP UPDATE FY2021 – REPORT NO. AR20/23466

Committee: Council
Meeting Date: 21 April 2020
Report No.: AR20/23466
CM9 Reference: AF19/416
Author: Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser: Andrew Meddle, Chief Executive Officer
Summary: This report presents an update on the 2019 adopted Asset Management Plans and Long Term Financial Plan as the basis for the FY2021 Annual Business Plan & Budget process.
Community Plan Reference: Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

1. That Council Report No. AR20/23466 titled 'LTFP and AMP Update FY2021' as presented on 21 April 2020 be noted.
2. That the 2019 adopted AMPs and LTFP have been considered as part of the draft ABP&B and that, taking into account the particulars for the 2020/21 budget year, Council has considered these Plans as an essential input into the 2020/21 ABP&B process.

BACKGROUND

The Local Government Act 1999 (the Act) and its Regulations require each Council to develop and adopt a suite of Strategic Management Plans (the Plans), including preparation of Asset Management Plans (AMPs) and the Long Term Financial Plan (LTFP).

The Strategic Management Plans may be reviewed at any time. Chapter 8 Part 1 Section 122 states that Council must undertake a comprehensive review of the Plans within two (2) years after each general election of the Council. This comprehensive review of the Plans occurred in 2019.

Council's intention is to review the AMPs and LTFP in detail every second year. Therefore, this year's review is limited to a high level confirmation that the AMPs and the LTFP continue to be robust enough to inform and form the basis for the Annual Business Plan & Budget process for the 2020/21 financial year.

DISCUSSION

Asset Management Plans (AMPs)

Asset management is a systematic and rational process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to have a formalised approach to optimise asset maintenance and delivery responsibly and manage related risks and costs over the asset lifecycle. In simplest terms, asset management is about how assets are 'looked after', both on a day-to-day basis (such as maintenance and operations) and in the medium to long-term. Asset management guides the planning, acquisition, operation, maintenance, renewal and disposal of assets.

The LTFP objective is to:

- optimise asset service delivery potential and manage related risks and costs over the entire life or 'whole of life' of the asset.
- to provide a financially sustainable level of service to the Council's present and future community and customers at an acceptable level of risk, within statutory and legislative requirements.

The long lived nature of many assets and the need for their ongoing renewal means that planning must be based on an understanding of the 'whole of life' costs throughout the life cycle of each asset. This provides a basis for the management of both short and long-term continuance of each asset's capacity to function and to meet the Council's vision of:

"An inclusive City where people lead fulfilling lives"

and achieve one of the key strategic objectives contained in the Community Plan

'Provide infrastructure and services that are well planned, accessible, efficient, financially sound and sustainable.'

The Council maintains a large network of assets within the City of Mount Gambier, valued at \$245 million in FY2019. As custodian of these assets, the Council acknowledges that there will be increased pressure over time to provide and maintain assets at desired levels of service. Growth and time places pressure on future funding as the assets age, demand for maintenance, repair and upkeep increases and new assets are added.

Infrastructure maintenance and renewal costs of the Council's assets consume a material part of the Council's budget. They are higher in some periods than others and can have a material impact on the Council's budget and resource planning.

For LTFP and ABP&B purposes, the Council needs to know what affect the current level of funding of asset maintenance, asset renewal and asset improvement will have on the assets and financial position in future years



The AMPs cover the management of the Council's assets for a period of at least ten years. The Council's current AMPs were adopted at its meeting on 12 March 2019 and cover the years 2019/20 to 2028/29. The AMPs recognise the importance of the Council's responsibility and commitment to providing and maintaining these assets at a satisfactory level, commensurate with community expectations and Council's income and financial capacity.

The Council's AMPs consists of an overarching Asset Management Summary Plan and five asset class specific Asset Management Plans. These are:

- i. Infrastructure (Roads) Asset Management Plan 2020/2029
- ii. Building and Structures Asset Management Plan 2020/2029
- iii. Plant and Equipment Asset Management Plan 2020/2029
- iv. Caroline Landfill Asset Management Plan 2020/2029
- v. Information Technology and Systems Asset Management Plan 2020/2029

AMPs are reviewed at least every two years. In the current, interim, year, the AMPs are reviewed for the short term impact for ABP&B purposes only, with no full review of the adopted IAMP. There is therefore no need to considerate the full AMPs for adoption this year.

Long Term Financial Plan (LTFP)

The LTFP is a fundamental instrument of accountability and sustainability and provides projections for the Council's planned activities over a ten year timeline.

The key objective of the Council's LTFP is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives. At the same time the LTFP ensures that there is an understanding of the impact of decisions made today on future sustainability. This ensures the cost effective delivery of projects, services and works and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The LTFP covers a period of at least ten years. The Council's current LTFP was adopted at its meeting on 12 March 2019 and covers the years 2019/20 to 2028/29.

To illustrate the expected long term financial performance and whether financial sustainability is being achieved, the LTFP must be presented in a manner consistent with the relevant South Australia Model Financial Statements for each future year covered by the LTFP. This includes estimates of the key financial ratios of: operating surplus, net financial liabilities and asset sustainability ratio.

Annual Business Plan & Budget (ABP&B)

Council considers on an annual basis the ABP&B for the next financial year. The review takes into account the Council's Community Plan and aligned strategies, the AMPs, the LTFP and the Schedule of fees and charges.

The AMP 2020/2029 and the LTFP 2020/2029 has formed the basis for the 2020/21 APB&B. Three workshops were held with Elected Members on 25 February, 24 March and 7 April 2020 respectively.

The reviews at these meetings focused on the impacts on the ABP&B from review of the AMPs, the LTFP, the draft Strategic Plan as well as multiple budget bids which are 2020/21 specific. The impact of COVID-19 on the Council's services and finances, the budget bids and the impact of the anticipated Community and Recreation Hub built were predominant in these considerations.

Due to multiple inputs the capital expenditure outcomes for the 2020/21 ABP&B year are above the AMP 2020/2029 indicated levels.

The LTFP was revisited for the interim year to model the impact of updated assumptions, including further insight in the potential timing and cash flow impacts of the construction and operation of the Community and Recreation Hub to Council's long term sustainability.

The ABP&B resultant ratios where compared to the LTFP 10 year ration projections and considered acceptable.

City of Mount Gambier
Ordinary Council Meeting Agenda

21 April 2020

The Council's capacity to borrow, to support additional interest and principal repayments on borrowings, its current and potential financing arrangements with the LGFA as well as the impact on its gearing and financial liabilities ratio formed part of its considerations at the ABP&B workshops.

The workshops also noted the ability of the Council to update the 2020/21 Council budget, if considered necessary, through the quarterly Budget Review process. Taking into account the current unknown impacts of the COVID-19 pandemic and the timelines in relation to the setting and adoption of a Council budget for 2020/21, it is considered more likely than not that such a change to the budget might be necessary.

CONCLUSION

The AMPs as well as the LTFP for the ten year period 2019/20 to 2028/29 were reviewed and adopted by Council in March 2019.

Council's 2020/21 ABP&B process is based on year two of these Plans, however updated for additional considerations that were identified in the elected member workshops.

ATTACHMENTS

Nil



5.4 CUMULATIVE SPEND 2019-20 – REPORT NO. AR20/28907

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/28907
CM9 Reference:	AF11/863
Author:	Colin McGregor, Management Accountant
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	A review of Council's cumulative spend by creditor for the period 1 July 2019 to 9 April 2020.
Community Plan Reference:	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

1. That Audit Committee Report No. **AR20/28907** titled 'Cumulative Spend 2019-20' as presented on 25 May 2020 be noted.



BACKGROUND

Cumulative spend analysis is an important part of ensuring that Council procures in an open and transparent manner in line with Council's internal financial controls procedure, procurement and acquisition planning procedure and procurement policy.

Past reviews of Council's cumulative spends per vendor have highlighted the need to consider how Council is maintaining control over its cumulative purchasing with vendors and ensuring it meets all the requirements of Council's policy *P420 Procurement and Disposal of Land and Assets* and its internal financial controls procedures.

The use of online purchasing enables Council to enhance its operational efficiency when placing orders and purchasing goods and services. It is important to ensure that any operational efficiencies gained are done so whilst maintaining the required level of internal controls and scrutiny.

Benefits of a decentralised online purchasing system include the removal of manual records and disseminating preparation of purchase orders and approving payments over a number of authorised officers. However, without good management, by increasing the number of employees with financial authority, an environment could result where employees work in isolation without knowledge of what is in the best interests of Council as a whole.

Council's procurement structure as stated in Council policy P420 details that for purchases in excess of:

- \$20,000 a *"Request for Expression of Interest"* (REOI) or Request for Quotation (RFQ) is required; and
- \$50,000 a *"Request for Tender"* (RFT) is required.

P420 also states *"The value of the purchase will be calculated as follows:*

- Single one-off purchase – the total of the amount, or estimated amount of the purchase (excluding GST);
- Multiple purchases – the gross value, or the estimated gross value of the purchases (excluding GST); or
- Ongoing purchases over a period of time – the annual gross value, or the estimated annual gross value of the purchases (excluding GST);
- Purchasing including a trade-in/changeover – the gross changeover value being the gross value of the item *being purchased minus the value of the trade-in/changeover.*"

DISCUSSION

Annual review

With decentralisation of purchasing and the number of Authorised Officers within Council able to make purchasing decisions, it is important to review cumulative and general spending habits and patterns to ensure value for money is obtained and Council is meeting its internal procedures, including its procurement policy. When employees act alone in regard to making purchases, they may not benefit from Council's corporate discounts, plans or agreements and place unnecessary burden on Council's limited resources.

In the 2018/19 financial year review the Audit Committee was advised that there were a number of suppliers that Council is spending considerable amounts with in that financial year and that Council was considering implementing procurement arrangement for these goods and/or services to gain potential procurement benefits. While many of these priorities could potentially provide benefits for Council and will continue to be pursued, it was found none of these areas if goods or services delivery were in breach of Council's procurement policy.



This year's review of previous procurement priorities as part of this cumulative analysis spend analysis has identified some areas that council administration consider require additional focus and/or a different procurement approach. These considerations include:

- Larger suppliers that provide a number of different services or goods are highlighted for potential procurement savings, however a tender process for each individual service or good would not necessarily be a good use of Council's procurement process and resources.
- Some services or goods are provided by a number of smaller suppliers, however as the individual supply per service or good is relatively minor, the potential procurement savings are not highlighted, even though the total spend over the various vendors is quite large.
- Care must be taken when looking at historical spend statistics to ensure a number of on off procurements are not viewed as ongoing purchase requirements.

To incorporate these considerations council plans to, in future, analyse the cumulative spend by the category of goods or services, in addition to an analysis by vendor. Currently, this type of analysis is not undertaken in Council and some steps need to be put in place to be able to do so going forward.

Online procurement portal

Following the 2018/20 Audit report, in the 2019/20 financial year there has been some investigation into an online procurement portal to ensure that policies are followed during the procurement process.

It was found that the most cost-effective way of doing this would be to use existing services available to local government within the state of South Australia. Although these services would be available to and, in many respects, suitable for the Council, they are considered to be focused on Adelaide and surrounding areas. Consequently, Council's assessment is that, with many city based suppliers already using these platforms, the risk is that we would potentially leave local suppliers at a distinct disadvantage.

Therefore, although investigations into an online procurement portal will continue, this will be without a firm commitment at this stage.

CONCLUSION

Cumulative spend analysis is an important part of ensuring that Council procures in an open and transparent manner in line with Council's administrative procedures and procurement policy. With better categorisation of spend by good and/or service this analysis will infuse the procurement forward plan to ensure Council acts within its procurement policies, follows better practice and has the opportunity to derive both financial and non-financial benefits to our community.

ATTACHMENTS

Nil



5.5	FINANCIAL INTERNAL CONTROL PROCEDURE DOCUMENT – REPORT NO. AR20/30212
------------	--

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/30212
CM9 Reference:	AF11/863
Author:	Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	The updated Financial Internal Control Procedure document is presented to the Audit Committee for noting.
Community Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

- | |
|--|
| 1. That Audit Committee Report No. AR20/30212 titled 'Financial Internal Control Procedure document' as presented on 25 May 2020 be noted. |
|--|



BACKGROUND

In 2018 Council created the Internal Financial Controls Procedure manual. This document is reviewed on a regular basis to ensure it addresses all major financial control risks that Council faces.

DISCUSSION

Council's Risk Management Framework Policy R305 states that the Management Team must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of financial internal controls. Council Employees, Elected Members, Contractors and Volunteers share responsibility to identify, assess, recommend and ultimately act in accordance with Council Policies, Procedures and Frameworks.

The City of Mount Gambier '*Internal Financial Controls Procedure document*' (IFCPD) provides procedures for financial operations within Council and applies to all Employees, Elected Members, Committee Members, Contractors and Volunteers.

The IFCPD forms a part of Council's overarching risk management framework. The Better Practice Model Internal Financial Controls, accessible from the LGASA website, has been a model for this document.

This procedure document is not intended to replace or overwrite any existing procedure or policy. However, its aim is to provide the framework and principal for the overarching controls in the particular financial control area.

The FCPD is not a stand-alone document. From May 2020 a separate '*Finance Instructions – Internal Finance*' operational document provides the detail on 'how' an identified procedure has practically been implemented within Council and 'how' this is to be performed within Council administration. This allows the '*Internal Financial Controls Procedure Document*' to focus on the control framework and principals, the 'why' and 'what' controls. '*Finance Instructions – Internal Finance*' document details how the principals and framework has been implemented in detail within Council. This document includes references to the more detailed procedural instructions where available. The detailed instructions document the current way Council has implemented the controls of the framework / principal in order to mitigate the risks identified in the IFCPD.

The framework/principal and consequential procedures are introduced with the section 'High level'. Failure to abide by this procedure exposes Council to financial and reputational risks and consequently may result in disciplinary action and potential dismissal from Council.

Changes to previous version

The changes compared to the 2018 version include the change from 'manual' to 'document', the transfer of some detail, at a limited scale, from the IFCPD to the Finance – Instructions document, changes in formatting, acronyms and headings and removal of references now included in the Finance – Instructions document. The document also include references to the Finance – Instructions document.

Anticipated upcoming changes

The current version includes some broad references to the Finance – Instruction document. Upon further incorporation of the Finance instructions into this first mentioned document, the IFCPD and Finance Instructions document will include numbering, allowing for more detailed cross-referencing, which represents a more granular tool to monitor compliance and ensure that controls are aligned with the risks identified and provide a tool to ensure all essential control risks are covered by Finance instructions. Compliance checking of controls can then occur at the IFCPD procedure/framework level as well as at the instructions/practical level of operation.



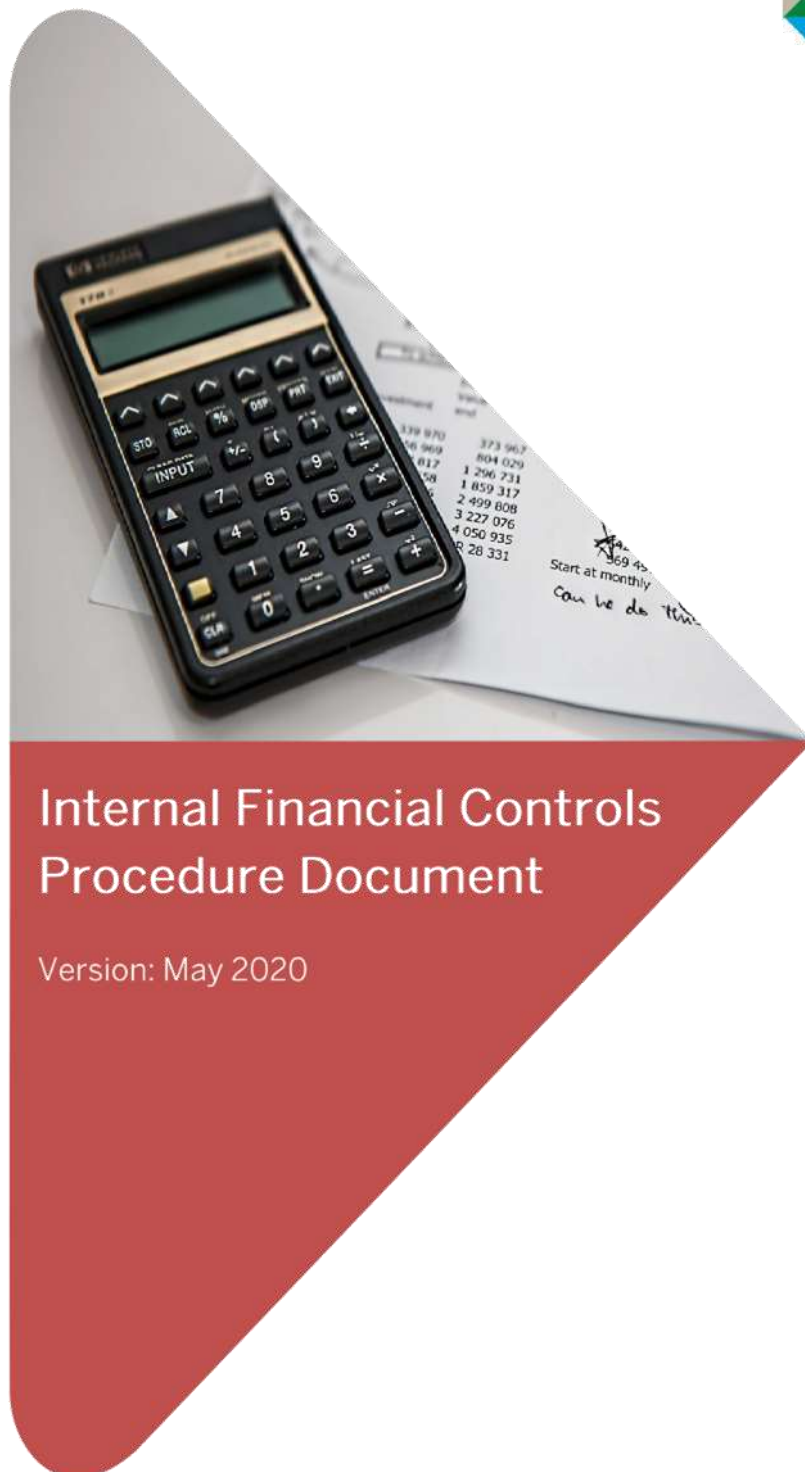
CONCLUSION

The Internal Financial Controls Procedure document – version May 2020 is an update of the procedures that Council has implemented in the financial control areas.

ATTACHMENTS

1. Internal Financial Controls Procedure document - V1.1 May 2020 IFCPD [↓](#)





Internal Financial Controls Procedure Document

Version: May 2020



Table of Contents

1. Introduction.....	3
1.1 Definitions & acronyms.....	4
1.2 Financial Authorisation.....	5
Financial limits - principal.....	5
2. Strategic Financial Planning.....	6
2.1 Budgets.....	6
2.2 General ledger.....	7
2.3 Statutory reporting.....	8
2.4 Management reporting.....	9
3. Assets.....	10
3.1 Petty cash and cash floats.....	10
3.2 Banking controls.....	11
3.3 Investments.....	11
3.4 Debtors.....	11
(a) Debtors - General debtors.....	11
(b) Debtors - Rates debtors.....	13
3.5 Stock control/inventory procedure.....	14
3.6 Prepayments.....	17
3.7 Fixed assets.....	17
3.8 Project costing.....	19
3.9 Loans / Grants to clubs.....	20
4. Liabilities.....	21
4.1 Creditors.....	21
4.2 Accrued expenses.....	23
4.3 Borrowings / loans.....	23
4.4 Employee provisions.....	24
4.5 Taxation.....	25
5. Revenue.....	27
5.1 Rates.....	27
5.2 Grants.....	28
5.3 User pay income – Fees for Service.....	29
5.4 Investment / interest income.....	29
5.5 Receipting.....	30
5.6 Other revenue.....	32
5.6.1 Fee waivers.....	32
5.6.2 Refunds – other revenue.....	32
6. Expenses.....	34
6.1 Purchasing and procurement.....	34
6.2 Payroll.....	35
6.3 Elected Members expenses.....	37
6.4 Credit cards.....	37
6.5 Employee reimbursements.....	38
6.6 Other expenses.....	38
7. External Services.....	40
7.1 Contracting.....	40

(CM9: AF14/167 - AR20/30211)



1. Introduction

Background and development of Procedure document.

Council's Risk Management Framework Policy R305 states that the Management Team must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of financial internal controls. Council Employees, Elected Members, Contractors and Volunteers share responsibility to identify, assess, recommend and ultimately act in accordance with Council Policies, Procedures and Frameworks.

The City of Mount Gambier '*Internal Financial Controls Procedure document*' (IFCPD) provides procedures for financial operations within Council and applies to all Employees, Elected Members, Committee Members, Contractors and Volunteers.

The IFCPD forms a part of Council's overarching risk management framework. The Better Practice Model Internal Financial Controls, accessible from the LGASA website, has been a model for this document.

This procedure document is not intended to replace or overwrite any existing procedure or policy. However, its aim is to provide the framework and principal for the overarching controls in the particular financial control area.

The FCPD is not a stand-alone document. From May 2020 a separate '*Finance Instructions – Internal Finance*' operational document provides the detail on 'how' an identified procedure has practically been implemented within Council and 'how' this is to be performed within Council administration. This allows the '*Internal Financial Controls Procedure Document*' to focus on the control framework and principals, the 'why' and 'what' controls. '*Finance Instructions – Internal Finance*' document details how the principals and framework has been implemented in detail within Council. This document includes references to the more detailed procedural instructions where available. The detailed instructions document the current way Council has implemented the controls of the framework / principal in order to mitigate the risks identified in the IFCPD.

The framework/principal and consequential procedures are introduced with the section 'High level'. Failure to abide by this procedure exposes Council to financial and reputational risks and consequently may result in disciplinary action and potential dismissal from Council.

Currency

City of Mount Gambier endeavours to keep all financial control procedures as well as its controls implementation through its Finance Instructions current, relevant and practical. We live and work in an ever changing and continuous improvement environment. The separation between Procedures and Instructions will result in a more stable Procedure document and a more frequently updated Finance Instructions document. This will increase Council's ability to keep the combined set of procedures and instructions up to date, and thereby improve its overall financial control framework. Any suggestions, recommendations or feedback on the procedures in this manual are welcome and can be provided to the Management Accountant.



1.1 Definitions & acronyms

ABP	Annual Business Plan
AMP	Asset Management Plans
AP	Accounts Payable
AR	Accounts Receivable
ATO	Australian Taxation Office
Authorised Positions	Positions listed on the Master File Access Listing – Internal Financial Controls that are authorised to set up and maintain Authority modules
Budget Manager	Staff charged with responsibility for planning, preparing of budget submissions and management of their specific general ledger/area/ function as instructed by the Chief Executive Officer and/or Management Executive Team
Business Days	Business days are considered Monday to Friday, excluding public holidays and designated closure of business operations by the CEO
CEO	Chief Executive Officer
CM9	Record system
Contra Accounts	General Ledger Liability accounts predominantly used for the processing of debit and credit entries that have a nil overall effect once processed.
Council	the City of Mount Gambier
EFT	Electronic Funds Transfer
FAR	Fixed Asset Register
FO	Finance Officer
Grant Contact Person	Person applying for the grant funding
GST	Goods and Services Tax
HR	Human Resources section
IFC	Internal Financial Controls
IFCPD	Internal Financial Controls Procedure Document
Just in Time	The objective of Just-in-time is to increase the inventory turnover and reduce the holding cost and any other associated costs. Only order stock as it is required
KPI	Key Performance Indicator
LTFP	Long Term Financial Plan
Management Executive Team	Consists of General Managers and Chief Executive Officer
MF&CS	Manager Finance and Customer Service
OLR	Online Requisition system
Officer	Employee of Council
Rates Officer	For the purposes of this procedure, Rates Officer includes the Senior Rates Officer and any officer with "Rates" in their position title. Where a particular position title is listed, this refers to only that position.
Responsible Officer	Those positions listed on the Register of Financial Facilities that are charged with responsibility for the facility listed and all internal controls associated with those facilities as listed in this document
SFO	Senior Finance Officer
SRO	Senior Rates Officer
SMP	Strategic Management Plans
TL-F	Team Leader Finance



1.2 Financial Authorisation

Financial limits - principal

Purpose

Financial limits are implemented to ensure purchases are done within appropriately delegated responsibilities, including within delegated limits.

Key issues/risks

In relation to purchases and commitments, the major risks are that:

- Council is inappropriately committing itself to transactions with third parties;
- Acquisitions, Purchase Orders and related commitments, for either operating or capital expenditure, are raised by those without financial authorisation;

Controls

The implemented high-level controls include:

Segregation of duties

- Council's (RelianSys) Online Delegation System is updated by Executive Administration, independent from Finance.
- Access to 'Authority – Financial authorisation limits' is delegated and limited to appropriately authorised personnel, being the SFO and FO-Payroll (including IT and support access). Evidence of the supporting documentation before changes are made into Authority are filed on CM9.
- The allocation of Financial Authorisation requires the CEO sign off.

Instructions reference: Finance: Financial Authorisation

Bi-annual review of compliance

- The MF&CS performs a review of the bi-annual review of allocated financial limits against the delegation register and/or supporting documentation.

Instructions reference: Finance: Financial Authorisation



2. Strategic Financial Planning

Guidance: This procedure is to be read and carried out in conjunction with the requirements of the Local Government Act 1999 (specifically Chapter 8), Local Government (Financial Management) Regulations 2011 and the Budget Reporting and Amendment Policy B300.

2.1 Budgets

Purpose

The purpose of a budget process is to plan for future, to gain Council budget approval for budget expenditure for Administration to commit Council and to provide a benchmark for financial management and review.

Key issues/risks

In relation to budgets, the major risks are that:

- budgets do not reflect or align with Council endorsed strategic objectives;
- budgets are inaccurately recorded due to differences between the budget adopted by Council and the budget uploaded into Council's finance system, and;
- assumptions that budgets are based on are flawed or unrealistic.

Legislative requirements

- Budgets must be prepared in compliance with Section 123 of the Local Government Act 1999 and Section 7 of the Local Government (Financial Management) Regulations 2011.

Controls

The implemented high-level controls include:

Segregation of duties

- Access to Authority Budget Master Files is delegated to appropriately authorised personnel, being the Management Accountant and the MF&CS (including IT and support access).
- IFC instructions limit making changes to the budget data in Authority to Finance only.
- Monthly / quarterly management reporting allows for review of Authority budget to approved budget and YTD actuals.

General controls

- The process to establish the annual budget ensures it is aligned with the Annual Business Plan (ABP) and Strategic Management Plans (SMPs), including Long Term Financial Plan (LTFP) and Asset Management Plans (AMP).
- Budgets are based on realistic and achievable assumptions at the time of preparation.
- The adopted budget and budget amendments approved by Council are reviewed and the impact on financial sustainability considered.
- Budget Managers are accountable for preparing and reviewing their budgets and responsible for completing budget variations and submissions.
- Budget Managers must complete on-going review of actual performance against Budget in relation to initiatives/objectives of the Annual Business Plan and Strategic Management Plans, including as part of the quarterly budget review process.
- The Council Business Services portfolio is responsible:
 - for the compilation of the Annual Budget;



- to ensure budget variations are completed at quarterly for the first 3 quarters of the year to allow for changes in operating activities;
- to compare the end of year actual Budget to the original Budget and explain any significant variances, and;
- to review the original budget and any approved changes to the budget entered into the financial system for accuracy.

Internal service standards

- Budget figures and variations are uploaded into the financial system as soon as practical once approved by Council. The import is independently reviewed to align with the approved budget / budget variation.

Instructions reference: Finance: Budget instructions; Finance: GL Master file access

2.2 General ledger

Key issues/risks

In relation to the General Ledger, the major risks are that:

- General Ledger does not contain accurate financial information;
- Data contained within the General ledger is permanently lost.

Segregation of duties

- Access to the General Ledger Master Files is restricted to appropriately authorised personnel.
- Within the General Ledger segregation of the preparation of journals and balance sheet reconciliations is achieved through
 - independent review of all journals and balance sheet reconciliations on a monthly / quarterly basis;
 - Ability for (general) managers to access and review income and revenue allocations to their respective areas of responsibility combined with quarterly / monthly management reporting (including through online manager access and/or reporting for budget review preparation purposes).

General controls

- All major changes to General Ledger impacting finance systems are authorised, tested and documented before implementation to the live financial system.
- General ledger accounts must be maintained in accordance with the adopted budget and approved budget reviews.
- The General ledger is compiled to balance simplicity and necessity for reporting purposes.
- Access to add, deactivate or amend general ledger accounts is limited to authorised positions.
- GL balance sheet reconciliations are prepared regularly. All reconciliations are independently reviewed.

Access and backups

- Please refer to Administrative Procedure – Computer Network/Software Use.

Instructions reference: iServices



Year end

The end of year rollover will be processed as soon as practicable once the annual audit has been finalised.

Instructions reference: Finance: GL Master file access; Finance: Journal approval process and End of Month reconciliation process

2.3 Statutory reporting

Key issues/risks

In relation to statutory reporting, the major risks are that:

- Council does not comply with statutory reporting requirements and deadlines and therefore is in breach;
- Council's statutory reports provide inaccurate financial information.

Segregation of duties

Within the statutory reporting cycle it is imperative the following tasks be segregated:

- Preparation of statutory financial reports, and;
- Review and approval of statutory financial reports.

Legislative requirements

- Statutory reporting must be prepared in compliance with Sections 127 and 131 of the Local Government Act 1999 and Parts 3 and 4 of the Local Government (Financial Management) Regulations 2011.
- The statutory report will must comply with the South Australian Model Financial Statements and all relevant Australian Accounting Standards and Interpretations as they apply to not-for-profit and local government.

General controls

- Statutory financial reports prepared by appropriate personnel are reviewed by senior management and/or Audit Committee.
- Council has a process in place to ensure statutory reporting deadlines are met and to ensure liaison with external auditors, legal and tax advisors as required occurs for timely completion and lodgement of statutory documents.
- There is a process to ensure that appropriate personnel responsible for preparing statutory reports are aware of changes to reporting requirements. This includes the requirement to have at a minimum one CA or CPA on the Council's Finance team.
- Financial policies and procedures, and related guidance are reviewed and updated as required.

Auditor and Audit Committee

- Council's statutory reporting includes consideration of the appointment and role of the Audit Committee (refer Section 126 Local Government Act and Part 5 of the Local Government (Financial Management) Regulations 2011) and the statutory Auditor (refer sections 128, 129 and 130 of the Local Government Act 1999 and Part 6 of the Local Government (Financial



Management) Regulations 2011). Statutory financial reports prepared by appropriate personnel; reviewed by senior management and/or Audit Committee.

2.4 Management reporting

Key issues/risks

In relation to management reporting, the major risks are that:

- KPI's are not consistent with corporate objectives and accounting policies adopted by Council are not adhered to;
- Council's financial information is not reviewed in a timely manner to enable effective decision making;
- Council's management reports provide inaccurate financial information;
- significant budget variances are either not investigated on a timely basis or not investigated at all.

Segregation of duties

- Within the management reporting cycle segregation of duties is ensured through separation of the preparation of management reports and the review and approval of management reports.

General controls

- The Long Term Financial Plan must be reviewed by Council on a biennial basis (see LGA Act 1999). In the interim year the LTFP will be considered for ABP&budget purposes.
- Automated management reports are sent to budget managers at regular intervals.
- It is the budget manager's responsibility to confirm the accuracy of information contained in their respective reports. Significant variances are identified and investigated by budget managers.
- The identification of services, service levels and drivers that contribute to delivering service are an integral part of the budget process. It is the responsibility of the Business Unit Manager to review their service levels on an ongoing basis in line with preparation of budgets and budget reviews.



3. Assets

3.1 Petty cash and cash floats

Guidance: This procedure applies to all staff, Elected Members and volunteers where petty cash is requested and issued; and those responsible for receipting and reconciling customer service/administration cash registers (tills).

Key issues/risks

In relation to petty cash and cash floats, the major risks are that:

- cash floats and petty cash are inadequately safeguarded;
- cash floats and petty cash transactions are either invalid, inaccurately recorded or not recorded at all.

Segregation of duties

Due to the high risk of misappropriation surrounding cash the following tasks are ideally segregated:

- The recording and giving out of petty cash;
- The performance the reconciliation of petty cash;
- Regular review and counts of cash floats and petty cash, and;
- Recording of cash floats and petty cash.

Where these duties are performed by one officer, regular reconciliation review is performed by the supervisor.

General controls

- Petty cash should be used to pay for small business expenses up to a maximum of \$150 (including GST) where payments through accounts payable or credit card are not justified or appropriate. It is not appropriate to separate a single purchase (either before or after the expenditure is incurred) for the purpose of circumventing this limit.
- Petty cash facilities must at all times be:
 - kept secure;
 - located separate from any unlocking devices (e.g. keys, codes, passwords), and;
 - not openly or readily accessible to general staff, elected members, volunteers, members of the public.
- Responsible officers are charged with:
 - Safekeeping and limiting access to their assigned petty cash facility;
 - Allocating the receiving and giving out of cash to an appropriate member(s) of staff, and/or;
 - Ensuring separation of duties from the issue of petty cash monies, reconciliation to source documents and replenishment of float.
- Under no circumstances are employees to borrow cash from any petty cash or cash float for personal (non-Council) reasons (no IOUs).
- When money is required to be changed for larger or smaller denominations, this must be completed by an appropriate independent staff member.

Instructions reference: Finance external – Petty Cash: instructions



3.2 Banking controls

Guidance: This procedure applies to all staff involved with opening, operating and closing of bank accounts.

Key issues/risks

In relation to banking, the major risks are that:

- banking transactions are either inaccurately recorded or not recorded at all, and;
- funds are defrauded or misappropriated.

Segregation of duties

- Due to the high risk of misappropriation surrounding cash and banking the following tasks are segregated:
 - Opening mail containing cheque payments;
 - Recording all cheque payments in the mail;
 - Receipting all cash payments from customers/ratepayers;
 - Recording all cash receipts;
 - Banking all cash receipts and cheques;
 - Bank Reconciliations, and;
 - Review of bank reconciliations.
- The authorised signatories for bank account payments are the person(s) holding the position(s) from time to time as authorised by Council Resolution. (Refer to AF11/636 for the latest authorised list).
- Access to online banking facilities are restricted to those person(s) holding the position(s) from time to time as authorised by the CEO. This register must contain details of the level of authorised access, any restrictions and be signed by the CEO.

General Controls

- There is a process in place to ensure all cash and blank cheques are adequately safeguarded.
- Access to EFT Banking system is restricted to appropriately designated personnel.
- Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.
- Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff and in accordance with set guidelines.

Instructions reference: Finance – Bank; Finance – Register of Financial Facilities

3.3 Investments

Please refer to the following Council Policies in regards to Investments and Treasury Management:

- A130 – Investment.
- T150 – Treasury Management Policy.

3.4 Debtors

(a) Debtors - General debtors

Guidance: This procedure applies to by all staff involved in customer selection, sales and the preparation of customer invoicing.



Key issues/risks

In relation to debtors, the major risks are that:

- debtors are either inaccurately recorded or not recorded at all;
- rebates and credit notes to debtors are either inaccurately recorded or not recorded at all;
- debtors are either not collected on a timely basis or not collected at all, and;
- debtors master file data does not remain pertinent.

Segregation of duties

In relation to debtors, segregation of duties is intended to mitigate the risks of one person from having both:

- access to assets, and;
- responsibility for maintaining the accountability for such assets.

Where practical, this would mean different individuals are typically responsible for:

- Recording revenue;
- Approving revenue;
- Invoicing the ratepayer / customer;
- Maintaining accounts receivable records and/or authorising adjustments to debtors;
- Processing cash receipts;
- Performing debtors confirmation and following up on discrepancies, and/or;
- Making changes to debtor master files.

If one individual has responsibility for more than one of these functions, appropriate supervisory controls are to be implemented to mitigate the risk of misappropriation of assets. Due to the limited ability for segregation of duties the controls put in place concentrate on there being an independent review of the works carried out.

General controls

- The General Debtors ledger shall be reconciled once every month for at least 10 months per year to General Ledger Control Accounts and independently reviewed. Any discrepancies are to be investigated and corrected at the earliest possible available time.
- The organisation maintains a Debt Collection Policy and/or procedure.
- Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.
- There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately.
- Statements are provided regularly to debtors.
- There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.
- All invoices raised and credit notes applied have an audit trail as these are recorded separately from the original invoices.
- Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.
- Finance staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.
- Any bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.



- Riddoch, Main Corner and some Cemetery goods and services are not provided until fully paid to reduce Council's credit risk exposure.

Debt Collection procedure

Where debts become overdue the following process sets out in order to recover overdue monies. These procedures must be adhered to in line with Section 143 of the Local Government Act 1999, which details specific legislation on the write off and collection of debts owed to Council. A third party can act on behalf of the Council in this regard.

- Within 30 days of a debtor becoming overdue, a reminder notice shall be forwarded requesting that monies be paid in full or alternatively that an acceptable arrangement be entered into within 10 business days of Council sending the notice. Suitable notice may be in the form of a Statement with a With Compliments slip attached or via email.
- Where no response has been received within 30 days of the issue of a reminder notice a final demand will be forwarded. Where the final demand is being sent and the customer is already in breach of the 90 day credit terms, the final demand will include notification of stop account procedures.
- Where there has been no response to the final notice within 10 business day's legal action shall be commenced where considered necessary, except where those debts can be attached to a property(s).
- Customer payments that remain outstanding for 12 months shall be considered for a provision as bad debt, excluding those debts that can be attached to a property(s). Authorisation from the CEO must be obtained for the write off general debts in accordance with his/her delegation per the Local Government Act or approval from Council should the write off be greater than the CEO's delegation. Once a customer has been written off as a bad debt no further credit shall be allowed. At this point, the Debtor must be marked as inactive and a note placed on the file stating the reason for this.

(b) Debtors - Rates debtors

Guidance: This procedure applies to all Rates staff and managers who are involved in the raising and reviewing of rates in conjunction with Rating Policy R105, Rates General Matters R130 and Rates Rebate Policy R155 as well as Chapter Ten of the Local Government Act, 1999.

Key issues/risks

In relation to Rates debtors, the major risks are that:

- Rates debtors are either inaccurately recorded or not recorded at all;
- rebates to rates debtors are either inaccurately recorded or not recorded at all;
- Rates debtors are either not collected on a timely basis or not collected at all, and;
- The Rates master file data does not remain pertinent.

Segregation of duties

In relation to Rates debtors, segregation of duties is intended to mitigate the risk of one person from having both:

- Access to assets, and;
- Responsibility for maintaining the accountability for such assets.

Where practical, this would mean different individuals are typically responsible for:

- Recording revenue;
- Approving revenue;



- Invoicing the ratepayer;
- Maintaining rates records and/or authorising adjustments to rates debtors;
- Processing cash receipts and reimbursements;
- Performing independent rates debtors confirmation and following up on discrepancies, and/or;
- Making changes to rates master files.

If one individual has responsibility for more than one of these functions, appropriate supervisory controls are to be implemented to mitigate the risk of misappropriation. Due to the limited ability for segregation of duties the controls put in place concentrate on there being an independent review of the works carried out.

General Controls

To determine rate payer(s) in arrears of the stipulated payment terms, Rates officers shall run the Annual Notice Extract process. Where debts become overdue Rates officers shall follow the process set out hereunder in order to recover overdue monies:

- Within 20 business days from due date a Reminder Notice shall be sent to the Principal Rate(s) Payer.
- If an instalment of rates remains unpaid proceedings for collection of outstanding rates balances to be reviewed quarterly and may be collected by legal process.
- Fines and interest are applied to outstanding rates in accordance with the Local Government Act.

The Rates Debtor subsidiary ledger shall be reconciled at least quarterly to General Ledger. This Reconciliation shall be signed independently reviewed and signed. Any discrepancies are to be investigated and corrected at the earliest possible available time.

All write offs, refunds, transfers, journals and reversals are to be processed by Rate(s) personnel in accordance with delegated authority and independently verified and evidenced as reviewed.

Refer to Rates located in the Revenue section of this document for further detail.

3.5 Stock control/inventory procedure

Guidance: This procedure applies to all staff involved with stock.

Key issues/risks

In relation to inventory, the major risks are that inventory:

- received is either recorded inaccurately or not recorded at all;
- is not adequately safeguarded or stored, and;
- becomes obsolete.

Segregation of duties

In relation to inventory, segregation of duties is intended to prevent one person from having both:

- Access to assets, and;
- Responsibility for maintaining the accountability for such assets.

Where inventory levels are significant, the following segregation of duties should exist, subject to a pragmatic cost-benefit analysis of the implementation of this level of segregation:

- Where possible, personnel responsible for purchase, accounts payable, receiving inventory, inventory counts, production scheduling and shipping have responsibility for one such function and have no system access to functions other than their assigned function.



- Individuals who are responsible for transaction processing should ordinarily have no responsibility for master file maintenance or updating the chart of accounts.
- Personnel responsible for the custody of inventory have read-only access to inventory records, and personnel who are responsible for inventory transaction processing have neither responsibility for inventory management master file maintenance nor update access to the inventory master file.

Where a function does have access to the master inventory data as well as access to assets (e.g. Main Corner, ReUse Centre) the finance function performs regular checks to mitigate the risk related to that combination of responsibilities.

General controls

This procedure provides guidelines for monitoring and managing the amount of stock within Council to ensure that there are suitable levels of stock available to external and internal customers at all times. Suitable stock levels are at the discretion of the responsible officer and their manager, however are to be of a size such as to ensure that Council resources are not tied up with excessive stock on hand levels.

It is the duty of responsible officer to ensure that the stock control procedure is adhered to.

3.5.1 Purchase and management of stock

Purchase of all stock must be completed using Council's online requisitioning process and where able to, specifically using the inventory control software module. All stock purchases must adhere to Council's P420 Procurement and Disposal of Land and Assets Policy.

Responsible officers must:

- identify core stock and ensure there is a process to keep appropriate levels at all times;
- ensure there is a process to monitor all stock levels and stock turnover;
- negotiate for fast-moving stock with suppliers for 'just in time' deliveries where possible;
- monitor re-order levels and ensure orders are placed in adequate time to reduce non-availability of core or necessary stock items;
- regularly review sales budgets and ensure there is a process to order necessary stock in line with budgets;
- negotiate with suppliers for best price, quality, delivery methods and returns policy where no formal contract has been engaged (local where possible);
- order all stock required or ensure there is a process to order stock;
- ensure there is a process so that affected staff are aware of new product, price changes and procedures for accurate recording of all stock movements;
- consult with Procurement Officer to comply and assist with maintenance of the Prequalified Contractor Register where necessary;
- keep up to date with customer and market trends and seek out new product for recommendation;
- distribute Chemicals and Hazardous Substances as required following Council's Hazardous Chemicals Procedure ;
- ensure that there are adequate controls (physical and administrative) in place to minimise theft and/or waste of all stock items;
- secure all storage areas adequately, restricting access to authorised personnel and protection from accidental destruction, deterioration, theft, fraudulent or illegal use;
- ensure that all stock items are priced in line with Recommended Retail Prices or relevant on-site procedures, whichever is appropriate;
- maintain good quality control, where stock has a limited shelf life, to ensure stock nearing its use-by-date is sold first or discounted to encourage sale and minimise obsolescence, and;
- understand the importance of good stock control;



It is the responsibility of all staff that may perform sales or internal issuing of stock items to:

- keep up to date with stock pricing and new products;
- ensure that all stock records are kept accurately, including ensuring that the correct inventory item is being sold (and removed) from inventory records through the stock system;
- record, in regards to fuel, the odometer/hour reading of the plant they are refuelling and the amount of litres;
- where possible, ensure the person responsible for completing manual fuel dip readings is separate from the person(s) refuelling plant and equipment;
- ensure that all stock is securely stored to minimise theft, wastage and deterioration, and;
- engage another staff member to process a sale or stock issue to themselves (i.e. cannot process own sale or stock issue).

Receiving stock

When stock is received from the supplier, the responsible officer or their delegate must:

- review delivered items to delivery docket, including quantity, quality and completeness of order;
- match delivery docket to purchase order;
- follow up and ensure correct stock order will be received where discrepancies or damage has been incurred;
- complete, for fuel, manual dip readings before and after a delivery of fuel to independently verify the accuracy of the amount of fuel delivered;
- store the stock securely and in an appropriate area that is compliant with Work Health Safety Standards and any specific environmental conditions;
- review security arrangements at least annually by the responsible officer and implement improvements where they have become inadequate. Improvement arrangements may include:-
 - Restricting access to authorised personnel only;
 - Protection from accidental destruction;
 - Protection from theft, fraud or improper use;
- process Goods Receipt using Council's financial system, and;
- record Purchase Order on Tax Invoice and forward to Finance Officer for payment.

Stocktakes

- It is the duty of the responsible officer to organise and oversee and/or review physical stock takes and match records of stock take to administrative and financial records. Any significant variances in stock must be reported to the Team Leader Finance or Manager Finance and Customer Service. It is at the discretion of the Manager Finance and Customer Service to modify the regularity of the stocktakes should there be concern for items of stock going missing.
- Due to internal use and allocation of fuel, manual fuel dips are to be completed at the start and finish of each day. Also, the opening and closing reading on the fuel pump must be recorded on the same form to enable checking of fuel against manual and pump readings.

Consignment items

Council acts as agent (does not own) items agreed to be held and potentially sold on consignment by a supplier. All items held on consignment must be agreed to in writing by completion of the relevant consignment agreement.

A Consignment Master File shall be maintained and must at minimum contain the following information:

- Unique Identification Number for item(s) consigned;
- Supplier name and creditor number;
- Description of item(s) consigned;



- Recommended Retail Price (RRP) of item(s) consigned;
- Calculation of commission payable to City of Mount Gambier for items sold;
- Movements in consigned item(s) such as sales, theft, deposits, etc.;
- Start and Finish date of relevant Consignment Agreement.

Each month, the responsible officer must complete a stocktake and advise of any missing items.

Where consigned item(s) are to be amended (i.e. added or removed) the relevant addendum shall be completed and the Master File updated accordingly.

3.6 Prepayments

Key issues/risks

In relation to prepayments, the major risk is that:

- prepayments are either inaccurately recorded or not recorded at all.

General controls

All material invoices paid in advance will be recorded as prepayments as the goods or services will be received in either a next reporting period or over a period of reporting periods.

To account for prepayments, the following must be maintained:

- Complete periodic checks regarding the likelihood of prepayments being made;
- Review expenses that should be treated as prepayments;
- Review any large expenses during the financial year to determine if the payment should be classified as a prepayment;
- Document / create working papers detailing any prepayments and ensure all prepayments reconcile to the general ledger;

3.7 Fixed assets

Key issues/risks

In relation to fixed assets, the major risks are that:

- fixed asset acquisitions, disposal and write-offs are fictitious, inaccurately recorded or not recorded at all;
- the fixed asset register does not remain pertinent;
- fixed assets are inadequately safeguarded;
- fixed assets are not valued correctly initially or on subsequent revaluation;
- depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes appropriateness of useful lives and residual values, and;
- fixed asset maintenance and/or renewals are inadequately planned.

Segregation of duties

In relation to fixed assets, segregation of duties is intended to prevent one person from having both:

- Access to assets, and;
- Responsibility for maintaining the accountability for such assets.

The following types of responsibilities should be segregated:

- Transaction initiation (acquisitions or disposals);
- Transaction authorisation;



- Transaction recording;
- Custody of assets, and;
- Reconciliation of physical fixed assets and liabilities to records.

In addition, personnel who are responsible for fixed asset transaction processing should have neither responsibility for fixed asset Masterfile maintenance nor for update access to the fixed asset master file.

General controls

Asset Acquisition

- Any IT assets are purchased after consultation with iServices, to encourage inter-operability and cost efficiency in purchase and maintenance. Refer to Policy.
- Any purchase of an item that meets the current Council's capitalisation requirement is accounted for as an asset and the portfolio will be debited for the related depreciation over the life of the asset. The capitalisation limit is currently set at \$1,000 for equipment (either IT, office furniture, plant or park & playground related) and \$5,000 for all other assets. Note that these thresholds are indicative only and where an asset is material by its nature rather than value, the capitalisation threshold may be a lesser amount.
- Fixed assets are recorded in the Asset subledger on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.

Ongoing

- There is a reconciliation process in place for the verification of fixed assets in the sub ledger with those which are reconciled to the Fixed Asset Register (FAR).
- Recorded changes to the FAR and/or master file are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.
- All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.
- Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.
- Council has an asset accounting policy, as documented in the Financial Statements and the Model Financial Statements which details thresholds for recognition of fixed assets which is monitored to ensure adherence.
- Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.
- Asset register calculations are reviewed for accuracy.
- Where appropriate, fixed assets are
 - secured and access is restricted to appropriate staff and authorised users.
 - insured.
- identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.
- Finance staff annually review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.



Disposal

- Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.
- All disposals of fixed assets require approved in accordance with the Delegations of Authority and P420 Procurement and Disposal of Land and Assets Policy.

Other

- Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.
- Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.
- Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.
- As Council acknowledges its large asset base, and the potential impacts of a delayed adjustment in values for both financial accounting as well as insurance purposes, a valuation of building and structure assets is undertaken every 2 to 3 years.

Instructions reference: Assets: Assets

3.8 Project costing

Guidance: This procedure should be carried out in conjunction with Council's Risk Management Framework Policy, R305 and Prudential Management Policy, P415.

Key issues/risks

In relation to project costing, both operating and capital projects, the major risks are that:

- projects are either inaccurately recorded or not recorded at all;
- direct and indirect project costs are not considered or planned for, and;
- appropriate approvals are not received for the establishment and changes in project scope or costs;

General controls

- Project budgets are to be approved in accordance with the Delegations of Authority.
- Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.
- Actual project costs are to be reviewed at least in line with quarterly budget revisions, compared to budget and any material variances are to be investigated and explained.
- Before entering into a project, management are to review the costing methodology used for projects and ensure an appropriate method of full cost attribution is in place.
- Overhead rates including plant hire rates and employee on-costs are to be reviewed on an annual basis prior to completion of the annual budget to ensure accurate information is used for project costing.



- Reports shall be generated at the request of the project manager detailing projects actual performance against budget and any variances investigated. To assist with reporting requirements, all projects will have work order allocated which will cover income and expenses of each major project.

3.9 Loans / Grants to clubs

Key issues/risks

In relation to loans/grants to clubs/community groups the major risks are:

- Council issues loans inappropriately;
- loans/grants are inaccurately recorded or not recorded at all;
- loans/grants are not able to be repaid;
- loans/grants are not considered consistently in line with approved criteria, and;
- appropriate security is not taken/provided and/or documented.

Segregation of duties

The following activities should be segregated in relation to loans/grants to clubs/community groups:

- Approval of loan/grant;
- Recording of loan/grant;
- Receipting of loan/grant repayments, and;
- Approving write-off of loans/grants.

General controls

- Council has adopted policy 'P910 Provision of Loans or Guarantees to Community Groups' that provides guidance to the eligibility and assessment criteria for each request.
- Loan Receivable balances are prepared monthly and reviewed.
- All loans/grants are approved in accordance with delegations of authority.
- Statements of loans receivable are regularly mailed to the recipient of funds.



4. Liabilities

4.1 Creditors

Guidance: This procedure applies to all staff who are involved in supplier selection, payment and maintenance.

Key issues/risks

In relation to accounts payable the major risks are that:

- accounts payable amounts are either inaccurately recorded or not recorded at all;
- credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all;
- disbursements are not authorised properly;
- disbursements are made for inaccurate amounts or to an inaccurate creditor;
- accounts are not paid on a timely basis, and;
- supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

Segregation of duties

The following segregation of duties must exist within the disbursement cycle:

- Signed cheques, which have been compared to appropriate supporting documentation by the signatory, are delivered to someone independent of both the preparer and the initiator of the cheque for prompt mailing;
- Cheques should not be returned to the preparer or initiator of the cheque subsequent to being signed and should be timely mailed to minimise that opportunity for misappropriation;
- The return address on the envelopes that are used to mail cheques should be to an officer who does not prepare cheques or approve payment requests for payment, e.g. Records, and;
- Cheques, once signed, should be timely mailed and processed to accounts payable records to ensure that the cash and liability balances are fairly represented in the accounting records.
- Changes to bank details of creditors are required to be supported by the receipt of a signed form. Independent from the accounts payable function changes (from the bank details audit trail) are verified with supporting documentation on Council's record system. This review is completed weekly, normally before the weekly payrun, ensuring all creditor bank details are genuine.
- Segregation of duties between the file creation and file authorisation in Westpac is maintained consistent with the 'Westpac Online Authorisation Procedures' (AR20/21517) document, ensuring segregation between the creator, authoriser and super administrator roles within Westpac.
- Council has implemented separation of accounts payable and procurement duties.

In addition, the following tasks are segregated in relation to accounts payable:

- Approval of supplier invoice;
- Recording of liability (supplier invoice), and;
- Approval of payment (i.e. signing of cheque or approving of EFT payment), where payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.



General controls

- All new suppliers to Council must be reviewed and accepted in accordance with this procedure to ensure that the supplier service is aligned with Council objectives and payment is set up as EFT.
- Where the supplier provides statements, those statements must be reconciled to tax invoices at the completion of the billing term (generally monthly) and follow up any outstanding items prior to making payment. No statement shall be paid in full until all tax invoices are accounted for.
- Creditors control account is reconciled to the creditors' ledger once every month for at least 10 months per financial year. Any discrepancies shall be followed up and corrected immediately.
- Please refer to [Bank Account Authorisations](#) for procedure on reconciling payments.

New suppliers

New suppliers must be selected in accordance with Council's [P420 Procurement and Disposal of Land and Assets Policy](#) and Corporate Credit Procedure.

- For each new supplier, Request to Add New Supplier form must be completed prior to agreeing to services by the person engaging their services except for suppliers engaged under pre-qualification or formal procurement process, or agreements.
- The appointment of a new supplier will be authorised by an independent officer.
- All relevant details of the supplier will be entered into Council's financial system once approval is obtained.
- All changes made to the Accounts Payable Master File, such as the addition of new suppliers or changes to supplier details, must be reviewed on a regular basis by an independent officer and against Master File audit trail reports (where available). Changes to the Accounts Payable Master File will be accompanied by original (source) documentation.

Supplier payment terms

- All purchases from suppliers must be supported by a purchase order – refer to the Purchasing and Stock control procedures. It may not be necessary to issue an official order for the following items:
 - Fees or payments imposed under the Act;
 - Insurance or real estate acquisitions;
 - Payments pursuant to an award binding upon Council (e.g. payroll);
 - Goods purchased from petty cash (manual authorisation required);
 - Goods/services purchased by debit card (manual authorisation required);
 - Goods/services purchased by prepaid credit card (manual authorisation required);
 - Utilities for supply of phone services, electricity, water supply etc., where a direct debit arrangement has been entered into, or;
 - Any other purchases where a direct debit arrangement has been entered into.
- Council's payment terms are the last business day of the calendar month following the month in which the invoice is dated provided that the goods are supplied and/or the services are provided in the manner set out. Refer to Council's Purchasing Standard Terms and Conditions.
- Council can, at its own volition, pay suppliers earlier than the above Council's payment terms determine, if it considers this reasonable under the circumstances.

Bond payment refunds



- Staff that requested the initial bond fee are responsible to begin the bond/hire refund request/workflow within three business days of execution date in order to process payment in line with creditor payment terms. The repayment of any bond monies are to be processed within 10 business days of the date of execution, where the date of execution refers to the date of event or hire. The bond/hire refund request must contain the following information:
 - Name of hirer;
 - Address details of hirer (including telephone, mailing address, email address);
 - Bank Details (BSB, Account Number and Account Name);
 - Details of what was hired and date it was hired;
 - Amount to be refunded including details of adjustments for cleaning or damage, and;
 - Evidence of authorisation. This person must have adequate financial authority.
- Bond liability accounts are reconciled at least once per quarter.

Instructions reference: Finance: Westpac Online Authorisation Finance instructions document

Instructions reference: AP: Accounts Payable (Maintenance) Audit report

4.2 Accrued expenses

Key issues/risks

In relation to accrued expenses the major risks are that:

- accrued expenses are either inaccurately recorded or not recorded at all.

General controls

Accrued expenses reconciliation are prepared in accordance with the end of month reconciliation procedure.

4.3 Borrowings / loans

Key issues/risks

In relation to borrowings the major risks are that:

- borrowings are either not recorded or are recorded inaccurately;
- loans are taken out without appropriate approval;
- loans are not repaid in accordance with the agreed terms;
- loan repayments are not recorded at all or are recorded inaccurately;
- lack of working capital to meet Council's financial commitments, and;
- interest expense is inaccurately calculated or recorded in the wrong period.

The accumulated effect of these risks is far wider than purely financial consequences and may lead to widespread negative perceptions/reputation of Council within the community.

Segregation of duties

The following segregation of duties should exist within the liability cycle:

- Recording of borrowing transactions;
- Approving new borrowings;
- Following up on reconciliation or confirmation of borrowing to statements from third parties;



- Review and analysis of recorded borrowing transactions by means of summary reports of activities (e.g. describing liquidity, interest rate), and;
- Authorisation of payments with respect to borrowing transactions.

General controls

- A loan register is maintained containing reference to Council resolution approving the loan and a schedule of the loan liability and the loan repayment from the lender. This also includes details of any cash advanced debenture. The register must include:
 - Loan Account number;
 - Lending institution;
 - Repayment schedule;
 - Purpose for which the loan was taken out;
 - Interest and term of loan;
 - Commencement and expiry dates.
- Debt repayments are transacted and recorded in the correct accounting period, and are reconciled to ensure they are matched to the loan schedule where applicable.
- The loan register and loan approval is subject to management and audit review at least annually.
- All loans are in accordance with Council's Treasury Management policy which outline appropriate approval mechanisms and authority required.
- Loan balances in the general ledger are regularly compared to budget, loan register and statements from financial institutions.
- All new loan repayment schedules and conditions are checked prior to accepting each loan.
- All funding approvals are approved and minuted by Council.
- The loan repayment and covenant schedule, including dates and amounts to be paid is established when each loan is setup. This is independently reviewed to ensure that all payments are made and recorded accurately and timely.
- Repayment details on cash advanced debentures are recorded and checked as known.
- Council is informed on a timely basis of any variance with the loans terms and conditions that have been prior approved.
- Payments are entered into the financial system following verification of direct debit from the bank statement.
- Cash flow forecasts are considered to ensure sufficient working capital is available. Investments and borrowings are scheduled accordingly.

4.4 Employee provisions

Key issues/risks

In relation to employee provisions the major risks are that:

- the employee provisions are either inaccurately recorded or not recorded at all, the cause of which could be that:
 - the basis upon which provisions are based are flawed and/or not current, or;
 - the system based accruals are flawed and/or inaccurate.

Segregation of duties



- Segregation of duties requires that the recording and processing of leave entitlements is separated from the initial approval of leave and that access to the Payroll Master File is restricted.

General controls

- The payroll system used is programmed with formulas to perform employee provision calculations and independently reviewed to ensure consistency with legislative and negotiated agreement requirements.
- Approval for all requests for leave and leave taken is recorded by staff independent from the approval. Approving officers are those officers in a supervisory or management role for a particular area or function of Council as established under Council's corporate structure / organisational chart.
- Reconciliation of employee provisions must be performed at least annually at the end of the financial year, independently reviewed and signed off.
- Actual balances compared to budget once every month for at least 10 months per financial year and significant variances are investigated.
- Leave balances are recorded on pay advices (pay slips) for verification by staff. If the accuracy of the leave balances is questioned, staff will be advised of this on their pay advice to ensure clarity and avoid reliance on inaccurate information.
- Any changes to Payroll Master Files are independently reviewed to ensure accurate input to source documentation (via Payroll Master Audit Trail).
- Payroll Master File data is periodically reviewed for accuracy and pertinence.
- Business Unit managers periodically review listings of current employees and vacant positions within their area of Council and notify of inaccuracies, queries and necessary changes.

Instructions reference: Payroll: Payroll Maintenance – Review by third party with data entry;
Payroll: Working-from-Home allowance

4.5 Taxation

Key issues/risks

In relation to taxation the major risks are that:

- tax liabilities are either inaccurately recorded or not recorded at all, and;
- Council does not meet statutory reporting/lodgement deadlines and obligations.

Segregation of duties

To minimise weaknesses associated with segregation of duties in relation to taxation, it is imperative that the following tasks are separated:

- Calculation, recording and processing of tax liabilities;
- Review of tax lodgement documentation;
- Payment of tax liabilities;
- Approval of payment of tax liabilities;
- Receipt of tax refunds, and;
- Recording of tax refunds.

General controls



- All taxation statements and returns required for lodging with the Australian Taxation Office are prepared in accordance with relevant legislative guidelines.
- Relevant staff members are provided with regular training in order to keep up to date with all relevant changes in tax legislation and reporting requirements and/or Council obtains tax advice from external tax advisors.
- To ensure appropriate tax treatment, an independent officer who holds appropriate qualifications and training must spot check transactions when completing the Business Activity Statement(s).
- All balance sheet reconciliations for tax assets/liabilities are performed at least every three months; reconciliations are reviewed by an officer independent to the recording of transactions and reconciliations.
- Council has a working relationship with an external tax advisor and its external auditors and contacts them for advice when required.
- Management reviews reporting and lodgement of Statements>Returns on a regular basis to ensure compliance with statutory deadlines. This will also prevent unnecessary interest and fines being applied due to late lodgement.



5. Revenue

5.1 Rates

Guidance: This procedure applies to all Rates staff and managers who are involved in the raising and reviewing of rates in conjunction with Rating Policy R105, Rates General Matters R130 and Rates Rebate Policy R155. It should be considered in conjunction with Chapter Ten of the Local Government Act, 1999.

Key issues/risks

In relation to Rates the major risks are that:

- council does not raise the correct level of rate income;
- Rates and rate rebates are either inaccurately applied and/or recorded or not recorded at all, and;
- the property master file does not remain pertinent.

Segregation of duties

The following segregation of duties must exist within the rate revenue cycle:

- Recording rate revenue and rate rebates;
- Approving the rate revenue and rate rebates;
- Invoicing the rate payer;
- Maintaining debtor records and/or authorising adjustments to debtors;
- Processing cash receipts;
- Following up on debtors;
- Performing independent debtors confirmation and following up on discrepancies;
- Making changes to debtors master files, and;
- Rate payer service call and/or complaints.

General controls

- To ensure Council raises the correct amount of rate revenue Rates officer(s) shall ensure that property Valuations and Land Use codes are downloaded from the LGA Annual Valuation Report to Council's software system. This must be completed at least annually in line with the Local Government Act.
- No valuation changes are permitted during the period of Council adopting the valuations for the relevant financial year and the raising of the rates.
- The Rates officer(s) shall check the total value supplied by the Valuer General (per the LGA Annual Valuation Report) reconciles to the value uploaded to Council's financial system (screenshot is acceptable). Totals are checked against source documents from the Valuer General and signed and dated by the Rates Officer and are independently reviewed. These reports shall be filed to Council's Electronic Document Records Management System.
- All uploading, modelling and calculation of rates must be tested and approved prior to and after adoption of rates.
- Total rates generated are compared to budget and budget revisions. All material variances are to be investigated.
- Rates are automatically calculated and generated by Council's rating software module. It is the responsibility of the Senior Rates Officer to ensure that Council's software system is set up



accurately. A random sample of rates data must be independently reviewed by someone who is separate from the entry of rates transactions, to ensure:

- name, address and rate details are correct;
- valuation uploaded matches to Valuer General report/figures;
- correct rates have been calculated, and;
- rebates, concessions and discounts (where applicable) have been applied correctly.
- The independent officer completing the review must select which rate data to review. This must be completed annually once rates have been raised, but prior to rates notices being sent for printing. Any variances shall be investigated and corrected immediately.
- Rate rebates are to be reviewed annually and authorised in accordance with Council Delegations.
- Once independent review has been completed and the officer is satisfied that the sample reviewed is accurate, rates notices can be authorised for printing. Sample rates notice must be approved by two officers with at least one being independent to the Rates function prior to authorising the final print.
- Internal Service Standards - All updates received from the Valuer General after the raising of rates are intended to be processed within five business days of receiving all required information by Rates officer(s).
- Rates officer(s) shall ensure they do not process their own rate receipt. Payments via electronic banking, customer service or payroll deduction are acceptable.
- The downloading and importing of all electronically received payments must be completed at least twice per week, excluding public holidays and periods of business closure as deemed by the CEO.
- Rates officer(s) shall once every month for at least 10 months per financial year review Council's Name and Address Register to ensure that details are accurate and match details recorded in Council's rating system.

5.2 Grants

Key issues/risks

In relation to grants the major risks are that:

- council loses recurrent Grant funding to provide existing service;
- grant funding is not claimed by Council on a timely basis or not claimed at all;
- grants are either inaccurately recorded or not recorded at all, and;
- grant acquittal reporting is not completed within specified timeframes/terms and conditions.

General controls

- Formal Council resolution is required prior to grant funding being applied for amounts over \$100,000. Members of MET must approve all other requests.
- Staff must complete the Grants and Funding Register AR18/17335 prior to submitting a grant application. Grant applications that exceed the financial authority of the General Manager or commit Council beyond the current approved budget must obtain MET approval. For the purposes of grant funding, financial authority is deemed to be total commitment of Council and includes any in kind commitments that may be associated. It is the responsibility of the grant



contact person to update this register and ensure that grant funding is applied and acquitted in a timely manner.

- Any withdrawal of grant funding by an external provider requires an assessment of services/program/initiative/infrastructure to determine whether the service is maintained by Council.
- To assist with reporting requirements all grants will have job code (Work Order) allocated which will cover income and expenses for each grant project.

5.3 User pay income – Fees for Service

Guidance: This procedure applies to all staff who are involved in the raising and reviewing of user pay income. It should be read in conjunction with Section 188 of the Local Government Act, 1999.

Key issues/risks

In relation to user pay income the major risks are that:

- the fee charged does not reasonably reflect the value of the services provided;
- Council does not apply user pay principles consistently, and;
- user pay income is either inaccurately recorded or not recorded at all.

General controls

- Fees and charges are reviewed annually and are adopted by Council as part of the annual business plan and budget cycle.
- Cost recovery shall be considered as part of any review.
- Fees and charges register is to be maintained and published on Council's website for public access.
- The use of Council facilities is to be supported by formal lease agreements/licences and a register of such properties maintained.
- Fees that are discounted/subsidised, the full cost of the charges is to be fully recognised via the financial system.
- Receipt types are set up in line with the current Fees and Charges register (which is reviewed and updated annually). Standard charges to be programmed into receipting module to minimise data entry errors. Standard fees to be programmed into invoicing module to minimise data entry errors and ensure consistency.
- In accordance with budget reviews, regular reviews to be undertaken of financial performance of past periods to ensure income is in line with expectations. Any variances must be investigated.
- Receipting must be processed by a sequential number system.

5.4 Investment / interest income

Key issues/risks

In relation to investment/interest income the major risks are that:

- Investment / interest income is either inaccurately recorded or not recorded at all.

Segregation of duties



The following segregation of duties should exist within the investment cycle:

- Recording of investment transactions;
- Approving new investments;
- Following up on reconciliation or confirmation of investments to statements from third parties;
- Review and analysis of recorded investments transactions by means of summary reports of activities, and;
- Authorised signature of payments with respect to investment transactions.

General controls

- On receipt of statements from the investment provider, interest is to be checked and receipted (at least quarterly).
- Statements are to be reconciled to general ledger and checked by an independent officer.
- Any discrepancies are to be investigated and corrected immediately following identification. Income received is to be compared with budget on a regular basis in line with budget revision process.
- An investment review must be completed biennially and submitted to Council in accordance with Policy [T150 Treasury Management](#).

5.5 Receipting

Key issues/risks

In relation to receipting the major risks are that receipts are:

- either inaccurately recorded or not recorded at all, and;
- not deposited at the bank on a timely basis.

Segregation of duties

The following duties should be segregated within the receipting function:

- Receipting all cash payments from ratepayers/customers;
- Receipting all cash receipts, and;
- Banking of cash receipts and cheques.

To reduce the risk of misappropriation of funds through collusion regular performance and independent review of bank reconciliation is required.

General controls

- All receipting is processed via Council's approved electronic financial system excluding exceptional circumstances (such as prolonged software outage) where manual receipt books shall be used.
- Off-site receipts are processed manually with pre-numbered compliant receipt books or via approved electronic financial system (the preferred option being Council's operating system).
- Payments made via cheque are only accepted for Rates and general debtor payments where amounts owed can be easily reinstated should the cheque payment default. Purchases of inventory or consignment items are to be paid upfront via cash or eftpos (no cheque payments allowed).
- Electronic receipts provided to customers must be fully compliant with ATO's statutory requirements for issuing tax invoices (please refer to Receipt of Purchases for details on valid tax invoices).
- All cheques received are to be stamped 'Not Negotiable' and date of receipt.



- Money collected on behalf of third party organisations is to be receipted and recorded via general ledger accounts on a regular basis.
- Receipting reports must be supplied within two business days for either processing of cash/cheques or invoicing via Sundry Debtors system.
- Any cash transferred from external sites must be stored in a secure area until such time as it is processed.
- Physical transfer of monies must be from one officer direct to another officer (with the receiving party aware of the contents).
- Monies must never be left unattended in an unsecure area (for example, placed in a pigeon-hole or correspondence tray).

Surplus cash

- Any surplus cash is to be cleared from till/registers to a more secure area on a regular basis. Surplus cash is deemed to be any cash in excess of \$2,000. Where receipting is processed using Council's financial system, this cash limit shall be set when opening the tills/registers (where the financial system allows it to do so). Deemed secure areas are locked in the strongroom, safe or cupboard separate from the register/till location.
- Where possible, only one operator is to be responsible for each till. However, Council acknowledges that, due to the shared environment, this can be impractical. Consequently, and taking into account the strong control history at the Civic Centre Customer Service desk, the daily cash reconciliation is performed before close of business, so any operator is able to assist in reconciling the cash in case of discrepancy.
- Where possible each officer uses the till they are responsible for. In that instance, where an officer is required to receipt and has not been designated responsibility for a till on a particular day, they must process receipt entry using their own identification number (the terminal number does not alter, only the cashier).
- Details of further risks and controls associated with cash handling and banking are considered in the 'Cash floats and petty cash' and 'Banking' sections of this document.

Voids, reversals and deletions

- A daily review of receipting transaction reports is required to identify any 'negative' receipts or reversals and provide reason for such transaction. An appropriate officer independent of the processing of receipts shall sign off (electronic evidence acceptable) on all receipt voids or reversals and such receipts shall be attached to the end of day reports.
- Receipt Reversals shall be processed as a last resort (as Council's financial system does not provide a reasonable audit trail) or where Council has received funds in error that are required to be refunded. The preferred method is to process a receipt reallocation where applicable, rather than reversal and deletion as this provides a distinct audit trail in Council's financial system.

Refunds – inventory and consignment

- Due to the nature of consigned items and inventory items, Council employs a no exchange or refund policy unless required by consumer legislation. Please refer to Replacement/Exchange or Refund conditions document for further details. Counters are clearly labelled with this information and a sign requesting customers to 'Please Choose Carefully' when making purchases.



- Where a customer meets the criteria for a refund, a Refund Request must be completed and authorised by an officer with appropriate financial authority. All refunds will be processed via EFT and deposited direct to the customer bank account and must be accompanied by proof of receipt of initial fund. No refunds are to be given direct from the till unless it is a same day transaction.

Instructions reference: AR: Accounts Receivable (Maintenance) Audit report

5.6 Other revenue

Key issues/risks

In relation to other revenue the major risks are that:

- other revenue is either inaccurately recorded or not recorded at all.

General controls

- Other revenue received by Council typically includes (but is not limited to):
 - donations;
 - expiation Fees;
 - dog Registrations;
 - license Fees
 - hire Fees;
 - permits, or;
 - proceeds from the sale of fixed assets.
- For guidance as to the disclosure requirements in relation to other income, seek advice.
- For an analysis of the risks and controls in relation to debtors (i.e. the collection and recovery of other income), refer to the Debtors business process of this Manual.
- For any receipting that occurs on any off-site locations an audit trail summary (sales/banking report) is to accompany receipts.
- Ensure a Recipient Created Tax Invoice is received (where possible) for disposal of items such as waste metal, etc..
- Sequentially numbered receipts must be issued.
- Revenue from this source is to be reviewed on a regular basis in line with budget revisions.
- Any permits issued in Council's name are to be reviewed regularly to ensure that the correct fees are collected.
- Officers must ensure that statutory timelines are met to ensure that outstanding infringements are able to be recovered by the State Fines and Recovery Unit. Regular review of the timeliness of this process is essential.

5.6.1 Fee waivers

- Requests for waivers of fees or expiations by applicants must be in writing and authorised by the relevant General Manager and once approved a copy sent to request preparation of a credit note for any of these fees previously raised.
- A copy of written request and authorisation must be saved in Council's CM9.

5.6.2 Refunds – other revenue



- On occasion a refund is required for development and other applications. The relevant officer shall complete a 'Requisition for Council Cheque' or 'EFT Request' (preferred method of refund is via EFT) and contain authorisation (by signature) from officers with the relevant delegations of authority.
- Refunds, once authorised are to be processed via Council's financial system in accordance with the Creditors section of this procedure.



6. Expenses

6.1 Purchasing and procurement

Guidance: This procedure applies to all staff in accordance with Council's Procurement Policy P420.

Key issues/risks

In relation to purchasing and procurement the major risks are that:

- Council does not obtain value for money in its purchasing and procurement;
- purchases of goods and services are made from non-preferred suppliers;
- purchase orders are either recorded inaccurately or not recorded at all;
- purchases are placed for unapproved goods and services, and;
- supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

Segregation of duties

The following activities should be segregated within the purchasing and procurement cycle:

- Approval of purchase orders, and;
- Recording of the original purchase and liability.

General controls

- Council purchases follow the Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.
- The Financial Authorisation in combination with the Authority controls limit the ability to requisition and order goods to those with the required financial authorisation.
- Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.
- There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers through the annual review of annual spent to the Council.
- Where no budget has been assigned, as part of the monthly management review and/or quarterly budget review the budget manager submits a budget review request to the portfolio General Manager.
- The purchase requisitioner is required to ascertain budget availability for any purchase.
- Expenditure items – once the expense has been incurred - shall be allocated to the general ledger line that most accurately reflects the nature of the expenditure, irrespective of budget availability.
- All purchases for business items must be requested through Council's Online Requestion software with the exception of the following items where it may not be necessary to issue an official order for the following items:-
 - Fees or payments imposed under the Act;
 - Real estate acquisitions;
 - Payments pursuant to an award binding upon Council (for example, Salaries, Wages and Superannuation);
 - Goods purchased from petty cash;
 - Goods/services paid by credit card;



- Purchases paid by direct debit;
 - Purchases imported to the system;
 - Payroll disbursements;
- To ensure that all corporate discounts are utilised where Council holds an account, purchase orders must be raised.
- All purchase orders must be in numerical order, authorised in accordance with Council's P420 Procurement and Disposal of Land and Assets Policy and financial authorisations and must contain the following items:
 - Supplier name (and creditor number);
 - Date goods ordered;
 - Details of goods/services ordered;
 - Estimated or actual prices;
 - GST inclusive or exclusive;
 - Work Order or general ledger account allocation;
 - Quotations where required in line with Council Policy P420, and;
 - Expected delivery date.
- Expenses relevant to items of plant must be allocated to each individual plant alias number.

Instructions reference: External: AP: Purchasing process

Instructions reference: Internal AP: Accounts Payable (Maintenance) Audit Report

Instructions reference: Internal Finance: Financial Authorisation in Council and in Authority

6.2 Payroll

Guidance: This procedure should be read in conjunction with relevant employee Awards and Enterprise Bargaining Agreements.

Key issues/risks

In relation to payroll the major risks are that:

- payroll expenses are inaccurately calculated;
- payroll disbursements are made to incorrect or fictitious employees;
- time and/or attendance data is either invalid, inaccurately recorded or not recorded at all;
- payroll Master File does not remain pertinent and/or unauthorised changes are made to the Payroll Master File;
- voluntary and statutory payroll deductions are inaccurately processed or without authorisation;
- salary sacrifice transactions are inaccurately processed, and;
- employees are terminated in breach of statutory and enterprise agreements.

Segregation of duties

The following segregation of duties should exist within the payroll and personnel cycle:

- Appropriate segregation of duties exist between preparation, disbursement and human resources (or personnel management);



- Any errors in calculation and/or disbursement are properly identified and corrected, and;
- Confidentiality of employee personnel matters is maintained.

As noted in the Better Practice Model Internal Financial Controls Final Document: "Typically, all payroll queries (i.e. requests to change details) ought to be directed to supervisory level staff in the human resource or personnel management department. It is noted that in some councils, human resources are not involved in payroll queries and this segregation of duties issue is not applicable. However if Management regularly reviews the payroll master file and is advised of all significant changes to detail, the weakness associated with this segregation of duties issue may be reduced."

With Council the overall Payroll-Finance team performs many of these review functions that typically land in the human resource department, and the review of the fortnightly payroll process has been strengthened since 2018 to reduce the weaknesses in this area of segregation of duties.

General controls

- The financial system used has programmed formulas to perform payroll calculations.
- All overtime is verified and approved by relevant appropriate staff.
- There are processes in place to ensure accurate data entry of payroll source documents, for both master data as well as transactional data. This includes a process to ensure employees are not added to the payroll master file, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.
- An analytical review is performed as part of every payrun by a person independent from the person updating the transaction data. Where possible this is done in advance of payment, otherwise in arrears. This process is documented to CM9 for every payrun.
- The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.
- An officer independent from the processing of payroll transactions reviews the set up and calculation for the following items at least annually:
 - Superannuation guarantee;
 - Superannuation – employer additional;
 - Leave – annual, medical, long service, paternal;
 - Leave without pay;
 - Workers Compensation and Income Protection;
 - Allowances, and;
 - Deductions.
- A folder shall be maintained containing the set up and any relevant Award or Enterprise Bargaining Agreement documentation to support it.
- Employees are made inactive in payroll records upon termination after advice from HR / the manager.
- AWU staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor. ASU staff submit any leave forms through the Authority system.
- The ability to access, modify or transfer information contained in the payroll master files in Authority is restricted to authorised Payroll staff only.
- Any payment of a person for higher duties is supported by a 'Allocation and alternate duties form' where such request is made and approved, before payment can occur.



Instructions reference: External Payroll: Working-from-Home allowance

Instructions reference: External Payroll: Electronic Timesheet Sign off process

Instructions reference: External Payroll: Staff instructions re Payroll

Instructions reference: Internal Payroll: Payroll Maintenance – Review by third party with data entry

6.3 Elected Members expenses

Guidance: This procedure applies in conjunction with Policy M405 – Members – Allowances, Reimbursements, Benefits and Facilities.

Key issues/risks

In relation to Elected Members the major risks are that:

- Council reimburse expenses to Elected Members of a personal nature;
- Elected Members' allowances and reimbursements are not paid by Council and/or not paid by Council on a timely basis and/or recorded inaccurately, and;
- Elected Members do not reimburse Council for the private use of assets.

General controls

- Elected members must complete and sign a standard expenses reimbursement form and submit to the CEO for authorisation when claiming expenses. The signing of the form confirms that the Elected Members are claiming valid expenses and have excluded all items of a personal nature. All expense reimbursement claims must be accompanied by relevant receipts and/or tax invoice(s).
- All Elected Members and other Committee's allowances are in accordance with the remuneration tribunal, and are reviewed independently from Accounts Payable by Executive Administration with delegations of authority and all claims are agreed to supporting documentation (i.e. tax invoice and receipts).
- A register of Allowances and Benefits maintained by Accounts Payable by designated person and is made publicly available. The Register is reviewed to ensure accuracy.

Instructions reference: Internal AP: Payment of Council Member allowance

6.4 Credit cards

Key issues/risks

In relation to credit cards the major risks are that:

- Credit Cards are issued to unauthorised employees;
- Credit Cards are used for purchases of a personal nature;
- Credit Card limits are set at inappropriate levels;
- Credit Card merchant types are not appropriate, and;
- Credit Card monthly reconciliations are not completed, signed and/or dated.



General controls

- A credit card register will be maintained and evidenced as authorised by the CEO as part of the financial facilities register. The register must be updated as soon as practicable to approve for any alterations to credit card holdings and/or expense limits and be signed by the CEO.
- The credit card register must be independently reviewed against the listing from the bank provider at least annually.
- Please refer to [Corporate Credit Card Procedure](#) and [Corporate Credit Card Use Agreement](#) for further details.

Instructions reference: Internal Finance: Register of Financial Facilities

6.5 Employee reimbursements

Key issues/risks

In relation to employee reimbursements the major risks are that:

- employees are reimbursed for expenses of a personal and/or non-work related nature, and;
- employee reimbursement are either inaccurately recorded or not recorded at all.

General controls

- All claims for employee reimbursements are submitted for approval along with supporting documentary evidence (i.e. receipts) and confirmation of valid expenses. This is approved by the employee's relevant manager in accordance with Delegations of Authority.
- When approving, focus is on the nature of the expense as well as the amount of the claim.
- All reimbursements for the CEO must be approved by the General Manager Council Business Services.
- Before authorising the employee reimbursement the authoriser must review the form for mathematical accuracy and ensure appropriate documentation.
- It should be noted that reimbursement is not Council's desired method of purchasing as it does not ensure value for money or meet our expense purchasing requirements as detailed in this manual.

6.6 Other expenses

Key issues/risks

In relation to other expenses the major risks are that other expenses:

- are either inaccurately recorded or not recorded at all, and;
- do not represent valid expenses of Council.

General controls

- Management approves all other expenses in accordance with Delegations of Authority.
- When approving other expenses, management review both the nature and amount of the expense for reasonableness and value for money.



- Actual expenses are regularly compared to budget; significant variances are investigated by budget holders, management and MET.
- Statements received from suppliers are reconciled to the supplier accounts in the creditor's ledger regularly.
- All expenses are authorised as per Councils P420 Procurement and Disposal of Land and Assets Policy and in accordance with delegations of authority.



7. External Services

7.1 Contracting

Guidance: This procedure should be read and carried out by all staff in conjunction with Policy P420 – Procurement and Disposal of Land and Assets (and contractors' policy).

Key issues/risks

In relation to contracting the major risks are that:

- Council is not able to demonstrate that all probity issues have been addressed in the contracting process;
- Council does not obtain value for money in relation to its contracting, and;
- commitments are made for unapproved goods and services.

Segregation of duties

Within the contracting and tendering process, the following activities should be segregated or performed by more than one person:

- Pre-selecting contract and tender applicants for consideration by selection panel;
- Final selection of successful contractors and tenderers, and;
- Contract and tender management (including management reporting and disbursement to service provider).

Ad-hoc in-house audit of purchasing to ensure commitments are being made within delegation (financial authority) and approved budget should occur at least annually.

Prequalified contractor register

A Prequalified Contractor Register will be maintained to ensure that contractor(s) have relevant qualifications in areas of Work Health Safety, licences and insurances and are deemed to have the appropriate level which meets legislation and agreed industry standards for Local Government. This register must include relevant expiration dates and be regularly followed up with contractors whose qualification/licences require updating. It is the responsibility of all staff to ensure that before engaging a contractor(s) and issuing a subsequent purchase order that they are listed as 'current' on the Prequalified Contractor register. Should contractors not be forthcoming initially with the required prequalification documentation, dealings must be halted until such time as they meet prequalification requirements.

Tenders and contracts

In regards to tenders and contracts:

- A register of all tenders and contracts must be maintained including:
 - name of business;
 - description of goods/services provided, and;
 - dates of appointment and cessation.
- Alerting relevant staff at least three months in advance when contractual arrangements are nearing an end, in order for new tender specifications to be prepared (if required) by the relevant staff member



- Ensure that once the relevant staff member sets the specifications, all tender documents are in a standard format and appropriate protocols followed for their advertisement or distribution to selected suppliers
- Ensure that all tenders are executed in accordance with Procurement Policy P420.
- The preferred method for receiving tenders is via electronic lodgement online using a procurement platform. Where any tenders are to be emailed staff must direct submitters to email to tenders@mountgambier.sa.gov.au. Under no circumstances are staff to receive tender submissions to their individual Council or personal email address. Use of the manual tender box shall be limited to extenuating circumstances only as deemed necessary.

Reviewing tender applications

- Tender submissions must not be accessed by any staff member prior to the date of closing of the tender. Staff with access to the email submissions, must ensure that all attachments remain unopened until the closing date of the tender. Once the Tender has officially closed, the Procurement Officer in conjunction with all requirements of Procurement Policy 420 shall:
 - establish standard templates for selected staff to use to evaluate the tender submissions and grade them accordingly;
 - collate the selection panel's recommendations and prepare a summary for relevant approval;
 - communicate with all applicants regarding whether their submission was successful or not and provide feedback where necessary/requested;
 - follow up all relevant documentation to ensure the successful applicant meets the minimum requirements of a prequalified contractor, and;
 - ensure all documentation is scanned and recorded for transparency in CM9.
- Variations to any external contract must be in writing and authorised by the contract superintendent (as signed in the original contract) as per legislative requirement.

Retentions and contract requirements

- Contractor retentions shall be withheld where relevant as security over works carried out. A register of retentions and/or bonds must be maintained and reconciled least every three months (quarterly) per year, one of these reconciliations being at the end of each financial year.
- All staff responsible for engaging contractors must ensure that milestone payments are made in accordance with those contracts and all associated objectives have been met prior to the release of payment.



5.6 ANNUAL BUSINESS PLAN & BUDGET FY2020 – REPORT NO. AR20/30226

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/30226
CM9 Reference:	AF11/863
Author:	Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	This report provides an update on the status and compilation of the Annual Business Plan & Budget for 2020/21.
Community Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

REPORT RECOMMENDATION

1. That Audit Committee Report No. AR20/30226 titled 'Annual Business Plan & Budget FY2020' as presented on 25 May 2020 be noted.



BACKGROUND

The Audit Committee is provided with an overview of the considerations of the Annual Business Plan & Budget process.

DISCUSSION

Council has prepared the 'Draft 2020/21 Annual Business Plan and Budget' (ABP&B). This draft went out for community consultation purposes in April. The following steps have occurred as part of the preparation of the Draft 2019/2020 ABP&B:

- Schedule of Fees and charges for 2020/21 – adopted by Council on 21 April 2020.
- Elected Member ABP&B Workshop No. 1 - held on 25 February 2020, including a review of:
 - The Long Term Financial Plan (LTFP)
 - The Asset Management Plans (AMPs)(both previously adopted by Council on 19 March 2019)
- Elected Member ABP&B Workshop No. 2 - held on 24 March 2020
- Elected Member ABP&B Workshop No. 3 - held on 7 April 2020

In these workshops Council considered:

- Its draft Strategic Plan;
- The AMPs and the LTFP – see separate Agenda item;
 - The financial ratios, including the operating surplus ratio, the net financial liabilities ratio and the asset renewal funding ratio for the 2020/21 budget were considered in light of the LTFP outcomes
- Budget bid considerations;
- The impact of COVID-19 on Council's revenue and expenses, including the Fees and charges for 2020/21 – see separate Agenda item;

Council Administration compiled a detailed budget template to incorporate all the expenses and income by portfolio (Office of the CEO, City Infrastructure, City Wellbeing, City Growth, Council Business Services), by master (cost or revenue centre) and by subsidiary (nature) and activity account. Analysis to 2019/20 budget, 2018/19 actuals and 2019/20 YTD actuals was performed to identify areas for attention.

The importance of the quarterly budget review process for the 2020/21 financial year was highlighted, as the COVID-19 pandemic, and the impacts of that to Council's operations, both in revenue and expenditure are difficult to estimate to a sufficient level of detail. The quarterly budget review process will allow Council to review the outcomes on a quarterly basis and take this into consideration into the measures it will take following such a review.

The draft ABP&B as presented for community consultation is attached.

Following community consultation Council will consider the feedback provided and is anticipating to approve a final 2020/21 budget at a Council meeting in June 2020.

CONCLUSION

The draft ABP&B has been created taking into account the AMPs, LTFP, Fees and charges, the provision of Council services at sustainable levels as well as the impact of COVID-19 on these matters. Council considers the quarterly budget review process in 2020/21 as an important process to review outcomes on a quarterly basis.

ATTACHMENTS

1. Annual Business Plan & Budget Draft for consultation purposes - April 2020 [↓](#)





City of
Mount Gambier

DRAFT

2020/21
Annual Business Plan
and Budget

For Consultation



2020/21 BUSINESS PLAN AND BUDGET

TABLE OF CONTENTS

FROM THE MAYOR	Page 1
OUR CITY	Page 2
OVERVIEW	Page 3
BUDGET INFLUENCES	Page 3
STRATEGIC DIRECTIONS	Page 4
SERVICES	Page 6
ANNUAL BUSINESS PLAN AND BUDGET	Page 7
MEASURING PERFORMANCE	Page 9
RATING STRATEGY	Page 9
RATE REBATE AND RATE RELIEF ASSISTANCE	Page 12
COMMUNITY ENGAGEMENT AND BUDGET MEETINGS	Page 14

APPENDIX A - 2020/21 SUMMARY BUDGET BY FUNCTION

APPENDIX B - 2020/21 BUDGETED FINANCIAL STATEMENTS



2020/21 ANNUAL BUSINESS PLAN AND BUDGET

FROM THE MAYOR

The 2020/21 Annual Business Plan and Budget (ABP&B) reflects the work of the Council in preparing for the 2020/21 financial year. It is a statement of the City's intended program of work and outcomes for the upcoming financial year and has been developed with reference to the Draft 2020-2024 Strategic Plan, the Long Term Financial Plan and the Asset Management Plans.

The 2020/21 ABP&B outlines our objectives for the year, how they will be achieved and the methods used to monitor and measure performance. It also includes a summary of revenue and expenditure required to deliver the program, developed within the context of the Council's commitment to financial sustainability and longer term financial planning. It also describes the impact on rates and implications for ratepayers.

COVID-19. Our City. Our Response.

The City of Mount Gambier continues to review its response to COVID-19 in an effort to protect the community and contain the spread of the virus.

Multiple projects and measures, including a rate freeze, fees and charges freeze as well as a multi-million COVID-19 stimulus and recovery allocation in additional operational and capital expenditure have been included in the ABP&B as presented here. The Council anticipates that other stimulus activities may present themselves in future, subject to the length and impact of the virus on our community. These will be addressed as part of the quarterly budget review process in 2020/21.

To ensure our priorities reflect the needs of our Community, our short term financial planning and budgeting is undertaken with our long-term goals in mind.

Other key influences on the 2020/21 Annual Business Plan and Budget include:

- Continuing focus on achieving the vision expressed in the Draft 2020-2024 Strategic Plan and delivery of prioritised actions from a number of other key strategic documents;
- Major focus on economic development including tourism and employment opportunities;
- Continuing investment to promote Mount Gambier as a visitor destination, a regional retail and commercial hub as well as a quality destination to host major events and conferences;
- Continuing development of Council's Asset Management Plans;
- Commencement of works of \$26.8 million in 2020/21 on the Mount Gambier Community and Recreation Hub project with the support of grant funding from the Commonwealth and State Governments;
- Additional capital program of approximately \$10.7 million;
- Maintaining the wide range of community support programs and initiatives; and
- Retaining and developing Council's workforce to ensure capacity in service delivery.

The 2020/21 ABP&B shows a budgeted net surplus of \$10.85 million. This includes budgeted amounts received for new assets of \$12.425 million related to State, Federal and additional funding for the construction of the Community and Recreation Hub. Excluding that income, consequential to the impact of the COVID-19 measures the 2020/21 ABP&B provides for an operating deficit as at 30 June 2021 of \$1.562 million. Where Council's Long Term Financial Plan outlines a 4.5% average rate increase being maintained for the 10 years, as part of its role in the local community, the Council has included a 0% increase to its contribution for rates increases in the 2020/21 ABP&B.

Following the community engagement process from mid-April to mid-May 2020 on the Draft Annual Business Plan and Budget, the Council will formally consider all feedback before adopting the final 2020/21 Annual Business Plan and Budget in June 2020.

Lynette MARTIN OAM
MAYOR



OUR CITY

The City of Mount Gambier has a population of 27,000+ citizens, is located equidistant (approx. 440 km) between the capital cities of Adelaide and Melbourne and is South Australia's second largest city. Mount Gambier is the regional centre for the Limestone Coast region of South Australia, the Western District of Victoria and is widely known as the home of Australia's softwood timber industry and the wine regions of Coonawarra and Padthaway. The City services the commercial, retail, health, social, tourism, sporting, arts and cultural needs of its 70,000+ regional population.

Mount Gambier has an estimated population of 27,275 persons (ABS ERP 2019), covers 3,388 hectares with a population density of 8.05 persons per hectare. The 2016 Census resident population (2016) was 26,276, living in 12,328 dwellings with an average household size of 2.3 persons. This represents an increase in population from 25,773 persons recorded in the 2011 Census.

The majority of the City of Mount Gambier residents are employed in the retail and services sectors including health care, financial and social assistance and the manufacturing sector. Further information on Mount Gambier's demographics is available at: <https://profile.id.com.au/mount-gambier/home>

With a diverse and stable economic base, the Mount Gambier region is one of the most significant contributors to the South Australian economy in both export, local income and tourism. Key industries that contribute to the City and regional economy are:

- Softwood timber industry;
- Visitor economy;
- Health services;
- Agribusiness; and
- Transport and logistics.

The City of Mount Gambier actively works to ensure a digitally connected community, aligned with Council's Digital Strategy. The partnership with Flinders University introducing the New Venture Institute (NVI) Business Incubator program to Mount Gambier in 2018 supports start-ups and accelerates growth for local and emerging businesses. This has been complemented by the roll out of the Gig-City project providing ultra high speed internet access for business.

A focus for growth is the visitor economy, a diverse and wide reaching sector that impacts broadly across service and product groups. The growth of this sector impacts on business opportunities from hospitality, to growing existing products and services and providing exciting new opportunities. This sector strongly links to the agribusiness sector, with farm experiences increasingly sought after by international visitors.

Transport and logistics are key employers in Mount Gambier. The City is one hour from Portland's major deep sea port and ensures that Mount Gambier remains a key transport hub. The transport sector remains strong, with growing demand particularly in the City's forestry sector.



OVERVIEW

Our 2020/21 Annual Business Plan and Budget (ABP&B) is an important part of Council's suite of Strategic Management Plans and Integrated Planning and Budgeting Framework. It aligns with our:

- Draft 2020-2024 Strategic Plan and its strategies, initiatives and projects
- Long Term Financial Plan
- the Asset Management Plans

ensuring that we optimise the mix of services, programs, infrastructure and facilities for the benefit of our Community. The 2020/21 budget provides for:

- \$37.5 million in capital expenditure projects, \$10.7 million is drawn from the Council's detailed Asset Management Plans and \$26.8 million from the Community and Recreation Hub project co-funded with \$15 million from Commonwealth and \$10 million from State grant funding;
- \$1.575 million operating deficit as at 30 June 2021 before Community and Recreation Hub funding;
- \$10.85 million net surplus after funding for Community and Recreation Hub funding; and
- Overall rate revenue will be fixed at 2019/20 levels in line with Our City. Our Response COVID-19 strategy.

Key initiatives for 2020/21 are detailed in the budget section of the Annual Business Plan. Rates income accounts for approximately 65% of the Council's operating income. As part of the Council's COVID-19 response, the Council's element of rates is frozen for 2020/21. The Council's standard rating policy structure for 2020/21 remains unchanged from previous year. It is comprised:

- A fixed charge - applicable to every rateable property that will raise approximately 45% of Council's overall general rate revenue; and
- Differential rates for different land use categories - percentage differentials remain the same as previous year.

Therefore, individual rate payers could see a difference in their rates due to overall different allocation of rates over the Council area and due to property valuation changes (i.e. the growth benefit as part of Council's rates), but Council wide the 2020/21 budget does not include a rate increase, other than where the Valuer General has made changes to the valuation of properties.

BUDGET INFLUENCES

In developing the 2020/21 Annual Business Plan and Budget, Council identified pressures, challenges and potential impacts on the budget and performance.

COVID-19. Our City. Our Response.

The City of Mount Gambier implemented the 'Our City. Our Response' COVID-19 program in March 2020 and continues to review its response to COVID-19 in an effort to protect the community and contain the spread of the virus.

Multiple projects and measures, including a rate freeze, a fees and charges freeze as well as a multi-million COVID-19 stimulus and recovery fund allocation in additional operational and capital expenditure, have been included in the ABP&B as presented here.

The Council anticipates that other stimulus activities may present themselves in future, subject to the length and impact of the virus on our community. These will be addressed as part of the quarterly budget review process in 2020/21.

Other operating and economic influences

The Council operates in a dynamic environment with pressures from economic, operating and political influences. The 2020/21 Annual Business Plan and Budget, among others, includes the following:



- Confirmed grant funding for the Mount Gambier Community and Recreation Hub, the 2020/21 financial year will see significant resources committed to the establishment of governance, financial and construction processes for the oversight and management of the project;
- New strategies aligned to Council's Draft 2020-2024 Strategic Plan;
- Increase in the Environmental Protection Authority's (EPA) Solid Waste Levy;
- Council's focus on economic development and tourism opportunities; and
- Employee cost increases linked to Enterprise Bargaining Agreements.

STRATEGIC DIRECTIONS

The City Development Framework Project

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations centered on four interrelated themes:

<i>Our People</i>	<i>How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.</i>
<i>Our Location</i>	<i>How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.</i>
<i>Our Diverse Economy</i>	<i>How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.</i>
<i>Our Climate, Natural Resources and Heritage</i>	<i>How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.</i>

Outcomes from the City Development Framework Project were incorporated within the four Futures Papers which are a guide for the future direction and development of the City based upon the ideas and aspirations of the Community.

Draft 2020-2024 Strategic Plan

The Strategic Plan represents Council's vision, aspirations and priorities of the Community now and into the future. It describes Council's values, how we work together and outlines the strategic initiatives to achieve ongoing sustainability and prosperity. The draft Strategic Plan was presented to Council on Tuesday 18 February 2020 and endorsed for presentation for public feedback.

The Strategic Plan together with the Futures Paper are Council's key strategic guiding documents and are supported by its Long Term Financial Plan (LTFP), Infrastructure and Asset Management Plans (IAMPs) and the Annual Business Plan and Budget. This suite of Plans identify the direction, services, programs, infrastructure and facilities that Council wishes to provide for its Community, specifically for the next four years and into the future.

Our vision

Within the Community Plan, Council describes its vision as:

"An inclusive city where people lead fulfilling lives."

What makes Mount Gambier the thriving successful place that people are proud to call home is the richness and diversity of:



- Our People
- Our Location
- Our Economy
- Our Climate, Natural Resources, Art, Culture and Heritage.

These themes contribute towards the future growth, propensity and development of the City.

The Council strives to create vibrancy, promote our identity and build a reputation as a place to live, work, visit and invest in. To provide a future for our current and future generations we need more economic growth and employment as well as art, cultural, recreational and educational opportunities.

The vision is supported by the above mentioned four themes that identify what is important to the Community and how the community would like to see the City develop and grow. Working together both the Council and the community can collectively achieve these goals.

The Council's plans demonstrate that the role of local government has grown from its traditional base of roads, rates and rubbish with the scope of services now being considerably broader, more diverse including health, services for the aged, youth, support for sector and special interest groups within the Community and economic development and tourism.

Long Term Financial Plan

The development of a Long Term Financial Plan (LTFP) is a requirement of Section 122 (1) of the Local Government Act 1999. The purpose is to translate the vision, objectives and strategies of the Strategic Plan (also known as Community Plan) into financial terms and to guide the direction of Council in a financially sustainable manner.

The Council's LTFP was adopted in March 2019 and is reviewed regularly (and at a minimum within two years of each Local Government Council election) and acts as a reference point in the formulation of future Annual Business Plans and Budgets.

The LTFP is driven by the Council's suite of Strategic Management Plans and includes the future estimated revenue and expenditure particularly focusing on the financing and scheduling of major projects, loan indebtedness, rating level, asset replacement/renewal and impact on operating expenditure.

The Council's LTFP assumes:

- Continuation of existing services and infrastructure at current service standards;
- No internal changes to services or investment in new or upgraded assets other than what is already resolved and planned; and
- Construction and operation of the Community and Recreational Hub.

The Council's financial projections over the long term planning horizon are not a prediction of financial position or performance, rather an indication of direction and financial capacity.

The LTFP tells us that the Council is meeting its financial obligations and targets over the term of the plan and has the financial capacity to continue to meet the service demands of the community, together with the flexibility to respond to changing circumstances.

The projections indicate that based on current assumptions, the Council is in a sound financial position with a favourable outlook over the term of the LTFP.

The Futures Paper, Community Plan, AMPs and LTFP are available from Council's website: www.mountgambier.sa.gov.au.

Financial sustainability

Financial sustainability in local government ensures that each generation pays their way rather than any one generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.



South Australian local government has developed a set of indicators to measure councils' Financial Sustainability. Financial Sustainability Indicators and their targets are used by the Council as a guide in the LTFP. The principal indicators are derived from the Council's Audited Financial Statements being:

- Operating surplus / (deficit);
- Net financial liabilities; and
- Asset renewal funding (or asset sustainability).

The following table presents a comparison of these key financial indicators, including the Council's budget targets, to maintain its financial performance.

Key financial indicators	2015	2016	2017	2018	2019	2020	2021
Operating surplus ratio (Target: 0% - 15% over 5 years)	(1%)	3%	6%	(3%)	1%	(0.8%)	(4.7%)
Net financial liabilities ratio (Target: Not to exceed 100%)	26%	25%	28%	45%	41%	34%	35%
Asset renewal funding ratio (Target: 90% - 100% over 3 years)	53%	57%	62%	74%	74%	86%	109%

The financial indicators represent the following:

- Operating surplus / (deficit) ratio - expresses the operating surplus (or deficit) as a percentage of general and other rates, net of rebates.
- Net financial liabilities ratio - indicates the extent to which net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing it indicates a greater amount of Council's operating revenue is required to service its financial obligations.
- Asset renewal funding ratio (or asset sustainability ratio) - indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out. Councils with a high ratio are replacing and renewing capital assets at a rate comparable to depreciation/wear.

SERVICES

All councils have mandatory responsibilities under the Local Government Act, the Development Act, the Public and Environmental Health Act and other relevant legislation for the provision of services. These include:

- Regulatory activities e.g. maintaining the voters roll, property ownership data and supporting the elected Council body;
- Setting rates, preparing an annual business plan, budget and determining longer-term strategic management plans;
- Management and maintenance of infrastructure including roads, footpaths, parks, public open spaces, street lighting and storm-water drainage;
- Street cleaning, rubbish collection and recycling;
- Development planning and control, including building safety assessment;
- Various environmental health services including food safety, public health;
- Protection of natural resources; and
- Inspectorial services (parking, animal control).

In response to community demands, the Council also provides discretionary services and programs including:

- Libraries and associated facilities and programs;



- The Main Corner Complex and room hire;
- Youth development and programs;
- Economic development;
- Environmental programs;
- Tourism and visitor services;
- Attracting major events to the City;
- Community events programs;
- Events, sponsorship and grants;
- Free public Wi-Fi;
- Public parks and gardens;
- Community programs;
- Sporting and recreational facilities;
- Lifelong learning;
- Community engagement and social inclusion;
- Cemeteries;
- Advocating on behalf of the community to Federal/State Governments; and
- Citizenship ceremonies.

In accordance with the LTFP, Council's 2020/21 Annual Business Plan and Budget will provide for existing service levels to be maintained.

2020/21 ANNUAL BUSINESS PLAN AND BUDGET

The 2020/21 Annual Business Plan and Budget proposes to spend a total of \$34.5 million operating expenditure, including depreciation of \$7.4 million and total capital expenditure of \$37.5 million on the delivery of services and programs, maintenance of assets and development of new or upgraded assets (including \$26.8 million towards the Community and Recreation Hub).

Budgeted operating expenditure is estimated to increase by 5.1% or \$1.7 million on the 2019/20 budget and in comparison, operating revenue is anticipated to increase by 1.5% or \$0.5 million, primarily attributable to funding revenue for the Community and Recreation Hub.

The provision of services such as the library, parks and infrastructure maintenance, waste collection and disposal continue to be a significant component of the Council's budget. Appendix A provides a summary of the 2020/21 Annual Business Plan and Budget covering revenue and expenditure of an operating and capital nature under functional categories.

Appendices included in the Annual Business Plan and Budget are:

- 2020/21 Proforma Budgeted Financial Statements, and
- 2020/21 Summary Budget by Function.

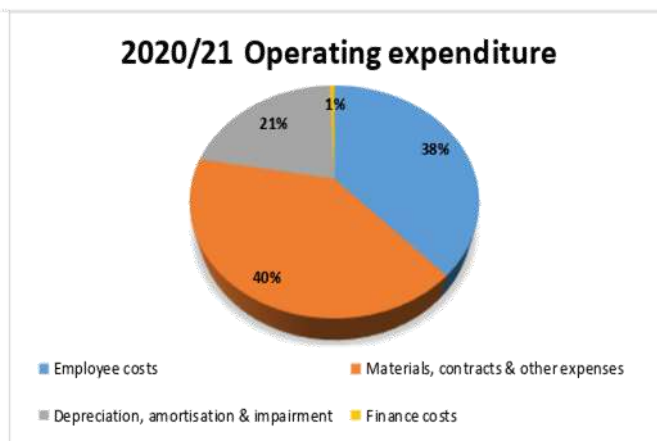
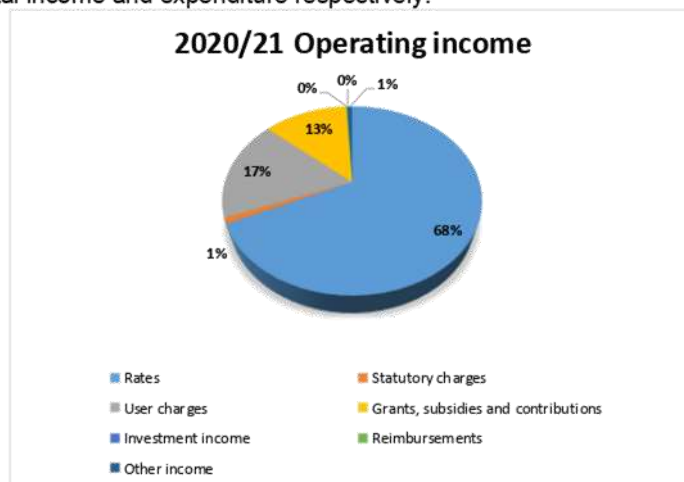
The 2020/21 Annual Business Plan and Budget is available to be downloaded from the Council's website at www.mountgambier.sa.gov.au or can be requested to be sent to you by contacting Council's Customer Service at 08 8721 2555 or city@mountgambier.sa.gov.au.

This Annual Business Plan includes references to *To Be Confirmed* (TBC) in places. The TBCs are not known at the time of preparing this Draft Annual Business Plan and Budget as the figures are reliant upon:

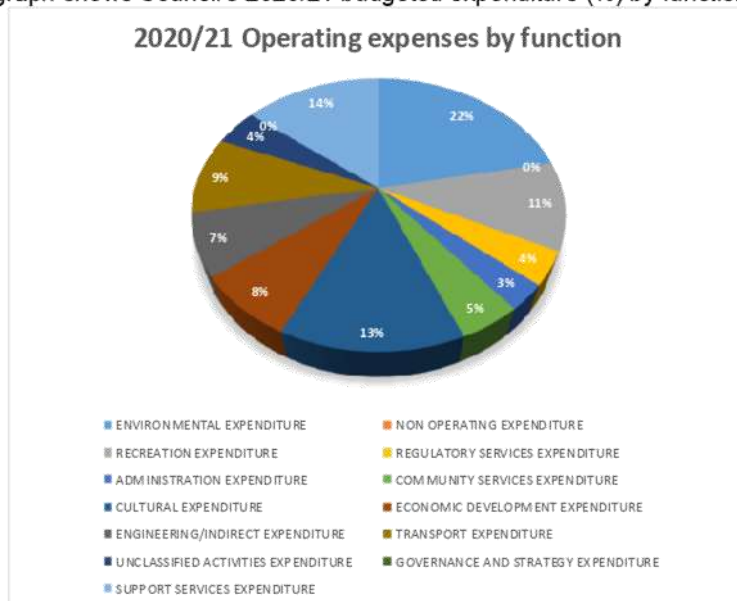
- Valuation information provided by the State Valuation Office in late June;
- The Council's rates modelling which in turn is based on the State Valuation Office valuations.



The following graphs show Council's budgeted operating income and expenditure for 2020/21 as a percentage of total income and expenditure respectively:



The following graph shows Council's 2020/21 budgeted expenditure (%) by function:



MEASURING PERFORMANCE

Measuring and monitoring our performance is fundamental to ensure our objectives are achieved and programs and services are delivered to our community.

The Council monitors financial performance through a range of financial reports including regular financial statements, quarterly comprehensive budget reviews, quarterly performance against the interim and final audits by the Council's appointed external auditors and the presentation of audited financial statements each year as required under the Local Government Act 1999. The financial reports also take into account the principles of financial sustainability adopted by the Council along with the three key financial sustainability indicators.

The Council's Annual Report also provides information on overall performance.

RATING STRATEGY

In 2020/21 approximately 65% of the Council's operating revenue will come from rate revenue. As a result, the Council's rating policies and strategies are key components of our financial planning.

The 2020/21 Annual Business Plan and Budget includes a 0% rate increase in line with the Council's COVID-19 response, significantly lower than the 4.5% rate increase in the LTTP. External grant funding will be received during the build and commissioning of the Community and Recreation Hub project. To accommodate and manage the timing of grant income payments and project expenditure, the Council has modelled its Long Term Financial Plan to include drawing upon loan facilities through the Local Government Finance Authority.

The following increases in general rate revenue have been applied over recent years:

Year	Rate Increase	Growth Benefit	Total
2015/16	3.85%	0.65%	4.5%
2016/17	3.84%	0.66%	4.5%
2017/18	4.02%	0.48%	4.5%
2018/19	4.08%	0.42%	4.5%
2019/20	4.26%	0.24%	4.5%
2020/21	0.00%	TBC%	TBC%

Note: Growth is predominantly the result of new housing and property improvements as reported by the State Valuation Office.

Valuation method

Capital Value is used as the basis for valuing land within the Council area in common with almost all other South Australian councils. This method values the land and all of the improvements on the land. This valuation method is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- It is the most appropriate measure of relative wealth in the community;
- As a measure of wealth, it most closely reflects the property owners' capacity to pay; and
- It equates with the taxation principle that people should contribute to community, social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

Other valuation methods available are: site value (value of land only) and annual value (value of the rental potential of property).

Capital valuation comparison

Year	Rateable land	Non-rateable land	Total
2015/16	3,251,510,225	205,393,515	3,456,903,740
2016/17	3,259,233,035	212,100,805	3,471,333,840
2017/18	3,329,622,852	217,152,488	3,546,775,340
2018/19	3,494,031,387	221,599,753	3,715,631,140
2019/20	3,593,454,480	223,783,100	3,817,237,580
2020/21 ^{Note 1}	TBC	TBC	TBC

Note 1: Property values in the Council Area (as provided by the State Valuation Office) for 2020/21 financial year are yet to be received therefore comparison to the previous year are unable to be provided at the time this document was prepared.

General Rates

Section 147 of the Local Government Act 1999 provides the Council with the power to rate all land within the City of Mount Gambier, except for land specifically exempted, such as Crown Land.

Fixed Charge

Council has determined that a component of the total rate will be a fixed charge on every rateable property. The fixed charge applies to all ratepayers and continues to raise slightly less than one half of total rate revenue (before rebates and remissions) required for the 2020/21 financial year.

The Council's reasons for including a fixed charge component are:

- To be able to deliver a range of services to the Community, Council must maintain a range of internal support, infrastructure and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of these services; and
- The Council considers it appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

Fixed charge comparison

Year	Fixed Charge	% of Total Rates
2015/16	\$585.80	45%
2016/17	\$606.90	45%
2017/18	\$630.30	45%
2018/19	\$655.20	45%
2019/20	\$682.70	45%
2020/21 ^{Note 1}	TBC	45%

Note 1: Council anticipates that the fixed charge of Council's rating structure will continue to raise approximately 45% of Council's overall rate revenue. The fixed rate component will be set by Council.

Differential rates

In addition to a fixed charge, the Council will declare differential general rates in the dollar according to the use of the land, for rateable land within the Council area, as follows:

- category 1: (residential) use;
- categories 2, 3 and 4: (commercial shop, commercial office or commercial other) use;
- categories 5 and 6: (industrial light and industrial other) use;
- category 7: (primary land) use;
- category 8: (vacant land) use; and
- category 9: (other) use.

Every resident benefits in some part from the general amenity of the Council area. This amenity includes the local economy, general Council operations and the ability of every resident to use Council facilities and infrastructure including parks, gardens, libraries, etc.

The main reasons for providing differential rates are:

- Ability to pay;
- Potential income taxation deductions;
- Materially heavier/lighter use of services by ratepayers/employees/customers/suppliers; and
- Provide a disincentive to withholding land from development.

Differential rate in dollar comparison

Year	Residential	Commercial	Industrial	Primary Production	Vacant Land	Other
2015/16	0.226310	0.611037	0.611037	0.226310	0.611037	0.226310
2016/17	0.236370	0.638199	0.638199	0.236370	0.638199	0.236370
2017/18	0.241940	0.653238	0.653238	0.241940	0.653238	0.241940
2018/19	0.240850	0.650295	0.650295	0.240850	0.650295	0.240850
2019/20	0.245125	0.661838	0.661838	0.245125	0.661838	0.245125
2020/21	TBC	TBC	TBC	TBC	TBC	TBC

Note: Rates in the dollar are expressed as a fraction of a cent in the dollar.

Separate Rates

Mount Gambier is in the South East Natural Resources Management (NRM) Board area and is legally required under the Natural Resource Management Act 2004 to contribute to the funding of the operations of the Board. From 1 July 2020 the Landscape South Australia Act 2019 will replace the NRM Act 2004 and for budget purposes Council anticipates collecting the Landscape levy at similar levels as the NRM levy previously.

The Council collects revenue on behalf of the Board and does not retain any revenue collected nor does it determine how the revenue is spent.

Landscape (NRM) levy comparison

Year	Landscape (NRM) levy		Total NRM revenue
2015/16		\$ 42.00 (per assessment)	\$578,276
2016/17	Res/Vac/Other	\$ 69.00 (per assessment)	\$1,041,246
	Commercial	\$127.00 (per assessment)	
	Industrial	\$156.00 (per assessment)	
	Primary Production	\$290.00 (per assessment)	
2017/18	Res/Vac/Other	\$ 72.65 (per assessment)	\$1,079,041
	Commercial	\$110.05 (per assessment)	
	Industrial	\$174.30 (per assessment)	
	Primary Production	\$323.00 (per assessment)	
2018/19	Res/Vac/Other	\$ 73.00 (per assessment)	\$1,086,828
	Commercial	\$109.00 (per assessment)	
	Industrial	\$174.00 (per assessment)	
	Primary Production	\$335.00 (per assessment)	
2019/20	Res/Vac/Other	\$ 77.10 (per assessment)	\$1,150,426
	Commercial	\$115.00 (per assessment)	
	Industrial	\$184.00 (per assessment)	
	Primary Production	\$337.00 (per assessment)	
2020/21 ^{Note 1}	Res/Vac/Other	\$ TBC (per assessment)	TBC
	Commercial	\$ TBC (per assessment)	
	Industrial	\$ TBC (per assessment)	

	Primary Production	\$ TBC (per assessment)	
Note 1	Preliminary advice received from the South Australian State government indicates there will be no significant increase in the levy for 2020/21 to fund increased costs associated with the operations of the Board. Council has no control over the levy amount which is set by the Minister for Environment and Water.		

Minimum Amount

The Council uses a Fixed Charge as part of its rating structure instead of a Minimum Rate amount.

RATE REBATE AND RATE RELIEF ASSISTANCE

To address any potential inequities in how rates are levied across the Council area the following rate relief assistance options continue to be available:

Residential rate cap

Where an owner/occupier/principal place of residence property with a Category 1 (Residential) Land Use experiences an increase greater than 15% in general rates (excluding any rebates/remissions) payable, the amount of the rate rebate is the amount of gross rates for the current year over and above the general rates imposed in the preceding financial year plus 15%. All calculations referenced herein are gross rates figures i.e. exclusive of any rebates/remissions.

The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000; or
- (b) Any such increase is in whole or part because the zoning of land use category of the land has changed; or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year; or
- (d) The ownership of the rateable property has changed since 1st July in the preceding financial year i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value; or
- (e) The subject property boundary(ies) have been altered in some way e.g. subdivision, boundary alignment etc. i.e. the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year; or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence only, excluding second and subsequent properties and all other non-principal place of residence properties; and
- (b) The current financial year only then subject to an annual review.

Vacant land

The vacant land rate in the dollar is usually higher than the residential rate in the dollar. For owners of vacant land who intend to develop that land, in the short term as their principal place of residence, may be entitled to a rebate on Council rates. Applications must be in writing with the maximum rate rebate calculated so that the rates payable are equivalent to the average residential land use.

Postponement of rates – Senior Citizens

Any person holding a South Australian State Government issued State Seniors Card may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years. All applications for postponement will be considered in accordance with the relevant legislative provisions.



Hardship

Any ratepayer experiencing difficulties in meeting rates payments or experiencing hardship will be able to access payment plans tailored to meet their particular circumstances. This approach has been widened as a result of the impact of COVID-19. All arrangements will be strictly confidential.

Mandatory and discretionary rate rebates

The Local Government Act 1999 requires councils to rebate rates on some land uses (mandatory rebates) and the ability to grant discretionary rebates for land used for the purposes of community benefit provided the land meets certain legislative and Council Policy criteria.

The Council's Rate Rebate Policy (incorporating Rate Rebate Application) and the Schedule of Rate Rebates granted, is available for inspection at the Council Office or from the Council website www.mountgambier.sa.gov.au.

COMMUNITY ENGAGEMENT AND BUDGET MEETINGS

The 2020/21 Annual Business Plan and Budget is presented in the context of the Council's strategic directions as set out in the draft Strategic Plan 2020-2024. This Plan reflects the Council's continuing focus on ensuring that the physical infrastructure of the City is fit for purpose and maintained in a cost effective way. Through implementation of this year's Annual Business Plan and Budget, we aim to deliver to residents and ratepayers a well-managed, sustainable City environment for current as well as future generations.

The community engagement process provides members of the community with the opportunity to have input into the Annual Business Plan and Budget before the Budget and list of capital and operating projects are finalised and adopted by Council. It also enables comment on the potential distribution of rates across the City and any rate relief options the Council should consider or issues the Council should be aware of when modelling valuation data and determining the distribution of rates for the 2020/21 financial year.

Members of the Community are able to take part in the community engagement process on the Draft 2020/21 Annual Business Plan and Budget.

Communication around Community Consultation will be different from prior years due to the COVID-19 impacts and social distancing requirements. Up to date information on these timelines, including the closing date for Community Consultation submissions and processes on who this feedback can be provided will be available on Council's website:

- 'Have Your Say' website at www.mountgambier.sa.gov.au
- Email to: city@mountgambier.sa.gov.au include in the subject field 'Draft 2020/21 Annual Business Plan and Budget Consultation'

The current scheduling is that submissions, including feedback and questions regarding the Draft 2020/21 Annual Business Plan and Budget, close at 5.00 p.m. on Monday 18 May 2020 and can be made via:

- 'Have Your Say' website at www.mountgambier.sa.gov.au
- Email to: city@mountgambier.sa.gov.au include in the subject field 'Draft 2020/21 Annual Business Plan and Budget Consultation'
- Written submissions:
Draft 2019/2020 Annual Business Plan and Budget Consultation
City of Mount Gambier
PO Box 56
MOUNT GAMBIER SA 5290



The current approach is that the Council will consider feedback and public submissions on the Draft 2020/21 Annual Business Plan and Budget at its meeting on 21 May 2020. The Council may either consider the draft 2020/21 detailed Budget at its regular monthly meeting on Tuesday 16 June 2020 or, if so determined, at a special Council meeting on Tuesday 23 June 2020. This 2020/21 Annual Business Plan and Budget is scheduled to be finalised and adopted in June 2020.

APPENDIX A - 2020/21 PROFORMA BUDGETED FINANCIAL STATEMENTS

Proforma Statement of Comprehensive Income
Proforma Statement of Financial Position
Proforma Statement of Changes in Equity
Proforma Statement of Cash Flows
Proforma Note: Uniform Presentation of Finances
Proforma Note: Financial Indicators

APPENDIX B - 2020/21 SUMMARY BUDGET BY FUNCTION



APPENDIX A

2020/21 PROFORMA BUDGETED FINANCIAL STATEMENTS (AR20/24540)



City of Mount Gambier				
Proforma Statement of Comprehensive Income				
Budget FY2021, Budget Review 2 FY2020, Budget FY2020 and Actual FY2019				
	FY 2021	FY BR2 2020	FY Budget 2019 2020	Actual
	\$'001	\$'000	\$'000	\$'000
INCOME				
Rates	22,404	22,157	22,435	21,433
Statutory charges	328	402	402	426
User charges	5,741	5,307	5,269	5,021
Grants, subsidies and contributions	4,146	4,181	3,909	4,435
Investment income	-	113	48	86
Reimbursements	52	105	101	19
Other income	241	463	249	417
Total Income	32,911	32,727	32,414	31,837
EXPENSES				
Employee costs	13,172	12,231	12,589	11,800
Materials, contracts & other expenses	13,690	12,915	12,709	11,972
Depreciation, amortisation & impairment	7,398	7,655	7,331	7,424
Finance costs	213	191	152	203
Total Expenses	34,473	32,991	32,781	31,399
OPERATING SURPLUS / (DEFICIT)	(1,562)	(264)	(367)	437
Asset disposal & fair value adjustments	(13)	(115)	349	(595)
Amounts received for new or upgraded assets	12,425	223	175	105
Physical resources received free of charge	-	-	-	159
NET SURPLUS / (DEFICIT)	10,850	(156)	157	107
transferred to Equity Statement				
Other Comprehensive Income				
<i>Amounts which will not be reclassified subsequently to operating result</i>				
Changes in revaluation surplus - infrastructure, property, plant & equipment				56
Impairment (expense) / recoupments offset to asset revaluation reserve	-	(1,495)	-	-
Total Other Comprehensive Income	-	(1,495)	-	56
TOTAL COMPREHENSIVE INCOME	10,850	(1,651)	157	163



City of Mount Gambier

Proforma Statement of Financial Position
Budget FY2021, Budget Review 2 FY2020, Budget FY2020 and Actual FY2019

	FY 2021	FY BR2 2020	FY Budget 2020	2019 Actual
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	2,473	1,343	431	6,069
Trade & other receivables	1,861	1,861	1,524	1,849
Inventories	816	816	304	816
	<u>5,150</u>	<u>4,020</u>	<u>2,259</u>	<u>8,734</u>
Non-current assets				
Financial assets	-	-	-	18
Infrastructure, property, plant & equipment	277,520	247,915	252,201	244,752
Total non-current assets	<u>277,520</u>	<u>247,915</u>	<u>252,201</u>	<u>244,770</u>
Total assets	<u>282,670</u>	<u>251,935</u>	<u>254,460</u>	<u>253,503</u>
LIABILITIES				
Current liabilities				
Trade & other payables	3,065	3,065	2,609	3,016
Borrowings	213	206	206	195
Provisions	2,457	2,407	2,332	2,338
Total current liabilities	<u>5,734</u>	<u>5,678</u>	<u>5,147</u>	<u>5,549</u>
Non-current liabilities				
Borrowings	21,952	2,171	2,170	2,377
Provisions	3,857	3,809	3,768	3,649
Total non-current Liabilities	<u>25,809</u>	<u>5,980</u>	<u>5,938</u>	<u>6,027</u>
Total liabilities	<u>31,543</u>	<u>11,658</u>	<u>11,085</u>	<u>11,576</u>
NET ASSETS	<u>251,127</u>	<u>240,277</u>	<u>243,375</u>	<u>241,927</u>
EQUITY				
Accumulated surplus	74,809	63,959	65,908	65,609
Asset revaluation reserves	175,458	175,458	176,619	175,458
Other reserves	860	860	848	860
TOTAL EQUITY	<u>251,127</u>	<u>240,277</u>	<u>243,375</u>	<u>241,927</u>



City of Mount Gambier

Proforma Statement of Changes in Equity Budget FY2021, Budget Review 2 FY2020 and Actual FY2019

	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
2021				
Balance at end of previous reporting period	63,959	175,458	860	240,277
Restated opening balance	63,959	175,458	860	240,277
Net surplus / (deficit) for the year	10,850	-	-	10,850
Other Comprehensive Income	-	-	-	-
Transfers between reserves	-	-	-	-
Balance at end of period	74,809	175,458	860	251,127
2020 (based on BR2)				
Balance at end of previous reporting period	65,609	175,458	860	241,927
Restated opening balance	65,609	175,458	860	241,927
Net surplus / (deficit) for the year	(156)	-	-	(156)
Other Comprehensive Income	-	-	-	-
Impairment (expense) / recoupments offset to as:	(1,495)	-	-	(1,495)
Transfers between reserves	-	-	-	-
Balance at end of period	63,959	175,458	860	240,277
2019				
Balance at end of previous reporting period	65,515	175,402	847	241,764
Net surplus / (deficit) for the year	107	-	-	107
Other Comprehensive Income	-	-	-	-
Gain on revaluation of infrastructure, property, plant & equipment	-	56	-	56
Transfers between reserves	(13)	(0)	13	0
Balance at end of period	65,609	175,458	860	241,927



City of Mount Gambier

Proforma Statement of Cash Flows

Budget FY2021, Budget Review 2 FY2020, Budget FY2020 and Actual FY2019

	FY 2021	BR2 2020	FY Budget 2020	2019 Actual
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<u>Receipts</u>				
Rates - general & other	21,253	21,194	21,280	21,388
Fees & other charges	328	402	402	426
User charges	5,741	5,294	5,238	5,459
Investment receipts	-	113	-	86
Grants utilised for operating purposes	4,146	4,181	3,909	4,435
Reimbursements	52	105	101	21
Other revenues	241	463	187	446
<u>Payments</u>				
Employee costs	(12,736)	(11,886)	(13,013)	(11,629)
Materials, contracts & other expenses	(12,878)	(12,042)	(10,665)	(12,981)
Finance payments	(138)	(152)	(152)	(161)
Net cash provided by (or used in) Operating Activities	6,009	7,672	7,287	7,490
CASH FLOWS FROM INVESTING ACTIVITIES				
<u>Receipts</u>				
Amounts received for new or upgraded assets	12,425	223	175	105
Sale of replaced assets	506	379	349	359
Sale of surplus assets	-	-	-	-
Repayments of loans by community groups	-	-	18	17
<u>Payments</u>				
Expenditure on renewal/replacement of assets	(7,964)	(9,817)	(7,493)	(4,006)
Expenditure on new/upgraded assets	(29,633)	(2,989)	(2,953)	(2,265)
Net cash provided by (or used in) Investing Activities	(24,666)	(12,204)	(9,904)	(5,790)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	20,000	-	-	-
<u>Payments</u>				
Repayments of borrowings	(213)	(195)	(195)	(218)
Net cash provided by (or used in) Financing Activities	19,787	(195)	(195)	(218)
Net increase / (decrease) in cash held	1,130	(4,726)	(2,812)	1,482
Cash & cash equivalents at beginning of period	1,343	6,069	3,243	4,587
Cash & cash equivalents at end of period	2,472	1,343	431	6,069



City of Mount Gambier

Proforma Notes

Budget FY2021, Budget Review 2 FY2020, Budget FY2020 and Actual FY2019

Note 13 - Financial Indicators

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

	FY 2021	FY BR2 2020	FY Budget 2020	2019 Actual
Operating surplus ratio				
<u>Operating surplus</u>				
Total operating revenue	(4.7%)	(0.8%)	(1.1%)	1.4%

This ratio expresses the operating surplus as a percentage of total operating revenue.

Net financial liabilities ratio

<u>Net financial liabilities</u>				
Total operating revenue	35%	36%	34%	11%

Net financial liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Adjustments to ratios

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

Adjusted operating surplus ratio	(5.1%)	(1.2%)	(1.5%)	(0.7%)
Adjusted financial liabilities ratio	96%	35%	34%	10%
Asset renewal funding ratio				
<u>Net asset renewals</u>				
Asset Management Plan required expenditure	109%	135%	103%	68%

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



City of Mount Gambier

Proforma Notes Budget FY2021, Budget Review 2 FY2020, Budget FY2020 and Actual FY2019

Note 14 - Uniform presentation of finances

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

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

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

	FY 2021 \$'000	FY BR2 2020 \$'000	FY Budget 2020 \$'000	2019 Actual \$'000
Income	32,911	32,727	32,362	31,836
Expenses	34,473	32,991	32,604	(31,399)
Operating surplus / (deficit)	<u>(1,562)</u>	<u>(264)</u>	<u>(242)</u>	<u>437</u>
Net outlays on existing assets				
Capital expenditure on renewal and replacement of existing assets	7,964	9,817	7,493	5,346
Depreciation, amortisation and impairment	(7,398)	(7,655)	(7,331)	(7,424)
Proceeds from sale of replaced assets	<u>(506)</u>	<u>(379)</u>	<u>(349)</u>	<u>(359)</u>
	59	1,783	(187)	(2,437)
Net outlays on new and upgraded assets				
Capital expenditure on new and upgraded assets (including investment property & real estate developments)	29,633	2,989	2,953	566
Amounts received specifically for new and upgraded assets	(12,425)	(223)	(175)	(105)
Proceeds from sale of surplus assets (including investment property and real estate developments and non-current assets held for resale)	-	-	-	359
	<u>17,208</u>	<u>2,766</u>	<u>2,778</u>	<u>820</u>
Net lending / (borrowing) for financial year	<u>(18,830)</u>	<u>(4,813)</u>	<u>(2,833)</u>	<u>2,054</u>



APPENDIX B

2020/21 SUMMARY BUDGET BY FUNCTION (AR20/24688)



SUMMARY BUDGET BY FUNCTION - 2020-21					
MASTER NAME	INCLUSION	Budget 2021	BR2 2020	Budget 2020	Actual 2019
	PL	10,849,822	1,650,508	156,896	363,691
	EXPENDITURE	34,486,391	34,600,949	32,431,998	32,464,853
	ADMINISTRATION EXPENDITURE	1,044,095	1,362,479	1,364,853	1,305,799
Elected members	6000	283,796	286,169	285,744	431,524
Organisational	6002	760,299	1,076,310	1,079,109	874,275
	COMMUNITY SERVICES EXPENDITURE	1,571,907	1,878,829	1,827,133	1,940,316
Crime prevention	6100	10,740	15,560	15,840	9,884
GM Community Wellbeing	6101	207,345	236,675	218,150	101,684
Other fire protection	6103	2,000	2,000	2,000	2,627
Other public order and safety	6104	1,020	1,020	1,020	1,033
Health-pest control	6111	-	90	-	792
Immunisation	6112	-	282	350	381
Preventive health services	6114	-	-	-	9,091
Community health services	6115	10,508	8,447	8,200	3,627
Senior citizens	6121	39,940	36,721	33,696	38,402
Children and youth services	6125	7,092	7,414	7,568	8,542
Community assistance	6126	130,400	182,571	155,400	120,571
Other community support	6129	122,824	112,767	110,988	297,697
Bus shelter	6131	5,004	9,746	3,168	847
Lake Terrace Cemetery	6132	34,424	52,628	29,522	64,303
Carinya Gardens Cemetery	6133	564,790	562,722	572,991	587,995
Public conveniences	6134	301,252	302,702	326,980	271,603
Carpark	6135	134,568	130,289	126,000	139,970
Other community amenities	6138	-	217,195	215,260	281,267
	CULTURAL EXPENDITURE	4,631,485	4,557,488	4,487,578	4,062,545
Public library	6200	2,115,522	2,258,840	2,277,833	1,947,654
Other library services	6202	17,000	21,437	17,000	19,923
Cultural venues - City Hall	6210	153,144	181,082	385,012	364,117
Cultural Venues Expenditure - Other	6215	238,760	232,864	-	17,083
Heritage	6220	548,722	554,920	538,116	584,946
Heritage restoration expenditure	6225	20,000	-	-	-
Riddoch Art Gallery and Main Corner Complex	6230	1,309,155	1,027,738	995,701	936,960
Cultural events	6240	202,324	268,792	245,856	163,741
Other cultural services	6250	26,868	31,815	28,060	27,921
	ECONOMIC DEVELOPMENT EXPENDITURE	2,615,241	2,469,143	2,582,819	2,449,543
GM City Growth	6300	131,766	184,741	213,333	31,603
Regional development	6320	297,916	376,101	433,700	521,718
Other economic development	6340	107,691	65,186	99,777	68,531
Community/Tourism events	6350	670,388	600,013	573,934	513,987
Tourism - Mount Gambier Visitor Centre	6360	979,798	924,065	914,807	1,004,573
Tourism general	6370	427,682	321,037	347,268	309,130
	ENGINEERING/INDIRECT EXPENDITURE	2,539,160	3,211,532	1,878,273	796,130
GM City infrastructure	6800	676,077	234,867	1,137,571	76,943
Asset management	6810	13,300	1,661,954	298,000	98
City Infrastructure - AWU employees	6820	3,129,501	883,957	1,458,629	372,493
City Infrastructure - indirect	6830	280,942	415,490	668,502	414,709
Indirect expenditure - labour oncost	6840	-	-	1,123,693	38,580
Plant and machinery	6850	1,508,200	1,591,230	1,382,264	1,687,451
Plant and machinery - internal hire	6860	-	3,068,860	1,535,966	1,716,984
	ENVIRONMENTAL EXPENDITURE	7,523,821	7,870,845	7,927,680	8,648,011
Waste management	6410	46,664	38,521	31,432	31,453
Garbage collection	6411	623,832	716,500	796,991	768,903
Greenwaste	6412	252,200	315,496	316,124	280,962
Kerbside recycling	6413	891,500	973,600	974,369	1,009,425
Re-Use Market	6414	172,302	302,400	272,480	339,619
Waste Transfer Centre	6415	295,511	240,627	234,404	286,528
E waste	6416	18,000	21,252	24,000	17,637
Caroline landfill	6418	3,174,538	2,934,629	2,660,526	3,328,900
Orchard Road waste management plan	6419	48,024	33,422	33,800	46,953
Stormwater drainage	6420	175,892	234,160	165,056	188,081
Street cleaning	6430	374,500	282,367	253,224	339,193
Street lighting	6440	1,060,472	350,072	536,412	532,060
Streetscaping	6450	144,288	248,042	229,686	208,435
Environmental sustainability	6460	246,098	1,190,757	1,399,176	1,267,863
	RECREATION EXPENDITURE	3,607,634	4,170,495	3,643,503	3,663,576
Parks/Gardens/Reserves	6500	2,627,398	2,729,933	2,508,132	2,285,380
Sports facilities-indoor	6520	20,168	28,539	24,240	119,602
Sports facilities-outdoor	6530	684,804	809,083	659,924	620,589
CaRH - Building project opex	6545	-	72,321	-	83,478
Aquatic Centre	6550	-	398,661	355,907	439,789
Other recreation	6560	275,264	135,958	95,300	114,738
	SUPPORT SERVICES EXPENDITURE	4,915,661	4,322,795	4,184,055	4,173,872
GM CBS	6004	251,392	188,062	218,409	-
Executive administration	6005	389,579	177,212	198,589	170,307
Business & Strategic Planning	6006	146,339	80,548	124,850	-
Strategic finance and accountability	6010	348,710	379,253	401,397	326,467

SUMMARY BUDGET BY FUNCTION - 2020-21					
MASTER NAME	INCLUSION	Budget 2021	BR2 2020	Budget 2020	Actual 2019
Finance	6011	579,212	420,245	150,602	414,498
Payroll	6012	-	1,200	-	85,354
Human resources	6013	267,674	236,171	242,059	191,717
IT services	6014	674,994	567,325	532,789	747,654
Communication	6015	168,264	76,785	121,200	16,617
Rates administration	6016	353,877	328,858	361,078	365,461
Records Management	6017	-	14,316	-	183,262
Occupancy	6018	446,626	404,946	335,809	425,728
Customer service	6020	658,383	622,845	658,138	571,408
Other support services	6021	-	212,732	218,081	202,635
Community development and engagement	6022	298,297	292,273	269,366	202,467
Media and communications	6023	332,314	320,024	351,688	264,298
	TRANSPORT EXPENDITURE	3,161,768	3,146,000	2,948,722	3,268,878
(blank)	6720	-	-	-	1,787
Footpaths kerbing	6730	1,211,152	1,231,603	1,114,772	1,262,310
Roads sealed	6740	1,881,032	1,829,852	1,758,650	1,787,406
Traffic management	6780	69,584	86,545	75,300	218,376
	UNCLASSIFIED ACTIVITIES EXPENDITURE	1,529,692	356,752	356,812	1,001,753
(blank)	4230	-	-	-	31,000
Private works	6900	20,000	23,645	10,560	53,111
Sundry	6940	200,460	195,412	195,568	758,282
Finance charges	6960	1,309,232	137,695	150,684	158,361
	REGULATORY EXPENDITURE	1,345,917	1,254,591	1,230,570	1,153,429
Dog control	6600	290,344	313,395	306,223	312,581
Building control	6620	301,408	304,383	306,817	287,933
City planning	6630	448,606	386,673	370,786	343,436
Health inspection	6660	293,029	237,147	232,204	196,421
Parking control & footpath displays	6670	12,530	12,993	14,540	13,057
	REVENUE	-	45,336,213	32,950,441	32,588,894
	ADMINISTRATION REVENUE	-	-	15,440	-
Organisational	6002	-	15,440	-	-
	COMMUNITY SERVICES REVENUE	-	737,918	721,548	714,650
Crime prevention	6100	-	-	2,001	2,000
Health-pest control	6111	-	-	574	-
Preventive health services	6114	-	-	-	5,600
Community health services	6115	-	660	650	914
Senior citizens	6121	-	123	-	-
Children and youth services	6125	-	-	1,004	1,000
Other community support	6129	-	123	-	-
Lake Terrace Cemetery	6132	-	16,512	16,319	16,000
Carinya Gardens Cemetery	6133	-	720,500	701,000	748,432
	CULTURAL REVENUE	-	409,406	688,150	548,360
Public library	6200	-	233,000	308,643	220,000
Cultural venues - City Hall	6210	-	15,000	60,061	55,000
Cultural Venues Expenditure - Other	6215	-	118	-	-
Heritage	6220	-	53,932	95,421	75,000
Riddoch Art Gallery and Main Corner Complex	6230	-	65,356	163,695	147,360
Cultural events	6240	-	42,000	63,330	52,000
	ECONOMIC DEVELOPMENT REVENUE	-	221,800	217,007	220,600
Community/Tourism events	6350	-	-	30,550	-
Tourism - Mount Gambier Visitor Centre	6360	-	221,800	186,457	220,600
Tourism general	6370	-	-	-	59,664
	ENGINEERING/INDIRECT REVENUE	-	60,480	83,508	-
GM City infrastructure	6800	-	-	93,508	-
Asset management	6810	-	-	30,000	-
City Infrastructure - indirect	6830	-	60,480	-	159,442
	ENVIRONMENTAL REVENUE	-	4,759,093	5,080,012	5,124,974
Waste management	6410	-	73,272	40,241	45,000
Garbage collection	6411	-	806,400	626,321	-
Greenwaste	6412	-	478,244	480,000	480,000
Kerbside recycling	6413	-	240,000	237,190	288,000
Re-Use Market	6414	-	72,000	41,485	48,000
Waste Transfer Centre	6415	-	222,800	98,693	192,000
E waste	6416	-	14,400	31,744	36,000
Caroline landfill	6418	-	4,552,237	3,804,000	2,844,000
Stormwater drainage	6420	-	4,880	16,495	30,000
Street cleaning	6430	-	92,400	81,272	-
Environmental sustainability	6460	-	-	1,046,757	1,161,974
	RECREATION REVENUE	-	12,465,176	413,968	255,496
Parks/Gardens/Reserves	6500	-	3,924	165,049	18,000
Sports facilities-indoor	6520	-	800	3,695	-
Sports facilities-outdoor	6530	-	22,452	55,568	62,496
CaRH - Building project opex	6545	-	12,425,000	175,000	175,000
Aquatic Centre	6550	-	-	-	7,465
Other recreation	6560	-	13,000	14,656	20,586
	REGULATORY REVENUE	-	264,056	323,084	367,500

SUMMARY BUDGET BY FUNCTION - 2020-21					
MASTER NAME	INCLUSION	Budget 2021	BR2 2020	Budget 2020	Actual 2019
Dog control	6600	-	137,040 -	139,640 -	154,000 -
Building control	6620	-	50,008 -	61,296 -	75,000 -
City planning	6630	-	50,008 -	87,058 -	102,500 -
Health inspection	6660	-	-	30,449 -	8,000 -
Parking control & footpath displays	6670	-	27,000 -	24,641 -	28,000 -
	SUPPORT SERVICES REVENUE	-	43,200 -	75,524 -	42,000 -
Finance	6011	-	-	1,528 -	-
Rates administration	6016	-	43,200 -	38,122 -	42,000 -
Occupancy	6018	-	-	33,930 -	-
Community development and engagement	6022	-	-	5,000 -	-
	TRANSPORT REVENUE	-	420,000 -	418,456 -	344,400 -
Roads sealed	6740	-	420,000 -	413,000 -	344,400 -
Traffic management	6780	-	-	5,456 -	-
	UNCLASSIFIED ACTIVITIES REVENUE	-	26,076,304 -	25,070,760 -	24,968,914 -
Private works	6900	-	36,000 -	46,169 -	49,080 -
Sundry	6940	-	144,246 -	257,943 -	228,000 -
Finance charges	6960	-	25,895,858 -	24,766,648 -	24,692,834 -
	BS	-	37,509,601	11,475,657	12,694,817
	CAPITAL	37,509,601	11,475,657	12,694,817	7,080,485
	ADMINISTRATION CAPITAL	50,000	107,400	107,400	113,445
LAND (PURCHASE)	7480	-	-	-	5,540
ADMINISTRATION	7500	50,000	107,400	107,400	107,905
	COMMUNITY SERVICES CAPITAL	241,968	294,858	283,600	238,274
Other community support	7560	-	138,700	138,700	93,122
BUS SHELTERS	7570	45,368	36,482	30,600	41,028
CEMETERIES/CREMATORIA	7580	130,000	8,000	8,000	42,203
Public conveniences	7600	-	97,600	96,000	21,986
CARPARKS	7620	66,600	14,076	10,300	37,936
	CULTURAL CAPITAL	677,604	234,774	246,092	229,803
LIBRARY BOOKS/MATERIALS (PURCHASE)	7470	108,004	136,000	136,000	112,797
LIBRARY	7630	180,000	5,682	-	16,304
CULTURAL	7640	338,500	75,000	100,000	100,701
Heritage	7650	51,100	10,092	10,092	-
	ECONOMIC DEVELOPMENT CAPITAL	352,200	89,240	420,900	58,533
TOURISM	7660	352,200	89,240	420,900	58,533
	ENGINEERING/INDIRECT CAPITAL	2,140,000	2,004,170	1,963,000	1,158,103
STAFF VEHICLES (PURCHASE)	7300	42,000	89,000	89,000	271,705
TRUCKS (PURCHASE)	7320	943,000	1,386,956	1,401,000	253,656
LOADERS (PURCHASE)	7370	500,000	170,000	170,000	-
TRACTORS (PURCHASE)	7390	84,000	-	-	-
SUNDRY PLANT (PURCHASE)	7400	185,000	264,214	217,000	541,789
MINOR PLANT (PURCHASE)	7450	36,000	62,000	62,000	52,041
WORKS DEPOT	7740	350,000	32,000	24,000	39,912
	ENVIRONMENTAL CAPITAL	642,800	237,734	1,173,300	1,191,656
STREET TREE PROGRAM	7665	40,900	99,500	99,500	44,339
ENVIRONMENT	7668	150,000	-	100,000	-
Waste management	7670	277,500	71,534	824,800	1,090,529
STORMWATER/DRAINAGE CAPITAL EXPENDITURE	7800	174,400	66,700	148,000	56,788
	RECREATION CAPITAL	28,438,241	4,146,091	4,033,202	819,307
Parks/Gardens/Reserves	7680	1,655,600	1,258,319	1,156,420	269,360
Sports facilities-indoor	7690	-	20,000	37,486	-
Sports facilities-outdoor	7700	9,568	163,820	157,317	168,683
AQUATIC CENTRE (OUTDOOR)	7730	-	40,000	64,827	14,709
COMMUNITY & RECREATION HUB	7735	26,773,073	2,673,952	2,617,352	363,555
	SUPPORT SERVICES CAPITAL	470,000	134,290	410,123	158,997
OFFICE EQUIPMENT (PURCHASE)	7460	470,000	134,290	410,123	158,997
	TRANSPORT CAPITAL	4,496,788	4,237,100	4,057,200	3,111,368
FOOTPATHS CAPITAL EXPENDITURE	7830	1,322,788	617,700	617,700	770,965
ROADS SEALED CAPITAL EXPENDITURE	7900	3,174,000	3,619,400	3,439,500	2,340,403
	Grand Total	26,659,779	13,126,165	12,537,921	7,444,176

5.7 2020/21 INTERIM AUDIT UPDATE – REPORT NO. AR20/30280

Committee:	Audit Committee
Meeting Date:	25 May 2020
Report No.:	AR20/30280
CM9 Reference:	AF11/863
Author:	Jeroen Zwijnenburg, Manager Finance and Customer Service
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	This report provides an update on the progress and findings of the 2019/20 interim audit
Community Plan Reference:	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

1. That Audit Committee Report No. AR20/30280 titled '2020/21 Interim audit update' as presented on 25 May 2020 be noted.



BACKGROUND

At the December 2019 meeting the Audit Committee noted 2019/20 External Audit Plan from Council's external auditors, Galpins. As part of the audit plan a controls audit was performed in early May 2020.

DISCUSSION

The interim audit was started 4 May 2020. At the time of writing the audit had not been completed and no (draft) interim audit letter had been received.

Tim Muhlhausler, Audit Partner at Galpins, will attend the meeting and provide the Audit Committee members with a verbal update on the progress and findings of the interim audit.

In case a draft interim audit letter is available before the meeting date this will be provided to Audit Committee members separately.

CONCLUSION

An update on the progress and findings of the interim audit will be provided at the meeting

ATTACHMENTS

Nil



6 URGENT MOTIONS WITHOUT NOTICE

7 MEETING CLOSE



**MINUTES OF CITY OF MOUNT GAMBIER
AUDIT COMMITTEE MEETING
HELD AT THE COMMITTEE ROOM, LEVEL 4, CIVIC CENTRE, 10 WATSON TERRACE,
MOUNT GAMBIER
ON WEDNESDAY, 25 MARCH 2020 AT 5.00 P.M.**

PRESENT: Cr Sonya Meziniec and Mr Paul Duka

GUESTS IN ATTENDANCE: Mr Tim Muhlhausler, Galpins

OFFICERS IN ATTENDANCE:	General Manger City Growth Manager Finance and Customer Service Management Accountant	<ul style="list-style-type: none">- Dr J Nagy- Mr J Zwijnenburg- Mr C McGregor
--------------------------------	---	--

The Presiding Member Cr Sonya Meziniec approved the Audit Committee Meeting to be held as a virtual meeting with Committee Members granted approval to attend this meeting via electronic means using Council's secure link in system. The Public were able to attend via a Council link set up in a viewing screen in the Mayoral Reception Area. This is not considered usual practice, but a necessary precaution during the current COVID-19 pandemic.

1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

2 APOLOGY/IES

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Cr Sonya Meziniec

That the apologies from Mayor Lynette Martin and Ms Angela Kain be received.

CARRIED

3 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Cr Sonya Meziniec

That the minutes of the Audit Committee meeting held on 20 January 2020 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED



4 QUESTIONS WITHOUT NOTICE

Nil

5 REPORTS

5.1 AUDIT COMMITTEE WORKS PROGRAM

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Cr Sonya Meziniec

1. That Audit Committee Report No. AR20/4360 titled 'Audit Committee works program' as presented on 25 March 2020 be noted.
2. That the Audit Committee accepts to work with the current work program for the remainder of the 2020 financial year as well as for the 2021 financial year

CARRIED

5.2 QUARTERLY BUDGET REVIEWS - BR2

COMMITTEE RESOLUTION

Moved: Cr Sonya Meziniec

Seconded: Paul Duka

1. That Audit Committee Report No. AR20/4369 titled 'Quarterly Budget Reviews - BR2' as presented on 25 March 2020 be noted.

CARRIED

5.3 INTERNAL CONTROLS

COMMITTEE RESOLUTION

Moved: Cr Sonya Meziniec

Seconded: Paul Duka

1. That Audit Committee Report No. AR20/4370 titled 'Internal Controls' as presented on 25 March 2020 be noted.

CARRIED



5.4 AUDIT COMMITTEE - REVIEW OF TERMS OF REFERENCE

COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Cr Sonya Meziniec

1. That Audit Committee Report No. AR20/14500 titled 'Audit Committee - Review of Terms of Reference' as presented on 25 March 2020 be noted.
2. That the Audit Committee terms of reference recommended for Council to be adopted as attached to the Audit Committee Report No. AR20/14500
with the following changes:
11.3 to be updated for the Public Interest Disclosure Act.

CARRIED

5.5 COVID-19 AND COUNCIL'S RESPONSE TO DATE

COMMITTEE RESOLUTION

Moved: Cr Sonya Meziniec

Seconded: Paul Duka

1. That Audit Committee Report No. AR20/17715 titled 'COVID-19 and Council's response to date' as presented on 25 March 2020 be noted.

CARRIED

6 MOTIONS WITHOUT NOTICE

Nil

7 MEETING CLOSE

The Meeting closed at 5.55 p.m.

The minutes of this meeting were confirmed at the Audit Committee held on 25 May 2020.

.....
PRESIDING MEMBER

