City of Mount Gambier

Reference: AF11/863

TO: MAYOR PERRYMAN (EX OFFICIO)
DONALD CURRIE (PRESIDING MEMBER)
CR ANDREW LEE
JEROEN ZWIJNENBURG
CHIEF EXECUTIVE OFFICER
DIRECTOR - CORPORATE SERVICES
FINANCE MANAGER
SIMON SMITH, PARTNER, GALPINS

CC: ALL MEMBERS
DIRECTOR - OPERATIONAL SERVICES
GOVERNANCE OFFICER
HUMAN RESOURCE MANAGER
TEAM LEADER FINANCE

NOTICE is hereby given that the Audit Committee will meet in the following Meeting Room on the day, date and time as follows:

Audit Committee
(Committee Room, Level 4)

Tuesday, 26th August, 2014 at 5.30 p.m.

An agenda for the meeting is enclosed herewith.

Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

22nd July, 2014
MJT

NOTE: **Whilst this agenda has been sent electronically, due to extensive content, a hard copy will be delivered to Audit Committee Members.**

Civic Centre
10 Watson Terrace
Mount Gambier SA 5290

P 08 8721 2555
F 08 8724 9791
city@mountgambier.sa.gov.au
www.mountgambier.sa.gov.au

AUDIT COMMITTEE

Meeting to be held on Tuesday, 26th August, 2014 at 5.30 p.m.
in the Committee Room, Civic Centre, 10 Watson Terrace, Mount Gambier

AGENDA

PRESENT: Donald Currie (Presiding Member)
Jeroen Zwijnenburg
Cr Andrew Lee

APOLOGY/IES:

COUNCIL MEMBERS/ OTHERS AS OBSERVERS:

GUESTS: Mr Simon Smith, Auditor, Galpins

COUNCIL EMPLOYEES IN ATTENDANCE: Mr Grant Humphries, Director - Corporate Services
Mr Mark McShane, Chief Executive Officer
Mr Gary Button, Finance Manager

OTHER APOLOGIES:

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.

MINUTES: moved the minutes of the previous meeting held on Tuesday, 27th May, 2014 be taken as read and confirmed.

seconded

QUESTIONS:

(a) With Notice – Nil received

(b) Without Notice –

1. REPORTS FOR INFORMATION

The Director - Corporate Services reported that the following Council Reports were provided to the Audit Committee for information:

1.1 CCS Report No. 30/2014 – Budget Update

1.2 CCS Report No. 39/2014 – Budget Consultation

1.3 CCS Report No. 45/2014 – Risk Management Framework

1.4 Special Council Meeting - Budget

RECOMMENDATION NO. 1

moved it be recommended that the above reports be received.

seconded

2. EXTERNAL AUDITOR - INTERIM AUDIT 2014

The Director - Corporate Services reported:

(a) following the recent annual interim audit Council has now received the subsequent Audit Management letter;

(b) a copy of the Audit Management letter which provides a guide as to the audit procedures that were performed, is attached;

(c) Council's External Auditor advises that "there were no issues arising from the interim audit that we wish to draw your attention".

RECOMMENDTION NO. 2

moved it be recommended the letter be received and contents noted.

seconded

3. EXTERNAL AUDITOR - AUDIT RECOMMENDATIONS

The Director - Corporate Services reported:

(a) that previous resolutions of Council had referred the implementation and ongoing monitoring responsibility for both End of Year Audits and Interim Audits to the Audit Committee;

(b) these recommendations remain permanent Audit Committee Agenda Items and are consolidated as follows:

Interim Audits	Recommendation	Status
2012/2013	1. Risk Management Policy	New Policy adopted June 2014

End of Year	Recommendation	Status
2012/2013	1. Accounts Held in Trust	Implemented from 1/7/2014

RECOMMENDATION NO. 3

moved it be recommended:

(a) the report be received;

(b) the identified Audit recommendations continue to be monitored by the Audit Committee.

seconded

4. AUDIT WORK PROGRAM 2007 - 2014

The Director - Corporate Services reported:

(a) the Audit Committee should continually review the Audit Work Program to establish whether any adjustments are required to be introduced for the particular financial years activities;

(b) the Audit Work Program 2007-2014 was last reviewed and adopted in August 2013;

(c) the following activities and associated timelines (extracted from the Audit Work Program) are highlighted in abbreviated form, for the Committees review:

FEBRUARY 2013
- Work Plan
- Treasury Management Reviews
- Asset Reviews
- Policy reviews incorporating;
  - Internal Controls
  - Fraud and Corruption Framework
  - Whistleblowing
  - Risk Management
  - Budget Performance

MAY 2013
- Interim External Audit
- Work Plan
- Business Continuity
- Business Plan and Budget

AUGUST 2013
- Work Plan
- Annual Report to Council incorporating;
  - Self Assessment
  - Review of Work Plan
  - Review of Terms of Reference

NOVEMBER 2013
- Work Plan
- Statutory External Audit
- AFS authorisation by Presiding Member
- Council Annual Report Compliance

RECOMMENDATION NO. 4

moved it be recommended the report be received;

seconded

5. SELF ASSESSMENT OF COMMITTEE PERFORMANCE

The Director - Corporate Services reported:

(a) the Audit Committee Terms of Reference provides for "at least once a year, review its own performance and terms of reference to ensure it is operating at a maximum effectiveness and recommend changes it considers necessary to the Council for approval";

(b) the Self Assessment should take into account factors such as:

- the Committee's work program
- the Committee's operating environment
- the stage of maturity of the Committee
- Council's strategic directions
- Council's risk and control environment
- current and emerging trends and factors
- the outcomes of previous self assessments (if any)

(c) the Audit Committee's comments and recommendations resulting from the Self Assessment is detailed as follows:

Audit Committee Agenda, Tuesday 26th August, 2014 cont'd…

Issue	**Comment(s)**	**Recommendation(s)**
Role & Terms of Reference	*The Audit Committee is of the view that functions and extent of authority as defined under S126(4) LGA are adequately defined in the Terms of Reference established by Council*	*The Audit Committee is of the view that its role and function is not to compete with the role of the Corporate and Community Services Committee, nor to make decisions in lieu of Council, but rather to examine and comment on financial statements/internal control framework and activities of Council*
Independence	*The Audit Committee is of the view that it is able to form opinions and express views without coercion or undue influence of external persons or bodies*	*The Audit Committee believes the invited attendance of the CEO, Director - Corporate Services and Finance Manager provides direction without influence. Continued attendance is desirable*
Committee Skills/Training	*The Audit Committee is of the view that its members have been selected due to their qualifications and expertise*	*Members consist of accounting representation and are subject to ongoing professional training*
Council Structure and Decision Making	*The Audit Committee have been made aware of the processes of Council and are provided with copies of public financial statements, policies and reports of Council*	*Audit Committee Members have been made aware of the Council structure and decision making process following the recent review of Council's Decision Making Structure and the completion of an organisational and functional review.*
Meeting Operation and Frequency	*The Audit Committee has been meeting on a regular basis since inception*	*The Audit Committee holds the view that current frequency and duration is adequate to address issues*
Resources available to the Audit Committee	*The Audit Committee utilises the resources of Council through the attendance of the CEO, Director – Corporate Services and Finance Manager and other employees as requested*	*The Audit Committee has liaised with external auditors and Council employees as required in order to meet its role and terms of reference*

Audit Committee's working relationship with Council and the senior management team	*Council appears to be aware of role and function of Audit Committee. Presence of CEO, Director – Corporate Services and Finance Manager assist Audit Committee in decision achievement*	*No issues of conflict have arisen. The Audit Committee recognises the significant role played by Council employees to address and advise the Committee*
The Audit Committee members' understanding of financial indicators (and targets for these) being used to assess the Council's performance work program	*The Audit Committee regularly monitors and assesses financial performance indicators as published. Comparison with other Councils and advice from LGA is also noted*	*The Audit Committee holds the view that expenditure allocation, particularly depreciation, greatly affects financial indicators and status*
The Audit Committee's access to appropriate Council information	*The Audit Committee notes the inclusion of its role and function in decisions of major financial expenditure*	*The Audit Committee is able to be involved with complementary committees, receive financial expenditure projections and reviews of major expenditure and contract negotiation and is able to actively participate in Council.*
The extent to which the Audit Committee's advice is contributing to the effective operation of the Council	*The Audit Committee recognises that its role and terms of reference are a requirement of the LGA. Members are cognisant of their requirement to monitor and review financial practices and, public financial statements of Council*	*The Audit Committee holds the view that its function and role will be increasingly viewed as complimentary to Council in its activities for ratepayers*

RECOMMENDATION NO. 5

moved it be recommended:

(a) the report be received;

(b) the Audit Committee record that it is satisfied that its performance is meeting Council and other relevant Authority's standards and expectations.

seconded

6. TERMS OF REFERENCE FOR AUDIT COMMITTEE

The Director - Corporate Services reported that in conjunction with the Committee Self Assessment process, the Audit Committee is also charged with the responsibility if reviewing its Terms of Reference and recommending any alterations to Council for consideration.

RECOMMENDATION NO. 6

moved it be recommended:

(a) the report be received;

(b) the Audit Committee considers the existing Terms of Reference remain current, relevant and appropriate and therefore be endorsed by Council including minor procedural amendments only.

seconded

7. AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL

The Director – Corporate Services reported:

4.1 Corporate and Community Services Report No. 56/2014 has been prepared as the Annual report of the Audit Committee to Council for the 2013/2014 financial year;

4.2 Prior to presentation to Council the Audit Committee should review and be satisfied with the content.

RECOMMENDATION NO. 7

moved it be recommended:

(a) that Corporate and Community Services Report No. 56/2014 be received;

(b) that the Audit Committee adopt the 2013/2014 City of Mount Gambier Audit Committee Annual Report, as presented in Corporate and Community Services Report No. 56/2014.

seconded

8. RISK MANAGEMENT POLICY REVIEW

The Director - Corporate Services advised:

(a) previous Audit Management letters have recommended regular review of Councils Risk Management Policy;

(b) Council is in the process of a major overhaul for its overall Risk Management Framework principally driven by requirements of Work Cover in respect of self insurer Licences.

(c) A copy of the draft Council Policy- Risk Management Framework which is currently before Council is provided for information;

(d) As requested at the previous Audit Committee meeting presentations will be made by key Council Officers on Risk Management within Council.

RECOMMENDATION NO. 8

moved it be recommended the report be received.

seconded

9. NEXT MEETINGS

- Tuesday, 4th November, 2014 (to be confirmed)

The meeting closed at p.m.

22nd July, 2014
MJT

AUDIT COMMITTEE

Minutes of Meeting held on Tuesday, 27th May, 2014 at 5.30 p.m.
in the Committee Room, Civic Centre, 10 Watson Terrace, Mount Gambier

PRESENT:	Donald Currie (Presiding Member) Jeroen Zwijnenburg Cr Andrew Lee
APOLOGY/IES:	Mr Mark McShane, Chief Executive Officer Mr Gary Button, Finance Manager
COUNCIL MEMBERS/ OTHERS AS OBSERVERS:	Nil
GUESTS:	Nil
COUNCIL EMPLOYEES IN ATTENDANCE:	Mr Grant Humphries, Director - Corporate Services
OTHER APOLOGIES:	Nil

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.

MINUTES: Cr Lee moved the minutes of the previous meeting held on Tuesday, 25th March, 2014 be taken as read and confirmed.

Jeroen Zwijnenburg seconded Carried

QUESTIONS:

(a) With Notice – Nil received

(b) Without Notice – Nil submitted

1. REPORTS FOR INFORMATION

The Director - Corporate Services reported that the following Council Reports were provided to the Audit Committee for information:

1.1 CCS Report No. 11/2014 – Council Fees and Charges Review 2014/2015

1.2 CCS Report No. 13/2014 – Corporate and Community Services Policy Review

1.3 CCS Report No. 17/2014 – Policy Review – C305 Caretaker Policy and Member – Complaints Handling

1.4 CCS Report No. 18/2014 – Delegation of Powers of Council

1.5 OPS Report No. 1/2014 – Operational Services Policy Review

1.6 OPS Report No. 2/2014 – Long Term Infrastructure and Asset Management Plan

1.7 OPS Report No. 7/2014 – Operational Services Policy Review

1.8 CCS Report No. 26/2014 – Budget Update as at 28th February, 2014

1.9 CCS Item No. 3, Tuesday 11th February, 2014 – Annual Business Plan and Budget Consultation 2014/15 Financial Year.

RECOMMENDATION NO. 1

Jeroen Zwijnenburg moved it be recommended that the above reports be received.

Cr Lee seconded **Carried**

2. EXTERNAL AUDITOR - AUDIT RECOMMENDATIONS

The Director - Corporate Services reported:

(a) that previous resolutions of Council had referred the implementation and ongoing monitoring responsibility for both End of Year Audits and Interim Audits to the Audit Committee;

(b) these recommendations remain permanent Audit Committee Agenda Items and are consolidated as follows:

Interim Audits	Recommendation	Status
2012/2013	1. Risk Management Policy	Ongoing Review Process

End of Year	Recommendation	Status
2012/2013	1. Annual Leave Balances	Monitor/Noted Significant Improvement/ Completed
	2. Accounts Held in Trust	Review Reconciliation Processes/In Progress

RECOMMENDATION NO. 2

Cr Lee moved it be recommended:

(a) the report be received;

(b) the identified Audit recommendations continued to be monitored by the Audit Committee.

Jeroen Zwijnenburg seconded **Carried**

3. AUDIT WORK PROGRAM 2007 - 2014

The Director - Corporate Services reported:

(a) the Audit Committee should continually review the Audit Work Program to establish whether any adjustments are required to be introduced for the particular financial years activities;

(b) the Audit Work Program 2007-2014 was last reviewed and adopted in August 2013;

(c) the following activities and associated timelines (extracted from the Audit Work Program) are highlighted in abbreviated form, for the Committees review:

FEBRUARY 2013

- Work Plan
- Treasury Management Reviews
- Asset Reviews
- Policy reviews incorporating;
  - Internal Controls
  - Fraud and Corruption Framework
  - Whistleblowing
  - Risk Management
  - Budget Performance

MAY 2013

- Interim External Audit
- Work Plan
- Business Continuity
- Business Plan and Budget

AUGUST 2013

- Work Plan
- Annual Report to Council incorporating;
  - Self Assessment
  - Review of Work Plan
  - Review of Terms of Reference

NOVEMBER 2013

- Work Plan
- Statutory External Audit
- AFS authorisation by Presiding Member
- Council Annual Report Compliance

RECOMMENDATION NO. 3

Cr Lee moved it be recommended;

(a) the report be received;

Jeroen Zwijnenburg seconded **Carried**

4. RISK MANAGEMENT POLICY REVIEW

The Director - Corporate Services advised:

(a) previous Audit Management letters have recommended regular review of Councils Risk Management Policy;

(b) Council is in the process of a major overhaul for its overall Risk Management Framework principally driven by requirements of Work Cover in respect of self insurer Licences.

(c) A draft of a proposed Risk Management Framework Policy presented for information.

RECOMMENDATION NO. 4

Jeroen Zwijnenburg moved it be recommended the report be received.

Cr Lee seconded **Carried**

5. FINANCIAL INTERNAL CONTROLS

The Director Corporate Services reported:

(a) as reported last meeting amendments made to the Local Government Act will have a significant impact on the scope and cost of annual audits;

(b) commencing with the 2015/2016 financial year (for regional Councils) local government auditors will be required to carry out not one, but two audits and provide two separate formal opinions each year (which this Council has already done for a number of years);

(c) A verbal update on the progress on this project provided.

RECOMMENDATION NO. 5

Cr Lee moved it be recommended the report be received.

Jeroen Zwijnenburg seconded **Carried**

6. BUSINESS CONTINUITY

The Director - Corporate Services reported:

(a) Council's Governance Officer has commenced a review of the existing Business Continuity Plan for the City of Mount Gambier;

(b) a brief verbal report on progress provided.

RECOMMENDATION NO. 6

Jeroen Zwijnenburg moved it be recommended the report be received.

Cr Lee seconded **Carried**

7. 2014/15 ANNUAL BUSINESS PLAN AND BUDGET

The Director - Corporate Services reported:

(a) as reported in item 1 of the Agenda the process for adoption of the 2014/15 Business Plan and Budget has commenced;

(b) consultation on the draft has now closed and the first meeting to consider the Business Plan and Budget is scheduled to be held on 28th May, 2014;

(d) draft documents are provided for information / comment.

RECOMMENDATION NO. 6

Cr Lee moved it be recommended the report be received.

Jeroen Zwijnenburg seconded **Carried**

8. NEXT MEETINGS

- Tuesday, 5th August, 2014
- Tuesday, 4th November, 2014

The meeting closed at 6.39 p.m.

28th May, 2014
MJT

CORPORATE AND COMMUNITY SERVICES REPORT NO. 30/2014

SUBJECT: BUDGET UPDATE AS AT 30TH APRIL, 2014

REF: AF13/13

Goal: Governance
Strategic Objective: Demonstrate innovative and responsive organisational governance.

Following the introduction of the Local Government (Financial Management) Regulations 2011, Council completed a review of its Budget reporting processes (Corporate and Community Services Report No. 30/3012 - Monitoring Council's Budget Performance) resulting in the adoption of the new Policy B300 - Budget Reporting and Amendment.

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

- The content, timing and process to be followed for reporting to Council on its performance against budget;
- The scope and conditions associated with the Chief Executive Officer approving variations in activity (that are within the scope of the approved budget allocations) without obtaining Council approval; and
- The process required to be followed as well as general guidelines in relation to the carrying forward of expenditure authority associated with projects included in the budget for the previous year.

The Policy provides for a Budget Update report to be prepared and included in the agenda of the Ordinary Meeting of Council's Corporate and Community Services Committee in the months of November and March (as a minimum). The report will highlight at summary level budget activity for the year to date, original and revised budget information, and include the latest revised forecast of expected budget results for the year.

This Budget Update BR4 as at 30th April, 2014, as presented with this Report, is now recommended for adoption.

RECOMMENDATION

(a) Corporate and Community Services Report No. 30/2014 be received;

(b) the Budget Update BR4 as at 30th April, 2014 as presented with this Report be adopted by Council with all amendments to be made to the 2013/2014 Council Budget.

Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:

Mark McSHANE
CHIEF EXECUTIVE OFFICER

9th April, 2014
MJT

(Refer Item of Corporate and Community Services Minutes)

BUDGET UPDATE: BR4 JUNE 2014
AS AT 30TH APRIL, 2014

1. HIGH LEVEL SUMMARY BY FUNCTION (PAGES 1 - 13)

2. DETAILED SUMMARY OF REQUESTED BUDGET VARIATIONS (PAGES 14 - 19)

3. SUMMARY OF REQUESTED BUDGET VARIATIONS (PAGE 20)

4. BR1 COMMENTARY (PAGE 21)

5. UNIFORM PRESENTATION OF FINANCES

HIGH LEVEL SUMMARY BY FUNCTION

1. ADMINISTRATION

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6000 - 6002)	1,764	1,720	1,708	1,408	(12)	1,708
OPERATING REVENUE (4100 - 4120)	18,857	19,033	19,035	17,531	2	19,035
NET OPERATING - SURPLUS / (DEFICIT)	17,093	17,313	17,327	16,123	14	17,327
CAPITAL EXPENDITURE (7500)	50	125	125	5	0	125
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(50)	(125)	(125)	(5)	0	(125)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

2. SUPPORT SERVICES

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6010)	2,760	2,778	2,800	2,174	22	2,800
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(2,760)	(2,778)	(2,800)	(2,174)	22	(2,800)
CAPITAL EXPENDITURE (7460)	78	90	90	67	0	90
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(78)	(90)	(90)	(67)	0	(90)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

3. COMMUNITY

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6100)	1,752	1,842	1,725	1,361	(117)	1,725
OPERATING REVENUE (4130)	148	148	168	145	20	168
NET OPERATING - SURPLUS / (DEFICIT)	(1,604)	(1,694)	(1,557)	(1,216)	(137)	(1,557)
CAPITAL EXPENDITURE (7560, 7570, 7620)	80	80	80	23	0	80
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(80)	(80)	(80)	(23)	0	(80)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

4. CULTURAL

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6200)	2,835	2,853	2,864	2,327	11	2,864
OPERATING REVENUE (4140 - 4142)	615	597	597	368	0	597
NET OPERATING - SURPLUS / (DEFICIT)	(2,220)	(2,256)	(2,267)	(1,949)	11	(2,267)
CAPITAL EXPENDITURE (7470, 7640, 7650)	199	226	226	188	0	226
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(199)	(226)	(226)	(188)	0	(226)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

5. ECONOMIC

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6300)	1,478	1,490	1,470	1,034	(20)	1,470
OPERATING REVENUE (4153)	402	402	402	345	0	402
NET OPERATING - SURPLUS / (DEFICIT)	(1,076)	(1,088)	(1,068)	(689)	(20)	(1,068)
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

6. ENVIRONMENT

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6400)	3,762	(3,720)	3,702	2,910	(18)	3,702
OPERATING REVENUE (4162)	1,674	(1,724)	1,748	1,588	24	1,748
NET OPERATING - SURPLUS / (DEFICIT)	(2,088)	(1,996)	(1,978)	(1,322)	42	(1,978)
CAPITAL EXPENDITURE (7670, 7665, 7800)	2,135	2,469	2,480	683	11	2,480
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(2,135)	(2,469)	(2,480)	(683)	(11)	(2,480)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

7. RECREATIONAL

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6500)	2,402	2,477	2,433	2,024	(44)	2,433
OPERATING REVENUE (4170)	63	63	63	60	0	63
NET OPERATING - SURPLUS / (DEFICIT)	(2,339)	(2,414)	(2,370)	(1,964)	(44)	(2,370)
CAPITAL EXPENDITURE (7680, 7690, 7700, 7730)	4,593	5,936	5,936	3,445	0	5,936
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(4,593)	(5,936)	(5,936)	(3,445)	0	(5,936)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

8. REGULATORY

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6600)	1,028	1,113	1,125	878	12	1,125
OPERATING REVENUE (4180)	361	370	383	376	13	383
NET OPERATING - SURPLUS / (DEFICIT)	(667)	(743)	(742)	(502)	1	(742)
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

9. TRANSPORT

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6700)	3,236	3,236	3,134	2,029	(102)	3,134
OPERATING REVENUE (4192, 4193)	338	443	443	540	0	443
NET OPERATING - SURPLUS / (DEFICIT)	(2,898)	(2,793)	(2,691)	(1,489)	(102)	(2,691)
CAPITAL EXPENDITURE (7300, 7400, 7450)	1,097	1,223	1,165	443	(58)	1,165
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(1,097)	(1,223)	(1,165)	(443)	(58)	(1,165)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

10. ENGINEERING/INDIRECT

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6800)	996	996	1,106	1,030	110	1,106
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(996)	(996)	(1,106)	(1,030)	110	(1,106)
CAPITAL EXPENDITURE (7830, 7900)	3,424	4,850	4,850	1,770	100	4,850
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(3,424)	(4,850)	(4,850)	(1,770)	(100)	(4,850)
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

11. UNCLASSIFIED

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE (6900)	762	812	841	411	20	841
OPERATING REVENUE (4210, 4230, 4240)	317	381	414	372	33	414
NET OPERATING - SURPLUS / (DEFICIT)	(445)	(431)	(427)	(39)	(13)	(427)
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE						
NON OPERATING REVENUE						
NET NON OPERATING - SURPLUS / (DEFICIT)						

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

12. NON - OPERATING

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE						
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)						
CAPITAL EXPENDITURE						
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)						
NON OPERATING EXPENDITURE (7000)	878	878	878	271	0	878
NON OPERATING REVENUE (4250, 4260, 4270, 4280, 4300, 4500)	11,437	15,093	15,755	2,062	622	15,755
NET NON OPERATING - SURPLUS / (DEFICIT)	10,559	14,215	14,877	1,791	622	14,877

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

13. SUMMARY

	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
OPERATING EXPENDITURE	22,775	23,037	22,899	17,586	(138)	22,899
OPERATING REVENUE	22,775	23,161	23,253	21,325	92	23,253
NET OPERATING BUDGET SURPLUS/(DEFICIT)	0	124	354	3,739	230	354
CAPITAL EXPENDITURE	10,559	14,999	14,952	6,624	(47)	14,952
CAPITAL REVENUE	0	0	0	0	0	0
NON OPERATING EXPENDITURE	878	878	878	271	0	878
NON OPERATING REVENUE	11,437	15,093	15,755	2,062	662	15,755
NET CASH BUDGET SURPLUS/(DEFICIT)	0	(660)	279	(1,094)	845	279

2. DETAILED SUMMARY OF REQUESTED BUDGET VARIATIONS

Account No.	Description	Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	2.1 OPERATING REVENUE						
	ADMINISTRATION						
4100.0001	GENERAL RATES (END OF YEAR ADJUSTMENT)	16,396	16,396	16,386	16,386	(10)	16,386
4100.0003	NRM LEVY (END OF YEAR ADJUSTMENT)	545	545	550	550	5	550
4112.0022	RATE REBATES (END OF YEAR ADJUSTMENT)	(170)	(170)	(165)	(161)	5	(165)
4112.0025	NRM REBATES	(2)	(2)	0	0	2	0
						2	
	COMMUNITY SERVICES						
4130.0301	CRIME PREVENTION (STREET PATROL REVENUE)	5	5	10	10	5	10
4134.0352	MAIN CORNER (HAIGHS SALES)	25	25	40	38	15	40
						20	
	ENVIRONMENT						
4162.0621	WASTE MANAGEMENT (BIN FEES)	20	30	33	32	3	33
4162.0623	WASTE MANAGEMENT (GREEN FEES)	247	270	275	274	5	275
4162.0627	WATE MANAGEMENT (e-WASTE)	7	24	40	38	16	40
						24	
	REGULATORY						
4180.0802	DOG CONTROL - FINES/COSTS RECOVERED	10	10	12	12	2	12
4180.0802	BUILDING - FEES	91	91	96	94	5	96
4180.0811	PLANNING - FINES/COSTS RECOVERED	0	7	12	12	5	12
4180.0837	OTHER LICENCES	6	6	7	7	1	7
						13	
	UNCLASSIFIED						
4210.1110	PRIVATE WORKS REIMBURSED	60	30	10	0	(20)	10
4230.1301	PROPERTY SEARCH FEES	25	25	32	32	7	32
4230.1305	SUNDRY INCOME (AUCTION PROCEEDS)	2	90	114	114	24	114
4230.1310	GAIN ON DISPOSAL OF ASSETS	5	5	25	27	20	25
4240.1401	INTEREST ON INVESTMENTS	10	16	18	18	2	18
						33	
	TOTAL OPERATING REVENUE Increase (Decrease)					**92**	

		Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 28/02/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	2.2 OPERATING EXPENDITURE						
	ADMINISTRATION						
6002.0021	ORGANISATION EXP - SUPERANNUATION	95	95	100	87	5	100
6002.0038	ORGANISATION EXP - OPERATING	90	88	80	43	(8)	80
6002.0209	ORGANISATION EXP - PRINTING/STATIONERY	17	17	20	18	3	20
6002.0035	ORGANISAITON EXP - TRAINING	15	15	10	7	(5)	10
6002.0201	ORGANISATION EXP - ANNUAL REPORT	18	14	12	12	(2)	12
6002.0206	ORGANISATION EXP - LEGAL AND PROFESSIONAL	50	40	35	29	(5)	35
						(12)	
	SUPPORT SERVICES						
6011.0034	ACCOUNTING/FINANCE - EMPLOYEE EXP	1	3	5	5	2	5
6011.0038	ACCOUNTING/FINANCE - OPERATING EXP	37	30	23	10	(7)	23
6011.0300	ACCOUNTING/FINANCE - AUDIT EXP	23	23	20	19	(3)	20
6012.0035	PAYROLL - TRAINING EXP	1	1	0	0	(1)	0
6013.0021	HUMAN RESOURCES - SUPERANNUATION	15	15	13	11	(2)	13
6013.0010	HUMAN RESOURCES - SALARIES	147	147	137	110	(10)	137
6013.0035	HUMAN RESOURCES - TRAINING	3	3	1	1	(2)	1
6014.0035	I T TRAINING EXPENSES	1	1	0	0	(1)	0
6014.0030	I T LEASE FEES	5	5	0	0	(5)	0
6016.0301	RATES - BANK/GOVT CHARGES	40	40	50	49	10	50
6016.0350	RATES - ASSESSMENT MAINTENANCE	57	52	50	46	(2)	50
6017.0035	RECORDS MANAGEMENT - TRAINING	3	3	1	0	(2)	1
6014.0331	I T - MAINTENANCE (TRAINING/SUPPORT)	297	297	322	256	25	322
6018.0370	CIVIC CENTRE - MAINTENANCNE	120	130	150	138	20	150
6020.0010	CUSTOMER SERVICES - SALARIES	146	146	151	129	5	151
6020.0035	CUSTOMER SERVICES - TRAINING	2	2	1	0	(1)	1
6020.0038	CUSTOMER SERVICES - OPERATING	6	6	7	7	1	7
6020.0021	OTHER SUPPORT SERVICES - SUPERANNUATION	18	18	13	10	(5)	13
						22	

		Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	2.2 OPERATING EXPENDITURE (cont'd...)						
	COMMUNITY SERVICES						
6115.0010	COMMUNITY HEALTH - SALARIES	23	23	15	12	(8)	15
6115.0035	COMMUNITY HEALTH - TRAINING	1	1	0	0	(1)	0
6115.0038	COMMUNITY HEALTH - OPERATING	5	3	1	0	(2)	1
6115.0482	COMMUNITY HEALTH - SYRINGE SERVICES	2	2	3	3	1	3
6121.0493	SENIOR CITIZENS CENTRE - MAINTENANCE	4	4	6	5	2	6
6121.0495	AGED SERVICES - PROGRAMS	6	6	4	2	(2)	4
6126.0541	GENERAL COMMUNITY DONATION PROGRAM	194	194	170	106	(24)	170
6132.0581	LAKE TERRACE CEMETERY UPGRADES	3	3	0	0	(3)	0
6134.0590	PUBLIC CONVENIENCES MAINTENANCE	190	200	220	190	20	220
6135.0001	CARPARKS - DEPRECIATION (ALLOCATION ADJUSTMENT)	80	80	30	7	(50)	30
6138.0005	MAIN CORNER - DISPLAYS DEPRECIATION (ALLOCAITON ADJUSTMENT)	150	150	100	5	(50)	100
						(117)	
	CULTURAL SERVICES						
6200.0021	LIBRARY - SUPERANNUATION	73	73	78	66	5	78
6200.0038	LIBRARY - OPERATING	20	20	15	11	(5)	15
6200.0034	LIBRARY - EMPLOYEE EXPENSES	10	10	5	2	(5)	5
6200.0633	LIBRARY - EQUIPMENT MAINTENANCE	100	130	125	109	(5)	125
6200.0634	LIBRARY - GENERAL MAINTENANCE	45	45	40	27	(5)	40
6200.0635	LIBRARY - INSURANCES	27	30	50	50	20	50
6200.0641	LIBRARY - PRINTING/STATIONERY	24	24	19	12	(5)	19
6200.0650	LIBRARY - LOCAL PURCHASES	11	11	13	12	2	13
6220.0690	HERITAGE - MOUNT GAMBIER GAOL MAINTENANCE (H/W SERV.)	17	17	20	19	3	20
6220.0700	HERITAGE - COMMITTEE EXP.	2	2	1	0	(1)	1
6240.0738	CONSERVATION (WILDLIFE) PARK - MAINTENANCE	25	25	33	33	8	33
6240.0745	SHOW SOCIETY CONTIRUBTION - LOAN FINISHED	6	6	3	3	(3)	3
6240.0736	CITIZENSHIP - ADDITIONAL CEREMONY EXP.	7	7	9	6	2	9
						11	

		Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 28/02/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	2.2 OPERATING EXPENDITURE (cont'd...)						
	ECONOMIC						
6360.0038	TOURISM - THE LADY NELSON - OPERATING	50	50	45	34	(5)	45
6360.0830	TOURISM - THE LADY NELSON - AIR CONDITIONING/POWER ETC.	32	32	37	34	5	37
6360.0001	THE LADY NELSON - DEPRECIATION (ALLOCAITON ADJUSTMENT)	109	109	89	64	(20)	89
						(20)	
	ENVIRONMENT						
6410.0887	WASTE MANAGEMENT - RECYCLING DISPOSAL	120	120	132	90	12	132
6410.0888	WASTE MANAGEMENT WTC (INC. COSTS)	150	150	162	153	12	162
6410.0894	WASTE MANAGEMENT - REGIONAL OFFICER	5	5	7	7	2	7
6240.0901	STORMWATER DRAINAGE - PIT MAINTENANCE	10	10	5	2	(5)	5
6420.0904	STORMWATER DRAINAGE - POLICY	5	5	2	0	(3)	2
6430.0920	STREET CLEANING - CITY CENTRE	107	83	79	61	(4)	79
6450.0941	STREET TREES - MAINTENANCE (WEATHER)	160	160	180	166	20	180
6450.0942	STREET TREES - VANDALISM	4	2	1	0	(1)	1
6460.0034	ENVIRONMENTAL SUSTAINABILITY - TRAINING	2	2	1	0	(1)	1
6410.0001	WASTE MANAGEMENT - DEPRECIATION (ALLOCATION ADJUSTMENT)	243	243	193	19	(50)	193
						(18)	
	RECREATION						
6500.0981	SUNDRY RESERVES MAINTENANCE	8	8	3	1	(5)	3
6530.1004	MARIST PARK - CORRECTION FROM BR3	10	0	10	15	15	15
6530.1006	OLYMPIC PARK - CORRECTION FROM BR3	25	25	10	7	(15)	10
6530.1000	BLUE LAKE SPORTS PARK - MAINTENANCE	118	118	113	90	(5)	113
6530.1010	GENERAL SPORTS PARKS - MAINTENANCE	30	20	12	7	(8)	12
6530.1012	VANSITTART PARK OVAL - MAINTENANCE (NEW BOILER ISSUES)	40	30	25	17	(5)	25
6550.1031	AQUATIC CENTRE - GENERAL MAINTENANCE	60	125	131	131	6	131
6600.0010	DOG CONTROL - SALARIES (ADDITIONAL O/T)	120	120	130	122	10	130
6520.0001	SPORTS FACILITIES - DEPRECIATION (ALLOCATION ADJUSTMENT)	97	97	67	18	(30)	67
6500.0966	CRATER LAKES CONSERVATION PLAN	20	20	13	13	(7)	13
						(44)	

		Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	2.2 OPERATING EXPENDITURE (cont'd...)						
	REGULATORY						
6600.0010	DOG CONTROL - SALARIES	120	120	130	122	10	130
6600.0035	DOG CONTROL - TRAINING	2	2	0	0	(2)	0
6620.0038	BUILDING CONTROL - OPERATING	16	16	18	18	2	18
6630.0035	PLANNING - TRAINING	3	3	2	2	(1)	2
6630.1120	PLANNING - LEGAL EXPENSES	35	65	77	75	12	77
6630.1139	PLANNING - DAP OPERATING	23	23	17	12	(6)	17
6670.0035	PARKING - TRAINING EXPENSES	1	1	0	0	(1)	0
6660.1161	HEALTH INSPECTION - PROJECTS	5	5	3	0	(2)	3
						12	
	TRANSPORT						
6740.0002	INFRASTRUCTURE - DEPRECIASTION (ALLOCATION ADJUSTMENT)	2,367	2,367	2,267	1,272	(100)	2,267
6720.1220	BRIDGES - MAINTENANCE	2	2	0	0	(2)	0
						(102)	
	ENGINEERING/INDIRECT						
6820.0035	AWU EMPLOYEES - TRAINING	20	20	15	6	(5)	15
6830.0035	DEPOT EMPLOYEES - TRAINING	4	4	1	0	(3)	1
6840.1500	LABOUR ON COST - END OF YEAR ADJUSMENT	(1,194)	(1,194)	(1,140)	(924)	54	(1,140)
6860.1700	PLANT HIRE RECOVERY - END OF YEAR ADJUSTMENT	(1,654)	(1,654)	(1,590)	(1,235)	64	(1,590)
						110	
	UNCLASSIFIED						
6940.1904	SUNDRY EXPENDITURE - AUCTION COSTS	0	0	20	20	20	20
						20	
	TOTAL OPERATING EXPENDITURE INCREASE/(DECREASE)					**(138)**	
	2.3 NON OPERATING EXPENDITURE						
	Nil						
	TOTAL NON OPERATING EXPENDITURE INCREASE/(DECREASE)					**Nil**	

		Original Budget '000	Revised BR3 '000	Proposed Budget '000	Actual 30/04/2014 '000	Variance now Requested '000	Proposed E of Y Budget Forecast '000
	2.4 NON OPERATING REVENUE						
4270.1708	WORK IN PROGRESS - REVERSAL OF BR3 ENTRY (RAIL LANDS FUNDING)	3,537	2,537	3,537	0	1,000	3,537
4280.1782	DEPRECIATION WRITTEN BACK	6,232	6,232	5,932	4,321	(300)	4,321
4300.0000	DELETE TRADE IN - PURCHASES DELETED	224	224	186	121	(38)	186
	- MAYORAL VEHICLE ($20,000)						
	- UNIT 2 ($5,000)						
	- UNIT 77 ($13,000)						
	TOTAL NON OPERATING REVENUE INCREASE/(DECREASE)					**662**	
	2.5 CAPITAL EXPENDITURE						
7670.5702	WASTE MANAGEMENT - BIN PURCHASES (EXTRA)	20	20	31	26	11	31
7300.4014	LIGHT FLEET VEHICLES - MAYORAL VEHICLE DELETED	43	43	0	0	(43)	0
7320.4022	TRUCKS PURCHASE - UTILITY DELETED (NO. 2)	22	22	0	0	(22)	0
7400.4177	SUNDRY PLANT PURCHASES - MOWER DELETED (NO. 77)	98	98	0	0	(98)	0
7370.4071	SUNDRY PLAN PURCHASES TANA COMPACTOR UPGRADE	0	0	105	0	105	105
	TOTAL CAPITAL EXPENDITURE INCREASE/(DECREASE)					**(47)**	

3. SUMMARY OF REQUESTED BUDGET VARIATIONS

	Original Budget $	Revised BR3 $	Variation Requested $	Proposed BR4 $
OPERATING				
Operating Expenditure (Increase) Decrease	22,775,000	23,037,000	(138,000)	22,899,000
Operating Revenue Increase (Decrease)	22,775,000	23,161,000	92,000	23,253,000
Operating Surplus/(Deficit)	**0**	**124,000**	**230,000**	**354,000**
CAPITAL EXPENDITURE				
Capital Expenditure (Increase) Decrease	10,559,000	14,999,000	(47,000)	14,952,000
CAPITAL REVENUE				
Capital Revenue Increase (Decrease)	0	0	0	0
NON OPERATING EXPENDITURE				
Non Operating Expenditure (Increase) Decrease	878,000	878,000	0	878,000
NON OPERATING REVENUE				
Non Operating Revenue Increase (Decrease)	11,437,000	15,093,000	662,000	15,755,000
Revised Cash Budget Surplus/(Deficit)	**0**	**(660,000)**	**845,000**	**279,000**

SUMMARY OF ALTERATIONS : SURPLUS/(DEFICIT)	**Operating Budget**	**Cash Budget**
Adopted Budget	0	0
Revised Budget - (Work in Progress)	(451,000)	0
Budget Update No. 1 (as at 30th September, 2013)	(332,000)	48,000
Budget Update No. 2 (as at 30th November, 2013)	(165,000)	129,000
Budget Update No. 3 (as at 28th February, 2014)	124,000	(660,000)
Budget Update No. 4 (as at 30th April, 2014)	354,000	279,000

4. BR4 Commentary

- This is the fourth Budget Review for the 2013/2014 financial year other than the interim review which introduced work in progress amounts from 2012/2013 into the 2013/2014 Budget.

- BR4 takes into account most costs for the first 10 months of operating (July to April) however the majority of creditors for the month of April are not yet included (processed in May).

- Operating Revenue increases by $92,000.

- Operating Expenditure decreases by $138,000 principally due to a range of Budget reductions.

- Non Operating Revenue increases by $662,000 principally due to a reversal of an incorrect entry in BR3 associated with the receipt of $1m Grant for the Rail Lands Development.

- In overall terms BR4 provides for;
  - An decrease in Operating Expenditure of $138,000
  - An increase in Operating Revenue of $92,000
  - A net benefit to the operating result of $230,000

- Council's Budgeted Operating commentary;
  - The adopted Budget provided for a balanced operating result
  - Interim (WIP) Review resulted in a $451,000 Operating Deficit
  - BR1 resulted in a $332,000 deficit as at 30th September, 2013
  - BR2 results in a $165,000 deficit as at 30th November, 2013
  - BR3 results in a $124,000 surplus as at 28th February, 2014
  - BR4 results in a $354,000 surplus as at 30th April, 2014.

- Council's Cash Budget commentary:
  - adopted balanced cash Budget
  - the Interim (WIP) Review Council continued to maintain a balanced Cash Budget
  - as a result of BR1 Council Cash Budget provides for a $48,000 surplus as at 30th September, 2013
  - BR2 results in a $129,000 surplus as at 30th November, 2013.
  - BR3 results in a $660,000 deficit as at 28th February, 2014.
  - BR4 results in a $279,000 surplus as at 30th April, 2014.

CORPORATE AND COMMUNITY SERVICES REPORT NO. 39/2014

SUBJECT: **2014/15 DRAFT BUSINESS PLAN & BUDGET – COMMUNITY CONSULTATION**

REF: **AF14/73**

Goal: *Governance*
Strategic Objective: *Fully integrate long term asset and financial plans with the annual business plan and annual budget.*

INTRODUCTION

At Council's meeting held on Tuesday 18th February, 2014 a community engagement strategy was adopted for the 2014/15 Draft Business Plan and Budget to commence on Friday 11th April, 2014 and to conclude on Friday 9th May, 2014.

COMMUNITY ENGAGEMENT STRATEGY

Additional documentation was developed to accompany the 2014/15 Draft Business Plan & Budget endeavouring to make it easier and more convenient for individuals to source information and share informed views on the forthcoming Business Plan and Budget. This included:

- 2014/15 Draft Business Plan and Budget Summary
- Frequently Asked Questions
- Budget Summary For Every $100 The City of Mount Gambier Spends
- Updated Feedback Form

A pre-release media briefing was held on Wednesday 9th April, 2014 in the Committee Room, Civic Centre providing the media with an opportunity to ask any questions regarding the proposed document.

Community consultation commenced on Friday 11th April, 2014 and copies of the 2014/15 Draft Business Plan and Budget along with accompanying documentation were made available free of charge from the Council Offices, Civic Centre, 10 Watson Terrace, Mount Gambier and also on Council's website: http://haveyoursaymountgambier.com.au/20142015-draft-business-plan-and-budget

The community were advised of the 2014/15 Draft Business Plan & Budget consultation via the following mediums and encouraged to participate:

Media Release/s	Periodically throughout the consultation period
Advertisements placed in the Border Watch	Friday, 11th April 2014 Friday, 18th April 2014 Friday, 25th April, 2014 Friday, 2nd May 2014
Featured in Weekly Affairs Column in the Border Watch	Wednesday 16th April, 2014 Wednesday 23rd April, 2014 Wednesday 30th April, 2014 Wednesday 7th May, 2014
Radio Interviews	Acting CEO on 5SE with Jason Schiedl Acting CEO on LimeFM with Tracy Lalich
Courtyard Display	Duration of Consultation period
Website Homepage Banner Promotion	Duration of Consultation period
Plasma Promotion	Council Reception Area, Library and Main Corner

Corporate and Community Services Report No. 39/2014 cont'd...

Poster display & accompanying documentation	Corporate Services Reception Area, Operational Services Reception Area, Library and Main Corner
Twitter	Periodic tweets throughout duration of consultation period
Facebook	Library, Main Corner, YPN
Community Pop Up Sessions	Tuesday 29th April, 2014 at Marketplace Saturday 3rd May, 2014 at Rotary Markets Tuesday 6th May, 2014 at Centro

The community were provided the opportunity and encouraged to forward any submissions or questions on the 2014/15 Draft Business Plan & Budget consultation via the following mediums:

- Email via city@mountgambier.sa.gov.au
- Written submissions
- Feedback Sheet from Courtyard Display
- 'Have your Say' at http://haveyoursaymountgambier.com.au/20142015-draft-business-plan-and-budget
- Text to 0407 794 188

Consultation Activity Summary

The following table summarises the level of community interest in becoming informed of the contents of proposed Business Plan & Budget and how many actively participated by submitting formal feedback.

Participation measure

Have Your Say - Site Visits	353	Have Your Say - Informed Visitors	44
Have Your Say - Document Downloads	62	Community Pop Up Sessions	27

Formal Submissions

Online Submissions	1	Texts	0
Email	1	Mail	2
Pop Up Sessions	1	Quick Poll	1
Courtyard	2		

The above tables reflect the level of interest received during the consultation period and also summarises the number of active participants in the consultation process.

A consolidated list of all feedback is attached.

Summary Pop Up Sessions

As a direct outcome of the Member's Informal Workshop held in October 2013, community pop up sessions were introduced to provide an alternative, less formal manner for the community to engage with Council; ensuring Council is transparent, accessible and proactively seeking community input.

Corporate and Community Services Report No. 39/2014 cont'd...

The following Councillors and Senior Council Staff attended the sessions that attracted interest from a total of 27 community members.

Date & Location	Members	Administration
Tuesday 29th April, 2014 at Marketplace	Cr White Cr Von Stanke	Director Corporate Services Manager Community Services & Development
Saturday 3rd May, 2014 at Rotary Markets	Nil	Director Corporate Services Manager Community Services & Development
Tuesday 6th May, 2014 at Centro	Mayor Perryman Cr Von Stanke	Director Operational Services Manager Finance Manager Community Services & Development

Summary

Whilst every endeavour was taken to improve our consultation strategy and extend the Council engagement with the community on the draft 2014/15 Business Plan and Budget the active participation rates remain low when considering our population. The only accurate measure that we are able to use in the consultation is the online component and the face to face pop up sessions of which we had 380 participants collectively.

In percentage terms, less than 1% of the population sought to become informed about the draft document and there have been no requests for their views to be presented in a formal manner to be considered at the Special meetings of Council.

Recommendation

(a) Corporate and Community Services Report No. 39/2014 be received;

(b) Council publicly acknowledge and thank all persons who provided commentary on the Draft 2014/2015 Business Plan and Budget.

Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:

Mark McSHANE
CHIEF EXECUTIVE OFFICER

20th May, 2014
MJT

201_2015 DRAFT BUSINESS PLAN AND BU_GET
FEEDBACK SHEET SUMMARY

DATE	NAME	SUPPORT BP&B AGREE/ NEUTRAL/ DISAGREE	COMMENTS	PRESENT SUBMISSION	FEEDBACK SHEET RECEIVED VIA					
					Mail	Text	Email	Courtyard	Online	Pop Ups
22/04/14	Graham Billing	Agree	Ripley Arcade needs upgrading - big eyesore					✓		
22/04/14	Rooster	Agree	Seems a very responsible approach given the major projects that have been completed over the past few years	No					✓	
23/04/14	Robert Aldersey	Neutral	Is the budget balanced or is it running on the $18 million line of credit. Does the Council have a plan to have small surplus to bank for future unplanned emergencies.					✓		
06/05/14	W. Moors	Neutral	Could Council provide free green bins to every household as part of the rates – reduce waste in landfill.	No						✓
06/05/14	County Women's Assoc.		Request for footpath in front of CWA to be resurfaced. Letter in September 2013 saying it would be done and nothing done to date.		✓					
06/05/14	Robert Shephard	Agree	Need to consider providing Car-Bus Parking at Playground on McDonald Reserve, Conroe Heights, particularly now bike lanes, town bus stops and roundabouts are all located here - need a place to safely unload passengers at playground.	No	✓					
09/05/14	Brian Hill		Congratulate Council for reducing the annual rate increase from the 6.9% as proposed in the draft ten year plan however still think 5 % is too high, nearly double the current inflation rate. This will place an increasing burden on ratepayers. As a result of last year's consultations, the message was there should not be any new expensive capital works until those already under way. I am therefore concerned about the $450,000 allocated for the lighting of the Blue Lake walking path. Completely new project and although nice to have, cosmetic and not essential. I suggest it should not proceed at this stage in order to minimise rate increases.				✓			

DATE	NAME	SUPPORT OP&B AGREE/ NEUTRAL/ DISAGREE	COMMENTS	PRESENT SUBMISSION	FEEDBACK SHEET RECEIVED VIA					
					Mail	Text	Email	Personally delivered	Online	Pop Ups
09/05/14	Paul Jenner	Agree	Council have done a brilliant job in putting this Budget and Business Plan together, however please, please add in the oil, fuel excise that the federal government is forecasting to add on as Council goes though a lot of fuel. Great job, well done but will have to go up or too many services will go and workers will be out of jobs (Council permanent staff).	Yes				✓		

CORPORATE AND COMMUNITY SERVICES REPORT NO. 45/2014

SUBJECT: **POLICY REVIEW – RISK MANAGEMENT FRAMEWORK**

REF: **AF11/1950**

Goal: Governance
Strategic Objective: Demonstrate innovative and responsive organisational governance.

In January 2014 Council considered Corporate and Community Services Report No. 13/2014 in relation to the review of Corporate and Community Services Policies and resolved:

> *(e) Amalgamation and/or review of remaining Corporate and Community Services Policies continue to be undertaken on a prioritised and periodical basis under the direction of the Corporate and Community Services Committee.*

In accordance with that resolution Council's Risk Management Policy has been reviewed and the resulting policy is presented for consideration and adoption as attached to this report.

Throughout 2013/14 update reports have been provided to Council's Audit Committee on a range of risk management (and related) processes, tools and recording/reporting and review mechanisms that are in use and/or under review throughout the organisation, which has led to the presentation of this Risk Management Framework policy document.

The Risk Management Framework is a holistic document acknowledging the diverse range of activities and risks encountered by Council and the cross-organisational risk management tools, systems, procedures and practices available for the management of risk.

Council's risk management does not begin and end with this policy.

The purpose of the Risk Management Framework is to demonstrate Council's awareness and commitment to continuously developing its risk management tools, systems, procedures and practices, and to support an organisational culture where risk management is a fundamental component of all its decisions and activities.

The Risk Management Framework is intended to act as a starting (or return) point from which Employees, Elected Members, Committee Members, Contractors and Volunteers can be guided toward the appropriate risk management mechanisms relevant to the decisions they are making or the activities they are undertaking.

As the extent of Councils risk management/related activities is seemingly endless, The Risk Management Framework does not attempt to be all encapsulating, but instead to provide general direction and guidance.

The Risk Management Framework will be incorporated into Council's induction and refresher training for Employees, Elected Members, Committee Members, Contractors and Volunteers.

RECOMMENDATION

(a) Corporate and Community Services Report No. 45/2014 be received;

(b) Council hereby adopts new Council Policy Risk Management Framework, as attached to this Report;

(c) Council hereby deletes former Council Policy:

R300 Risk Management Policy

(d) Council makes the necessary amendments to Council's Policy Manual Index.

Michael McCARTHY
GOVERNANCE OFFICER

Sighted:

Mark McSHANE
CHIEF EXECUTIVE OFFICER

18th June, 2014
MMcC.MJT

1. INTRODUCTION

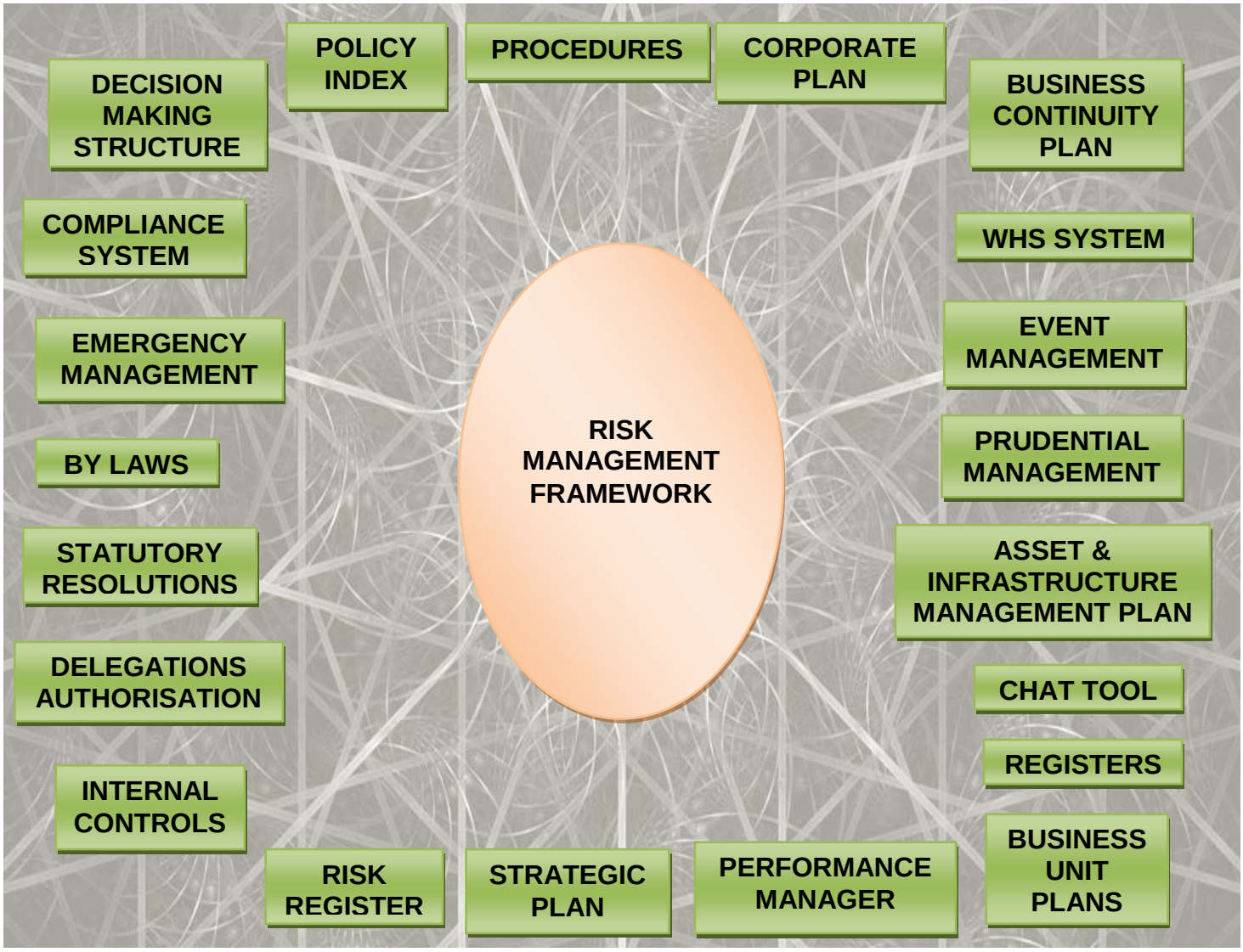
The City of Mount Gambier ("Council") is committed to protecting its employees, assets and community from potential threats, realising benefits from potential opportunities, whilst minimising uncertainty in achieving it's goals and objectives toward it's vision that *'Mount Gambier is the most liveable City in Australia, where the people in the community are secure, prosperous, healthy and valued'*.

This document sets out the Policy of Council in relation to the management of it's risk in decision making, administrative and operational activities.

2. PURPOSE

Risk Management requires more than simply adopting a policy. The purpose of this document is to support awareness and commitment to Council's existing Risk Management tools, systems, procedures and practices ("***Risk Management Framework***") and to develop a culture of continuous improvement that includes embedding risk management into all Council decisions and activities.

Components of Council's ***Risk Management Framework*** are presented in the following diagram:



3. SCOPE

This Policy applies to all Employees, Elected Members, Committee Members, Contractors and Volunteers of Council and provides guidance and assists Council in understanding that Risk Management is central to all Council decision making, administrative, and operational activities.

4. CONTEXT

This Policy document does not stand alone in addressing Council's Risk Management.

As illustrated in the ***Risk Management Framework*** diagram, Council is involved in a diverse range of activities and encounters extensive variety of risks that necessitate the use of many different processes, tools and recording/reporting and review mechanisms for their identification and management.

Council can be exposed to many risks including those associated with:

- Safety & Welfare
- Information services
- Procurement
- Project management
- Strategic management
- Environment
- Public relations
- Asset management
- Business development
- Compliance & Legal
- Financial
- Governance
- Human resources
- Political
- Interruption to Business

In this context, it is expected that all Council Employees, Elected Members, Committee Members, Contractors and Volunteers will participate in identifying and assessing the potential risks associated with significant decisions, recommendations, actions and contractual arrangements, with a view to:

IDENTIFY **EVALUATE** **TREAT**	**R**	• identify, evaluate and document risk issues • act to prevent risk situations from arising • act to resolve risk situations that arise • refer risks for appropriate management
ANALYSE **MONITOR &** **COMMUNICATE**	**I** **S**	• record known/accepted risks (Risk Register) • manage chance/consequences of known/accepted risks • Action/Refer (as appropriate) to: ▪ *Change Policy/Processes* ▪ *Business Continuity Plan* ▪ *LGA Risk Services* • Continuously monitoring/recording/report
REVIEW	**K**	• Continuously reviewing processes to achieve improvements in Risk Management and organisational activities

5. RISK MANAGEMENT PROCESS

This Framework/Policy does not provide direction for the management of any particular risk situations as this is relative to the circumstances in which it has arisen. Council has a range of policies, procedures, systems and mechanisms in place for known risks associated with each Council workplace and Council activities, and to assist the identification of potential risks.

Further direction on the management of any specific risk matter should be sought from the relevant Team Leader, Manager, or Director, Work Health & Safety Representative, Work Health & Safety Committee, or from Council's Human Resources Manager or Governance Officer.

6. RISK MANAGEMENT RESPONSIBILITIES

Whilst it is the responsibility of the Council and the Chief Executive Officer to provide and resource the various components of Council's Risk Management Framework. Every Council employee, Elected Member, Committee Member and Volunteer has some role and responsibility in the management of Council's risk.

The management of each component within Council's Risk Management Framework are the responsibility of one or more Directors, Managers or Team Leaders, or other officers or committees within the Council organisation and decision making structure.

The Management Executive Team bears responsibility for ensuring the components of the Risk Management Framework operate in a manner that brings about a robust risk management system that protects its employees, assets and community from potential threats, realises benefits from potential opportunities and minimises uncertainty in achieving Council's goals, objectives and vision.

Council employees, Elected Members, Committee Members, Contractors and Volunteers share responsibilities as part of their position requirements and/or Code of Conduct to act in accordance with Council Policies and Codes and follow appropriate directions, with further obligations and responsibilities relating to workplaces imposed under Work Health & Safety Law.

Some critical shared responsibilities include appropriate induction, training and development, knowledge of worksite and duties and procedures relating to their position, including the relevant components of Council's Risk Management Framework

This document emphasises that Council is a large organisation, undertaking diverse activities and risks and it is the responsibility of everyone to ensure their own, those around them and those to/and for whom they are responsible, awareness of the **Risk Management Framework** components applicable to their position and work area.

7. REVIEW & EVALUATION

Responsibility for review of this Policy is tasked to the Audit and Work Health Safety Committtees, Management Executive Team and Senior Managers Group.

8. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

File Reference:	AF11/1738
Applicable Legislation:	
Reference: Strategic Plan – Beyond 2015	Goal #, Strategic Objective #
Related Policies:	P### Prudential Management I105 Internal Controls F225 Fraud & Corruption Prevention R300 Risk Management Policy (Superseded)
Related Procedures:	One System (Work Health & Safety Procedures) CHAT Assessment Tool
Related Documents:	Risk Register Business Continuity Plan Statutory Resolutions AS/NZS ISO 31 000: 2009:

DOCUMENT DETAILS

Responsibility:	GOVERNANCE OFFICER
Version:	1.0
Last revised date:	June, 2014
Effective date:	##th Month, 201#
Minute reference:	##th Month, 201# Corporate & Community Services, Item #
Next review date:	July, 2015
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	9th May 2000 (Superceded Policy R300

City of Mount Gambier

Reference: AF11/877 GH.MJT
Enquiries to: Mr Grant Humphries

MAYOR
MEMBERS

NOTICE is hereby given that the Mayor, Mr Steve Perryman has called a Special Meeting of the Council to be held at the Council Chamber, Civic Centre, 10 Watson Terrace, Mount Gambier on the following date and time:

Wednesday 11th June, 2014 Council Chamber – Civic Centre

commencing at 6.00 p.m. for the purpose of:

1. Consideration of the draft 2014/2015 Business Plan and Budget;

2. Making recommendations for the adoption of the 2014/2015 Business Plan and Budget.

An agenda for the meeting to be held on the 11th June, 2014 is attached hereto.

Mark McSHANE
CHIEF EXECUTIVE OFFICER

2nd June, 2014
MJT

CITY OF MOUNT GAMBIER

Special Meeting of Council to be held Wednesday, 11th June, 2014 at 6.00 p.m.

AGENDA

PRESENT: Mayor S A Perryman, Cr A Lee, Cr J Maher, Cr D Mutton, Cr H Persello, Cr P Richardson, Cr A Smith, Cr B Shearing, Cr Von Stanke, Cr M White

APOLOGIES: moved that the apology(ies) from be received.

seconded

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.

1. DRAFT 2014/2015 BUSINESS PLAN AND BUDGET OVERVIEW - Ref. AF13/457

The Director - Corporate Services reported:

(a) The draft 2014/15 Business Plan and Budget issued for public consultation provided for the following estimates of income and expenditure while the "Revised" figures reflect the Council resolutions from the Special (Budget) Meeting held on 28th May, 2014.

	Draft $		Revised $	
Required Rates	17,183,000		17,183,000	
Operating Revenue	6,399,000		5,934,000	
Less Operating Expenditure	23,562,000		23,161,000	
Operating Surplus / (-Deficit)	20,000	(Surplus)	(44,000)	(Deficit)
Plus Non-Operating Revenue	8,979,000		9,118,000	
Less Non-Operating Expenditure	726,000		726,000	
Less Capital Expenditure	8,273,000		8,433,000	
Budget Cash Surplus / (-Deficit) as at 30th June 2015	0		(85,000)	(Deficit)

Increase in rates of 4.8% would be required.

moved the report be received.

seconded

2. SUSPENSION OF MEETING PROCEDURES (if required)

moved that pursuant to the powers contained at Paragraph 21 of the Local Government (Proceedings at Meetings) Regulations that the provisions of the said Regulations be suspended.

seconded

The Meeting Procedures were suspended at p.m.

3. RESUMPTION OF MEETING PROCEDURES (if required)

moved that the provisions of the Meeting Procedures be now resumed.

seconded

The Meeting Procedures were resumed at p.m.

4. CONSIDERATION OF DRAFT 2014/15 BUSINESS PLAN AND BUDGET - Ref. AR13/457

The Director - Corporate Services reported:

(a) that Council resolved at the previous Special Budget Meeting that;

(i) the proposed Blue Lake Walking Path public lighting budgetary item be further considered including options for funding;

(ii) a report be prepared for the next Budget Meeting on the option for funding the Blue Lake lighting project.

(b) a report (Schedule II) including recommendations is provided as attachment.

moved:

(a) the report be received;

(b) for Council consideration.

seconded

5. ADOPTION OF 2014/15 ANNUAL BUSINESS PLAN - AF13/457

moved that pursuant to the provisions of 123(6) of the Local Government Act, 1999 and Regulation 6 of the Local Government (Financial Management) Regulations 2011, Council;

(a) having considered submissions made during the public consultation period and having regard to all relevant information in the possession of the Council, hereby adopts for the year ending 30th June, 2015 the Annual Business Plan, and;

(b) the Chief Executive Officer be authorised to make any necessary alterations and amendments to the text of the Annual Business Plan (principally accommodating amendments made at Budget meetings) prior to formal publication.

seconded

6. ADOPTION OF 2014/15 BUDGET - Ref. AF13/457

moved:

(a) Council adopt the following estimates of income and expenditure as provided for in the 2014/2015 Business Plan and Budget incorporating an overall increase in rate revenue of 4.8%:

	$
Required Rates	
Operating Revenue	
Less Operating Expenditure	
Operating Surplus / (-Deficit)	
Plus Non-Operating Revenue	
Less Non-Operating Expenditure	
Less Capital Expenditure	
Budget Cash Surplus / (-Deficit) as at 30th June 2015	

(b) Council adopts the Budget for the 2014/15 financial year, which includes the following documents pursuant to Section 123(7) of the Local Government Act 1999 and Regulation 7 of the Local Government (Financial Management) Regulations 2011.

(i) Budgeted Operating Statement/Budgeted Income Statement

(ii) Budgeted Statement of Financial Position

(iii) Budgeted Statement of Changes in Equity

(iv) Budgeted Statement of Cash Flows

(v) Budgeted Balance Sheet

seconded

7. ADOPTION OF CAPITAL VALUATIONS - Ref. AF13/483

moved that pursuant to Section 167(2) of the Local Government Act, 1999 the Council adopts for rating purposes for the 2014/15 financial year, the Valuer General's most recent valuations of the CAPITAL VALUES applicable to land within the area of the Council, totalling $ and that the date of adoption of the valuations is the day of July 2014.

seconded

8. DECLARATION OF THE ATTRIBUTION OF LAND USES AND CODES – Ref. AF14/82

moved that in exercise of the powers contained in Chapter 10 of the Local Government Act 1999, the attribution of the land uses in the Assessment Record for the 2014/2015 financial year will be in accordance with the categories of land use prescribed by Regulation 10 of the Local Government (General) Regulations 1999.

seconded

9. DECLARATION OF RATES – Ref. AF14/83

moved that pursuant to Sections 152(1)(c), 153(1)(b) and 156(1)(a) of the Local Government Act 1999 and in order to raise rates in the amount of $ the Council hereby declares that differential general rates will apply and will vary according to the use of the land and declares the differential general rates for rateable land within the Council area for the 2014/15 financial year will be as follows:

1. of a cent per dollar of assessed capital value on rateable land of category 1 (Residential) use;

2. of a cent per dollar of assessed capital value on rateable land of category 2 (Commercial-Shop) category 3 (Commercial-Office), category 4 (Commercial-Other) use;

3. of a cent per dollar of assessed capital value on rateable land of category 5 (Industry-Light) and category 6 (Industry-Other) use;

4. of a cent per dollar of assessed capital value on rateable land of category 7 (Primary Production) use;

5. of a cent per dollar of assessed capital value on rateable land of category 8 (Vacant Land) use;

6. of a cent per dollar of assessed capital value on rateable land of category 9 (Other) use;

seconded

10. DECLARATION OF A FIXED CHARGE – Ref. AF14/82

moved that pursuant to Section 152(1)(c)(ii) of the Local Government Act, 1999 the Council declares in respect of the 2014/15 financial year a fixed charge on rateable land within the Council area in the sum of $

seconded

11. DECLARATION OF SEPARATE RATE - Ref. AF14/82

moved that in exercise of the powers contained in Section 95 of the Natural Resources Management Act, 2004 and Section 154 of the Local Government Act, 1999 and in order to reimburse to the Council the amount contributed to the South East Natural Resources Management Board being a net $ (after write offs), a separate rate of $ per assessment be declared based on a fixed charge of the same amount on all rateable land in the Councils area and in the area of the said Board for the 2014/15 financial year.

seconded

12. PAYMENT OF COUNCIL RATES - Quarterly Billing - Ref AF14/82

moved that that pursuant to Section 181(2) of the Local Government Act, 1999 the Council declares that quarterly payment of rates and charges in respect of the 2014/15 financial year be payable on or before:

- Friday, 12th September 2014
- Friday, 12th December 2014
- Friday, 13th March 2015
- Friday, 12th June 2015

seconded

Meeting closed at p.m.

6th June, 2014
MJT/TLG

SCHEDULE II - PROPOSED ADJUSTMENTS

			OPERATING '000		NON-OPERATING '000			IMPACT ON BUDGET '000		
NO.	ACC. NO	DETAILS	EXP	REV	CAPITAL EXP	NON-OP EXP	NON-OP REV	OPERATING BALANCE	NON-OP BALANCE	CASH BALANCE
1	-	**2014/2015 DRAFT BUDGET AND BUSINESS PLAN**	23,562	23,581	8,273	726	8,979	20	(20)	0
2	-	**2014/2015 REVISED DRAFT BUSINESS PLAN AND BUDGET**	23,161	23,117	6,433	726	9,118	(44)	(41)	(85)
		(INCORPORATING SCHEDULE 1 ADJUSTMENTS)								
3	7680.5803	CRATER LAKES - BLUE LAKE WALKING PATH LIGHTING - DELETE			(450)					
			23,161	23,117	7,983	726	9,118	(44)	409	365
4		OPTION 4 1 - REDUCE REVENUE (RATES)		(365)						
			23,161	22,752	7,983	726	9,118	(409)	409	-
5		OPTION 5 1 - REDUCE DEBT					(365)			
			23,161	23,117	7,983	726	8,753	(44)	44	-
6		OPTION 6 1 - STAGE LIGHTING PROJECT / INCREASE OPERATIONAL EXP	56		(141)					
			23,217	23,117	8,292	726	9,118	(100)	100	-

COMMENTARY:

If Council decides to delete or reduce funding for Blue Lake Walking Path Lighting Project ($450,000), the following options have been prepared for Council's consideration. (Noting that Council has previously resolved to go to tender for this project with tenders closing on 16th June, 2014.)

Option 4.1:	Given that $450,000 expenditure has been deleted from the Budget it stands to reason that the corresponding revenue raised (rates) to provide for that expenditure should also be reduced.
Option 5.1:	An alternative to Option 4.1 is to still raise that revenue via rates but apply it against debt - essentially borrow less.
Option 6.1:	Is a 'hybrid' alternative providing for the lighting project to proceed but staged over two financial years and reallocation of the uncommitted 'revenue' against new or increased operating expenditure.

RECOMMENDATION:

That Council adopt the 2014/15 Revised Business Plan and Budget (no. 2) which;

- **incorporates all Schedule I adjustments considered last Budget meeting (previously resolved)**
- **provides for the provision of $450,000 for the completion of the Blue Lake Walking Path Lighting Project**
- **provides for minor Budget deficits ($44,000 operating / $85,000 cash deficits)**
- **maintains the basic structure of the draft Budget that went to consultation including the required rate revenue increase of 4.8% and level of loan borrowings.**

Galpins

Accountants, Auditors
& Business Consultants

16 July 2014

Laurie Galpin FCPA
David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CPA

Mr Steven Perryman
Mayor, City of Mount Gambier
PO Box 56
MOUNT GAMBIER SA 5290

Dear Mr Perryman,

AUDIT MANAGEMENT LETTER – INTERIM AUDIT 2013-14

We recently completed our interim audit processes for City of Mount Gambier. We thank Council for the opportunity to provide audit services and we thank the staff for their assistance during the audit.

We wish to remind Council of our approach to the auditing of internal controls as set out in auditing standards. We review Council's controls with a view to determining the extent of reliance we can place on them in forming our opinion on the financial statements. We do not review the controls for the purpose of providing an opinion on them to Council, although we do communicate relevant matters that come to our attention.

We have attached a summary of work performed as part of the interim audit. There were no issues arising from the interim audit that we wish to draw to your attention. Council staff provided adequate explanations for all our queries and informed us of progress on matters previously raised. We are aware that this is also reported to the audit committee on a regular basis.

If you have any queries in relation to the audit, please do not hesitate to contact me.

Yours sincerely,

Simon Smith FCPA Registered Company Auditor
Partner

Mount Gambier
233 Commercial Street West
PO Box 246 Mount Gambier SA 5290
DX 29044
p 08 8725 3068
f 08 8724 9553
e admin@galpins.com.au

Stirling
Unit 4/3-5 Mount Barker Road
PO Box 727 Stirling SA 5152
p 08 8339 1255
f 08 8339 1266
e stirling@galpins.com.au

Norwood
3 Kensington Road
PO Box 546 Kent Town DC SA 5071
p 08 8332 3433
f 08 8332 3466
e norwood@galpins.com.au

w www.galpins.com.au

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List of Audit work performed
Interim Visit (On-site)

Note

This document is not an exhaustive list of all audit procedures performed during the interim audit. This document is intended as a guide only to inform the Council of audit focus areas. This document may not be reproduced and distributed without the express written consent of Galpins Accountants and Business Consultants. Additional audit procedures will be performed during the final audit.

Internal Controls

- Reviewed Council minutes.
- Reviewed actions and responses to previous audit recommendations
- Documented the control environment and identified key internal controls for testing in the following areas;
    - Cash and investments
    - Receivables
    - Purchasing and payments
        - Credit Cards
    - Rate revenue
    - Grant revenue
    - Contracts
    - Payroll.
- Documented the entity level control environment with a focus on the following areas;
    - Budget management
    - Risk management
    - Related party transactions
    - Audit committee terms of reference
    - General ledger
    - IT System.
- Tested internal controls identified through the review of the control environment were functioning effectively, including but not limited to;
    - Procurement and payment authorisations
    - Invoice coding
    - GL reconciliations (including bank)
    - Bank account online access rights and cheque signatories
    - Authorisation of employee timesheets
    - Updating and review of pay rates
    - Review of payroll reports.
- Results of control testing were collated to assist with substantive audit sample selection.

Substantive Testing

- A sample of purchases was traced from the general ledger to the invoice for accuracy and valuation.
- Tested a sample of employee pay rates in the system for accuracy.
- Analysed total net wage for all council employees for each pay period. Discussed and noted significant fluctuations.
- Checked employee leave balances and reviewed council's employee records.
- A sample of rates income was tested for accuracy.
- GST calculations were checked.

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City of Mount Gambier
Audit Committee

Work Program 2007 - 2014

Version ~~6~~7. August, ~~2013~~ 2014

City of Mount Gambier Audit Committee Work Program *2007 - 2014*
[Amended and Updated August, ~~2013~~2014]

Activity	Timeframe	Current Status/Outcomes/ Benefits Achieved	Date Initially Completed	Follow-up Action
1 Financial Reporting				
Initial Focus				
1.1 Identify and review areas of accounting treatment that are open to discretion, and in particular have material impact on reported financial performance and position (e.g. assumed asset lives, depreciation methodology, asset revaluation frequency and techniques, capitalisation policies and overhead accounting treatments all can have material affect on the operating result and net asset values).	Annual	Briefing received. Satisfied with the information / outcomes and accept methodology that is used. Review of Council's Budget Monitoring Process completed. ~~Work continuing on treatment of leased assets in conjunction with External Auditor.~~Accounting for leased assets strategy completed. **Ongoing monitoring is occurring.**	October 2007 August 2012 May 2013	Annual/ongoing process. Policy review completed March 2014 Work continuing on leases as they fall due.
1.2 Ensure that financial information included in publications for external audiences (eg annual report, Council newspaper, brochure to all ratepayers etc) accurately reflects key accrual based financial information and where appropriate sector-endorsed financial indicators.	Annual	Satisfied that all information provided is accurate and openly available. **Ongoing monitoring is occurring.**	October 2007	Ongoing monitoring will occur. Annual monitoring includes: • Annual Report • LTFP • Business Plan and Budget • Treasury Management • Budget Reviews

Subsequent Focus				
1.3 Ensure that asset values and depreciation rates are up to date and soundly based, including that they have particular regard to local conditions and do not just reflect common practice elsewhere e.g. • whether land values reflect the current local market; • whether infrastructure asset values reflect local replacement costs and the condition of existing assets; • whether an infrastructure asset condition audit been undertaken recently to assist in making this judgement.	Annual	Satisfied with all explanations and relevancy and currency of calculations, rates and values. Annual independent valuations obtained for some assets. Local application of values is necessary to verify values in Councils application. Employees can support their conclusions. ~~Employees encouraged to continue to prepare infrastructure values.~~ Audit Committee notes the views of External auditor on valuations prepared by employees. Asset re-valuation strategy adopted in March 2014	October 2007	Annual Review ~~–~~ February Annual Review / Process
2 Internal controls and risk management systems				
Initial Focus				
2.1 Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed.	Annual	~~Have reviewed Councils internal control policies and procedures and satisfied they are sound and current.~~ ~~Have obtained the views of Council's External Auditor on internal controls.~~ ~~Have discussed the outcomes from the Councils extended Audit of internal controls with External Auditor.~~ Satisfied that Council has responded to/explained reasons for/actioned improvements to the	~~July 2007~~ July 2007	~~Annual Review - February~~ ~~Council to maintain the interim Audit by the External Auditor of Council's Internal Controls and confer with External Auditor on a regular basis for continuing enhancements.~~ In progress – Due for completion May 2014

		recommendations of the External Council Audit. Interim Audit continued on an annual basis with outcomes reviewed / monitored by Audit Committee. Council's annual review of its Internal Control Policy deferred pending the finalization of the new legislative provisions associated with Financial Internal Controls and the introduction of an online requisitioning software system.	July 2007 March 2014	Annual Review - February Council to maintain the interim Audit by the External Auditor of Council's Internal Controls and confer with External Auditor on a regular basis for continuing enhancements.
2.2 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major internal control and other risks e.g: • consider the range of documented internal control policies and procedures; • whether they are being followed; • whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect e.g. ○ whether a business continuity plan has been developed in case of major damage to key Council properties or other, eg computer, assets; ○ whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard.	Annual	Risk Management reviews will form the basis of confidence in all internal controls and risk identification. ~~Council currently reviewing its overall Risk Management Framework given the new directions of Workers Comp and Mutual Liability schemes.~~ New staff functions established within Council to address Risk Management across Council. Council currently undertaking a complete review of its Risk Management Framework and has provided regular updates to Audit Committee on progress.	January 2009	~~Audit Committee to be briefed regularly on the ongoing processes associated with Councils overall Risk Management Framework and Business Continuity Plan. The appointment of staff with these specific responsibilities will drive these processes.~~ Completed in 2013 Ongoing Process

		Risk Management Policy prepared and draft presented to Audit Committee.		May 2014 (to Council in July 2014)
Subsequent Focus				
2.3 Ensure a thorough review is undertaken to identify locally appropriate internal control and risk management policies and procedures using formal tools and processes such as the *Internal Financial Controls – Best Practice Manual, 2002* (produced by the SA Local Government Financial Management Group) and/or other locally appropriate reference tools. Ensure that identified improvement opportunities can be appropriately addressed. *[Note – this will be undertaken progressively in stages with the most important and highest risk areas tackled first.]*	Annual Review	Ongoing Review (Legislation introduced) Refer 2.1 – Introduction of new Legislation	January 2009	~~Ongoing.~~ Initial briefing to Audit Committee by External Auditors. Ongoing project being conducted on a regional basis – due for completion May 2015

3 Whistle blowing				
Initial focus				
3.1 Identify whether the Council has in place simple, readily accessible arrangements for employees to confidentially raise concerns of alleged malpractice in accord with legislative provisions.	Annual Review	~~Reviewed and adopted. ICAC Information also Provided.~~Elected Members and staff attendance at ICAC briefings	May 2009 October 2013	Annual Review - February of each year, annual notifications to employees, annual employee performance reviews to reference the Policy.
Subsequent focus				
3.2 Examine whether Council's whistleblower arrangements are well known to employees and effective having regard to local circumstances.	Ongoing monitoring	Matter to be actioned each year. ~~Internal work required on the implementation of ICAC Legislation.~~Policy review	November 2008 March 2014	Annual Review - February of each year and annual distribution of Policy to all employees as a reminder. Employee awareness to be "tested" via annual performance reviews. Audit Committee to receive an annual report on any notifications.
4 Internal audit				
Initial focus				
4.1 Where Council has an internal audit function: • undertake a review of its charter and annual work plan and outcomes from its past work. Examine whether identified matters have been appropriately addressed; • if no formal internal audit function exists then explore whether such a service could be cost effectively provided (eg through an external service provider, possibly in conjunction with other Councils).	Not Applicable Annual Review	No internal audit function intended. ~~Prepared to be part of a regional approach.~~Financial Internal Controls Process (new legislation) will address this in some way	March 2014 March 2014	Continuation of interim Audit process at this time

4.2 Examine whether Council has developed a formal policy and associated arrangements for exercising its powers regarding initiating and undertaking efficiency and economy audits e.g. • whether there is an objectively developed and strategically prioritised schedule of efficiency and economy audits; • whether it is the responsibility of the Internal Audit function to manage, or some other management arrangements are in place; • whether the audit committee itself should manage or just provide comment. The Audit Committee should provide advice to Council on this issue.	As and when necessary	Any reports to be made available to the Audit Committee.	~~Throughout 2008/09~~March 2014	Ongoing. Audit Committee has confidence in Council and its administration to prepare detailed reports as and when required of a general nature or for a specific purpose for a specific project and the consequential impact on Councils financial sustainability
Subsequent Focus				
4.3 The Audit Committee should: • keep the operations of the internal audit function (where it exists) under review including approving its annual work program, and monitoring of its independence and performance and provide feedback as appropriate; • take internal audit plans and work outcomes into account in own decision-making and work program updates.	Not Applicable January 2009 to June 2009		March 2014 March 2014	
4.4 Having regard to results of its own work program and Council's available resources, risks and anticipated benefits and costs, the Audit Committee should identify whether there are key functions where it might recommend that an efficiency and economy audit be performed.	July 2009 to December 2009	Ongoing	March 2014	

5 External audit				
Initial Focus				
5.1 Meet with the Council's external auditor to: • invite presentation of the audit methodology and risk assessments within the audit plan; • discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter; • assess the appropriateness of the Council's response to matters so raised; and, • invite comment on the financial systems and affairs of the Council having regard to comparable benchmarks.	Ongoing Regular Engagement.	External Auditor a regular attendee of the Audit Committee meetings. ~~(3 of 4 in 2012/13)~~	~~2008/09~~March 2014	Regular meetings with the External Auditor to discuss: • internal controls audit • statutory financial audit
5.2 Ensure that appointment arrangements for the external auditor conform with legislative provisions.	May 2007	LGA Model Audit specification used as part of the appointment process.	~~June 2009~~February 2012	Appointment from the 2011/12 Audit completion to the 2016/17 Audit completion was made by Council at its meeting held on 14th February, 2012.
5.3 Ensure compliance with regulation 16A of the Local Government (Financial Management) Regulations 1999 which prevent a Council from engaging its auditor to provide any services to the Council outside the scope of the auditor's functions under the Local Government Act.	Ongoing	Annual Statement signed by the Presiding Member compliance achieved. Audit Committee understands the requirements of R16A.	October 2008	Annual Review - November of each year.
Subsequent Focus				
5.4 Keep oversight of the Council's relationship with its external auditor and develop an appropriate timeframe to address all matters requiring consideration in the appointment/re-	Ongoing	Regular attendance at Audit Committee meetings. No further action required.	June 2007	Ongoing - As per contract of appointment.

appointment of the external auditor and manage this process when it falls due *[note: amendments to section 128 provide that the Council's auditor must be rotated after no more than five years]*.				
6 Reporting				
Initial and Ongoing Focus				
6.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.	Ongoing	Ongoing	~~N/A~~August 2013	Ongoing.
6.2 Report annually to Council; • outlining outputs relative to the audit committee's work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate; • outlining any identified training needs; • advising future work program proposals; and, • invite comment from Council on all of the above.	Ongoing	Have adopted guidelines from LGA on form / content of the Audit Committee Annual Report to Council.	~~Achieved~~August 2013	Annual Report includes review of Committee Terms of Reference, Work Program and a self assessment of Committee Performance – August of each year.
7 Other Matters				
Initial Focus				
7.1 Review, and where warranted suggest improvements in, the formats of budget and actual financial performance information reported to the Council to ensure they: • are succinct, easy to follow and pitched with a strategic focus; • are based on accrual accounting information and include the material required by Regulation 5B and Regulation 7(3) of the Local Government (Financial Management) Regulations 1999; and,	May 2008	Considerable work completed on structure / content of ~~business~~ Business Plan and Budget Documentation (including Consultation Methods)	June 2009	Ongoing refinement process. Use of external specialist resources to assist Council with these processes.

	• incorporate key financial sustainability information including comparison of actual and budgeted performance against targets, where they have been set by Council, for sector endorsed financial indicators.				
7.2	Review the Council's financial governance arrangements and their effectiveness including: • the processes in place to ensure; ○ all Council Members and the executive team have appropriate knowledge of key financial governance principles, issues and reporting tools in the context of Local Government financial sustainability; and, ○ where warranted, existing knowledge and skills are augmented with locally appropriate training and support; • the appropriateness of existing strategic financial decision-making models and processes underpinning Council's long-term financial plan (or assist with its development if necessary) and annual business plan; • the appropriateness of targets established by Council for sector-endorsed Local Government Financial Indicators having regard to *Financial Sustainability Information Paper 12: Targets for Local Government Financial Indicators* (or assist with the development of these as necessary) and,	July 2008 to December 2008	Audit Committee undertook a review of Councils Financial Governance Best Practice based on 13 characteristics. Council to participate in any LGA Performance Programs. Considered as part of the recent organizational and functional review of Council administration ~~Audit Committee to continue to advise Council on this aspect.~~	May 2009 July 2010 2012/13	Annual review - February Audit Committee monitors closely Council's FSI outcomes at annual Budget and within AFS. Audit Committee also to monitor Council's Treasury Management and Debt Management strategies. Appointment of specialist officers as a result of the review. Use of specialist external resources as and when required.

• the appropriateness of the range and content of Council's financial policies and practices (and in particular in regard to treasury management having regard to *Local Government Financial Sustainability Information Paper 10: Debt Management*).				
Subsequent Focus				
7.3 Comment on the draft annual business plan prior to its formal consideration for adoption by Council, particularly in terms of consistency with Council's strategic plans, recognising that Council is responsible and accountable for policy positions and service level decisions but mindful also that the audit committee has responsibilities to ensure Council is aware of the impact on ongoing financial sustainability of its proposals.	Ongoing	Will continue to be a focus of the Audit Committee.	~~Ongoing~~March 2014	Ongoing in collaboration with Council.
7.4 The audit committee should satisfy itself regarding the: • consistency of Council's strategic plan(s) with its long-term financial plan; • consistency of Council's long-term financial plan with its infrastructure and asset management plan (I&AMP); • soundness of the I& e.g. is it supported by engineering and other professional assessments regarding the condition of Council's infrastructure assets? • likely impact on Council's ongoing financial sustainability of implementation of its suite of strategic management plans.	Ongoing	Will continue to be a focus of the Audit Committee. Continue to monitor the alignment of Councils Strategic Management Framework.	Ongoing	Ongoing responsibility of the Audit Committee.
8 Version Control				
8.1 Initial Adoption		**Committee**		**Council** 17th July, 2007

8.2 Review		June 2010		June 2010
8.3 Review		October 2010		November 2010
8.4 Review		February 2012		February 2012
8.5 Review		May 2012		May 2012
8.6 Review		August 2013		September 2013
8.7 Review		August 2014		September 2014

TERMS OF REFERENCE OF THE CITY OF MOUNT GAMBIER AUDIT COMMITTEE

1 Membership

1.1 Members of the committee are appointed by Council. The committee shall consist of at least one independent member with at least one additional member from the Elected Members of Council – consistent with any Regulations. The size of the committee shall be three (3) members.

[Note that Section 126(2) provides that an audit committee may include persons who are not members of Council.]

1.2 Independent member(s) of the committee shall have recent and relevant financial, risk management, internal audit etc experience. The Mayor is an ex officio member of the committee.

[Note that a person would not be considered independent if he or she was an Elected Member of that Council. Subject to any codes of conduct adopted by Council, this does not preclude an Elected Member or an employee of a Council from being a member of an audit committee of another Council.]

1.3 Only members of the committee are entitled to vote in committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the committee for decision. Other individuals such as the Chief Executive Officer, Director – Corporate Services, Director - Operational Services and Finance Manager may attend any meeting as observers and be responsible for preparing papers for the committee. In accordance with the principles of open, transparent and informed decision making, committee meetings must be conducted in a place open to the public. The agenda and minutes of the committee meetings, subject to any items that are discussed in confidence under Section 90 of the Local Government Act 1999 and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.

1.4 Council's external auditors are to be invited to attend meetings of the committee. ~~if they are available.~~

1.5 Appointments to the committee shall be for a period to the end of the term of the Council i.e. November 2010 to November 2014. Appointees may be reappointed by Council.

1.6 The Council shall appoint the Presiding Member of the committee.

2 Administrative resources

2.1 The Chief Executive Officer shall provide sufficient administrative resources to the committee to enable it to adequately carry out its functions.

3 Quorum

3.1 The quorum necessary for the transaction of business shall be 50% of the number of members of the committee plus one. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4 Frequency of meetings

4.1 The committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5 Notice of meetings

5.1 Ordinary meetings of the committee will be held at times and places as determined by the committee. A special meeting of the committee may be called in accordance with the Act.

5.2 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee and observers, no later than three (3) clear days before the date of the meeting. Supporting papers shall be sent to committee members (and to other attendees as appropriate) at the same time.

6 Minutes of meetings

6.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedure at Meetings) Regulations 2000.

6.2 Minutes of committee meetings shall be circulated within five (5) days after a meeting to all members of the committee and to all members of the Council and will (as appropriate) be available to the public.

7 Role of the committee

7.1 Financial reporting

7.1.1 The committee shall monitor the integrity of the financial statements of the Council, including in its annual report, reviewing significant financial reporting issues and judgements which they contain.

7.1.2 The committee shall review and challenge where necessary:

7.1.2.1 the consistency of, and/or any changes to, accounting policies;

7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

7.1.2.3 whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;

7.1.2.4 the clarity of disclosure in the Council's financial reports and the context in which statements are made; and

7.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

7.2 Internal controls and risk management systems

The committee shall:

7.2.1 keep under review the effectiveness of the Council's internal controls and risk management systems; and

7.2.2 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

Note that it is important that the audit committee understand the business of the Council to appreciate the risks it manages on a daily basis, and to ensure that there are appropriate management plans to manage and mitigate this business risk. This will include insurance matters, financial reporting, legal and regulatory compliance, business continuity, and statutory compliance. This can be facilitated by discussions with the external auditors and by presentations by management on how business risks are identified and managed.

7.3 Whistle blowing

The committee shall review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

7.4 Internal audit where Council does not have a separate internal audit function

The committee shall:

7.4.1 monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;

7.4.2 consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

Note that this may include the review of the areas that have been identified for review and the frequency of review. The committee should also monitor whether the function of internal audit has adequate standing and is free from management or other restrictions. Whilst internal audit focuses on a Council's systems and procedures, it is important that audit retains its independence and is not subject to any influence from management or Council that impedes its ability to report objectively.

7.4.3 review all reports on the Council's operations from the external auditors;

Note that the reports to the audit committee need not be the detailed reports that are presented to management for their review. Ordinarily a high level review report is all that is required detailing the work undertaken, the findings and management response.

7.4.4 review and monitor management's responsiveness to the findings and recommendations of the external auditors; and

7.4.5 where appropriate, meet the "head" of the external auditors ~~at least once a year~~, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the "head" of the external auditors shall be given the right of direct access to the Mayor of the Council and to the Presiding Member of the audit committee.

7.5 External audit

The committee shall:

7.5.1 develop and implement a policy on the supply of the statutory audit and non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;

7.5.2 consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor.

The committee shall oversee the selection process for new external auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required;

7.5.3 oversee Council's relationship with the external auditors including, but not limited to:

7.5.3.1 recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

7.5.3.2 recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;

7.5.3.3 assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the external auditors, including the provision of any non-audit services;

7.5.3.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Council (other than in the ordinary course of business);

7.5.3.5 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and

7.5.3.6 assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditors on the audit committee's own internal quality procedures);

7.5.4 meet as needed with the external auditors. The committee shall meet the external auditors at least once a year, (without management being present if requested); to discuss the external auditor's report and any issues arising from the audit;

7.5.5 review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;

7.5.6 review the findings of the audit with the external auditors. This shall include, but not be limited to, the following;

7.5.6.1 a discussion of any major issues which arose during the external audit;

7.5.6.2 any accounting and audit judgements; and

7.5.6.3 levels of errors identified during the external audit.

The committee shall also review the effectiveness of the external audit.

7.5.7 review any representation letter(s) requested by the external auditors before they are signed by management;

Note that these representation letters are a standard practice of any audit and provide the external auditors confirmation from management, (in particular the Chief Executive Officer) that, amongst other matters, accounting standards have been consistently applied, that all matters that need to be disclosed have been so disclosed and that the valuation of assets has been consistently applied.;

7.5.8 review the management letter and management's response to the external auditor's findings and recommendations.

8 Reporting responsibilities

8.1 The committee shall make whatever recommendations to Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed.

9 Other matters

The committee shall:

9.1 have access to reasonable resources in order to carry out its duties;

Note that this is subject to any budget allocation being approved by Council;

9.2 be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;

9.3 give due consideration to laws and regulations of the Local Government Act, 1999;

9.4 make recommendations on co-ordination of the internal control and external auditors;

9.5 oversee any investigation of activities which are within its terms of reference; and

9.6 oversee action to follow up on matters raised by the external auditors;

9.7 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

Mark McSHANE
CHIEF EXECUTIVE OFFICER

August 2014~~3~~

CORPORATE AND COMMUNITY SERVICES REPORT NO. 56/2014

SUBJECT: ANNUAL REPORT TO COUNCIL BY THE AUDIT COMMITTEE - 2013/14

REF: AF11/863

Goal: *Governance*
Strategic Objectives: *Establish measures for Council's performance and continually compare against community expectations.*

BACKGROUND

Annual Reporting to Council

The Audit Committee is required to provide an Annual Report to Council and should include, where appropriate, its comments on:

- any areas of accounting treatment that are open to discretion and in particular have material impact on reported financial performance and position;
- the veracity of financial information included in publications for external audiences;
- the adequacy of asset values and depreciation methodology;
- the adequacy of strategies to minimise the likelihood of occurrence and adverse consequence for obvious and major internal and other risks;
- the adequacy of arrangements for employees to confidentially raise concerns of alleged malpractice in accord with legislative provisions;
- the effectiveness of the internal audit function, where this exists (in particular, the adequacy of the internal audit function for managing the risks to which the Council's operations are exposed);
- the arrangements in place for initiating and undertaking efficiency and economy audits;
- the conformity of the appointment arrangements of the external auditor with legislative provisions; and,
- its monitoring of progress in response to its previous recommendations regarding areas requiring improvement.

The Annual Report and the half yearly report to Council will include a review of the Audit Committee's Performance and Terms of Reference. It will also identify training needs for its members, include any recommended changes to its operation that it considers necessary to improve its efficiency and effectiveness and set out its work program for the forthcoming twelve months.

In the process of preparing its Annual Report to Council the Audit Committee has completed a self-assessment of its performance over the previous twelve months. The self-assessment has been prepared following consultation with all Audit Committee members and include:

- its understanding of its role and responsibilities;
- its membership e.g. the balance of independent and Council Members;
- the conduct of its meetings including frequency, length and attendance;
- the objectivity and independence of its operations over the relevant period;
- the adequacy of the resources available to it;
- the relevance and clarity of its work program for the relevant period;
- the outcomes achieved in its work program;
- its effectiveness in providing advice and recommendations to Council and/or management about actions to be taken to enhance financial governance;
- the activities undertaken and their relevance to its terms of reference.
- the relevance and clarity of its work program for the relevant period;
- the outcomes achieved in its work program;

- its effectiveness in providing advice and recommendations to Council and/or management about actions to be taken to enhance financial governance;
- the activities undertaken and their relevance to its terms of reference.

Reporting responsibilities

The Audit Committee is like any other Council Committee and is subject to the requirements of the Local Government Act at Section 41 (for example, reporting and accountability). The duties at Section 62 and the obligations of Sections 73 and 74 apply to its members.

The Audit Committee Terms of Reference require the committee to:

- make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and
- at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to Council for approval.

Annual Report - 2013/2014

Councils Audit Committee has resolved to provide Council with a formal report on its activities, achievements, recommendations and issues on an annual basis.

The report to Council (as attached) is in the form of the LGA based best practise model that has been adapted by the Audit Committee to suit the needs of the City of Mount Gambier Audit Committee having regard to the internal processes and procedures of both Council and the Audit Committee.

Also attached is an updated "Work Program for the Audit Committee 2007 - 2014" which is a constant agenda item the committee works to.

RECOMMENDATION

(a) Corporate and Community Services Report No. 56/2014 be received;

(b) Council adopt the 2013/2014 City of Mount Gambier Audit Committee Annual Report, as presented in Corporate and Community Services Report No. 56/2014.

Grant HUMPHRIES
DIRECTOR - CORPORATE AND COMMUNITY SERVICES

Sighted:

Mark McSHANE
CHIEF EXECUTIVE OFFICER

12th August, 2014
TLG

(Refer Item of Corporate and Community Services Minutes)

City of Mount Gambier Audit Committee Annual Report for 2013/14

This 2013/14 Annual Report presents a summary of the *City of Mount Gambier* Audit Committee's activities undertaken and recommendations made during the 2013/14 *financial year*. It includes a review of the Committee's Work Program 2007-2014.

Conduct of Meetings

The Committee met on four occasions during the period 1st July, 2013 to 30th June, 2014 with the following attendance:

Date	No of Members Attending
06/08/2013	3 of 3
10/10/2013	3 of 3
25/03/2014	3 of 3
07/05/2013	3 of 3

Committee Member	No of Meetings Attended
Donald Currie	4 of 4
Cr Andrew Lee	4 of 4
Jeroen Zwijnenburg	4 of 4

Committee Activities

The principal issues addressed by the Audit Committee during the 2013/14 financial year are detailed in Attachment I to this report.

Members Training

During 2013/14 year, Audit Committee Members attended the following training courses/sessions:

Training Course/Session	Date(s)	Provider	Members Attending
Nil			

Audit Committee Evaluation

The Audit Committee undertook a review of its Terms of Reference and also the Self Assessment of its own performance on 26th August, 2014. The Self Assessment was undertaken by all Committee Members and took into account factors such as:

- the Committee's work program;
- the Committee's operating environment;
- the stage of maturity of the Committee;
- \Council's strategic directions;
- Council's risk and control environment;
- current and emerging trends and factors;
- the outcomes of previous self-assessments.

The Audit Committee's comments and recommendations resulting from its examination (on 26th August, 2014) of its Terms of Reference and its Self Assessment are to be documented to Council using the following table:

Issue	Comment(s)	Recommendation(s)
Role & Terms of Reference	*The Audit Committee is of the view that functions and extent of authority as defined under S126(4) LGA are adequately defined in the Terms of Reference established by Council*	*The Audit Committee is of the view that its role and function is not to compete with the role of the Corporate and Community Services Committee, nor to make decisions in lieu of Council, but rather to examine and comment on financial statements/internal control framework and activities of Council*
Independence	*The Audit Committee is of the view that it is able to form opinions and express views without coercion or undue influence of external persons or bodies*	*The Audit Committee believes the invited attendance of the CEO, Director - Corporate Services and Finance Manager provides direction without influence. Continued attendance is desirable*
Committee Skills/Training	*The Audit Committee is of the view that its members have been selected due to their qualifications and expertise*	*Members consist of accounting representation and are subject to ongoing professional training*
Council Structure and Decision Making	*The Audit Committee have been made aware of the processes of Council and are provided with copies of public financial statements, policies and reports of Council*	*Audit Committee Members have been made aware of the Council structure and decision making process following the recent review of Council's decision making structure and the completion of an organisational and functional review*
Meeting Operation and Frequency	*The Audit Committee has been meeting on a regular basis since inception*	*The Audit Committee holds the view that current frequency and duration is adequate to address issues*
Resources available to the Audit Committee	*The Audit Committee utilises the resources of Council through the attendance of the CEO, Director – Corporate Services and Finance Manager and other employees as requested*	*The Audit Committee has liaised with external auditors and Council employees as required in order to meet its role and terms of reference*
Audit Committee's working relationship with Council and the senior management team	*Council appears to be aware of role and function of Audit Committee. Presence of CEO, Director – Corporate Services and Finance Manager assist Audit Committee in decision achievement*	*No issues of conflict have arisen. The Audit Committee recognises the significant role played by Council employees to address and advise the Committee*

The Audit Committee members' understanding of financial indicators (and targets for these) being used to assess the Council's performance work program	*The Audit Committee regularly monitors and assesses financial performance indicators as published. Comparison with other Councils and advice from LGA is also noted*	*The Audit Committee holds the view that expenditure allocation, particularly depreciation, greatly affects financial indicators and status*
The Audit Committee's access to appropriate Council information	*The Audit Committee notes the inclusion of its role and function in decisions of major financial expenditure*	*The Audit Committee is able to be involved with complementary committees, receive financial expenditure projections and reviews of major expenditure and contract negotiation and is able to actively participate in Council.*
The extent to which the Audit Committee's advice is contributing to the effective operation of the Council	*The Audit Committee recognises that its role and terms of reference are a requirement of the LGA. Members are cognisant of their requirement to monitor and review financial practices and, public financial statements of Council*	*The Audit Committee holds the view that its function and role will be increasingly viewed as complimentary to Council in its activities for ratepayers*

The Audit Committee is currently satisfied that its Terms of Reference remain appropriate. The Self Assessment and the Terms of Reference Review will be reviewed again in respect of the 2014/2015 year.

As part of the self assessment process the Audit Committee may recommend training/ professional development for its Members:

Training/Professional Development Need	Committee Member
Nothing specified at this time	

Audit Committee Work Program 2007-2014

As a result of its review of activities on 26th August, 2014 the Audit Committee updated the Work Program 2007 - 2014 which is attached hereto and which is recommended for endorsement by Council.

Presiding Person

No further comments.

CITY OF MOUNT GAMBIER
AUDIT COMMITTEE
30TH JULY, 2014

Attachment I

Principal Issues Examined		Comment / Status	Recommendations to Council
External Auditor	2013 Interim Audit	Review Audit Management Letter Recommendations	Implement and monitor recommendations
External Auditor	2013 Statutory Audit	Review Audit Management Letter Recommendations	Implement and monitor recommendations
External Auditor	Meeting Attendance	Represented at 1 of the 4 Meetings	
Audit Committee	2013 Annual Report to Council	Incorporating - Review of Terms of Reference - Self Assessment process - Review Audit Works Program	Recommendations adopted by Council
Policy Reviews	Fraud and Corruption framework Whistleblowers Policy Internal Control Policy Monitoring Budget Performance	Review policies / framework Review Review Review	Recommendations adopted by Council Recommendations adopted by Council Recommendations adopted by Council Recommendations adopted by Council
Long Term Financial Plan	Review of Long Term Financial Plan	Monitor annual review process	Recommendations adopted by Council
Asset Revaluation		Develop/adopt revaluation strategy Liaise with External Auditor	Recommendations adopted by Council Recommendations adopted by Council
Risk Management	Policy review Business continuity	Consider regular reports / updates Ongoing agenda item	Information Report to Council Information Report to Council
Financial Internal Controls	New legislation	Ongoing monitoring of implementation process	Information Report to Council
Treasury Management	Annual Report Periodic Review	Review Review	Recommendations adopted by Council Recommendations adopted by Council
Council Annual Report		To Audit Committee for information	Information report to Council
Draft Business Plan and Budget		To Audit Committee for information	Information report to Council
Budget Reviews (6 of)		Review in context of Council policy	Information report to Council
Information Reports	Various	Accounting for leased buildings Constitutional recognition of Local Government Community consultation – Draft Business Plan and Budget SA Grants Commission database comparative reports Council policy review project Council delegations and appointments review Council fees and charges review Infrastructure and asset management plan review Valuation and rating review	Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council Information report to Council